



# EEPS Restructuring Proposal

October 15, 2013

NYS Public Service Commission Technical Conference

# EEPS Restructuring Proposal

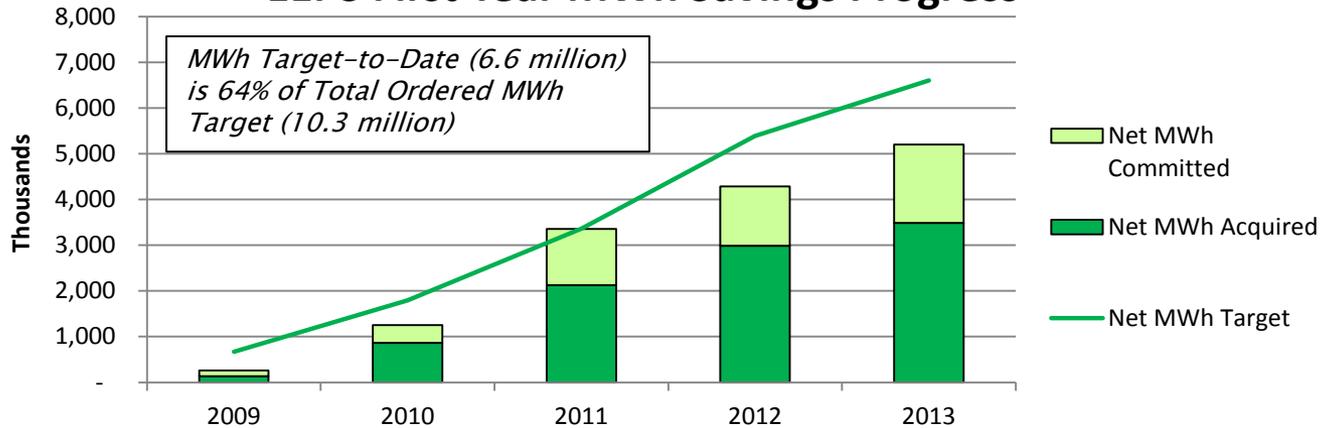
Colleen Gerwitz  
Director, Office of Energy Efficiency and the  
Environment

# Energy Efficiency Portfolio Standard

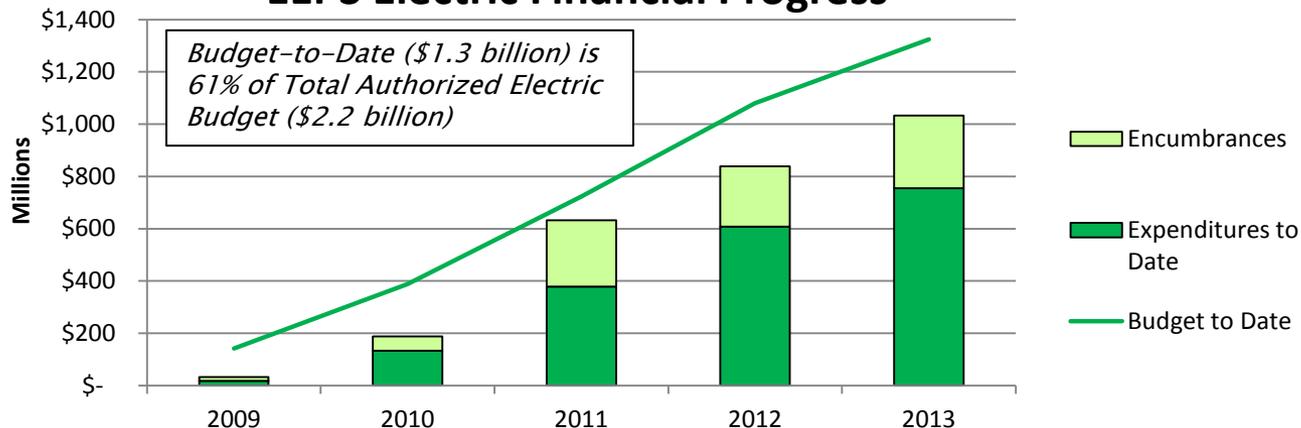
- ▶ To encourage development of cost-effective energy efficiency over the long-term
- ▶ \$3.1 billion collected between 2008 – 2018
- ▶ 93 Energy Efficiency Programs
- ▶ Programs administered by:
  - NYSERDA,
  - 6 Electric Utilities, and
  - 11 Gas Utilities

