



April 8, 2005

Honorable Jaclyn Brilling
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223

**RE: NEW YORK STATE PUBLIC SERVICE COMMISSION CASE 05-M-0090
IN THE MATTER OF THE SYSTEMS BENEFIT CHARGE III
ADDITIONAL COMMENTS
(NEW YORK STATE LEGISLATURE AMENDMENT: S.3669, A.6843)**

ICF Consulting is pleased to submit these additional comments in response to your request concerning Case 05-M-0090, issued on April 1, 2005. In summary, ICF Consulting feels very strongly that the existing System Benefit Charge funding, administered by the New York State Public Service Commission should continue unchanged. Our reasons are given below.

Funding for public policy energy programs is currently largely derived from a systems benefit charge levied on the sale of electricity by the six publicly held utilities in New York State. These funds are expressly earmarked for that purpose and are administered by NYSERDA. We are concerned that changes in the mode of funding, could result in a loss of continuity in the existing energy efficiency and market transformation programs.

A similar initiative was undertaken in the State of Connecticut several years ago, where funds expressly earmarked for energy efficiency were diverted by the Governor into the State's general fund. The result was the decimation of many successful programs. Although funding was subsequently restored, it was a fraction of the former level, and the programs have suffered from the interruption and from the reduced funding levels.

Introducing uncertainties in program funding may also impact NYSERDA's ability to effectively administer the programs. NYSERDA is staffed by passionate and experienced energy efficiency professionals. Uncertainties in funding that may be introduced by the proposed change will adversely impact NYSERDA's ability to attract and retain the level of highly qualified professionals – which may further impact the ability to maintain program continuity.

New York State is a national leader in developing and providing innovative and successful energy efficiency services to consumers across all end-use sectors. The designers and implementers of these programs understand that energy efficiency market transformation does not happen overnight, and that often several years are required to achieve program goals. The current funding framework, where funding is committed for several years at a time, is a major factor in this success. The proposed year-to-year funding mechanism, could significantly reduce

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NYSERDA's ability to achieve its goals by changing the way that programs would have to be developed and implemented.

Further, these uncertainties will certainly limit the willingness of mid-market players – suppliers of products and services – to become involved in **New York Energy SmartSM** programs. As a consultant to NYSERDA, we are very aware of the difficulties in changing market behavior and in recruiting and maintaining interest among the mid-market players in the face of their many other priorities. Program interruptions will reduce their willingness and ability to participate and to be effective allies in promoting energy efficiency in New York.

Finally, we also believe that any loss of program continuity through year-to-year funding will severely impact the sustainability of the energy efficiency benefits already achieved in New York State over the years to come.

Thank you again for this opportunity to comment on the Systems Benefit Charge.

Sincerely,

Michael E. Mernick
Senior Vice President