Via e-mail: secretary@dps.ny.gov

January 10, 2011

Hon. Jaclyn A. Brilling
Secretary
Public Service Commission
3 Empire Plaza
Albany, New York 12223

Re: Case 10-M-0457: System Benefits Charge IV

Dear Ms. Brilling,

Consumer Power Advocates is an association of large, non-profit universities and medical institutions that collectively employ over 115,000 people with over $13 billion in annual operating expenditures, whose primary goal is to decrease the cost of energy to consumers through regulatory intervention, advocacy before governmental officials, and the development of energy efficiency, economic development, and other programs and initiatives targeted to large energy consumers in New York City. Eight of CPA's recent member hospitals are among the 15 largest regional health organizations, including five of the six biggest, and seven are among New York City's 18 largest employers. Member organizations include Continuum Health Partners, Fordham University, Memorial Sloan Kettering Cancer Center, NYU Medical Centers, Mount Sinai Medical Center, Montefiore Medical Center, and New York University.

We offer these comments in response to the Commission's November 17, 2011 Notice Seeking Comments in the above captioned case.

The Commission has proposed a two-step incentive program, with the first step incentive based on individual utility goals and the second step based on state-wide goals. This proposed two-step program addresses concerns that a single focus on only utility goals may have the perverse consequence that utilities compete for opportunities that might better be served by NYSERDA programs.

CPA strongly supports incentives that align the interests of utilities and NYSERDA. Even the best circumstances there will be some overlap between NYSERDA and utility efforts, and the duplication of effort occurs on an uneven playing field because the rules governing NYSERDA and utility programs are different.

NYSERDA programs require far stricter measurement and verification (M&V) protocols than do utility programs, and this difference is great enough to lead some consumers to choose a utility program simply because of cost of NYSERDA M&V. Costly duplication of effort is best avoided by providing a strong incentive for utilities to focus on those opportunities that are not eligible for NYSERDA funding. While this leads us to support a two-tier incentive, it can never be in the consumers' interest to allow incentive payments to a utility based on the success of other utilities. We believe a better solution is to base the two-step incentive solely on the completion of NYSERDA's goal. This provides a stronger incentive to utilities at no additional cost to consumers, while avoiding the unfortunate possibility that a single underperforming utility could reduce incentives available to all utilities.

With regard to the Commission's question 3), gas companies which have opted out of EEPS incentives should not only be allowed to participate, they should be *required* to participate in these new incentives. The fact that any utility has opted out of an incentive program should be viewed as a failure of policy. Moreover, the option not to participate in a Commission mandated program provides unnecessary leverage to utilities and undermines Commission authority. Utilities will only use this leverage to insure that program design is more favorable to their own interests. The Commission has long standing and well developed processes to design programs that serve the public interest, and adequate authority to implement them. No utility should be given the option to ignore programs which the Commission has found to be in the public interest.

Finally, with regard to the Commission's final question 7), incentives should be capped at 5 basis points per year. Regardless that each individual utility goal is not exactly proportionate to sales, each of those goals have been determined to be reasonable, and there is no evidence that exceeding those goals would provide sufficient benefit at a reasonable cost. Moreover, at least two of the utilities are affiliated, and it would be inappropriate to allow an incentive for exceeding the goal at one utility if the affiliate failed to meet its own goal.

Thank you for the opportunity to offer these comments.

Very truly yours,

Catherine M. Luthin

Catherine M. Luthin
Executive Director