STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on January 24, 2001

COMMISSIONERS PRESENT:

Maureen O. Helmer, Chairman
Thomas J. Dunleavy
James D. Bennett
Leonard A. Weiss
Neal N. Galvin

CASE 94-E-0952 – In the Matter of Competitive Opportunities Regarding Electric Service.

ORDER CONTINUING AND EXPANDING THE SYSTEM BENEFITS CHARGE FOR PUBLIC BENEFIT PROGRAMS

(Issued and Effective January 26, 2001)

BY THE COMMISSION:

INTRODUCTION

In Opinion No. 96-12 in Case 94-E-0952,[1] we called for the establishment of a system benefits charge (SBC) to address the need to fund certain public benefit programs unlikely to be assumed by the energy marketplace during the transition to full electric retail competition. In Opinion No. 98-3,[2] we provided additional direction on the use of SBC funding and named the New York State Energy Research and Development Authority (NYSERDA) as third-party administrator, under direct oversight by the Department of Public Service (DPS), of statewide SBC-funded programs in the

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[1] Case Nos. 94-E-0952, et al., In the Matter of Competitive Opportunities for Electric Service, Opinion No. 96-12, issued May 20, 1996.

[2] Case Nos. 94-E-0952, et al., In the Matter of System Benefits Charge Issues, Opinion No. 98-3, issued January 30, 1998.

areas of energy efficiency, research and development (including environmental and renewable resources), and energy affordability programs for low-income utility customers. While Opinion No. 98-3 allocated most SBC funds over the initial SBC program period (July 1, 1998-June 30, 2001) to a unified statewide effort, it also allocated funds to the State's six major investor-owned electric utilities to satisfy related prior obligations to customers within their individual service territories. Opinion No. 98-3 also allowed SBC revenue collection rates to be determined in individual utility rates and restructuring orders. Therefore, collection rates were allowed to vary by utility from 0.613 mill/kWh to 1.01 mill/kWh, averaging 0.86 mill/kWh statewide.

NYSERDA filed a draft three-year SBC Operating Plan in May 1998, which became effective in July 1998.[3] On September 1, 2000, NYSERDA submitted an overall SBC evaluation and status report (SBC Evaluation Report) it had prepared with input from an outside SBC Advisory Group of electric utility experts, energy consultants, and public interest intervenor groups, acting as an independent program evaluator. The Advisory Group expressed the view that NYSERDA has done a very good job with respect to defining a comprehensive set of programs, competitively bidding the programs, and getting a large number of the programs operational relatively quickly, that NYSERDA has done well in making optimal use of limited evaluation funds, and that NYSERDA's evaluation approach provides a reasonable basis on which to judge the overall effort to date.

In late-September 2000, Staff issued for public comment a proposal for the extension of SBC-funded public benefit programs ("Staff Proposal").[4] The Staff Proposal recommended extending SBC programs for an additional five years, increasing SBC collections by $60 million annually, adjusting individual utility SBC rates to establish a uniform statewide rate, beginning collection for the extended SBC programs on January 1, 2001, and adding electric load reduction programs and outreach and education programs to the array of public benefit programs funded by the SBC. A copy of the Staff Proposal was made available on our website (www.dps.state.ny.us). In

[3] Case Nos. 94-E-0952 et al., In the Matter of Competitive Opportunities Order Approving System Benefits Charge Plan with Modifications and Denying Petitions for Rehearing, issued July 2, 1998.

[4] Case Nos. 94-E-0952 et al., In the Matter of Competitive Opportunities Staff Proposal for the Extension, with Modifications, of System Benefits Charge – Funded Public Benefit Programs, issued September 29, 2000.

addition, public notice was given in conformance with the State Administrative Procedure Act (SAPA) by publishing a relevant "Notice of Agency Action – Proposed" (NOAA-P) in the New York State Register of September 27, 2000. While both the Staff Proposal and the NOAA-P announced that the SAPA no-action period would run through November 13, 2000, we later extended the public comment period for one week, to run through November 20, 2000.

COMMENTS OF INTERESTED PARTIES

We received substantive comments from about 140 interested parties (listed in the Appendix). We also received a number of additional comments from private individuals and small firms advocating or opposing SBC extension without supporting their positions with substantive reasons.

Generally, input fell into four topic areas addressed in NYSERDA's SBC evaluation report,[5] in the SBC Advisory Group's subsequent report to us,[6] and in the Staff Proposal:

- Whether a need exists for SBC program continuation, and the optimal duration of any potential SBC extension;
- SBC administrative issues, including fuel neutrality, geographical distribution of funds, and operating flexibility in re-assigning program dollars;
- Potential SBC revenue requirements by program component, including potential new load reduction efforts; and
- Potential SBC collection rates, based upon potential revenue requirements and updated electric sales projections.

NEED FOR SBC PROGRAM EXTENSION AND DURATION

The Staff Proposal recommended a five-year program extension with collections beginning January 1, 2001, and running through December 31, 2005.

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[5] Case Nos. 94-E-0952, et al., In the Matter of Competitive Opportunities SBC Advisory Group Comments to NYSPSC, transmitted to the PSC and to the DOS on September 1, 2000, by the signatory parties. NYSEG and NMPC filed separate comments.

[6] Case Nos. 94-E-0952 et al., In the Matter of Competitive Opportunities New York Energy Smart Program Evaluation and Status Report-Report to the SBC Advisory Group, September 2000.

Comments on the proposal range from recommendations that the programs end at the completion of the original three-year period on June 30, 2001, to recommendations that the programs continue for ten years or more.

Multiple Intervenors (MI) opposes any extension because it believes that the Staff Proposal fails to demonstrate a need for the programs, fails to recognize that the increase in demand in the southeastern part of the State is the result of economic growth rather than from the waste of energy, fails to recognize that the SBC will increase the price of electricity for all consumers while disproportionately impacting large commercial and industrial customers upstate, fails to demonstrate that SBC programs have produced quantifiable results, and fails to demonstrate that it will reduce energy consumption downstate. Southern Energy of New York (SENY) states that, consistent with the current schedule for revising electric tariffs to facilitate market-based solicitation for developing demand-side responses and consistent with the more advanced state of electric competition relative to three years ago, the SBC should expire next summer. However, both MI and SENY agree that if the Commission decides to continue the program, it should be extended no more than three years.

The Onondaga County Executive opposes any extension as unjustified at a time when everyone is trying to reduce their high energy costs. Advance Upstate New York (AUNY), Manufacturers' Association of Central New York (MACNY), and various chambers of commerce and individual businesses and manufacturers from central and western New York generally oppose an extension because of the increase to their electric bills that would be caused by this change without an evidentiary rate hearing, their dislike of what they call a “hidden tax,” and their belief that these societal programs should be paid for by taxpayers through the state’s General Fund. Rochester Gas & Electric Corporation (RG&E) recommends that we reject the Staff Proposal because it will significantly expand the original SBC program in a way that RG&E believes to be contrary to the standards and objectives previously approved by the Commission, including the provisions of RG&E’s rate plan, will increase energy prices, will discourage economic development, and will institutionalize what was intended to be a temporary change. Moreover, RG&E asserts that the Staff Proposal lacks the clarity and detail upon which the expenditure of hundreds of million of dollars would need to be justified. If the Commission approves the proposal with modifications, RG&E

recommends, among other things, limiting the extension to two years because of the transitional nature of these programs and the unpredictability of the competitive markets and of their development.

