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Via Hand Delivery

April 10, 2008

Hon. Jaclyn A. Brillling
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case 07-M-0548 - Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard.

Dear Secretary Brillling:

This letter is submitted on behalf of the Independent Energy Efficiency Program (the "IEEP"), in response to the Administrative Law Judges' ruling of March 20, 2008.

The IEEP is the energy efficiency arm of New York State's municipal electric public power systems (*see, e.g.*, Response of the Independent Energy Efficiency Program and Municipal Electric Utility Association of New York to Staff's June 13th questions). Since 2001, the IEEP has provided an aggressive energy efficiency program for the member systems.

The municipal electric power systems historically have had a close and long-standing relationship with the New York Power Authority ("NYPA.") The relationship extends to energy efficiency as well as power supply and economic development.

The 2003 "Global Settlement" between NYPA and municipal public power systems requires the municipal electric systems to engage in an enhanced energy efficiency partnership with NYPA. Specifically, the "Global Settlement" provides (§ 1-3a): "[i]n consideration of the above described extension of the Systems' purchases of hydropower, the Systems also agree to work closely through MEUA with NYPA to implement expanded energy efficiency and energy conservation programs for their own use as well as for their retail customers. . . ." Subsequently, in 2004, NYPA

commissioned a study of the potential for increased energy efficiency by the New York State municipal electric systems. That study, published in 2006, concluded that additional investment in energy efficiency is warranted and endorsed the IEEP as the appropriate vehicle for conducting an energy efficiency program for the municipal systems.

At their meeting in May 2006, NYPA's Trustees approved the study, and made New York State's municipal electric utility systems eligible to participate in NYPA's "Statewide Energy Services Program." NYPA approved the municipal electric systems participation in energy efficiency through the IEEP. NYPA also approved the municipal systems' collection of one mill per kWh through customer rates for energy efficiency programs and further encouraged the New York State Public Service Commission to approve it as well.

In June 2006, the New York Municipal Power Agency ("NYMPA") petitioned the Commission to approve its Commission-jurisdictional member systems collection of one mill per kWh in customer rates for the energy efficiency program run by the IEEP. By "Order Approving Recovery of Costs of Enhanced Energy Efficiency Program," issued November 6, 2006, the Commission approved NYMPA's petition. The Commission approved the IEEP as the "mechanism used to implement the energy efficiency requirement [of the Global Settlement.]"

Pursuant to the official actions of the NYPA Trustees and Public Service Commissioners in 2006, the IEEP is the approved vehicle for the energy efficiency program of the New York State municipal electric utilities.

In general, the IEEP members collect program funds from their customers. The IEEP keeps separate accounts for each member. IEEP members spend their own funds, derived from their own community, in their own community. There is no "rate redistribution" among IEEP members. The IEEP reports regularly to NYPA, and works closely with NYPA, as well as with NYSERDA. NYPA supervises and oversees the IEEP energy efficiency program. The IEEP Municipal Public Power Systems have demonstrated their awareness of their responsibilities as customers of the New York Power Authority's Niagara hydropower project, and have demonstrated a commitment to energy efficiency and conservation. Pursuant to their important 2003 "Global Settlement," the IEEP and NYPA work together to enhance their energy efficiency programs. NYPA and the IEEP intend to continue that relationship. Under the circumstances, it is appropriate that the energy savings generated by the IEEP should continue to be reported to NYPA and accounted for as a distinct element of NYPA's contribution to New York State's energy efficiency effort.

The IEEP, in cooperation with NYPA, will continue to participate in the Commission's Energy Efficiency Portfolio proceeding and will carefully evaluate the scope and appropriateness of the IEEP's many programs in light of the important work being done by all the parties in this EPS proceeding.

Respectfully submitted,

READ AND LANIADO
Attorneys for the Independent Energy
Efficiency Program

By: 
Kevin R. Brocks

cc: Active Party List (*Via Electronic Mail*)