

Case 07-M-0548 – Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard.

Response to Staff Questions to the Parties

As part of the record in the above-mentioned Proceeding, PSC Staff has asked the Parties to respond to a series of questions to provide their input as Staff prepares its own proposal on program design and implementation.

By way of introduction, Intellidyne, LLC is the market leading manufacturer of energy savings controls for commercial and residential heating, air conditioning and refrigeration applications. In business for over 10 years, Intellidyne's controls are installed in thousands of government, commercial and residential buildings. The controls are measurably reducing energy consumption, energy costs and pollution throughout the country. By design, all of our controls work with new and existing systems, are easily and non-invasively installed, won't violate manufacturer's warranties, are UL listed and are totally maintenance free. The Company provides a money back guarantee of 10% savings in energy usage for each application.

In a recently concluded study commissioned by The New York State Energy Research and Development Authority (NYSERDA) and carried out in conjunction with Brookhaven National Lab, the product performance of Intellidyne's controls has been independently validated. The study documented an average heating fuel savings of 13% and a reduction in oil fired boiler pollution by as much as 47%.

Additional information about Intellidyne, LLC and the NYSERDA study can be found at the Company's web site at www.intellidynellc.com.

As an end-use provider of energy and pollution reducing equipment, Intellidyne, LLC is pleased to provide its perspective on a number of the Staff questions.

Goals

In developing a program that has the greatest potential to achieve the Proceeding's target reduction, the Commission should concentrate its efforts on those conservation techniques and products that provide the largest cost/benefit return to the customer. Clearly business and even residential customers are much more likely to invest in energy conservation if they can see a cost savings in less than 2 to 3 years rather than 10 or 15 years. The goal should be to provide customer education and ease of installation for those items deemed to be most cost effective.

Interestingly enough, in our experience, one of the markets that has the greatest potential for achieving energy savings is the government market. First and foremost, the State government should lead by example. The State of New York owns and operates a wide variety of buildings of varying efficiency and spends a large amount in the State budget to provide energy for those buildings. A reduction of 25% in operating costs would provide a significant pool of dollars to fund worthwhile State priorities. While the Governor should utilize the expertise of NYSERDA in advising State Agencies how they can reduce their energy use, he should also consider designating one individual who would be responsible to him for achieving significant savings. The accountability of such a position would go a long way to achieving the goals and eliminating the ability of agencies to explain away their lack of success.

Secondly, in our discussions with County, Local and School Board officials, there is generally great interest expressed in reducing their energy budget. Unfortunately, the desire to save money often confronts a lack of budget dollars to invest in what everyone agrees would be a cost effective, energy savings project. The State should develop a program that would provide local officials with the ability to invest in energy conservation and pollution reducing technology. We are sure that there are many ways that such a program could be structured and we hope that this proceeding will evaluate how to achieve this goal. One suggestion we would offer would be for the State to establish a revolving loan fund that would loan money to localities to fund verifiable, cost effective programs and then allow the localities to pay back the money to the State from the savings they achieve.

As far as establishing a savings goal for natural gas, use of the 15% target would seem to be a reasonable floor but since we are, in many cases, dealing with heating usage, the potential for greater savings is not out of reach. For example, a residential or commercial customer installing Intellidyne controls can often achieve a 15% reduction in usage without taking any other conservation steps.

Program Elements

Use of stronger building codes and appliance efficiency standards can play an important role in contributing to the State's reduction in energy usage. The State should review all local building codes to insure that they properly stress efficiency as well as work with local building officials to insure that they keep up to date on model building codes and "best practices" from other jurisdictions.

Outreach and customer education efforts are crucial to the success of any energy conservation effort. The program should utilize all methods possible of mass media and Public Service Announcements (PSAs) to inform customers of the opportunities available to reduce their energy usage and bill as well as informing them on how they can avail themselves of the benefits provided. In addition to utilizing normal advertising techniques, the Commission should consider the pros and cons of requiring utilities to include Program Announcements in their bills once or twice a year. This offers a unique opportunity to reach the target audience in a comprehensive and cost effective manner.

Implementation

We believe that the proper role of utilities in the delivery of energy efficiency programs deserves extensive study. Certainly, utilities should be encouraged to help their customers conserve energy. The problem becomes more difficult should the Commission require their participation in an energy conservation program. Not too many years ago, the Legislature and the Commission tried such an approach in adopting the Home Insulation and Energy Conservation Act (HIECA). This program required utilities to provide no-cost energy audits to their customers as well as below rate financing for approved conservation measures. The program was allowed to lapse due to the high costs imposed on utilities in relation to the energy savings achieved. We would recommend that the mandatory role assigned to utilities should be limited to the customer education component discussed earlier.

While we are reluctant to suggest that the State should undertake a larger role in providing services to identify savings potential (energy audits) and arranging financing for approved measures, it is one possibility that should be considered. NYSERDA currently administers the money collected through the Systems Benefit Charge and might be a logical Agency to administer this new program. In our opinion, customers utilizing the services provided should be required to pay a fee to participate. Even if it is fairly nominal such as \$25 for a residential customer and \$100 for a commercial customer, imposition of a charge serves to insure that the customer is serious about installing the suggested measures rather than merely taking advantage of the program because it is free. Charges can be waived for low income customers who meet established criteria.

As far as changes to the current SBC portfolio, we believe that NYSERDA needs to be more creative in getting the word out to all classes of customers so they are aware of the benefits available to them to reduce usage and pollution. The Commission should also insure that there is no overlap or duplication between the SBC and any programs developed in this Proceeding.

As far as **Cost and Benefits Calculations** and **Funding** levels are concerned, we believe that others in this Proceeding are more qualified to provide suggestions to Staff.

We welcome the opportunity provided by Staff to respond to their questions and we look forward to reviewing the responses of other parties. We hope that all parties will work in a collaborative manner throughout this Proceeding to insure that the end result serves our common goal of reducing energy consumption, energy bills and greenhouse gasses.

Respectfully submitted,

B.M. Dolan
Carriga Consulting
For Intellidyne, LLC.