# EEPS Progress to Date – Electric

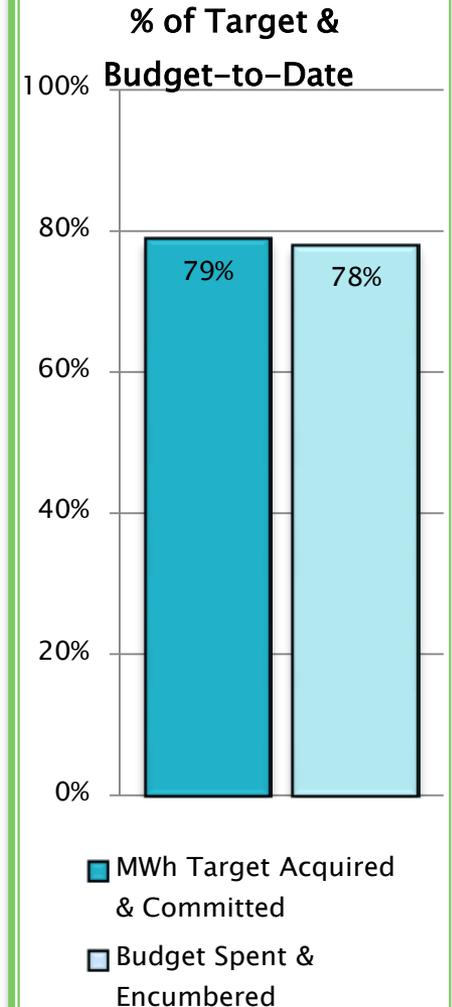
## EEPS First Year MWh Savings Progress



## EEPS Electric Financial Progress

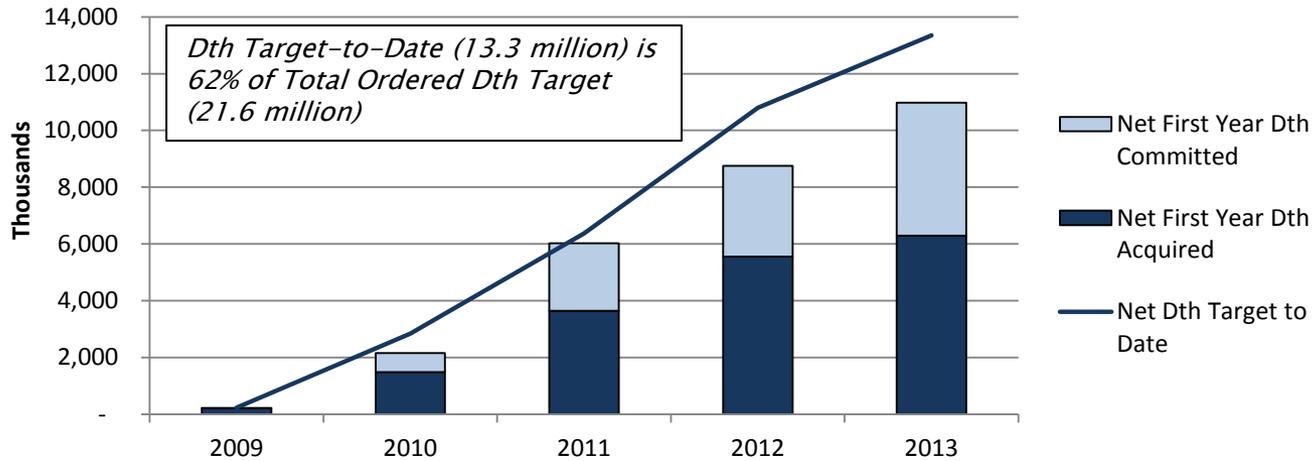


## EEPS Electric

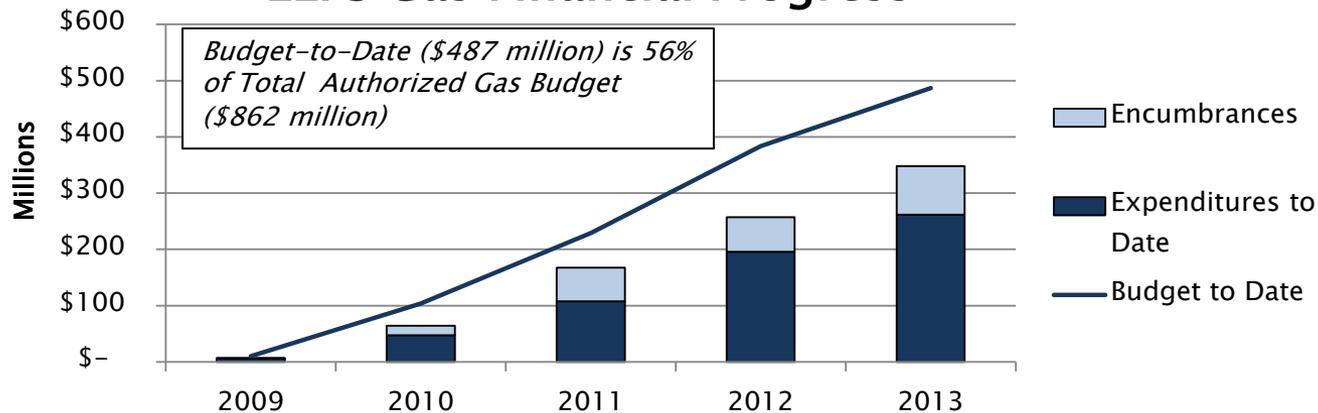


# EEPS Progress to Date – Gas

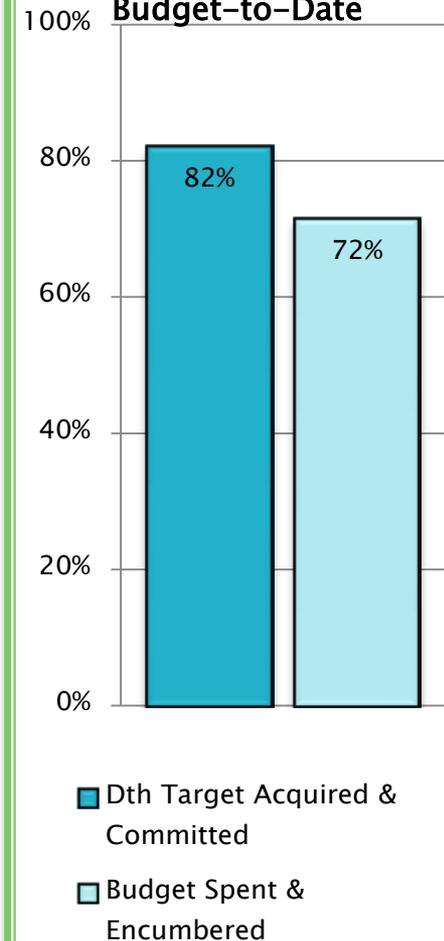
## EEPS First Year Dth Savings Progress



## EEPS Gas Financial Progress



## EEPS Gas % of Target & Budget-to-Date



# EEPS Change Mandate

- ▶ Moreland Commission Interim and Final Reports
- ▶ Stakeholder comments from 2011 EEPS Reauthorization Proceeding

# Change Mandate – Principle Areas

- ▶ **Role and Role-Related Issues**
  - PSC and DPS involvement in program details
  - Insufficient DPS resources
  - Utility and NYSERDA program competition
  - Impediments to efficient and effective use of State resources (at DPS and NYSERDA)
- ▶ **Technical and System Infrastructure Needs**
  - Cyclical Planning connecting Program Design, Technical Guidance, Evaluation
  - Improved Data/Information Sharing – IT Platform
  - Revised Approach to Cost-Effectiveness Screening

# Phased Restructuring Proposal

## ▶ Two Phases

- Phase I – Streamlining Changes to current EEPS Program for 2014 and 2015 program years
- Phase II – Foundational Planning for E<sup>2</sup> Program for 2016–2020 program years

# Phase I Changes – 2014–2015

1. Program budget & target changes within sector
  - Eliminate OEEE approval
  - Require notification
  - Require staff guidance
2. Program incentive / rebate levels
  - Eliminate OEEE approval
  - Require notification
  - Require staff guidance

# Phase I Changes – 2014–2015

## 3. Reporting

- Reduce reporting frequency from monthly to quarterly
- Eliminate duplicative reporting requirements

## 4. Measure Classification Lists

- Eliminate current measure classification groups
- Require guidance for maintenance of accurate eligible measure lists

## 5. Payback testing

- Eliminate payback testing requirement for EEPS 2
- Require guidance for future payback testing

