

1 March 2005

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

Dear Ms. Brillling:

I wish to respond to Case 05-M-0090 – In the Matter of the Systems Benefit Charge III. ERCo is a small business in NY. We have greatly benefited by the Systems Benefit Charge (SBC) as have a number of our customers. The programs funded through the SBC, that we have been involved in, have assisted my company in getting our product closer to the marketplace and have resulted not only in increased employment today, but also holds the promise of continued increased employment as our product sales increase. The SBC Program has also resulted in large energy savings. For instance, at one of our clients, Crucible Specialty Metals, the SBC program, which leveraged additional funding from the Department of Energy, resulted in an annual electric energy savings of 27.3 million kWh and an annual natural gas savings of 203,406 MMBtu. The total annual cost savings was \$3.3 million, with an installed cost of \$2.5 million, yielding a simple payback of 0.8 years.

Of the 14 items in the "Matters for Comment" section of the Notice, I will address those items that I have experience in.

2) Should the SBC Program be extended? Yes it should be extended. It has provided considerable benefit to my company and it has directly led to reductions in energy use at a number of customers, one of which is described in my opening paragraph. This is a highly successful program that is being effectively administered. I endorse it completely.

4) How should programs be prioritized? Given the continual loss of manufacturing jobs, as well as the energy intensity of these industries, I suggest that a higher priority be given to industrial programs that both reduce their electric use and also retain or increase employment.

9) How can the SBC programs be marketed more effectively? It is important to convince the end user executives, the decision makers, to authorize the implementation of the SBC Program at their facilities. To that end, Miriam Pye, of NYSERDA, organized a subcommittee of industry executives, including product and service providers and end users, to address this issue. I suggest the documents resulting from this subcommittee's work be reviewed, and if possible, put into practice.

12) Should the program be extended to ... transmission and distribution of the state's energy resources? Electric generating power plants could be an interesting source of energy reduction if targeted by the SBC Program. I would extend the program to improve the energy efficiency of gas, oil, and coal fired power plants. Typically, only about 1/3 of the energy they consume becomes useful electric power to the end user. In addition, they emit various gaseous pollutants. Improving their efficiency and reducing their emissions would greatly benefit New Yorkers, especially since, in many parts of NY State, electric energy costs are high which drives manufacturing plants to relocate to other parts of the country that have lower rates.

13) Should the SBC Program be expanded to include natural gas customers? Yes it should because many industrial users consume large amounts of natural gas and its price volatility makes it difficult for these companies to remain in NY. Because of their large consumption in a single, easy to access location, they can be efficiently targeted for energy reductions.

Residential users, especially low income residents, should also be targeted because of the social benefits.

I would start the program on a pilot-scale and run it concurrently with the next electric SBC Program. It should be evaluated at the end of the SBC extension and at that time it should be extended or eliminated based on its performance.

Sincerely,



Robert De Saro
President