



OFFICE OF THE STATE COMPTROLLER

Thomas P. DiNapoli, State Comptroller

Report on Comptroller DiNapoli's Green Initiative

January 2011

Introduction

New York State Comptroller Thomas P. DiNapoli issued an Executive Order on Energy and the Environment on September 13, 2007 that established the goals and structure of a Green Initiative for the New York State Office of the State Comptroller (OSC). The Order directs OSC to operate in an environmentally sustainable manner and incorporate long-range environmental planning in daily agency operations. In addition, the Order directs OSC to use its experience to assist State agencies and local governments in operating in an environmentally sustainable manner.

The four components of the Comptroller's Green Initiative are:

- **Green Agency:** to lead by example in reducing waste and the use of nonrenewable energy throughout every operation of OSC.
- **Green Audits:** to assist other State agencies and authorities and local governments in identifying areas for improvement in reducing waste and energy use.
- **Green Investments:** to make investments in companies in the growing clean technology sector for the benefit of the State's Common Retirement Fund.
- **Green Policy:** to promote a better understanding of the economic and environmental benefits of living and working in a way that sustains our natural resources and reduces the harmful impacts of our decisions and actions.

Green Agency

OSC Sustainability Team

A Sustainability Team was formed in the Office of the State Comptroller (OSC) to review plans, assess progress and identify new initiatives to make OSC a sustainable agency. The Sustainability Team provides leadership support for OSC's sustainability effort and facilitates key decisions on these matters. The Sustainability Team works to improve communication and collaboration, and ensure successful implementation of sustainability initiatives.

LEED EB Certification for OSC Building

After reviewing options for coordinating efforts to make OSC more sustainable, the Sustainability Team recommended obtaining Leadership in Energy and Environmental Design for Existing Buildings (LEED EB) certification for the OSC building at 110 State Street in Albany as the centerpiece of this initiative.

LEED EB is a project of the U.S. Green Buildings Council (USGBC). USGBC develops and publishes market-leading, peer-reviewed standards in environmental performance for building design, construction and operation for new and existing buildings. Building owners can register with USGBC to have their buildings rated against these standards. Buildings are rated according to a scale of increasing performance from basic LEED EB certification to LEED EB Silver, LEED EB Gold and LEED EB Platinum certifications. Comptroller DiNapoli directed that OSC should strive to achieve a LEED EB Gold certification.

The LEED EB Gold certification project has achieved the following milestones:

- Woodward, Connor, Gillies and Seleman (WCGS), an experienced LEED EB architectural and engineering firm, was selected through a competitive request for proposals (RFP) process.
- OSC's LEED EB project was registered with USGBC.
- A LEED EB report identified potential credits and costs of options.
- The LEED EB plan identified immediate and long-term steps for reaching LEED EB Gold certification.
- Dome-Tech Engineering, the LEED EB project contractor, completed a study and report identifying measures to improve the efficiency and performance of building heating, ventilation and air conditioning equipment. Recommendations to be implemented include:
 - More precisely calculating building occupancy at specific times of day and making corresponding system adjustments to maximize resulting savings opportunities;
 - More closely matching flow of outside air to building carbon dioxide levels;
 - Potentially raising the cooling temperatures in the computer rooms to revised industry accepted standards; and
 - Calibrating all building static pressure, humidity and temperature sensors to factory specifications.

According to Dome-Tech, implementation will cost less than \$12,500 with a payback within two years. We believe that these actions will result in the State Street building qualifying for EPA Energy Star Certification in 2011.

Green Operations

OSC has made the following improvements to the sustainability of agency operations:

Waste Reduction/Recycling

- Reduction of paper purchase of 23.5 percent from State Fiscal Year (SFY) 2007-08 volume by:

- Reuse of approximately 40,000 sheets of paper trimmings from printing operations as draft quality paper to date;
- Substitution of electronic invoices for hard copy telephone bills, saving over 4,000 sheets of paper a month; and
- Use of double-sided copying and printing as the default option for machines, saving approximately 100,000 sheets of paper a month.
- Purchase of recycled content paper.
- Creation of OSCbay, a system through which OSC's divisions can return new or gently used supplies to stock and other divisions can acquire the supplies free of charge.
- Transition to online publications – the Retirement Division has shifted 35 low demand documents from printed to online publications.
- Removing disposable cups from pantries, providing reusable mugs to all employees and negotiating discount with onsite cafeteria vendor for all purchases of beverages with OSC-issued mugs.
- Increasing agency-wide recycling rates to 275 metric tons annually through increased landlord cooperation and staff education.

Green Energy/Energy Conservation/Efficiency

- Purchase of 25 percent of energy from renewable sources.
- Adjustments to building lighting, such as reduced lighting in low-use areas.
- Better regulation of average building temperatures – lower in winter and higher in summer (within OSHA comfort ranges).
- Better management of electrical equipment – staff are asked to turn off equipment at the end of the day.

Green Purchasing

- Purchase of green cleaning products.
- Purchase of hybrid electric vehicles as agency fleet vehicles reach replacement age.

Water Conservation

- Installation of low-volume, automatic fixtures in all restroom sinks at 110 State Street.

