

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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

Case 07-M-0548

INITIAL BRIEF OF THE NEW YORK POWER AUTHORITY

Introduction

The New York Power Authority (“NYPA”) has provided substantial energy efficiency services in New York State since the early 1990s. NYPA remains committed to energy efficiency and is prepared to aggressively and effectively assist in achieving New York’s “15 by 15” goal of reducing Statewide electric usage by 15% from projected levels by the year 2015. NYPA is also a participant in the Clean Energy Collaborative of State Agencies and Authorities. While NYPA is not subject to the jurisdiction of the Public Service Commission in this proceeding, NYPA is pleased to be participating.

The Administrative Law Judges’ (“ALJs”) Ruling on Staff Motion for Reconsideration and Revising Schedule, issued March 20, 2008 (the “Ruling”), authorizes the parties to address four specified issues. NYPA herein addresses the first two issues which relate to parties’ Fast Track proposals as well as to the policy rationale for authorizing utility administration of energy efficiency programs.

1. Fast Track Proposals

On October 15, 2007, NYPA made its “Fast Track” Program filing in this proceeding. In that filing, NYPA describes its plans to significantly increase its investment in its existing energy efficiency program in order to help New York achieve its ambitious “15 by 15” goal. As stated in the filing, NYPA’s preliminary estimate of the annual energy efficiency savings resulting from its 2008-2015 program expenditures is approximately 2,000 GWHs by 2015. However, on page 16 of the Technical Appendix accompanying the ALJs’ Ruling Presenting Straw Proposal, issued February 13, 2008, an energy savings “gap” of 1,448 GWHs is identified in the “NYPA Wedge.” NYPA would like to make clear that once NYPA’s Fast Track Program is taken into account, there is no “gap” and NYPA would actually exceed the “NYPA Wedge” energy savings target. In short, by ramping up its financing of energy efficiency projects to approximately \$130 million in 2008,¹ \$170 million in 2009, and \$185 million annually in 2010-2015, NYPA intends to make a substantial impact in reducing New York State’s energy consumption. Thus, rather than a “gap”, NYPA’s \$1.4 billion investment in eight years will help the State make considerable headway in its aggressive “15 by 15” goal.

Next, while NYPA is supportive of other efforts to reduce energy consumption, the significant investments noted above should be taken into account when considering Staff’s recent Fast Track recommendation “that SBC-exempt customers (both gas and electric) that would like to participate in the fast track programs should be allowed (and encouraged) to do so provided that the customer agrees to contribute to energy efficiency funding (SBC plus incremental EEPS charges) through 2015.” See “March 2008 DPS

¹ NYPA financed \$118 million of energy efficiency projects in 2006 and \$124 million in 2007.

Staff Report on Recommendations for the EEPS Proceeding”, dated March 25, 2008, p. 17.

While NYPA’s governmental customers are SBC-exempt, they have available to them NYPA’s extensive energy efficiency program which targets existing public sector buildings and facilities. Program participants include the City of New York, MTA, New York City Housing Authority, Port Authority and Westchester County, among others. NYPA’s program offers full turn-key energy efficiency services (audit, design, construction, and project management), with NYPA providing upfront financing of all costs. NYPA’s costs are recovered from program participants’ energy savings with an average repayment period of 10 years. Additionally, many New York municipal electric utilities that purchase Niagara Project hydropower from NYPA are members of the Independent Energy Efficiency Program (“IEEP”). Under the IEEP program, which implements commitments made by the systems in connection with an extension of their NYPA hydropower contracts, IEEP participating systems invest in and implement energy efficiency programs. While every effort will be needed to meet the aggressive “15 by 15” goal, NYPA customers’ participation and investment in NYPA’s and IEEP’s energy efficiency programs should not be overlooked as being a major contributor.

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...” As a signatory to the Consensus Recommendation (filed January 11, 2008) that advanced, among other things, the New York City Partnership concept, NYPA supports a cooperative administrative framework where utilities are authorized to

administer significant energy efficiency programs along with other program administrators such as the New York State Energy Research and Development Authority. As noted in the Straw Proposal, utility administration brings the potential to integrate energy efficiency with the utility's energy resource plans. Moreover, utility-led programs allow the local utility to custom-tailor its programs to meet customer needs and ultimately achieve wider customer participation. See Consensus Recommendation, p.1. Overall, NYPA believes that this type of shared administrative responsibility for energy efficiency programs puts the State in the best position to meet its "15 by 15" goal.

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Respectfully Submitted,

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