# Phase I Changes – 2014–2015

6. **Banking and borrowing**
  - Eliminate redundant reporting and notification requirements
  - Require continued modulation of delivery to ensure service to each sector through the end of 2015.
7. **Pre–screening of prescriptive measures**
  - Eliminate project level pre–screening requirement for prescriptive measures
8. **Outreach/Education & Marketing (OEM) Reporting**
  - Eliminate quarterly and annual OEM Reporting
  - Require notification of budget changes
  - Require staff guidance

# PROPOSAL – PROPOSAL – PROPOSAL



# Goals – 2016–2020

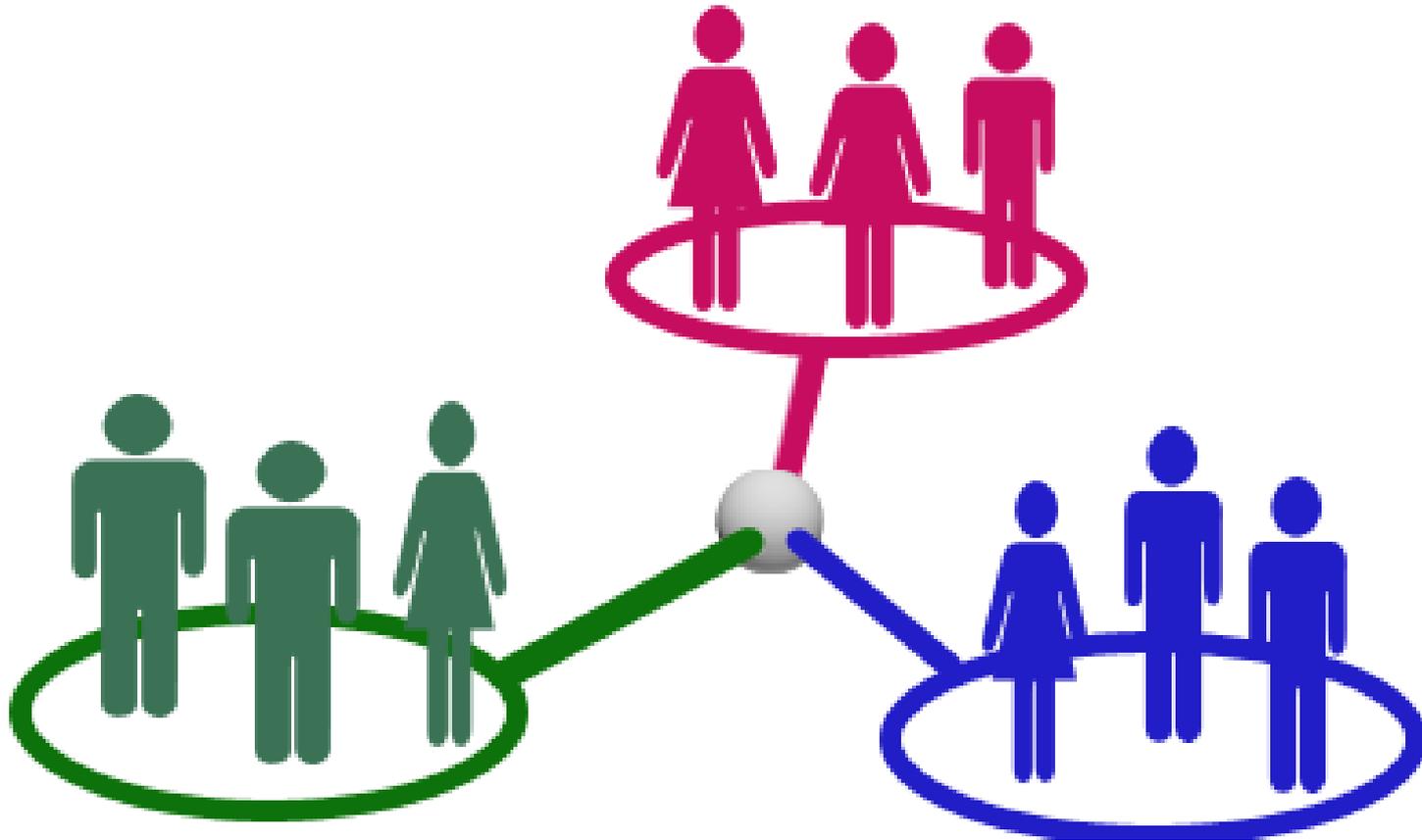
From: EEPS

- ▶ 15 x 15
- ▶ Singular Energy Reduction Goal
- ▶ First Year MWh and Dth Savings

