

March 20, 2015

E² Working Group Meeting Minutes

The E² Working Group met on March 20, 2015. 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.

E² Working Group Members	Ex-Officio Participants
Central Hudson	PSEG-LI
Con Edison	
Corning Gas	
DPS	
National Fuel Gas	
National Grid	
NYSEG	Parties
NYSERDA	Pace Energy & Climate Center
Orange and Rockland	Association of Energy Affordability
RG&E	Energy Savvy

1. Introductions

2. Review 2/4/15 minutes

No changes proposed.

3. New subcommittee update process

Staff announced a new subcommittee reporting process it was initiating in an effort streamline the work and make most efficient use of the working group's time. Staff explained instead of the monthly subcommittee updates by each subcommittee at the E² Working Group meeting, Staff will provide the group with a monthly E² Working Group Subcommittee Update report. The new document summarizes the monthly activity of all the subcommittees, and if any information rises to the level of significance, the subcommittee will provide a brief report at the meeting.

4. Status of Gas Programs for ETIP Planning

Staff informed the working group that the SAPA was published March 18, 2015 and comments are due May 4, 2015 to the Secretary. Staff anticipates a May or June 2015 decision from the Commission and companies should expect similar treatment for gas programs in their ETIP plans.

Utilities asked Staff if the costs for the ETIP programs will be in base rates or a surcharge and when a decision would be made.

- Staff responded that the decision has not been made and they are having internal discussions on the matter. Staff indicated that because of the Self-Direct program, it may be an adjustment clause to track usage. Staff noted that they are mindful of Central Hudson and O&R's rates case proceedings and they hope for a decision in the near term.

Utilities asked Staff if the budgets and targets will be the same for the gas and whether gas customers would be offered the Self-Direct program.

- Staff responded that the utilities should expect the same budgets and targets as 2015. Staff also stated that a Self-Direct program from gas customers was a possibility and asked PAs their thoughts. Utilities generally agreed, because there will be a Self-Direct program for electric customers, there should be one available for gas customers...

5. Review Assigned Work Products from REV Order and Processes to Complete

5a. Revised Guidance for the reallocation of EM&V

Staff reviewed the draft EE-11: Reallocation of Evaluation, Measurement, and Verifications Funds for Non-EM&V Purposes document. Staff explained that to the extent possible, EM&V funds from EEPS 1 should be reserved for traditional EM&V activities and EEPS 2 EM&V funding for reallocation purposes. Staff asked and the PAs agreed that instead of waiting for the 10-day approval period as normal procedure, the guidance should be issued as written.

- Staff stated that any target increase in 2015 due to EM&V reallocation, does not carry over into 2016, but will be used for the purposes of EEPS 2 shareholder incentive calculations.

ACTION ITEM: Staff to issue Guidance EE-11.

Staff was asked about the status of other guidance documents such as benefit/cost analysis and whether the TRC test could be applied at the project level rather than at the measure level beginning in 2015.

- Staff responded they would be developed at a later time and that the requirement for measure level TRC remains in effect for 2015.

Future EM&V Activities

Staff updated the PAs on the EM&V Templates they submitted last fall. Staff stated that with the release of the REV Order, PAs can make a more informed decision on the best use of their EM&V funding. Staff indicated that they will step out of the traditional review process of the EM&V plans, so the PAs can proceed without waiting for Staff's approval. Staff's role will become that of auditing and Staff does not envision a guidance document to define the use of EM&V funds but expects that today's discussion will provide the PAs with some direction.

The PAs posed several clarifying questions to Staff regarding the appropriate use of EM&V funds, including if funds could be used for a demonstration pilot for a Self-Direct program, or to explore the use of a Self-Direct program.

- Staff responded that the use of EM&V funds is limited to activities that are associated with energy efficiency but that EM&V should be defined broadly and program administrators may use EM&V funds for REV planning and research as long as such efforts are related to energy efficiency.
- Staff stated that using the funds for a demonstration pilot is not an appropriate use.

