



August 22, 2011

VIA EMAIL: secretary@dps.state.ny.us

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

Re: Case No. [07-M-0548](#)
Proceeding on Motion of the Commission Regarding and Energy Efficiency Portfolio
Standard - Program Review Whitepaper

Dear Secretary Brillig,

On behalf of Northeast Energy Efficiency Partnerships (NEEP),¹ thank you for the opportunity to provide comments on the Energy Efficiency Portfolio Standard program review whitepaper prepared by the Department of Public Service staff. These comments supplement joint comments submitted by the Pace Energy and Climate Center, NEEP and the Natural Resources Defense Council and endorsed by a coalition of environmental and consumer groups.

The Energy Efficiency Portfolio Standard Program effort has been a major undertaking, with an all-hands-on-deck approach to program delivery. The last few years have seen steadily increased investments of ratepayer dollars in energy efficiency by NYSERDA and the state's gas and electric utilities. As is widely known and acknowledged in the whitepaper, many of the programs did not ramp up as quickly as would have been hoped. A slow and very hands-on regulatory process has improved to become, by all accounts, a smoother process with greater trust and better relations as the programs prove out. It is encouraging to hear that cooperation has grown among the parties, and that program administrators are being afforded a greater level of flexibility in determining how best to meet savings goals. This paper reflects the learning of the Department of Public Service (DPS) as well as the input from various stakeholders, including the Implementation Advisory Group (IAG).

As enunciated in our aforementioned joint comments, two of NEEP's greatest concerns with the EEPs program review involve recommendations on utility shareholder incentives, and the absence of recommendations for a clear and expedient process to amend, introduce, cancel or otherwise adjust efficiency program offerings mid-term so as to react to changing market

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



conditions and maximize savings and customer service. A third concern, on which we elaborate further below, is the need for a directive from the Commission to the utilities and NYSERDA to participate in the ongoing regional program and policy efforts that will leverage New York's ratepayer dollars while helping the state achieve its energy reduction goals.

Furthermore, we believe one of the biggest impediments to success in New York is the absence of a statewide structure of program delivery that is aligned with policy goals. Without true statewide coordination with clearly-defined roles and responsibilities, program administrators will continue to compete rather than cooperate, customers will continue to be confused, ratepayer dollars will be wasted as vendors or customers shop the system, and the state will achieve lower energy savings than is ultimately possible.

It is our experience working in states across the region that programs function best when there are clear rules of the game and regulators oversee programs at a high level to ensure coordination and best use of efficiency funds. New York is a very large state with distinctly different regional markets. The complexity of program administration and the variety of energy efficiency program administrators (PAs) – from NYSERDA to LIPA, NYPA and the gas and electric utilities – makes navigation difficult for all parties involved, and for customers, vendors and building professionals, in particular.

NEEP respectfully submits the following recommendations on ways that the state and the program administrators can improve upon overall program delivery and accelerate energy savings to best meet the state's savings goals:

- **Look to increase coordination** - We hope that the issue of better integration and coordination of the NYSERDA Technology and Market Development (T&MD) efforts with the resource acquisition programs offered by NYSERDA and the electric and gas utilities will be taken up to greater degree in the next EEPS proceeding. Again, we emphasize the importance of coordination to maximize ratepayer dollars and program savings and minimize confusion and frustration on the part of vendors and end-users alike.
- **Leverage regional approaches to aid N.Y. programs and products** - When resources are pooled, states and program administrators can accomplish much more than any of them could on their own. This is true in terms of joint studies such as market evaluations, upstream market work with wholesalers and retailers who prefer engaging regionally rather than in a fragmented manner, and the transfer of knowledge and best practices among program administrators, state energy offices and regulators alike. New York has both benefited from and contributed to several projects facilitated by NEEP, including residential lighting, [commercial solid state lighting](#),



advanced power strips, consumer electronics, the Regional Evaluation, Measurement and Verification ([EM&V Forum](#)), and of course, complementary public policy efforts such as building energy codes and appliance efficiency standards.

