



**EME GROUP**  
CONSULTING ENGINEERS

March 2, 2005

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

RE: Comments to Case 05-M-0090 – Systems Benefits Charge III

Secretary Brillling,

Both as resident of New York State, and a professional engineer involved with implementing energy conservation and sustainable design, I thank you for inviting comments regarding renewal of the Systems Benefits Charge III (SBC), Case 05-M-0090.

EME Group is a professional engineering firm with offices in New York City and Albany, New York. We are an award winning, engineering consulting firm with nearly two-decades of experience providing energy conservation services throughout the nation. We are also a contractor to NYSERDA providing an assortment of professional services, many of which are SBC funded.

As per your request please find one original and 15 hard copies of EME's comments to the public questions related to Case 05-M-0090. We look forward to following the procedures.

Sincerely,  
EME Group

Michael McNamara, P.E.,  
Partner

## Answers to Questions

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

EME's understanding of the Commission's goal was the establishment of a vehicle called the Systems Benefits Charge (SBC) to continue, and then to enhance, the existing energy conservation programs being provided by the seven utilities of New York State after deregulation of electricity. The goals were to establish an array of programs to cost-effectively serve a wide range of constituents in New York State. The range of constituents include rural residential homeowners to residents in urban centers, from mom and pop grocery stores to bodegas to large food retail giants, and from the small business owners in Schoharie to the Wall Street corporations, all of whom will pay into the program

In EME's opinion, the goals and objectives of the PCS were exceeded in a number of program areas. This is based on our experience as a professional firm providing energy conservation services nationwide. New York State is the nation's leader in achieving significant energy reduction per capita, much to the success of the SBC program administered by NYSERDA.

The following are just a few examples of these achievement:

- The goal of educating the engineering and architectural communities on energy conservation design is being achieved through NYSERDA's New Construction Program and NYSERDA's EnergyStar Multifamily Building Energy Pilot Programs.
- The dissemination of information on successful energy conservation projects in terms of reduced energy cost to the business sector and home owners is being achieved through NYSERDA's Peak Reduction Program, Small Audit Program and Restech and FlexTech programs.
- And assistance to low income home owners in reducing energy costs is successfully being implemented through NYSERDA's AMP program.

NYSERDA was selected by the PSC to administer SBC, referred to as SBC I for a five-year term in 1994 and then again in 1999 under SBC II. NYSERDA has made tremendous progress, but with energy becoming an even more expensive commodity in real dollars much remains to be done to ensure that all customers are served. Based on the success of SBC I and II and the challenges we face today we strongly recommend NYSERDA be selected to administer SBC III.

### ***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?***

EME supports the continuation of SBC and the continuation of NYSERDA the agency responsible for its administration. We recommend that the budget be increased by 25% to reflect fossil fuels including fuel oil and natural gas in the SBC energy conservation programs.

- 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?*

Yes. The aging building infrastructure throughout the state requires programs designed to address the capital requirements necessary to upgrade existing building systems to more efficient building systems. The existing NYSERDA loan program needs to increase its maximum amount from \$5-million to \$10 or \$15 million to successfully assist larger facilities in upgrading their infrastructure with energy efficient and environmentally systems.

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

It is EME's opinion that NYSERDA has successfully managed and prioritized programs necessary to meet the PSC goals.

- 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)?*

The RPS coupled with the SBC is aimed at achieving energy conservation through a portfolio of renewable energy technologies. This program will require additional funding if the Governor is to meet his Executive Order 111 goals on renewables.

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

Not sufficiently informed to respond.

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

EME recommends the SBC increase funding 25% to include fossil fuel energy efficiency programs.

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

As noted above EME recommends expansion of SBC funds into the fossil fuel programs.

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

EME's experience with NYSERDA pre and post SBC is that NYSERDA performs this task exceptionally well.

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

NYSERDA has opened its processes through third party evaluation which has shown its understanding of responsibilities as a state authority.

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

NYSERDA goes through great effort to ensure a fair and complete evaluation of the programs that it administers.

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?*

Not prepared to address

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

Yes and include oil.

a. *What kinds of programs would benefit New York's gas consumers?*

EME certainly agrees that electricity is "a premium form of energy" and should be the primary focus of a statewide energy conservation program, but homes, hospitals, schools factories and so on consume thermal energy as well. By including incentives to fossil systems similar to the electric systems the SBC portfolio of programs will provide greater implementation of energy conservation throughout the state

b. *Which classes would be best served?*

Open it up to all.

c. *How should gas SBC programs be funded?*

Funding for this initiative should be added to the SBC over and above the current rate that exists today, as a separate line item.

d. *What duration?*

EME recommends it become part of the SBC program so an initial five-year term would be recommended.

*e. How might it be administered?*

Through NYSERDA'S existing programs]

*14. Do you have any other suggestions for improving the overall SBC program*

Yes, continue your leadership in implementing the Commission's foresight in establishing energy efficient and environmentally responsive programs that positively impinge on everyday life for the residents of this state.

In closing, EME's opinion is that NYSERDA is best positioned to administer the SABC program. I want to personally thank you for providing EME an opportunity to comment on these matters. We look forward to reading the comments of others and supporting the PSC throughout this proceeding.