STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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

Case 07-M-0548

REPLY BRIEF OF ENERNOC, INC.

Introduction

EnerNOC is a leading demand response resources and energy management services provider in the United States and Canada. As of December 31, 2007, EnerNOC had more than 1,112 MW of demand response resources under management across approximately 2,189 sites across the continent. We actively participate in a range of reliability-based demand response programs, price response programs, and ancillary services markets. EnerNOC's demand response activities are implemented via automated, aggregated, and intelligent management of end-user lighting, HVAC, distributed generation, and industrial process equipment.

EnerNOC is an active participant in New York's demand response programs. We also provide demand response and energy management products and services directly to utilities and utility customers in bilateral markets elsewhere in the United States and Canada.

EnerNOC has been closely involved with the instant proceeding since its inception last year, both directly, and as a former member of the Joint Supporters group.

1. Fast Track Proposals

As noted in the Joint Supporters' Initial Brief, EnerNOC supports the implementation of Staff's bridging proposals, augmented to include DG and demand response. Specifically, we endorse the position that the recommendations of Working Group IV regarding monitoring-based commissioning be adopted.

> There is a close and direct relationship between demand response (DR) and energy efficiency derived from MBCx by virtue of the fact that ISO demand response programs require the installation of the very interval metering that is a prerequisite to implementing MBCx. ESCOs can use the advanced meters required by DR program rules to obtain a continuous record of load and energy consumption on a near-real-time basis. This data is analyzed either manually, or electronically using and trending software ESCOs are then able to discern opportunities for ongoing energy efficiency savings that might otherwise go unnoticed. Further, these efficiencies may be available at very low cost as they may entail simple operational changes to building management systems[1]. (WG 4 Report at 59)

Working Group IV recommended that the Commission certify MBCx as an eligible energy efficiency measure and we urge it to do so now, so that the state can begin to take advantage of the synergies between demand response and energy efficiency as soon as possible. Staff's discussion of ECB does discuss commissioning and retro commissioning, but it omits, we hope unintentionally any mention of the newer, but still proven MBCx approach.

As evidence of MBCx's proven status, EnerNOC notes that Western Connecticut State University recently received the Energy Project Award from the New England Chapter of the Association of Energy Engineers for a campus-wide MBCx retro-commissioning and demand response initiative (see Attachment 1.) In addition, MBCx has been a part of the California utilities' DSM programs for several years.

[1] / The Joint Supporters Initial Brief inadvertently excluded this text, and in so doing, cast too wide a net, effectively seeking inclusion in the Existing Commercial Buildings program of all WG IV's recommendations. This was not our intent.

2. Utility Administration of Energy Efficiency Programs

The Ruling invites parties to address the "policy rationale for authorizing utility administration of energy efficiency programs in the broader context of the EEPS proceeding…" Many parties have commented on this issue, but we believe that Chairman Brown stated it best in the recent Con Edison rate proceeding, when he noted that (and we paraphrase) it is going to take all parties, including the utilities, pulling together to meet the "15 by 15" goal.

"15 by 15" is such an ambitious goal, that it will indeed, require the active involvement and applied creativity of virtually all stakeholders to bring it about. To suggest that either the utilities, with their vast customer knowledge and contacts, or NYSERDA, with its immense experience in implementing conservation, demand response and DG programs, will not both play major roles is at best unrealistic.

Nor will it be possible for the state to achieve its goals without enlisting the services of virtually all of the energy service companies and demand response providers and their trade allies that are familiar with New York's convoluted energy infrastructure. Indeed, many parties have recognized that a broad and sustained effort is going to have to be made to educate and train the legions of new clean technology workers that are going to be required to effect the sweeping changes envisioned in "15 by 15."

Finally, it will be no more feasible to construct a new, sustainable conservation-based energy infrastructure utilizing only pure permanent demand reduction or energy efficiency than it would be to build a generation infrastructure consisting solely of baseload generating plants. Some of the new sustainable infrastructure will have to take

the place of intermediate and peaking power plants. In other words, an economically as well as energy efficient electricity supply infrastructure will need to include demand response and price-responsive load reduction, as well as more fully integrate demand resources into the ancillary services markets.

Staff recommended that utilities be responsible for ensuring that system load factors do not deteriorate and recommended a requirement that they utilize demand response resources to correct any such degradation. We strongly support that recommendation, however we concur with Joint Supporters that NYSERDA may be better suited to this task, given its greater experience supporting demand response initiatives.

Multiple Intervenors oppose this concept to the extent that it represents an incremental requirement and expense over and above the "15 by 15" energy conservation goal. What MI fails to address is the fact that not correcting degradation in system load factor will, in itself, create additional costs in the form of less efficient utilization of existing generators.

As noted previously, an efficient mix of demand side resources will be one that reduces the need for conventional fossil generation, but that also maximizes the efficient operation of those fossil generators that remain. Staff's proposal to maintain system load factor is an appropriate initial step. The issue should be investigated in greater detail when Staff's Proposed Decision 11 is adopted.

Staff's Proposal

On issues in which it has any interest, EnerNOC is in essentially 100% agreement with the points made and recommendations advanced by DPS Staff in their Initial Brief. It is obvious that Staff has done its homework and in so doing has enabled itself to craft for the Commission a coherent vision and sensible strategy for achieving that vision,

while still acknowledging the myriad uncertainties that necessarily beset such a vast undertaking as "15 by 15."

