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October 17, 2005

By Hand Delivery

Hon. Jaclyn A. Brilling
Secretary
NYS Department of Public Service
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case 05-M-0090 –In the Matter of the System Benefits Charge III.

Dear Secretary Brilling:

Enclosed please find the original and fifteen copies of the Response of Clean Energy Advocates to the Staff Proposal for the Extension of the System Benefits Charge (SBC) and the SBC-Funded Public Benefit Program.

We have sent a copy of this filing to the Commission's e-mail list server, as specified in the October 13, 2005 Notice in this proceeding.

Very truly yours,

Daniel Rosenblum

Enclosure

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of	**)**	
the System Benefits Charge III	**)**	**Case 05-M-0090**

Response of Clean Energy Advocates to the Staff Proposal for the Extension of the System Benefits Charge (SBC) and the SBC-Funded Public Benefit Programs

American Lung Association of New York State, Inc.
American Wind Energy Association
NYC Apollo Alliance
Association for Energy Affordability
Community Energy, Inc.
Community Environmental Center
Energy Now!
Environmental Advocates of New York State
Environmental Defense
Healthy Schools Network
Hudson River Sloop Clearwater
Natural Resources Defense Council
New York League of Conservation Voters
New York Public Interest Research Group
New York Solar Industries Association
Pace Energy Project
Plug Power
Riverkeeper
Scenic Hudson
Sierra Club Atlantic Chapter
Solar Energy Industries Association
Solar New York/Solar Northeast

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Dated: October 17, 2005
White Plains, NY

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of)
the System Benefits Charge III) Case 05-M-0090

Response of Clean Energy Advocates to the Staff Proposal for the Extension of the System Benefits Charge (SBC) and the SBC-Funded Public Benefit Programs

I. INTRODUCTION

In March 2005, CEA[1] -- a broad coalition of environmental, low income and renewable energy advocates – submitted detailed comments to the Public Service Commission on the need to extend and expand New York's System Benefits Charge ("SBC") programs. Among our key points, CEA recommended that the SBC be funded at an annual level of $225 million to maintain and expand the existing SBC for electricity public benefits programs, with an additional $50 million annually for a complementary statewide SBC program for the promotion of efficient utilization of natural gas at end use or to displace natural gas at end use with customer-sited renewable energy alternatives. CEA also recommended that the fund should be extended for a minimum of 8-10 years to foster greater program continuity and improved planning and delivery.[2]

On August 30, 2005, Staff of the New York State Department of Public Service submitted a Staff Proposal for the Extension of the System Benefits Charge (SBC) and the SBC-Funded Public Benefit Programs ("Staff Proposal"). Staff proposed, *inter alia*, a continuation of SBC funding for another five years at the current level of $150 million annually; revisions to the goals for SBC III to more accurately reflect today's energy realities; some modification of program priorities, including consolidation and

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[1] CEA is comprised of the following entities CEA is comprised of the following entities: American Lung Association of New York State, Inc., American Wind Energy Association, NYC Apollo Alliance, Association for Energy Affordability, Community Energy, Inc., Community Environmental Center, Energy Now!, Environmental Advocates of New York State, Environmental Defense, Healthy Schools Network, Hudson River Sloop Clearwater, New York League of Conservation Voters, Natural Resources Defense Council, New York Public Interest Research Group, New York Solar Industries Association, Pace Energy Project, Plug Power, Riverkeeper, Scenic Hudson, Sierra Club Atlantic Chapter, Solar Energy Industries Association and Solar New York/Solar Northeast.

[2] *Initial Comments of Clean Energy Advocates on the Extension and Expansion of the System Benefits Charge*, March 3, 2005 at 4-7.

simplification of the New York State Research and Development Authority's (NYSERDA) program portfolio and use of limited SBC funds for transmission and distribution research and development; continued funding of efforts to enhance New York's renewable resources infrastructure; additional efforts to encourage participation in demand response programs; and that Commission determination of whether to expand the SBC to include natural gas customers be made after the completion and analysis of the ongoing Gas Statewide Study. [3]The Public Service Commission noticed Staff's Proposal for public comment on August 31, 2005.