Several parties oppose the five-year extension, but recommend a shorter period. The Business Council, while suggesting that the charge remain unchanged for industrial and commercial customers, and New York City, while proposing other modifications, support a maximum two-year extension so that any uncertainty about the program's effectiveness can be appropriately addressed and so that parties can determine if they are receiving adequate benefits. Niagara Mohawk Power Corp. (NMPC) supports a three-year extension, with annual revisits thereafter to address any adverse rate impacts and program effectiveness issues. New York State Electric & Gas Corporation (NYSEG) also opposes the Staff Proposal because it believes it would increase costs to customers, it would violate the terms of NYSEG's rate plan, a significant amount of the currently-budgeted funds has not been spent, and a fixed five-year extension is too long, given the volatility of the competitive energy markets. NYSEG states that any extension should be for only one year to allow for an objective assessment that includes plans to reduce or phase out the SBC. Con Edison/O&R stated that the Commission should not approve a long life for the SBC program, and to the extent that it approves the proposed extension, it should specify the criteria to be used to determine the end of the period of subsidization.

The numerous and diverse parties that supported the proposed extension largely supported a five-year duration. These include the Attorney General, Consumer Protection Board (CPB), the Erie County Executive, various energy service companies, consultants and their associations, representatives of low-income customers, housing groups and building code organizations, environmental protection groups, research organizations and universities, Price Responsive Load Coalition (PRLC), Aspen Systems Corporation (ASC), and numerous customers who have benefited or participated directly in the SBC programs. In addition, however, Clean Energy Advocates (CEA), representing nineteen organizations including Natural Resources Defense Council, Pace Energy Project, Public Utility Law Project, Association for Energy Affordability, American Wind Energy Association, Environmental Defense Fund, Environmental Advocates, and Sierra Club, proposes that the SBC be extended for at least ten years, as

California has done recently. Their position is also supported by American Council for an Energy Efficient Economy (ACEEE), Northeast Energy Efficiency Partnerships, Inc. (NEEP), Consortium for Energy Efficiency (CEE), and other individuals. These parties do not expect to see a workable and competitive retail electricity market within the next five years, and they feel that market participants will respond more favorably to longer term commitments. Finally, an extension of ten years (and a $100 million annual increase) was proposed in dozens of letters from Long Island residents.

Discussion

Based upon its view of the status and pace of the development of competitive electricity markets, the sound performance of NYSERDA and of the SBC programs, the remaining barriers to market provision of public benefit programs, and the need to add electric load reduction and outreach and education components, Staff recommended a continuation of the SBC program for five years. We agree with that view.

While advances have been made in some areas, other processes that are important for implementation of retail competition have yet to be finalized. In addition, market participants, working with the New York Independent System Operator (ISO), are still developing price-sensitive load programs that will make it easier for energy service companies (ESCOs) selling commodity services to cross over into also providing energy management services. Current profit margins for the ESCOs may be so slender that they cannot provide energy management services, except to their largest customers. Also, competitive markets have not yet shown the ability to make energy services more affordable for low-income customers, or to deliver appropriate R&D programs. Many barriers to the provision of these services by the marketplace remain, and are discussed and described more fully in the New York SBC Evaluation Report. In the area of energy efficiency, these barriers include high initial costs of implementation, lack of information and capital, and low stocking, promotion and advertising of energy efficiency products. In the area of R&D, barriers include performance uncertainties, immature supply and service infrastructure, and lack of market incentives to spur private investment. In the area of low-income energy affordability, the barriers are similar to the ones for energy efficiency, but also include lack of financial resources, lack of incentives for building owners and for master-metered buildings, and unattractive load profiles for alternative service providers. The SBC will continue to be designed to address these market barriers, as well as to support the new peak load reduction and price sensitive load initiatives now being developed under the direction of the Commission's Price and Reliability Task Force, and additional outreach and education efforts. In addition, given the long lead-time for review, approval, and construction of new large generation units essential to ensure adequate capacity and to overcome market power in energy markets, the five-year program length is not unreasonable.

The five-year extension also balances the need for funding certainty over a sufficiently long period of time against the need to maintain flexibility to monitor the transition to competitive markets. Proposals to extend the program for at least ten years, as recommended by some, could inhibit the market's provision of at least some of these services. We will require detailed program evaluations to be completed by December 2002 and by December 2004. The latter of these evaluations will be used by the Commission to help determine if the SBC should be further continued. These evaluations will address continued cost-effectiveness and causality. So that the Commission will have sufficient information to monitor the progress of SBC programs and periodically assess their direction, we will also require interim status reports for each year that a detailed program evaluation is not prepared. In addition, regarding peak load reduction programs, we will require quarterly reports detailing the status of such programs and estimates of their impact on the demand for electricity by geographic regions of the state.

We further endorse the proposal that the necessary increase in the collection of funds by the utilities to enhance the SBC programs begin as soon as possible. This will still enable the program to have the greatest impact on peak demand reduction by the summers of 2001 and 2002.

SBC ADMINISTRATIVE ISSUES

Fuel Neutrality

The Staff Proposal sought comments on the SBC Advisory Group's question of whether to use electric ratepayer funds to finance savings of other fuels. The Advisory Group identified five options:

- maintain a program that addresses customer needs only from an electricity use perspective;
- loosen modestly the restrictions to provide a more comprehensive and attractive package to customers and to promote fuel switching where this can lower peak demand;
- change the rules to do what is in the best interests of the customer regardless of the fuel;
- implement a surcharge on natural gas sales to complement the current electric program; or
- fund the SBC through general tax revenues.

New York Energy Efficiency Council (NYEEC) supports the third option, allowing incentives from NYSERDA (paid by electric ratepayers) for the efficient use of non-electric energy. NYEEC points out that a restriction to electric-only measures limits the full potential of the dollars spent on energy efficiency and increases the costs of achieving the benefits of reduced fuel consumption. CEA supports this option for similar reasons and for the additional reason that appropriately-targeted fuel switching can alleviate problems associated with peak electric demand. CEA also recommends that the Commission extend the SBC to natural gas sales.

Keyspan, a number of commercial and industrial customers, their trade associations, and several chambers of commerce supported the fifth option, funding the program through general tax revenues. However, that option and the fourth option are being addressed in the Competitive Markets case, which is exploring funding options for public benefit programs after we have reached fully-competitive electric markets, and so will not be addressed here.

Discussion

With high gas and oil prices accompanying high electric supply prices**,** we believe that it is reasonable to loosen modestly the rules to allow some funding of additional non-electric measures where cost-effective, considering all fuels. However, it is also important to note the source of SBC funds is electric ratepayers. Therefore, we shall give NYSERDA authority to include non-electric measures in order to provide more comprehensive and attractive financing packages to customers and to promote fuel switching where doing so can reduce electricity use and lower peak demand.

Statewide Planning and Geographical Distribution of Funds

The SBC Advisory Group recommended adoption of a mechanism to foster statewide planning and coordination of public benefit programs. The Advisory Group also recognized that, from an equity perspective, the targeting of dollars and the geographic distribution of public benefits should be based upon a combination of need and the geographic source of the funds collected. The Staff Proposal asked for comment on these issues.

