

Cooperative Coalition to Prevent Blackouts

c/o The HDFC Council
601 West 136th Street, Suite 1, NY, NY 10031-8101 Tel: (212) 862-2648 Fax: 212-283-5961

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<p>Board of Directors :</p> <p>Gregory Carlson Federation of New York Housing Cooperatives & Condominiums</p> <p>James Garst Mitchell-Lama Council</p> <p>Peter VK Funk, Jr. 322 Central Pk. West</p> <p>J. Reyes-Montblanc The HDFC Council</p> <p>Margie Russell New York Association of Realty Managers</p> <p>Donald West Coordinating Council of Cooperatives</p> <p>Secretariat :</p> <p>Lewis M. Kwit Prof. Dick Lam EIS Inc.</p>

Hon. **Jaclyn A. Brillig**
Secretary
New York Public Service Commission
3 Empire State Plaza
Albany, NY 12223-1350

Re: Case 05-M-0090 – In the Matter of the System Benefits Charge **III**

Dear Secretary Brillig:

The Cooperative Coalition to Prevent Blackouts ("Coalition") hereby submits this **original** comment letter and fifteen (15) copies thereof with respect to the impact of the proposed budget amendment, **S.3669/A.6843**, Part I Section 2, ("Budget Amendment") language on the continuation and scope of the Systems Benefit Charges ("**SBC**") Program.

The Coalition comprises leaders and representatives of a **significant** portion of the cooperative- and condominium-owned multifamily apartment buildings in New York City. Members of the **Coalition** have worked with the New York State Energy Research and Development Authority ("NYSERDA") on numerous projects and keenly appreciate the role that it plays in New York State and New York City.

We are actively working with NYSERDA on demonstration projects to test the viability of advanced interval metering, real time priced electric energy ("**RTP**") and **RTP** curtailment in the residential sector. Our work indicates that **RTP** is a cost-effective opportunity for residential consumers to reduce peak demand. The Coalition believes that the Budget Amendment could compromise real **time** pricing and load curtailment in New York City.

These comments articulate our concerns about the adverse effect of the Budget Amendment on residential end-users of electricity as well as systemwide blackouts.

If subject to the complexities and **vagaries** of the New York State budget process, **SBC** funding might be diverted to other purposes, as has happened in other states. We are concerned that NYSERDA might wind up competing for **funds** with programs in substantive areas outside of energy. **SBC funds** are part of the cost of electricity service and are designed to be used to enhance the electric service environment.

The objectives of **SBC-funded programs** should be clear, precise and consistent with the State's goals for retail competition: New York's electric power should be continuously and consistently reliable and competitively priced. When we pursue this goal in an uninterrupted fashion, without

the risk of political interference, the state's economy will grow and contribute general tax revenues to meet government entitlement and discretionary activities. Energy is the lifeblood of our economy even as it has been transformed **from** the steam that powered the industrial age to the electricity that now powers our information age.

The Budget Amendment implicitly fails to recognize the essential role of lenders and market participants whose matching contributions enable the implementation of NYSEERDA projects. Consistency and reliability have been key to building these **public/private** business partnerships.

No additional legislative program oversight is necessary. NYSEERDA-administered programs are professional and operated with a relatively low overhead structure. PSC vigilance and objective independent program evaluations should be **sufficient** to ensure quality and cost-effectiveness. This means that programs that are effective should be maintained and strengthened, **while** unproductive ones should be abandoned.

SBC **funds** are allocated on a three-year cycle, which allows for NYSEERDA to conduct multiyear **programs**. **An** annual appropriation cycle required by the Budget Amendment would add a layer of political complexity that would hinder ongoing programs. Current NYSEERDA multiyear incentives encourage energy conservation within the housing sector and promote responsible practice within the energy industry.

Without NYSEERDA financial incentives, it would have been virtually impossible to implement the RTP demonstration projects in which we are involved. Even with such incentives, we have contributed countless uncompensated hours to bring the promise of highly cost-effective demand response to New York City. The continued success of RTP and RTP curtailment depends on **continued** and sustainable multiyear program support.

