Case 07-M-0548
Energy Efficiency Portfolio Standard
Working Groups

New York City Proposal

September 10, 2007

The City's response to the August 24, 2007 letter from Judge Stein in Case 07-M-0548, regarding the formation of Working Groups for the Energy Efficiency Portfolio Standard proceeding and the scope of same.

Both electric and natural gas efficiency should be discussed in each of the groups, as there is likely to be significant overlap at the end user level. Segmented discussions may be warranted in those instances where there is no functional overlap.

Working Group I—Energy-Efficiency Management Structure

New York City Role

New York City volunteers to convene this group, and the proposed City-specific subgroup.

Proposed Scope

This group should consider the coordination among all organizations with energy-efficiency expertise, customer information and contacts, and actual or potential funding sources. These would include:

- Electric utilities (information on customer loads, expansion plans, T&D constraints; funding; for National Grid, energy-efficiency experience in other jurisdictions)
- Gas utilities (information on customer loads, expansion plans, T&D constraints; funding; for National Grid and Energy East, energy-efficiency experience in other jurisdictions)
- NYSERDA, (energy-efficiency expertise and information on recent energy-efficiency investments; funding)
- NYPA, (energy-efficiency expertise and information on recent energy-efficiency investments; funding)
- LIPA, (information on customer loads, expansion plans, energy-efficiency delivery experience)
- The City and potentially other governmental units (information on customer and municipal development plans, permitting authority, end-user contacts, and funding)

While a Commission directive in relation to this proceeding will not be applicable to NYPA and LIPA as such, these entities will presumably be involved in the achievement of the Governor's *15 by 15* goals, and also have a considerable degree of functional overlap. NYPA is the principal energy supplier to SENY and EDDS customers, and LIPA actually serves a small portion of New York City as well as Nassau and Suffolk with retail electric service.

Subgroups

Energy-efficiency program management should vary to some degree by region, reflecting diverse utility service territories, climate issues, cost structures, and other factors that can be important for program design. The City suggests that the following regional differentiations may be appropriate:

- Long Island (including the Rockaways portion of the City), where electricity is provided by LIPA, which is not subject to PSC regulation and does not currently receive DSM services from NYSERDA
- New York City, which has generally higher implementation costs and avoided costs than the rest of the state, as well as a disparate mix of building types and loads not characteristic of areas outside the City (very large office towers and apartment buildings, a high percentage of multi-family housing, mixed commercial-residential buildings, cooperative residences and relatively little industrial load)
- Upstate, overwhelmingly characterized by single-family homes as the residential model, and a large number of significant and energy-intensive industrial loads
- Statewide, to cover building and efficiency codes and other efforts that would be applicable to all service territories

The Upstate groups could also be divided further, such as splitting the lower Hudson Valley (perhaps Orange and Rockland Utilities and the Westchester portion of Con Edison's territory) from the rest of upstate. Further logical differentiation may be difficult, due to the dispersed and interwoven service electric and gas territories of National Grid, NYSEG and other utilities, but this is an issue best left to the directly concerned parties.

Proposed Product

The objective would be to determine the appropriate membership and roles of the management and advisory boards for each region, and the nature and parameters of programs and policies best designed to address efficiency concerns. The City's primary concern is for the New York City DSM group, which it is prepared to convene.

In-City program development should ultimately be guided by a DSM Coordination Board including:

- Con Edison

- NYSERDA, due to its experience in delivering DSM programs in New York, its continuing role as the administrator of the electric SBC programs, and its potential additional role as administrator of gas DSM
- NYPA, which since 1990 has been providing energy-efficiency programs (principally technical support and shared-savings financing) for its customers in Con Edison's service territory and elsewhere
- The City, due to its extensive information on building plans; its roles as a promoter of development, a permitting authority, enactor and enforcer of energy and building codes; sponsor of the GreeNYC energy-awareness campaign; the locus of the proposed New York City Energy Planning Board and New York City Energy Efficiency Authority, and increasingly, a major funder of energy-efficiency efforts, as was described in PlaNYC.
- National Grid (as corporate successor to KeySpan in the city and on Long Island), as an important source of customer contacts and information and potentially the administrator of gas DSM programs in its service territory. Whether administered by the utilities or NYSERDA, National Grid gas programs and Con Edison electric and gas programs should to a large degree be developed jointly, to avoid customer confusion, minimize delivery cost, and minimize total energy-service costs.

The New York City DSM Management Board would need to coordinate and harmonize with the Long Island group (and perhaps Westchester County as well), because many of the contractors, dealers, wholesalers, and other trade allies that will be involved in the implementation of programs in the City will also be involved in the Long Island programs. If DSM programs in Queens have different qualification procedures and lists of qualifying equipment models than do the programs in western Nassau County, trade allies may find participation in the programs unduly expensive and burdensome. New York State's energy-efficiency programs will be most effective if critical stakeholders determine that supporting them is reasonable and economic.

