

January 11, 2008

VIA ELECTRONIC MAIL

Hon. Eleanor Stein  
Hon. Rudy Stegemoeller  
Administrative Law Judges  
New York State Public Service Commission  
Empire State Plaza  
Agency Building 3  
Albany, NY 12223-1350

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

Dear Judges Stein and Stegemoeller:

The undersigned parties to this proceeding respectfully request that Your Honors accept for filing and consider this consensus recommendation for a governance proposal. This recommended structure addresses the roles of entities that would be acquiring energy efficiency resources, a process to develop overall strategy and ensure broad participation and transparency, and the reporting requirements. It is expected that this recommended governance structure will result in the utilities developing objectives and programs that are consistent with their expertise and resources and that set clear and



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

On behalf of the City of New York:

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/s/

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cc: Active parties (via ListServer)

**EPS Administration  
Consensus Recommendation  
of  
Natural Resources Defense Council, Pace Energy Project, City  
of New York, Association for Energy Affordability, Inc.,  
Consolidated Edison Company of New York, Inc., KeySpan  
Energy Delivery New York and KeySpan Energy Delivery  
Long Island, National Fuel Gas Corporation, Niagara Mohawk  
Power Corporation d/b/a National Grid, New York State  
Electric & Gas Corporation, Orange and Rockland Utilities,  
Inc., Rochester Gas and Electric Corporation, and New York  
Power Authority  
Final – January 11, 2008**

**Introduction:**

The various organizations named above jointly recommend this EPS administration model to leverage the abilities of the State’s regulated electric and natural gas utilities (the “Utilities”), New York State Energy Research and Development Authority (“NYSERDA”), New York Power Authority (“NYPA”) and Long Island Power Authority (“LIPA”) to help meet the energy efficiency needs of the applicable service territories and the State’s 15 by 15 goal, as well as carbon reduction goals adopted by certain jurisdictions in New York State, most notably New York City’s commitment to reduce greenhouse gas emissions 30% from current levels by 2030 citywide and within 10 years for governmental operations.

The State has adopted a goal of reducing electricity consumption 15% below forecasted levels by 2015 and is also committed to expanded natural gas efficiency initiatives. Achieving the 15 by 15 goal will require new resources to improve customers’ energy efficiency. To meet this challenge, it will be critical to overcome the barriers to customer implementation of efficiency measures. The Utilities, by the nature of their business, possess unique market knowledge and the local presence necessary to overcome many of these barriers. Local, Utility-led programs can be tailored to meet specific customer needs, resulting in wide customer acceptance. The Utilities are also uniquely positioned to integrate energy efficiency into planning for load relief on their delivery systems.

**Proposal:**

1. The New York City, Long Island, and a limited number of other downstate and upstate Energy Efficiency Partnerships (“the Partnerships”), as applicable, will include the applicable local Utilities, NYSERDA and NYPA, as well as the New York City government in the case of the NYC Partnership. Each Partnership will

select a Chair for the purpose of agenda-setting and other administrative functions.

2. Local Utilities<sup>1</sup>, NYSERDA, and LIPA on Long Island will be the primary Program Administrators (“PAs”), supplemented by NYPA administration of services for its customers in New York City (with the New York City government) and Westchester and also statewide for governmental buildings.
  - a. NYSERDA will have lead responsibility for statewide upstream market transformation initiatives focusing on long-term structural or functional changes to markets, rather than direct offerings to end-users. In certain situations, the delivery of incentives as part of upstream market transformation programs (e.g., retailer incentives) will be coordinated among NYSERDA, the Utilities, and NYPA. NYSERDA will also lead the State’s green workforce development efforts and assume an active role in the development of codes and standards.
  - b. The Utilities will have lead responsibility for program delivery for end-use customers within their applicable service territories.
3. Strategic planning for energy efficiency within each of the regional partnerships will proceed largely as follows:
  - a. Each Partnership will prepare an integrated and overarching Strategic Plan (“Strategic Plan”) for energy efficiency that will:
    - i. explain the role and objectives of each member of the Partnership with the goal of maximizing coordination among the Partnership members (including any plans for transition of existing programs);
    - ii. address the integration and coordination of various funding sources (utility charges, SBC, RGGI funds, the energy efficiency budgets of counties, cities and towns that implement energy efficiency programs, NYPA financing and others);
    - iii. identify the possible role of energy service companies (“ESCOs”), retailers, financial institutions, large customers, low-income service providers and community-based organizations in meeting the state’s energy efficiency goals; and
    - iv. identify, to the extent feasible, programs that allow participation by all gas, electric and steam customers in the region, with integration of program delivery where appropriate.
  - b. The Utilities and NYSERDA will each prepare, file with the Commission and be responsible for detailed Implementation Plans for programs they administer to achieve their energy efficiency goals as may have already been defined by the Commission, or as otherwise recommended by them in their respective Implementation Plans. Such Implementation Plans will

