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Director, Telecommunications and Transmission Policy

November 5, 2004

Hon. Jaclyn Brillling
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223

RE: Case No. 03-E-0188 - Retail Renewable Portfolio Standard

On behalf of The Business Council of New York State, I would like to submit reply comments to the Small Hydro Group's letter seeking clarification and/or reconsideration of portions of the Commission's Order Regarding Retail Renewable Portfolio Standard.

Specifically, we would like to address the Small Hydro Group's objection to large industrial customers being exempted from the payment of the wires charge.

New York, long a manufacturing and commercial powerhouse, is losing its competitive advantage partly due to the higher costs of electricity. As of 1999 our average industrial rates were 40 percent above the national average, thus causing a huge competitive disadvantage for New York's manufacturing base.

According to a report by The Public Policy Institute, *The Key to the Upstate Economy? Manufacturing - Still*, issued in September, 2002, manufacturing provided more than 11 percent of all private-sector jobs in the state. Upstate this number increases to 17 percent of all private-sector jobs, or one of every six.

The Governor's Office of Economic Affairs estimates that each manufacturing job creates 2.67 other jobs in supplier firms, companies that sell goods or services to workers and their families, and in government. Manufacturing jobs are considered especially valuable to an economy because they import wealth from around the country and the world.

We concur with MI's previously filed comments, which point out that the legislative intent of NYPA's economic development program is that customers should purchase electricity at a lower price than investor-owned utility tariff rates. To impose a renewables surcharge on NYPA customers because their electric rates are below the state average would be inconsistent with state policy. We would propose that the same theory holds true for those customers receiving flex rates from their utilities. As Judge Stein noted, "adding costs to a priority program for economic development may have adverse consequences disproportionate to the benefits." (RD at 66)

New York has made efforts to help these companies through programs such as Power for Jobs, but despite these efforts, prices remain high. State government is attempting to capitalize on the research and technology strengths of the higher education system in helping to grow the upstate economy, but upstate cannot be revived unless the state addresses the high cost of doing business. The cost of electricity is an integral component of those costs.

Therefore, The Business Council of New York State requests that the Oder not be amended as per the Small Hydro Group's petition.

Copies of this letter have been served all parties via electronic mail.

Respectfully submitted,

Anne Van Buren

Director of Energy and Telecommunications

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