

CASE 07-M-0548 - EPS PROCEEDING
STAFF'S QUESTIONS TO THE PARTIES

As discussed at the procedural conference on June 4, 2007, Staff has prepared a series of questions to obtain ideas from the parties on a wide range of topics that may be addressed in Staff's proposal on program design and implementation. The questions fall into five categories:

- Goals
- Program Elements
- Implementation
- Costs and Benefits Calculation
- Funding

(Note: The term "energy" in this document refers to both electricity and natural gas.)

Parties are invited to prepare responses to any or all of the questions. Please submit your comments (via the list serve) by July 11 so that there will be sufficient time for us to analyze submissions as we develop our initial program design proposal. It would be most useful if parties having similar interests and views would submit joint comments.

Please also comment on whether you are aware of any areas that we should consider as we develop our program design/implementation proposal that were not addressed in the questions below. Finally, please indicate if you would be willing to work with Staff more extensively (or even take the lead) in developing a program design on a particular topic.

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GOALS:

1. What approaches hold the greatest potential to contribute to New York achieving the overall target of 15% electricity consumption reduction by 2015? Are there any energy consuming sectors and markets that are currently underserved by the existing available portfolio of energy efficiency programs and services in New York State? How should those deficiencies be addressed in implementation initiatives?
2. What is a reasonable goal for natural gas energy efficiency programs?
3. What are the most appropriate methods and processes for establishing program specific goals and for measuring progress towards long term goals (including program monitoring, measurement, and evaluation)?
4. What load forecasting models and methodologies should be used in developing and refining the objectives of the EPS Proceeding?
5. What other national, state, and municipal government and private initiatives would help New York meet the objectives of the EPS Proceeding? In what ways can we leverage the impact of these initiatives to help us meet the objectives of the EPS Proceeding? How should the impact of these initiatives be counted and measured?
6. The Commission instituted a pilot natural gas efficiency program within Consolidated Edison Company of New York, Inc.'s (Con Edison) service territory.¹ As part of that pilot program, the Commission directed the New York State Energy Research and Development Authority (NYSERDA) to prepare a study of the natural gas energy efficiency potential within Con Edison's service territory. NYSERDA filed that study on June 22, 2006, and it was

¹ Cases 03-G-1671 and 03-S-1672, Consolidated Edison Company of New York, Inc. - Gas and Steam Rates, Order Adopting the Terms of a Joint Proposal (issued September 27, 2004).

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then issued for comment.² Subsequently, NYSERDA prepared a study entitled "Natural Gas Efficiency Programs Resource Development Potential in New York," which was issued on October 31, 2006 and is available on both the Commission's and NYSERDA's web sites. In considering issues associated with a Con Edison electric efficiency/demand management program, the Commission specified how the total resource cost test should be applied to measure the cost effectiveness of measures under that program.³ In the statewide study, NYSERDA used a different benefit/cost approach to measure cost effectiveness.

- a. Please comment on the appropriateness of the approach used in the statewide study.
- b. If a different test of cost effectiveness should be used (i.e., other than the total resource cost test), what test should be adopted and why?

If you have not already commented on this previously, please provide your observations, critiques, and other comments on the data, assumptions, methodologies, and analyses used to develop the estimated potential savings and benefits in the statewide study.

PROGRAM ELEMENTS:

7. What role should building codes and appliance standards play in reaching New York's energy efficiency goals and should such standards vary by geographical area (i.e., metropolitan New York City versus upstate)?
8. What role should outreach and education play in an enhanced energy efficiency effort and what changes in approach should be made in various demographic or market segments from the methods now being used?

² Case 03-G-1671, supra, Notice Soliciting Comments (issued August 14, 2006) (Con Edison Notice).

³ Case 04-E-0572, Consolidated Edison Company of New York, Inc. - Electric Rates, Order on Demand Management Action Plan (issued March 16, 2006).

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9. What role could innovative rate design play in enabling greater penetration of energy efficiency and how might this vary by market segment? Should energy tariffs recognize and differentiate between the relative level of energy efficiency designed into new buildings?
10. What programmatic and outreach efforts, within and beyond the current scope of the Commission's jurisdiction, that have not been generally considered as energy efficiency programs, should be integrated into overall strategies and plans to reach energy usage reduction targets?
11. Should customers of natural gas utilities served under value of service or market-based rates, such as interruptible customers, be included in the overall efficiency program? If so, what types of programs are appropriate for these customers? In what ways would a natural gas efficiency program affect the oil and propane competitive markets and what steps could be taken to eliminate or minimize such impacts (e.g., limiting the program to non-dual fuel customers)?
12. What role should a) distributed generation, b) demand response, and c) combined heat and power play in reaching New York's energy efficiency goals?
13. How can gas efficiency programs best compliment electric efficiency programs? Similarly, how can electric efficiency programs be adapted to serve the needs of gas customers?

IMPLEMENTATION:

14. What could be an appropriate role for utilities with respect to the delivery of energy efficiency programs within their service territories? How might that role vary by market segment?
15. What role should key stakeholders play in an enhanced energy efficiency effort (e.g., Staff, Departments of State and Environmental Conservation, utilities, NYSERDA, Division of Housing and Community Renewal, NYPA, LIPA, NYISO and energy service companies), and how should they coordinate their efforts?

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- What factors should be taken into account in determining how the implementation of various program elements should be managed and monitored?
16. What role should the private sector (e.g., financing and educational institutions) play in program development and implementation? How should these efforts be coordinated with utility and government entities' programs? Are there additional incentives (or tax relief) that could be provided by Federal, State and Local governments which would enable greater penetration of energy efficiency initiatives?
 17. Should utilities (or other entities) receive incentives for implementing successful energy efficiency programs? If so, what is the appropriate level and form that these incentives should take and should such incentives be performance based?
 18. What are the best methods for ensuring that low income customers have access to efficiency programs?
 19. How should environmental justice be considered in program design?
 20. How should existing gas utility efficiency programs, and those under development in rate proceedings, be integrated into an overall energy efficiency effort?
 21. Are there any modifications or adjustments that could be made in the current Systems Benefit Charge portfolio that would achieve higher levels of energy efficiency market penetration and saturation?

COSTS AND BENEFITS CALCULATION:

22. How should the expected benefits and costs of various design options be measured and compared? What externalities should be included and why? What expenditures or benefits should be characterized as transfer payments and perhaps excluded from the analysis? Why?
23. What are the best methods for ensuring transparent and technically sound methods for evaluation of program energy

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savings (gross and net), non-energy benefits (e.g., economic, environmental) and program performance and administration?

24. How should customer satisfaction and program design efficacy be assessed?

FUNDING:

25. What constitutes a reasonable level of funding for the electric and gas energy efficiency programs? How, and from whom, should the various program costs be funded, allocated and recovered?