

Northeast Energy Efficiency Partnerships, Inc.



STATE OF NEW YORK PUBLIC SERVICE COMMISSION

Proceeding on Motion of the Commission
Regarding an Energy Efficiency Portfolio
Standard

CASE 07-M-0548
October 15, 2007

Comments of James O'Reilly, Director of Public Policy Northeast Energy Efficiency Partnerships, Inc.

Introduction

Northeast Energy Efficiency Partnerships (NEEP) is pleased to submit recommendations to ALJs Stein and Stegemoeller as well as the New York Department of Public Service on the New York Department of Public Service Staff Preliminary Proposal for Energy Efficiency Program Design and Delivery. This proposal, released August 28, explores the isolation of Fast Track programs in accordance with the development of an Energy Efficiency Portfolio Standard and the state goal of reducing energy consumption by 15 percent by 2015.

In an October 1 Letter to Active Parties, the ALJs requested that commenting parties concentrate on a short list of existing programs that may supply the most immediate benefit to the state through first round ramp ups. Although our comments are not able to address many of the technical and quantitative questions requested by the ALJs, our long standing experience of working with energy efficiency program administrators in New York allows us to give educated, implementation level recommendations on which programs can be successfully ramped up while also supplying the largest energy consumption reductions for the state.

Recommendations

NEEP would recommend three top priority programs for fast track ramping up. In each case, based upon historic successes of these programs, as well as changing dynamics in the marketplace, we feel that additional funding can provide immediate impacts in program savings. These programs are:

1. Residential New Construction
2. Commercial and Industrial Retrofit

3. Low Income Programs

In addition, even though staff didn't necessarily categorize building energy codes as a "ramp up" opportunity, NEEP would like to offer some comments in relation to codes, and in particular discuss how codes can both complement and make more effective some of the existing programs, such as new construction.

Residential New Construction

The existing new construction programs present an example of an opportunity to reach deeper into an existing market through both additional resources and program design improvements. Over their years of implementation, these programs have proven to be very successful. However there is much of the population that the program has not yet reached. The DPS staff estimates in their Draft Proposal that the program is currently reaching only 10 percent of the new construction housing market, while other New England states are reaching up to 43 percent of the market and nationally states have been able to reach up to 60 percent penetration.

But simply expanding the program will not necessarily provide the energy savings the state needs to realize to meet its ambitious savings goals. NEEP would also recommend that the state seek to move the program beyond basic ENERGY STAR requirements to feature even higher efficiency savings requirements. Our program experiences and feedback tell us that many practitioners have begun to move beyond the ENERGY STAR baseline, finding that new technologies and building practices are allowing for even greater energy savings in new construction. Such an increase in baseline energy efficiency would allow the state to reach even more savings.

Commercial and Industrial Retrofit

NEEP also notes an opportunity for large savings in the commercial and industrial retrofit programs, specifically with regard to lighting and small commercial and industrial programs. Enhanced funding of the lighting incentive program will allow for further promotion, as well as an increase of the number and amount of incentives available. The ramping up of these programs is also important with the current lag in building codes. As code is updated, it will rapidly make a focus on a rebate-only programs obsolete. Therefore, while the ramping up of the lighting incentives program is important for the immediate timeframe, in the future the program should seek to address daylighting and controls as well as seek to tie into the developing U.S. Department of Energy Commercial Lighting Initiative by offering directly related training and communications.

Similarly, there is much room for the amplification of the small commercial and industrial programs. Commercial and industrial programs are known to deliver the largest benefit-cost ratios as compared to other energy efficiency programs. As such, they should be a focus for the initial Fast Track programs. While ramping up the small commercial and industrial programs, NEEP would point out that comprehensiveness is key in ensuring the effectiveness of these programs. Also, encouraging companies to participate in retrofit programs can often be a challenge, therefore strong incentives and financing options will help make the programs more attractive to businesses and ensure that the programs achieve the desired market penetration.

Low Income Programs

Lastly, we recommend the ramping up of the Low Income Residential Energy Efficiency and Weatherization Programs, including both the Weatherization Assistance Program (WAP) and EmPower New York. As stated by the DPS Staff, these programs are currently unable to reach the entire low income community due to financial constraints. Expanding the program will result in a dependable sizeable decrease in energy consumption, while also increasing the standard of living for a vulnerable population; an issue that, while not necessarily energy related, should not be overlooked or underemphasized through these proceedings.

In addition, we believe that these programs can be ramped up using their current implementation models. Both of the program administrators, New York State Energy Research and Development Authority (NYSERDA) and the Division of Housing and Community Renewal (DHCR), have long standing history in implementation of these programs. In ramping up the programs, however, we emphasize the need for current coordination to be maintained, possibly even increased, in order to ensure that customer confusion is minimized and that the programs are not creating duplicity.

Building Energy Codes

Finally, even though the staff proposal didn't categorize building energy codes and as "fast track" program that could be ramped up to immediate benefit, we would be remiss if we did not note the opportunity that enhanced building energy codes present to New York.

If the state seeks to ramp up some of its new construction programs, it should do so in concert with enhancements to its building energy codes. Codes are one of the most under-utilized, yet effective policy tools available to address energy use through design standards for new construction or substantial renovation of the built environment.

New York has just updated both its residential and commercial building energy codes, both based on the 2003 International Energy Conservation Codes (IECC). Because the IECC is updated every three years, the New York referenced code, because of delays in the updating process, does not, therefore reference the most up-to-date model code that it could.

But mandating that the state tie its code to the updates to the IECC, and adopt the latest version as its code upon its completion, the state would ensure that it does not fall behind in referencing the most recent code and all of the energy savings it may entail.

Further, were the state to adopt both the most recent model code, and coincidentally adopt a "progressive" or "stretch" code that mandating energy savings up to 30 percent above the baseline code, it could utilize such a progressive code in two ways:

1. The stretch code could become the basis for new construction programs, and would slide upward to advance the newest construction practices each time the baseline code is updated. Then, as these new practices gain market penetration due to the successes of the energy efficiency programs, the baseline code is brought up to meet those practices, and the stretch code continues to push the bar higher in new construction practices.
2. Likewise, a stretch code can become the basis for new construction mandates governing all publicly funded buildings in New York State. Public construction projects can and should serve not only as examples of the latest in energy efficient building practices, but

can help as an educational tool for the state's architects, engineers and building contractors

Conclusion

In closing, New York is in a unique advantage moving forward with the implementation of an Energy Efficiency Portfolio Standard, as many of the current programs have proven to be successful, efficient and effective. Concentrating immediately on expanding a few proven programs will allow the state to progress towards its lofty goal of increasing its energy efficiency acquisition and reducing energy consumption by 15 percent by 2015. The recommended program expansions and/or modifications provide the uncomplicated ramp up combined with the significant benefit that the Department is seeking in this initial phase of implementation. We commend the Department for its swiftness in implementation of this program and its desire to ensure thoroughness in its development. Going forward, we are happy to provide any assistance to these proceedings that we are able.