To: E<sup>2</sup> Program

- ▶ State Energy Plan
- ▶ New Broader Goals
- ▶ Suite of Metrics
- ▶ Input Sought

# Roles



# PSC Role

## Current EEPS

- ▶ Statewide Goal
- ▶ 90+ Ordered Utility and NYSERDA Programs
  - Individual Program Design Approval
  - Annual Budgets & Targets and Changes to Budgets & Targets
  - New Program Approvals
  - Processes for DPS Approval of other Program Changes
- ▶ Ordered Rules/Processes
  - Measure Lists
  - Total Resource Cost (TRC) Screening
  - Reporting
  - Notifications
  - Technical Manual
  - EAG & IAG



## Future E<sup>2</sup> Program

- ▶ Statewide Goal
- ▶ Energy Efficiency (E<sup>2</sup>) Statewide Program Plan (PP)
  - Joint Utility and NYSERDA Sector-based Targets by Service Territory;
  - Flexibility to revise sector approaches
- ▶ Technical Resource and Evaluation Plan (TREP)
  - Resource allocation for technical guides and statewide approach to evaluation

# DPS Role



Current



Leverage Resources by partnering with NYSERDA to:

- Acquire Technical and Analytical Resources
- Create & Maintain Regulatory Guidance & Tools
- Improve Data and Information Management Systems
- Implement a Centralized, Statewide Approach to Evaluation

Focus on Key Parameters & Priority Metrics

- Enable routine analytics and monitoring
- Provide regular reports to the Commission



Future

# NYSERDA & Utility Roles – Competitors to Partners



## Current EEPS

- ▶ Competition for Customers and Savings
  - Inefficient Use of Ratepayer Funds
  - Customer Confusion



## Future E<sup>2</sup> Program

- ▶ Coordinated Statewide Program
- ▶ Delineated Utility and NYSERDA Program Services



# NYSERDA Role – Partnerships

## Utility Partnership

- ▶ Design of Coordinated Statewide Programs
- ▶ Organizational Proposal
- ▶ Data and Information Sharing



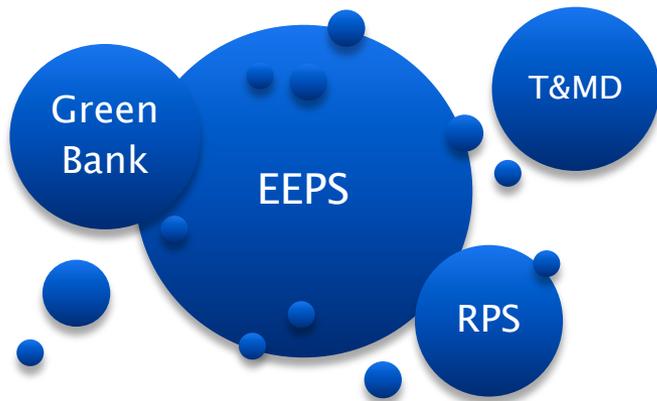
## DPS Partnership

- ▶ Cyclical Clean Energy Program Planning
- ▶ Technical Advisor
- ▶ Statewide Evaluation Coordinator

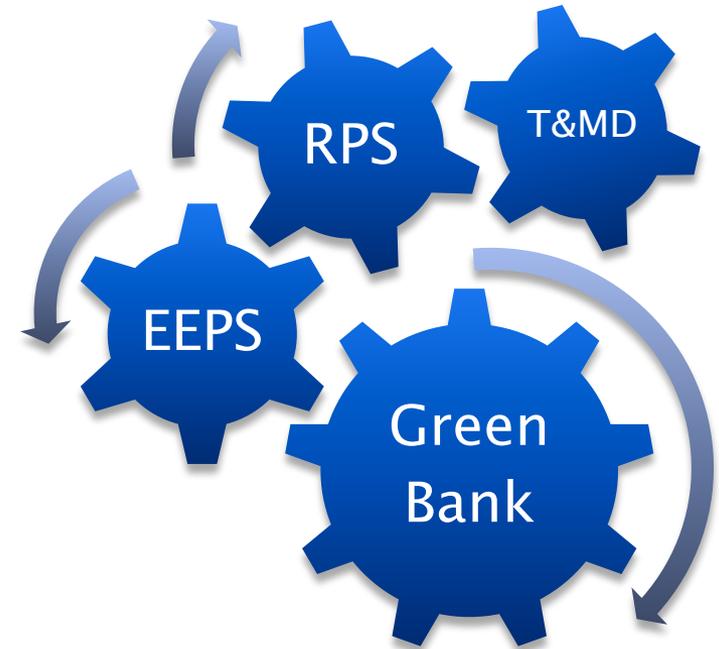
Clean Energy Integration  
Integration of Financing, Renewables and New Technologies