NYEEC believes that statewide planning of programs should include the New York Power Authority (NYPA) and the Long Island Power Authority (LIPA) so that SBC programs can become more comprehensive, consistent, cost-effective, and less confusing to customers. Several parties, including NYSEG and RG&E, seized upon the equity principle to question the wisdom of using SBC funds collected from upstate electric customers to provide peak load reduction programs downstate. NMPC and Con Edison/O&R argued that the program may provide greater returns, be better implemented, and provide more equitable geographic distribution of funds by allowing the utilities to conduct SBC programs in their territories. New York City supports the extension and expansion of the program only if the Commission orders that at least $40 million be spent on SBC efforts in New York City each year.

Discussion

We recognize the advantages of statewide planning for these programs, and we know that NYSERDA does also. NYSERDA maintains regular contact with NYPA and LIPA, and this regular coordination with NYPA and LIPA, as well as with the other utilities, will be especially important now that we are adding programs that will secure specific peak demand reductions over the next three or four years. NYPA has also expressed interest in further cooperation with NYSERDA and with other public entities on these programs. We expect some of the coordination to occur through the efforts of the Price and Reliability Task Force.

We also expect that most of the effort to secure peak demand reductions will focus initially on the downstate area. This means that we can probably expect more funding to go to the downstate area, at least over the next year or two. In the final three years, the SBC program focus could be targeted by NYSERDA to even out the geographical distribution of funds. As we determined before, however, such balancing need not be exact. It would be both impractical and unnecessary to assign or apportion the benefits of statewide programs directly to individual territories, but the source of the funds will be considered in the plan for their distribution. In any case, there is a need for peak demand reductions throughout the State, and those peak demand reductions should benefit the service territory in which they occur, as well as the State as a whole.

Program Flexibility

The Staff Proposal asked for comments on the SBC Advisory Group's recommendation to allow NYSERDA greater flexibility to move SBC funds among programs to address evolving program and market needs. NYEEC supported greater flexibility for NYSERDA to allow it to be more responsive to market changes and to keep administrative costs down, but offered no criteria for doing so. CEA supports our present approach, which requires NYSERDA to seek our prior approval to move dollars among the major program categories---energy efficiency, R&D, and low-income energy affordability---but now suggests that up to of 5% of the funds from one category be permitted to be moved to another category without prior Commission approval.

Discussion

We are inclined to leave the issue of financial flexibility as it is. We have provided NYSERDA the latitude to reallocate funds within each major program category without our prior approval. If NYSERDA wants to reallocate funding among the major program categories, our present process provides interested parties with notice of proposed changes to the SBC Plan and with the opportunity to comment upon the proposed changes. We do not believe that this has resulted in any unnecessary costs or delays in program implementation. We have also provided some program flexibility by setting aside $10 million in the year 2001 for additional load reduction efforts.

Other Recommendations by the Advisory Group

We take notice of the other recommendations by the Advisory Group and will expect NYSERDA to address them in its new SBC Operating Plan, if it has not already done so. They include:

1. committing to shorten the total elapsed time for proposal solicitation, review and contracting to no more than six months;
2. making program objectives more specific so that achievement of objectives can be more readily measured; and
3. targeting funds for the Standard Performance Contracting Program to measures and to customers for which funding is most needed.

SBC REVENUE REQUIREMENTS

Overall Revenue Requirements

Essentially all parties took general positions on whether the SBC should continue, with or without the proposed funding increase. However, fewer commenters went further to detail actual dollar revenue requirements that they felt should apply yearly. Eight parties support the SBC in general, but either oppose the funding increase to $138.1 million annually, or explicitly advocate retaining the prior funding level, $78.1 million annually. These parties include Aegis, the Business Council, Farmers and Traders Life Insurance Company (F&T), McAlpin Industries, NMPC, and several individuals. MI, NYSEG, RG&E, and SENY advocate that if we do not abolish the SBC entirely, that the prior funding level continue. NYC supports the program funding expansion to $138.1 million annually, but only on condition that at least $40 million in SBC funds collected annually in New York City revert to NYC, for NYC's own public benefit use. Twenty-one parties endorsed the proposed SBC expansion to at least $138.1 million, citing that amount specifically. These were: Action for a Better Community, Inc. (ABC), ACEEE, Adirondack Park Agency (APA), American Wind Energy Association (AWEA), Battery Park, CPB, Community Environmental Center (CEC), CEE, E-Cubed, Energywiz, Kapadia, Kiss & Cathcart Architects, Low Income Housing Fund (LIHF), New York State Community Action Association (NYSCAA), NYSERDA, PRLC, Retx, Superintendent's Club of New York (SCNY), Taitem, Trane, U.S. Postal Service, and Westchester County Community Opportunity Program (WCCOP). Finally, three parties either advocated dollar amounts exceeding $138.1 annually, or recommended collection rates tantamount to such higher amounts. CEA recommended a 2 mill/kWh collection rate, in part by comparison to other states, which is tantamount to an annual program budget of about $195 million. NEEP advocated that an indefinite amount in excess of $138.1 million be spent on further load reduction efforts. Sierra Club advocated a 4 mill/kWh collection rate, in part to provide 1993-level expenditures, that would bring New York State's SBC into near spending parity with neighboring states Massachusetts, Connecticut, and New Jersey, tantamount to an annual SBC budget of over $360 million per year. There were also dozens of letters calling for an increase of $100 million annually.

RG&E believes that most electric customers will view the proposed SBC dollar expansion as just another “rate hike,” contravening our stated goal of electric rate reductions. NYSEG asserts that collections of about 1.4 mills/kWh will wash away nearly all the benefits of a full year of rate reductions for its industrial customers, and will erode rate reductions for its other customers. NYSEG asserts that the proposed SBC expansion will increase customer bills for funding increases that are unnecessary in any case because NYSERDA has spent only $71.8 million, and has spent or obligated a total of only $122 million, from currently-available SBC funds. NYSEG concludes that a 1 mill/kWh collection rate, for a single year only, would be more suitable than the increases advocated in the Staff Proposal. CPB argues that lower electric bills will ultimately result, brought about by achieved load reductions. ACEEE endorses the view that equal collection rates should apply in the future across New York State.

Discussion

We shall endorse an increase in SBC funding to $150 million annually as necessary to provide program flexibility and to accomplish the important electric demand reduction component while maintaining the momentum of ongoing market transformation programs, and as necessary to provide the appropriate level of renewable resource development and low-income energy affordability programs. This Commission has often demonstrated its commitment to keeping rates as low as possible, but, in this instance, those who oppose the increase have not taken proper account of the significant price benefits these programs will provide not only to customers taking advantage of the programs, but to all customers in the energy marketplace. Given the tight capacity situation in New York State and the potential for price spikes and volatility, the efficiency and load reduction gains to be made due to the programs will have an enormous multiplier effect in cost savings due to price spike minimization. While it may not be possible to quantify in advance with precision the dollar-to-dollar effect, it is clear to the Commission that there will be a significant effect that justifies the increase in program costs. New funding is essential. NYSERDA has committed virtually all the funds from the first three years of the program. The overall increase in the SBC funding level to $150 million strikes a balance between higher proposed levels, which could stymie market-based solutions, and lower levels, which could be inadequate to address peak load problems of the next few years. Ratepayers are making a significant investment, but we expect the benefits to be substantial.