In addition, measures have been taken throughout the agency to reduce energy consumption, increase use of renewable energy and reduce use of natural resources, as well as to hold down operating costs. For example, the Division of Local Government and School Accountability arranged the first virtual staff conference, in which 293 regional and central staff members came together through the use of web, teleconferencing and videoconferencing technologies. Assembling through virtual media at six different sites minimized the event's carbon footprint and saved travel-related expenses.

Finally, a Green Times webpage was installed on the OSC Intranet site to facilitate communication with agency staff regarding the Green Initiative. The webpage is updated periodically to educate staff on new initiatives. The webpage also allows staff to submit questions and suggestions.

Green Audits

Assistance for State Agencies and Authorities

OSC's Division of State Government Accountability has completed more than 50 audits in a series that addresses State agency compliance with environmental laws, regulations and executive orders, and implementation of environmental programs, including:

- Compliance with Governor's Executive Orders on the environmental impact of cleaning state facilities, purchase of power from renewable sources, and recycling.
- Environmental Protection Fund grants.
- Mandated financial statement audit of the Title V Operating Permit Program.
- Heavy Duty Vehicle Exhaust Emission Testing Program.
- Vehicle Emissions Testing Program.
- Controls over the disposal of surplus assets.

Assistance for Local Governments and School Districts

OSC's Division of Local Government and School Accountability has also conducted green audits, reports and discussion sessions, including:

- School district green cleaning product compliance audit.
- Municipal installation of solar panels audit.
- Municipal green energy best practices report.
- Statewide computer power-saving settings.
- Vestal School District computer power-saving settings.
- Use of recycled paper – Binghamton regional audit.
- Presentations on municipal green energy best practices for local government officials, regional businesses and OSC employees.
- Implementation of energy conservation programs in Orleans County buildings.
- A multi-city audit to evaluate energy saved by use of light-emitting diodes in traffic signals.
- Computer recycling programs in Albany Central School District.
- Cobleskill-Richmondville Central School District paper recycling programs.
- Environmental benefits of computer recycling programs in four municipalities.
- Lead control programs in Monroe County and the City of Rochester.
- Delaware County's composting program.

In addition to these efforts, several initiatives have involved interdivisional collaborations among the Office of State and Local Government Accountability, the Office of Operations and the Office of Budget and Policy Analysis. These initiatives include:

- Green Procurement: An Overview of Compliance with Environmentally Preferred Purchasing Requirements and Recommendations for Improving Green Practices—August 2009. This report drew from a series of audits of State and local government green purchasing programs, as well as from the experiences of implementing

Comptroller DiNapoli's Executive Order on Energy and the Environment. Based on this information, the report makes recommendations for effective management of sustainability initiatives.

- Effective Management of the Environmental Protection Fund—June 2010. This report synthesizes State and local government audit data to identify recommendations to improve the administration of the Environmental Protection Fund (EPF). In addition, the report evaluated the contributions of the EPF to New York State's environmental quality and economy.

Green Investments

Green Strategic Investment Program

In April 2008, Comptroller DiNapoli announced the Green Strategic Investment Program (GSIP) with a commitment of \$500 million from the New York State Common Retirement Fund (CRF). Investments could include private equity, indexed funds and other asset classes.

Under the Comptroller's guidance, the CRF has pledged \$500 million to investments leading to clean tech solutions. Currently, commitments aggregating \$350 million have been made in public equity, private equity and fixed income as follows:

Public Equity

- HSBC Climate Change Index - \$100 million.
- FTSE Environmental Technology Index - \$100 million.

In 2009, the CRF launched a \$200 million public equity investment in Climate Change Indices from FTSE and HSBC. These portfolios consist of corporations engaged in finding solutions to climate change problems.

Private Equity

- Hudson Clean Energy Partners - \$100 million. Hudson Clean Energy is committed to investments in renewable energy infrastructure

The CRF also has investments in clean technology through the In-State Private Equity Program. This program makes investments in promising businesses in New York State—promoting economic growth while garnering attractive risk-adjusted returns. Through the In-State Program, investments have been made with the following green businesses:

- Invenergy – a wind energy developer for a wind farm in western New York.
- Climax Paper – a manufacturer of paperboard products from recycled fiber.
- Innovation Biofuels – a biodiesel manufacturer.

- Zeropoint Cleantech – a manufacturer of equipment to create syngas and liquid fuels from wood and crop residues.
- Crystal IS – a manufacturer of devices to reduce energy use in lighting and data storage applications.

Fixed Income

- World Bank Green Bonds - \$50 million.

World Bank Green Bonds support projects in the World Bank's member countries that meet specific criteria for low carbon development. The Green Bonds provide an opportunity to invest in climate change solutions through a high-grade fixed income investment instrument.

Other Green Investments

Other CRF investments with significant green components include:

- Generations Sustainability Fund—\$200 million. This is a fund of indexed companies based on sustainability criteria. In addition to including companies based on environmental criteria, this fund includes companies doing business in the fields of healthcare and education. Former Vice President Al Gore is a partner in this fund.
- Community Development Corporation Energy Efficient Loans—\$200 million. The Community Development Corporation (CDC) makes secured loans to finance rehabilitation of multifamily affordable housing units in New York State. CRF has a longstanding relationship with CDC. CRF purchases CDC loans after issuance. CDC administers the loans for a fee. Recently, CDC included energy efficiency audits and retrofits in its loan program.

