

**LIPA's COMMENTS IN SUPPORT OF CONSENSUS RECCOMENDATION ON
EPS GOVERNANCE STRUCTURE**

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:

Pursuant to the Ruling Establishing Comment Schedule issued in this proceeding, the Long Island Power Authority (LIPA) hereby submits its comments to the EPS Administration Consensus Recommendation (Consensus Recommendation) filed on January 11, 2008.

LIPA conceptually supports the Consensus Recommendation, specifically the recommendation that energy efficiency programs targeting end-use customers are best delivered by the local utilities that have direct relationships with those customers. We also agree that local utilities are uniquely capable of coordinating the energy efficiency implementation plans for their service area with their overall system planning process, thereby allowing energy efficiency programs to be considered in the overall resource planning process. These recommendations are consistent with positions that LIPA has taken in this proceeding; that the local load serving utility should have such responsibilities in order to provide end-use customers with energy efficiency products and services that meet their needs at the lowest reasonable cost. However, LIPA also believes that close coordination on state-wide upstream market transformation activities is necessary, and to that end, LIPA has closely coordinated its activities with NYSERDA for the past seven years and is currently working with them on the development of an educational offering for schools.

Additionally, LIPA affirms that partnerships play a key role in the deliverance of virtually all energy efficiency programs. Whether they be with subcontractors, trade allies, vendors and distributors, local governments, school districts, businesses, environmental advocacy groups or the various individuals in the building industry, the breadth of most energy efficiency programs is such that there is no path to successful

delivery unless there is close coordination and a synergistic relationship among all market players.

Further, LIPA recognizes the potential benefit that can be gained by the coordination of multiple energy efficiency programs through a common delivery mechanism. To that extent, LIPA's staff has been in discussions with the staff of our local natural gas company regarding the technical feasibility of offering both electric and gas efficiency programs to our common customers through a single delivery program that holistically treats the needs of the customer. Coordinated efforts such as this can not only reduce the inefficiencies and costs of separate delivery tracks, but can also result in increased participation levels and serve to eliminate customer confusion in the marketplace.

However, LIPA has some concerns about the structure and authority of the "Energy Efficiency Partnerships" (Partnerships) described in part (1) of the proposal. While LIPA believes that partnerships are a necessary and valuable ingredient for success, it also believes that the role, relationship and participation of each of the partners is a unique decision for the individual entity to make. As proposed, the Partnership appears to be a governing entity whose authority could be interpreted as, at a minimum, marginalizing the statutory powers granted to LIPA's Board of Trustees. In addition, section 4 of the proposal provides for the PSC to review, or approve, the Strategic Plan, the Implementation Plan, and tariffs related to the energy efficiency programs. These issues raise significant jurisdictional concerns for LIPA.

LIPA generally supports the concepts behind the Consensus Recommendation and reconfirms its commitment to the goals of the proceeding. However, the nature of LIPA's participation with respect to a formal governing Partnership will require additional clarification in light of the LIPA's particular jurisdictional concerns.

Accordingly, LIPA looks forward to working toward implementation of a Consensus Recommendation that will move the proceeding forward while addressing the concerns raised herein.

Respectfully Submitted,

/s/

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cc: Active Parties List by Electronic Mail