October 9, 2014
E^2 Working Group Meeting Minutes

The E^2 Working Group met on October 9, 2014. The meeting was held in the 3rd Floor Hearing Room at 3 Empire State Plaza and via conference call. The following organizations participated in the call.

E^2 Working Group Members	**Ex-Officio Participants**
DPS (Chair)	PSEG-LI
Central Hudson	
Con Edison	
Corning Gas	
National Fuel Gas	**Parties**
National Grid	
NYSEG	
NYSERDA	
Orange and Rockland	
RG&E	

1. Review of revised September 3, 2014 Minutes.
No changes were made**.**

2. Discussion of Staff Straw Proposal regarding new data system

Discussion:
NYSEG/RG&E expressed concern about Staff"s recommendation in the Straw Proposal to issue the RFP for a new data system in the 3rd quarter of 2015 and asked if the date was open for discussion.

- Staff responded the date included in the Straw Proposal was released for comment and it is premature to know the path the Commission will take on the matter. Staff reiterated, as discussed at the previous meeting, the driving force behind the date is recognition that the current system will not be sufficient for post 2015 programs and that there may be a need to return to the previous method of spreadsheet reporting until the new system is in place.
- Staff stated this topic deserves a focused discussion, likely through a subcommittee. Given the numerous other activities that are ongoing, Staff has not yet convened this discussion, but advised it will keep PAs informed.

Con Edison echoed concerns regarding timing, in particular the schedule related to the outcome of the final RFP and its relation to the ETIPs. Con Edison suggested given the level of uncertainty, a Request for Information (RFI) to gather research may be more appropriate before making a decision on a system to put in place.

- Staff responded that during the transition period, the Commission is interested in researching what other systems are available, possibly an "off-the-shelf" system that would be applicable to the Commission"s long term REV needs. A RFI may be a useful approach to further this objective.

NYSERDA agreed that a RFI was a good idea and suggested that informal channels could be pursued to gather information as well.

3. Subcommittee Updates

- Tech Manual Subcommittee
  - Staff reported the committee received comments from Con Edison and NYSEG/RG&E on the draft manual. Some comments are substantive and will need to be handled through the formal committee process but most are minor changes that can be made expeditiously.
  - The final review should be complete soon and then submitted to the E^2 Working Group for the 5-day review process. If no comments are received, the manual will be submitted to the Director of OEEE for approval and subsequently filed with the Secretary of the Commission.
  - Staff commented the new manual is more user friendly with many new features that were not available in the previous manual.
- Ancillary Savings
  - NYSEG/RG&E reported that the Tech Manual subcommittee has gathered information from some PAs but not all yet. The committee is meeting on October 21 to continue the discussion and a report should be completed soon for the E^2 Working Group to review.
- Evaluation Assessment and Joint & Statewide Studies
  - Staff announced that National Grid recently released the Residential Metering Study RFP.
  - Staff reminded the PAs the EM&V Activity Plan templates are due October 15 and should be sent to Bill Saxonis and Carlene Pacholczak. Staff will establish a review process and work quickly to provide feedback to PAs.
- Small Commercial EM&V
  - The subcommittee reported it will hold its first meeting October 9 in the afternoon.

4. Clean Energy Fund Proposal (CEF) - NYSERDA

NYSERDA began the discussion stating they will be submitting a supplemental document to the CEF Proposal to clarify budget and benefits within the next week or two. NYSERDA expects to schedule a technical conference to provide an overview of the CEF Proposal to stakeholders. The conference will be Albany-based and have call-in capabilities.

Con Edison asked NYSERDA what the process is to ask clarifying questions regarding the CEF Proposal. NYSERDA suggested that the questions can be submitted informally. If the information would benefit all parties, DPS should be consulted as to how to make it visible to the record.

NYSEG/RG&E and Con Edison asked NYSERDA to clarify the proposed collection schedule and the proposed funding requests located in Figure 3(pg45), Table 6 (pg44), and Table 7 (pg47) respectively in the CEF Proposal. Con Edison expressed concerned that according to Table 7, it does not appear that there is a reduction in collections. In addition, Con Edison asked how the utility programs are accounted for. NYSERDA responded:

- The addendum they plan to file will clarify the budgets.
- Table 6 Funding Requests is intended to represent overall program authorizations, but not necessarily the expenditures in the given year.
- Table 7 reflects anticipated expenditures and includes projects committed from EEPS II, T&MD and RPS.
- Over 10 years the CEF Proposal provides significant reduction in rate-payer surcharges, however this can"t be realized in the initial few years due to the mortgage that exists from previously authorized activities.

National Fuel asked if NYSERDA would provide an outline reflecting which EEPS/SBC programs they will be moving or evolving into CEF programs and a program portfolio. Utilities need this to plan their ETIPs.

