

March 28, 2003

Honorable Eleanor Stein
Administrative Law Judge
New York State Department of Public Service
3 Empire State Plaza
Albany, NY 12233-1350

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

Dear Judge Stein:

In accordance with the Order Instituting Proceeding of the Secretary of the Public Service Commission ("PSC"), issued February 19, 2003, your ruling dated February 20, 2003 and letter dated March 14, 2003, the County of Westchester ("Westchester") submits this limited statement relative to its current outlook on this issue rather than address each question at this time. Westchester looks forward to actively participating in this collaborative proceeding. As understood by Westchester, the purpose of this proceeding is to develop policies to enable New York State to achieve its goal of at least 25% of the electricity utilized in the state being supplied from renewable energy resources. One of the objectives of this proceeding is to determine just what constitutes a renewable energy source. Another objective is to determine how to fairly allocate the responsibility for and burden of achieving the goal of a statewide 25% Retail Renewable Portfolio ("RRP").

It is universally agreed that currently New York State derives about 17% of its electricity from renewable resources, almost entirely in the form of hydropower, most notably from the New York Power Authority's ("NYPA") St. Lawrence and Niagara Projects. The vast majority of this renewable power is distributed in upstate areas of New York. The entities and end-users that are receiving this hydropower are being provided this power at favorable prices.

Accordingly, any attempt to require that each region of the state obtain 25% of its power from renewables would be unduly burdensome to those residents and businesses that do not currently receive the benefit of that hydropower. In fact, if the burden of achieving the "25% renewables goal" was distributed on a regional basis it appears that some upstate service territories/utilities that are receiving NYPA hydropower could argue that they are already meeting the statewide goal. Hence an argument could be made that they should not have to add any renewables to their portfolio of resources.

Similarly, the municipal systems being supplied by NYPA already appear to be supplying substantially their entire load from renewable sources. Hence it would be difficult for them to contribute anything further to reaching the statewide goal.

It appears to be recognized by most parties, even at this early stage of this proceeding, that achieving the goal of increasing the percentage of electricity from renewable sources will be accompanied by costs. It would be unfair to require that those costs fall solely upon the businesses and individuals that are located within the Consolidated Edison service territory. This would be doubly burdensome, as it would shift the burden entirely onto a group that already pays the highest utility rates in the state and does not currently receive a meaningful share of available hydropower.

Westchester believes that there are merits to the proposal of including renewable resource energy procured from outside the state, such as hydropower from Canada or wind energy from New England. However, it should again be noted that there are transmission capacity issues involving the importation of such power into the Consolidated Edison service territory. This is another reason that a strict geographic distribution of the burden of 25% renewables is unfair and unduly burdensome to certain portions of the state.

In fact, if the Consolidated Edison, LIPA and Orange and Rockland service territories were required to derive 25% of the power they use from renewables the statewide generation from renewables would vastly exceed the 25% goal but at a tremendous cost to the local economies. What the parties will be and should be focusing on is how to achieve the additional 8% increase in renewable energy sources in a fair and equitable manner with the least disruption to the economy of the various regions in our state.

Some states have utilized, as part of their renewable energy program, a plan whereby entities trade renewable energy credits. However, that does not change the outcome. Those entities that cannot meet the goals would obviously incur costs in acquiring those credits. Those costs would be passed onto the ultimate end users. Thereby, under either scenario there could be a disproportionate shifting of burden and costs.

These comments are not meant to be divisive or to set one region against another. They are intended to remind all parties of the present allocation of the primary source of renewable energy in New York State and the need to focus on the statewide goal of a RRP with the burden and cost of meeting that goal being distributed fairly among all residents and businesses of the state, for they are the ones who will ultimately pay the cost and derive the benefit of this program.

Very truly yours,

Stewart M. Glass
Senior Assistant County Attorney

cc: Secretary Janet Deixler, PSC by First Class Mail
All parties by e-mail