Utility-Run Programs

The Staff Proposal included continued funding for certain ongoing utility-run programs. RG&E notes that the Staff Proposal does not indicate how SBC dollars for individual utility-run programs will be distributed among participating utilities. Con Edison/O&R asserts that the equitable distribution of SBC funds could be effectively addressed by allowing individual utilities to conduct SBC-funded programs in their service territories. NMPC proposes that we continue to fund the energy efficiency and weatherization services provided by its Low-Income Customer Assistance Program (the payment assistance component of the program is funded outside of SBC program) and asserts that a greater share of SBC funding should go to such utility-administered programs. NYSEG also proposes that we continue to fund a portion of its “Power Partner” low-income program, and that we grant it greater flexibility in the use of the funds.

Discussion

We shall continue to fund RG&E’s remaining demand-side bidding contracts, as well as former demand-side management obligations of the other utilities. Staff has been impressed with the results of Niagara Mohawk’s LICAP Program and we will adopt Staff's recommendation that the program receive continued funding through the SBC. NYSEG submitted its first evaluation report of its Power Partner program in December 2000. Staff has not yet completed its review of the report and of NYSEG's program performance. SBC funds have supported the energy efficiency services portion of the NYSEG program during its first three years of operation. Staff's assessment of the operation and accomplishments of the Power Partner program will determine whether the SBC will continue to fund components of NYSEG's program, or if some portions of the current Power Partner will be delivered in NYSEG's territory by NYSERDA during the SBC program extension. Staff will make its finding in time for inclusion in NYSERDA's February SBC plan.

We will approve SBC funding for utility-run programs as follows:

Utility	2001	2002	2003	2004	2005	Half 2006
CH	$0	$0	$0	$0	$0	$0
Con Ed (EE)	$1,421,000	$0	$0	$0	$0	$0
NYSEG(EE)	$673,384	$605,655	$614,837	$634,504	$644,856	$322,428
NMPC (EE)	$230,700	$240,400	$250,800	$261,800	$273,300	$136,650
NMPC (LI)	$2,530,000	$2,607,000	$0	$0	$0	$0
O&R (EE)	$28,660	$35,662	$151,527	$163,156	$166,923	$83,462
RG&E (EE)	$4,350,000	$4,300,000	$4,300,000	$4,300,000	$4,300,000	$2,150,000
RG&E (LI)	50,000	0	0	0	0	0
RG&E (RD)	200,000	200,000	200,000	200,000	200,000	100,000
TOTALS:	$9,483,744	$7,988,717	$5,517,164	$5,559,460	$5,585,079	$2,792,540

Note: "EE" = Energy Efficiency, "LI" = Low-Income Energy Affordability, "RD" = R&D.

The above amounts for all utilities except RG&E resulted from surveying the utilities. The amounts for RG&E are from its rate plan adjusted to a calendar year basis. The utilities will be directed to transfer to NYSERDA any approved SBC funds not expended on these programs, unless their individual rate plans provide for some other disposition of such unexpended funds. Upon the expiration of any such plans, any approved SBC funds not expended on those programs will be transferred to NYSERDA.

NYSERDA-Administered Statewide Programs

The Staff Proposal recommended adding a load reduction component to the energy efficiency program category and funding this overall area at $84.6 million annually or 61.2% of total funding. Staff also proposed to include funding for an energy competition outreach and education effort, as well as an enhanced outreach program to reduce peak demand under the Price and Reliability Task Force. R&D, including renewable resource research and demonstration and environmental monitoring, would be funded at $26.5 million or 19.2% of overall funding. Low-income energy affordability would be funded at $27 million annually or 19.6% of overall funding.

CEA recommends that approximately 46.5% of SBC funds be spent for energy efficiency efforts, that 5% go for R&D expenditures with an environmental monitoring component, that 20% go for low-income energy efficiency programs, and that the remaining 28.5% go for a separate renewable resource effort. CEA further asserts that greater flexibility is needed to address energy efficiency programs that become oversubscribed in practice, suggesting that perhaps 5% of SBC funds should be held in reserve to satisfy over-subscriptions. It also encourages SBC funding to foster the adoption of the International Energy Conservation Code. NEEP and ACEEE urge funding for energy efficiency/market transformation programs that also have a load reduction effect. E-Cubed urges that SBC funds foster development of a new infrastructure for energy management, including load management internet coordination and load management-dedicated paging systems. ACEEE urges that the SBC include EnergyStar and high-efficiency air conditioner purchase programs -- those promoting units with Seasonal Energy Efficiency Ratings of at least 13 -- as well as an air conditioner maintenance/repair program. In opposition, RG&E notes that its collection rate for energy efficiency would represent a return to the energy efficiency funding levels of the early 1990's, complaining that the Staff Proposal replaces negotiated public benefit collection levels with those of its own design.

Regarding R&D, Con Edison/O&R argues that performing transmission and distribution (T&D) research under the SBC is contrary to the PSC's view on proper SBC funding areas, as advocated in Opinion Nos. 96-12 and 98-3. Con Edison/O&R continues that there are a number of utility-funded T&D research efforts in place, to which any available SBC R&D monies should go in preference to spending them on new SBC T&D initiatives. The Adirondack Council (AC) asserts that electric generation owners should contribute to funding for environmental research and monitoring projects listed under the R&D heading. AC also asserts that NYSERDA's Environmental

Monitoring, Evaluation, and Protection Program should be funded at $10 million annually, rather than at the $3 million level advocated by staff, in part to cover research in mercury pollution and Adirondack cloud water content. AWEA recommends a $30 million annual funding level for renewables.

Regarding low-income energy affordability efforts, Keyspan disagrees that the average of $4.7 million to be spent annually by individual utilities on low-income energy affordability programs and remaining demand-side bidding programs would be sufficient, because the funds to be spent annually on low-income efforts by NYSERDA, efforts which focus on energy efficiency improvements, are devoid of direct assistance payments to low-income customers, particularly those in arrearage circumstances. Keyspan also believes that the PSC should use a coordinating council in partnership with the participating utilities to continue local utilities' low-income programs, although with a new statewide prospective. CEC advocates further SBC support for low-income programs, to help low-income customers cope with what it calls the "negative effects" of electric utility restructuring. Among other low-income affordability efforts, Flat Rock Productions specifically supports SBC funding for the continuation of the Low-Income Forum on Energy (LIFE) as a means to develop actions that help low-income consumers to participate more effectively in the changing energy markets.