- **Enhanced Lighting Standards** - As the whitepaper states, the coming lighting standards set by the federal Energy Independence and Security Act (EISA) will affect baselines for program savings. But as a forthcoming [Regional Lighting Strategy](#), facilitated by NEEP with input from several New York PAs will indicate, there are a great deal of savings remaining to be captured through state-level ratepayer-funded programs. In such a fluid market, regional collaboration remains important, as is flexibility in program implementation and perhaps even savings targets. We are glad to know that lighting will be taken up jointly by the IAG as well.
- **Codes and Standards** - The whitepaper notes on page 16 that increased contributions from building energy codes and appliance efficiency standards may override (or undercut) some of the more cost-effective EEPS programs, meaning there will be a greater cost for new savings. Such interplay of codes and standards with efficiency programs is of concern in all states in the region. However, NEEP believes it is valuable to have all customer-facing program administrators involved in and able to share credit for their work to advance such complementary policies. This is true especially in light of the fact that continually advancing standards are part of the push to raise the bar, and the efforts and interests of PAs should be aligned with these larger public policy benefits.

Currently New York has directed funding and ability to claim savings to NYSERDA, with the utilities playing little role. While we support NYSERDA's market transformation role, we see a real missed opportunity in not engaging the utilities to a greater extent. After all, they are the ones who have direct interaction with the customers they serve, as well as being involved with the gamut of building professionals and trades that are a crucial component of efficiency implementation.

The value of working regionally

The Northeast United States — including New England, New York and the Mid-Atlantic States — are the midst of an historic ramp-up of efficiency programs and policies to acquire cost-effective energy efficiency. To meet these commitments, gas and electric energy efficiency program administrators need new strategies, programs, and technologies. States are also pursuing new policy goals in the areas of building energy codes, appliance efficiency standards, building energy rating, greenhouse gas reductions, and a host of other energy and environmental policies. Strategic alignment of these efforts with ratepayer-funded efficiency



programs is needed to help these programs realize their maximum potential at minimum cost to ratepayers.

For 15 years, NEEP has worked to help individual utilities and other program administrators, such as NYSERDA and LIPA, to stay connected, aware and informed of new developments across the region and at the federal level. NEEP also offers these participants multiple opportunities to build on each other's strengths – increasing the market reach and impact of individual and state efficiency [programs](#) and [policies](#).

With the advent of the New York Energy Efficiency Portfolio Standard, the state's utilities have now become full partners in the delivery of energy efficiency to the ratepayers of the state, and in meeting its '15 by 15' energy savings goal. While NYSERDA and LIPA have long been involved with NEEP's regional efforts, we would suggest that now is the time for the state to take a fully comprehensive approach by requesting statewide sponsorship of NEEP's projects from all of the energy efficiency administrators, including the utilities. Their support for and participation in NEEP will enhance strategic regional collaboration to achieve measurable results quickly and cost-effectively by:

- Leveraging industry, federal and regional resources to plan, implement and evaluate efficiency and demand-side resource programs and policies;
- Facilitating consistency in standards, requirements and messages that lead to rapid market adoption of energy-efficient products and practices;
- Identifying opportunities for strategic coordination in programs and policies to yield greater results;
- Aligning their efforts with other relevant regional and national efforts to advance energy efficiency;
- Aggregating their common programs across the region to work upstream in markets and influence decisions by retailers, manufacturers, distributors and other actors to provide greater market access to their respective programs;
- Making more visible their program and policy successes; and
- Facilitating relationships and communications among the region's energy-efficiency leaders to transfer knowledge, share best practices, address issues of common concern and build overall momentum for successful programs and policies.

This investment by NYSERDA, LIPA and the utilities will leverage efficiency program dollars to most effectively serve customers while meet the state's energy savings goals.

