



The Hudson Renewable Energy Institute, Inc.

Allan R. Page
Chairman and CEO

May 13, 2009

Mr. Thomas Congdon, Executive Director
Energy Coordinating Working Group
for the State Energy Plan
NYSERDA
17 Columbia Circle
Albany, New York 12203-6399

Dear Mr. Congdon:

Re: Interim Report on the 2009 New York State Energy Plan
Presented by the Energy Coordinating Working Group

The Hudson Renewable Energy Institute, Inc. would like to take this opportunity to comment on the Interim Report drafted by the Energy Coordinating Working Group (ECWG) on the 2009 New York State Energy Plan. The Hudson Renewable Energy Institute (THREI) is a not-for-profit organization dedicated to encourage the use and development of renewable energy through education and competitive market mechanisms. THREI defines renewable energy broadly and includes energy efficiency and conservation as significant sources of renewable energy.

The Task Force that drafted this Interim Report should be commended on the Report to this point. Taking the expanse of knowledge available and the various views on many of the issues presented in the report and consolidating the information into an understandable, on-time report is an accomplishment of note.

From information presented in the Interim Report, there are concerns that the Institute would like to raise. The first deals with the overall scope or definition of energy that the Working Group was tasked to address. As is the case with any plan, half of the planning process deals with what will be a focus and the other half deals with what will not be considered. As structured, the Interim Report takes on issues such as RGGI, environmental justice, public health, environmental standards, and economic development that in the opinion of the Institute create a package of such size as to border on the unmanageable. As indicated by its title, the Plan is intended to be a State Energy Plan, and not a Plan on State governance in general. Even though energy and energy considerations touch every part of citizens' lives, there are other branches of the Governor's planning capability where issues of public health or social justice would be more appropriately addressed. As such, it is incumbent on the State Energy Planning Board to review the Interim Report with an eye toward reasonableness of scope.

To that end, first and foremost are delivery and supply considerations and the planning process should propose methodologies to provide energy at a reasonable cost. The availability and use of moderately priced energy is the life blood of a modern progressive society. The Plan should propose ways to reduce the complexity of a regulated supply and delivery system that have produced some of the highest energy prices in the United States. Market forces should be applied where possible to avert the unexpected consequences of rules that solve short-term problems but create longer-term downside outcomes.

Customers of electric supply should be allowed to purchase at retail in small blocks of a few kilowatt hours directly from a power supplier. The technology currently exists to track a kilowatt hour from the source to the load using the NYISO as the intermediary. The only restrictions to an open and liquid electric marketplace at retail are existing regulatory restrictions. Allow the customers the power of choice to buy directly from suppliers who might sell an elegant kilowatt-hour from a solar or wind facility at a substantial premium which customers are willing to pay. The world is replete with fungible commodities being distinguished from one another based upon superior quality or customer appeal. As an example, movement from point A to point B could be categorized as a fungible commodity, transit. However, such transit has become an opportunity for discerning customers to invest in grand vehicles of significant cost. Give the customer the choice. Kilowatt hours are now able to be distinguished and some have qualities much more valued than others. Allow the customer the choice as to what type of electric supply they would like to see developed. Make the Smart Grid truly smart by allowing the end user the option to not only control costs but also to direct purchasing decisions where they might want to invest.

Further, until customers can avail themselves of time-of-use pricing, the true promise of the Smart Grid, energy efficient appliances and machines, and networked building systems cannot be realized.

An energy plan will only be as good as its acceptance by the citizens of the State of New York. As currently indicated in the Interim Report, the State is creating a mountain where a few manageable mole hills would be more appropriate. Give the State a plan that the ordinary citizen can read about and understand and consider useful.

The comments should not be interpreted as a criticism of the work that has been done by the Working Group or the value of the Governor's planning process. The purpose of the comments are to narrow the scope of the efforts so that the effort provides consequences that will be used and useful to the citizens of the State.

Respectfully submitted,

Allan R. Page
Chair of The Hudson Renewable Energy Institute

ARPage/s