Corporate Governance

In addition to investing in green companies, the Comptroller works with the leadership of companies already in the CRF portfolio, urging them to make operational changes to reduce the financial risks that come from poor environmental management. There is a growing body of research suggesting that companies which take proactive steps to address environmental risks perform better for their shareholders. Actions underway through the Comptroller's corporate governance program include:

- Co-sponsoring shareholder resolutions in 2007 and 2008 requesting that Consol Energy and Massey Energy, two of the largest U.S. coal companies, report financial risks due to climate change.
- Sponsoring a successful shareholder resolution in 2009 to declassify the Massey Board of Directors, requiring all board members to stand for election annually, upon identifying environmental and other governance weaknesses.
- Sponsoring in 2009 a resolution requesting that Kellogg, Brown and Root (KBR) develop a detailed report on the sustainability of business operations that includes

plans to improve the company's environmental performance. Prior to the annual meeting, KBR agreed to implement this request.

- Sponsoring shareholder resolutions in 2009 requesting that Cabot Oil and Gas, Chesapeake Energy Corporation, Hess Corporation and Range Resources review environmental impacts, examine policies to reduce or eliminate hazards to air, water and soil quality, and summarize potential risks to the company's finances and operations associated with development of the Marcellus Shale gas fields. Two of these companies, Hess and Range, have agreed to implement these recommendations. The resolutions went to a vote at Cabot and Chesapeake, garnering significant shareholder support.
- Sponsoring shareholder resolutions in 2009 with food manufacturers requesting that they report on policies and practices to promote climate-friendly and forest-friendly palm oil procurement.
- Leading a successful shareholder campaign in 2010 for the resignation of Massey Board Chair and CEO Don Blankenship.
- Voting in support of hundreds of shareholder resolutions to support sound environmental management in the companies owned by the CRF.

Green Policy

As New York State's chief financial officer, Comptroller DiNapoli advocates that New York invest in sustainable government and business not just because it is good for the environment, but also because it will lead to greater economic growth and jobs across the State and reduce the cost of operations for government and business.

New York is home to numerous industry leaders in the clean technology (Clean Tech) sector, and the State's colleges and universities are on the leading edge of energy efficiency and conservation research and development. Initiatives to protect New York State's environment and promote economic development are inextricably related, and Comptroller DiNapoli has identified as a top policy priority the promotion of economic development that uses State natural resources sustainably and advances State environmental protection goals.

In addition to the Green Audits discussed above, policy activities related to the Comptroller's Green Initiative include:

Policy Reports

- **Overview of the New York State Brownfields Cleanup Program** (June 2008): The report helped frame the issues and propose solutions to reform a State program designed to promote the rehabilitation of industrial land.
- **Green Policy Is Good Economic Policy** (March 2008): OSC's findings support the premise that investing in CleanTech is good for the environment and the economy, offering increased investment opportunities and jobs, and ways to reduce corporate risks from reliance on current energy sources.

- **Economic Benefits of Open Space Conservation** (March 2010): The report finds that open space supports industries that generate billions of dollars for the State economy and promote regional economic growth; that open space protection can be financially beneficial to local governments; and that well-planned open space protection measures need not conflict with meeting other vital needs, such as economic development, municipal fiscal health and affordable housing. The report also contains recommendations for strengthening open space conservation programs.
- **Bet on the Farm: Farmland Protection as a Strategy for Economic Growth and Renewal** (October 2010): The report finds that programs to preserve farmland have the potential to support economic growth in agricultural regions of the State.

Promoting Sustainability

In addition to issuing specific research reports, Comptroller DiNapoli's commitment to advancing sustainable policies and practices includes initiatives at the State, national and international levels. In keeping with this effort, Comptroller DiNapoli has sponsored or participated in the following:

- November 2007—Global initiative of the P8 (the world's eight largest pension funds) to reduce the carbon footprint in investment portfolios and increase investments in businesses leading the way to a low carbon economy.
- February 2008—Investor Network on Climate Change Global Summit.
- April 2008—Comptroller's Environmental Webcast.
- June 2008—Forum on promotion of green business growth in Central New York.
- September 2009—Comptroller DiNapoli hosted an international forum of the world's largest institutional investors to address the economic threat of global climate change. At the forum, participants discussed policies to encourage investment of private capital in supporting low carbon economic growth and best practices in Clean Tech investment.
- January 2010—Investor Network on Climate Change Global Summit.

In addition, Comptroller DiNapoli has spoken at numerous events to promote sustainability efforts and green economic development and has begun publishing EcoNews, a periodic newsletter containing information on State, local government and business sustainability efforts.

Comptroller DiNapoli has also played a leadership role in promoting engagement by institutional investors with the administrations of President Bush and President Obama, the U.S. Congress and the U.S. Securities and Exchange Commission on issues related to climate change, sustainability and the development of a Clean Tech economy in the United States.