- NYSERDA responded yes, they will provide this level of detail, but the timing is unclear at this point; however NYSERDA realizes they need to engage with the ETIP process.
- The objective of the CEF is to focus on a long term market, advance it with the utilities" assistance, and complement each others" programs.
- The portfolio will continue to evolve.
- The CEF Proposal is a general outline looking at existing programs – reduce NYSERDA"s end-user activity, looking more at the supply chain, engage with utilities, coordinate with the ETIPs, but make sure that there is no market instability by withdrawing certain activities.

Con Edison raised some questions regarding the Main Tier funding in the CEF and asked NYSERDA to clarify.

- NYSERDA responded that the RPS program is authorized through 2015.
- A strong Main Tier market is developed and produced a good foundation to continue growth.
- The program was reviewed in 2013.
- One Main Tier solicitation was issued this year and one will be issued in 2015.
- More discussions will take place with stakeholders and Staff about which administration model is the best way for New York going forward- all central procurement, all utility procurement or hybrid of the two.

Con Edison expressed support for NYSERDA wanting to move upstream, however Con Edison is not seeing details on what NYSERDA will be doing less of. Con Edison referenced Table 5: Illustrative Roles (pg 40), which outlines Residential Energy Efficiency Roles of the market, utility, and NYSERDA. Con Edison questioned how NYSERDA"s role is providing an upstream market role.

- NYSERDA responded that NYSERDA will be providing residential customers a greater level of information, i.e. where to get a contractor or what technology to use.
- End-use subsidies will only be provided in circumstances where a market could not be created on its own.
- Certain criteria for offering incentives are outlined in the proposal.
- Bridging subsidies will be considered only if necessary for a new technology coming to the market and need assistance to move.
- Assistance to market gaps, i.e. rural areas.

- Provide more financial assistance to customers, which may be soft-cost reductions or financing and not direct end-use incentives.

NYSEG/RG&E suggested the formation of an informal form and fold subcommittee to understand the CEF Proposal better.

- NYSERDA suggested a meeting with the utilities separately to discuss the CEF Proposal.
- Staff encouraged the NYSERDA/utilities discussions particularly given the linkages to the utilities ETIP filings, and asked the group to be conscience of the importance of a complete case record.

Con Edison raised the question to NYSERDA as to why there are no goals or metrics in the CEF Proposal.

- NYSERDA responded the Green House Gas (GHG) Emission reduction goals are best looked at long term, as year to year does not provide enough information.
- Strategies will be focused on private investment leveraged and reduction in GHG.
- Program Investment Plans will lay out metrics and be reviewed annually for quick testing and feedback. Depending on the strategies that are deployed, fairly traditional outputs would be expected to measure success, such as kWh saved or generated, private dollars invested, fuel diversity, etc.

NYSERDA stated that the 2010 GHG baseline is used for the CO_2 reduction 50x30 intensity goal because it is consistent with the 2014 Draft State Energy Plan.

5. Joint Utility Proposal for ETIP Principles

Con Edison presented its Joint Utilities Proposed ETIP Principles to the group. The proposal contained five main principles: Primary Content of the ETIP Filing, Regulatory Treatment, Funding Considerations in ETIP Filings, BCA/TRM/EM&V Implementation Tools, and Bridge Through Clean Energy Fund. The handout is attached.

Staff asked Con Edison in reference to principle #3 under ETIP filing, what is meant by "regulatory treatment of costs and earnings".

- Con Edison responded it would be performance-based shareholder earnings.

Staff asked Con Edison how the utilities envision using the E^2 Working Group during the ETIP process.

- Con Edison responded that the utilities could work with E^2 Working Group during the formation of the ETIPs.
- Utilities believe the E^2 Working Group could be used as a sounding board to develop the contents of the ETIPs and is a more fluid avenue than a restrictive Order that may dictate the contents.
- The process would be more dynamic and expedited.
- Con Edison stated that the E2 Working Group could be a place to provide status updates on the ETIP development for the Commission"s benefit.

Staff anticipates that the ETIPS will be transitioned into REV and not on a separate energy efficiency path. Staff‟s goal is to ensure that an Order directing the ETIPs be less prescriptive and more of a guideline for the utilities to follow. Staff agreed that the E^2 Working Group might be an appropriate venue to inform Staff‟s thinking on the appropriate content for the ETIPs. Ideally, ETIPs would provide high level information, with programmatic details included in subsequent implementation plans filed with Staff. While this is a transition period, PAs should anticipate being expected to evolve programs with no 5-year static approvals.

National Fuel Gas asked the group how natural gas companies would fit into the process.

Staff indicated that ETIPs would be appropriate for natural gas companies as well during this transition period, but that discussions need to occur as to how that fits into the REV construct.

Con Edison stated that the utilities would like to have their ETIPs approved by the Commission by August 1, 2015. It is a tight margin for the utilities to have the approval in August and then begin programs in January 2016. Con Edison asked Staff how that date would fit into a SAPA process.

- Staff responded that it will look at the SAPA schedule and it will also depend on the workload for Staff.

Con Edison expressed that Staff should expect ETIP budgets to be equal to or larger than EEPS II budgets because is it more difficult obtaining additional MWh reductions at this point and they will be adding new types of REV programs.

