



November 22, 2010

**Comments of Natalie Hildt  
Manager of Public Policy Outreach, Northeast Energy Efficiency Partnerships (NEEP)  
Regarding the New York State Energy Research and Development Authority's  
Petition in the Matter of for SBC IV under SAPA No. 10-M-0457SP1**

VIA EMAIL: [secretary@dps.state.ny.us](mailto:secretary@dps.state.ny.us)

Hon. Secretary Jaclyn A. Brillig  
New York State Public Service Commission  
3 Empire State Plaza  
Albany, NY 12223-1350

Dear Secretary Brillig:

On behalf of Northeast Energy Efficiency Partnerships,<sup>1</sup> I am pleased to submit comments in support of NYSERDA's proposal for the System Benefits Charge in New York, as laid forth in the "Vision for the Future" paper dated September 20, 2010. These comments are in addition to the joint comments led by the Pace Energy and Climate Center and the Natural Resources Defense Council and endorsed by a broad coalition of environmental and consumer groups.

I begin by commending the Paterson administration, NYSERDA and the Public Service Commission for your shared leadership in recognizing the value of and accelerating the deployment of energy efficiency as a first order resource to meet the state's energy needs. NEEP believes that system benefit programs should include not only easily quantifiable savings and quick returns, but should also feed the pipeline for tomorrow's energy efficiency savings opportunities and continually move the state forward on the "energy innovation chain," as described in NYSERDA's vision paper.

The cutting-edge work of NYSERDA to foster a broad spectrum of efficiency strategies has placed New York in the forefront of the nation in providing cost-effective energy solutions for residents and businesses. NYSERDA's proposed new program structure with a focus on "Technology and Market Development" is an innovative design that we believe can lead to even deeper energy savings and economic development while complementing the programs created under the state's Energy Efficiency Portfolio Standard that should continue to deliver the nearer-term electricity and natural gas savings.

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<sup>1</sup> These comments are offered by NEEP staff and do not necessarily represent the view of NEEP's Board of Directors, sponsors or underwriters.



NEEP has observed many leading efficiency states grappling with how to integrate market transformation into ratepayer funded programs – elements such as building energy codes and appliance efficiency standards, building energy rating, operations and maintenance training, consumer education, development of and testing of cutting-edge products, industrial process innovation and harnessing broader and deeper savings opportunities through whole-building approaches. These are all highly valuable elements of a successful efficiency strategy, but quite often more difficult to quantify than traditional energy efficiency programs that have historically employed elements such as rebates or other consumer incentives.

We believe that New York is wise to find a way for market transformation activities and resource acquisition programs to co-exist in a symbiotic manner, and for those two program strategies to be differentiated by the Commission. Pursuing both can help New York achieve multiple policy goals – reaching the targets set by the energy efficiency portfolio standard, strengthening the clean energy economy, creating jobs and stretching energy dollars for customers.

NYSERDA's work has placed New York at the forefront of the region in terms of discovering how to work towards savings goals in the immediate term while keeping an eye to the future. Other states will be looking to New York's progress as they similarly investigate how to balance the need to create a sustainable market transformation model with the need to gain immediate energy savings.

By shifting targeted program offerings into the EEPS portfolio, the suite of Technology and Market Development programs will be free to focus on innovation. But because these new programs will focus on goals and strategies that cannot be quantified through traditional regulatory screening mechanisms, they should not be subject to the same type of program evaluation as traditional resource acquisition programs.

That is not to say that these Technology and Market Development programs will not be well-designed and provide real public benefits. But it is NEEP's position that NYSERDA should be afforded greater flexibility to design and administer these kinds of programs – be they efficiency, combined heat and power, smart grid or clean energy generation.

