

April 13, 2016

E² Working Group Meeting Minutes

The E² Working Group meeting was held in the 3rd Floor Hearing Room at 3 Empire State Plaza and via conference call. The following organizations participated in person or via conference call.

E² Working Group Members	Ex-Officio Participants
Central Hudson	NYISO
Con Edison	
DPS	
National Grid	
NYSEG	Parties
NYSERDA	
Orange and Rockland	
RG&E	

1. Introductions.

2. Updates:

CEAC

Staff discussed the formation of the Clean Energy Advisory Council (CEAC) and provided the following details:

- The first CEAC meeting was held on March 23, 2016, and was mainly an organizational meeting. At the meeting, the Co-Chairs from DPS and NYSERDA presented the following:
 - The draft CEAC charter, which presents a structure whereby working groups would attend to specific tasks.
 - An outline of six working groups that would be established to complete the work required by the Commission.
- Staff established a CEAC matter, 16-00561, so that parties can obtain information, documents, and filings related to the CEAC.
- DPS and NYSERDA Staff are currently developing working group scopes that will be reviewed by Steering Committee members prior to finalization.
- The next CEAC meeting is scheduled for April 27, 2016.

Future of E² Working Group

Staff stated the E² Working Group will become the CEAC's Implementation and Coordination Working Group but it does not expect any significant changes to the way in which the group currently operates and the current E² subcommittees will likely continue as usual. Staff clarified that the E² charter would be replaced by the CEAC Working Group Scope document.

TRMMC

The TRM MC noted that a TRM management plan and the TRM Q1 record of revision was filed on 03/31/16. Version 4 of the TRM is expected to be filed on 4/29/16. The management

committee stated it has received RFP responses from consultants interested in assisting with the TRM tasks, the management committee expects to contract with the winning vendor in late April or early May. The management committee noted it is also working on transitioning to new co-chairs and secretary by June 1, 2016.

Quarterly Reporting Requirements:

- **EEPS 2**

Staff clarified that for EEPS 2, utilities and NYSERDA should continue to use the existing reporting system; completing the monthly scorecard reports on a quarterly basis. Staff stated that it expects the committed savings and encumbered dollars will not increase after the December 2015, and beginning January 2016 the commitments and encumbrances will either decrease or remain the same from month to month as EEPS 2 projects are completed or no longer in the queue.

Staff explained that the existing Commitment/Encumbrance Reports are associated with EEPS 1 and that if a PA continues to have EEPS 1 programs, that PA must continue to submit Commitment/Encumbrance reports on a quarterly basis.

The Wind Down Subcommittee has developed audit guidance that will be distributed to the E² Working Group for approval. The guidance will include a program close letter that will notify Staff and other stakeholders that the program has ended and Staff will update the reporting system such that it will no longer expect utilities to submit reports for closed programs.

- **ETIP**

Staff stated that it is currently developing an excel template that utilities will be using to report progress on the ETIP goals. Staff clarified that the excel spreadsheet will collect metrics similar to those currently reported for EEPS 2 programs and will likely be similar to what was used prior to the EEPS Reporting System, except it will collect quarterly rather than monthly data. Staff stated that it expects the reports will be due quarterly with a quarterly lag.

{Staff also stated that it will likely establish a new matter, associated with 15-M-0252, in which utilities will be expected to file the quarterly reports associated with ETIP activities.}[DL1]

Staff noted that the Commission tasked the CEAC with the task of building an online dashboard to give visibility to the energy savings that are being obtained through out NYS.

Shareholder Incentives

Staff stated that it continues to work on a proposal regarding shareholder incentives and that once completed, the shareholder incentive proposal would be SAPA'd.

3. 2017-2019 ETIP extension/Benefit Cost Analysis (BCA) discussion

Staff announced that the filing date for the 2017-2019 ETIP was changed from May 1, 2016 to September 1, 2016, explaining that the date change was due to the BCA Framework order that came out in January. Staff expressed that discussions will continue on the appropriateness of the September deadline based on BCA impacts to utilities programs and portfolios.