The RTP program demonstrates the impact of **SBC-funded** programs. The benefits of RTP are many, including promoting demand **reduction**, reliability, mitigating wholesale electric energy and distribution costs, and advancing environmental goals. Nevertheless, these benefits are only now being documented in multifamily buildings in New York State. The first round of activities has taken place in New York City where reliability and price issues dominate our **local** energy agenda.

Peak demand growth in the City is a seemingly uncontrollable and **continuing** concern, It is essential to upgrade transmission and distribution, construct new base load power facilities and enable customer-side initiatives such **as** those that NYSEERDA has been supporting. The Coalition has been pushing the demand response envelope and envisions a quick response curtailment **infrastructure** to mitigate power emergencies that occur **from** generating capacity shortfalls or distribution overload.

We have been especially encouraged by the active participation of NYSEERDA in New York City's Working Group on Residential Energy Efficiency. This group, chaired by the City's Economic **Development** Corporation, has been promoting a series of RTP and RTP Curtailment demonstrations for summer 2005 and beyond. Our members are represented, **as** well as other involved stakeholders including the Public Service **Commission**, the New York City Housing Authority, the Association of Energy **Affordability** and other knowledgeable participants. NYSEERDA representatives have demonstrated a keen awareness of the City's goals to test and

evaluate demand response in the residential sector, and are attempting to find the resources needed to **satisfy** this priority. Results accrue incrementally not immediately. The necessary long-term involvement of NYSERDA is only possible because of its own multiyear **funding** schedule.

New York State has a stated objective in seeing broader public participation in RTP programs. NYSERDA has begun to address that objective. There are hundreds of thousands of cooperative and condominium units and, in the aggregate, millions of residential units located in New York City, and the population continues to grow. It is critical to **fully** involve the residential sector in these new and sophisticated demand response strategies. If support were subjected to the countless political agendas that flourish in New York State, it might prove an insurmountable barrier to these efforts.

The **funding** of NYSERDA by System Benefits Charges has been a reliable and secure way to provide for energy efficiency and cogeneration. It has also opened the door to demand response, an effective new time-sensitive paradigm for energy conservation. The Coalition asserts that direct funding of NYSERDA by **SBCs** should not only be preserved but also increased.

It is not enough to maintain the status quo. Funds must be available to test new concepts as they emerge, outside of a "risk adverse" research environment. NYSERDA has grown in its support of technological solutions but also in its recognition that creating change includes a more **user-friendly** institutional environment, one that supports innovative practices with the same ferocity as it regards a technical **fix**. As those in NYSERDA who support institutional change demonstrate results, it will transform agency priorities for the benefit of all New Yorkers. Yet for necessary internal change to occur in the way NYSERDA addresses issues, this must be accomplished gradually and in an environment that is **fiscally** stable. The yearly fiscal **turmoil** of the legislative process could prove counterproductive and even disastrous to the growth process.

Furthermore, the proof has been in the pudding. Our electric costs have **generally** been stable and our electric supplies have not been compromised by the California-style rolling blackouts predicted just a few short years ago. Although the 2003 blackout is a reminder of what can happen when supply and demand are out of balance, it was not caused by an occurrence within New York State borders.

The Coalition supports the current SBC funding process. Although NYSERDA efforts in the past to demonstration RTP had been slow and unfocused, the current RTP initiatives with New York City appear innovative and on focus. We especially like the idea of an RTP demonstration deployment program implemented in coordination with the NYSERDA CEM program.

Thus for the above reasons the Cooperative Coalition to Prevent Blackouts opposes the Budget Amendment.

Respectfully submitted,

The Cooperative Coalition to Prevent Blackouts

A handwritten signature in black ink, appearing to read "J. Reyes Montblanc". The signature is written in a cursive, flowing style.

J. Reyes Montblanc, Chair