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Northeast Energy Efficiency Partnerships, Inc.

April 15,2005

Jaclyn A. Brilling, Secretary
New York State Public Service Commission
3 Empire State Plaza
Albany, New York 12223-1350

Dear Ms. Brilling,

Northeast Energy Efficiency Partnerships, Inc. (NEEP) appreciates the opportunity to submit comments on the impact of the proposed budget amendment language on the continuation and scope of the SBC in conjunction with CASE 05-M-0090 – In the Matter of the System Benefits Charge III.

The language included in the New York State Legislature budget amendment (Senate 3669; Assembly 6843) would reduce the effectiveness of the New York State Energy Research and Development Authority's (NYSERDA) energy programs. The current funding structure for SBC in New York allows for long-term funding commitments necessary to providing market participants with investment security and increasing their likelihood to participate in the program. Long-term funding commitments are also necessary to support NYSERDA's very successful market transformation programs, because implementing longer-term initiatives require that program administrators know what funding level commitments will be available in the future. When the legislature is given the power to determine program funding levels each fiscal year, these benefits will be negated.

NYSERDA's SBC funded programs have been highly successful, in no small measure because of the state's capability to perform longer-term planning as part of program administration. As a result of program investments since 1998 through September 30,2004, the New York Energy $mart programs are saving over 1 billion kWh per year and reduced peak demand through installed energy efficiency measures by 365 MW (not including curtailable program impacts which provide additional demand savings of 770 MW). These savings have reduced annual energy costs for participating New York Energy $mart customers by $185 million and added nearly 4,000 new jobs to the state. In addition, the program is helping the state meet important environmental goals, including reducing nitrogen oxide (NO_X) emissions by 1,265 tons per year, sulfur dioxide (SO_2) emissions by 2,175 tons per year, and carbon dioxide (CO_2) emissions by 1,004,000 tons per year. In addition, NYSERDA's SBC funded programs have created and retained nearly 4,000 jobs.

Other states have recently experienced instances where their energy efficiency funds – contributed to by ratepayers, and not through the tax revenue stream – have been diverted or raided outright for non-energy purposes. Some states have even found it necessary to write specific statutory language protecting the energy efficiency funds contributed to by ratepayers. For example, in Vermont 30 V.S.A. Sec. 209(d)(3) indicates "Funds collected through an energy efficiency charge shall not be funds of the state, shall not be available to meet the general obligations of the government, and shall not be included in the financial reports of the state." Connecticut, after a devastating raid on its Conservation and Load Management Fund in 2003, is contemplating similar language during this legislative session.

Especially in this context, it is of the utmost importance that the budget amendment be vetoed. In addition to decreasing the benefits associated with long-term planning, the proposed language could also lead to future legislative diversions of those monies that have been set aside for public policy energy programs.

Sincerely,

James J O'Reilly

James J. O'Reilly
Director of Policy, Outreach and Communications