



June 15, 2009

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

2009 JUN 16 4:10:20

Re: Docket No. 09-M-0074 – In the Matter of Advanced Metering Infrastructure

Dear Secretary Brillling:

Enclosed herewith please find an electronic copy of the “**Comments on Behalf of Elster Integrated Solutions on the DPS Staff Proposed Framework for the Benefit-Cost Approach for Evaluating AMI**”. Please enter this into the docket. An original hard copy will be sent overnight through FedEx. An electronic copy of the Comments will also be sent to the Active Party Service List.

Should you have any questions, please do not hesitate to contact me at (717) 237-6716.

Sincerely,

RHOADS & SINON LLP

By: 
Scott H. DeBroff, Esq.

Enclosures

cc: Active Party Service List

**BEFORE THE NEW YORK
PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF ADVANCED
METERING INFRASTRUCTURE**

DOCKET No. 09-M-0074

**COMMENTS ON BEHALF OF
ELSTER INTEGRATED SOLUTIONS ON THE
DPS STAFF PROPOSED FRAMEWORK FOR THE
BENEFIT-COST APPROACH FOR EVALUATING AMI**

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DATED: JUNE 15, 2009

COUNSEL FOR ELSTER INTEGRATED SOLUTIONS

**BEFORE THE NEW YORK
PUBLIC SERVICE COMMISSION**

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AND NOW COMES, **Elster Integrated Solutions** ("Elster" or "EIS"), by and through its counsel, **Scott H. DeBroff, Esquire** and **Alicia R. Petersen, Esquire** of Rhoads & Sinon LLP, for the purpose of these "Comments" with respect to this proceeding before the Public Service Commission of the State of New York ("PSC" or the "Commission"). In support of this docket, Elster avers the following:

1. Elster, with its North American headquarters in Raleigh, North Carolina and operations in 22 countries, serving customers in over 70 countries, is a leading provider of Advanced Metering Infrastructure (AMI) solutions that help utility companies improve revenue cycle services, customer service, delivery reliability, and workforce utilization. With more than 100 years of electricity metering experience (formerly as Westinghouse Electric Corporation and ABB Electricity Metering), Elster understands the unique requirements of utility customers worldwide.

2. Elster provides open standards-based network solutions to utilities for advanced metering infrastructure (AMI), demand response, and grid management. Its solutions enable utilities to better serve their customers, develop new revenue sources, and reduce overall expenses.

3. Elster has been involved extensively in related AMI related proceedings, including the Energy Policy Act of 2005 (EPACT) proceedings across the country, and before other state public utility commissions. In New York State, specifically, Elster has participated in the EEPS docket since its inception, the original combined docket addressing metering, and now the AMI rulemaking docket.

4. Our interest in participating in this proceeding is to inform and educate the Commission on the issues revolving around Advanced Metering and the creation of an Advanced Metering Infrastructure (AMI) and their value to both utilities and customers.

5. Following are Elster's comments to DPS Staff's "Proposed Framework for the Benefit-Cost Analysis of Advanced Metering Infrastructure", which was filed on April 14, 2009.

COMMENTS ON BEHALF OF ELSTER INTEGRATED SOLUTIONS

Elster appreciates the opportunity to file comments. Overall, Elster supports the Staff's generic benefit-cost framework for utility proposals on Advanced Metering Infrastructure (AMI). However, Elster would like to take this opportunity to offer a few suggestions to the generic framework.

Section 1. Description of the Scenarios to be Analyzed in the Benefit-Cost Analysis

1. Elster does not believe it is relevant for utilities to compare AMI's cost-effectiveness to the alternative scenario of a full scale AMR rollout with targeted Direct Load Control (DLC) that is discussed on pages 2-4 of the draft proposal.

2. Elster agrees with the comments made by RG&E and NYSE&G concerning this section of the Draft Proposal. AMR simply changes the walk by meter reader to "drive-by" capability. AMR does not have the characteristics of an advanced meter and could not be part of an advanced metering infrastructure. Currently at the Federal and State levels, there is legislation and proceedings open to discuss and promote development of a Smart Grid. In Docket 09-E-0074, the New York Commission is reviewing utility plans and efforts to receive federal funding under the American Reinvestment and Recovery Act of 2009 (ARRA). All of the utilities have submitted plans for Smart Grid deployment that include plans for an Advanced Metering Infrastructure (AMI).

3. One critical functionality of an AMI is two way communications to and from the meter. In New York, in this docket, two-way communication is one of the requirements for minimum functionality. AMR does not have this capability whereas AMI does. Elster also believes that AMR may not be able to meet the other Advanced Metering Infrastructure minimum functionality requirements in the New York Public Service Commission Order that was issued on February 13, 2009, in this Docket.

