
Consumer Power Advocates

Columbia University
Continuum Health Partners
Luthin Associates
Memorial Sloan Kettering Cancer Center
Mount Sinai Medical Center

New York University
New York Presbyterian Hospital
NYU Downtown Hospital
NYU Medical Center

March 3, 2005

Hon. Jaclyn A. Brillig
Secretary
Public Service Commission
3 Empire State Plaza
Albany, NY 12223

Re: CASE 05-M-0090 System Benefits Charge

Dear Ms. Brillig:

Enclosed are an original and 15 copies of the responses of Consumer Power Advocates (CPA) to the questions posed by the Commission in the above case.

Sincerely,

/s/ Catherine M. Luthin

Catherine M. Luthin
Executive Director
Consumer Power Advocates

cc: Service List Case 05-M-0090 (by e-mail)
enc.

Responses of
Consumer Power Advocates to Questions Posed by the
New Public Service Commission

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

March 3, 2005

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

The goal of market choice has not been achieved. Most customers, including most residential and small commercial customers, remain unable to avail themselves of the promised benefits of market based rates, either because of burdensome requirements or the expectation of minimal benefits. Even the largest commercial customers, most of whom buy competitive services, often find the promised savings marginal or illusory. The greatest potential for growth of retail access participation is within the midsize commercial sector if unbundling incentives are properly structured to eliminate the current barriers.

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?

If the SBC program is to continue, it should be extended through June 30, 2009. Three years is a sufficient period to allow participants to make financial commitments to the SBC programs. Provided that the SBC program is limited to economically justified projects, and that it includes programs designed to meet the particular needs of non-profit institutions as well as commercial customers, funding should continue at its current level. Economically justified programs include those that allow customers, either directly or through aggregators, to limit their exposure to the volatility of NYISO market prices through various types of load management, allow the development of new energy resources that may mitigate market prices and/or insure the development of energy efficient buildings. Subsidies to projects or programs that do not directly benefit customers through lower or less volatile prices, or through improved reliability, should be excluded from SBC funding. While there may be worthwhile projects that do not meet this customer benefit criteria, these should be funded by those who benefit from them, not through SBC.

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?

Since the inception of SBC, we have learned something about the difficulties of operating complex markets, and the cost to consumers of administrative failures. Two recent examples of these are last year's error in the computation of Transmission Congestion Contracts, and the recent mis-reporting of natural gas inventories. These events point to the need for consumers to devote more resources to participation various oversight agencies, and funding for that activity should be included in SBC programs.

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

Programs should be prioritized by economic benefit to those who pay the SBC. With the current tight generation market in New York City, load management in the Downstate area presents one of the greatest opportunities for customer benefit.

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)?

Renewable should be held to the same standards of customer benefit and market efficiency as all other resources.

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

The current funding process is burdensome on participants, with multiple reviews and requirements for extraneous or marginally relevant data. The process should be streamlined and made more transparent for applicants.

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

The most valuable programs are those that reduce the first cost of energy efficiency improvements or of new building construction, that provide for reduction of peak load, or that provide technical assistance to large consumers. In particular, program funds should be targeted to those areas suffering tight generation market conditions should be expanded, and directed away from those areas enjoying access to adequate energy supply.

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

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

As stated above, the current NYSERDA process is burdensome. NYSERDA should meet with current and potential participants, developers

and other interested parties to develop a more efficient streamlined administrative process.

How can SBC funded programs be marketed more effectively?

We believe that marketing has been effective. To the extent that the SBC programs have not achieved their goals, these failures were caused by other barriers to participation.

10. See above.

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

Experience has shown NYSERDA evaluation and oversight to be thorough to a fault. This is another opportunity for NYSERDA to consult with stakeholders to reduce unnecessary requirements.

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?

SBC funding should be used to support consumer participation at the NYISO, the Commission and other agencies responsible for oversight or reliability. Consumers interested in NYISO governance and market oversight are burdened by the high cost of effective participation.

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

No. At this time, SBC funding should remain focused on reducing downstate electric demand. Natural gas markets are more developed, and more like traditional commodities markets, and therefore more efficient. Adding administrative interference in these markets will only burden consumers with greater costs. If the Commission determines that a natural gas SBC is warranted, the nature of the program should be determined by a collaborative process among all stakeholders, including consumer representatives