

January 24, 2008

Hon. Eleanor Stein
Hon. Rudy Stegemoeller
Administrative Law Judges
New York State Public Service Commission
Empire State Plaza
Agency Building 3
Albany, New York 12223-1350

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

Dear Judges Stein and Stegemoeller:

These reply comments are made on behalf of Dutchess County, in regard to your ruling via email of January 14, 2008. Your ruling asked for comments on “both the procedure and the substance embodied in the Consensus Parties’ requests: (1) should the Consensus Recommendation be accepted at this time, and (2) the merits of the recommendation it contains.”

NRDC, Pace Energy Project, the City of New York, Association for Energy Affordability, Inc., Con Ed, Key Span, National Fuel, Niagara Mohawk, NYSE&G, RG&E, O&R, and NYPA, the Consensus Parties, submitted on January 11, 2008 a Consensus Recommendation. In the Consensus Recommendation is an “EPS administration model to leverage the abilities of the State’s regulated electric and natural gas utilities, New York State Energy Research and Development Authority (NYSERDA), New York Power Authority (NYPA) and Long Island Power Authority (LIPA) to help meet the energy efficiency needs of the applicable service territories and the State’s 15 by 15 goal..”

Dutchess County recommends that the Consensus Recommendation not be accepted at this time. What follows is a discussion of the reasons why Dutchess County recommends not accepting the Consensus Recommendation request at this time, based upon the merits of the request.

Consensus

Approximately 90% of the Dutchess County electric supply is delivered over the Central Hudson transmission and distribution systems. Of Central Hudson’s total yearly electric energy supply Dutchess County makes up approximately 40%. Conspicuously absent from the list of Consensus Parties that developed the Consensus Recommendation is Central Hudson.

As indicated in the Consensus Recommendation on page 1:

“it will be critical to overcome the barriers to customer implementation of efficiency measures. The Utilities, by the nature of their business, possess unique market knowledge and the local presence necessary to overcome many of these barriers. Local, Utility-led programs can be tailored to meet specific customer needs, resulting in wide customer acceptance. The Utilities are also uniquely positioned to integrate energy efficiency into planning for load relief on their delivery systems.”

Dutchess County believes that a local presence does support overcoming barriers to wider customer acceptance of energy efficiency. However, without the assistance a ubiquitous market presence such as local County Government which serves the same local constituency, it is questionable whether regulated “market knowledge” is sufficient to support “wide customer acceptance.” The market place for energy efficiency goods and services is competitive and although the utilities may possess unique market knowledge the experience base from which that knowledge is drawn is highly regulated and could benefit from the support and assistance of County Government.

The other signatories to the Consensus Recommendation do not have a significant local presence. The lack of a supporting signature by Central Hudson draws into question why the signature of one of the larger electric utilities in the state is conspicuously absent and as such how the administrative model suggested will best serve the local energy efficiency market in Dutchess County.

Program Administrators

Program Administrators are defined in the Consensus Recommendation under item 2 on page 2 as local Utilities, NYSERDA and in some instances NYPA.

The administrative model assigns to NYPA, administration of energy efficiency services for “statewide governmental buildings.”

In Dutchess County over the course of the last 10 to 15 years major improvements have been made to the energy efficiency of government buildings. Administration for such improvements falling under NYPA needs definition as to scope, intent, and content. The duplication of administrative efforts is the antithesis of the Policy concerns that the Energy Efficiency Portfolio Standards are designed to address.

Items 2(a) and 2(b) in the Consensus Recommendation are confusing as to the responsibilities of utilities and NYSERDA. The wording is such that the meaning of terms as “upstream market transformation”, no “direct offerings to end-users”, and “delivery for end use-customers”, need better definition.

Strategic Planning

Energy Efficiency Partnerships (“Partnerships”) identified by the Consensus Parties will consist of “local Utilities, NYSERDA and NYPA. These Partnerships will create “an integrated and overarching Strategic Plan (“Strategic Plan”) for energy efficiency...”

Summarizing the elements of this Strategic Plan are the roles and responsibilities of members of the Partnership, coordination of funding, what the role of other organizations impacted by plan programs may be. These Strategic Plans will be “subject to the Commission’s review, approval, or both, as appropriate...”

Such Strategic Planning should be inclusive of County participation. Of most concern to Dutchess is the direction of potential funding coming from Dutchess County tax payers to appropriate projects or programs within the County.

Implementation Plans

Implementation Plans specified in the Consensus Recommendation will be filed with the Commission by NYSERDA and Utilities. The plans relate to the energy efficiency goals of the Utilities and NYSERDA which are responsible for detailed implementation. The goals may have been defined by the Commission or come as recommendations within the Implementation Plans. The Implementation Plans “will be reasonably consistent with their responsibilities and objectives as set forth in the respective Strategic Plans.”

The three sources of energy efficiency goal generation: (1) by the Commission, (2) through the Strategic Plan, or (3) through identification within the Implementation Plan, are not coordinated. There is no accounting or identification of a clearing mechanism to address conflicts between goals. It may be assumed that the Commission will establish a clearing mechanism since all elements are subject to the Commission’s review. However, if this is in fact the intent then have the goals broadly identified by the Commission prior to the development Plans by the Partnerships.

Partnership Operations

“Each Partnership will meet regularly to discuss the following”: programs, costs, goals, market research, programs of others, practices, R&D, codes and standards, and acquisition of information from related entities. The Partnerships will submit six month and annual reports.

Not stated is the estimated costs incurred by these Partnerships for administration or whether Partnership administrative operations become stand alone entities with a continuing organizational life.

To reiterate and summarize the previous discussion, Dutchess County in reviewing the Consensus Recommendation is concerned with its merits in the following areas:

- * A consensus that does not include the major utility that services the Dutchess County area.
- * Strategic and Implementation Plans that do not include Dutchess County as a participant in the planning process.
- * Parts of the Consensus Request that raises questions as to intent and direction.
- * State wide identification of energy efficiency goals that by-pass the Commission.
- * Implementation Plans that may not follow Strategic Plans.
- * No clear definition of size, responsibilities, performance and term of Partnerships.
- * Partnerships not designed to be fast track capable.
- * No term limit for Partnership funding.
- * No suggested designation of County tax payer funding supporting projects within the County.

Based upon these above referenced concerns Dutchess County recommends that the Consensus Recommendation not be accepted at this time.

For Dutchess County
Respectfully submitted,

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