New York's Continued Participation in the EM&V Forum

NEEP commends New York for its participation and leadership in the Regional EM&V Forum ('the Forum') during its first three years of operation (2009-2011). New York's participation,



pursuant to the Commission's Order² ('the Order'), has provided important value to the state and region in building common regional protocols and consistent input assumptions to estimate, verify, evaluate and report the impacts of energy efficiency programs in the Northeast and mid-Atlantic region. Such efforts are helping to increase the transparency and understanding of efficiency, thereby increasing its credibility as a resource to support a range of energy and environmental policies/markets at the state and/or regional levels. The Forum's work continues to support the intent of the [resolutions](#) passed by the New England Conference of Public Utilities Commissioners and Mid-Atlantic Conference of Regulatory Utilities Commissioners, serving as the basis of the Forum's formation.

NEEP's comments below provide a summary of the Forum's activities conducted to date and their value to New York, and a request for continued participation in and funding of the Forum for the period 2012-2014. We recommended a funding level consistent with the level approved by the Commission in its Order, at a level of up \$750,000 per year.³ These funds have to date helped to leverage funds from other states to support a range of EM&V projects and studies, which have been selected consistent with criteria set forth by the NY DPS in its Order, as discussed below.

Forum Value to New York

The Forum has achieved a number of significant accomplishments since its inception, with the Steering Committee— including New York Commission representation— adopting important EM&V methods and reporting guidelines, as well as conducting large expensive research projects to support calculating energy efficiency savings. **Attachment A** of this document provides a summary of Forum products completed to date, their description and value to New York. More specifically, the Forum projects were selected based on the criteria set forth by the Commission in its Order, with support by NYSERDA and ultimate approval by the Director of the Office of Energy Efficiency and the Environment. The criteria set forth by the Order, as provided below, have served as very useful guidance for screening Forum projects:

- 1) Whether the project addresses a high priority evaluation need for New York;
- 2) Whether the project provides the evaluation results at a comparable or lower cost than conducting a similar research effort outside of the EM&V Forum;
- 3) Whether potential gaps in an EM&V Forum evaluation project could reduce the value of the results from a New York state perspective;

² NY Public Service Commission - Case 05-M-0090 - In the Matter of the Systems Benefits Charge III, Order Approving New SBC III Major Funding Category Entitled "Statewide Evaluation Protocol Development" - issued March 13, 2009

³ New York's actual annual funding level from SBC III funds, has ranged between \$385,000 - \$485,000 per year (not including NYPA or LIPA funding). The Commission approved \$750,000 annual funding level includes an adder of approximately \$260,000 in cases where additional NY specific data is desired for a project, plus a NYSERDA administrative fee.



- 4) Whether the appropriate solution to correcting gaps, after consideration of the added cost, is to fund research “adders” to enhance the project and make the results more applicable to New York State;
- 5) Whether the project would produce evaluation results representing a high standard of rigor;
- 6) Whether the project would deliver the results and related reports in a useful and timely fashion;
- 7) Whether the project would offer a transparent process assuring full participation of New York’s energy efficiency program administrators; and
- 8) Whether the project would support the goals of the NY EEPS.

The Forum projects to date have addressed the above criteria, with consideration of both short-term and longer term value proposition for New York (i.e., in cases where value of Forum products is realized once effectively implemented and used by New York stakeholders). In general, the Forum projects have focused on the overall criteria set forth by the Commission on page 5 of its Order: to “increase accuracy and overall quality of its EM&V activities used to determine the benefits and value of its investment while reducing costs through pooling resources...facilitate long and short term planning and forecasting...and further develop the evaluation process.”

Another important value of the Forum to New York is its work to monitor and participate in national EM&V protocol projects, including efforts led by the US DOE/US EPA (State Energy Efficiency Action Plan) and the North American Energy Standards Board (NAESB) EM&V project. The Forum’s products informing and helping guide national protocol development efforts (i.e., bringing the Forum, including New York’s, perspective to the table). In addition, NEEP’s participation in these national efforts— and reporting back to the Forum participants— helps to reduce resource constraints on New York stakeholders who otherwise may opt to monitor these activities directly. The Forum is continuing to actively participate in the national forums, which are building momentum in 2011-12.