Support was received for the proposed load reduction initiative from NEEP and ACEEE (including support for a lighting efficiency program for small business and for a high-efficiency chiller and packaged terminal air conditioner effort for existing buildings). PRLC suggests that funding be set aside for price-responsive load programs and favors standard offer programs to mobilize New York State's base of existing distributed generation and emergency generation, in order to meet New York State's demand growth crisis.[7] The PRLC, noting that the New York ISO's Market Information System is not currently capable of "recognizing" bids below 1 MW, indicates that programs funded under the SBC extension should address the need to aggregate such smaller customers. Metrogen concurs with PRLC's suggestions, and

[7] These are:
- a public awareness campaign;
- an emergency and other distributed generation mobilization effort for existing equipment;
- a similar mobilization effort for new electric generation/distributed generation units; and
- a remote load shedding/shifting effort, via internet or other technologies, for commercial & industrial customers.

advocates dispatchable customer load generation as a further option. Metrogen adds that "customer-owned standby generation is by far the most accessible and dependable resource that can be brought to bear in the time required." E-Cubed recommends that fuel-neutral, fuel switching programs be begun to ease demand on the electric system. CPB suggested that NYSERDA should have a bigger role in demonstrating and testing technologies to enable customers, aggregators, and load-serving entities to reduce load in response to real-time price signals, also advocating that time-of-use pricing programs be used to address the electric supply/demand gap. CEA asserts that utilities receiving any potential SBC funding for load reduction efforts be required to match it with their own funds. CEA continues that SBC-funded peak reduction programs should not include those encouraging the use of "dirty" diesel back-up emergency generators during high demand periods due to adverse environmental effects. CEA also opposes paying customers to reduce their consumption during high-demand periods. Con Edison/O&R opposed Staff's initiative to redirect SBC's focus to short-term generation capacity relief, asserting that using SBC funds to create a "safety net" in generation capacity could be expected to discourage development of a competitive capacity market, contrary to the Commission's goals. RG&E believes that adding a load reduction/capacity increase component to the SBC effort is unnecessary, as private capital and expertise now exists to achieve these ends outside of the program, adding that NYPA and private investors are more appropriately equipped and funded to meet these challenges, and that revenue sources for these efforts should originate from the very regions in New York State most benefiting from them; MI holds the same view. Finally, RG&E asserts that using SBC funds in these ways would violate the terms of its fixed-rate agreements with certain of its customers. MI encourages the development of on-peak/off-peak rate programs to meet demand problems, asks the Commission to encourage the ISO to implement a curtailable load bidding protocol, and suggests that the Commission work with the New York Siting Board to expedite the Commission's Article X siting process for new electric generation.

Concerning the proposal that SBC evaluation budgets be increased to 2% of SBC monies, support was received from CPB, ACEEE, CEE (which felt that an even higher evaluation budget would be justified) and CEA (which combined its support for a 2% evaluation budget with its advocacy for program evaluations to be conducted every two years). Con Edison/O&R asserted that the Staff Proposal did not offer an adequate evaluation of the SBC's success to date.

Discussion

KeySpan apparently misinterpreted staff's proposal for NYSERDA-administered low- income assistance programs. These programs are not intended to replace the payment assistance elements of the utilities' low-income affordability programs. We believe that those aspects continue to be most effectively delivered by the utilities themselves. The attachment to Staff's Proposal describes the elements of the proposed statewide program for low-income consumers to be administered by NYSERDA under Staff's direct oversight. Its focus is on improving energy affordability by energy efficiency improvements and weatherization services, continuation of the LIFE program, public awareness, and aggregation. We support these programs. The division of program responsibilities between the utilities and NYSERDA described here and elsewhere in this Order appears appropriate and will be approved. It will be essential that NYSERDA and each utility in whose territory NYSERDA delivers programs coordinate their efforts so that the payment assistance and weatherization and energy efficiency efforts complement each other effectively.

Regarding the apportionment of revenues among program categories, we shall make modifications to the Staff Proposal to be responsive to many of the comments that were received. After the set-aside of funding for the utility-run programs described above, and the final installment of Environmental Disclosure program costs, the remaining revenues will be allocated among three NYSERDA-administered program categories. Many parties suggested specific program proposals for addressing the State's short-term load and capacity situation. We believe that these proposals deserve further consideration, and possible support. Accordingly, we will include a further set-aside of $10 million from the year 2001 program budget for the development of additional peak-load reduction initiatives. In addition, a supplement of approximately $11.9 million annually will be made to bring total annual SBC collections up to a $150 million level.

Each of the three program categories will be reduced proportionately to arrive at this set-aside amount. After consulting with Staff, NYSERDA should include specific plans for spending this set-aside in their overall program plan to be filed in February. The first category shall include peak load reduction programs, energy efficiency programs, and outreach and education programs. It shall receive a total program allocation of approximately $428 million. In addition to reducing peak loads on the system and long-term energy use, these programs will help customers identify opportunities to reduce costs. The second category shall consist of R&D programs and shall receive a total program allocation of approximately $143 million. The R&D programs will not be directed at T&D research, but we anticipate that some SBC program benefits will accrue to the T&D systems. We expect that the utilities will continue to invest in cost-effective R&D for their systems as appropriate, outside of the SBC. We will also require a greater portion of the R&D budget to be devoted to renewable resource projects than was proposed by Staff: $14 million annually, rather than $10 million. This increased funding should ensure the continued success of this effort over the next five years with the construction of additional large wind farms, the development and stimulation of green energy markets, and the successful demonstration of small, distributed, on-site wind generators around the State. At least $2 million of the increase will go to large wind projects for development of the wholesale market, and there should be a significant increase in spending on smaller, distributed wind projects as well. The final category shall be low-income programs and shall receive a total program allocation of approximately $141 million. These allocations retain the relative proportions proposed by Staff between the categories after taking account of utility-run programs, environmental disclosure costs, and the $10 million set-aside for enhanced peak load reduction programs. NYSERDA's administrative costs are included in the allocations. The one-year funding reduction for R&D and low-income energy affordability programs should have a relatively minor impact given the large overall funding increases for those program categories. Finally, after consulting with Staff, NYSERDA should make a proposal to the Commission as a supplement to the overall program plan to be filed in February as to how best to utilize the approximately $65 million in additional funds that we are making available by virtue of raising the SBC funding level to $150 million annually.

We approve SBC funding for NYSERDA-administered programs as follows:

Program	2001	2002	2003	2004	2005	Half 2006	Total
Enhanced Peak Load Reduction	$10,000,000	$0	$0	$0	$0	$0	$10,000,000
Peak Load, Energy Eff., & O&E	$71,714,569	$79,362,592	$79,227,145	$79,184,849	$79,159,230	$39,579,615	$428,228,000
R&D	$24,363,656	$26,282,555	$26,282,555	$26,282,555	$26,282,555	$13,141,278	$142,635,156
Low Income	$22,447,121	$24,375,226	$26,982,226	$26,982,226	$26,982,226	$13,491,113	$141,260,140
Environ. Disclosure	$500,000	$0	$0	$0	$0	$0	$500,000
Supplemental Set Aside	$11,490,909	$11,990,909	$11,990,909	$11,990,909	$11,990,909	$5,995,455	$65,450,000

The proposed continuation and expanded funding of the SBC for five years are designed to have a significant impact on peak demand over the next two summers. Six programs are expected to focus entirely on achieving these peak demand reductions: the Standard Performance Contract Program, the Technical Assistance Program, a Public Awareness Program, a Dispatchable Customer Generator Program, a Price-Sensitive ISO Bidding Program, and a Load Management Program. Along with the newly added $10 million set aside program, these intensive peak load reduction programs and the other energy saving programs of the extended five-year program are expected to substantially reduce demand by the summers of 2001 and 2002.

