

**PSC EPS Proceeding
Working Group III
November 13, 2007**

Meeting Goal

- The focus of the meeting was to plan a strategy for completing our assignments, including setting task deadlines, and identifying the issues where there is a lack of consensus or that need additional attention.

Opening

- Bill advised that ALJ Stein and Stegemoeller were pleased with progress of the Working Groups as presented at November 5 meeting in Albany.

Report Update

- Final WG III meeting is scheduled for November 30th at 10:00 a.m. in Albany to complete the final report (location = Agency Building Three of the Empire State Plaza, 3rd Floor Hearing Room). People who have been assigned sections of report should continue to fill in blanks and keep writing. Judges are not looking for an extensive report, but it should be more that a power point presentation or bullets. Judge Stein is seeking recommendations where there is consensus and what the issues are where there is no consensus. Jim Parmelee (LIPA) volunteered to address section of outline that deals with transmission and distribution efficiencies. Arthur Maniaci designated Randy Bauer (NYSISO) to coordinate with Jim.
- Our target is to have the report sections drafted and circulated to the group on or before 11/27. This will allow everyone a chance to review the draft documents in advance of the 11/30 meeting. The primary purpose of this meeting will be to hammer out resolutions on undecided issues and tie up loose ends. At the conclusion of the day, the report should be more or less complete. We would then have the next few days to make final edits to our work product.
- Cindy McCarran mentioned that Optimal is updating a 2006 report on Gas DSM programs. She distributed scope of work to WGIII after call and is looking for comments. Report will not be complete until January. It was suggested that a summary of existing or planned Gas DSM programs be included in an appendix to WGIII report.

2015 Load Forecast

- Marc Vatter is planning to distribute proposed format for load forecast in next few days. He needs final input form WGIII participants
- There was discussion regarding how to allocate 15% target to various programs and administrators. There are still concerns on how this will be done before WGI completes its work.
- Bill suggested that codes and standards will still make a substantial portion of the portfolio (~40%).
- Art Maniaci suggested that we cannot put a hard number to the target beyond the first three years and that there should be a softer estimate for the following 7

years. His concern was to tie down a target when you know that the forecast will be adjusted in later years.

- Discussion continued if we can use ISO Gold Book Forecast or if we need to drill down to the Program Administrator level (utilities, LIPA and NYPA). Art felt that although the ISO forecast has been refined in the last few years, a bottom-up approach for DSM works better in NYS because of economic differences observed upstate versus downstate.
- Rich Miller added that bottom-up approach is necessary when you consider that incentives will be part of the DSM target and you have to have goals by Program Administrator (utilities).
- Also to be considered is that if you adjust goals too often you lose credibility.
- It was suggested that we stay with bottom-up approach, but that the report can include recommendations for adjustments to statewide forecast as required.

B/C Analysis

- Marc and Bill advised that the section on benefit cost tests and recommendations are floating around PSC and that there has been a lot of internal discussion revolving around the appropriate discount rate and other issues. Helen Eisenfeld will continue to work with Marc on this section and will prepare a “best practices” write-up based on what other states are using to assess DSM programs.
- A draft of this section will be distributed next week.

Upcoming Meetings/deadlines

- Revised sections to report should be distributed by November 27th so WGIII has time to review before Nov. 30th meeting
- November 30th WGIII all day meeting in Albany. Will start at 10 am.
- December 5- Final Working Group reports due to Judges
- December 14th – Final PSC Plenary meeting with all Working Groups- MetroTech Building, Brooklyn , NY

Outstanding Issues

- Keep working on final draft report