



ENERGY EFFICIENCY CERTIFICATES

A VIABLE OPTION FOR NEW YORK STATE

By Green Energy Consultants LLC

Principals: Alan Zox; Eugene Garcia; Andy Young

September 11, 2007

EEC'S HELP ACHIEVE GOVERNOR SPITZER'S 15 X 15 ENERGY GOALS

EECs use a market based program to allow supply and demand to achieve:

- Climate Neutrality
- Create Jobs
- Demonstrate NYS' Leadership

DEFINITION OF ENERGY EFFICIENCY CREDITS

Definition:

- EECs also known as Energy Savings Certificates or White Tags are documents certifying that a certain reduction of energy consumption has been attained.
- EEC's represent the environmental benefit of eliminating Greenhouse Gas Emissions (GHGE)
- RECs assist in the creation of renewable power while EECs assist in the creation of energy efficiency projects, arguably a preferred method of reducing GHGE.

EECS ARE THEORETICALLY EQUIVALENT TO RECS

- Both assist in eliminating GHGE
- Both provide additional financial incentives to reduce
- Once EECs and RECs are seen as equivalent, the benefits of a market based EEC program becomes obvious

BENEFITS OF EEC / REC EQUIVALENCE IS SIGNIFICANT

- Solves problem of RECs not being available to meet market demand-- increases availability
- Reduces high Price of current in state RECs
- Voluntary/Private Sector can buy instate RECs or EECs
- Further consequences of replacing out of state RECs with instate EECs-- will accelerate State energy goals and keep funds in NY -- ie. Job Growth

EEC PROGRAMS ARE GROWING IN USA AND ABROAD

- In Connecticut, Pennsylvania and Nevada Energy Efficiency Credit programs have mandated market based programs-- by RPS legislation
- Five other States have also enacted EEC programs of different formats
- UK, Italy, France and New South Wales, Australia have successfully implemented

NEW YORK STATE CAN BE A LEADER IN ENERGY EFFICIENCY CREDIT PROGRAMS

- NYSERDA and the NY ISO enable NYS to have low barriers to enter market
- “Lessons Learned” in other states and abroad are easily translatable to NYS
- Establishing an EEC program in New York will promote Governor Spitzer’s 15 x 15 program
- Such a program will make NYS the premier location for affecting climate change.

PROGRAM ELEMENTS OF AN EEC PROGRAM

- Equivalency
- Additionality
- Target Market
- Certification, Measurement & Verification
- Tracking and Clearinghouse
- Preferred Energy Conservation Measures (ECM)
- EECs Life Cycle

IMPLEMENTATION ELEMENTS OF AN EEC PROGRAM

- Certification, M & V -- Utilize NYSERDA's existing capabilities and independent status
- Tracking & Clearinghouse -- NYISO can expand existing software to include EECs. They already handle bilateral contracts in energy marketplace. Such a system can easily be integrated with other regional ISOs.
- Outreach and Marketing to Achieve Goals - Governor's Office, NYSERDA and Utilities plus load serving Entities create a multi-prong approach to promote awareness in market and an appreciation of REC / EEC equivalency.

COSTS & BENEFITS CALCULATION OF AN EEC PROGRAM IN NYS

- Cost to implement EEC Program will be incremental.
- Existing administrative cost is already in place.
- Cost of expanding NYSERDA and/or NYISO's roles can be considered incremental, variable costs.
- Metrics such as \$KWh saved can be estimated with good accuracy based on existing program success and estimated increased cost.
- These figures, it is expected would be a fraction of the existing \$KWh energy efficiency plan cost.
- Further, the ability to secure voluntary contributions that would normally go to out of state RECs will also improve the Cost/Benefit ratio.

FUNDING OF EEC PROGRAM

- Initially funding may come from existing RPS fund-
- fastest implementation approach.
- Future funding may come from responsible parties
involved with achieving goals who would pass along
to end users.
- Competition will provide incentive for driving down
the cost of securing EECs.
- Voluntary purchasers of carbon offsets or out of
state RECs, would provide another source of
funding by switching over to purchasers of instate
EECs.

TO FURTHER DISCUSS THESE COMMENTS PLEASE CONTACT:

Alan Zox, Ph.D

President

Green Energy Consultants LLC

azox45@gmail.com

401.741.7459

Eugene Garcia egarcia@ecmcompany.com

Andrew T. Young, aokyoung@aol.com