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April 8, 2005

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

Ladies and Gentlemen:

Re: Budget Amendment (Senate 3669; Assembly 6843)

I understand that the New York State Legislature has passed a budget amendment providing for the governor and the Legislature to appropriate system benefit funds that are now under the control of NYSERDA (Senate 3669; Assembly 6843). **In** our opinion, this calls into question whether NYSERDA will enter into future contracts for renewable energy credits and, if they do, whether they will have funds available to honor those contracts.

EHN (Energía **Hidroeléctrica** de **Navarra**, SA) is one of the world's largest renewable energy companies. EHN, through its wholly-owned subsidiary NY Windpower, LLC, has been actively pursuing wind project development in New York State since we were awarded a scouting grant from NYSERDA several years ago. **It** is important to note that these public funds have been significantly leveraged by our own spending.

There are over 7,000 MW of wind projects now operating in Spain. In our home province of **Navarra** alone, the 700 installed MW has created more than 4,000 jobs. The reason that Spain has been so successful in building wind farms is that **the government policies have been consistent**. The economics of a New York wind project involve **open-market** energy prices (not long-term contracts). These prices, combined with New York's moderate wind speeds (28-32% capacity factors, compared to 36-44% in places like Texas) simply do not support the cost of building a wind farm, which is why no more than a token amount of wind megawatts are now spinning in New York. Wind projects must have another source of stable, predictable cash flow. The New York **RPS** and long-term renewable energy credit purchase contracts through NYSERDA provide this other source. The proposed budget amendment removes this certainty.

Please let me know if the Commission has any questions. Thank you.

Sincerely,



Timothy M. Ryan
Managing Director