



March 3, 2005

Honorable Jaelyn Brilling
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223

**RE: NEW YORK STATE PUBLIC SERVICE COMMISSION CASE 05-M-0090 – IN
THE MATTER OF THE SYSTEMS BENEFIT CHARGE III**

ICF Consulting is pleased to submit these comments in response to your request concerning Case 05-M-0090. ICF Consulting strongly supports the continuation of the Systems Benefits Charge (SBC) in New York. We also believe that NYSERDA has done an outstanding job in designing and implementing a cost effective suite of programs for the ratepayers impacted by the SBC in New York.

ICF Consulting is currently supporting several NYSERDA initiatives. We are also providing consulting services to electric and gas utilities in New York. To avoid any perception of a conflict of interest, ICF is limiting our response to matters dealing directly with the SBC. To add perspective to our comments below, please note that ICF Consulting also provides consulting services and implementation support to several other SBC and energy program clients at the federal, state and local government level, as well as to the private sector.

It is our belief that the SBC program should be extended for at least an additional five years. A period of time shorter than that may generate confusion in the marketplace that could potentially reduce the long-term benefits of the program offerings. Currently, this is the only statewide program that promotes energy efficiency across all sectors. Ratepayers in New York State are faced with significant increases in the cost of energy supplies, particularly electricity. Any requested utility rate cases will increase the burden on their customers. Further, many hard-to-reach customer segments have not been well-served by existing programs – including lower income residential customers and small commercial enterprises.

SBC funding should continue at or above existing levels. An increase in SBC funds will allow NYSERDA to enhance existing offerings to these underserved market segments, and also to provide new offerings across all sectors to reduce the burden of increasing energy prices. Based on our work with end-users in New York State, we believe that the current process used to collect the SBC funds from the ratepayers, with the utilities as a conduit, is painless and transparent to customers, and should be continued.

One example of a successful and innovative initiative developed and implemented under NYSERDA's administration of SBC II funding is the **New York Energy SmartSM** Small Commercial Lighting Program (SCLP). Implemented by ICF Consulting, SCLP promotes

effective, energy-efficient lighting design in New York State – lighting designs that not only surpass the energy performance requirements of the Energy Conservation Construction Code of New York State by at least 10 percent, but provide lighting solutions that meet the needs of the end-users in terms of highly accurate, color rendering, minimized glare, uniformity, and appropriate lighting levels. SCLP works primarily with lighting practitioners – contractors, distributors, designers, architects, manufacturers and their representatives – to instruct them on superior lighting design practices, with the hard-to-reach small commercial sector the target of their activities. Since SCLP's inception, over 650 companies have become Program Participants, with over 1,400 persons trained. This training, supported by numerous technical and marketing tools, and a slate of incentives offered to lighting practitioners for implemented designs that meet SCLP's design requirements, has resulted in the commissioning of nearly 400 projects, covering 2.75 million square feet. In aggregate, these projects have reduced peak electricity demand in the small commercial sector by over 4 MW, saved small commercial enterprises in New York State approximately \$2 million per year on their electricity bills, and reduced electricity use in the State by the equivalent of 3,600 New York State households.

While NYSERDA has been innovative in reaching out to impacted ratepayers, many energy users across sectors, even sophisticated ones, are completely unaware of the availability of energy efficiency programs and incentives for purchase of equipment. Wider outreach across sectors, including more focused outreach to subsectors offering a portfolio of assistance, is required. For instance consider the food service industry: if incentives are offered for energy-efficient commercial refrigeration, little consideration will be given to that unless the end-user is in the market for a refrigerator. However, a broader portfolio of education and awareness, encompassing the energy-efficient commercial kitchen, will attract more attention: refrigerators and freezers of all types (reach-ins, walk-ins), ranges, exhaust hoods, fryers, grills, lighting, warming equipment, controls, and operational improvements to reduce energy cost, etc. A multiyear extension and increase in funding levels will allow NYSERDA to continue to build off the successes they have achieved to date, while reaching for a deeper market penetration.

NYSERDA is currently involved in an extensive evaluation of their programs. While this effort will provide insights and details that will benefit the operation of current and future programs, we feel that continuous evaluation, rather than evaluation milestones, is needed to ensure that programs are effective, timely, and achieve results economically. Evaluation should take into account that different programs must be evaluated differently, especially when evaluating the success of market transformation and resource acquisition programs. This is a mission critical function that can be carried out regularly by NYSERDA program and evaluation staff, with minimal reliance on outside consultants. We expect that the current evaluation will reinforce NYSERDA's cost effective and customer responsive management of the New York SBC.

In addition to the economic benefits energy users in New York receive as a result of the cost effective implementation of New York's SBC, these programs also contribute significantly to environmental improvement efforts in New York state. In support to NYSERDA, ICF Consulting is currently conducting the energy modeling for the Regional Greenhouse Gas

Honorable Jaclyn Brilling
New York State Public Service Commission
March 3, 2005
Page 3

Initiative (RGGI), a multi-state effort. This process is a direct result of Governor Pataki's Green House Gas Task Force. Maintaining or increasing the funding level of the SBC will be a direct investment which will support the reduction of green house gases in New York state and the region. This investment will also demonstrate New York's commitment and leadership to greenhouse gas reduction and environmental stewardship.

Thank you again for this opportunity to comment on the Systems Benefit Charge.

Sincerely,

Michael E. Mernick
Vice President