The City anticipates that if the New York City Energy Efficiency Authority (NYCEEA) is passed into law, the function of the DSM Management Board would eventually be assumed by that entity as described in PlaNYC. However, even in the absence of such legislation, the same critical need for DSM coordination will exist, but would in that instance arise through a combination of regulatory directives to the respective utilities and voluntary actions by non-jurisdictional entities.

For each regional DSM coordination, the DSM Management Board (or its equivalent) might convene a broader consultative group, including energy-efficiency service providers and customer representatives to offer suggestions regarding changes in program design, measure eligibility, and efficiency targets.

Working Group II—Energy Efficiency Resource Acquisition

New York City Role

New York City intends to participate extensively in this group.

Proposed Scope

This Working Group would determine the basic scope and structure of New York's DSM programs, including market segmentation, eligible demand-side technologies and basic program design (market intervention strategies, service delivery). The product of this Working Group would differentiate between state-wide and regional programs, and provide a framework for the various management and coordination boards in detailed program design.

The City proposes that coverage of peak load reduction and load management program issues be transferred to Working Group IV, to which Judge Stein's latter assigns customer load management.

Proposed Subgroups

The City proposes that this Working Group be divided into three subgroups.
The following are the proposed market segments for each working group.

Working Subgroup II.a. - Residential

- Low-income
- Retrofit
  - multi-family
  - Single-family
- Retail product purchases
- HVAC equipment purchase and installation (new and replacement)
- New construction and remodeling

Working Subgroup II.b. - Commercial and Institutional

- Retrofit
  - Large commercial/institutional retrofit
  - Small commercial retrofit
- Equipment purchases (new and replacement)
- New construction and remodeling

Working Subgroup II.c. - Industrial

- Retrofit
- Equipment purchases (new and replacement)
- New construction, expansion and process change

Proposed Product

The final product of the working group would be an outline of the combined electric and gas DSM portfolio structure, including:

- Identification of market segments, in a compilation similar to that in the previous section.
- Description of the specific market barriers in the segment (e.g., timing, decision-making, information, access to capital, risk, convenience)
- Identification of appropriate combinations of market strategies to overcome the barriers in each segment, including
    - marketing
    - technical assistance
    - trade-ally training
    - direct installation
    - customer rebates
    - financing,
    - incentives to dealers, wholesalers and other trade allies for stocking, displaying or selling equipment.
- Conceptual design of one or more programs using the identified market strategies to cost-effectively maximize the efficiency of electricity and gas usage in the segment
- Outline provisions for funding creative efficiency proposals by large customers, customer groups, or contractors with special access to customers.

Working Group III—Targets and Benchmarks

New York City Role

New York City intends to participate extensively in this group, and volunteers to convene Group III.a, if the Working Group is divided in the matter suggested below.

Proposed Scope

Working Subgroups

Group III.a. - Establishing targets and benchmarks, identification of leading administrators accomplishments and goals

Group III.b. - Outlining requirements for program market research, performance tracking, monitoring, measurement, reporting, verification, and evaluation.

Proposed Products

Working Subgroup III.a - targets and benchmarks

- A compilation of leading utilities and other DSM program administrators in North America.
- Tables summarizing the past energy-efficiency achievements and planned goals for those leading DSM administrators, in gas and electric energy and peak reductions, as percentages of eligible sales and sales growth. Those tables would be differentiated by customer class, where possible.
- Computation of trajectories of load reductions that would satisfy the Governor's goal of a 15% energy reduction by 2015.

- Recommendation of annual gas and energy load-reduction goals statewide and by utility service territory
- CO2 benchmarking of buildings and tracking of CO2 reductions via DSM efficiency program implementation.

Working Subgroup III.b. - Market assessment, monitoring, reporting, verification, and evaluation

- A list of high-priority market research to be carried out prior to launching new or modifying existing programs
- A description of the program data elements to be tracked
- A program reporting process, schedule and format
- A program verification process
- a program evaluation research agenda, schedule and budget

Working Group IV—Emerging Technologies

New York City Role

New York City intends to participate in this group.

Proposed Scope

The City suggests that this Working Group be divided into the following subgroups:

Subgroup IV.a. - Use of solar technology for space heating and water heating.

Subgroup IV.b. - Customer load management, peak load reduction, load management, and dynamic pricing. The City believes that interruptible pricing is well-established for gas utilities, so this task can be limited to electric applications.

It is not clear that network management should be included in this already complex process. The City suggests that the network issues be eliminated from this effort.

Proposed Products

Working Subgroup IV.a - Solar thermal energy

Report on cost and performance data and program suggestions for WG II and Coordination efforts

Working Subgroup IV.b. - Electric load management

Report on available cost and performance data for load management and dynamic pricing technologies, including the reliability for ICAP credits and T&D planning.
Propose economic analysis framework for use by the Commission, electric utilities, and NYSERDA