



AMERICAN
ENERGY CARE, INC.

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"Because Saving Energy is Saving Money"

March 4, 2005

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

Re; CASE 05-M-0090 - In the Matter of the System Benefits Charge III.

Dear Secretary Brillig:

Per your request for comments in the above referenced matter, please accept the attachment for your review. Our company has been a part of the energy markets for 14 years. This has allowed us to be witness to many market forces and changes, including other incentive programs performed through utility funds, state funds, and federal program. We have worked with all such programs, and worked in the market when there were no incentives.

The SBC and the implementation by NYSERDA has benefited the state in many manners. These include; jobs, efficiency, technologies, college programs, attracting investments, attracting companies, and improving the environment.

Thank-you for the opportunity to comment on the current programs and the SBC levy.

Hard copies have been mailed as requested.

Respectfully,

Jamie Thompson
President

CASE 05-M-0090

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1. To what extent have the goals and objectives established by the Commission been achieved?

The goals and objectives are being achieved. NYSERDA operates in a manner which has without a doubt, drastically increased energy efficiency and increased business activity involved in the energy industry. This has provided the expected benefits to the residents and the businesses in the state which would be expected. It has also generated business activities and developments which are sold throughout the country and the world wide markets energy and technology markets.

We develop products that will be manufactured, engineered, and utilized within New York State. These products would NOT have been created here, without the support of NYSERDA. Additionally, these products will be sold world wide, creating jobs in the high tech industry within NYS.

Through this assistance and support, we are in the process of implementing 2 distinctly different projects which will be the largest of their kind in North America. Both of these will be installed in NYS, but generate interest within the entire industry.

2. Should the SBC program continue beyond its current expiration date of June 30, 2006? If so, for what duration should the SBC be extended and at what funding level?

The program must continue beyond 2006. It should be funded for a minimum of 5 years, preferably with a commitment for 10 to 20 years. Year after year, the activity within NYS has grown exponentially. This is due to the business community observing and believing in the long term commitment that New York has illustrated through these programs. Any delay in the commitment would hamper the growth and limit the benefit that has developed. It must continue and improve to maintain the momentum the state has now.

3. Have conditions changed since the establishment of the SBC that would necessitate a change in the overall goals and objectives of the SBC? If so, what changes are recommended?

No.

Conditions have changed in a manner that underscores the importance and mission of the SBC to continue on its current track. There is not a day that

passes, where energy issues in some form is not discussed in local and national news. These discussions are basically witness to the need for change within local, regional, and national energy markets. New York's investment in these markets will put our people, and our businesses at the forefront of this opportunity as technologies are developed to ease these issues and transform the industry.

4. If assuming continuation of the SBC, how should programs be prioritized to meet those goals and objectives?

NYSERDA currently does a good job of prioritizing programs as markets change. As with any growing program of such magnitude, changes that can minimize the bureaucracy and increase the ratio of funds that are channeled directly to market development and activity would be important. An increase in funds that provide direct support and incentives to projects in a simple and flexible manner would provide more change to the installed base for small, medium, and large businesses would be a terrific change. This change should not come at the expense of current activities.

When the incentives are less than 20% of the cost of the project, there must be careful consideration to the ratio of incentives to the project, versus monies spent on reviews, verifications, and other "overhead" type costs.

5. How might the SBC programs be adjusted given the Commission's order, issued September 24, 2004, regarding a Renewable Portfolio Standard (Case No. 03-E-0188)?

There has already been an increase in renewable activities based upon NYSERDA's current activity. The SBC must continue to incent and assist small to medium size market development, and the R&D of such markets.

6. In what ways might the current SBC fund collection and allocation process be improved?

The current process is fair. It is spread across the entire market, and minimizes the overall impact to any single ratepayer, resident, or business classification. The amounts should be increased so that programs do not suffer as new goals are added to the current list.

7. What specific program(s) should be eliminated, expanded or created?

Of the many programs we have utilized, there are no programs that should be eliminated. More programs which are flexible, and provide a higher ratio of direct incentives to project installations would directly help small and medium size businesses. These projects should provide incentives to the contractors to derive and market business, thereby utilizing private entities to market and compete for the installations and education of the users.

The renewable market incentives must be expanded, this will not only increase renewable power, but continue to develop a burgeoning worldwide industry within NYS.

Some programs are being cut to levels whereby the incentives are insignificant, thereby having a minimal effect on the programs they are aimed at. Programs must be efficient, significant, and flexible to have maximum impact.

Funds should be increased, so the power to transform markets is maintained.

8. How can future SBC funded programs be more responsive to the needs of New York's energy consumers?

NYSERDA has done a terrific job of identifying market needs. Programs for both residential and commercial programs can and should be expanded, becoming more flexible and paid based upon immediate savings rather than costly long term measurements.

9. How can SBC funded programs be marketed more effectively?

NYSERDA accomplishes this.

10. In what ways can NYSERDA improve its administration of the SBC?

NYSERDA administers the programs very well. NYSERDA utilizes multiple methods of administering programs so as to effect different markets. As with any process of this type, it should always be reviewed to maintain flexibility and minimize the bureaucracy that can develop over time. It would make sense that some form of advantage should be granted to NYS firms in the administration of programs, installations, and manufacturing through all of NYSERDA's programs.

11. Is the current NYSERDA program evaluation process adequate? How might it be improved?

Program evaluation has been constant, and seems to be well run.

12. Should SBC funds be extended to programs that encompass research and development into retail and/or wholesale electric market competitiveness issues, or transmission and/or distribution of the State's energy resources?

The grid needs to be improved. Any funds that improve this development within NYS, so long as they assure that manufacturing would take place within NYS, will benefit the state and its residents for years to come. The grid needs to be upgraded around the world, and that market will develop in the coming years.

13. Should the scope of the SBC program be expanded to include programs for natural gas customers? If so:

- a. What kinds of programs would benefit New York's gas consumers?***
- b. Which classes of customers would be served most effectively by a natural gas SBC program?***
- c. How should a natural gas SBC program be funded and what annual level of funding might be considered reasonable? How might a natural gas SBC affect current electric SBC funding levels?***
- d. What should be the initial duration of a natural gas SBC, and should that term coincide with the extension of an electric SBC, if the electric SBC is extended?***
- e. How might a natural gas SBC be administered and evaluated and how should it differ from the administration of the electric SBC?***

The SBC program should absolutely include gas customers. Currently, efficiency improvements are aimed at the electric market, thereby leaving gas improvements behind. There are improvements that could achieve similar benefits to the energy markets if gas were included. These benefits would include higher efficiency, jobs, and business development for serving markets outside of NYS.

The program should mimic the electric program, thereby achieving the same improvements to the market.

14. Do you have any other suggestions for improving the overall SBC program that are not addressed by the above questions?

No, thank you for the opportunity to help shape the programs future..

