

**Notices of Proposed Rulemaking In Case 10-M-0457: In the Matter of System Benefits Charge IV
Issued June 8, 2011 by the NYS Public Service Commission**

PROPOSED RULE MAKING, NO HEARING(S) SCHEDULED. Program Categories and Budgets for Technology and Market Development Programs and Collections to Support Such Programs, I.D. No. PSC-23-11-00013-P.

PURSUANT TO THE PROVISIONS OF THE State Administrative Procedure Act, NOTICE is hereby given of the following proposed rule:

Proposed Action: The Commission is considering the System Benefit Charge Operating Plan for Technology and Market Development Programs submitted by the New York State Energy Research and Development Authority on May 16, 2011 in Case 10-M-0457.

Statutory authority: Public Service Law, sections 4(1), 5(2) and 66(1)

Subject: Program categories and budgets for technology and market development programs and collections to support such programs.

Purpose: To promote electric and gas technology innovations and market development in New York.

Substance of proposed rule: The Commission is considering whether to adopt, modify, or reject, in whole or in part, or to take other action regarding a proposed System Benefit Charge (SBC) "Operating Plan for Technology and Market Development Programs" for the period 2012-2016 submitted by the New York State Energy Research and Development Authority (NYSERDA) on May 16, 2011 in Case 10-M-0457. The SBC program was initiated in 1998 to preserve the public benefits of programs previously provided to our society by regulated monopoly utilities. It provides programs to encourage energy efficiency, a cleaner environment and to reduce the financial burden of energy costs on low-income New Yorkers. In 2005, the SBC programs were renewed and extended through June 30, 2011. In 2008, the SBC programs were further enhanced with electric and gas energy efficiency programs constituting the Energy Efficiency Portfolio Standard (EEPS) which were generally authorized through December 31, 2011. On December 30, 2010, the Commission issued an "Order Continuing System Benefit Charge Funded Programs" in Case 10-M-0457. Among other actions, that order approved a six-month extension of SBC III through December 31, 2011 and the transition of SBC energy efficiency resource acquisition programs to the Energy Efficiency Portfolio Standard (EEPS) portfolio. The order also set the annual SBC III collections for 2012 at \$87,237,122 for electric and \$0 for gas. Beginning on January 1, 2013, the order set the annual SBC III collections at \$83,912,087 for electric and \$6,212,913 for gas. The order deferred a decision on NYSEDA's proposed Technology and Market Development (T&MD) portfolio and directed NYSEDA to submit a detailed operating plan for its T&MD portfolio upon completion of an intensive outreach process with all stakeholders. NYSEDA's current T&MD proposal includes seven initiatives divided into three categories: i) Power Supply and Delivery - containing the "Smart Grid and Electric Vehicle Infrastructure" and "Advanced Clean Power" initiatives; ii) Building Systems - containing the "Advanced Buildings" and "Advanced Energy Codes and Standards" initiatives; and iii) Clean Energy Infrastructure - containing the "Market Development," "Clean Energy Business Development" and the "Environmental Monitoring, Evaluation and Protection" initiatives. NYSEDA's proposed T&MD portfolio operating plan includes a total budget of approximately \$410.1 million over five years (January 1, 2012 until December 31, 2016) for the seven T&MD initiatives. That figure represents an average annual budget of \$82 million consisting of i) \$70 million in program costs for the seven T&MD initiatives and ii) \$12 million for administration, evaluation and the New York State Cost Recovery Fee. NYSEDA expects that the T&MD portfolio will produce cumulative savings of 564,700 MWh by 2015 and 1,730,250 MWh when fully implemented. NYSEDA indicates that the T&MD will achieve 3,864,003 MMBtu of fossil fuel savings when fully implemented. The Commission will be considering a schedule of collections from electric and gas ratepayers through the System Benefit Charge to provide NYSEDA

with the funds necessary to support expenditures on the programs. If an allocation of collections from gas customers is approved, and costs are to be collected from gas ratepayers, the Commission may have to raise the cap it previously imposed on annual SBC collections from gas ratepayers by a similar amount.