# NYSERDA Role – Administrator to Integrator



**Clean Energy Program  
Administrator**



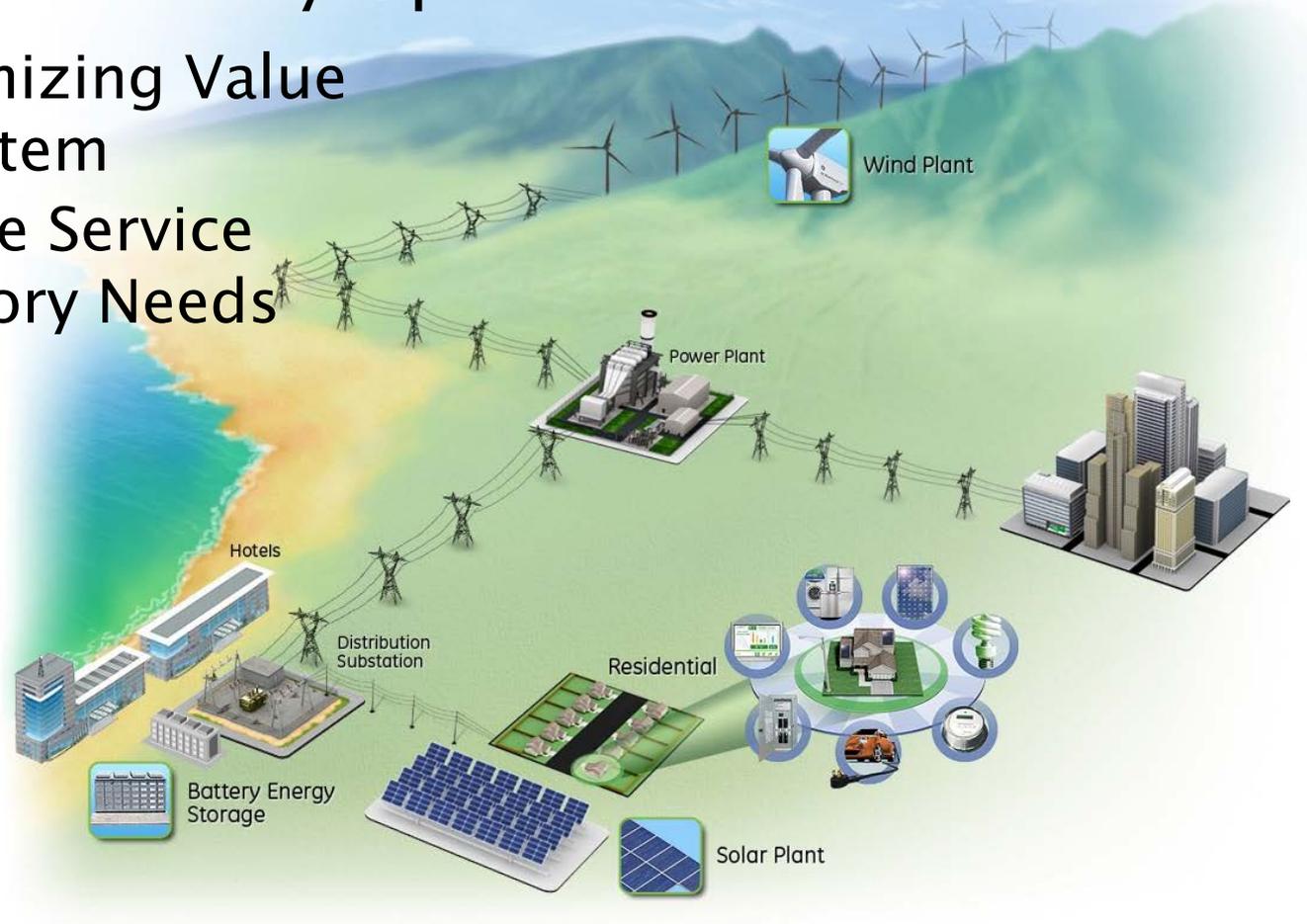
**Clean Energy Integrator**

- Technical Advisor
- Statewide Evaluator
- Clean Energy Data Warehouse

# Utility Role

## ▶ System Efficiency Optimizer

- Maximizing Value to System
- Unique Service Territory Needs



# Utility Role

- ▶ Customer Bridge
  - Customer Wants
  - Customer Targeting
  - Message Delivery



