

# E3

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# THE E CUBED COMPANY, L.L.C.

January 25, 2008

Hon. Eleanor Stein  
Hon. Rudy Stegemoeller  
Administrative Law Judges  
New York State 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:

This letter, in response to your “Ruling Establishing Comment Schedule” of January 11, 2008, contains several focused technical comments by The E Cubed Company, LLC (E Cubed) on the proposal referred by your honors in your order of January 24, 2008 as the “NRDC/Pace Consensus Recommendation.” These comments do not reflect the views of any client of the firm or any voluntary associations in which the firm collaborates or has collaborated.

E Cubed participated in the design and implementation of the policies extant when New York’s regulated electric utilities actively participated in the implementation of energy efficiency activities in the late eighties and the first of the nineties. It participated in analyses in multiple State Energy Plans that advanced the utilization of energy efficiency and distributed generation in New York State. It conducted restructuring negotiations and utility-by-utility settlements that led to the emergence of a stronger EE/DG function conducted by NYSERDA. E Cubed has served as a member of the SBC Advisory Committee since inception.

In all situations, E Cubed has supported the creation and maintenance of strong authoritative advisory bodies of stakeholders and experts, including the New England Demand Resource Initiative (NEDRI) [2001-2004], the Massachusetts DG Collaborative [2002-2006], the Connecticut Energy Independence Legislative implementation [2005-2007] which unleashed 300 MW of DG/DR activity, and the ISO-NE Forward Capacity Market Stakeholders process in which more than 2,000 MW of demand resources can activity participate [2006-2007]. It has aided and witnessed the growth of many EE, DG, and DR businesses and utility/independent manager capabilities that have arisen in these markets.

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In addition, E Cubed has participated in demand resource policy developments in other jurisdictions and at NYS PSC, FERC, NYISO, ISO-NE, and PJM negotiated the design of Demand Response programs. E Cubed has negotiated interconnection guidelines for distributed resources in thirteen states, at FERC and the RTOs above identified.

Specifically with respect to the instant request for comment, we observe the following and are prepared to address them further in the working process and technical conference:

1. It is apparent that where strong utility EE/DR/DG delivery systems have maintained their edge, as in New England, there are strong organizational skills that can be mobilized in affiliates in New York if the utilities and public policy makers are so inclined. This resource should not be undervalued.
2. Absent continuing experience, New York utilities, local governments, and authorities will have to build-up their strengths. Some of these are under PSC jurisdiction, but many are not. This requires coordination at the mission level (15 by 15) and coordination is not necessarily obtained by building a larger institution(s), whether by authorities or utilities.
3. Much resource strength has also been harbored in New York at NYSERDA, NYPA, and LIPA. Much delivery strength has been garnered and harbored in the provider community.
4. The mobilization of NYSERDA to conduct a System Wide Program (SWP), including EE/DR and Clean DG in the current Con Edison Rate Plan (2005-2008) provides a significant demonstration of the need to rely upon this capability.
  - a. NYSERDA has mobilized nearly its 150 MW target in less than eighteen months with approximately 40% of the allowed funds remaining available.
  - b. The Recommended Decision in Case No. 07-E-0523 has endorsed NYSERDA's proposition that it be allowed two additional years to mobilize these funds.
  - c. The instant proposal should not be allowed to derail this success story.
5. Switching the providers from a centralized procurement mode to a decentralized procurement mode with many "market-matches" spreads opportunity around, but increases transactions and transaction costs that may be required.
6. Role clarification is essential, but there is substantial room for selective overlapping functions, especially in situations where utilities may have been out of practice for some time.
7. A crucial issue is finding personnel competent to the endeavors that are being launched. This is true both in the resource community (whether authority or utility) and in the provider community.
8. Continuing the sea-power metaphor as the NRDC/PACE proposal seems to be predicated, if the rising tide of EE/DR/DG activity is to raise all vessels then we need to create bumpers to hang over the edges of all craft, not just either the utilities or NYSERDA.

9. Strong authoritative multi-party advisory groups relating to the proposed partnerships can provide such a bumper/buffer. The instant proposal is deficient in this regard. Advice in order to be most effective should not come from a single set of closely aligned sources.
10. One of New York's unique features is the Barge Canal system developed in the early 19<sup>th</sup> century. I can work the hydraulic metaphor a bit more to illustrate a different point which has organizational implications.
  - a. I have actually researched the hydroelectric potential in the movements of water in the Barge Canal (yes, various hydroelectric titles published by NYSERDA appear under my name).
  - b. New Yorkers don't wait for the tide to occur. They accumulate water into a reservoir, then use it.
  - c. The water is directed from the reservoir, often via a single conduit, sometimes several conduits, and fills the lock or multiple locks.
  - d. The water rises, the lock or gate opens and the vessels move out at a higher elevation.
11. If EE/DR/DG funding for all authorities and utilities were to be combined into a central reservoir (or funding pot) available to all who produce results as soon as results are realized then:
  - a. This would reward the productive, whether they be authority, utility, and/or alternative/competitive provider.
  - b. The same reservoir can feed multiple locks to follow the metaphor. Many vessels move forward.
  - c. The 15 by 15 mission would be dominant.
12. New efficiency missions for State institutions are constantly arising. The proposal does not address evolution.
  - a. For example, the Energy Independence and Security Act of 2007 which was signed into law on December 2x, 2007, (after the last round of Work Group reports were provided in the EPS case) creates distinct new responsibilities for States and for utilities.
  - b. One of which deals with Waste Energy and/or Combined Heat and Power – This offers substantial opportunity to focus the design of efficiency improvements during the coming 12-18 months at least in New York's industrial energy sector, and possibly more.
  - c. Improvements above 60% efficiency levels can be provided incentives (both for the doer and the utility or authority whether under State regulation or not), can be provided access to markets for net excess generation, can be moved to users within three miles, and can meet and/or exceed other criteria for recycling energy.
  - d. These issues were opened in the Work Group 4 DG report, but did not get serious attention.

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- e. Now that Congress and the President have acted. Serious attention is warranted in the Straw proposal and in further workgroup activity.

The E Cubed Company, LLC appreciates this opportunity to provide our comments with respect to this matter and look forward to working with the Commission and the other parties in this case in ensuring that New York's energy efficiency needs and opportunities are met in a responsible way.

Very Truly Yours,



Ruben S. Brown, M.A.L.D.  
President,  
The E Cubed Company, L.L.C.

Encl:

cc: Active Parties List  
Arthur Pearson