



October 14, 2005

Hon. Jaclyn A. Brillling, Secretary
NYS Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

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

Dear Secretary Brillling:

Science Applications International Corporation (SAIC) is the largest employee-owned research and engineering company in the United States, providing energy consulting, program management, information technology, systems integration and eSolutions to commercial and government customers. SAIC engineers and scientists work to solve complex technical problems in national and homeland security, energy, the environment, space, telecommunications, health care and logistics. With annual revenues of \$7.2 billion, SAIC and its subsidiaries have nearly 43,000 employees at offices in more than 150 cities worldwide. SAIC has over ten staffed offices within New York State employing over 200 New York residents. SAIC provides a wide variety of technical services to NYSERDA for several Energy SmartSM programs.

On August 30, 2005, the Staff of the New York Department of Public Service issued its *Staff Proposal for the Extension of the System Benefits Charge (SBC) and the SBC-funded Public Benefits Programs*. Science Applications International Corporation (SAIC) supports the Staff's deliberative efforts in reviewing the SBC program to determine how the program can more effectively foster competition and provide for a secure energy supply in the State of New York. To begin, SAIC would like to state that overall, the SBC programs administered by NYSERDA have been very effective in creating or retaining jobs, increasing energy efficiency, and reducing our statewide dependence on electricity and fossil fuels.

The New York State System Benefits Charge program has resulted in significant benefits to New York State utility customers, the environment, and our energy security. **Without reservation, we agree with the Staff recommendation that the SBC program be funded for an additional five years beyond its current expiration date of June 30, 2006.** We believe that a period of this length will enable NYSERDA and other market players to more fully address and mitigate the myriad of issues surrounding New York's energy markets.

The electric transmission and distribution (T&D) infrastructure in New York State is no longer keeping up with the demands of a growing and changing economy. Shortcomings in capacity, reliability, security and power quality are costing New York businesses and consumers billions of dollars each year, and the potential consequences to the economy and national security are profound. Peak loads are growing faster than T&D capacity and have been for many years. New energy markets have increased the transaction volume and the corresponding transmission congestion. Outages are increasing and the pressure on regional transmission coordination is pushing the entire system much to close to the edge...with the increased threat of blackouts. **We agree with the Staff recommendation the SBC funds should be used for T&D research and development with the overall goal to promote energy efficiency and improve system reliability.**

While the current path NYSERDA is pursuing to procure Renewable Portfolio Standard (RPS) requirements should prove effective for the near term, SAIC believes that certain SBC programs could be created to augment NYSERDA's centralized procurement role. For example, consideration should be given to include Renewable Energy Outreach into NYSERDA's existing outreach efforts. This would provide for educating and promoting renewable energy technologies in the voluntary market and should be directly linked to current NYSERDA Energy \$martSM Programs. In addition, we contend that SBC resources should also be focused on making the voluntary market more aware of the options available in choosing to participate in the renewable energy market. **We agree with the Staff assessment that promoting renewable resources, training of energy professionals, and market development are appropriate use of SBC funds.**

In our comments provided on this matter in March 2005, SAIC recommended that the scope of the SBC program be expanded to include programs for natural gas customers. Natural gas is an integral energy source and commonly adopted in most facilities across New York. As energy efficiency for electrical measures often influence natural gas use, the interaction of these energy sources should be fully considered to achieve the "most effective" energy solution. **We support the Staff recommendation that the expansion of SBC to include natural gas customers be further evaluated in 2006 after NYSERDA completes the Gas Statewide Study.** SAIC recommends that the SBC programs be expanded to include natural gas as soon as practical.

SAIC appreciates the opportunity to provide these comments to the Public Service Commission regarding System Benefits Charge III. If you have any questions, please contact me at (518) 452-8800 x216.

Sincerely,
Science Applications International Corporation

Ronald B. Slosberg
Assistant Vice President
Manager, Energy Solutions