CEA agree with Staff's recommendation that SBC funding should be continued and Staff's rationale for an extension of funding. Staff correctly concludes that "the current status of competitive electricity markets, the solid achievements of the Energy $mart^SM program portfolio, rising energy prices, electricity price volatility and the challenge of keeping pace with rising energy demand" support continued funding of the SBC.[4]

However, despite its recognition of the many benefits of energy efficiency, Staff's proposal does not go far enough to capture the opportunities for, and benefits of, cost effective energy efficiency in New York. CEA urge the Commission to build upon Staff's conclusions regarding the need for continued funding of the SBC by not only ordering continued funding of the SBC, but also ordering that annual funding be increased to at least $225 million for the electricity programs. It is an indisputable fact that the Energy $mart^SM program captures only a small fraction of the potential for cost-effective energy efficiency and an increase to $225 million was already justified for all the reasons stated in CEA's initial comments. The recent dramatic increase in energy costs caused by Hurricanes Katrina and Rita, and the price spikes in natural gas and oil prices that were already in effect before the hurricanes, make it imperative that the Commission order an increase in annual SBC funding to at least $225 million. In addition, in order to avoid the potentially devastating consequences of increased energy costs, the Commission should direct NYSERDA to emphasize energy savings, as opposed to demand savings, in the Energy $mart^SM program portfolio. Doing so will maximize benefits to New York's residential, institutional, business customers and New York's economy, while also reducing emissions from fossil-fired generating plants. CEA, also, continues to urge that the Commission approve an 8-10 year extension of the SBC. The 5 years proposed by Staff is an absolutely necessary minimum to ensure program continuity.

Additionally, CEA continue to advocate strongly for a separate natural gas SBC funded at a minimum level of $50 million annually. With natural gas prices currently at almost $14 per thousand cubic feet, natural gas efficiency programs are more important than ever both to reduce customer natural gas bills for heating and other purposes and to help to reduce electricity price spikes due to increased natural gas prices. It is essential that the Commission approve a natural gas SBC and broad program requirements with the instant

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[3] *Staff Proposal for the Extension of the System Benefits Charge (SBC) and the SBC-Funded Public Benefits Programs*, August 30, 2005.
[4] *Id.* at 13.

order. This will allow NYSERDA adequate time to plan for and roll out a suite of natural gas efficiency programs for the Winter 2006-7 heating season as a means of stemming inordinately high natural gas prices paid by New York consumers. The Commission can direct supplemental funding as soon as possible after the completion of the Gas Statewide Study now underway if that study identifies additional cost effective natural gas efficiency measures.

As Governor Pataki stated when he unveiled his 9-point Strategic Energy Action Plan on September 15, 2005:

> Our current energy situation requires a multi-faceted effort to control costs, promote better energy efficiency, and accelerate the transition to alternative fuels … We must take aggressive action at all levels of government to enact a long-term plan to break from the cycle of dependency on fossil fuels. As we approach the fall and winter seasons, it is imperative that we embark on a new energy course to free New Yorkers from the burden of high fuel prices.[5]

The Commission's continuation and expansion of the SBC, as outlined in CEA's initial comments, combined with policies to encourage the procurement of clean energy by investor-owned utilities, should be the cornerstone of this "new energy course" for New York State

II. SBC FUNDING SHOULD BE INCREASED TO AN ANNUAL LEVEL OF AT LEAST $225 MILLION FOR ELECTRICITY.

New York has a proud tradition of being a leader in the design and implementation of cost-effective energy efficiency and renewable energy programs. Given the current and projected high prices and volatility in fossil fuel energy markets and the resulting threat to the well being of New York's citizens, it is essential that New York rise to the challenge and recognize that now is the time to move forward, to increase spending on cost-effective energy efficiency and renewables programs that keep dollars in the State where they benefit New York residents and businesses, to provide major environmental benefits and to recognize and respond to the needs of low-income customers.

