

Summary of NRDC Proposal to EPS Working Groups

Targets and EPS Structure: The 15 by '15 goal should apply to all load-serving entities (LSEs) in NY and each entity should be required to achieve a 15% reduction in electricity consumption. The LSEs should be responsible for determining how the 15% will be achieved in their respective service areas. Thus, it is critical that all NYS efficiency programs use equivalent metrics and protocols for determining kWh savings. The PSC should establish interim targets for the years 2010 and 2013, which, as with the 15% goal, should be met through a variety of efforts that target all markets and sectors, including efficiency programs carried out by NYSERDA and utilities, and codes and standards, though significant energy savings from the latter may be challenging before 2015. Additional goals tied to other criteria should be set, to avoid the LSEs simply focusing on savings at the potential detriment of considerations such as equity and comprehensiveness. Utilities should have a lead role in the integrated delivery of efficiency programs and NYSERDA's responsibility should be to develop a platform of core programs; to serve as a facilitator to ensure coordination among program administrators; and, to provide services that require a regional approach. NYSERDA should also focus on efficiency initiatives that rely primarily on upstream, market transformation strategies and/or mass marketing. The PSC should establish a gas efficiency target that is comparable to that for electricity (15 by '15) and there should be seamless, integrated delivery of gas and electric programs. The adopted EPS structure should also include an effective decoupling mechanism.

Utility Incentives: The award of incentives should be based largely on actual verified performance of achieving efficiency results and should be scaled, with higher incentives for higher achievement. The target award level should be based on aggressive but achievable goals, with the opportunity to earn greater incentives for exemplary performance beyond these base goals. The largest portion of incentives should be based on achieving actual benefits, ideally based on total resource net benefits, but could be based on therm, kWh and peak kW savings as well, or a combination of the three. Incentives can be annual or multi-year. Finally, all incentive earnings should be subject to stringent independent verification of achievements (savings), and not pre-specified based on simply completing certain milestones. Utilities should also be penalized for poor performance on their savings goals. A good example of an appropriate performance incentive structure for utilities was included in the California PUC's August 9, 2007 Proposed Decision in Rulemaking 06-04-010, which the PUC approved on 9/20/07.