Section 3. Review of Benefit Categories to be included in the AMI Analysis

4. At this time, Elster would like to take the opportunity to suggest adding the following benefit to the “Management and Other Benefits” section:

Management of Renewable Energy: AMI can help the utility to optimize and take advantage of renewable energy sources which can only supply energy to the grid on an irregular basis. AMI can help the utilities readjust the amount of power drawn from traditional sources at times when renewable energy is available. This is an added environmental benefit that can help to lower carbon emissions and can also aid in reducing prices of wholesale electricity that is needed to meet peak demand. Also, the Minimum Functionality Order requires that AMI systems must provide net metering.

5. Elster meters inherently provide metering that provides energy delivery data to and from premises along with the time, providing the capability to appropriately value distributed

generation sources. AMI supports Demand Response, Conservation, Renewable Energy, and Energy Efficiency. AMI plays an important role in the measurement, verification and evaluation (MV&E) of all of these measures that work together in a Smart Grid.

6. Elster would also like to highlight that the benefit of Remote Service Connect/Disconnect, discussed on Page 8, is an important functionality of AMI. This functionality offers a substantial benefit to a utility in the cost benefit analysis because of the “Operational Savings” that a utility would achieve by not having to send out personnel to the customer site to manually disconnect the customer. Remote Service Connect/Disconnect also provides customers with options such as prepay services, which can help a customer stay within their budget for energy.

7. It is our opinion that the Commission should urge the legislature to re-examine the language in the Home Energy Fair Practices Act (HEFPA). Currently, 16 NYCRR §11.4(a)(7) states that a “residential customer can offer payment of the full amount that forms the basis for a scheduled disconnection at the time of disconnection to the utility’s representative in order to stop disconnection.” The ability to remotely disconnect a customer is an extremely useful tool and will be valued as meaningless if the utility is still required to send someone to do a site visit before termination, so that the residential customer will be given this last opportunity to make payment. Elster believes that the consumer protection language in the statute should be altered to address the new technological capabilities that AMI offers. Without this legislative change, the benefit of remote disconnect will add little value to a utility’s cost-benefit analysis. With a change, the AMI cost-benefit value will increase.

Section 4. Common Analysis Parameters for each of these Cases

8. Elster agrees with Staff's decision not to make any common assumptions on what a meter life should be, on Page 13 of the Draft Proposal. Elster agrees that this input should be decided based on the warranties and representations made by the meter manufacturers selected by utilities.

Section 5. Rate Choices to be Offered to Customers

9. Elster agrees with the inclusion of the EEPS Case, Working Group VIII's recommendations on dynamic pricing that have been included in Staff's framework on Pages 13-14 of the Draft Proposal. Elster agrees that Time of Use (TOU), Real Time Pricing (RTP), and Peak Time Rebate programs should all be considered as dynamic pricing options. In addition, Critical Peak Pricing (CPP) is another option that could be considered.

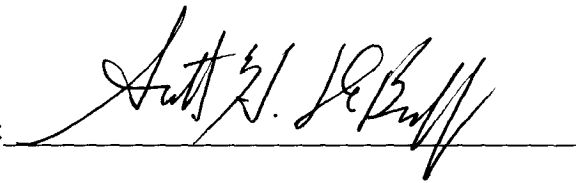
Section 6. Methods to Estimate and Value Demand Response

10. Elster agrees that reviewing the Brattle Group's Pricing Impact Simulation Model (PRISM) Suite and the analysis of Freeman, Sullivan & Co. are good starting points to analyze the demand response impacts of different rates and technology as mentioned on Page 14 of the Draft Proposal. Elster understands and agrees with Staff's reasoning to test the value of Demand Response in New York conditions. However, Elster would encourage a larger deployment than a

pilot of AMI, to test the value of Demand Response. By having more participants in a demand response program, utilities will have more data and a better understanding of how Demand Response will be beneficial in New York.

WHEREFORE, Elster Integrated Solutions respectfully requests that the New York Public Service Commission submit its comments in the above captioned investigation. We look forward to participating in the process going forward and contributing our experience and expertise.

Respectfully submitted,

By: 

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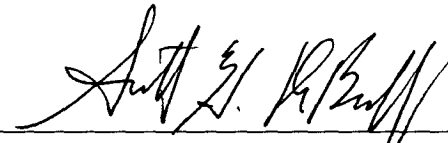
DOCKET No. 09-M-0074

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing “COMMENTS ON BEHALF OF ELSTER INTEGRATED SOLUTIONS” was served on Jacklyn A. Brillling, Secretary to the New York State Public Service Commission, along with the service list on this 15th day of June, 2009.

Dated: **June 15, 2009**

By:



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