

April 8, 2005

Ms. Jaclyn A. Brillling, Secretary
New York State Public Service Commission
3 Empire State Plaza
Albany, New York 12223-1350

Re: Case 03-E-0188 and Assembly Bill 6843 / Senate Bill 3669
Language regarding RPS Funding

Dear Ms. Brillling:

AES Corporation is the owner of the former NYSEG electricity generating fleet in New York. We are anxious to participate in helping the State of New York fulfill its desire to increase the proportion of electricity supply from renewable resources. To that end, AES is undertaking the expensive, time consuming, and risk filled effort of developing at least four large wind energy projects in the State. The total investment in these projects is likely to exceed over \$400 million. This capital will come from lenders and investors on a project finance basis.

The certainty and credit behind the contractual revenue streams required to repay lenders and investors is the very first thing they consider when evaluating a project. AES firmly believes that subjecting the Renewable Portfolio Standard (RPS) contract revenues to the annual state budget approval process rather than simply being collected and dispersed on a pass-through basis by NYSERDA will make these contracts unfinanceable.

One analogy for the RPS proceeds would be the electricity rates that are collected every day by the load serving utilities. Oversight for those revenues and rates is provided adequately by the Public Service Commission and they are not subject to any annual legislative process. We see no reason that the RPS contract revenues could not be treated in the same manner as all other electric revenues.

An RPS process that encourages investment is crucial to stimulating a robust renewable market in New York State. Therefore, we are encouraging the Senate, Assembly, and Governor to work together to create certainty for developers, lenders and investors by allowing the RPS to work as originally conceived.

If you have any questions about our views on the subject, please do not hesitate to call me directly at the AES corporate head quarters 703-682-6319. Thank you very much for your careful consideration of this issue.

Respectfully yours,



Paul W. Burdick
AES Corporation, Project Director
AES New York Wind, LLC, Vice President