

EE-05: Setting and Revising Customer Incentive Levels	
New York State Department of Public Service Office of Energy Efficiency & the Environment Energy Efficiency Guidance	
Approval: Colleen Gerwitz	Title: Director, Office of Energy Efficiency & the Environment (OEEE)
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I. Purpose:

This Energy Efficiency Guidance document is developed to provide guidance to the Office of Energy Efficiency and the Environment (OEEE) Staff and to the Program Administrators (PAs) regarding notification required when setting and modifying customer incentive levels.

Energy Efficiency Guidance documents are developed to clarify energy efficiency program issues and to provide guidance for PAs and OEEE Staff in consistently interpreting and uniformly applying Public Service Commission Orders.

All Energy Efficiency Guidance documents are in effect until revised, rescinded or superseded.

II. Background:

By Order issued June 24, 2010, the Commission authorized the Director of OEEE to approve modifications to customer incentive levels, both upward and downward, capped at 20%.¹ In an Order issued June 20, 2011, the Commission eliminated the requirement to obtain approval for downward adjustments and eliminated the 20% cap for all incentive adjustments.² By Order dated December 26, 2013, the Commission eliminated the requirement for PAs to obtain approval from the Director of OEEE for upward adjustments, but required PAs to provide notification to the Director of OEEE when customer incentive levels are revised.³

Also in the June 20, 2011, the Public Service Commission established 27 Classification Groups and granted PAs the flexibility to offer, within a program in a Classification Group, any measure on the list of energy efficiency measures established for the Classification Group. When adding eligible measures to a program, PAs are required to provide notification to the Director of OEEE.

¹ Case 07-M-0548, Order Approving Three New Energy Efficiency Portfolio Standard (EEPS) Programs and Enhancing Funding and Making Other Modifications for Other EEPS Programs, issued June 24, 2010, page 44.

² Case 07-M-0548, Order Approving Modifications to The Energy Efficiency Portfolio Standard (EEPS) Program to Streamline and Increase Flexibility in Administration, issued June 20, 2011, page 28-29.

³ Case 07-M-0548, Order Approving EEPS Program Changes, issued December 26, 2013, pages 36-37.

III. Guidance:

Notification of setting or changing incentive levels shall be filed in a letter to the Secretary in Case 07-M-0548 and must include:

- A. The customer incentive level(s) that are being set or revised (measure(s) or project);
- B. For existing measures, the previous incentive level(s) (dollar amount or percentage);
- C. The new or revised incentive level(s); (dollar amount or percentage)
- D. The rationale for setting or revising the incentive level(s), including:
 - a) documentation of incentives offered for the same measure(s) or project offered by other PA's programs serving the same customer or project types within the same service territory; and
 - b) justification for incentive level(s) that are different from those identified in D.(a).
- E. Confirmation that notification of the change has been provided to other PAs operating within the same service territory.
- F. Affirmation that an analysis has been performed that includes, but is not limited to a review of the program's current and projected expenditures/encumbrances and acquired/committed savings in maintaining the current incentive versus revising the incentive. The analysis does not need to be included in the notification but should be maintained and available upon Staff request.
- G. Affirmation that the analysis performed shows the change(s) a) do not result in net reductions in aggregate energy savings;⁴ b) make efficient use of ratepayer funds; and c) do not appear to be detrimental in any other manner to the EEPS programs.

Changes to incentive levels may be implemented upon notification to the Secretary and should be reflected in the appropriate implementation plan(s) in accordance with EE-03, Process for Amending Implementation Plans.

⁴ A net reduction in aggregate energy savings is interpreted here to mean that the aggregate energy savings estimated to be achieved by making the change are lower than the aggregate energy savings estimated to be achieved absent the change.