



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

MAR 22 2013

OFFICE OF WATER

Mr. James Levine
Senior Vice President and
General Counsel
New York State Environmental Facilities Corporation
625 Broadway
Albany, New York 12207-2997

Dear Mr. Levine,

Thank you for your letter of March 4, 2013 concerning the Environmental Facilities Corporation's (NYEFC) proposal to assist the New York State Energy and Research Development Authority (NYSERDA) in their lending to "Residential Energy Conservation Projects" (RECP).

From your letter, we understand that the assistance to be provided would either be in the form of Clean Water State Revolving Fund (CWSRF) bond proceeds used to purchase NYSERDA bonds or by NYSERDA issuing its own bonds supported by a CWSRF guaranty. NYSERDA would use these funds to provide low interest loans to a wide range of recipients such as residences, small businesses and non-profits. The loans would finance "Residential Energy Conservation Projects," including high efficiency heating and cooling measures and energy star appliances.

The NYEFC proposal notes that: "NY's Nonpoint Source Management Program identifies atmospheric deposition from fossil fuel combustion as a significant source of water quality impairment and calls for additional controls over, and reductions in atmospheric deposition of such pollutants in NY's waters." The proposal goes on to state that the environmental benefits of NYSERDA's RECPs assist in the implementation of the State's Nonpoint Source Program.

You asked us to consider the proposal essentially in terms of the eligibility of the RECPs as CWSRF projects. We agree that the projects as described would be eligible. We do have several recommendations regarding best practices that you may have already taken into account. The agreement between the NYEFC and NYSERDA should explicitly mention that the projects are intended to assist with the implementation of the State's program established under section 319 of the Clean Water Act. The State's CWSRF annual report should describe the projects being financed by NYSERDA and their environmental benefits.

Thank you for the opportunity to review this innovative proposal. Please contact me or Jordan Dorfman if you have any questions. My telephone number is (202) 564-0661; Mr. Dorfman's number is (202) 564-0614.

Sincerely,

A handwritten signature in black ink, appearing to read "George F. Ames". The signature is fluid and cursive, with a large initial "G" and "A".

George F. Ames
Chief, State Revolving
Fund Branch

cc: Randolph L. Hill, Acting Director, Office of Wastewater Management
Bonnie Gitlin, Acting Director, Municipal Support Division