# Joint Organizational Proposal

- ▶ Coordinated Statewide Program Proposal
- ▶ Clear Delineation of NYSERDA and Utility Roles
- ▶ Deadline for Submittal -120 days
- ▶ Directional Concepts
  - Coordinated Sector-based messaging
  - Joint Utility Service Territory Metrics
  - Centralized Statewide Approach to Potential and Evaluation Studies
  - Centralized Customer Application Platform
  - Introductory and Comprehensive Programs
  - Fuel Neutral Fund
  - Centralized IT Platform

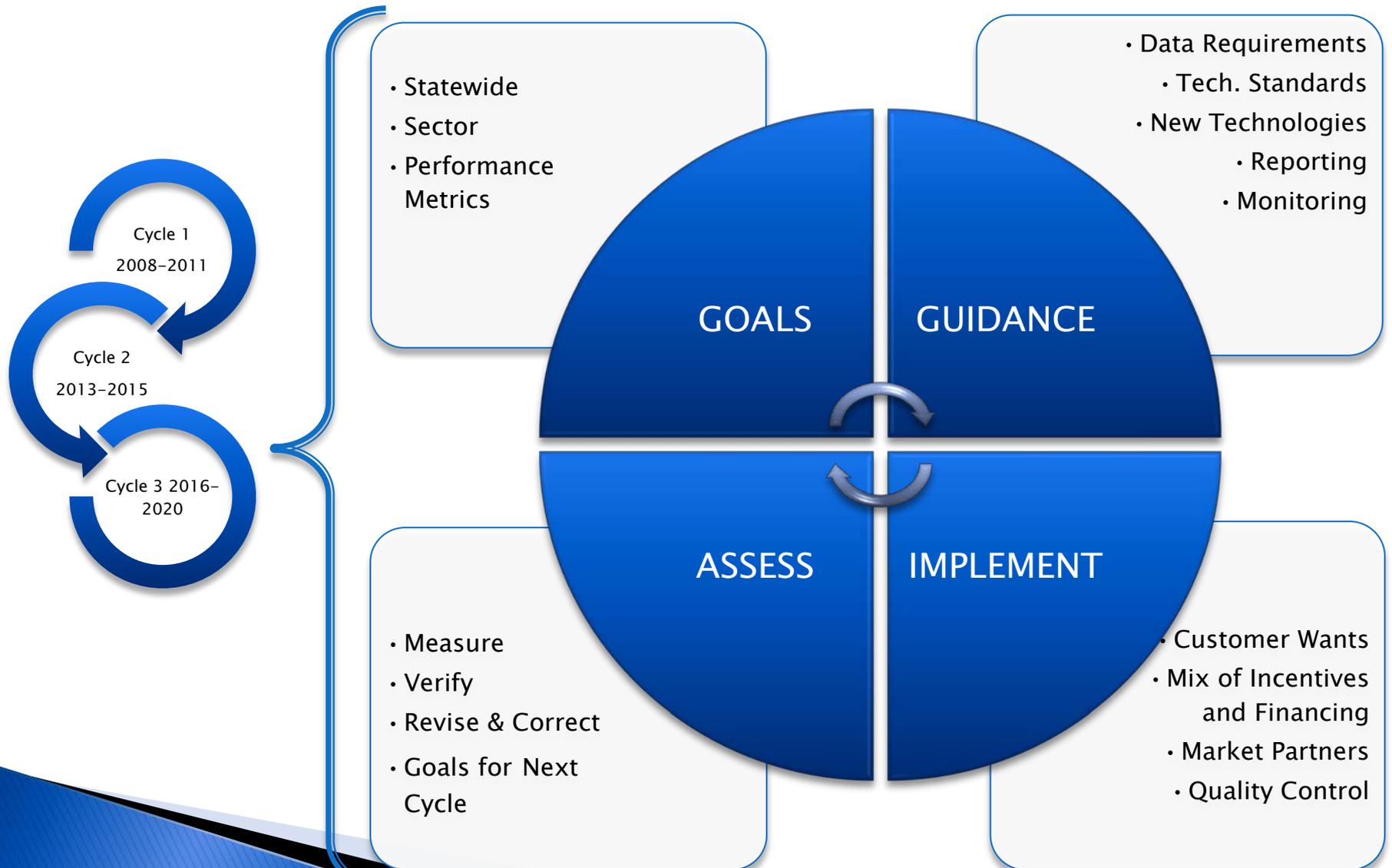
# E<sup>2</sup> Advisory Council

- ▶ Merge EAG and IAG
- ▶ Support E<sup>2</sup> Program Planning Cycle
  - Annual Prioritization of activities
  - Recommendation and Progress Reports to PSC
- ▶ Deliberation Process Changes
- ▶ Additional Suggestions Sought

# Technical and Infrastructure Topics

- ▶ Program Cycle Planning
- ▶ Data and Reporting
- ▶ Technical Reference Manual
- ▶ Cost Effectiveness Screening
- ▶ Fuel Neutral Concept
- ▶ Shareholder Incentives – Performance Metrics

# Program Cycle Planning & Evaluation



# Data and Reporting

- ▶ Benefits and costs of centralized IT data platform
- ▶ Privacy protections and controls to allow sharing of customer data with NYSERDA
- ▶ Reevaluation of current data collection and reporting requirements

# Cost Effectiveness Screening

- ▶ TRC at sector-level for each utility service territory
  - Updated LRACs, including environmental externalities
  - Annual retrospective analysis
  - Supplemental TRC, PACT, PCT at program level for program assessment purposes
  - Two-year cost-effectiveness compliance period
- ▶ Cost Effectiveness Test Reference Guide
- ▶ Standardized Calculation Tool

# Technical Reference Manual

- ▶ TRM should produce technically valid energy savings estimates
  - “Living” Document
  - Prospective application with effective dates
- ▶ TRM Team – DPS & NYSERDA with contractor support
  - Input and priorities from Advisory Council Subcommittee
  - Develop TRM change proposals
  - Routine reports of TRM changes prepared for PSC

# Fuel Neutral Approach

- ▶ More fuel neutral approach recommended
  - Consideration of range of societal benefits beyond participant benefits
  - Measures improve efficiencies for more than one fuel