Revised Guidance EE-06: Reallocation of Budgets and Targets Within Customer Sectors, and Guidance EE-07: Reallocation of Budgets and Targets Between Customer Sectors

Staff discussed the revised EE-06 and EE-07 guidance documents distributed relating the reallocation of budgets and targets within customer sectors and between customer sectors. The proposed revisions clarify the manner in which PAs should calculate the modification of the savings targets for the source and target programs. Staff also clarified that as in the case of the reallocation of EM&V funds, that any target increase in 2015 resulting from a reallocation of funds does not carry over into 2016, but will be used for the purposes of EEPS 2 shareholder incentive calculations. Staff asked and the PAs agreed that instead of waiting for the 10-day approval period as normal procedure, the guidance should be issued as written...

The PAs asked Staff if the guidance document applies to 2016 and 2017.

- Staff responded no and clarified that for post-2015, approved budgets are portfolio budgets, and PAs will have the flexibility to reallocate funds as needed within the approved portfolio budget, making the guidance unnecessary.

ACTION ITEM: Staff to issue revised EE-06 and revised EE-07.

5b. ETIP Guidance

Staff proposed forming a subcommittee to comply with the requirement to file an ETIP Guidance Document with the Secretary by May 1, 2015. Staff proposed to lead the subcommittee with Kevin Manz serving as the subcommittee chair. The PAs agreed with this approach and were asked to send their representative's name to Carlene Pacholczak.

The Joint Utilities mentioned that they presented their ETIP Principles to the Working Group at the October 2014 meeting and found most of the elements in the document to be critical. They feel there shouldn't be a "template" ETIP because each company works in a different way.

- Staff responded that it was a good starting point and further discussions will happen in the subcommittee.

A concern was expressed that some PAs are far into the development of their ETIP, and as such, it was requested that the guidance contain flexibility to prevent the need for ETIPs to be rewritten.

ACTION ITEMS: PAs to send representative names for ETIP Guidance subcommittee to Carlene Pacholczak by COB March 27, 2015.

Staff to issue subcommittee template for ETIP Guidance subcommittee.

5c. Program Cycle

Staff will discuss in more detail in agenda #7.

5d. TRM Management Plan

The Post 2015 TRM Transition subcommittee was created at the February 4, 2015 meeting and will be used to develop the TRM Management Plan required to be filed with the Secretary by June 1, 2015. Utilities are leading the subcommittee, with Debbie Pickett and Steve Bonanno serving as co-chairs. The list of members was distributed with the meeting materials. In light of the number of subcommittees established, it was suggested that PAs be given the opportunity to change their representation on this

subcommittee. In the event that a PA wishes to change its representative to this subcommittee, it should notify co-chairs, and copy Carlene Pacholczak.

The PAs requested clarification as to what is expected in the TRM Management Plan.

- Staff responded the PAs should address the process that will be used to ensure each PA has input into the manual, a transparent process for updating the manual, and a plan for resources that may need to be dedicated.

PSEG-LI asked Staff if it could participate in the development of the TRM.

- The JU responded that makes sense, but since it is expected that the TRM will require funding to assist in its management, PSEG-LI would need to contribute towards the effort.

ACTION ITEM: PAs to send changes to their TRM Transition subcommittee representation to Debbie Pickett, Steve Bonanno and Carlene Pacholczak by COB March 27, 2015.

5e. 2016-2018 Budgets and Metrics Plan

Staff explained that in order to initiate a 3-year program cycle, the REV Order prescribed 2015 filing dates for 2016 – 2018 Budgets and Metrics Plan, but that going forward the filing date for Budgets and Metrics Plans will be set forth in the Program Cycle to be developed and filed with the Secretary by May 1, 2015. Staff also clarified that for the July 15, 2015 filing date for 2016 – 2018 Budgets and Metrics Plans, 2016 budgets and metrics shall be as ordered in the February 26, 2015 REV order, but PAs may propose different budgets and metrics for program years 2017 and 2018. Staff clarified that Budgets and Metrics Plans will be approved by the Commission, informed by the 2016 – 2018 ETIPs that will be filed as companion filings, but not approved by the Commission.

