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October 17, 2005

Hon. Jaclyn Brillling,  
Secretary  
Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223

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

Dear Secretary Brillling:

Consumer Power Advocates is a member organization comprised of customers of the Consolidated Edison Company of New York. All of our members purchase large amounts of electricity, and as therefore have an interest in the above captioned proceeding. We have reviewed the Staff Proposal for the Extension of the System Benefits Charge and have the following comments on the allocation of SBC costs, and funding for steam chiller programs.

CPS opposes the allocation of SBC3 costs based upon annual revenues. This has the effect of allocating a disproportionate share of the costs of the program to Con Edison customers. These customers are already supporting a significant demand reduction program through the rate plan approved in the recent electric rate case. The Demand Response Program negotiated in that case is designed to reduce peak demand in Con Edison's service territory by 375 MW, at a cost of \$225 million, over and above the 300 MW reduction estimated for SBC3 programs. It is simply unfair to exclude these costs from the allocation of statewide demand reduction programs. Accordingly, the costs of Con Edison's Demand Response Program should be included in the statewide allocation of costs, or in the alternative, SBC3 costs should be allocated on an energy, rather than revenue basis.

SBC3 programs should also include appropriate incentives to increase the use of steam chillers in Con Edison's service territory. The Steam Business Development Plan developed as a result of the settlement in Case 03-S-1672 concluded that current incentives are not adequate to offset the cost disadvantage of new or replacement steam chillers. The steam system is an important asset, and SBC3 programs present an opportunity to support both the viability of the steam system and the goals of energy efficiency.

Very truly yours,

*/s/ Catherine M. Luthin*

Catherine M. Luthin  
Executive Director

cc: Active Parties