



April 8, 2005

**VIA HAND DELIVERY**

Honorable Jaclyn Brillling  
Secretary to the Commission  
State of New York  
Public Service Commission  
3 Empire State Plaza  
Albany, NY 12223-1350

Re: Case 03-E-0188 – Proceeding on the Motion of the Commission Regarding a Retail Renewable Portfolio Standard (RPS); and Case 05-M-0090 – In the Matter of the System Benefits Charge (SBC) III.

Dear Secretary Brillling:

This letter is being provided by Niagara Mohawk Power Corporation (“Company” or “Niagara Mohawk”) in response to the two notices issued by the Commission in the above referenced dockets, pertaining to the proposed budget amendment and its potential effects on both the RPS and SBC programs established by the Commission.

Niagara Mohawk supports both the RPS and SBC programs, as overseen by the Commission and administered by NYSERDA. We believe the current administrative process in place for the SBC-funded programs is working well and should not be altered in any material way. On balance, we believe that the discretion provided to NYSERDA, under the general oversight of the Commission, has provided substantial benefits to the citizens of New York, through numerous energy efficiency projects. As such, we see no need to alter the manner through which projects are selected and the funds are managed and allocated.

Similarly, the RPS program was only recently implemented and, thus, is in its infancy. We support the structure and process that the Commission put in place to accomplish the goal of adding more renewable resources in the State. In the case of RPS, administrative certainty will be crucial to program success. There are numerous project developers who will be financing renewables projects in reliance on the orders and procedures put in place by the Commission. Program success will depend upon NYSERDA retaining the ability to select and fund the projects on a fair, consistent, and certain basis. Otherwise, this ambitious program could fail in its infancy.

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At this point, it is not clear what the intent of the budget amendment may be. However, Niagara Mohawk is concerned that, if it is interpreted to mean the legislative budgetary process would substitute for the existing administrative oversight authority the Commission has over the programs and expenditures, it could have unintended impacts on program coverage and effectiveness. Thus, we would urge caution in considering any legislation that may alter the selection and funding mechanisms currently in place.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'R. Gerwatowski', with a large circular flourish on the left side.

Ronald T. Gerwatowski  
General Counsel

RTG/az

c: Service Lists Case Nos. 05-M-0090 and 03-E-0188 via list server