

NEW YORK STATE
PUBLIC SERVICE COMMISSION

Case 03-E-0188 - Proceeding on Motion of the
Commission Regarding a Retail
Renewable Portfolio Standard

**COMMENTS OF CONSERVATION SERVICES
GROUP INC. ON NOTICE SEEKING ADDITIONAL
COMMENTS**

On April 1, 2005, the New York State Public Service Commission (“Commission”) published a “Notice Seeking Additional Comments” under Case 03-E-0188. The Notice seeks comments on a budget amendment (Senate 3669; Assembly 6843) passed by the New York State Legislature on March 30, 2005. The budget amendment states that the governor shall, each fiscal year starting with the 2006-2007 state fiscal year, “provide appropriations for currently non-appropriated monies received by the new york state energy research and development authority, under the direct oversight and the department of public service, related to assessments, collected for the purpose of public policy energy programs.”

Conservation Services Group Inc. (“CSG”) hereby submits its comments regarding the potential impacts of the proposed budget amendment language on the implementation and administration of the RPS program. This amendment implements a laudable goal of providing legislative oversight over public purpose monies, but may cause great harm to the RPS program and to the development of a renewable energy market in New York, thereby depriving the state of the critical environmental and economic benefits the RPS is designed to provide.

Requiring the RPS program to undergo annual appropriations would severely impact the development of new renewable energy resources in the state. NYSERDA recently

underwent the first procurement of renewable energy resources under the RPS program and experienced a high level of response, demonstrating the potential for a vibrant and successful renewable energy market in New York. However, this potential will not be met if these resources are subject to the risk and uncertainty resulting from an annual appropriations process.

The Commission, in its September 24, 2004 “Order Regarding Retail Renewable Portfolio Standard,” adopted a central procurement model for purposes of obtaining the renewable resources necessary to meet the RPS targets. The Commission cited several reasons for the adoption of the central procurement model, including the fact that it eases the ability to offer long-term contracts to renewable energy developers, who will likely need long-term contracts in order to obtain financing. The March 30 budget amendment would preclude NYSERDA from entering into long-term contracts for renewable energy attributes, and without long-term contracts, many renewable energy projects will not be able to move forward because they will not be able to secure financing. Even an annual appropriations process would not give the certainty of annual funding for renewable energy projects.

In addition, without the ability of NYSERDA to enter into long-term contracts, the overall cost of the RPS program likely will increase. In its Order, the Commission cites that the unit cost of renewable resources is considerably lower when a long-term contract is offered.

CSG ultimately favors a more market-based approach to implementation of the RPS, but without success at the outset of the program, CSG believes that the ability to achieve a more market-based approach will be jeopardized.

The adoption of the RPS in New York State was an enormous step towards a cleaner environment, a more diverse generation portfolio, and increased economic development opportunities in the state. Going to a year-to-year appropriation would be an enormous step backwards. CSG, therefore, urges the New York State Legislature to reconsider this

budget language and make clear that the RPS program, as administered by NYSERDA and under the oversight of the Commission, will not be subject to annual appropriations.

Respectfully Submitted,

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