

# CONSUMER POWERLINE

March 4, 2005

**VIA HAND**

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

Re: Case 05-M-0090 – Request for Testimony in the Matter of the Systems Benefit Charge III

Bear Secretary Brillling:

The following testimony is submitted on behalf of ConsumerPowerline.

**Fund Purpose:** The Systems Benefit Charge will provide a funding source for public policy initiatives not expected to be adequately addressed by competitive markets.

The Department of Public Service has requested input **from** interested parties with respect to the following matters. ConsumerPowerline has chosen to respond to Question #1:

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

ConsumerPowerline feels that a good start has been made in achieving the goals and objectives. Some programs **funded** by the charge have been more effective, and more cost-effective than others. The same is true of components of these programs. The market is maturing such that some of the **fund** is being spent in a manner that it duplicates what the private sector would be willing to cover. Other components of the **fund** are being spent so effectively, that they are building new markets. We aim to spotlight those portions of fund expenditures that we have found **most** effective, and most cost-effective:

**R & D Funding:** On a **kW** reduction per S's spent basis, this is a highly leveraged use of SBC funds. We do not feel that **matching** requirements create this leverage. Instead, the program's approach to support new product-offeringsthat:

- A. Are replicable by the private sector (Test something that will be marketed without SBC support; build a **software** or a graphic-user-interfacethat will be used to **service** or market to the entire universe of prospective end-users after it has been tested, without further SBC support),
- B. Offer new contract and rate structures that add to customer choice (these include wholesale market earning programs, rate structures that access dynamic pricing, contract structures that address information asymmetry, allowing load-serving entities to remove risk premiums),

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- C. Create material which clearly communicates opportunities and risks in the new markets to bring more participants into the competitive retail markets, and that,
  - D. Create the intellectual capital to assess risks, allowing new market entrants to build new business models that enter new risk-coverage niches,
- Has proven to be highly effective, highly cost-effective, and particularly aligned with Commission goals and objectives.

**Commercial Demand-Management Funding:** On a kW reduction per \$'s spent basis, components of this program are highly effective. We, in particular, feel that monitoring expenditures (Real-time use, market prices, emissions, etc.) encourage participation in a broad range of competitive wholesale and retail programs for very little up-front expense by the systems benefit **funds**.

**Residential Energy Affordability Funding:** The REAP programs, particularly the CEM program has begun to focus on peak demand reduction, on control of electricity load, and on co-generation. These initiatives have proven particularly effective. Research efforts within REAP have effectively and cost-effectively spot-lit inequities between service classifications. Sub-metering initiatives have acted as beacon for efficiencies that will be achieved when moral **hazard** issues are resolved by requiring sub-metering in all residential facilities.

Sincerely,



Mike Gordon  
President and Principle  
**ConsumerPowerline**