

March 28, 2003

Honorable Janet Hand Deixler  
Secretary  
State of New York Public Service Commission  
Three Empire State Plaza, 14th Floor  
Albany, NY 12223

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

Dear Secretary Deixler:

Consolidated Edison Solutions Inc. (“Con Edison Solutions”) is a registered energy services company (“ESCO”) which is providing electric and gas commodity services to residential and commercial customers in New York State. Con Edison Solutions applauds the Commission’s efforts to encourage the development of renewable energy products and believes that the best way to achieve improvements in New York State’s use of renewable energy is through continued encouragement of voluntary procurement by retail customers and the establishment of certificates-based accounting and verification system to enable renewable products to be traded across state boundaries. Establishing a mandatory Renewable Portfolio Standard for electric suppliers in New York is unnecessary to achieve significant improvements in the use of renewable energy and is likely undermine the existing efforts of Con Edison Solutions and other marketers to develop renewable products on a voluntary basis.

In its February 19, 2003 order instituting this proceeding, the Commission asked for comments on several threshold issues. Following are Con Edison Solutions’ responses to these issues:

1. The types of resources that should be considered as “renewable” for the purposes of a renewable portfolio standard.  
*A Renewable resources should include wind, photovoltaic, fuel cell, hydro-electric, biomass and waste to energy projects.*

2. The appropriateness of including renewable resource energy procured from outside the State, such as hydropower from Canada or wind energy from New England.
  - A ***Cross border sales of physical units as well as environmental certificates should be allowed and can be fostered by the establishment of certificates-based accounting and verification system. For example, the system employed in New England allows for the sale of renewable attributes between states without the physical delivery of the electricity. In contrast, external renewable resources can only be counted towards a New York ESCO's fuel mix if the electricity is physically delivered into New York. This discriminates against external intermittent resources that, due to the unpredictable nature of their electric output, do not lend themselves to the physical scheduling necessary for delivery into New York. Establishing a certificates-based system in New York will broaden the amount of renewable supplies that can be sold into the New York market.***
3. The retail suppliers that should be required to sell energy from renewable resources.
  - A ***Retail suppliers should have the option but not the obligation to sell energy from renewable resources.***
4. The impact, if any, on the ability of energy services companies' (ESCOs) abilities to compete with utilities if they are required to procure renewable resources beyond what their customers request, given the relative sizes of the loads supplied by utilities and ESCOs currently, and how such impacts might be overcome.
  - A ***It would be inappropriate to mandate that all ESCOs purchase a minimum amount of their energy from renewable resources. This would be problematic for smaller ESCOs that would have to procure small blocks of renewable power, and would raise costs for all customers regardless of whether they had elected to buy a green retail product.***
5. The best methods for retail suppliers to procure renewable resources (e.g., construction and ownership versus purchases).
  - A ***The method for procurement of renewable resources is an individual decision of the ESCO and will depend on their business strategy, retail contract and risk management policy.***

6. Methodologies for the recovery of costs by regulated utilities.  
*A If regulated utilities offer customers renewable products, they should include the full cost of those products in the price they charge those customers. This approach avoids the need for cost recovery as all costs are borne by the customers that purchase the renewable products.*
7. Individual retail suppliers' targets, if appropriate.  
*A Under a voluntary approach to renewable product offerings, individual supplier targets are unnecessary.*
8. The potential impact on reliability and system operations due to the addition of renewable resources, especially those resources that operate only intermittently (e.g., windmills and photovoltaics), and what, if anything, must be done to ensure that reliability is maintained.  
*A The issue of reliability is more appropriately addressed by the New York ISO and the Reliability Counsel. Currently renewable resources can qualify as Installed Capacity in NY and the current use of Unforced Capacity (where the rating of the unit is reduced by its outage rate) should address any reliability concerns.*
9. The appropriate means to monitor progress toward meeting the goal and to ensure results, including possible rewards and disincentives.  
*A The PSC should monitor progress towards meeting the state-wide goal. We would support the use of the System Benefit Charge and other public funds as incentives to encourage progress toward that goal but believe it would be inappropriate to establish financial penalties or any other form of disincentive.*
10. The appropriateness of a “renewable attributes trading” system, and the components of any such system that might be developed.  
*A It would be very appropriate (and essential) to have a system to capture and report on the sales of renewable attributes. Such a system must also have the ability to account for imports and exports of renewable attributes from intermittent resources.*
11. The impact, if any, on the Commission’s Environmental Disclosure Label Program, and any modifications that might be needed and appropriate for that program.

*A The results of this proceeding should be integrated with the Environmental Label Program.*

12. The practicality of installing new renewable facilities in the high load areas of the State. If the targeted renewables are built upstate, the impact, if any, such construction might have on the addition of new resources in the load centers where they are most needed, and the appropriate means to ensure that additional generation and transmission resources will be built where they are most needed.

*A While renewables may help meet future needs, they should not be relied on as the sole solution to either locational or state-wide requirements.*

13. The impact, if any, the renewable portfolio standard would have on existing green marketing programs in the State, and what the State might do to support developers and green power marketers during the process of developing rules to implement the standard.

*A It is essential to the marketers of green products to provide such products on a voluntary rather than a mandatory basis. If the State wants to foster the development of green power projects, they may want to enter into long term contracts to supply State facilities with renewable energy.*

14. Changes needed, if any, by the Public Service Commission and NYSERDA in the SBC-funded renewable energy program to coordinate with the new target.

*A Con Edison Solutions does not have any comment on this issue.*

Respectfully Submitted,