Finally, over the past three years, NEEP has actively participated in the New York Evaluation Advisory Group (EAG), which has served as an important venue to discuss Forum projects and build understanding of the Forum’s work and its value to New York. The Forum has also benefitted from active participation by New York stakeholders in its project subcommittees, and leadership in both NYSERDA, NYPA and program administrators (National Grid) serving as Project Committee co-chairs. These roles have helped to ensure coordination between New York’s needs and Forum activities.

New York Participation in the Forum, 2012-2014



A recent [independent third-party evaluation](#)⁴ of the Forum indicates that the Forum has made important progress toward its goals, and should continue with some modifications to its current activities: focusing more on joint research & evaluation studies, less on protocol development with increased focus on state implementation of Forum protocols developed to date, and continued monitoring of national protocol efforts. Additionally, NEEP will be addressing improvements to Forum processes and subcommittee structures in an effort to address the challenge of states' limited resources to actively participate in the full scope of Forum projects.

The Forum is currently in the process of developing its 2012-2014 Plan, based on the results of the Forum evaluation as well as guidance and input from Forum states. The Forum will continue to consider and conduct projects based on the criteria set forth by the Commission in its Order which NYSERDA and the Director of the Office of Energy Efficiency and the Environment have applied in the past three years to select EM&V Forum projects for funding by New York. A survey is currently being conducted with Forum participants to identify and prioritize Forum projects for 2012. The details of the Forum agenda and budget for each year will be developed on an annual basis and will be informed by input from Forum stakeholders.

We look forward to New York's input to build the Forum's 2012-2014 plan and detailed 2012 agenda this fall. The Plan, reflecting input from all Forum states, will be brought to the Forum Steering Committee in December for adoption. With the value that New York derives from its participation in the Forum and the important role it plays in guiding Forum activities given its contribution to the Forum, **NEEP recommends that New York continue to fund the Forum for 2012-2014 at a level consistent with 2009-2011 annual funding levels approved by the Commission in 2009.** NEEP values New York's participation and leadership in the Forum to date, and we look forward to working with New York to support its progress towards meeting its statewide goals.

Conclusion

In keeping with our joint comments, we believe the DPS staff have done a thorough analysis of the EEPS programs, and provide a number of solid recommendations for improving program administration. Our principal concerns are three-fold:

- The proposal to do away with shareholder incentives and penalties will hinder utility participation;
- The lack of framework to provide the flexibility in practice that DPS and the Commission espouse in theory will hamper program delivery; and

⁴ <http://neep.org/uploads/EMV%20Forum/EMV%20Products/NEEP%20Forum%20Final%20Report%200803.pdf>



- Lack of a directive for the utilities to join with NYSERDA and LIPA in regional energy efficiency program and policy projects will hinder their ability to meet the EEPS goals in the most cost-effective fashion.

New York has done an excellent job with the resource acquisition programs, but if there is not sufficient emphasis on all the precursor activities that keep the pipeline filled, the state will put at risk the achievements of the Energy Efficiency Portfolio Standard (EEPS) programs. Making sure NYSERDA has a full portfolio of activities that can accelerate energy efficiency and realize the goals of EEPS puts the state in right policy space. Once again, other states will be looking to New York's progress as they work to create a sustainable market transformation model while delivering tried and true energy savings.

Sincerely,

A handwritten signature in black ink that reads "Susan E. Coakley". The signature is written in a cursive, flowing style.

Susan Coakley, Executive Director
Northeast Energy Efficiency Partnerships



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. Saving energy creates a stronger economy, a cleaner environment and a more reliable and affordable energy system.



