

**Case 07-M-0548 Energy Efficiency Portfolio Standard
Working Group I – Overall EPS Structure
Minutes from September 17, 2007 Working Group Meeting (1:30 p.m. – 4:10 p.m.)**

**Facilitator: Tariq Niazi, NYS Consumer Protection Board
Co-Convenors: Fred Zalzman, Pace Energy Project, Saul Rigberg, DPS Staff
58 attendees, including Judge Stein**

Logistics:

· The Group agreed to adhere to an every two week meeting schedule through mid-October, with a reassessment of how things are progressing at the October 16 meeting. The next two meetings are scheduled as follows:

October 2, 2007 in Albany commencing at 10:30 a.m.

October 16, 2007 in New York City commencing at 10:30 a.m.

Deliverables for Next Meeting:

Deliverables for the next meeting include:

- One page descriptions of other models - certain participants who actively work in other jurisdictions volunteered to provide one-page descriptions of the elements that make up other state models; evaluation templates for assessing models will be developed by the Co-Convenors.
- An Issues List – the facilitator and Co-Convenors will accept submissions of issues (unclear if substantive, procedural or both) for the group to address at future meetings.
- One-page Summaries for the Submissions by NYSERDA, DASNY, LIPA, Joint Utilities, NRDC and New York City.
- A Conceptual Scoping/Matrix of mature versus infant programs may be formulated. Fred will put further thought into this effort and if warranted, begin the process.

Minutes:

During the group's initial attempt to organize its thoughts based on the questions provided by Judge Stein, she suggested that, in discussing governance issues, the group may want to focus on what models exist, rather than which entity runs which piece. From that, the following issues were presented by members of the group in an open forum discussion.

- Discussions of the California model and the Vermont model;
- Taking a top down versus a bottom up approach: There is not a blank slate, but how do we build on what is already successfully happening?
- There is a need to define functions and who the entities are that will satisfy these functions
- A baseline needs to be defined.
- There are differences in culture, climate, regional differences that need to be accounted for, so much so that appropriate measures for identical programs can differ within the same state.

- There are also differences where new generation is needed. Energy efficiency is arguably necessary everywhere, but load management and peak load reductions are critically needed in certain geographic areas.
- An inventory of all existing programs should be taken.

Responses to this comment included some verbal descriptions of existing programs, as well as references to the Conservation Coordination Task Force Report to the Legislature in January 2007, that has been provided in this proceeding, as an inventory of State entity energy efficiency efforts. Utility specific efforts are not included in this report and would need to be gathered.

- If we start with the status quo, how do we address the potential to reach the goals of 15 x 15 by designing a system that does not just throw a bunch of money at a bunch of players?
- ESCO terminology should be clarified. The term means different things to different people.
- What is the scope of Working Group I's mission? Is it only issues within the scope of the PSC's jurisdiction, or broader?

Judge Stein clarified that, the PSC would never do anything outside of its jurisdiction, thus the former is more representative of the scope.

- Building on the earlier comment of defining functions, special attention should be given to comparing the scope of the programs to the skill sets needed for implementing those programs that meet the goals of the EPS. Further building on this notion, it was stated that different entities are better at different programs.
- It is important to have uniformity across all of New York State. For example, fuel-switching efforts are incited in some areas, but not in others.
- Utilities want to be engaged in the process.
- A concern about "mission creep" was expressed. Not a lot has been stated about energy efficiency, rather it seems to be about 15 x 15. Should be setting a target and letting the load obligate to meet it? What is the definition of an energy efficiency portfolio standard?

A direct response to that comment from another participant was the notion that there is no uniform definition and that everyone has their own definition, and some are wider in scope than the previous thought.

- We should guard against wholesale adoption of existing models. A mix and match approach is more appropriate as New York is not like any other jurisdiction.
- Acknowledgement of the nature of these issues for the low-income sector should be acknowledged.

- The definition of what it means to “provide” energy efficiency should be a focus. A distinction can be made between “implementing” energy efficiency and being “accountable” for the implementation of energy efficiency.
- It was stated that we should “resist the temptation to go wild with consumer-funded programs.”
- How big is the problem? Who is deciding this?
- It is unclear whether demand response is a requirement. In Illinois, legislation was recently passed that has an energy efficiency component and a demand response component.

Judge Stein suggested that Working Group III is working on the targets, 15 x 15 is the goal and both energy efficiency and demand response are on the table.

- How are programs going to be paid for? In California, there is 50/50 funding.

Judge Stein suggested that issues of funding are appropriate for this group and DPS Staff stated that the comments in October should address the cost issues for the fast-track programs.

- Do we know where the load is? You tend to change the way people live when you talk about getting into these higher levels of achievements (e.g. it becomes more difficult to achieve these targets strictly through more acceptable/relatively benign measures).

Responses directed toward this notion included:

There are a lot of good models out there. There are waiting lists for some programs using instrumented audits. There is wide acceptance of base-load measures.

Education and mass messaging is necessary. A lot of people who are going to buy lots of equipment and voluntary participation is necessary.

- Two-thirds of New York City residents are renters with virtually no control over their energy consumption, yet they pay for these programs.
- North Carolina is currently developing their first set of real DSM programs and are building it into their electric service. Further discussion was had among the participants of the underlying reasons for such a strategy, including possible issues of program control harkening back to the background of individuals setting the policy in that state.
- Those who provide generation, retail load can educate those who pay for the commodity.
- Don't we need to create a superstructure?
- There are many models out there, but which one is appropriate here? Who is driving this? If it's the Governor, one model will prevail; if the regulator, another model will prevail. Are compliance obligations going to be imposed on IOUs, or other market participants? If, for

example, a percentage requirement for load reductions is to be imposed on each of the IOUs relative to their own load, with penalties for failure to comply, that might factor into program design.

- We need to define the universe of potential models, including the existing New York model; define what do we need functionally to achieve it (including education, program design, delivery, financing, etc.) and the skill sets needed; which entities should or want to be involved; decision criteria and how we adapt acceptable models to New York?
- The New York model isn't pretty and is messy, but could continue to work for New York.
- One element of the California model that could be considered is the competitive solicitation to meet certain targets going forward.
- Working Group I should use Working Group II's output and integrate it into our work. Also, certain questions (possibly questions 3-6) are more appropriately addressed by Working Group II.

The Co-Convenors will address this with the Co-Convenors of Working Group II.