

Environmental
Business Association
OF NEW YORK STATE, INC.

March 4, 2005

Honorable Jaclyn A. Brillling
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 Brillling:

The Environmental Business Association of New York State, Inc. is pleased to submit an original and fifteen (15) copies of its comments in the above referenced proceeding.

Sincerely,

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**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

In the Matter of the)
System Benefits Charge III) **Case 05-M-0090**
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**Comments of the
Environmental Business Association of New York State, Inc.**

March 3, 2005

The Environmental Business Association of New York State, Inc. (EBA/NYS) is the only trade association dedicated exclusively to supporting the growth of the energy and environmental industry in New York State. Our more than 150 member companies are emblematic of the many constituencies who have been well-served by the Systems Benefit Charge (SBC). They represent a diverse coalition of interests, from clean energy technology manufacturers and consultants, to energy services providers and green marketers. There remains a steadfast commitment within our membership to see the program fulfill the extent of its promise in delivering economic, environmental, and energy security benefits to New York State.

The EBA/NYS has been an active participant in SBC-related programs and projects through involvement with the Energy Smart Communities (E\$C) program, which now includes direct management of four regions: the Capital/Saratoga E\$C region (since 2001); the Mid-Hudson and North Country E\$C regions (since 2002); and the Southern Tier E\$C region (since 2005). We have also partnered with NYSERDA to implement the "Industrial Energy Outreach Program." The goal of this program is to expose industries in New York to capabilities and technologies associated with energy management strategies that are designed to improve competitiveness and profitability.

Answers to Specific Questions

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

Great progress has been made in achieving the goals and objectives established by the Commission. Since its inception in 1998, the SBC has been a well-conceived, administered, and executed program, yielding significant benefits to program participants, consumers and providers of electricity and other energy services, and to the public at large.

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 SBC funding should be extended for a minimum of five years. Nothing is more important to the business and financial community than predictability. Long-term commitment fosters greater

market certainty and stability to attract clean energy technology firms and ancillary industries to New York State. It is as important for consumer acceptance and change and New York does not change easily: “Twice as many Texans as New Yorkers have switched electricity supplier, and in half the time,” notes Paul Grey in the January 2005 issue of Energy Markets.

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?*

While any number of significant changes and events can be identified (e.g., September 11th, the 2003 blackout, increasing awareness and commitment to act on climate change, higher energy prices, etc.), the overall goals and objectives of the SBC are still sound.

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

EBA/NYS does not envision a major realignment of the current SBC program goals and objectives. The program should continue to be confined to those public purpose initiatives that are not fully or effectively supported by competitive markets. Importantly, any new program areas should not be funded at the expense of existing programs and projects.

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)?*

NYSERDA is currently developing, for adoption by the PSC, the ten-year plan for implementing the RPS. Until that process is complete, the EBA/NYS will not comment on any specific adjustments to SBC programs. Both programs will be critical to the attainment of the State's renewable energy goals, and should incorporate goals and objectives that are complementary.

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

The EBA/NYS supports the general principles that SBC fund collection and allocation should be equitably linked and evenly distributed in terms of both geographic and customer class distribution.

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

The EBA/NYS supports retention of the current program elements and funding allocation. Additional focus on industrial efficiency and outreach, distributed generation, and “smart grid” applications should be encouraged.

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

The SBC funded programs are responsive to the needs of New York's energy consumers.

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

There is a continuous need for an expanded role for general public awareness and marketing of renewable energy. Successful programs and high rates of participation speak to NYSERDA's competence in its marketing activity. To increase flexibility and, NYSERDA could continue to expand public-private partnerships in marketing efforts.

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

EBA/NYS believes that NYSERDA has administered the program effectively and responsibly. Improvements are always encouraged, however. A rigorous effort to prevent a bureaucratic mindset, timely proposal review and project payment, and some level of flexibility in program expenditures should continue to be priority goals of NYSERDA.

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

In light of the January 2002 and May 2004 *Program Evaluation and Status Report*, it is evident that NYSERDA has an adequate program evaluation process.

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?

Funding to support more efficient utilization and modernization of the transmission and distribution infrastructure, creating a "smart grid" for the 21st century, is highly recommended. A "smart grid" could run much closer to capacity, reducing the need for expensive new power lines; better match supply and demand in real time, reducing the need for "just in case" power plants; reduce the likelihood of catastrophic failures such as the August 2003 blackout; and make it easier to safely and efficiently integrate distributed generation (including renewables) into the electric power system.

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

The scope of the SBC program could be expanded to include programs for natural gas customers. Any expansion, however, should be evenly administered and should not be at the expense of current programs.

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

None.