

April 24, 2012
Exhibit “7-A”

New York Power Authority

Environmental Justice Report and Implementation Plan



Defining Environmental Justice

The United States Environmental Protection Agency (“EPA”) defines environmental justice as “the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies.” EPA has this goal for all communities and persons across the nation.

Environmental justice describes the efforts to improve the living environment of low-income and minority communities. This will be achieved when everyone enjoys the same degree of protection from environmental and health hazards and equal access to the decision-making process to ensure a healthy environment in which to live, learn and work.

The New York Power Authority (“NYPA” or “Power Authority” or “Authority”), the nation’s largest state-owned electric utility, has a long history of striving to protect and improve the environment and to address the needs and concerns of communities in which its projects are located. These priorities were in place long before the birth of the environmental justice movement and, in fact, date to construction of NYPA’s large hydroelectric projects on the St. Lawrence and Niagara rivers more than half a century ago.

More recently, as it has developed projects fueled principally by natural gas, the cleanest of the fossil fuels, the Authority has worked diligently with local communities to offset or minimize the environmental effects of operating these facilities, even when not formally required to do so. Now, with environmental justice a full-fledged part of the power plant siting process in New York State, NYPA is well positioned to be a leader in addressing the resulting issues fairly, responsibly and in cooperation with local representatives.

This report provides background on the rise of the environmental justice movement nationally and actions by New York State to meet related objectives. It then describes recent efforts by the Power Authority to work with local communities to address environmental justice concerns. Finally, it sets out NYPA’s Environmental Justice Implementation Plan, a multi-faceted initiative to ensure that the Authority achieves its ambitious environmental justice goals.

Federal Initiatives Giving Rise to Environmental Justice

The legal basis for much environmental justice advocacy is Title VI of the Civil Rights Act of 1964. Title VI forbids recipients of federal funds from discriminating on the basis of race, color or national origin.

Another landmark development occurred on February 11, 1994, when President Bill Clinton issued the Executive Order on Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations. The Executive Order established an implementation plan for achieving environmental justice, including the creation of an Interagency

Working Group on Environmental Justice and the development of Agency Strategies that each federal agency would undertake to further the principals of environmental justice.

Historically, low-income and minority communities have been overburdened by air pollution from energy generating facilities, a variety of other local pollution sources and dense vehicular traffic. In New York City, for example, studies have demonstrated correlations between high asthma hospitalization rates and density of air polluting facilities, polluting land uses and truck routes. Based on these and other findings, it is clear that the degree to which environmental justice is achieved is also the degree to which persons of all communities share comparable protection from environmental and health hazards.

New York State Initiatives and Policies

In 2008 New York State established the Environmental Justice Interagency Task Force for state agencies and authorities.¹ New York State Agency Action Agendas may be found on the New York State Department of Environmental Conservation (“DEC”) website.

Governor Andrew M. Cuomo has maintained and strengthened this in-depth focus on environmental justice. On October 30, 2010, as a candidate for governor, he announced a comprehensive agenda to address the long-term needs of New York State’s environment. His “Cleaner, Greener NY” initiative outlines innovative ways to build sustainable communities, increase energy efficiency, develop alternative vehicles, protect natural resources and strengthen environmental justice programs. Later, on August 4, 2011, as Governor Cuomo, he signed the Power New York Act of 2011, reauthorizing Article 10 of the State Public Service Law for the siting of generating facilities and greatly enhancing public participation in that process. The concept of a Cleaner Greener New York continues to be an important focus of the State of New York.

New York State Department of Environmental Conservation

On March 19, 2003 the Commissioner of the New York State Department of Environmental Conservation issued DEC Policy CP-29 (Policy CP-29), which included the EPA’s definition of environmental justice and established guidance for incorporating environmental justice concerns into the state environmental permit process by promoting greater opportunity for environmental justice communities to review pending permits.

Identification of Environmental Justice Areas

The New York State Department of Environmental Conservation has identified potential “Environmental Justice Areas” based on demographic information from 2000 U.S. Census data. Using

¹ The New York Power Authority is one of 15 members. Other task force members include; Governor’s Office, Department of Environmental Conservation, Department of Health, Department of Labor, Department of Public Service, Department of State, Department of Transportation, Division of Housing and Community Renewal, Division of Human Rights, Empire State Development Corporation, Department of Agriculture and Markets, Metropolitan Transportation Authority, New York State Energy Research and Development Authority and Office of Parks, Recreation and Historic Preservation.

this data, DEC classifies potential Environmental Justice Areas based on location of low-income and minority populations. Potential Environmental Justice Areas are those within U.S. Census blocks (200 to 500 households) that, in the 2000 U.S. Census, met one or more of the criteria identified in Policy CP-29:

- 51.1% or more of the population in an urban area reported themselves as members of minority groups;
- 33.8% or more of the population in a rural area reported themselves as members of minority groups; or
- 23.59% or more of the population in an urban or rural area had incomes below the federal poverty level.