PAs expressed concern that the 2016 targets do not reflect changes in savings assumptions in the TRM that will become effective on January 1, 2016. PAs are concerned that they can't adjust their budgets or targets to reflect these changes for 2016.

- Staff reminded PAs of the increased flexibility granted to change programs or measures, and recommended that PAs use this flexibility to optimize their 2016 programs to meet 2016 targets.
- Staff stated that updates to the TRM are long overdue and should not be delayed.

Referencing the REV order, PAs asked how to offer measures for which there is not yet precise estimated savings, such as measures that are in the more formative phase.

- Staff responded that estimated savings for such measures need to be supported by documentation such as other States' TRMs, M&V studies, etc., and pointed out that this is an opportunity for shared learning among companies to advance technologies statewide.
- NYSERDA offered assistance with shared learning of market transformation technologies through their CEF activities.

5f. 2016-2018 ETIPs

Staff noted that the 2016 – 2018 ETIPs, to be filed with the Secretary by July 15, 2015, must be consistent with the ETIP Guidance to be developed and filed by May 1, 2015.

PAs expressed concern about the tight time frame in between the filing of the ETIP Guidance and the filing date of the 2016 – 2018 ETIP filings.

- Staff responded that as PAs will be involved in the development of the ETIP Guidance, they will be aware of what will be required in ETIP filings throughout the development of the ETIP Guidance and will be able to plan accordingly. In addition, Staff reiterated that the filing dates for 2016 are as-ordered in the REV order, do not carry over into future years, and were necessary to initiate a cycle for post-2015 activities.

Staff was asked whether the ETIP filing would be integrated into the DSIP filing in the future.

- Staff responded that although ETIPs may be integrated into the DSIPs in the future, they will remain on a separate track for the near term.

Staff was asked if there is consideration to move the effective date of the TRM changes to January 1, 2017.

- Staff replied no, because the updates are a few years late and these measures need immediate attention.

Staff was asked if the companies should use their Implementation Plans for 2016, and if ETIP revisions will be made on the same quarterly cycle as Implementation Plans.

- Staff replied that the current implementation plans used by PAs will not be used in 2016; the 2016 – 2018 ETIPs will be considered the implementation plans for 2016 programs. Staff also explained that a revision process for ETIPs should be included in the ETIP Guidance.

Staff was asked if the portfolio budget and targets allow PAs to assign target and dollars to what programs they want to run.

- Staff reminded PAs that for post-2015, approved budgets are portfolio budgets, and PAs will have the flexibility to reallocate funds as needed within the approved portfolio budget.
- In addition, Staff clarified that PAs are not required to maintain the 5% allocation for EM&V post-2015, but PAs are expected to use their best judgment in completing activities where necessary in program planning.

5g. Self-Direct Program

Staff proposed forming a subcommittee to comply with the requirement to file Self-Direct Guidance by August 3, 2015. Staff proposed to lead the subcommittee with Katie Mammen serving as the subcommittee chair. Staff added that the subcommittee will need to work with Multiple Intervenors in developing the Guidance. The PAs agreed with this approach and were asked to send their representative's name to Carlene Pacholczak.

PAs asked Staff to elaborate on the intent of the program and how it will work, and why such a program presents a problem with recovering the costs of energy efficiency programs through base rates.

- Staff replied that a Self-Direct program for large industrial & commercial customers would allow those customers who opt-in to the program to direct money they would otherwise have contributed to a utility's energy efficiency programs to fund their own energy efficiency initiatives. At this time, the details, such as whether those customers opting-in will receive a bill-credit or whether their contributions will be banked, have not been decided. This, and other details, will be addressed by the Self-Direct Guidance subcommittee and included in the Self-Direct Guidance.

- Staff explained that in order to administer a Self-Direct program, it is necessary to identify the level of contribution to energy efficiency programs by customer. If the costs of energy efficiency programs are recovered through base rates, it may not be possible to identify customer contributions by customer.

PAs mentioned using a tariff system to track the cost per customer may also be a solution to transparency. It was noted that tariffs have been developed for Demand Response as an opt-in program and it works well.

