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FROM: J. P. DiENNA Jr. , Key Accounts Director, Geothermal Heat Pump Consortium

TO: Jaclyn A. Brillong, Secretary, New York State Public Service Commission

Subject: Case 05-M-0090- In the Matter of the System Benefits Charge III

As Key Accounts Director of the Geothermal Heat Pump Consortium (GHPC), I have worked with NYSERDA over the past 4 years in a market transformation program, promoting the use of Geexchange or geothermal heat pumps in New York State. This program has been the most successful initiative in the history of GHPC. This program in less than three years saved over 46,000 kWh and had a demand reduction of over 15 MW.

The environmental impact was also dramatic; it eliminated over 34,000 metric tons of CO2 and eliminated over 9,000 metric tons of carbon equivalent. It reduced oil consumption annually by 124,690 or 342 barrels daily.

This program was part of the New York Smart program which was funded through the SBC. I have commented below on the various questions proposed by the PSC staff, my Comments are as follows.

Question- 1—I believe the objective “ to provide a funding source for public policy initiatives that are not adequately addressed by competitive markets “ has been achieved by NYSERDA, but the

Initial reason for the creation of the SBC has not been erased. There is still a need to have a Funding source for those programs, which in the past, were funded by the regulated utility But due to “deregulation “ are no longer promoted by the electric provider in the state.

level 2—The SBC program should be continued for another 10 years or to 2016. The funding

should be increased to \$300 million. The need for “Power Reduction” or Energy Efficiency initiatives and programs has only increased, therefore the amount of time and funding should be increased also.

3—Since the SBC was first formulated in 1998, the conditions in the field of energy have seen dramatic changes. The price of oil has surged to over \$ 50 a barrel, the transmission grid has proven to be less than adequate. There have been numerous spikes in the price of natural gas and the environmental climate in the state has prompted the Governor and the Attorney General to sue the major utilities in the State. These changes only enforce the need for the SBC program. This program should reflect the same goals and objectives that the RPS has, but instead of focusing on renewable “Power Production” to achieve it’s goals, the SBC program should have renewable “Power Reduction” or energy efficiency to achieve the same goals as the RPS, reduction in reliance on oil and gas, emissions reductions and

economic development through job creation.

Cont:

4—Programs should be prioritized by their ability to achieve the goals of the SBC program and serve the energy needs of the citizens of New York.

5— The SBC program should not be used for any of the technologies or programs that are currently covered under the RPS program. This initiative would be used to promote those programs and technologies that do not qualify for funding under the RPS.

7—The geoexchange initiative, “ Transforming Commercial, Institutional and Industrial Buildings with Geoexchange” should be re-instituted and expanded to include low income and affordable housing.

8—By focusing on energy efficiency and renewable technologies that provide “ point of use” benefits (lower utility bills, more comfort, jobs etc). These benefits respond to the immediate needs of NY’s energy consumers and are tangible not theoretical and they do not cost the consumer MORE money to be energy efficient or be environmentally sensitive.

9—The use of Industry or technology market transformation experts, which are not product specific and who approach the project with a plan to create a sustainable market through the development of an infrastructure that would support the initiative both now and in the future.

I have worked nationally with various states on numerous programs to promote geoexchange; the programs we have done with NYSERDA have been the most successful in the history of GHPC. This is because of the professionalism of both the administration and staff of NYSERDA and the willingness to work together with their grantees to achieve the goals of the programs and get the best “bang for the buck” for the citizens of New York.

I urge the PSC to, not only, continue the SBC program with NYSERDA, but to extended and increase the funding and treat this program as a “supply side” option. A program that is competitive to the RPS, and one that can achieve those same goals by reducing energy demand, promoting environmental stewardship and creating jobs. Please call me if you have any questions or need further information.

John P. DiEnna Jr.