The New York Power Authority adopted DEC criteria and will make necessary adjustments when DEC updates the criteria. (See map of Environmental Justice Areas near NYPA facilities below.)

Power New York Act of 2011

As noted previously, the Power New York Act was enacted on August 4, 2011 and reauthorizes Article 10 of the State Public Service Law for the siting of electric generating facilities.

The Power New York Act is the most recent piece of New York legislation to include a focus on environmental justice. It requires increased mechanisms to proactively involve designated Environmental Justice Communities in all phases of the development of power generation infrastructure of 25 megawatts and above, including alternative energy projects, and prescribes a detailed and extensive process for the engagement of Environmental Justice Communities.

Article 7– Transmission

While Article 10 of the Public Service Law pertains to electric generating facilities, Article 7, enacted in 1970, applies to siting of Major Utility Transmission Facilities. It calls for a “Special Public Review Process” for any application to construct and operate a major electric transmission facility or fuel gas transmission facility in New York State and establishes a forum in which community residents can participate with members of state and local agencies in the review process.

Environmental Justice at NYPA

The Power Authority has a history of benefiting the communities surrounding the locations of its facilities. Pursuant to the plan described herein, NYPA commits to work aggressively to continue to advance the well-being of these communities.

Major initiatives NYPA has carried out to achieve that objective include the installation of pollution control systems on 1,000 New York City school buses and installation of eight clean fuel cells at New York City wastewater treatment plants. In addition, the Authority funded the conversion of eight postal trucks to run on electricity in the Bronx and supplied a 66-seat electric bus to serve two schools managed by the United Talmudical Academy of Williamsburg, Brooklyn. Also in Brooklyn, it developed

a plan with the New York State Energy Research and Development Authority to reduce emissions by changing the paint process at Tri-Boro Shelving and Partition Corporation. On Staten Island, NYPA converted the boiler of Public School 13 to natural gas, replacing a 20-year-old No. 4 heating oil boiler, and installed high efficiency postal trucks serving the borough.

Similar initiatives implemented by NYPA to offset the potential impact of its projects in Environmental Justice Communities include:

- Silvercup Studios Green Roof Project: Applied “green roof technology” to approximately 30,000 square feet of roof of the Silvercup Studios in Long Island City, Queens.
- New York City Department of Sanitation Emission Reduction Equipment Program: Retrofitted Department sanitation vehicles with emission control devices.
- Seahorse Big Belly Solar Powered Trash Compactors: Improved air quality and energy efficiency through deployment of 44 Big Belly trash compactors in eight business improvement districts.
- LaGuardia Airport Electric Ground Support Equipment: Replaced diesel and gasoline powered ground support equipment with fast charging technology electric powered vehicles
- Astoria Park Electric Vehicle Project: Replaced diesel and gasoline powered vehicles with electric vehicles for various park uses.
- Created Bronx Initiative on Energy and the Environment Program.

The Authority has always led by example as a good neighbor that seeks to improve the areas surrounding its facilities. To that end, NYPA has partnered with community groups and organizations such as UPROSE (United Puerto Rican Organization of Sunset Park) in Brooklyn and the Community Foundation for Greater Buffalo to address environmental justice and similar concerns in disenfranchised and affected areas collaborating in community projects and services. The Authority intends to continue and expand such efforts to promote and achieve environmental justice as part of its commitment to its neighboring communities.

Goals of NYPA Environmental Justice Plan

The Power Authority has developed an Environmental Justice Plan with the following goals:

- Strengthen environmental justice by ensuring that the public health and quality of life interests of low-income and minority communities are well-represented.
- Partner with the environmental justice community and all stakeholders to strengthen environmental protections in low-income and minority communities.
- Establish a robust environmental justice program that brands the concept of environmental justice and facilitates automatic consideration of possible environmental justice impacts.
- Utilize training and other resources to sensitize NYPA employees to environmental justice concerns.

Implementation Plan

1. Collaborate with Environmental Justice Communities near existing or proposed infrastructure

(An ongoing process)

Governor Cuomo has made it clear that he wants a government that is transparent; therefore, NYPA will establish effective communications channels and continue to have an open dialogue with the communities in areas of existing and proposed projects. To achieve this, NYPA will:

- Report to designated groups in Environmental Justice Communities periodically via print and website or as needed. These groups will also be used as a networking resource.
- Develop detailed Environmental Justice Service Area maps based on pertinent demographic designations for New York State upon which existing facilities will be identified and essential information for siting of all future infrastructure projects will be easily and quickly accessible.
- Create an environmental justice section on its website to disseminate vital information to the community when new infrastructure is being proposed.
- Establish a hot line for callers seeking information.
- Provide printed materials such as bilingual brochures, fact sheets and newsletters.
- Use existing staff to communicate with the members of the communities.

2. Develop Environmental Justice Training for NYPA's employees

(Target implementation: beginning of year 2013)

NYPA will offer environmental justice training participation for relevant business units. Training will involve discussion of potential barriers affecting communication with community stakeholders, site visits and discussion on how permitting decisions potentially impact Environmental Justice Communities. It will include an awareness program for employees who are working with the public and/or on large capital projects.

