

March 4, 2005

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

Re: SBC Funded Public Benefit Program

Dear Ms. Brillling:

It is my understanding that the Public Service Commission (PSC) is in the process of initiating a System Benefits Charge (SBC) review to develop a proposal regarding the future of the SBC program. I am writing to you to express my strong support of extending this important program for the next five year term. Enclosed please find a response by Erie County to the questions issued for Case 05-M-0090 – In the Matter of the System Benefits Charge III.

Over the past five years, Erie County has made it a priority to function pro-actively in regional energy conservation, efficiency, and alternative energy development. As a result of our commitment to energy conservation, the Niagara Frontier region was selected to be the first targeted area in New York State for the federal Department of Energy's "Rebuild America Program". Our county's participation in this program is made possible through grant funding provided by NYSERDA. As a result, we are now able to support local partners in identifying energy efficiency objectives and facilitate implementation of regional energy conservation goals.

NYSERDA also serves as a technical resource providing assistance to local organizations such as "Clean Communities of Western New York", of which Erie County is a leading participant. This regional coalition has implemented environmentally responsible energy practices by constructing the first compressed natural gas fueling station within the City of Buffalo.

Erie County government is required by local legislation to promote local initiatives that reduce energy consumption utilizing alternative fuels, innovative building retrofits and green design principles. We are equally concerned about increasing energy affordability especially to low-income households. NYSERDA has provided us with invaluable guidance and assistance in each of these areas. The proposed continuance of SBC funding will help NYSERDA provide additional services that Erie County will utilize to implement regional efforts in wise energy management. I therefore urge the PSC to continue NYSERDA's administration of the Public Benefit Program for energy research, development, innovation, and efficiency.

Sincerely yours,

Laurence K. Rubin
Commissioner
Department of Environment and Planning

cc. Joel A Giambra, Erie County Executive
Michael Raab, Deputy Commissioner, Department of Environment and Planning

Enc.

Case 05-M-0090
MATTERS FOR COMMENT
Erie County

Question #1

Given the Commissions stated goals and objectives, we believe that NYSERDA has been exceedingly successful in achieving important and measurable results.

Program reviews have verified that NYSERDA is administering a balanced portfolio of programs, and that gross energy savings equal claimed savings. The Program has fostered and accelerated market development in the areas of energy efficiency, peak load reduction, and renewable energy development. The Program is clearly advancing energy economization and cost mitigation, system reliability, energy diversity, environmental quality, and innovative economic development.

Question #2

Erie County unreservedly supports continuance of the SBC program beyond its current expiration date of June 30, 2006. Based on the success of the previous five years, we believe that this extension should be for a period of no less than five years and at funding levels that are equal or greater than the current \$150 million annual allocation. The continued success of our nationally recognized Program is directly dependent on the certainty of funding. Anything less will only serve to cannibalize our highly effective multi sectored Program.

Question #3

While certain conditions may have changed since the establishment of the SBC, this does not warrant a change in Program objectives and goals. We believe that the SBC is more essential today than ever before, particularly in light of growing global environmental, political, and security challenges. As is being demonstrated, foreign energy dependency and energy pricing risk can have a devastating effect on domestic economic growth. The SBC provides a systematic approach that fosters an expanded and diversified energy market and thereby achieving the intended goals and objectives of the Program.

Question #4

Programs should be prioritized to provide the greatest long-term benefit to ratepayers. Given that the funds are generated from ratepayers, it would be consistent to assume they should be the primary beneficiary of both short and long term program benefits. Special focus ought to be provided to underserved and/or economically challenged population centers. If programs are structured to ensure that ratepayers are the primary beneficiary, then global stated goals and objectives will be achieved.

Question #5

Erie County is pleased and supportive of the Commission's renewable portfolio standard (RPS) order of September 24, 2004. We however believe that SBC charges should remain separate and distinct from any future RPS program charge. This will allow the existing SBC Program to continue uninterrupted, without any delay from new RPS program development initiatives.

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Question #6

Erie County supports a SBC fund collection and allocation process that is structured to maximize equity between program services and ratepayer contributions. Erie County also supports greater allocations to programs that benefit low-income consumers that have traditionally been underserved.

Question #7

Numerous Erie County residents, businesses, and facilities have benefited from SBC funded/NYSERDA sponsored programs. Much of this success has been a direct result of the Energy Smart Communities Program. This combined Federal and State initiative has resulted in the formation of partnership networks that encourages and promotes energy efficiency in local communities throughout the five county Western New York region. The Energy Smart Communities Program should be expanded to benefit additional ratepayers in the greater area.

Other successful Western New York programs that merit continued support and expansion are the Small Business Audit Program, the Home Performance and Assisted Home Performance with Energy Star Programs, as well as the New Construction Program. Erie County ratepayers would benefit significantly from the continued expansion of these programs.

Question #8

No comment

Question #9

The Statewide television advertising campaigns have been very successful in raising awareness and general public recognition of the Energy Star label. The continuation of this type of large scale, high profile marketing is effective in reaching the boarder audience and creating and maintaining a general interest in energy conservation. In order to effectively build upon the interest and recognition the statewide marketing strategies create it is important that there is adequate coordination and support with local level programs and their marketing campaigns. Local agencies have the advantage of knowing the needs of their communities, and the specific programs and services that address those needs. Local programs are the vehicle for guiding and nurturing the overall interest created by through statewide marketing efforts. Providing adequate resources to support marketing initiatives at the local level is essential to the ultimate success associated with actual implementation.

The Energy Smart Communities Program creates a local marketing resource which has been successful in not only promoting NYSEDA programs to regional populations but in connecting opportunities to resources and services producing successful energy conservation projects. Providing additional marketing resources to these existing local programs which have the infrastructure and partnerships in place would be an effective way to increase the direct use of the existing NYSEDA services and resources.

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MATTERS FOR COMMENT
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Question #10

Erie County believes that NYSERDA has achieved excellent results in its administration of the SBC. We recommend that they be allowed to continue in this capacity, the single administrator of the SBC in New York State.

Question #11

The current NYSERDA program evaluation has proven more than adequate. Improvement could be made only if a method is devised to capture the effect of market transformation.

Question #12

No comment

Question #13

Erie County endorses the concept of expanding the scope of the SBC program to include programs for natural gas customers.

- a.) Programs that would benefit New York gas customers are ones that encourage conservation, system improvements and upgrades, and provide financial assistance to have these measures implemented. Initiatives which decrease the costs to consumers by lowering their usage should be a priority.
- b.) Depending on the types of programs and services offered by the program and the associated marketing efforts a natural gas SBC could effectively serve a variety of classes.
- c.) Erie County supports a natural gas SBC program that would be funded by the ratepayers, through a similar structure to the existing one for the electric SBC program. A natural gas SBC should be structured independently of the electric SBC, so that funding levels do not affect one another.
- d.) The term of a natural gas SBC does not have to coincide with that of the electric SBC. Ultimately, the decision regarding the creation of a natural gas SBC should not impact the current efforts and decisions regarding the electric SBC. Erie County requests that the two be funded independently of each other.
- e.) A natural gas SBC could be administered and evaluated seamlessly through the same process as the electric SBC. Erie County believes that NYSERDA's success with the current electric SBC program demonstrates their ability to be successful in developing and managing a similar effort for natural gas.

Question #14

No comment