Staff reviewed the REV BCA Framework Order and its implications for ETIPs. Specifically, Staff stated:

- The BCA Framework Order adopted the Societal Cost Test, which is similar to the TRC but also accounts for external carbon costs.
- In addition, the BCA Framework order adopted 20 year Locational Based Marginal Pricing (LBMP) forecasts obtained from New York Independent System Operator (NYISO) Congestion Assessment and Resource Integration Study (CARIS) process. The 20-year LBMP forecast is expected to be available in June and will be used as the basis to update long run avoided costs (LRACs) and tons of carbon offset used to develop \$/MWh conversion. The updated LRACs and \$/MWh conversion should be available July 1, in accordance with NYISO schedule.
- The BCA Framework order did not address gas costs, however the external cost of carbon damage on the gas side will be awarded full EPA value. This differs from the electric side because the internal avoided costs of carbon damage is awarded only partial EPA value due to RGGI. Staff recommended using NYISO gas costs but stated that utilities should make those costs specific to their own utility territory and each utility should use its own avoided distribution costs. Any questions can be forwarded to David Wheat from DPS.

Utilities generally agreed with the September 1, ETIP filing date assuming that Staff shares the BCA inputs by July 1.

Utilities expressed concern about how the new BCA will negatively affect their programs and portfolios, especially those programs and/or portfolios that already have a borderline TRC value. Utilities stated that the new numbers could have a significant impact on programs and portfolios already designed in the 2017 ETIP.

Action Items: Staff will get back to utilities with an excel spreadsheet of the BCA values.

Staff will get back to utilities with a sample BCA calculation.

Staff will get back to utilities about the possible creation of a subcommittee designed to address the impact of the BCA on portfolios.

Utilities will get back to Staff after completing a sensitivity test to determine how programs will fare under the new BCA framework prior to May 4, 2016 E² meeting.

NYISO will determine if gas price forecast can be shared once finalized.

4. Program Cycle – proposed changes

Staff presented some proposed changes to the program cycle and ETIP guidance. Specifically, Staff proposed modifying the ETIP to include a fourth year and changing the cycle such that utilities would file ETIPs twice a year – in June with a proposed 4th year and revisions to current and future years and in December with a final 4th year and revisions to current and future years. Staff explained that this change would result in the Commission authorizing the 4th year of funding in November and would eliminate the quarterly record of revision filings.

Staff stated that by pushing out the ETIP/BAM Plan date to June, another proposed change – one to change the EM&V Study date and the TRM filing date – would no longer be necessary as the utilities would have an additional month to reflect EM&V results and TRM changes in its ETIP.

Staff noted that during the transition to CEAC, EEPS Guidance documents will be rescinded or updated as appropriate. Any updates to existing Guidance Documents will be provided as redlined documents and will be addressed in the CEAC's Implementation and Coordination Working Group.

Utilities expressed concerns about developing ETIPS with flat budgets, as they do not expect to have enough money to do all that the market can support especially if existing programs remain successful and new, more innovative programs also become successful. Utilities discussed their apprehension that they are being expected to be bold and innovative but are not also being provided with the additional costs associated with innovation. Staff explained that, due to REV, utilities should be transitioning away from rebate programs and should begin incorporate energy efficiency into the DSIPs and regular business practices.

Action Items: Staff will get back to utilities with possible proposed changes to EM&V dates in the program cycle.

Utilities will email Debbie with any suggestions or questions that they may have regarding the proposed program cycle changes prior to the next E² meeting on May 4, 2016.

5. Comments from Ex-Officio Participants and Parties

None

6. Next Meeting

The next E² Working Group meeting is scheduled for May 4, 2016 from 10:30-12:30 pm in the 3rd Floor Hearing Room. The room will be available in the afternoon for subcommittee meetings.