Now is the time, as the Commission determines the budget and program parameters of SBC III, to implement Governor Pataki's charge to "take aggressive action … to enact a long-term plan to break from the cycle of dependency on fossil fuels." The Commission should fund SBC III at a level no less than $225 million for electricity programs annually with funding increases allocated in accordance with the broad parameters set forth in CEA's position and affirmative vision for the future of the SBC program.[6]

[5] Governor George Pataki, *Governor Unveils Plan to Combat High Energy Prices*, September 15, 2005, http://www.state.ny.us/governor/press/05/sep15_2_05.htm.
[6] *Initial Comments of Clean Energy Advocates*, *supra* note 2, at 4-8.

CEA's initial comments and the rationale underlying Staff's analysis already provide a sound basis for increasing annual funding of the SBC to at least $225 million for electricity. As set forth below, events that have occurred since Staff submitted its SBC Proposal provide powerful additional reasons for an increase in SBC funding.

A. The Staff Analysis

Staff's SBC III Proposal summarizes the results and effectiveness of the Energy $mart^{SM} program to date: annual electricity reductions of approximately 1,400 Gwh as of year-end 2004; peak demand reduction of 860 MW; annual bill savings by electricity, oil, and gas consumers estimated at $198 million; leveraging of additional public and private sector investments of approximately $1.3 billion, primarily in cost-effective energy efficiency improvements; environmental benefits including nitrogen oxide (NO_x) emission reductions of 1,280 tons, sulfur dioxide (SO_2) emissions by 2,320 tons and carbon dioxide (CO_2) emissions by 1 million tons; and an average of 4,800 jobs created and sustained annually over the eight-year SBC program period.[7]

Staff's Proposal recognizes that "the challenges faced are great and the demands for program services remain high."[8] Among the major issues cited by Staff is the continued growth in electricity demand coupled with the difficulty of siting new generation facilities absent a streamlined permitting process.[9] Energy efficiency remains the most dependable and cost-effective resource in satisfying growth in demand.

However, Staff then inexplicably concludes that the current SBC funding level of $150 million annually "allows adequate funding for a comprehensive program portfolio without generally raising the SBC assessments on New York consumers."[10] Staff notes that additional funding will be made available through the Con Edison 2005 rate case settlement and that the new Renewable Portfolio Standard will provide a variety of benefits, but makes no attempt to compare the costs of raising assessments to the benefits that would be obtained and never analyzes the potential benefits of increasing SBC funding. Importantly, Staff never responds to CEA's undisputed statements that that the Energy $mart^{SM} program "leaves six out of every seven kilowatt-hours of cost-effective energy efficiency resource behind" and that we "will need to redouble our efforts to deploy clean energy alternatives if we are to meet the significant environmental and economic challenges that lie ahead."[11] Given that Staff acknowledges the benefits of the Energy $mart^{SM} program and acknowledges that the program has a favorable benefit to cost ratio, its failure to provide the Commission with an analysis of the benefits of increased SBC funding is surprising.

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7 *Staff Proposal, supra* note 3, at 6.
8 *Id.* at 21.
9 *Id.* at 12.
10 *Id.*
11 *Initial Comments of Clean Energy Advocates, supra* note 2, at 2.

Staff suggests that the recent Con Edison rate settlement provides a rationale for not increasing the size of SBC III. This is incorrect. While the Section J demand management provisions of the Con Edison rate settlement are valuable and provide a helpful initial model for use of demand management to address growth in peak demand, the settlement is heavily oriented toward demand rather than energy savings and is limited to the Con Edison service territory. The Con Edison rate settlement does not substitute for a statewide approach to clean energy that ensures that the full potential for cost-effective energy efficiency in New York State is tapped as a resource and procured whenever it is cheaper than procuring power. Until and unless the Commission adopts policies that promote and require utility procurement of efficiency as a resource, the SBC should be increased to a level that ensures that the full potential for energy efficiency is met.