We shall leave it to NYSERDA, as SBC Program Administrator, in consultation with interested parties, and subject to Staff's direct oversight, ultimately to decide which individual programs will be funded within the categories. Any reallocation of funds among the categories will require Commission approval.

We are persuaded that evaluation funding should be increased to a new level of 2% of SBC funds. We anticipate that level being reflected in NYSERDA’s upcoming SBC operating plan and direct Staff to monitor the adequacy of evaluation funding in practice. We also agree that detailed evaluations of both program-operating achievements and of the future need for SBC-funded public benefit efforts should be completed for the periods ending December 2002 and December 2004. Interim reports will be completed for the alternative years. The content of the December 2004 report will be central to our future deliberations about any need for the SBC program after June 2006. Quarterly reports will be required for the peak load reduction programs.

We also endorse inclusion of the outreach and education programs and underscore the importance of these programs and the need for Staff's direction in their design, development, implementation and evaluation. Coordination between NYSERDA and Staff is essential to ensure the effectiveness of these outreach efforts, and we expect the two parties to develop more detailed outreach plans to be included in the SBC operating plan to be submitted in February 2001. We expect that an annual spending level of approximately $3 million is appropriate for the outreach and education programs (over and above expenditures for the existing programs) and expect such amounts to be reflected in NYSERDA's upcoming SBC operating plan.

SBC REVENUE ALLOCATION

Coincident Collections

Implicit in the Staff Proposal for the first six months of the year 2001 was the continued collection of SBC funds at the old rate and the coincident collection of additional SBC funds at the new rate. No party addressed this issue in its comments. While its duration would be short, the effect of such a "pancaking" of rates as of January 1, 2001 would be as follows:

Utility	**SBC I Rate Mills/kWh**	**SBC II Rate mills/kWh**	**Coincident Rate mills/kWh**
CH	0.980	1.420	2.400
Con Edison	1.006	1.420	2.426
NYSEG	1.013	1.420	2.433
NMPC	0.613	1.420	2.033
O&R	0.959	1.420	2.379
RG&E	0.736	1.420	2.156

Discussion

Based on the comments, we believe that, if the parties had fully understood the "pancaking" provision, there might well have been substantial opposition to the resulting rate impacts, even though the duration would have been short. While we recognize the importance of beginning the higher level of collections in time to take peak load reduction measures prior to this summer, those measures can be accomplished by limiting the higher collections to the incremental difference between current SBC rates and the intended annual collection rate of $150 million. To make up the revenue that will be lost to the overall program as a result of this modification, we shall continue the collections through the end of the fifth additional program year, that is until June 30, 2006.

<u>NMPC and NYPA Collections</u>

Given unique financial circumstances in the NMPC service territory at the time NMPC's electric restructuring plan was fashioned, certain NMPC customers were exempted from paying the SBC. By design, the current SBC is not applied to NYPA and LIPA customers. The Staff Proposal included a provision that the heretofore exempted NMPC customers would pay the SBC as all other customers do, and incorrectly classified some NYPA sales as NMPC sales.

CEA and Scientific Applications International Corporation (SAIC) support elimination of the NMPC exemptions. The Business Council opposes discontinuing the exemptions for the largest commercial and industrial clients. NMPC argues that any change should only be made in the context of its individual rate plan and that no change should be made without first evaluating the impacts upon those large customers and upon upstate New York’s economy. MI argues that, in general, SBC collections should not be imposed upon those not now paying them.

Regarding end-use customers of NYPA and of other public authorities, MI concludes that the Staff Proposal must be advocating that SBC collections be extended to NYPA’s end-use customers. NYPA maintains that we lack the authority to do so. Both CEA and E-Cubed feel that NYSERDA should work with NYPA and LIPA to develop better-synchronized and consistent statewide energy efficiency efforts. In contrast, Con Edison/O&R asserts that customers of NYPA, the New York City Public Utility Services Agency, and the Westchester County Public Services Agency, should begin paying into the SBC on par with current SBC-contributing customers, and should therefore be entitled to fully participate in SBC public benefit offerings.

Discussion

The base figures implicit in the Staff Proposal are corrected below to eliminate SBC contributions related to nearly 8 million MWh of electricity annually purchased by previously exempted NMPC and NYPA customers. The NMPC end-users whose individual service contracts do not allow NMPC to collect an SBC cannot be forced to pay an SBC without abrogating the contracts. These customers will remain exempted until such time as their contracts expire, at which time NMPC shall begin collecting the SBC from them. We shall direct NMPC to provide a schedule to Staff and NYSERDA detailing the extent and duration of such contracts. If the other utilities have customers with contracts that similarly exempt them from payment of the SBC, those utilities should also provide a schedule to Staff and NYSERDA detailing the extent and duration of such contracts. The parties that believed that the Staff Proposal was intended to be applied to NYPA or LIPA customers were mistaken. We will continue to encourage coordination and cooperation between NYPA, LIPA, NYSERDA and Staff, wherever appropriate. Finally, we will authorize participating utilities to grant requests from any heretofore exempt customers wishing to voluntarily contribute to the SBC in exchange for being allowed to fully participate in its programs.

The impact of incorporating the corrections is to reduce the amount of SBC collections by NMPC, causing an increase for all the other utilities, as follows:

Utility	**Staff Proposal MWhs**	**Flat Rate mills/kWh**	**Corrected MWhs**	**Flat Rate mills/kWh**
CH	4,724,857	1.42	4,724,857	1.5634
Con Edison	33,776,148	1.42	33,776,148	1.5634
NYSEG	13,658,242	1.42	13,658,242	1.5634
NMPC	34,943,190	1.42	26,025,688	1.5634
O&R	3,628,067	1.42	3,628,067	1.5634
RG&E	6,521,119	1.42	6,521,119	1.5634

Utility	**Staff Proposal SBC $$**	**Flat Rate mills/kWh**	**Corrected SBC $$**	**Flat Rate mills/kWh**
CH	$6,711,660	1.42	$7,386,969	1.5634
Con Edison	$47,962,130	1.42	$52,805,297	1.5634
NYSEG	$19,389,240	1.42	$21,353,022	1.5634
NMPC	$49,619,330	1.42	$40,688,403	1.5634
O&R	$5,151,130	1.42	$5,671,767	1.5634
RG&E	$9,266,510	1.42	$10,194,542	1.5634

This is an intermediary adjustment, and not a final rate. The rate is further adjusted below.

SBC Collection Allocations

RG&E objects to contributing to the statewide program, arguing that the statewide program disproportionately benefits downstate areas, and stating that RG&E customers should be able to directly benefit from all or most of their SBC contributions or, in the alternative, should be eligible to participate in any SBC program, wherever located. MI notes that RG&E's SBC collection rate would approximately double. NMPC also objects that the Staff Proposal 's funding allocation incorrectly assigns a disproportionately high share to its customers. RG&E, NMPC and NYSEG are particularly concerned about the impact on large industrial customers. MACNY, as well as many individual businesses, is concerned that the allocations as well as other issues are being decided outside of a rate case. McAlpin and SAIC support continuation of the SBC, if "statewide" benefits would become available in RG&E's service territory.