In addition to our support for NYSERDA's vision for SBC IV, NEEP would urge the Commission to advocate for continued improvements to program delivery and coordination, as I had indicated at the November 4 technical conference. With more entities now involved in delivering energy efficiency services, the need to better coordinate these efforts to prevent duplication and customer confusion is paramount. Some of this coordination is already in the works, and some of it may be reviewed under the EEPS proceeding which will include programs administered by NYSERDA, as well as those of the electric and gas distribution



utilities. Along the theme of coordination and communication, we have a few overarching recommendations:

**1. Improve program coordination and make their delivery more customer-focused.**

Regardless of funding stream or program administrator, the Commission should direct the electric and gas utilities and NYSERDA to increase overall coordination, improve clarity for customers and contractors, reduce program duplication and minimize waste of ratepayer dollars. Any point of contact with customers should be fully leveraged as an opportunity for entrance into holistic and coordinated efficiency programs.

The electric and gas utilities have existing relationships with their customers; indeed, customer service is their main charge. They and their contractors are a logical gateway to other programs, be they traditional incentive based programs (under EEPS) or those that would fall under the Technology and Market Development portfolio of SBC IV. But in our mind, “hoping” that the contractors refer customers to other programs when they come in for a targeted measure is not an optimal strategy for achieving savings or providing good customer service.

Customers don't understand or necessarily care how energy programs are funded or who delivers them – and they shouldn't be concerned with such details. It is the job of the program administrators (state or utility) to ensure easy access, start-to-finish guidance and instill customers with confidence that they have complete information on the various options available to them.

**2. Create a statewide clean energy program stake-holder advisory board.** One approach to tackling the challenges discussed above would be to create a permanent state-wide stakeholder advisory board. Such a board could help balance the interests of consumers, business, utilities, environmental and low-income advocates and efficiency practitioners and provide guidance on how best to implement efficiency and clean energy programs. This was a comment echoed again and again at the November 4 technical conference, and we join the chorus in urging the PSC to consider this suggestion. While the working groups on marketing and evaluation are a step in this direction, the absence of a permanent and inclusive framework for coordination leaves New York's program administrators, customers and efficiency practitioners at a disadvantage.

Five other states in the region have some variation of a stakeholder advisory board. These groups provide a framework for review, input and advice on efficiency program plans and budgets by diverse parties. These boards typically meet monthly and include



representatives of the distribution utilities as non-voting members who provide valuable insights based on their customer experiences. For reference, states where these advisory boards are employed include: Maine ([Efficiency Maine Trust Board](#)), Massachusetts ([Energy Efficiency Advisory Council](#)), Connecticut ([Energy Efficiency Board](#)), New Hampshire ([Energy Efficiency and Sustainable Energy Board](#)) and Rhode Island ([Energy Efficiency and Resources Management Council](#)).<sup>2</sup>

- 3. Continue and expand support of complementary policies like codes and standards.** Building energy codes and appliance efficiency standards are a vital and complementary pathway to achieve lasting energy savings when married with traditional program efforts. Without the assistance of NYSERDA, the New York Department of State – chronically underfunded to do this important work in advancing codes and standards – would be at a tremendous loss. NEEP urges the continued and expanded support and collaboration of NYSERDA's involvement in this arena, as well as involvement in other policy vehicles such as building energy rating and disclosure. To continue progress, it is important that the PSC afford NYSERDA the authority and resources to advance new codes and standards, including support of the training and enforcement that are needed to realize potential energy savings.

## Summary

NEEP is very encouraged by the changes underway in how energy efficiency and clean energy programs are delivered and regulated in New York. As we continue to monitor the developments in the state, we are willing to provide any support we can to the Public Service Commission, NYSERDA and the electric and gas utilities as the SBC IV design and review process proceeds. Taken together, the Technology and Market Development programs and the EEPS programs are powerful tools to help customers save energy and money while making progress on larger state policy goals including economic development, energy innovation and reliability, public health and environmental protection.

*NEEP is a regional nonprofit that promotes the efficient use of energy in homes, buildings and industry in the Northeast. We advance cutting-edge products and practices through coordinated, whole-building efficiency programs and policies. We do this work because saving energy creates a stronger economy, a cleaner environment and a more reliable and affordable energy system.*

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<sup>2</sup> For more on this concept, see page 34 of the Recommendations for Policymakers section of NEEP's report, [From Potential to Action](#) (October 2010).