



**Carol E. Murphy**  
**Executive Director**

April 10, 2008

Honorable Jaclyn A. Brillling  
Secretary  
State of New York  
Public Service Commission  
Three Empire State Plaza, 19th Floor  
Albany, New York 12223-1350

RE: Case Number 07-M-0548

Dear Secretary Brillling,

I have enclosed for filing the original and five hard copies of the initial brief of the Alliance for Clean Energy New York in Case 07-M-0548. We also will serve all active parties to this case via the electronic list serve.

Sincerely,

A handwritten signature in black ink that reads 'Carol E. Murphy'.

Carol Murphy  
Executive Director

Enclosure



The Alliance for Clean Energy New York has brief comments below on the issues identified in numbers 1, 2 and 4 of the *Ruling on Staff Motion for Reconsideration and Revising Schedule* issued on March 20, 2008. While we believe item 3, accuracy of costs and bill impacts as presented in the Straw Proposal Technical Appendix, is critical, we do not have the expertise to fully evaluate the data presented and have no comment at this time.

The basic premise of our comments is that efforts to improve energy efficiency in New York should be accelerated as soon as possible, and should build on effective existing programs. We therefore support moving forward with enhanced funding for NYSERDA administered programs as identified in the Staff recommendations. However, we feel there is an insufficient framework for the EEPS for action on utility programs and the allocation of targets and funding among utilities and NYSERDA. Although we recognize the need to move expeditiously to enact utility administered programs, ACE NY believes beginning with the utility programs proposed by staff may not be the wisest path.

## II. Fast Track Proposals

ACE NY supports the recommendations of DPS Staff in so far as they apply to NYSERDA administered programs. We agree with Staff that NYSERDA “has a tremendous institutional understanding of how to successfully leverage resources through alliances with trade allies, manufacturers, educational institutions, and third party service providers.” We do not support the programs identified for utility implementation at this time. This is not because we find those programs have no merit – indeed they do, but

because of unresolved issues with regard to utility administered programs in general, which we discuss more fully below.

In addition, ACE NY supports the Staff recommendations on outreach and education efforts, which we believe are crucial to public acceptance and participation in the programs necessary to achieve the State's "15 by 15" goals.

### III. Utility Administration of Efficiency Programs

Comment was requested on the policy rationale for authorizing utility administration of energy efficiency programs with the following rationale proposed in the February 11, 2008 Straw Proposal: *"Utilities can bring access to end-use customers, especially mass market customers, an ability to leverage outside funding through on-bill financing, and the potential to integrate energy efficiency with overall resource planning."* Clearly, multiple program administrators will be needed to reach the aggressive goals of the Energy Efficiency Portfolio Standard (EEPS) and utilities will need to play a central role in program delivery to ensure broad dissemination of programs and rapid deployment. However, we remain wary of establishing utility programs with presumed cost recovery guarantees without clear and stringent procedures to ensure cost effective program delivery and without decisions on broader program design and implementation. In addition, it is not clear at this time if the suggestions made by Staff are in accordance with the how the utilities prefer to proceed and we question the likely success of aggressive efficiency programs without the "buy-in" of the utilities administering them.

Prior to commencing utility administered programs, it would be preferable for utility programs to be more fully articulated – by the utilities themselves and not solely staff – and for there to be decisions on the incentive/penalty structure for the utilities. Staff notes in their recommendations that, except for Central Hudson, the utilities have not provided information on the programs they propose to implement. ACE NY respectfully suggests that the Commission require utilities to provide more comprehensive plans for program implementation (rather than just those programs recommended by staff) prior to assigning targets or authorizing expenditures by the utilities. ACE NY recommends that the EEPS proceeding establish a timetable for rapid resolution of program administration by the utilities. In addition to program design plans by the utilities, the PSC should establish the incentive/penalty structure for utility administered programs as well as how oversight and measurement and verification will be conducted. Any incentive structure must be based on verified efficiency gains and not on programmatic milestones.

#### IV. Program Costs and Bill Impacts Presented in the Technical Appendix

ACE NY has no comment at this time.

#### V. Allocation of Energy Efficiency Targets

ACE NY does not support the allocation of efficiency targets at this time given our view that more detail is needed regarding utility programs prior to their commencement. It would be premature to allocate targets without an understanding of the programs that will be used to achieve those targets (and, therefore, a determination of

who is best positioned to deliver results). If, however, the Commission does allocate targets prior to resolution of broader structural issues, those targets must be flexible and be reevaluated in a timely manner.

## VI. Conclusion

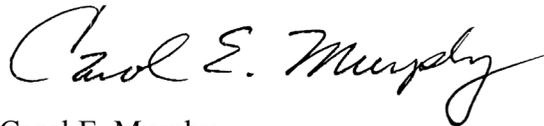
In summary, ACE NY supports the Staff recommendations for NYSERDA-administered fast track or bridge programs. ACE NY supports the development of utility administered programs and the allocation of efficiency targets between NYSERDA and utilities but only after further progress is made on defining the programs to be handled by each entity and the incentive/penalty structure to be applied to the utilities.

While we appreciate the intent of Staff and the Administrative Law Judges to proceed as rapidly as possible in implementation by making decisions on targets and initial utility programs now, we think it is unwise to do so. Rather, we would prefer rapid resolution of the outstanding issues at hand. As we indicated in earlier comments, we expect aggressive regulatory oversight of utility programs by the Commission and therefore feel that it would help all parties if the procedures and cost recovery structures were spelled out clearly in advance of program development.

ACE NY continues to support a strong and central role for NYSERDA in EEPS governance and implementation and supports the concept of partnerships and multiple administrators as well as a significant role for ESCOs and demand response. We believe the governance structure and funding mechanisms must be flexible and easy to implement in order to ensure progress is made in a timely manner such that the State can

meet the objectives of the Energy Efficiency Portfolio Standard and the Governor's "15 by 15" vision.

Respectfully Submitted,

A handwritten signature in black ink that reads "Carol E. Murphy". The signature is written in a cursive style with a large, looping initial "C".

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