

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

Overall, we feel that the goals of the commission have been met. In addition, we feel that NYSERDA has, for the most part, balanced the short term goals of demand reduction with long term market transformation initiatives. However, the recent trend has been toward focusing on long term goals and this has reduced funding and activity in programs that will result in immediate demand and consumption reduction. We would like to see that trend reversed.

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 SBC program should be extended beyond 2006 and for an additional 5 years. This will allow NYSERDA and the market plan and implement long term reduction projects. The current funding level of approximately 1.5 mils is greater than the discount given to customer participating in Con Ed retail access. We don't think it's fair to increase the SBC charge without a corresponding increase in the retail access credit.

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?*

The biggest change or outcome in the last 5 years is that supply side deregulation has not resulted in lower energy costs, but significantly higher costs to energy customers with significant price volatility. SBC funded projects that help clients create alternatives to the traditional energy supply scenario should be emphasized (e.g. Distributed Generation, alternative energy supply, energy storage, and transmission issues). However, demand side reduction measures still offer clients the most immediate cost reduction opportunity and should remain the primary goal of the program. Therefore, programs like the CIPP, Smart Equipment Choices, PLRP-Permanent Demand and the CHP demonstration programs should be expanded.

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

See #3 response.

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)?*

We agree with goals that expand the use of renewable energy. However, given the long term nature and viability of these technologies, we feel that an appropriate balance needs to be maintained between these longer terms goals and the immediate need for energy use reduction. Funds for renewable implementation and research projects should come from the RPS. Funds for demand side management should come from the SBC. Funding for Photovoltaic Cells, digester gas electric generation, etc., should be removed from the SBC and funded exclusively through the RPS.

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

We think the current methods are fair and equitable. In the future, more menu driven and prescriptive programs should be developed to make access easier for small to medium sized energy users. Our experience indicates that this base spends less on energy management and reduction than larger users. Also, the programs should expand the practice of providing higher levels of funding for NYC based clients. We recommend this not only because of the load pocket issue, but because of the higher cost of implementation in NYC than other parts of the state.

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

We feel programs like the CIPP and Smart Equipment Choices programs should be expanded. We think funding levels for Peak Load Reduction should be increased significantly if NYSERDA hopes to drive the market.

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

More simple, easy to use programs for small to medium users need to be developed. In addition, larger users should not be excluded from prescriptive programs. As stated above, funding levels should be "market" driven.

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

No comment.

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

NYSERDA should focus on developing strategies that will decrease the cycle times for funding turn around. The lead times on some programs are too long to allow for effective implementation. The PLRP is a good model of flexibility for bringing a project into a NYSERDA program.

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

No comment.

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?*

Transmission and distribution especially as it pertains to interconnect issues for distributed generation. Market pricing for electricity will only truly be reduced if there are viable alternatives to traditional supply side options. We believe transmission and distribution are the most viable avenues for that competition.

13. *Should the scope of the SBC programs be expanded to include programs for natural gas customers? If so:*

a. *What kinds of programs would benefit New York gas consumers?*

Yes. Programs similar to the current Energy Smart programs will work.

b. *Which classes of customers would be served most effectively by a natural gas SBC program?*

Unless an SBC type charge is applied to oil customers, the programs should be limited to firm gas customer.

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 gas programs should be funded by an SBC charged on the delivery of natural gas. Funding levels should be proportionate to electricity use levels. The electric SBC programs and funding should not be impacted, affected or reduced by a gas program.

d. *What should 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 term of a gas program, if any, should be the same as an electric program. This will allow the administrator to coordinate both programs to maximize the effectiveness and efficiency of the programs.

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

It should be administered by the same group that administers the electric program.

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

We would like to commend NYSERDA on a job well done so far in administering the SBC funds. They have shown insight and flexibility in developing the programs and making adjustments as conditions require. We look forward to continuing to work with NYSERDA in the future and recommend them as administrators for SBC3.