



March 3, 2005

RE: Case 05-M-0090

BY E-MAIL AND ORDINARY MAIL

Hon. Jaclyn A. Brillig  
 Secretary  
 New York State Public Service Commission  
 3 Empire State Plaza  
 Albany, New York 12223-1350

Dear Secretary Brillig,

The following are comments in response to the Notice Soliciting Comments issued in Case 05-M-00909. Most of the 14 questions set forth in the Notice are relatively technical and require a great deal of familiarity with the Systems Benefits Charge Program. However, Northern Development, LLC and Harbec Plastics, Inc. have received assistance for both companies' energy programs from NYSERDA . Thus, the SBC program contributed monies that enabled Northern to develop its **cogen** facility consisting of 25 low emission Capstone natural gas microturbines and a 250 kW wind turbine. Both components of Northern's power plant fall within the PSC's public policy goals of improving energy **efficiency**, improving system-wide reliability, increase peak electricity reductions and reduce the environmental impacts of energy production and use.

Based on Northern Development's experience with the SBC program, the answer to Question (1) is, at least to the extent that SBC funds were used on Northern Development's energy projects, the Commission met its goals. However, to the extent that Northern's experiment was repeated or distributed generation and renewable energy projects have taken a solid hold in New York, the Commission has not met its goals and there is more to do.

Question (2): The SBC program has tremendous potential to develop new **approaches to power production**, system **reliability** and emission **reductions therefore**, the program should be extended beyond the expiration date of June 30, 2006.

Question (3): Conditions have changed since 1996 when the PSC issued Op.96-12 in Case 94-E-0952. Two important changes that are detrimental to the PSC goals are the standby tariffs approved by the Commission in 2003 and high natural gas rates. Both of



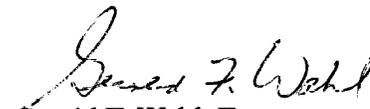
March 3, 2005

these realities make distributed generation and renewable energy projects difficult to justify economically.

Thus, skipping to Question (5): The SBC program can be adjusted to promote the Commission's Order issued September 24, 2004 regarding the Renewable Portfolio Standard and assist energy projects economically in two ways. The first way is that NYSEERDA could apply the SBC funds to promote remote site generation. This means that in addition to promoting development of large utility size wind **farms**, programs should be developed to promote the installation of single mid-size wind generators between 100 kW to 1M on properties of small businesses, hospitals, schools and **farms**. These smaller projects do not need to be sited in a Class 5 wind site to have a positive impact on the cost of energy production to the project owner. This type of program would result in clean, renewable energy providing peak shaving power thereby reducing the demand on the power supply. The second way to promote **RPS** is to fund pilot net metering programs within each utility territory to determine if true net metering can make remote site energy production more economically .feasible without bringing any measurable financial damage to the utility.

Thank you.

Respectfully submitted,



Gerald F. Wahl, Esq.  
Corporate Counsel  
Harbec Plastics, Inc.

cc: Robert Bechtold