



NEEP Summary: NY REV BCA Framework [Final Order](#) and Energy Efficiency

1. Purposes and Principles
 - a. Commission adopts **Societal Cost Test (SCT)** as the primary measure of cost-effectiveness
 - b. **Utility cost test (UCT)** and **ratepayer impact measure (RIM)** tests will be subsidiary
2. Cost and Benefits
 - a. **CO₂ benefits** to be quantified according to difference between **EPA's Social Cost of Carbon** and RGGI price already embedded in **NY's CARIS LBMP model**
 - b. **SO₂ and NO_x benefits** to be quantified according to **NY's CARIS LBMP**
 - c. **Distribution system value** pending resolution in 15-E-0571
 - d. Other unique potential **locational benefits/cost** (ex. environmental justice benefits, locational-specific distribution system benefits) also to be described on a qualitative basis in utilities' **BCA handbook**
 - e. **Societal Non-Energy Benefits (NEBs)** will not be valued at this time, no adders adopted
 - i. Ex. Occupant comfort not considered, raising cost-effectiveness of demand response
 - ii. **BUT Locational and project specific NEBs considered** (ex. reduced arrearages, land and water impacts, reduced noise from a facility)
3. Impacts on Wholesale Prices
 - a. **Wholesale price suppression** benefit not included in SCT, but included in RIM/UCT
4. Discount Rate
 - a. **Weighted average cost of capital (WACC) continued, except for cost of carbon, which receives 3% discount rate**
5. Role of BCA Handbook
 - a. To be filed along with DSIP, June 30, 2016, and updated annually
 - b. Uniform, deviating only where necessary to accommodate distinctions among service territories

	BCA TEST PERSPECTIVE
BENEFITS	Societal (SCT)
Bulk System	
Avoided Generation Capacity (ICAP), including Reserve Margin	√
Avoided Energy (LBMP)	√
Avoided Transmission Capacity Infrastructure and related O&M	√
Avoided Transmission Losses	√
Avoided Ancillary Services (e.g. operating reserves, regulation, etc.)	√
Wholesale Market Price Impacts	–
Distribution System	
Avoided Distribution Capacity Infrastructure	√
Avoided O&M	√
Avoided Distribution Losses	√
Reliability / Resiliency	
Net Avoided Restoration Costs	√
Net Avoided Outage Costs	√
External	
Net Avoided Green House Gases	√
Net Avoided Criteria Air Pollutants	√
Avoided Water Impacts	√
Avoided Land Impacts	√
Net Non-Energy Benefits relate to utility or grid operations (e.g. avoided service terminations, avoided uncollectible bills, avoided noise and odor impacts, to the extent not already included above)	√
COSTS	
Program Administration Costs (including rebates, costs of market interventions, and measurement & verification Costs)	√
Added Ancillary Service Costs	√
Incremental Transmission & Distribution and DSP Costs (including incremental metering and communications)	√
Participant DER Cost (reduced by rebates, if included above)	√
Lost Utility Revenue	–
Shareholder Incentives	–
Net Non-Energy Costs (e.g. indoor emissions, noise disturbance)	√