Staff reiterated that the large commercial and industrial customers are an important segment to support REV and we need to work closely to build relationships and balance concerns raised by MI. The goal of the program is to increase energy savings among this sector. The program must be designed to ensure customers are actually installing measures and acquiring savings, not just opting out of their energy efficiency contributions.

NYSEG/RG&E informed the group that in the mid-90's the utilities ran similar self direct programs to all large commercial customers and many MI customers participated. The program conducted pre and post inspections of installed projects.

PAs asked Staff if they need to include the program in their ETIP filings for 2016.

- Staff responded that the 2016 – 2018 ETIPs should include the Self-Direct program but Staff understands the details may not be fully developed in time for the July 15, 2015 ETIP filing date.

ACTION ITEMS: PAs to send representative names for Self-Direct Guidance subcommittee to Carlene Pacholczak by COB March 27, 2015.

Staff to issue subcommittee template for the Self-Direct Guidance subcommittee.

5h. Evaluation Guidelines

Staff discussed the need to review the current evaluation guidelines from EEPS 1 and make revisions where appropriate; however, Staff does not support a complete review of evaluation guidelines at this time.

5i. Data Tracking

Staff proposed forming a subcommittee to comply with the requirement to review current data tracking requirements. Staff proposed to lead the subcommittee with Peggie Neville serving as the subcommittee chair. Staff recommended that the subcommittee include both a program representative and an evaluation representative from each program administrator. Staff stated that the subcommittee should determine what is actually being tracked by program administrators and the updated data tracking requirements should be developed from a broader perspective than evaluation needs. The PAs agreed with this approach and were asked to send their representative's name to Carlene Pacholczak.

ACTION ITEMS: PAs to send representative names for Data Tracking subcommittee to Carlene Pacholczak by COB March 27, 2015.

Staff to issue subcommittee template for the Data Tracking subcommittee.

Reporting

Staff proposed developing a straw proposal for near-term reporting requirements. The current reporting system would require significant modifications to enable it to be used for 2016 programs, and Staff does not think such an investment would be worthwhile. Therefore, Staff will focus on developing an excel template, similar to that used during the beginning of EEPS 2, for use during the transition period beginning in 2016.

Staff expects to develop a plan for longer-term reporting requirements as we gain more experience with the future energy efficiency programs and REV Track 2 decisions.

Staff was asked about the August deadline for an RFP for a new reporting system mentioned in the Staff Straw Proposal, noting it was not contained in the REV Order.

- Staff confirmed that the REV Order did not include a date by which an RFP for a new reporting system would be issued.

ACTION ITEMS: Staff to develop a straw proposal for near-term reporting requirements.

5j. REV Energy Efficiency Best Practices Guide

As the Commission deadline is February 1, 2016, Staff proposed and PAs did not object to forming a subcommittee at a later date in consideration of other priorities related to compliance with the REV Order.

5k. EEPS2 Wind Down –

The EEPS 2 Wind Down subcommittee was formed at the February 4, 2015 meeting. Staff is leading the subcommittee with Debbie LaBelle serving as chair. The list of the members was distributed with the meeting materials and is also available on the web. In light of the number of subcommittees established, it was suggested that PAs be given the opportunity to change their representation on this subcommittee. In the event that a PA wishes to change its representative to this subcommittee, it should notify Debbie LaBelle and Carlene Pacholczak.

There was a question from one of the PAs regarding the how to handle the reconciliation as programs close for EEPS 2.

- Staff responded that the subcommittee is tasked with addressing how the commitments and encumbrances will be reported for EEPS 2.

5l. Metrics Applicable to market transformation strategies –

Staff proposed forming a subcommittee to comply with the requirement to develop and file market transformation metrics. Staff proposed that a utility representative serve as chair. Peggie Neville will be the lead from Staff. As the Commission did not establish a filing deadline, Staff recommended initiating this subcommittee at a later date. The PAs agreed with this approach. In addition, Staff recommended that NYSERDA should also participate in the subcommittee in order to share information gained through the CEF.

PAs discussed whether the subcommittee should invite a third party expert to assist the group in conducting research and looking at the activities of other jurisdictions. However, there was concern that the third party could have too much influence on the group.

