

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 05-M-0090 - In the Matter of the System Benefits Charge III.

NOTICE SOLICITING COMMENTS

(Issued January 28, 2005)

INTRODUCTION

In Opinion No. 96-12, in Case 94-E-0952,¹ the Public Service Commission (Commission) called for the establishment of a System Benefits Charge (SBC), stating that a "system benefits charge would provide a funding source during the transition, and possibly over the long term, for public policy initiatives that are not expected to be adequately addressed by competitive markets."² The Commission also ordered that the SBC program should be revisited sometime after retail competition has commenced to determine whether funding levels were appropriate and whether the SBC program should be continued.³

In Opinion No. 98-3,⁴ the Commission 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 the oversight of the

¹ Case 94-E-0952 et al., In the Matter of Competitive Opportunities Regarding Electric Service, Opinion and Order Regarding Competitive Opportunities for Electric Service (issued May 20, 1996) (Op. 96-12).

² Id. at 61.

³ Id. at 62.

⁴ Case 94-E-0952 et al., supra, Opinion and Order Concerning Systems Benefit Charge Issues (issued January 30, 1998) (Op. 98-3).

Department of Public Service (Staff).⁵ The Commission also established in Opinion No. 98-3 an initial SBC term for three years,⁶ encompassing July 1, 1998 to June 30, 2001.

On January 26, 2001, the Commission issued an Order extending the SBC program for an additional five years, encompassing July 1, 2001 to June 30, 2006.⁷ In the SBC Extension Order, the Commission increased the SBC program's annual funding level from approximately \$78.1 million to \$150 million "to provide program flexibility and to accomplish the important electric demand reduction component while maintaining the momentum of ongoing market transformation programs."⁸ The Commission ordered that NYSERDA complete "detailed evaluations" of the SBC and its funded programs for the calendar years 2002 and 2004, with "interim status reports" for the remaining program years.⁹

At this time, Staff is initiating an SBC program review so that NYSERDA may have adequate time to prepare for the future of SBC programs. To facilitate this review, Staff seeks comment on several questions. The comments received pursuant to this notice will be used by Staff to develop a proposal regarding the future of the SBC program. Staff's proposal will then be made available for public comment before Staff makes its final recommendations to the Commission.

MATTERS FOR COMMENT

In light of the above, Staff seeks input from all interested persons or parties on the following matters:

⁵ Id. at 13-14.

⁶ Id. at 13.

⁷ Case 94-E-0952 et al., supra, Order Continuing and Expanding the System Benefits Charge for Public Benefit Programs (issued 26, 2001) (SBC Extension Order) at 26.

⁸ Id. at 12.

⁹ Id. at 28. For reference, a copy of the most recent New York Energy \$martSM Program Evaluation and Status Report can be found on NYSERDA's website at http://www.nyserda.org/Energy_Information/04sbcreport.asp.

1. To what extent have the goals and objectives established by the Commission been achieved?
2. Should the SBC program continue beyond its current expiration date of June 30, 2006? If so, for what duration should the SBC be extended and at what funding level?
3. Have conditions changed since the establishment of the SBC that would necessitate a change in the overall goals and objectives of the SBC? If so, what changes are recommended?
4. If assuming continuation of the SBC, how should programs be prioritized to meet those goals and objectives?
5. How might the SBC programs be adjusted given the Commission's order, issued September 24, 2004, regarding a Renewable Portfolio Standard (Case No. 03-E-0188)?
6. In what ways might the current SBC fund collection and allocation process be improved?
7. What specific program(s) should be eliminated, expanded or created?
8. How can future SBC funded programs be more responsive to the needs of New York's energy consumers?
9. How can SBC funded programs be marketed more effectively?
10. In what ways can NYSERDA improve its administration of the SBC?
11. Is the current NYSERDA program evaluation process adequate? How might it be improved?
12. Should SBC funds be extended to programs that encompass research and development into retail and/or wholesale electric market competitiveness issues, or transmission and/or distribution of the State's energy resources?
13. Should the scope of the SBC program be expanded to include programs for natural gas customers? If so:
 - a. What kinds of programs would benefit New York's gas consumers?
 - b. Which classes of customers would be served most effectively by a natural gas SBC program?

- c. How should a natural gas SBC program be funded and what annual level of funding might be considered reasonable? How might a natural gas SBC affect current electric SBC funding levels?
 - d. What should be the initial duration of a natural gas SBC, and should that term coincide with the extension of an electric SBC, if the electric SBC is extended?
 - e. How might a natural gas SBC be administered and evaluated and how should it differ from the administration of the electric SBC?
14. Do you have any other suggestions for improving the overall SBC program that are not addressed by the above questions?

Those persons who are interested in receiving the comments of other parties should submit their contact information, including an e-mail address, for an Active Parties list by notifying the Secretary (at secretary@dps.state.ny.us) and also submitting a hard copy letter addressed to Jaclyn A. Brillling, Secretary, New York State Public Service Commission, 3 Empire State Plaza, Albany, New York 12223-1350, by February 11, 2005. The list will be posted on the Commission's web site located at <http://www.dps.state.ny.us> after February 18, 2005. Electronic service to the parties is permitted provided that the original and 15 copies of the comments are filed with the Secretary on or before March 4, 2005. For ease of review, please respond by question number.

To facilitate distribution of the comments, an e-mail listserver has been set up. To subscribe, send an e-mail to sbc@dps.state.ny.us and type the word "subscribe" in the subject of the e-mail message. Full instructions on using the listserver will be provided in a response e-mail confirming your subscription.

(SIGNED)

JACLYN A. BRILLING
Secretary