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June 23, 2004

Honorable Jaclyn A. Brillig
Acting Secretary
State of New York Department of Public Service
Three Empire State Plaza, 14th Floor
Albany, NY 12223-1350

Sent Via E-mail

Re: Brief on Exceptions to the Recommended Decision on CASE 03-E-0188 – Proceeding on Motion of the Commission Regarding a Retail Renewable Portfolio Standard

Secretary Brillig:

As one of the original Green power markers in the Niagara Mohawk program and active in the State of New York for several years now, Sterling Planet submits this document in electronic form and is mailing by courier, an original and twenty-five copies of its comments in the above referenced proceeding.

Sincerely,

Mel Jones
President and Chief Executive Officer

Enclosure

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

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

Brief on Exceptions to the Recommended Decision

VOLUTARY GREEN MARKETING PROGRAMS

Sterling Planet recommends that the Commission expeditiously direct all utilities in the State of New York join with Niagara Mohawk in implementing green marketing programs. While this approach would encourage the development of additional renewable resources in the near term before the renewable portfolio standard (RPS) demand starts, we recommend that once the RPS starts, green power demand will be incremental to the amounts mandated under the RPS, and not used to reduce the amounts mandated under the RPS (to do otherwise would effectively defeat the purpose of green power purchases to the disappointment of such customers).

However, the current approach for a “Niagara Mohawk” type offering should be modified to include the following key elements:

- 1) A program would include both a residential element and a commercial/industrial element. Allowing only a residential element minimizes the impact that a voluntary program can make in terms of really making an environmental impact in the state. Large purchases of renewable power from businesses should be encouraged.
- 2) A significant annual monetary commitment be made required for each utility to ensure their customers know that renewable power options exist. An easy way to implement such a program is to require the utility spend, on an annual basis, an inflation adjusted marketing dollar amount per customer (larger utilities would have a larger requirement than a smaller utility) in marketing/education of the program to their customers. Sterling Planet and other

marketers spend a large amount of money to interface to utility programs both in time and financial resources to enable to improve the utilities “brand” to their customers. For utilities to charge marketers fees to support their programs (paying bill stuffer fees, IT fees, etc.) and provide very little marketing support other than a mandatory bill stuffer per year does little to move the market. These utilities should be encouraged to spend real marketing dollars to educate their customers on choices or the market will never grow past a few tenths of 1%.

Two key reasons for the Commission to require voluntary programs not just mandated are:

- 1) voluntary green marketing programs give customers a choice to buy more than the mandated system mix. (all customers should have the choice of buying 100% renewable power instead of staying with 25% renewable power system mix). If some company or some individual desires to pay more for renewable energy, they should have that choice.
- 2) voluntary green marketing programs are the best way to differentiate products such as solar and wind products since they more costly and as seen in most mandated states so far, utilities will not buy them unless they are forced.

SOLAR AND HYDROGEN FUEL CELL GENERATION IN NEW YORK

Sterling Planet recommends that the Commission improve the processes that now exist that limit the development and ultimately hinder solar and hydrogen fuel cell development in the state. So far, not one single green power marketer offers solar or hydrogen fuels cells as part of its offering in New York. (one solar is here now and hydrogen fuel cell is coming). The rules established for conversion transactions in New York not only hinders these technologies – it limits the exporting of renewable energy certificates (RECs) from these technologies outside the state of New York to other markets that would like to buy these RECs. As a matter of fact, the conversion transaction hinders all renewable supply projects in New York, not just solar and hydrogen fuel cells. All types of solar and hydrogen fuel cells should be considered as valid whether the technology is solar electric or solar thermal, in “front of the meter” or “behind the meter”. The new automated tracking system planned for New York should track

all output from these systems regardless of the size of the transaction. Without such tracking, solar and hydrogen fuel cells will not be legitimized and will not grow in the state of New York like it should. So long as the output from these technologies can be measured, it should be encouraged and be able to be tracked and sold by marketers. Sterling Planet recommends a mandated carve out like New Jersey has implemented for solar and hydrogen fuel cells as part of the New York RPS. By encouraging these expensive technologies to be developed like in New Jersey, it can bring high tech jobs to New York and manufacturing plants to the state.

CONVERSION TRANSACTION

As referenced in the earlier discussion around solar and hydrogen fuel cells, any further use of the conversion transaction only hinders renewable development in the State of New York in all kinds of ways. Sterling Planet recommends to immediately migrate towards discarding the conversion transaction and implement as rapidly as possible a RECs trading system that legitimizes the market and accounts for all renewables, even small quantities like solar and hydrogen fuel cells.

Sincerely,

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