B. Post Staff Proposal Events

Although there was already ample justification for increasing SBC funding when Staff prepared its Proposal, by August 30, the date Staff filed its Proposal, Hurricane Katrina had already made landfall in Louisiana the day before and the energy markets have not been the same since. Since that time it has become obvious to New York State decision-makers that the impact of the hurricanes on the energy markets requires a new and more aggressive approach to energy efficiency and other alternatives to our reliance on fossil fuels.

Governor Pataki's made his position clear on September 15, 2005, when he unveiled his 9-point Strategic Energy Action Plan and stated:

> Our current energy situation requires a multi-faceted effort to control costs, promote better energy efficiency, and accelerate the transition to alternative fuels … We must take aggressive action at all levels of government to enact a long-term plan to break from the cycle of dependency on fossil fuels. As we approach the fall and winter seasons, it is imperative that we embark on a new energy course to free New Yorkers from the burden of high fuel prices.[12]

The Commission, on September 21, 2005, proactively moved to help New York consumers by reallocating $500,000 in funds within the SBC program budget to support an expanded $1 million winter outreach and education campaign. As Chairman Flynn stated:

> While we cannot control the price of natural gas, we must do everything we can to ensure customers are prepared to deal with the higher commodity prices for natural gas and electricity through available energy

[12] *Governor Unveils Plan*, *supra* note 5.

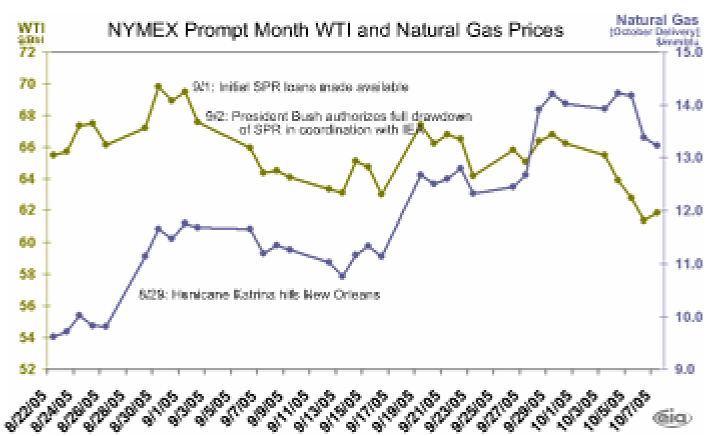
> conservation and efficiency measures, payment options, and financial assistance programs.[13]

This allocation of funding for outreach and information on existing efficiency program make sense, but far greater dollars supporting more aggressive efficiency programs and the transition to price-stabilizing domestic renewable power need to follow.

The Commission's order contains an excellent analysis of the significant increase in natural gas and electricity prices expected to occur as a result of the hurricanes:

> Energy commodity prices have escalated significantly since last winter. The market for energy remains extremely tight and, unfortunately, subject to volatility such as the recent record-high price spikes experienced in the wake of Hurricane Katrina's disabling of a portion of our nation's energy infrastructure. The higher oil and gas prices are affecting the major energy sectors that are dependent on such fuels, including the cost of generating electricity.[14]

Confirmation that natural prices were already increasing before the hurricanes and remain high is found on the following chart from the United States Energy Information Administration's ("EIA") webpage as of October 11, 2005.



[15]

EIA's latest Short-Term Energy Outlook and Winter Fuels Outlook predicts that high natural gas prices will prevail through most of 2006 as well, with national residential

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[13] *Commission Expands Winter Outreach and Education Efforts, Rising Prices and Hurricane Impacts Spur Additional Action*, New York State Public Service Commission Press Release dated September 21, 2005.

[14] Order Providing Funds to Advise Consumers on Taking Measures to Conserve Energy to Avoid Higher Than Usual Energy Costs, issued and effective September 21, 2005 at 1.