Con Edison stated the utilities support Staff‟s BCA/TRM/EM&V proposal generally. Utilities are interested in being consistent across the State with added geographic independence. Utilities believe a subcommittee of the E2 Working Group could support this. Utilities believe the application of the BCA should be more flexible and not applied at measure level. It may make sense at measure level for some utility rebate programs. Utilities believe the Tech Manual, as it is currently maintained and updated should serve as the basis for ETIP filings, however the utilities are interested in enhancing the TRM savings by allowing for „ground-measured‟ savings as opposed to purely incremental savings.

Staff stated that if there are known issues with current TRM calculations that have been brought to light through EM&V work, such as low realization rates, this should be considered in the development of the ETIPs.

- NYSEG/RG&E expressed concern that if the realization rates discovered through the EEPS evaluation process were used as a basis for the ETIPs targets, the savings could be dramatically less.
- O&R expressed the same concern that it would be difficult with the same amount of funding as in EEPS II to acquire the same MWhs targets based on realization rates as well as other factors. The companies requested that determination needs to be made as to how PAs should address realization rates before funding, targets and programs can be developed for the ETIPs.

National Grid inquired about the use of the EEPS LRACs and will there be a carryover of numbers to REV.

- Staff responded it is difficult to replace prior Orders but are looking at a new process and new set of tools and parameters as part of the REV Benefit Cost work.

6. Comments from Ex-Officio Participants and Parties
No comments received.

7. Next Meeting Date
The next meeting is December 3, 2015. The November meeting was cancelled due to scheduling conflicts and Staff believes it would be difficult to accommodate a November meeting.

The next E^2 Working Group Meeting is scheduled for December 3, 2014 at 10:00am
3rd Floor Hearing Room
Call in number: 866.394.2346
Conference Code: 1614319786

Joint Utility Proposed ETIP Principles

10/9/2014

VISION OF EFFICIENCY TRANSITION PLANS

The goal of each utilities' March 31, 2015 ETIP filing will be to propose a portfolio of activities that will drive efforts to achieve energy efficiency or demand reduction savings, or both. These efforts will further increase customer engagement and create momentum toward future REV objectives.

The Joint Utilities believe that the E^2 Working Group is the appropriate venue for developing a framework for the March 2015 ETIP filings.

PRIMARY CONTENT OF ETIP FILING

1. The March 2015 ETIP filings will focus on bridging existing utility programs to a future REV-like outcome.
2. Each ETIP will request Commission approval for programs to commence on January 1, 2016, and will identify utility defined performance goals and timeframes for implementation.
3. ETIP filings will propose regulatory treatment of costs and earnings based on surcharge(s) or alternative mechanism(s).
4. Utilities will identify the appropriate benefit-cost testing methodology for applicable programs within the ETIP.

REGULATORY TREATMENT

5. The March 2015 ETIP filings will be presented to the Commission on or before March 31, 2015.
6. To ensure no momentum is lost as the REV proceeding continues, the Utilities would

need commission approval of all ETIP filings by August 1, 2015.

7. The E^2 Working Group (or similar working group) should continue to meet on a monthly basis to address the REV proceeding.

FUNDING CONSIDERATIONS IN ETIP FILINGS

8. Portfolio budgets requested through the ETIP may be higher than current EEPS2 budgets.
9. ETIPs will specify the amount of funding needed for program development and implementation, and specify funding sources including utility funding mechanisms, surcharges, Clean Energy Fund, or any combination thereof, including other means that may become available in the future.

BCA/TRM/EM&V IMPLEMENTATION TOOLS

10. The Joint Utilities support the use of the three tools identified in the straw proposal (BCA, TRM, and EM&V), and will work to develop frameworks that are consistent throughout the State, while also accommodating individual utility-specific inputs that recognize regional differences in cost, climate, and other factors that vary by utility.
11. The Technical Manual, as it is currently maintained and updated, will be employed in the development of the March 2015 ETIP filings, and the process for maintaining this document should be maintained and improved over time.
    i. To fully integrate DERs into system planning, the application of the TRM should be flexible to account for both ground-measured and calculated savings where appropriate.
12. The benefit-cost tests being utilized in existing utility programs will be utilized at the appropriate level for the March 2015 ETIP filings.
    i. Utilities will specify, where applicable, that TRC will no longer be tested at the measure level.
13. EEPS 2 evaluation work, once approved, will be geared toward informing program design and management for the March 2015 ETIP filing and subsequent activities with an eye towards continuous improvement.

BRIDGE THROUGH CLEAN ENERGY FUND

14. Distribution utilities are best positioned to offer broad portfolios of energy efficiency and/or demand reduction related services to their customers.
15. While the Utilities do not anticipate reflecting the transition of any NYSERDA

programs to Utility control as part of the March 2015 ETIP filings, a future commission decision to do so will necessitate subsequent modifications to programs.

i. Utilities will require flexibility when integrating, adding, or enhancing existing programs.

DRAFT