Staff goes well beyond answering the four basic question posed by the ALJs because answering only those questions is insufficient at this time to set New York on a course that allows for the possible achievement of "15 by 15." What is needed now from the Commission is an endorsement of a broad vision and set of strategies. Staff's recommendation is worthy of adoption. This is extremely fortunate as it is, in fact, the only such proposal advanced to date that addresses both near and long-term issues without prejudging the roles that various parties should play in the future.

While EnerNOC would support the Commission's adoption of the Staff proposal *en toto,* we recognize that other parties may not be so accommodating and that the Commission may choose to endorse only aspects of it. Accordingly, we wish to note particular support for the following Staff recommendations:

- Proposed Decision 5 (subject to the recommendation that MBCx measures be included)
- Proposed Decision 7 – As noted by NYSERDA, this is a logical area for which utilities can and should play a major role. Also Staff's related suggestion that WG III's recommendations, regarding T&D efficiency, be implemented (Staff IB at 43)
- Proposed Decision 11 directing the parties to convene a 30-day collaborative to explore the contributions that demand response can make to "15 by 15"
- An open and transparent process for determining how to integrate utility programs with existing programs (Staff IB at 21)
- The concept that utility incentives be conditioned on and proportionate to good to excellent performance (Staff IB at 29)
- Retaining NYSERDA as the designer and administrator of large C&I programs and a solicitation beginning in 2009, so long as MBCx is included (Staff IB at 35)

- A staff-administered RFP for commercial retrofit resources, so long as MBCx is included (Staff IB at 36)
- A new EEPS requirement that utilities and/or NYSERDA be responsible for using demand response resources to ensure that system load factors do not decline further (Staff IB at 47) – As Joint Supporters noted in its initial brief, NYERDA is better prepared to address this requirement in the short-term.

Conclusion

For the reasons expressed above, the Commission should approve Staff's bridging proposals and policy recommendations, as modified by our comments.

Dated: April 18, 2008

Respectfully Submitted,

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ATTACHMENT 1

ENERNOC get more from energy

For Immediate Release

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WCSU Receives Energy Project Award for its Innovative Retro-Commissioning Work with EnerNOC, Inc.

Western Connecticut State University Receives Energy Project Award from the New England Chapter of the Association of Energy Engineers

BOSTON, MA, April 14, 2008 –EnerNOC, Inc. (NASDAQ: ENOC), a leading developer and provider of clean and intelligent energy solutions, and Western Connecticut State University (WCSU) announced today that WCSU was granted the prestigious Energy Project Award from the New England chapter of the Association of Energy Engineers (AEE). Through installation of EnerNOC's PowerTrak Analytics® (PTA) retro-commissioning system, WCSU was able to significantly reduce its energy usage and costs. This is the first project from Connecticut to receive this award, and it is the first time retro-commissioning and demand response have been recognized with an Energy Project Award.

WCSU has been an EnerNOC demand response customer since 2004, reducing electrical consumption during times of peak demand in return for regular payments from EnerNOC. To drive further energy efficiency measures, WCSU signed up for EnerNOC's PTA retro-commissioning offering, enabling EnerNOC to integrate its PowerTrak software with WCSU's existing Building Management System (BMS) to identify significant, innovative energy efficiency measures. EnerNOC's PTA system enables WCSU to monitor and analyze WCSU's energy consumption in detail and continuously receive near real-time, automated recommendations from EnerNOC on how to maximize operational and energy efficiencies. WCSU has already implemented numerous measures identified by EnerNOC's PTA system, which now tracks and maintains the energy and monetary savings resulting from those measures.

Through the PTA retro-commissioning activity, also known as continuous commissioning, WCSU and EnerNOC identified 44 individual energy efficiency measures, 14 of which have been implemented to date. From these measures, WCSU has reduced electrical and natural gas costs by over $90,000. In total, the implementation of all identified measures could cut WCSU's energy consumption by 14 percent and save approximately $251,000 annually in electrical and natural gas costs.

"The results WCSU witnessed from our PTA continuous commissioning solution are a strong testament to the benefits of energy efficiency," said EnerNOC's chairman and chief executive officer, Timothy Healy. "By integrating our PTA software system with WCSU's existing BMS, we were able to make data-driven recommendations to WCSU that maximized its existing investments and identified new efficiencies. We applaud WCSU's effort to prioritize energy efficiency and are pleased their efforts have been recognized by the New England chapter of the AEE."

"We've had a longstanding successful relationship with EnerNOC, and the impact of PTA on our operational expenses speaks for itself," said Luigi Marcone, director of environmental facilities services at WCSU. "Not only are we cutting down on operational costs, we are doing our part as socially responsible citizens. This project is just one step that WCSU has taken to improve the impact we have on our environment."

"WCSU showed real initiative in this project," said Jim Armstrong, AEE New England's awards chairman. "It saw the opportunity for energy efficiency and, with EnerNOC's help, found a way to identify and analyze relevant data, and turn the analysis into actionable energy efficiency strategies."

About EnerNOC

EnerNOC, Inc. is a leading developer and provider of clean and intelligent energy solutions to commercial, institutional, and industrial customers, as well as electric power grid operators and utilities. EnerNOC's technology-enabled demand response and energy management solutions help optimize the balance of electric supply and demand. The Company uses its Network Operations Center, or NOC, to remotely manage and reduce electricity consumption across a network of commercial, institutional, and industrial customer sites and make demand response capacity and energy available to grid operators and utilities on demand. For more information visit www.enernoc.com.

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