

EnSave

ENERGY PERFORMANCE, INC.

March 3, 2005

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

RE: Comments of EnSave Energy Performance, Inc. regarding CASE 05-M-0090, in the matter of the System Benefits Charge III.

Dear Ms. Brillling:

Attached please find the original and fifteen (15) copies of the comments of EnSave Energy Performance, Inc. ("EnSave") in the above-referenced matter. EnSave is an energy conservation consulting firm that works exclusively in the agricultural sector helping farmers save energy. EnSave has operated four programs under contract with NYSERDA that have saved energy, reduced emissions, and identified opportunities for energy conservation on New York's farms.

EnSave appreciates the opportunity to provide comments on the System Benefits Charge, and looks forward to reviewing the Staff's proposal regarding the future of the SBC program. If you have any questions regarding these comments, please contact me at (800) 732-1399 ext. 22

Sincerely,

A handwritten signature in black ink, appearing to read "Craig Metz". The signature is stylized with a large, looping initial "C" and a long horizontal stroke extending to the right.

Craig Metz
Director of Program Development

65 Millet Street, Suite 105 Richmond, VT 05477
(800) 732-1399

Comments of EnSave Energy Performance, Inc. in the Matter of CASE 05-M-0090,
System Benefits Charge III

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

EnSave believes that NYSERDA has adequately met the goals and objectives established by the Commission.

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?*

Yes, the SBC program should continue beyond its current expiration date, for at least another five years. EnSave believes that the funding should be increased beyond the current \$150 million in order to provide program flexibility, preserve the momentum of market transformation, and also encourage the adoption of new and innovative program models and technologies.

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?*

The terrorist attacks of September 11, 2001, war in the Middle East and increased concern over terrorism in the U.S. has brought concerns over foreign oil to the forefront. Now more than ever before, it is important to reduce dependence on foreign oil, and energy efficiency should be a critical component of efforts towards energy independence. Therefore, the SBC funds should be increased in order to promote energy efficiency and encourage market-based solutions to reducing energy consumption.

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

More funding should be available within the Commercial / Industrial Performance Program, because that program instills competition and brings programs that are cost-effective to the forefront. Additionally, more funds should be set aside for unsolicited programs. That way programs that fall outside the requirements of a competitive solicitation are able to succeed in New York. For example, EnSave promotes many energy conservation measures that are specific to agriculture, and thus fall outside of traditional technologies. By increasing funding available for unsolicited programs, third-party contractors who have particularly new or innovative program models or technologies that fall outside of existing solicitations would have an opportunity to serve New York's energy consumers. These programs would also build upon the ingenuity of NYSERDA's existing programs.

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)?*

No comment.

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

EnSave believes that the current fund collection structure and allocation process are sound. However, EnSave believes that greater efficiency in the allocation of funds should be examined in order to ensure that funds are made available for projects as soon as possible after contracts are awarded. For example, farmers who have participated in NYSERDA's program administered by EnSave typically install equipment during winter months, as it is a slower season for them. If a program is awarded in January but funds are not made available until the spring, then the program success may be jeopardized because of the delay.

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

NYSERDA's Smart Equipment Choices Program puts NYSERDA in the role of delivering energy efficiency programs. EnSave believes that since part of NYSERDA's emphasis is on economic development, the opportunity to deliver programs should be given to third-party contractors.

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

Rural New Yorkers do not always receive the same opportunities for energy efficiency improvements as do their urban and suburban counterparts, even though rural consumers can benefit as much as urban consumers, if not more. NYSERDA has done much to affect these customers, but EnSave believes that more can still be done to promote energy efficiency to a sector that is often hard-to reach and under-served.

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

SBC funded programs can be marketed more effectively by continuing the competitive solicitation process for programs. In this competitive, market-driven process, the programs with the most innovative and effective marketing rise to the top. This increases the quality of competitors' marketing efforts, and therefore gradually improves the marketing quality, and thus program quality, of the entire menu of SBC-funded programs.

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

NYSERDA has done a remarkable job administering the SBC, and serves as a model for the rest of the nation. The only administrative improvement NYSERDA could make would be to continue to be vigilant in seeking and implementing operating efficiencies.

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

No comment.

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?

No. The U.S. Department of Energy is effective at researching and developing retail and/or wholesale electric market competitiveness issues, or transmission and/or distribution of energy resources. However, federal funds are not necessarily available to procure energy efficiency work, and the bulk of this work falls to the states. New York's SBC funds should continue to concentrate on conservation as its core focus and not get involved in transmission or distribution systems, or retail and wholesale electric markets.

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

Yes, the SBC program should expand its scope to include not only programs for natural gas consumers, but for consumers of all petroleum-based fuels, including liquid petroleum gas and oil. This should be done because reducing consumption of all petroleum-based resources is important.

If so:

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

No comment

b. Which classes of customers would be served most effectively by a natural gas SBC program?

No comment

c. How should a natural gas SBC program be funded and what annual level of funding might be considered reasonable? How might a natural gas SBC affect current electric SBC funding levels?

No comment

d. What should be the initial duration of a natural gas SBC, and should that term coincide with the extension of an electric SBC, if the electric SBC is extended?

No comment

e. How might a natural gas SBC be administered and evaluated and how should it differ from the administration of the electric SBC?

No comment.

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

EnSave would like to commend the model for administering SBC funds developed by NYSERDA. EnSave performs services across the United States and has had the opportunity to work within other programs, such as a single-administrator model, and

has found NYSERDA's model to be exemplary. EnSave believes that the competitive nature of NYSERDA's programs is key to its success, as competition keeps costs down allowing for efficient usage of SBC funds, and allows the most innovative and effective models to succeed. EnSave would like to take the opportunity to commend NYSERDA's staff for their professionalism and their commitment to the work that they do.