

September 3, 2014
E² Working Group Meeting Minutes

The E² Working Group met on September 3, 2014. 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	

1. Review of July 15, 2014 Minutes

No changes proposed.

2. REV Staff Straw Proposal General Discussion

Staff opened up the discussion to the Working Group for questions regarding the REV Staff Straw Proposal that was filed on 8/22/2014.

Discussion:

Central Hudson referenced page 50 of the Clean Energy section and asked how the carbon emission reduction metrics stated in the draft energy plan will coincide with the PA's Energy Efficiency Transition Implementation Plans (ETIP). In addition, Central Hudson asked for clarification as to what baseline was used with regard to the state's 50x30 goal. Central Hudson asked Staff if there would be targets assigned to each company to reach the emissions goal.

- Staff responded that all energy efficiency savings can be converted to emission reductions in support of the State's 50 x 30 goal. However assignment of specific targets would need further analysis and will be developed in Track 2. Per the 2014 Draft State Energy Plan, 2010 is the baseline as the measured by CO² emissions per Gross State Product.

Con Edison stated their concerns about translating the rate increases to their customers as programs move to base rates. Con Edison asked if Staff would be assisting utilities with the messaging of moving from a surcharge to rates. They are concerned with public perception of a rate increase.

- Staff referred to previous orders where the Commission has publically spoken about REV and the new vision of how the industry will be changing and the incorporation of energy efficiency into the utilities' core business. Staff intends to work with the utilities through this period of change.

NYSEG/RGE asked Staff whether the ETIP is part of the Clean Energy Fund (CEF). In addition, NYSEG/RGE asked for clarification regarding each utility having its own benefit/cost testing, evaluation and technical manual. Is there a level of consistency Staff expects between companies?

- Staff responded details have continued to evolve with regard to the CEF. In the interest of aiding the utilities' transition to considering EE as part of their core business, Staff believes it would be appropriate for the utilities to transition their programs starting in 2016 to rates, and have the CEF provide funding to NYSERDA for their post 2015 activities. While Staff is not expecting fully evolved programs by the March 31st filings, Staff does expect utilities to be considering system efficiency and REV objectives into their ETIPs. Each utility will have a different set of circumstances when developing its plan and therefore allowing them to develop these ETIPs is a way to accommodate that.
- Staff responded that to the extent PAs see value in working together, Staff is open to that and recommends PAs include their thoughts on this in their comments. With regard to the TRM, some variables could be developed that are more localized and targeted in a given territory. Staff expects the utilities to build their own evaluation planning cycles to be more effective and in recognition that PAs may have unique needs.

Central Hudson asked if specific results from their evaluation studies could be incorporated in their technical manuals.

- Staff stated if the results of the studies are appropriate then the manual should be updated. Staff's concept in the Straw Proposal is to give the PAs more responsibility over the TRM as they become more reliant on the results for system planning. Staff would envision still reviewing the PAs technical manuals and working with the PAs to address any questions or concerns, as needed.

Staff reiterated that Track 2 is just starting to work through issues, but it is expected that there will not be standard incentives by MWh only.

Con Edison asked if the avoided costs used in the EEPS programs will be updated for REV.

- Staff stated that in the REV Straw Proposal it references new avoided costs numbers.

Central Hudson asked Staff if the March 31 deadline could be delayed.

- Staff suggested that if the utilities want to propose another deadline they have an opportunity when they submit comments on the Straw Proposal.

National Grid asked about how the utility PAs should be preparing for taking on new program areas, citing NYSERDA having primarily delivered new construction programs in the past and this may be an area the company may be taking on in the future.

- Staff stated we will know more information about NYSERDA's proposed programs when the CEF proposal is submitted, however Staff encourages utility PAs to be speaking with NYSERDA.

Central Hudson spoke about their new energy efficiency data system and offered to share information with the group. They will forward information to the group and host a webinar if the group is interested. NYSEG/RGE voiced concern regarding the feasibility of a 3rd quarter of 2015 RFP release date proposed in the Straw Proposal for a new integrated data management system as it may be difficult to properly scope the needs by then as future programs and REV activities will not be fully developed yet.

- Staff understands the concern but is balancing preparing for the future and not investing additional time and resources into the 'legacy' reporting system. Ultimately, the new data system created must be able to provide a statewide connection for all DSP data and be able to evolve as REV moves forward. Staff encourages PAs to submit thoughts on this in their comments.

3. Future activities and schedule of the E² Working Group

NYSEG/RGE asked Staff if the meetings would continue monthly or quarterly.

- Staff responded that they have previously proposed bimonthly and quarterly meetings but the PAs have preferred monthly meetings. Staff proposed holding the October meeting, however due to a Staff conflict, it will be rescheduled to October 9th at 10:00am, cancelling the November meeting, and holding the December meeting as planned on December 3rd. The E2 Working Group Members agreed with the proposed schedule for the remainder of the year. Staff will send out a new meeting notice for the October 9th meeting.

4. NYSERDA EmPower and OBR Reports

Staff began the discussion by stating that both the EmPower and OBR Reports should be used in the future as a source of information for the companies EEPS 2 shareholder incentive filings. There is no obligation for the utility PAs to be reporting this information at this time.

A. EmPower

NYSERDA provided an overview of the EmPower Quarter 2 June 30, 2014 report. The 1/4/2010 Commission Order stated that, for shareholder incentive purposes, the utilities can receive 15% of the electric and natural gas savings for customer referred to the EmPower program from utilities. The December 2012 Commission Order provided the utilities, for shareholder incentive purposes, an additional 7.5% from non-utility referral customers in which the utility provides usage data to NYSERDA.

