

NEW YORK STATE
PUBLIC SERVICE COMMISSION

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

COMMENTS OF THE BUSINESS COUNCIL OF NEW YORK STATE, INC.

Respectfully submitted,

John T. Evers
The Business Council of New York State, Inc.
152 Washington Avenue
Albany, N.Y. 12210

The Business Council of New York State, Inc., is the state's largest statewide employer association, representing more than 3,600 businesses, chambers of commerce and other local and regional business organizations across New York. Our membership includes numerous owners and/or operators of major electric generating facilities, investor owner utilities, as well as the major industrial and commercial businesses for whom the reliability and cost of electricity power is a significant issue. Therefore, we have a significant interest in the compilation of a renewable portfolio standard (RPS) by the Public Service Commission (PSC) and its subsequent impact on both the suppliers and consumers of electricity in New York State.

The Commission has initiated this proceeding in order to develop and maintain a renewable portfolio for electricity retailed in New York State. An additional goal of the proceeding is to have the state achieve a 25 percent level in regards to electricity supply from renewable resources. In order to reach these goals the Commission has solicited comments and input from stakeholder groups participating in Case 03-E-0188 as active parties.

The Business Council hereby submits the following comments for the record in Case 03-E-0188. Generally, our comments are organized into two sections.

First, the RPS must not negatively impact the price of electricity in New York State. Serious consideration and study must be made to insure that New York State's high electricity rates are not further exacerbated by implementing an RPS laden with mandates that will result in significant and substantial increases in the price of electricity. Second, the RPS should encourage all renewables and broadly define them in order to maximize the overall portfolio. This would insure not only fuel diversity generally but fuel diversity within the RPS.

Price Implications For Consumers

The price for electricity in New York State remains well above the national average. This fact alone deserves weight and careful consideration within the deliberations surrounding the compilation of a RPS. Significant new costs should not be added to the already high price of electricity in New York State.

The New York State Energy Plan of 2002 stated that the price for electricity (based on 2000 figures) was higher than the 11 states examined. New York State, long a manufacturing and commercial power house, is losing its competitive advantage partly due to the higher costs of electricity. As of 1999 the average industrial rates were 40 percent above the national average thus causing a huge competitive disadvantage for New York's manufacturing base. The national trade association for electricity utilities, The Edison Electric Institute, has also reported higher than average rates in New York State for high load factor consumers. Similarly, many of the industrial and commercial members of The Business Council have consistently reported that energy costs are a key factor in the cost of doing business. Further, many of these customers state that the increasing price of electricity has led them to depend on economic and special programs (i.e. the soon to be retired APower for Jobs® program, etc.) in order to keep the general cost of power in a range that enables them to be productive.

New York State has attempted to aid its manufacturing and commercial sectors through a variety of electricity programs (i.e. APower for Jobs® as stated above) but despite these efforts rates remain high, and a vast majority of businesses in New York State have not been able to enjoy the benefits of these programs. At this juncture it would be unwise to add significant new costs to the price of electricity while existing prices remain above the national average. Any RPS standard should not adversely effect the price of electricity and significant efforts should be taken not to mandate the usage of power that exceeds the

price of other sources of electricity.

We have significant concerns that the use of an RPS would raise the cost of power for the consumer and thus heavily impact business and industry. Every possible effort should be taken to insure that a mandated RPS does not lead to the subsidization of a specific type of generation (renewables) to the detriment of the markets or the ratepayers.

Renewable Criteria

The State of New York has employed several definitions of what constitutes a renewable resource. The State Energy Plan and the Governor have provided list of suggested renewable power sources in various publications. Hydro, solar, wind, biomass, ocean, landfill gas and fuel cell technology are mentioned in the State Energy Plan. Likewise, many public and private organizations have advocated for the inclusion or exclusion of certain power sources.

The Business Council advocates a broad and inclusive approach to defining renewable power to assure that diversity and price factors are assured proper attention lest the standard result in too narrow a portfolio to the detriment of the state and consumers. These sources, including power generated through various resource recovery methods, should be included in the state's portfolio. A narrow definition that excludes technically feasible and affordable renewable power sources will have adverse impacts on the reliability and cost of both the renewable portfolio, and the state's overall power generation mix. The inclusion of these is necessary to insure fuel diversity generally and within the RPS specifically. The Business Council therefore urges the commission to adopt a broad and inclusive definition in this case with the stipulations that the list is not exhaustive and may be incrementally changed.

Dated: September 12, 2003

Albany, N.Y.

Respectfully Submitted,

John T. Evers

The Business Council of New York State, Inc.

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Albany, N.Y. 12210