[15] Energy Information Administration, http://tonto.eia.doe.gov/oog/special/eia1_katrina.html, October 11, 2005.

natural gas prices predicted to increase to $15.25 per thousand cubic feet in 2006. and even higher prices in New York State. [16]

A final development since the release of the Staff Proposal is the announcement by states participating in the Regional Greenhouse Gas Initiative (RGGI) of their agreement on a groundbreaking effort to address the contribution of the power sector to global warming pollution.[17] Modeling done in conjunction with the RGGI State Working Group process has consistently shown that decreasing demand through energy efficiency is the most cost-effective compliance strategy and offsets the potential price impacts of the program.[18] Well-financed and executed public benefit programs will be key to achieving the RGGI goals at the lowest cost to consumers. New York should do its part to capture this low hanging fruit by adopting more aggressive funding levels and procurement targets for efficiency.

C. The Need to Maintain New York's Leadership Role on Clean Energy

New York has long been a leader on clean energy. However, in CEA's Initial Comments, we pointed out that New York's SBC energy efficiency investments today are both significantly lower on a per capita basis than those in many other states and significantly lower than New York's prior efficiency investments in the early 1990s. [19] After we filed these comments, and after Staff issued its proposal, the California Public Utilities Commission (CPUC) significantly raised the bar for energy efficiency programs around the country. In a unanimous decision issued on September 22, 2005, the CPUC approved plans pursuant to which California utilities will be investing $2 billion in energy efficiency over the next three years, including $1.7 billion in electric efficiency (equivalent to approximately 3% of California electric utility revenues) and $300 million in natural gas efficiency (equivalent to about 1% of California natural gas utility revenues).[20] As a result, the CPUC projects peak electric demand savings of 1,500 MW over the same period, and natural gas savings are anticipated to reach more than 47

[16] Energy Information Administration, *Short-Term Energy Outlook*, *Table 8c,* October 12, 2005, http://www.eia.doe.gov/emeu/steo/pub/contents.html.
[17] *Nine States Plan to Cut Emissions by Power Plants*, N. Y. Times, August 24, 2005, at 1.
[18] See, e.g., RGGI Electric Sector Modeling Results, ICF Consulting, September 21, 2005 available at < http://www.rggi.org/docs/ipm_modeling_results_9_21_05.ppt>.
[19] Initial Comments of Clean Energy Advocates, supra note 2, at 22-23 and Figure 2.
[20] In contrast, ACEEE calculates that New York's SBC efficiency spending represents only 0.81% of utility electric revenues. ACEEE's 3rd National Scorecard on Utility and Public Benefits Energy Efficiency Programs: A National Review and Update of State Level Activity, October 2005, http://aceee.org/pubs/u054.htm. Notably, New York did not rank among the top 10 states in any of the categories tracked – spending per capita; spending as a percentage of utility revenues; or savings as a percentage of utility sales.

million therms in annual savings by 2008.[21] By contrast, under Staff's proposal, New York's SBC fund will remain at the same $150 million level per year level over the next three years, with no significant increase for electric efficiency investment.

We note that under the CPUC decision, more than half of the efficiency investment comes from the utilities' procurement budgets, with the rest collected under the CPUC's public benefits fund. California recognizes that energy efficiency programs must be significantly increased in order to provide reliable electric service, reduce bills and reduce the carbon emissions that cause global warming as well as other pollutants and is following two paths to do so: continuing with California's public benefits fund and also adopting policies that allow, encourage and require utilities to invest in efficiency to meet energy needs. New York too should be following this dual path: the Commission should increase the SBC according to CEA's recommendations and should also adopt policies such as decoupling utility sales from revenues to remove financial disincentives to investment in efficiency and requiring investments in energy efficiency whenever it is cheaper than procuring power.

III. THE COMMISSION SHOULD IMPLEMENT A GAS SBC IMMEDIATELY AT A MINIMUM LEVEL OF $50 MILLION ANNUALLY.

CEA continue to advocate strongly for a natural gas SBC. With natural gas prices currently at almost $14 per thousand cubic feet and expected to remain high into the foreseeable future, natural gas efficiency programs are more important than ever. Residential, multifamily building, business and institutional customers are all going to see much larger natural gas bills and millions of New York dollars are going to flow, unnecessarily, to out of state gas producers. The impact will be life threatening to low-income customers and merely devastating to other customers and the State's economy.

