



"EDUCATING ENERGY CONSUMERS TOWARD ECONOMICAL ENERGY OPTIONS"

October 19, 2009

The Honorable David A. Paterson
Governor, State of New York
The Capitol
Albany NY 12224

RE: DRAFT 2009 NEW YORK STATE ENERGY PLAN

Dear Governor Paterson:

I write on behalf of the New York Energy Consumers Council, Inc. (NYECC) to offer comments on the Draft 2009 New York State Energy Plan. I note that the NYECC was created on July 30, 2004 as a result of the consolidation of the Owners Committee on Electric Rates ("OCER") and the New York Energy Buyers Forum ("NYEBF"). NYECC's members represent a broad spectrum of energy buyers, including hospitals, universities, financial institutions, residential and commercial property managers, public benefit corporations, energy service companies, and energy consultants within Con Edison's electric service territory. The NYECC applauds your efforts and those of your team, particularly Thomas Congdon, for the leadership that has driven the development of this very important plan. Two of my officers and I welcomed the opportunity to sit with members of your team earlier in the process and share our thoughts on the Plan's initial scope.

As we reviewed the final draft of the plan, we have identified several areas where we would like to express our concerns:

ENERGY ECONOMICS

- Electricity consumers in New York City and the County of Westchester continue to pay among the highest electric rates that consumers pay anywhere else in the continental United States. On July 22, 2009, the Bureau of Labor Statistics of the United States Department of Labor reported that New York area consumers paid 59.1% more than the U.S. city average for electricity in June, as measured by the Consumer Price Index. A kilowatt-hour (kWh) of electricity cost New York area consumers \$0.210 in June 2009, 0.5 percent higher than one year earlier. Large consumer members of the NYECC have complained that their total electric bills have actually climbed by about 6% in the past year – despite reductions in both their overall consumption and in their unit costs of electricity supply. Over the last five years, New York prices have stayed around 50 percent above the national level.
- High energy prices are antithetical to the economic development and growth of New York City and New York State. The past year of economic hardship serves as eloquent testimony for the urgency of removing New Yorkers' financial burden, as recent individual and corporate failures have translated directly into diminished tax revenues at both the City and State level.
- New Yorkers deserve complete transparency in their energy bills. Long-established practices of using the State's Investor Owned Utility companies as tax collectors have made a major contribution to the non-competitiveness of our region's high energy prices.
- Within just the past six months, for example, large energy consumers in New York State have seen their electricity prices climb by more than 20% -- driven primarily by New York City property tax increases levied against Con Edison (approximately 5%),

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by the draconian changes in the 18-A Assessment changes that both expanded the tax base to include competitive energy supply and increased the rate six-fold (approximately 10%), and by New York City's decision to collect sales tax on the delivery of competitively procured energy (approximately 2%).

- At present, we understand that such indirect utility taxes add some 27% to the base cost of energy.

GENERATION

- We are convinced that Combined Heat and Power – the simultaneous production of thermal and electrical energy – represents a significant short-term and long-term asset for New York's energy requirements. Accordingly, we would advocate strengthening the State Energy Plan's commitment to fostering Combined Heat and Power installations.
- Nuclear energy continues to represent the most effective existing technology for generating large quantities of electricity without aggravating our carbon footprint. Policies that attempt to put the nuclear genie back into its bottle are counter-productive. Indeed, a State Energy Policy that aggressively supports retention and expansion of existing nuclear resources would foster an economic, educational, and employment environment that would likely strengthen our collective ability to eliminate unfounded fears and resolve legitimate concerns about the deployment of nuclear energy. Accordingly, we would urge your reconsideration of your objections to the relicensing of the Indian Point nuclear plants. We would also strongly advocate cost-effective expansion of nuclear generation within the State.

ENERGY EFFICIENCY POLICIES

- We strongly support the Administration's commitment to meeting aggressive energy reduction targets, and we salute the efforts of the Public Service Commission and its staff in developing policies and programs to help achieve those targets.
- We note from our experience, however, that data is an indispensable building block in constructing any energy efficiency or conservation program. Building owners and managers must be given unfettered access to information about all the energy consumed in their buildings – even when such energy is procured directly and independently by one or more tenants. Current policies that treat a tenant's energy consumption as "confidential" largely prevent building owners and managers from tracking total energy consumption within their building – a prerequisite for successfully reducing such consumption.
- The national standard for energy data benchmarking has become the EPA's Portfolio Manager, and that program requires the recording of historic and ongoing monthly consumption at every meter point in every building being monitored.
- Energy consumption can be very fungible, and reporting only a portion of a building's energy consumption would permit the shifting of load between metering points and corresponding degradation of energy data. We would strongly urge that the State Energy Plan be revised to authorize building owners or their agents unrestricted access to their tenants' energy consumption data. Security considerations give building owners unquestioned rights to monitor and control their tenants' visitors and deliveries. Energy security considerations must give those owners equally unfettered access to monitoring their tenants' energy consumption.



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- The State Energy Efficiency Policies appear grounded in a foundational belief that capital energy investments represent the ideal approach to increasing energy efficiency. While there are clearly many instances where prudent capital investments represent an essential element of an effective energy reduction strategy, our experience suggests that the most-effective energy reduction strategies are rooted in operational and maintenance strategies. Indeed, a change in operating practices can drive fundamental long-term energy reduction without capital expenditures, but a capital investment cannot succeed in the long run without an effective operations and maintenance component.
- We support promotion of a higher level of competence in the installation and operation of our HVAC and automation systems. We would specifically advocate development of a series of training programs and state certifications for building automation technicians and engineers, for building operators at both the managerial and mechanic levels, and for engineers specifying controls systems.
- We applaud the efforts and results of the New York State Energy Research and Development Authority to support the State's Energy Efficiency Goals. We would very much welcome a strengthening of NYSERDA's efforts and presence in New York City and Westchester County. Given the significance of the financial support provided to NYSERDA by Con Edison's customers, we remain concerned that a greater percentage of those funds should be invested in Con Edison's service territory.
- We would also urge that the State Energy Plan mandate ongoing and timely review of all ratepayer-funded energy efficiency programs. We have only recently learned, for example, that the 40 MW of Con Edison's Targeted Demand Side Management Program earmarked for residential applications in 2005 has been independently evaluated as not "cost-effective." Given the nearly \$40 million of ratepayer funding that financed the program, this is particularly troubling.

Finally, we would note that power plants and buildings and the transportation sector are not driving our nation's energy use. Ultimately, it is people who use energy, and we strongly support efforts to engage our citizens in the effort to curb our energy consumption and eliminate energy waste. We support strategies that educate our tenants on the impact of their energy consumption practices and encourage them to make the substantive changes in behavior that will ultimately drive a new energy consumption paradigm. Absent such a change, we will fail to achieve the far-reaching goals of the State's Energy Plan. With New Yorkers' commitment to reducing their energy consumption, however, we can exceed all the energy saving and carbon reduction goals of New York State and New York City.

Again, we salute your commitment to a comprehensive revision of the State's Energy Plan to ensure that we can achieve the State's ambitious energy efficiency goals.

Sincerely,

A handwritten signature in black ink that reads "David F. Bomke". The signature is written in a cursive, flowing style.

David F. Bomke
Executive Director

DFB/hs