Text of proposed rule and any required statements and analyses may be obtained by filing a Document Request Form (F-96) located on our website <http://www.dps.state.ny.us/f96dir.htm>. For questions, contact: Leann Ayer, Public Service Commission, 3 Empire State Plaza, Albany, New York 12223-1350, (518) 486-2655, email: leann_ayer@dps.state.ny.us

Data, views or arguments may be submitted to: Jaclyn A. Brillong, Secretary, Public Service Commission, 3 Empire State Plaza, Albany, New York 12223-1350, (518) 474-6530, email: Secretary@dps.state.ny.us

Public comment will be received until: 45 days after publication of this notice.

Regulatory Impact Statement, Regulatory Flexibility Analysis, Rural Area Flexibility Analysis and Job Impact Statement. Statements and analyses are not submitted with this notice because the proposed rule is within the definition contained in section 102(2)(a)(ii) of the State Administrative Procedure Act. (10-M-0457SP3)

PROPOSED RULE MAKING NO HEARING(S) SCHEDULED A Proposed Budget for Combined Heat and Power Projects and Collections to Support Such Projects. I.D. No. PSC-23-11-00016-P

PURSUANT TO THE PROVISIONS OF THE State Administrative Procedure Act, NOTICE is hereby given of the following proposed rule:

Proposed Action: The Commission is considering NYSERDA's request for an incremental \$15 million and associated administrative costs for a Combined Heat and Power initiative submitted as part of its proposed "Operating Plan for Technology and Market Development Programs."

Statutory authority: Public Service Law, sections 4(1), 5(2) and 66(1)

Subject: A proposed budget for Combined Heat and Power projects and collections to support such projects.

Purpose: To promote electric and gas energy conservation programs in New York.

Substance of proposed rule: The Commission is considering whether to adopt, modify, or reject, in whole or in part, or to take other action regarding a request for \$15 million in "incremental funding" for a Combined Heat and Power initiative as part of the New York State Energy Research and Development Authority's (NYSERDA) proposed System Benefit Charge (SBC) "Operating Plan for Technology and Market Development Programs" for the period 2012-2016 submitted on May 16, 2011 in Case 10-M-0457. On December 30, 2010, the Commission issued an "Order Continuing System Benefit Charge Funded Programs" in Case 10-M-0457. Among other actions, that order approved a six-month extension of SBC III through December 31, 2011 and the transition of SBC energy efficiency resource acquisition programs to the Energy Efficiency Portfolio Standard (EEPS) portfolio. The order also set the annual SBC collections for 2012 at \$87,237,122 for electric and \$0 for gas. Beginning on January 1, 2013, the order set the annual SBC collections at \$83,912,087 for electric and \$6,212,913 for gas. The order deferred a decision on NYSERDA's proposed Technology and Market Development (T&MD) portfolio and directed NYSERDA to submit a detailed operating plan for its T&MD portfolio upon completion of an intensive outreach process with all stakeholders. NYSERDA's proposed T&MD portfolio operating plan includes a total budget of approximately \$87.9 million over five years (January 1, 2012 until December 31, 2016) for an incremental Combined Heat and Power program. Combined heat and power systems use thermal energy from power generation equipment for cooling, heating and humidity control. The \$87.9 million

budget figure represents an average annual budget of \$17.6 million consisting of \$15 million in “incremental funding” for Combined Heat and Power, and \$2.6 million for administration, evaluation and the New York State Cost Recovery Fee. NYSERDA does not propose specific MWh or MMBtu savings targets for the Combined Heat and Power portion of its proposed T&MD portfolio. The Commission will be considering a schedule of collections from electric and gas ratepayers through the System Benefit Charge to provide NYSERDA with the funds necessary to support expenditures on the program. If an allocation of collections from gas customers is approved, and costs are to be collected from gas ratepayers, the Commission may have to raise the cap it previously imposed on annual SBC collections from gas ratepayers by a similar amount.

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