NYSERDA responded to questions regarding the report:

- NYSERDA clarifies that net negative savings reported are a result from customers who converted from electric to natural gas measures.
- The realization rate listed in footnote 2 of the report as 0.81 is derived from NYSERDA's evaluation studies.

NFG raised the issue of utilities that are gas only and have ancillary electric savings. Should the electric savings be passed to the electric utility in the service territory.

NYSEG/RGE stated they too (in addition to National Grid and potentially others) have electric programs in other utilities' gas areas and this would add to the difficulty in attribution of these ancillary savings for the areas in which they are not operating.

It was clarified that in situations where a customer is served by one utility for electric and another utility for natural gas, NYSERDA would report the primary savings for a given measure to the appropriate utility and other fuel savings would appear as ancillary. NYSEG/RG&E questioned what the company should do with a net negative ancillary savings figure with regard to the shareholder incentive filings. Staff stated this issue is related to the ancillary savings discussion (see subcommittee report section) and clarity will need to be provided by Staff at a future date.

B. OBR Report

NYSERDA provided an overview of a sample On Bill Recovery Report.

NYSERDA responded to a few clarifying questions from NYSEG/RGE and Central Hudson:

- The report covers the EEPS II time period.
- Total savings covers all funding sources but rebate savings is what is funded under EEPS II.
- The number the utilities should use to determine their 15% savings is shown in the "rebate" category.
- NYSERDA offered to be available if any utility has further questions..

According to DPS counsel, Staff stated NYSERDA could add information to the report to make it more user-friendly. If anyone has suggestions to improve the report, please email Chris Coll at Christopher.Coll@nyserda.ny.gov.

5. Subcommittee updates

A. Technical Manual Subcommittee

Staff provided a status update on the publication of the new Tech Manual. The final edits are almost complete and the manual should be ready for review and publication soon. The subcommittee is working to prioritize the list of new measures the PAs are interested in adding to the Measure Classification List/Tech Manual. Staff is working with the geothermal association on their submittal to the committee for modifications to geothermal systems in the Tech Manual.

NYSEG/RGE provided a status update on the subcommittee's work on ancillary savings. According to their findings, 6 PAs are reporting ancillary savings and 6 PAs are not. The majority of those that are not represent PAs that only have a gas program without a corresponding electric program. They have found there are several measures that provide interactive effects that can be significant. Next steps include obtaining additional information regarding the calculation of savings. The project is ongoing with the subcommittee members.

Staff asked NYSEG/RGE their thoughts on how we could utilize the subcommittee going forward.

- NYSEG/RGE responded that it would be useful to work with the EM&V committee as a collaborative to learn from each other and share information to update values in the manual.
- Next steps include completing the information on ancillary savings, interactive factors, and customer preference for each utility, and providing a recommendation back to the E2 Working Group on the treatment of these different factors.

Con Edison asked how significant the ancillary savings are. Staff responded that some of the interactive effects can be significant and NYSEG/RGE agreed that ancillary could be significant as well.

Staff clarified that reporting ancillary savings and how the reported savings are used are two different issues.

B. EM&V

Staff referenced a communication provided to PAs the previous week with regard to EM&V Next Steps. Staff indicated the creation of the Small Commercial EM&V Review Subcommittee which will be chaired by John Zabliski. The objective of the subcommittee will be to look at all applicable completed Small Commercial studies to find out what information we have available, look for common themes, and information that may be useful to update/verify the Tech Manual.

Once the assessment is complete, findings will be reported to the E² Working Group and proposed revisions to the Tech Manual submitted to the Tech Manual Subcommittee. PAs were asked to provide a representative for the subcommittee via email to Carlene.Pacholczak@dps.ny.gov by Friday, September 5.

Staff reviewed the EM&V Activity Plan Template. The templates are due to Bill Saxonis by October 15th. Please email the information to Bill at William.Saxonis@dps.ny.gov. The template provides PAs the opportunity to specify how the evaluation study will provide benefits to the program and how the information will be used in current or future programs. Staff expects program and evaluation to work together on the activity plan to provide better integration.

Staff responded to several questions:

- The plan does not have to be your traditional EM&V plan. It can be more targeted to program needs if that is the information the company finds most relevant to improve on program performance.
- PAs should not feel compelled to use the authorized 5% for EM&V if the PA has not identified a specific need to fully utilize the funds. Staff is open to proposals to repurpose any remaining uncommitted funds.
- Staff approval is not needed for the EM&V Activity Plans however Staff will review each plan and contact PAs if they have questions and concerns.
- Staff would entertain EM&V activities that do not contain free ridership and spillover work if the PAs feel that is most useful.
- Staff would like to hear from PAs what information is most valuable to them to develop programs for the future.

6. Other

NYSEG/RGE posed a question to the working group about the assistance NEEP could provide planning for ETIPs and post 2015, particularly in leveraging work related to the Tech Manual.

- Staff responded that Staff is actively looking at NEEP's proposed projects for 2015 planning and the value NEEP could provide Staff and the PAs given all of the changes occurring. Staff will need to be considering New York's post-2015 NEEP support and is interested in feedback from PAs regarding their involvement with NEEP projects.

Con Edison stated that NEEP has been helpful in providing data for new technologies.

7. Upcoming Meetings Date/Time

The E² Working Group meeting previously scheduled for October 1, 2014 has been rescheduled for October 9th in the 3rd Floor Hearing Room. The November meeting is cancelled.

Staff will canvass subcommittee chairs to determine if any meetings will be scheduled in the afternoon after the E² Working Group meeting.

8. Input from Observers

No comments were made from observers.

Comments on meeting minutes can be sent to Carlene Pacholczak at carlene.pacholczak@dps.ny.gov

Next E² Working Group Meeting is scheduled for October 9, 2014 at 10:00am

3rd Floor Hearing Room

Call in number: 866.394.2346

Conference Code: 1614319786