

Case 05-M-0090

Interstate Renewable Energy Council (IREC) Comments

March 4, 2005

(Comments below address only renewable energy programs under the SBC)

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

According to the program evaluation reports posted on the DPS website:

“The overarching conclusion of the evaluation effort finds that the Program has fostered and accelerated market development in the areas of energy efficiency, peak load reduction, and renewable energy that would not have occurred absent the Program. Evaluation activities demonstrate that NYSERDA is administering a balanced portfolio of programs. And, at this point in the evaluation process, verified savings nearly equal the Program’s claimed savings – differences, however, do exist within individual programs. The Program portfolio is helping improve the efficient use of energy, contributing to improved electric system reliability, furthering the State’s energy diversity, lowering energy costs, improving environmental quality, and supporting economic development.” *NY Energy Smart Program Evaluation and Status Report, May 2004*

The report indicated that the NYSERDA SBC-funded Energy Smart program reduced annual electricity use in New York by about 1,000 GwH as of year end 2003, with annual total bill savings for participating customers estimated at \$140 million.

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?

Absolutely. IREC cannot emphasize enough the value of these programs to the state’s energy, environmental and economic circumstances. The SBC should be extended for at least 10 years, with funding amounts held level, at a minimum, depending on future conditions and situations.

The benefits to the public from SBC programs are clear. Based on a number of recent studies, EPA estimates that if all states were to implement cost-effective energy efficiency and clean energy policies, the expected growth in demand for electricity could be cut in half by 2025, providing billions of dollars in customer savings, contributing to lower prices for natural gas and substantially reducing greenhouse gas emissions.

In a growing number of states across the country, with New York among the leaders, policies and programs for providing improved energy efficiency and renewable energy to electric and gas customers are delivering energy savings at a significantly lower cost than the construction of new electricity supply or buying natural gas. Fifteen U.S. states have a public benefits fund (PBF) that supports renewable energy projects. In the United States, five states (Colorado, Hawaii, Maryland, New York and Rhode Island) and the District of Columbia adopted renewable portfolio standards in 2004 or early 2005. In addition, two states (Pennsylvania and New Jersey) significantly raised their existing standards in 2004.

To IREC's knowledge, not one state-level PBF has been allowed to expire.

There is a clear trend toward the development and use of renewable energy at the local, state, national and international levels, and markets for renewable energy are developing quickly. The cost of wind, solar and other renewable-energy systems continues to drop rapidly as a result. The race to promote renewable energy is as much a matter of economic development as it is a matter of improving air quality and public health, increasing energy security and energy independence, mitigating global warming, and democratizing the power grid.

The Kyoto Protocol, which took effect earlier this year, will accelerate the development of renewable energy around the world. The mere prospect of increased and expanded federal emissions regulations also is promoting market development around the United States.

Though good progress has been made under New York's SBC programs, if it is the goal of this state to foster renewable energy use, promote resource diversity, make our energy sources more secure, build a market within NY, establish a renewable energy industry and attract investment in the state, etc., then we need steady, predictable funding to encourage infrastructure building and sustained, orderly development of the industry, along with consistent consumer education and public outreach.

The buying public still needs education about energy choices; if the public is interested in residential/commercial PV, for example, it must have some idea about cost, capabilities, etc.; people also must know where to purchase renewable energy systems; have access to reputable dealers and installers who will stand behind their products, etc. Therefore, we have to have electrical inspectors who are familiar with these systems to safeguard the consumer; and

educated code officials who oversee these installations. We need a sound infrastructure, an educated and certified workforce and continuing education.

Buying a solar electric system for your home should become as easy and safe as buying and installing a water heater, furnace or any other “established” appliance for your home.

Many of the SBC-funded programs that NYSERDA has in progress have improved this process, and much more needs to be done.

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?

Current conditions not only validate the value of the programs funded by the SBC, they provide additional urgency to the overall goals and objectives of the SBC.

Specifically, the positive state and national security aspects of energy independence, as well as the myriad negative effects of our dependence on imported oil and natural gas, are even more apparent than when the SBC was first established; climate change/global warming issues are prominent, with states taking action in the absence of federal movement toward achieving Kyoto accord goals -- even as empirical evidence mounts of the effects of climate change; and, regional air pollution issues have moved state attorneys general to sue power producers for damages. These issues will continue, and all affect our energy supply and delivery choices.

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

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)?

Nine other states and the District of Columbia have both a renewable portfolio standards (RPS) and a PBF that supports renewables. Historically, the creation of one of these two policies has not resulted in the abandonment of the other. Both of these state-level policies can -- and do -- operate in a complementary fashion in California, Connecticut, Massachusetts, Maine, Minnesota, New Jersey, Pennsylvania, Rhode Island and Wisconsin. *IREC sees no reason why these two policies cannot or should not also co-exist beneficially in New York.*

The RPS goals should be achieved without having a detrimental impact on SBC programs that are established and valuable to the state's overall goals of saving energy, promoting indigenous energy supplies and using clean, renewable generation.

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

N/A.

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

N/A

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

There is a great deal of work yet to be done to educate consumers about the existence of the SBC programs and to educate them about available renewable energy technologies, etc. The NYSERDA website is a great tool for achieving these ends, and consumers need to become more aware of its existence and usefulness. For those non-internet users, other means such as brochures, PSAs, etc. should be used.

Also important to consumers is ease of applying for any available incentives, a well-established public information desk for questions and feedback, and other mechanisms for consumers and NYSERDA to communicate.

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

There is always room for improvement here, since getting and holding the attention of the public, especially about energy issues, is challenging. Again, NYSERDA's efforts have been effective, particularly with respect to the ubiquitous TV advertisements on Energy Star homes. Though this kind of advertising is expensive, it is effective. Radio PSAs, well-placed newspaper ads, NYSERDA appearances at public events, literature about SBC programs, marketing the NYSERDA websites, etc. -- all can help get the word out about EnergySmart programs. There should be an expansion of these efforts.

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

N/A

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

N/A

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?

N/A

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

Yes -- making our use of natural gas as efficient as possible is important to attaining the goals and objectives of the SBC. Therefore, it is in the state's best interest to establish programs to help natural gas customers save energy and money. Natural gas prices increased by about 13 percent this winter, placing a financial burden on customers, so the timing is right to begin such a program.

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

Programs that encourage the most energy-efficient equipment and technologies that reduce or replace natural gas use with renewable energy technologies such as solar water heating and solar-assisted air heating.

b. How should a natural gas SBC program be funded?

Through a fee on natural gas sales/usage. This should not adversely affect the funding levels available for electric programs.

d. Initial duration of natural gas SBC should be three years.

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

IREC recommends predictable, steady funding for the SBC, as well as continuous evaluation, feedback from participants and adjustments as necessary will contribute to the continued success of, as well as improvement in, these efforts.