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March 27, 2003

Hon. Eleanor Stein  
Administrative Law Judge  
State of New York  
Department of Public Service  
Three Empire Plaza  
Albany, N.Y. 12223-1350

Re: Case No. 03-E-0188 Proceeding on Motion of the Commission Regarding a Retail Renewable Portfolio Standard

Dear Judge Stein,

Aegis Energy Services, Inc. has been in the business of developing and operating small cogeneration systems throughout Southern New England for the past 17 years. We provide economic analyses, engineering, system installation, service, and occasionally ownership with shared savings agreements as a financing vehicle. Aegis primarily uses the Tecogen induction product, originally developed by Thermo Electron Corporation of Waltham, MA. Although we are based in Western Massachusetts, we have spent a great deal of resources in the past year marketing our product in the New York City area.

Our interest in this proceeding is to advocate for the inclusion of combined heat and power systems that have a minimum 70% efficiency and are utilized on the magnitude of 6,000 hours per year. We feel that there are several benefits to consumers, utilities, and the environment that outweigh the use of natural gas by the system.

These natural gas fired engine-driven electric generating units are commonly used to provide heat for space heating, domestic hot water, pools, and other thermal processes. The engine turning the generator uses the same fuel that would normally be used in the boilers to only provide heat. Thus, the heat normally discarded in the production of power is **RENEWED when recovered and utilized**. Therefore, highly efficient combined heat and power (CHP) systems should be classified as “renewable”.

When coupled with thermally driven absorption cooling, the device provides energy free cooling as a byproduct in addition to electricity. This offsets the need for electrically driven air conditioning, further reducing the need for power supplied from less efficient peaking central station power plants.

Particularly in cities such as New York, where there is a serious problem of electrical congestion and a potential for California-like blackout conditions, the use of combined heat and power is an asset to the utilities. It reduces the need for expensive equipment upgrades and averts the potential for environmental degradation in the process.

These systems are more cost effective than many of the other renewable technologies currently available. Their inclusion would allow for a more immediate impact on the market, allowing faster progress toward the goal of 25% renewable energy.

Incentives should be given to customers for the use of CHP, just as they are for other renewable technologies. This is especially important in the face of new rates for on-site generation which threaten to hinder the progress that is already being made in diversifying energy production in New York.

Respectfully submitted,

Spiro Vardakas  
President