The damage, unfortunately, will not be limited to natural gas customers. Because more and more electricity is generated from natural gas, electricity prices will also be rising as a result of increased natural gas prices. Saving energy, whether gas or electricity, will reduce the need for gas, reduce bill size, reduce the price of gas as demand for marginal and expensive supplies is decreased and, of course, will benefit the environment.

For all these reasons, CEA continue to advocate strongly for a separate natural gas SBC funded at a minimum level of $50 million annually. Given the need to reduce winter heating costs for New York consumers, Staff's proposal for the Commission to wait to adopt a natural gas efficiency program for New York until the completion of the natural gas potential study currently being prepared by NYSERDA's contractors is insufficiently proactive. Given current and anticipated natural gas prices, natural gas efficiency programs are more important than ever both to reduce customer natural gas bills for heating and other purposes and to help to reduce electricity price spikes due to increased

[21] CPUC, "Interim Opinion: Energy Efficiency Portfolio Plans Issues," A.05-06-004 et al., adopted September 22, 2005.

natural gas prices. It is essential that the Commission approve a natural gas SBC and broad program requirements with the order in this proceeding. This will allow NYSERDA adequate time to plan for and roll out a suite of natural gas efficiency programs for the Winter 2006-7 heating season as a means of stemming inordinately high natural gas prices paid by New York consumers. The Commission can direct supplemental funding as soon as possible after the completion of the natural gas potential study if that study identifies additional cost effective natural gas efficiency measures. The Commission should also work with New York's gas utilities and other stakeholders to adopt policies that would encourage and require these utilities to undertake supplementary cost effective natural gas energy efficiency procurement programs for their customers.

IV. SBC III SHOULD CONTINUE TO PROVIDE FUNDING TO ENHANCE NEW YORK'S RENEWABLE RESOURCES INFRASTRUCTURE.

CEA agree with Staff that the SBC continues to be necessary to enhance New York's renewable resources infrastructure. CEA agree that:

> This would include activities such as promoting renewable resources, training of renewable energy professionals, market development, technology development and manufacturing incentives to leverage RPS funding for increased economic development in New York. These are appropriate SBC functions as they have not been supplanted by the RPS program and are not being provided by the competitive electricity market.[22]

As stated repeatedly in CEA's original submission in this proceeding, the Staff Proposal, and these comments, the SBC plays a crucial role in helping New York reduce its reliance on fossil fuels and alleviate their environmental impacts. Renewable resources not only provide environmental benefits but also can provide a hedge against volatile natural gas prices. They are therefore an essential complement to energy efficiency programs.

CEA support continued use of SBC funds to complement the State's Renewable Portfolio Standard (RPS) program. Ancillary activities appropriate for SBC funding to ensure successful development of a renewables market include: public education and outreach, siting and permitting aids, a generation attribute tracking system, development and demonstration of new technologies, support for a vibrant voluntary green market, and professional training.

In addition, it should be noted that fuel cells, which are an eligible technology under the RPS, are not included in the renewable program of the SBC. Assuming that fuel cells will continue to be included in the CHP program of the SBC, it is important that the

[22] *Staff Proposal, supra* note 3 at 18.

priorities and criteria applicable to RPS technologies should be applied to fuel cells within the CHP program, with an emphasis on technology development.

V. <u>SBC III PROGRAM GOALS SHOULD BE REVISED TO EMPHASIZE ENERGY SAVINGS</u>.

Staff proposes revisions to the goals for SBC III to "more accurately reflect today's energy realities, Commission policies and the evolving nature of SBC programs." CEA agree. Governor Pataki succinctly articulated the goals that should be the touchstone for SBC III program design and implementation:

> Our current energy situation requires a multi-faceted effort to control costs, promote better energy efficiency, and accelerate the transition to alternative fuels … We must take aggressive action at all levels of government to enact a long-term plan to break from the cycle of dependency on fossil fuels.[23]

The General Principles set forth in CEA's initial comments focus on controlling costs, increasing energy efficiency and accelerating the transition to alternative fuels. CEA's general principles provide just the type of long-term plan necessary "to break from the cycle of dependency on fossil fuels."

