

March 3, 2005

Honorable Jaclyn A. Brillong, Secretary
State of New York Public Service Commission
Three Empire State Plaza, 14th Floor
Albany, NY 12223-1350

Re: Supplemental Comments of Community Energy, Inc. regarding CASE 05-M-0090, in the matter of the System Benefits Charge III.

Secretary Brillong:

Community Energy, Inc. submits an original and fifteen (15) copies of its comments in the above referenced proceeding.

Sincerely,

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c: Parties to the proceeding (e- mail)

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

**In the Matter of the
the System Benefits Charge III**

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Case 05-M-0090

Supplemental Comments of Community Energy, Inc.

March 3, 2005

On January 28, 2005 the Public Service Commission (Commission) published a Notice Soliciting Comments for Case 05-M-0090 – In the Matter of the System Benefits Charge III. The Notice is to solicit comments for consideration during a staff review of the System Benefits Charge (SBC) program in order to prepare for future SBC programs. Community Energy, Inc. (CEI), a licensed green power marketer in New York, is a signatory to the Comments of Clean Energy Advocates (CEA). These supplementary comments by CEI focus primarily on igniting the voluntary green power market.

Questions:

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

Response: As the administrator of SBC, NYSERDA has played a key role in influencing energy use which promotes both a stronger economy and environment and needs to continue to play this role to foster the transformation of the energy industry in New York. One goal of the SBC was the launch of a green power and early stage results are on track – thanks to NYSERDA and leading wind power customers. A wide range of renewable energy products are now being offered across the state, specifically by 3 utilities, LIPA and 8 ESCO's. Consumer demand is expanding at a pace that will drive new wind farm development over the next several years and bring new economic development to New York. Green power marketing activities have raised public awareness of the importance of new renewable energy as well as demonstrating that residences and businesses across the state are willing to purchase new renewable energy.

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.

Response: Consistent with the recommendations of CEA, the SBC program should be extended for 8 - 10 years with at increased funding levels for renewable energy to ensure a truly sustainable long-term market along with hitting (and exceeding) the RPS target.

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?*

With the passage of the RPS, which includes a target for the voluntary green market of at least 15% of the incremental RPS goal, more attention on and support for this voluntary market - within both the SBC and the RPS programs- is necessary, particularly as while still in the early stage of development.

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

Response:

A) With the voluntary market expected to pay for 15% of the RPS' incremental target (without the associated RPS premiums), early stage support from the SBC is needed more than ever. The upside return on this investment will be a sustainable and vibrant renewable energy market which will help transform New York into a national hub of the renewable energy industry. CEI believes there are two critical elements to ensure the establishment of vibrant voluntary market in New York:

- i) A smart supply structure that integrates with the RPS procurement.

The RPS procurement process is expected to create significant renewable energy demand in the short term for at a price above that of the voluntary market. Without a viable supply strategy for New York's voluntary market that meshes with the RPS procurement, the market will falter. Therefore, much work is needed among NYSERDA, PSC staff, and the renewable energy community to create a framework that allows the voluntary market to dovetail with the RPS procurement in a way that promotes a viable voluntary market and eventual equilibration between the RPS and voluntary markets. **The goal should be one common vibrant market for renewable energy which can go above and beyond the RPS targets – capturing the associated environmental and economic development benefits in New York - at the lowest possible cost to New York ratepayers.**

- ii) Continued performance-based incentives for building demand for new renewable energy, with a focus on surpassing the RPS target at the lowest cost to ratepayers, fostering competitive markets, and developing new products that will drive wind farm financing.

B) Also, the RPS order called for an assessment of green marketing in the light that energy efficiency can also achieve the goal by reducing the amount of energy consumed in the state. The effects of both programs can be synergistic and should be considered complimentary. For example, non-residential customers purchasing wind energy could become eligible for a free energy audit or an additional subsidy for energy efficiency measure. The result would be an increase in the voluntary market, reduced energy consumption and more competitive businesses in the state.

C) Residential customers are being encouraged to install “behind the meter” renewable energy systems such as wind and solar. All renewable energy generated from these installations should be available for sale in both the voluntary and RPS sectors of the market. Any modifications to the environmental disclosure rules and related tracking system should effectively integrate these installations.

D) Finally, development of new resources in New York State requires conformance with the State Environmental Quality Review Act (SEQRA) required for the protection of the environment. The SEQRA requirements can cause significant financial burdens on developers due to the extensive studies and lengthen project development time. NYSERDA would be able to streamline the approval process by bringing stakeholders together to develop a realistic scoping document for wind projects that allows a more efficient SEQRA. A more efficient

SEQRA process does not sacrifice environmental reviews but provides for a shorter duration development cycles and lower costs, resulting in more wind development for compliance with the RPS target and at lower costs.