

NEW YORK STATE PUBLIC SERVICE COMMISSION

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Proceeding on Motion of the Commission :
as to Policies, Practices and Procedures For Utility :
Commodity Supply Service to Residential and : **CASE 06-M-1017 -**
Small Commercial and Industrial Customers. :
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PHASE II - REPLY COMMENTS OF THE ENERGY ASSOCIATION OF NYS

Pursuant to the Commission’s “Order Requiring Development of Utility-Specific Guidelines for Electric Commodity Supply Portfolios and Instituting a Phase II to Address Longer-Term Issues” issued April 19, 2007 (Order), and in response to the initial comments of the parties, The Energy Association of New York State (EA) hereby submits the following Reply comments.¹

- The Energy Association notes that, consistent with the Commission’s long-standing policy, reaffirmed in its April 19 Order, virtually all parties in their initial comments expressed support for maintaining New York’s competitive wholesale electric markets.
- As reflected in the initial comments of the Energy Association and its member companies, new mandated long-term supply contracts would be unacceptable because of the shifting of risk they entail for utility customers, the impact they have on utility debt ratings and cost of borrowing, and their negative impact on

¹ The Energy Association of New York State is a non-profit trade association whose members are: CH Energy Group; Consolidated Edison Company of N.Y. Inc.; Entergy Nuclear; KeySpan Corporation; Mirant N.Y. Inc.; and National Grid

the wholesale competitive market. Where and to the extent a utility, within its discretion, deems a long-term contract necessary as a last resort to meet reliability needs, pre-approval of such contracts by the Commission is essential, and there is broad support among the parties that utilities must be assured recovery of the costs resulting from such contracts.

- Utilities should have the option to acquire and construct resources, including generation and/or transmission in a manner determined by the Commission to be reasonable on a case by case basis. Where the competitive market has not stepped up to meet reliability needs, utility proposals for resource acquisition or development, reviewed by the Commission with the input of other stakeholders, can be an efficient and economic means to meet the reliability needs of customers without unduly impacting the operation of the competitive market.

Dated: Albany New York
June 25, 2007

Respectfully Submitted,

Patrick J. Curran, Esq.
Executive Director
The Energy Association of New York State
111 Washington Ave.,
Albany, N.Y. 12210
(518) 449-3440