Discussion

While the Staff Proposal would have each utility's share of overall collections depend upon that utility's share of annual statewide electric sales (GWh/year), in essence a statewide flat SBC collection rate, we have concluded otherwise. A better approach is to recognize that a large focus of the SBC program will be on load reduction and capacity-building efforts, and that the allocation of the responsibility to collect SBC funds should roughly correspond to benefits customers are likely to receive from such programs, which are generally proportional to utility costs paid by customers. Therefore, each utility share shall be based on the utility's share of statewide 1999 electric operating revenues. Actual operating revenues is an objective standard of customer costs that is not administratively burdensome. Proposals to address these matters in rate cases are impractical given the need to act now on the peak load reduction programs and the uncertainty as to when electric rate cases will next proceed.

As noted above, several parties felt that collections should be taken from the very locations and customers -- especially in regard to low-income energy affordability programs and new load reduction efforts -- expected to benefit most from the SBC program. However, especially regarding load management initiatives, a number of locally-offered SBC initiatives actually confer benefits statewide. In addition, the benefits of load reduction programs targeting high price areas in the near future will help the state maintain adequate generation to serve statewide load.

We will approve the following allocations based on 1999 actual electric operating revenues, as follows:

SBC Utility	1999 El. Revs.	% Shares	Collection Amt.	Collection as % of Revenues
CH	$ 427,808,497	3.50	$ 5,252,140	1.23
Con Edison	5,685,087,692	46.53	69,794,960	1.23
NYSEG	1,763,191,049	14.43	21,646,429	1.23
NMPC	3,247,586,320	26.58	39,870,125	1.23
O&R	395,701,263	3.24	4,857,964	1.23
RG&E	698,744,633	5.72	8,578,382	1.23
Total	$12,218,119,454	100.00	$150,000,000	1.23

Illustrative SBC Rates*			
Utility	Staff Proposal Flat Rate mills/kWh	Corrected Flat Rate mills/kWh	Final Operating Revenues Rate mills/kWh
CH	1.42	1.56	1.11
Con Edison	1.42	1.56	2.07
NYSEG	1.42	1.56	1.58
NMPC	1.42	1.56	1.53
O&R	1.42	1.56	1.34
RG&E	1.42	1.56	1.32

*Slightly higher for the remaining months of 2001 due to implementation for less than twelve full months, but annual impact is the same. The actual rate to be charged shall be set by the utility based on the required collection amounts stated above.

The bill impacts of the proposed increase in the SBC on the utilities' customers under this allocation method appear relatively modest. NMPC customers will see the largest increase in their monthly bills in each service class, ranging from 0.74% for residential customers, to 0.69% and 0.63% for medium and large commercial customers, respectively, and to 0.89% and 1.48% for medium and large industrial customers, respectively. Other residential customers will see lesser increases, from 0.10% at Central Hudson up to 0.52% at Con Edison. Other commercial customers will see increases from 0.12% at Central Hudson, up to 0.50% at Con Ed; other industrial customers will see increases from 0.14% at Central Hudson, up to 0.99% at RG&E.

Actual Sales Variations

Applying the flat SBC collection rate in the Staff Proposal, MI estimates that, using sales projections reported in the New York ISO 2000 Load and Capacity Data Report, actual annual SBC collections should far exceed the planned $138.1 million. CPB feels that collection rates should be adjusted for year-to-year sales variations in order that a relatively constant amount to be collected annually. Finally, NMPC feels that the Staff Proposal flat rate collection mechanism seems to ignore electric revenue erosion effects that SBC-funded energy efficiency efforts should achieve.

Discussion

As described above, the flat rate proposal has been abandoned in favor of an annual collection allocation by utility. Each individual utility should fashion its SBC collection rate on an annual basis to correspond to its collection allocation and year-by-year projections of the following year's electric sales. Any over or under-collections shall be trued up on an annual basis and each utility shall maintain adequate records to justify its SBC rates and true-ups.

CONCLUSION

We will approve the Staff Proposal with the clarifications and modifications discussed herein. We will also approve continued SBC funding for certain utility-run programs.

The Commission orders:

1. The System Benefits Charge (SBC) is continued for an additional five years from July 1, 2001 to June 30, 2006.

2. Beginning with calendar year 2001, the annual level of overall SBC funding is increased from approximately $78.1 million, as previously established, to $150 million, as approved herein.

3. The utilities shall begin collections from customers at this higher level beginning February 1, 2001, or before March 1, 2001, (if the earlier billing date is not possible) and shall continue at that level through June 30, 2006 (year 2001 collections

shall be spread over the remaining ten to eleven months of 2001, resulting in a slightly higher monthly rate but the same annual collection).

4. The actual annual amount to be collected by each specific utility shall be as set forth in the body of this order based on 1999 actual electric operating revenues; each individual utility shall fashion its SBC collection rate on an annual basis to correspond to its collection allocation and year-by-year projections of the following year's electric sales with any over or under-collections being trued up on an annual basis and each utility maintaining adequate records to justify its SBC rates and true-ups. One-half the annual amount shall be collected during the first half of 2006.

5. SBC funding for utility-run programs is approved as set forth in the body of this order.

6. SBC funding for programs administered by the New York State Energy Research and Development Authority (NYSERDA) is approved by program category as set forth in the body of this order; NYSERDA, as SBC Program Administrator, in consultation with interested parties, and subject to Staff's direct oversight, shall decide which individual programs will be funded within the categories with any reallocation of funds among the categories requiring Commission approval.

7. The utilities may retain SBC funds for approved utility-run programs as set forth in the body of this order, except that such SBC funds retained by the utilities shall be used only for the SBC programs approved by this order and any unexpended funds shall be turned over to NYSERDA for SBC programs, unless a utility's individual rate plan provides for some other disposition of such unexpended funds. Upon the expiration of any such rate plans, any approved SBC funds not expended on those programs shall be transferred to NYSERDA.

8. The utilities shall establish with NYSERDA a schedule of payments, no less frequent than quarterly, to transfer SBC funds to NYSERDA for approved NYSERDA-administered programs as set forth in the body of this order.

9. NYSERDA will submit a five-year operating plan by February 15, 2001, that reflects the Commission's decisions in this order, to be implemented as soon as Staff determines that it properly reflects this order.

10. Niagara Mohawk Power Corporation (NMPC) shall begin collecting the SBC from customers, who now have contracts that do not allow it to collect an SBC, when those contracts expire.

11. NMPC, and any other utility having similar contracts, shall provide a schedule to Staff and NYSERDA detailing the extent of end-users whose individual service contracts do not allow collection of an SBC and the duration of such contracts. The utilities may allow heretofore exempt customers to voluntarily contribute to the SBC in exchange for full participation in its programs.

12. Detailed program evaluations shall be completed for the periods ending December 2002 and December 2004, the latter of these evaluations to include an evaluation of future need for SBC-funded public benefit programs.

13. Interim status reports shall be completed for the years ending December 2001, December 2003 and December 2005.

14. Regarding peak load reduction programs, status reports shall be completed quarterly (beginning with the period ending March 31, 2001) detailing the status of such programs and estimates of their impacts on the demand for electricity by geographic regions of the state.