ATTACHMENT A	
Forum Project	Description and Value to New York
Common EM&V Methods and Savings Assumptions Guidelines	The Forum Guidelines recommends EM&V approaches for conducting comprehensive impact evaluations for a set of priority EE measures, and prevailing algorithms for estimating savings. The Guidelines complement NY's Evaluation Guidelines by providing more detail on EM&V (and are cited in NY's Evaluation Guidelines). The Guidelines provide value to NY by formally documenting EM&V methods, even for those NY program administrators that have historically used the EM&V methods, thereby providing transparency and accessibility to EM&V to support state and regional policies, including integrating efficiency into air quality planning and system planning. The Guidelines' recommended algorithms are consistent with NY's TRM, with expectation that efforts will continue going forward to align prevailing algorithms in order to build consistency where appropriate. The Forum's focus for 2012 is to support the implementation and use of the Forum EM&V Guidelines, and building the case for incorporating/referencing the protocols in national protocol projects.
Common Statewide Energy Efficiency Reporting Guidelines	These Common Statewide Reporting Guidelines, when implemented in 2012, will 1) allow states to compare/benchmark consistently reported energy savings and costs, and the relative effectiveness of programs to help inform more effective program and policy design; 2) support ability of system planners and interested parties to aggregate state impacts to multi-state or regional levels to support analyses of efficiency as a resource (in system planning forecasts); and 3) provide air quality regulators and climate change stakeholders access to consistently reported efficiency savings data to inform the modeling/forecasting of avoided emissions from efficiency savings, including access to data sources and supporting EM&V information. Using the Guidelines' reporting templates, the Forum is now developing a Regional Energy Efficiency Database (REED), a web-based system with reporting outputs, and is working with the Forum states including New York to interface REED with state reporting tools (e.g., including NY's EEPS scorecard).
Glossary of EM&V Terms & Acronyms	The Forum Glossary provides a common set of EM&V terms and definitions, building from the NAPEE Model Impact Evaluation Guide. The Glossary, in its 2 nd version, is largely being referenced throughout the Forum region and beyond.
Loadshape Research: Unitary HVAC and Commercial Lighting Studies	The loadshape research is a large expensive project that has provided critical 8760 savings data for key measures to support savings estimates to determine peak demand savings. This is an on-going project that will address new measures in 2011-2012. This project is of particular value to NY as the Forum leveraged funds from multiple states to provide evaluation results to NY stakeholders at a lower cost than conducting a similar research effort outside of the Forum.
Measure Persistence: Commercial Lighting Study	The Commercial Lighting Measure Persistence study provides estimates of measure lifetimes for several efficient lighting technologies installed by commercial and industrial lighting programs in New England and New York. This study brings value to NY as it lowers costs to individual states by leveraging funds from multiple states in the region.
Incremental Cost Study	The Incremental Cost Study determined baseline and efficient measure costs for a series of energy efficiency measures of interest to Forum participants and the incremental costs of moving from baseline to efficient measures. Like the Forum's other research and evaluation projects, this study brings value to NY by lowering the costs to individual states through leveraging funds from multiple states in the region.
Impact of EE on Building Energy Codes and Standards - Workshop	This workshop provided an opportunity for regulators, program administrators and other energy efficiency stakeholders in New York, New England and the mid-Atlantic to interact and learn about ongoing codes and standards policies, programs



ATTACHMENT A	
Forum Project	Description and Value to New York
	and evaluation plans. Several NY stakeholders participated in the workshop, which effectively brought interested parties together to discuss policy frameworks and evaluation issues for codes and standards programs, with the goal of improving programs and helping the region achieve more aggressive savings goals and claim benefits associated with building energy codes and appliance standards.
Net Savings Project: Phase 1 - Scoping Study Phase 2 - Net Savings Research	The Forum's Net Savings Scoping Paper is intended to improve Forum participants' understanding of how net energy savings is defined, how stakeholders use net savings, and the opportunities and barriers to increasing the consistency of and quality in net savings definitions and measurement in the region. As a follow-up to the Scoping Paper, the Forum is conducting a net savings project that includes the development of common definitions, a series of webinars to share recent net savings research, and net savings-related policy research. The Forum's net savings work is valuable to NY as it brings stakeholders together to find solutions to issues related to net savings in order to improve programs and save money. A possible 2012 project may involve doing joint research in this area, looking at a top-down approach to assessing net effects for certain sectors/areas of Forum interest.

All final Forum products can be found at: <http://neep.org/emv-forum/forum-products-and-guidelines>