

# **Energy Efficiency Portfolio Standard Proceeding Briefing**

**South ASIA Regional Regulation Partnership Executive Exchange**

**Prepared by: The Office of Energy Efficiency and the Environment  
State of New York  
Department of Public Service  
September 21, 2009**

# Energy Efficiency in New York History

- In 1980s and early 1990s, New York utilities implemented energy efficiency programs
- Spending peaked in 1993 at about \$300 million per year, then declined to under \$100 million by the mid-nineties.
- In 1996, the PSC established a System Benefits Charge to fund public policy initiatives not adequately addressed by competitive electricity markets.
- The SBC programs are administered by NYSERDA.

# NYSERDA has administered SBC programs in NY since 1998

- SBC I:** In 1998 the PSC set the initial SBC funding level at \$77 million per year for three years
- SBC II:** In 2001 the PSC renewed SBC for five years with funding of about \$150 million per year.
- SBC III:** In December 2005, the PSC extended the SBC program for an additional 5 years (through June 2011) with an annual funding level of \$175 million.

## Discussions about 15 by 15 began in spring of 2007

- Governor announced a statewide goal to reduce electricity use by 15% in 2015
- Commission instituted Energy Efficiency Portfolio Standard (EEPS) process in April 2007
- Department Staff team began work on programmatic options that included the concepts of “fast track” and “Gap” Programs.

## Established two phases of collaborative working groups lead by DPS Administrative Law Judges

- Phase 1
  - Overall EEPS Structure
  - Program Assessment and Development Framework
  - Program Evaluation and Monitoring
  - Emerging Technologies and Demand Response
- Phase 2
  - Natural Gas
  - On-bill Financing
  - Workforce Training and Development
  - Demand Response and Peak Reduction

## On June 23, 2008 the Commission issued an EEPS Order

- Identified “fast track” programs
- Described process for “Gap” programs & solicited proposals
- Established electric funding level of about \$330 million annually through end of 2011
- Set goals for period through end of 2011
- Allocated 5% of total budget for Evaluation, Measurement & Verification
- Discussed utility performance incentive policy

# “Fast Track” Programs Are Mostly in Place and Operational

- **NYSERDA**
  - Residential Lighting
  - EmPower NY
  - Flex Tech – Electric
  - Industrial Process
- **Utilities**
  - Residential HVAC
  - Small Business Direct Installation
  - Residential Efficiency Gas Equipment

## Commission issued a gas efficiency program target Order in May 2009

- NYSERDA and some utilities had already filed gas efficiency programs
- Utilities were given a chance to update gas programs or, if they had not yet made a filing, were given a chance to file initial program proposals
- Set annual gas budgets of \$130 Million annually and energy savings targets

# Program administrators filed over 100 “Gap” proposals

- Commission is reviewing these a market sector at a time
  - Commission has reviewed multi-family and large industrial programs- “under served markets”
  - Commercial/industrial, residential, and low income programs will be reviewed next
- There are significantly more requests for funding than the amount of money available
  - Funds allocated to market sectors as percentage of total sales
  - 10% of available funds have been held back for rebalancing

# Programs are being reviewed based on a number of factors

- Total Resource Cost Test + A Carbon Adder - Benefit Cost Framework
- Cost of Conserved energy
- Strategic “fit” with EEPS objectives
- Funding requested and funding available
- Ability to implement
- Balance across territories and administrators

# Major Emphasis on Program Evaluation

- Improve the reliability of program energy saving estimates
- Establish EM&V protocols and procedures
- Require pre-approved program evaluation plans
- Establish uniform program data collection & reporting protocols
- Improve the transparency of the EM&V process

# Established Evaluation Advisory Group (EAG)

- Includes major stakeholder groups such as: program administrators (NYSERDA & the utilities), environmental advocacy groups, trade and industry associations (for implementation contractors), regional efficiency policy interests, state electric public power authorities (LIPA & NYPA), New York Independent System Operator (NYISO), etc

# Evaluation Advisory Group Role

- Peer review of program evaluation plans
- Collaborative design of the data collection and monthly reporting protocols
- Coordination of statewide baseline evaluations studies
- Review of the standardized energy savings estimation protocols contained in the Technical Manuals

## There are several of accompanying EEPS initiatives in process

- Extensive Statewide Outreach (awareness) and Education Effort
- Workforce Development
- On-bill Financing Pilot
- Rate Design Review
- Demand Response & T&D Efficiency Review

# Energy Efficiency Portfolio Briefing

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