6. Additional Questions regarding February 26, 2015 Order

Staff was asked whether Track 2 metrics will be applied to 2016-2018.

- Staff responded that the decisions made in Track 2 will be incorporated into energy efficiency and recommended that PAs become involved in Track 2 discussions to ensure the energy efficiency outcomes are included.
- In the event that Track 2 decisions are delayed again, it was suggested that Staff consider developing a Plan B.

Staff was asked how the recovery of energy efficiency costs will be shifted from a surcharge to recovery through base rates. Staff was also asked how the 3-year program cycle will work within a rate case structure.

- Staff responded that once a decision is made regarding the manner in which energy efficiency costs will be recovered, it will be implemented during a utility's rate case. In addition, Staff noted that this is a transition period and, currently, there are outside parties concerned about transparency of energy efficiency efforts and associated costs. Therefore, although Staff expects that energy efficiency programs will eventually become a normal course of operation for the utilities, and may eventually be treated as any other system resource, the 3-year program cycle ensures transparency to stakeholders and allows the development of statewide resources and supporting infrastructure.

There was a recommendation that E² Working Group members become involved in the Retail Access proceeding as it may result in marketers offering competing energy efficiency products and services. A similar concern of competing energy efficiency efforts was raised about REV demonstration projects.

7. 3-year Program Cycle

Staff proposed it would take the lead in drafting, for E² Working Group approval, the Program Cycle, which the Commission directed the E² Working Group to develop and file by May 1, 2015. The PAs agreed with this approach.

Staff discussed its straw program cycle proposal distributed with the meeting materials. Staff explained that the dates were developed to ensure:

- Timely Commission approval of the annual Budgets and Metrics Plans;
- An opportunity to incorporate best available information into the statewide resource tools, such as the TRM and the REV Energy Efficiency Best Practices Guide;
- An opportunity for ETIPs to reflect the best available information;

Staff stated that the dates could be shifted but that shifts to one date would affect the amount of time between subsequent tasks. Staff also stated that once these dates are set forth in the Program Cycle filing, Staff and the utilities would be obligated to work to those dates.

PAs were generally happy with the program cycle concept, however requested time to obtain feedback from program managers and other utility staff not present at the meeting, concerning specific dates in the cycle.

PAs asked Staff if the timing of the CEF deadlines were considered when drafting the cycle.

- Staff replied no as the CEF deadlines will not have been determined by May 1, 2015, the filing date for the Program Cycle. However, Staff added the cycle could be built out to be inclusive of CEF and other relevant dates at a later date.

PAs recommended that NYSERDA be involved in the Best Practices Guide development.

- Staff agreed that NYSERDA participation in the development of the Best Practices Guide would be beneficial and explained that the guide is intended to advance concepts that have

proven good results and can be implemented in other places. Staff also clarified that except for Commission-directed programs (i.e. Self-Direct), PAs are not required to offer every program or measure contained in the Guide and are not restricted from offering programs or measures not included in the Guide.

ACTION ITEM: Staff to develop narrative for Program Cycle.

Additional E² Working Group Member Comments

Residential & Non-Residential Baseline Studies Update:

- NYSERDA stated that it is continuing to finalize the report and that it is currently working with Open NY staff on the logistics for posting the raw data on the Open NY site and expects it to be posted soon.
- NYSERDA reported it is in contract discussions with a contractor for the Commercial Baseline Study.

NEEP Update

- Staff reported that the Commission has made a financial commitment to NEEP for several 2015 projects.

As DMM automatically notifies all parties to a case when a filing is made, Staff was asked to revise the guidelines for setting and revising incentive levels to eliminate the requirement for a PA to send a separate notification to other PAs when it sets or revises an incentive level.

- Staff stated it would review the request and get back to the PAs.

ACTION ITEM: Staff to review EE-05 and report back to PAs.

8. Comments from Ex-Officio Members

No comments were made.

9. Next Meeting

The next E² Working Group meeting is April 1, 2015 in the 19th Boardroom from 10-12 pm. The afternoon will be available for subcommittees. Please note the room change.
