



January 25, 2008

Hon. Eleanor Stein
Hon. Rudy Stegemoeller
New York Public Service Commission
Empire State Plaza, Agency Building 3
Albany, NY 12223

RE: Case 07-M-0548 Proceeding on Motion of the Commission Regarding an
Energy Efficiency Portfolio Standard

Dear Judges Stein and Stegemoeller,

The Alliance for Clean Energy New York (ACE NY) submits these brief comments on the governance proposal submitted by NRDC, Pace and others on January 11, 2008 and referred to here as the "Recommendation." ACE NY is a non-profit organization whose mission is to promote the use of clean, renewable electricity technologies and energy efficiency in New York State in order to increase energy diversity and security, boost economic development, improve public health, and reduce air pollution. Members of the Alliance for Clean Energy New York (ACE NY) include non-profit environmental, public health and consumer advocacy organizations, educational institutions, and private companies that produce or sell renewable energy technologies or energy efficiency services in New York. Some of these members will file separately in this proceeding and may have different views of the Recommendation than the organization as a whole.

ACE NY appreciates the effort made by the signatories in developing the Recommendation and finds merit to the concept of partnerships/program administrators that include jurisdictional and non-jurisdictional entities. Clearly, multiple program administrators will be needed to reach the aggressive goals of the Energy Efficiency Portfolio Standard (EEPS). However, we encourage you to consider this proposal in the context of the variety of proposals previously submitted, the Work Group reports, and comments submitted in response to this Recommendation in determining a straw proposal or Recommended Decision for the EEPS. We are concerned that the Recommendation may fail to adequately build upon already successful New York programs to the extent we believe is necessary.

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Specifically, ACE NY would prefer to see a more central role for NYSERDA and competitive suppliers (ESCOs) in both the delivery of energy efficiency services as well as program design than that contained in the Recommendation. In addition, we believe that the appropriate governance structure cannot be easily separated from determinations of funding and we are wary of establishing a governance structure that relies heavily on the utilities with presumed cost recovery guarantees without clear and stringent procedures to ensure cost effective program delivery.

We do agree the utilities will need to play a central role in program delivery to ensure broad dissemination of programs and rapid deployment. However, NYSERDA is a nationally recognized leader in the development and implementation of efficiency programs; to our reading, the Recommendation appears to move much of NYSERDA's current efforts to the domain of the utilities. We would prefer a better-balanced approach, closer collaboration and a clear emphasis on continuing existing effective NYSERDA programs, of which there are many. The current operations of NYSERDA are conducted in a transparent manner with clear oversight and outside evaluation; such guarantees must also be clearly spelled out for other program administrators.

In addition, programs must be developed and implemented in a cost-effective manner. Therefore, while a footnote in the document states that the proposal presumes full utility recovery of all costs and incentives subject to Commission review and approval, we would like to see such cost recovery structured in such a way that utilities have a significant incentive to meet or exceed efficiency targets at lowest cost. A structure of rewards and penalties may best meet this goal. In addition, measurement and verification of both costs and outcomes must be conducted with outside review and in a transparent and impartial manner. In other words, we expect aggressive regulatory oversight by the Commission but 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 supports a strong and central role for NYSERDA in EEPS governance and implementation and supports the concept of partnerships and multiple administrators. 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,

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