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<sup>1</sup> This proposal presumes that the Utilities will receive full recovery of all costs and incentives, subject to Public Service Commission (“Commission”) oversight, for achieving their PA goals.

be reasonably consistent with their responsibilities and objectives as set forth in the respective Strategic Plans. The Implementation Plans will include:

- i. the multi-year energy efficiency goals for the Utilities and NYSERDA, as applicable, and the overall budgets, as developed by each PA, for achieving the goals;
  - ii. measurement and verification (M&V) protocols for determining energy savings, including attribution of savings to various PAs. Non-jurisdictional PAs will work with the Utilities and NYSERDA to develop transparent, consistent and/or comparable M&V protocols to verify electricity and natural gas savings from their own programs. The M&V protocols should generally be accurate enough to support planning for electric generation, transmission, and distribution requirements and natural gas supply (i.e., this is not required for every program);
  - iii. program evaluation protocols; and
  - iv. supporting benefit/cost analyses, including projected rate and bill impacts.
- c. All non-jurisdictional PAs that implement energy efficiency programs will provide to the appropriate Partnership(s) their Implementation Plans which, as with the Implementation Plans prepared by the jurisdictional PAs, will be reasonably consistent with their responsibilities and objectives as set forth in the applicable Strategic Plan. New York City as a PA in the NYC Partnership will also seek to address applicable revision(s) of its Code(s) to facilitate greater energy efficiency.
  - d. All PAs that implement energy efficiency programs will provide regular progress reports to the appropriate Partnership(s).
  - e. The Partnerships intend to reach consensus on most or all elements in their respective Strategic Plans. If this cannot be done in a timely manner, the PAs have the responsibility to achieve their goals and those PAs that are subject to the Commission's jurisdiction can accordingly file their Implementation Plans for their goals with the Commission.
4. Specific elements subject to the Commission's review, or approval, or both, as appropriate, will include:
- a. PA energy efficiency goals and objectives;
  - b. the overall Strategic Plan proposed by each Partnership;
  - c. Implementation Plan filings by the Utilities and NYSERDA;
  - d. All necessary tariffs; and

- e. the Department of Public Service (“DPS”) Staff will be responsible for the review of jurisdictional PAs’ compliance filings, which will be made available to all interested parties.
5. Each Partnership will meet regularly to discuss the following:
- a. Programs – review the experience with existing programs, consider and evaluate changes and support new programs, where appropriate; ensure regional efforts reflect statewide processes; optimize interaction with demand response and other programs;
  - b. Costs – review program and measure costs and implication for program design and budgeting; review options for reducing costs and improving delivery;
  - c. Goals – Monitor progress against goals; review appropriateness of the goals and their allocation among Partnership members as programs develop;
  - d. Market research – organize and coordinate;
  - e. Energy efficiency activities of competitive power suppliers and other parties relevant to program design, goals, and other Partnership responsibilities;
  - f. Practices in other regions and other states;
  - g. R&D – arrange for tests of new technologies that may be included in program designs;
  - h. Codes and standards – review and provide technical support for regulatory functions of the counties, cities and towns within the region and coordinate with statewide efforts; and
  - i. Input from other entities based on :
    - i. Conducting specific sessions for ESCOs, trade allies, technology providers, and major customers and customer representatives to solicit their perspectives on the effectiveness of program design and delivery; and
    - ii. Working with implementation partners. Implementation partners are anticipated to be, among others, ESCOs, retailers, financial institutions and large customers, governmental entities, manufacturers, not-for-profit entities, low-income service providers and community-based organizations. It is anticipated that the implementation partners will attend various Partnership meetings and provide information and recommendations to enhance program design and delivery.

6. The Partnerships will submit summary progress reports to the Commission every six months, with a more extensive annual report.
  - a. Each Utility and NYSERDA will be responsible for drafting and submitting its own report covering material required by the Commission and identified in the Strategic Plan,
  - b. Each Partnership will prepare and submit its respective Partnership report, with any supplements individual Partnership members choose to attach.