Among the revised program goals proposed by Staff is that of "improv[ing] New York's energy system reliability and security by reducing energy demand." [24] While CEA support this goal in principle, it is important that the pursuit of demand reductions not be elevated above energy savings from a programmatic or SBC budgeting standpoint. Simply stated, energy savings should be given far greater emphasis than demand savings given the resulting cost and environmental benefits. It is essential that SBC III programs focus on helping residential, multifamily building, institutional and business customers use energy more efficiently and depend more on renewable resources so that they use less energy, save money and reduce the emissions from fossil-fired generating plants. New York's SBC III program must, of course, pay special attention to the low-income customers who are most vulnerable to the high-energy costs, including those living in multifamily buildings where higher energy costs create an upward pressure on rents as well as higher energy bills.

CEA also continue to value a high level of transparency and accountability in the operation, implementation and evaluation of the SBC programs. We will work with the Commission, NYSERDA and other stakeholders as SBC III programs are developed to ensure that sufficient public review and accessibility mechanisms are in place to ensure the highest levels of public accountability and access to information.

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[23] *Governor Unveils Plan, supra* note 5.
[24] *Staff Proposal, supra* note 3 at 14.

In sum, CEA urges the Commission to adopt the General Principles set forth in its initial comments as Program Goals for SBC III.

VI. THE COMISSION SHOULD EXTEND THE SBC FOR 8-10 YEARS.

CEA have called for an 8-10 extension of the SBC. The 5 years proposed by Staff is an absolutely necessary minimum to ensure program continuity and we urge the Commission to approve a longer program. As CEA stated in its initial comments:

> Several factors support the renewal of the SBC program for an 8-10-year period beyond the expiration date of June 30, 2006.
>
> First, it is now patently obvious that the Energy $mart SM program works, delivering massive economic, environmental and benefits to all New Yorkers. Any hesitancy to establish a longer-term program that may have existed when the program was untested should by now be effectively removed.
>
> Second, an 8-10-year program horizon will foster greater market certainty and stability. It will provide the program continuity necessary to attract clean energy technology firms and support industries to New York State. The same 8-10-year horizon, achieved instead through a succession of program extensions, does not send the same market signal and introduces regulatory uncertainty that will inhibit the attraction and retention of new industry to the state.
>
> Third, an 8-10 year program extension will allow for more effective program planning and delivery. With any non-permanent program, staff must plan based on the contingency that the program will be modified or terminated. This “wind down” period may well consume the latter 18 months to two years of a 5-year program, effectively truncating its effective life and creating market disruption. A longer program period will extend the time between the required reauthorization processes and permit more sustained and orderly program implementation. For instance, although the current SBC II program runs until June 2006, the lack of certainty over whether and how the SBC will be renewed has already effectively put several programs on hold with more than a year left in the program, since for many of the SBC funded programs, existing funds have already been fully allocated and new funds cannot be dedicated until and unless the program is renewed. The same was true in the closing months of SBC I.
>
> Fourth, an 8-10-year program will coincide with the scheduled implementation of the New York RPS. For the reasons indicated elsewhere in our comments, the SBC should play an integral role in the achievement of RPS targets. This market support role may evolve as New

> York's renewable energy technology industries mature; however, the need for an SBC support role is unlikely to be obviated over this time horizon.[25]

VII. CONCLUSION

We appreciate the Commission's and NYSERDA's support for energy efficiency and renewable energy and we look forward to working together in the future to move the programs forward. For all the reasons stated above, CEA urge the Commission to extend and expand the SBC program according to our recommendations.

Respectfully submitted,

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Katherine Kennedy

On Behalf of Clean Energy Advocates

Dated: October 17, 2005

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[25] *Initial Comments of Clean Energy Advocates, supra* note 2, at 16.