

February 17, 2005

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

Subject: State of New York Public Service Commission Case 05-M-0090
In the Matter of the System Benefits Charge III

Dear Ms. Brillling:

My name is Ishai Oliker and I am the principal of Joseph Technology Corporation, an independent engineering company specialized in the DG/CHP field.

In the last 20 years our company was involved in the performance of many energy projects for New York State communities. Some of these projects were supported by the SBC program administered by NYSERDA.

I am pleased to provide answers to some of your questions provided in the subject case.

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

It is my opinion that the goals and objectives established by the Commission have been completely achieved.

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?*

The existing SBC program administered by NYSERDA served as an important funding source that facilitated the development of the electric demand reduction projects in NYS. Without the support of this program it would not be possible to start the on-going electric peak reduction projects with many industries and a number of commercial customers. We recommend that the SBC program be extended for at least five years at the current funding level.

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?*

Since the establishment of the SBC, fuel prices have increased substantially. This increased the cost of manufacturing products and doing business in NYS. It is my opinion that the SBC should address fuel conservation at the same funding level by imposing a SBC charge on fuel consumption.

4. ***If assuming continuation of the SBC, how should programs be prioritized to meet those goals and objectives?***
 I believe that the new SBC should address the issue of converting single-purpose electric power plants to combined heat and power stations (CHP plants). This application will allow a substantial increase in the NYS CHP capacity and a reduction in overall fuel consumption. Development of commercial and industrial parks supplied by such CHP plants, should be encouraged.
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-01 88)?***
 Considering the low electric conversion efficiency of most of the renewable power plants; the CHP based applications for these plants should be encouraged.
7. ***What specific program(s) should be eliminated, expanded or created?***
 Specific programs directed toward marketing developed technologies to the end-users should be created. Assessment of energy efficiency programs in Scandinavian countries should be conducted.
8. ***How can future SBC funded programs be more responsive to the needs of New York's energy consumers?***
 In order for the future SBC program to be more responsive to the needs of New York's energy consumers, more detailed field surveys of the energy consumers should be conducted.
9. ***How can SBC funded programs be marketed more effectively?***
 The SBC funded programs could be marketed more effectively by organizing tailored workshops on different topics (similar to the work performed by EPRI).
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?***
 Yes.
13. ***Should the scope of the SBC program be expanded to include programs for natural gas customers?***
 Yes. The scope of the SBC program should be expanded to include gas customers.

If so:

- a. ***What kinds of programs would benefit New York's gas consumers?***
 The following programs will benefit New York's gas customers:
- Retrofit of customer energy facilities to more efficient systems and operations.
 - Development of district heating and cooling systems supplied from CHP plants burning a variety of fuels.
- b. ***Which classes of customers would be served most effectively by a natural gas SBC program?***
 The natural gas SBC program will serve more effectively the industrial, commercial and institutional customers located in high density load areas.

- c. ***How should a natural gas SBC program be funded and what annual level of funding might be considered reasonable? How might a natural gas SBC affect current electric SBC funding levels?***

The natural gas SBC program should be funded by the natural gas customers at the level similar to the electric SBC program.

- d. ***What should be the initial duration of a natural gas SBC, and should that term coincide with the extension of an electric SBC, if the electric SBC is extended?***

The initial duration of the natural gas SBC program should be for at least 5 years in parallel with the electric SBC program.

- e. ***How might a natural gas SBC be administered and evaluated and how should it differ from the administration of the electric SBC?***

The natural gas SBC program should be administered by NYSERDA.

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

The overall SBC program should address development of large, efficient CHP based District Energy Systems for high load density customers providing substantial fuel savings, environmental improvements and economic development.

Sincerely,

Dr. Ishai Olikier, P.E.
Principal