- NYPA will solicit guidance from the U.S. Department of Energy for training key staff members; training will include issues that focus on the Environmental Justice Communities near NYPA infrastructure.
- NYPA will create a checklist of possible ways to avoid or mitigate adverse health, environmental and safety impacts.

3. Implement Energy Efficiency Educational Program within Environmental Justice Communities

(Target implementation: 2012 – 2014)

Consistent with its mission, NYPA seeks every opportunity to work closely with its customers on energy efficiency and renewable energy projects. It also looks for ways to educate the public about energy efficiency and clean energy. To achieve these goals:

- NYPA will develop a mobile exhibit which will serve as a mobile educational facility. The exhibits in the trailer will be targeted to low-income and minority children, who, in turn, will be designated to spread the Power Authority's message on energy conservation and alternative energy. The mobile exhibit will effectively serve as a NYPA visitors center in the Southeastern New York area. The mobile exhibit will be housed at NYPA's Poletti site in Astoria, Queens and will be utilized by the Power Authority in low-income and minority communities for educational outreach.
- In partnership with other agencies, NYPA will develop an educational program for students in grades 4 and 8 in Environmental Justice Communities that will address where and how electricity is created and transmitted, energy conservation and alternative energy concepts. The curriculum will be based on recommendations by the New York Department of Education. Educational experts and technicians who develop software will be consulted in the development of the program. If an existing curriculum is available, NYPA will utilize such curriculum to the extent possible as an alternative to developing a new curriculum.
- Budget requirements are being developed for 2013, with funding for the mobile exhibit already secured.

4. Create an internal Environmental Justice Task Force to ensure proactive and timely involvement of Environmental Justice Communities

(Target time for first meeting: September 2012)

This task force will consist of an internal group of designated technical experts from relevant departments. Some of its responsibilities will include:

- Establish appropriate environmental justice plans for potential project construction, taking into consideration the type of infrastructure required and/or the desired process in affected communities.
- Determine applicable environmental justice process requirements under Article 10 or Article 7.
- Make recommendations and institute a process for dissemination of information when the construction of a project is proposed.
- Ensure proactive and timely involvement of all parties and stakeholders in Environmental Justice Communities in proposed projects.

- Interface at earliest possible opportunity
- Upon conclusion of project development process, detail lessons learned and best practices for future reference
- The Vice President of NYPA's environmental justice program will be the director and convener of the task force.
- Once the Task Force is created, the meetings will take place on a regularly scheduled basis or as needed.
- No funding will be required.

5. Develop Energy Services Projects in Environmental Justice Communities for energy efficiency, clean energy and electric transportation

(Target time: 2013-2016)

Subject to the Authority's statutory power, the Authority will finance energy related projects, programs and services in Environmental Justice communities. For purposes of this program, an eligible project, program or service should be within two miles of an Authority facility in an urban area and within six miles of an Authority facility in a rural area. The Authority will provide non-recoverable funding for such projects. The Authority will partner with Environmental Justice communities in various areas of the state to identify potential projects and target participants who are eligible for the Authority's energy service programs. For example, energy services projects may include energy efficiency, electric or hybrid transportation technology, or clean energy installations such as solar photovoltaic, geothermal or biomass.

Summary of Environmental Justice Actions and Budget Requirements

Action	Target date	Estimated Additional Budget Requirements
1. Collaboration with Environmental Justice Communities near NYPA's facilities	Ongoing	N/A
2. Develop Environmental justice training of NYPA staff	March 2013	TBD
3. Implement Energy Efficiency Educational Program and a mobile exhibit	2012 to 2014	Education program funding TBD for 2013 Mobile exhibit funded in 2012
4. Internal Environmental Justice Task Force	September 2012	N/A
5. Develop Energy Services Projects in Environmental Justice Communities for energy efficiency, alternative energy technologies and electric transportation projects in governmental properties	2013 to 2016	TBD

Stakeholder Engagement

The following stakeholders were engaged for input into the development of this Plan:

- Mohawk Valley Latino Association, Utica
- New York State Department of Environmental Conservation
- Community Foundation for Greater Buffalo
- New York City Environmental Justice Alliance
- GROW WNY – Green Renaissance of Western New York
- Somali Bantu Association of Onondaga County

Conclusion

The New York Power Authority will continue to strengthen its commitment to developing energy infrastructure with minimal impacts on Environmental Justice Communities. NYPA will remain in the forefront of advancing clean energy projects and technology and in promoting energy efficiency. In all

such endeavors, it will work closely with the relevant communities and will seek to ensure that concerns are addressed in a cooperative manner.

This Environmental Justice Implementation Plan will play a critical role in meeting these objectives. It will be reviewed and revised annually to reflect changing regulations, emerging issues and developments, and the Power Authority’s ongoing dialogue with community representatives.