15. The utilities shall file tariff amendments and/or statements on not less than one day's notice to become effective February 1, 2001 (actual collections beginning between February 1 and March 1), incorporating the revisions described herein. The requirements of Section 66(12)(b) of the Public Service Law as to newspaper publication of the changes proposed by these filings is waived.

16. This proceeding is continued.

By the Commission,

(SIGNED)

JANET HAND DEIXLER
Secretary

SBC Extension Proposal – List of Commenting Parties

Commenting Party	Acronym/Abbreviation Used Herein
Action for a Better Community, Inc.	ABC
Adirondack Council, The	AC
Adirondack Park Agency	APA
Advance Upstate NY	AUNY
Aegis Group of CNY, Inc.	AEGIS
Air Conditioning and Refrigeration Institute	ACRI
Albanese Development Corporation	ADC
Alfred University	Alfred
Alliance to Save Energy	ASE
Amalgamated Bank of New York	ABNY
Ameresco Energy Services	Ameresco
American Council for an Energy-Efficiency Economy	ACEEE
American Rock Salt Company	ARSC
American Wind Energy Association	AWEA
Andersen Windows and Cardinal IG	Andersen/Cardinal
Aspen Systems Corporation (with letters from partners attached)	ASC
Association for the Protection of the Adirondacks	(same)
Atlantic Renewable Energy Corporation	AREC
Attorney General Eliot Spitzer	Attorney General
Bard College	Bard
Battery Park City Authority, the Hugh L. Carey	Battery Park
Building Codes Assistance Project	BCAP
Building Performance Contractors' Association	BPCA
Business Council of New York State, Inc., The	Business Council
Cahill, Ms. Judy	(same)
Cannon Technologies, Inc.	Cannon
Canterbury Press	Canterbury
Capstone Turbine Corporation	Capstone
Claudia Brenner Design Studios	(same)
Clean Energy Advocates by PACE/NRDC	CEA
Climax Manufacturing Company	Climax
Columbia University	Columbia
Community Capital Bank	CCB
Community Environmental Center with attachment re: Stuyvesant Cove Environmental Learning Center	CEC
Conservation Services Group	CSG
Consolidated Edison Company of New York, Inc., and Orange and Rockland Utilities, Inc.	Con Edison/O&R

Commenting Party	Acronym/Abbreviation Used Herein
Consortium for Energy Efficiency	CEE
Consumer Protection Board	CPB
Cost Reduction Partners	(same)
Crucible Specialty Metals	(same)
Custom Energy, LLC	Custom
Dannible & McKee, LLP	Dannible
Diemolding Corporation	Diemolding
Dumac Business Systems, Inc.	Dumac
Dundon Insulation, Inc.	Dundon
Dupli Envelopes & Graphics Corp.	Dupli
E-Cubed Company, LLC	E-Cubed
EES, Inc	EES
Energysolve.com	Energysolve
Energy Investment Systems, Inc.	EIS
Energywiz, Inc. (two documents)	Energywiz
Ensave Energy Performance	Ensave
Equinox, Inc.	Equinox
Erie County Executive	(same)
Failmezger, Robert C., Esq.	(same)
Farmers & Traders Life Insurance Company	F&T
First Rochdale Cooperative Group, Ltd., and Coordinated Housing Services, Inc.	First Rochdale
Flat Rock Productions	Flat Rock
Forster, Lorna, Ph.D.	(same)
Foster Group, The	Foster
Gateley, Ms. Susan P.	(same)
Genesee Chamber of Commerce	Genesee
Genesee Hospital	(same)
Greater Syracuse Chamber of Commerce	Syracuse Chamber
Grimason Associates	Grimason
Hamilton, Mr. Lloyd	(same)
Harris Corporation	Harris
HDFC Coalition	(same)
Healthy Schools Network	Healthy Schools
Heat Wise, Inc.	Heat Wise
Hirschfeld, Herbert E., P.E.	(same)
Honeywell DMC Services	Honeywell/DMC
Honeywell Specialty Chemicals	Honeywell Chemicals
Huber-Bruer Construction Company	Huber-Bruer
Intermagnetics General Corporation	IGC
Johnson Controls	(same)
KJ Electric	KJ
Kapadia Energy Services	Kapadia

Commenting Party	Acronym/Abbreviation Used Herein
Keskin, Ms. Margery	(same)
Kiss & Cathcart, Architects	K&C
KeySpan East Corporation Energy Delivery Long Island - and – The Brooklyn Union Gas Company, d.b.a. Key Span Energy Delivery New York	KeySpan
Landsberg Engineering, P.C.	Landsberg
Lighting Research Center of Rensselaer Polytechnic Institute	LRC
Loring, Joseph R., and Associates, Inc.	Loring
Low-income customer SBC recipients	Low-Income Customers
Low Income Housing Fund	LIHF
Madison Square Garden	(same)
Manufacturers’ Association of Central New York	MACNY
McAlpin Industries, Inc.	McAlpin
MetaMatrix Consulting Group, LLC	MetaMatrix
Metrogen, LLC	Metrogen
Monroe County Water Authority	MCWA
Multiple Intervenors, by Couch, White	MI
National Association of Energy Service Companies	NAESCO
New Venture Gear	(same)
New York Academy of Sciences	NYAS
New York, City of	NYC
New York Energy Efficiency Council	NYEEC
New York Power Authority	NYPA
New York Racing Association	NYRA
New York State Builders’ Association	NYSBA
New York State Community Action Association; New York State Weatherization Directors’ Association; and the Family Development Association of New York State	NYSCAA, et al.
New York State Electric and Gas Corporation	NYSEG
New York State Energy Research and Development Authority	NYSERDA
Niagara Mohawk Power Corporation	NMPC
NORESCO	(same)
Northeast Energy Efficiency Partnerships, Inc.	NEEP
Oneida Air Systems, Inc.	Oneida
Onondaga County Executive	(same)
Orchard Park Chamber of Commerce	Orchard Park
Otsego County Chamber	Otsego Chamber
Patrick Center for Environmental Research	Patrick Center
Plug Power, Inc.	Plug Power
Price Responsive Load Condition	PRLC

Commenting Party	Acronym/Abbreviation Used Herein
Responsible Energy Codes Alliance	RECA
Retx.com	Retx
Rochester Gas and Electric Corporation	RG&E
Rupprecht & Palashnik Co., Inc.	R&P
Sage Colleges	Sage
St. Joseph's Hospital and Health Center	St. Joseph's
Schorpp, Mr. Ronald K.	(same)
Scientific Applications International Corporation	SAIC
Sempra Energy Services	Sempra
Shapiro, Mr. David	(same)
Sierra Club, Atlantic Chapter	Sierra Club
Southern Energy of New York by Couch, White	SENY
Superintendents' Club of New York	SCNY
Syracuse China Co	Syracuse China
Syracuse Heat Transfer	(same)
Systems Made Simple, Inc.	SMS
Taitem Engineering	Taitem
Tessey Plastics	Tessey
Trane Company, The	Trane
Twenty environmental researchers (separate signatures)	TER
University at Buffalo	(same)
University of Rochester Medical Center	URMC
U.S. Postal Service	(same)
Westchester County Community Opportunity Program, Inc. (Putnam Weatherization)	WCCOP
XLI Corporation	XLI