  - Significant burden with calculating and accounting for separate cost and savings allocations
- ▶ Option 1 – Pool funds from gas and electric surcharge
  - Gas and electric customers only
- ▶ Option 2 – Electric only surcharge
  - Non-electric measures based on expected environmental, reliability and economic benefits
  - Could include measures that conserve other fuels (e.g. propane, heating oil)
- ▶ Comments and suggestions sought

# Shareholder Incentives

- ▶ Set of metrics as opposed to a single metric
- ▶ Compensation should be aligned with:
  - Objective of making energy efficiency part of core business;
  - Driving innovation; and
  - Creating stable business environment
- ▶ More effective incentive structure needed
  - Suggestions sought

# Transition Schedule

2013

2014-2015 PY  
Changes  
Directional  
Decisions for  
Transition

2014

Organizational  
Proposal & Decision  
Prioritize Studies  
Supporting Cycle 3  
Planning  
Data Sharing  
Proceeding and  
Decision  
IT Platform  
Assessment  
Final Potential and  
Evaluation Studies

2015

Final Guidance  
Documents  
Centralized  
Customer  
Application  
Data Platform  
PP and TREP  
Development &  
Decision

2016

**E<sup>2</sup> Program**

# Responsive to Moreland Commission

- ▶ **NYSERDA – Utility Overlap**
  - Proposes a process to divide the EEPS portfolio between NYSEERDA and the Utilities leading to the elimination and consolidation of programs;
- ▶ **NYSERDA – DPS Staff Overlap**
  - Proposes that NYSEERDA assist DPS staff with program planning, technical guidance, and serve as coordinator of statewide evaluation activities;
- ▶ **Comprehensive IT Platform**
  - Proposes that NYSEERDA procure a contractor to define the scope and assess the benefits and cost of the development of a centralized IT Platform;
- ▶ **Sharing of Customer Information**
  - Proposes consideration of a proceeding to address privacy protections and controls while supporting sharing of customer data with NYSEERDA
- ▶ **Focus of PSC / DPS Oversight**
  - Proposes Integrated planning, approval, and reporting cycles and use of guidance documents to increase flexibility but still provide strong program oversight

# Comments and Questions

