

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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

Brief of the
Natural Resources Defense Council,
Pace Energy and Climate Center
and
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INTRODUCTION AND SUMMARY

The Natural Resources Defense Council, Inc. (“NRDC”), Pace Energy and Climate Center (“Pace”) and the Association for Energy Affordability, Inc. (“AEA”) respectfully submit this initial brief as provided for by the “March 2008 Ruling on Staff Motion for Reconsideration and Revising Schedule,” issued on March 20, 2008 (the “March 2008 Ruling”), in the Energy Efficiency Portfolio Standard Proceeding (“EEPS”).

The State’s 15 x ‘15 initiative will produce multiple benefits for the State of New York. As the Public Service Commission (PSC or “Commission”) stated in its May 16, 2007 order that instituted the EEPS proceeding to determine how the 15 x ‘15 vision would be implemented:

The benefits of energy efficiency include forestalling the building of new generation, reducing use of finite fossil fuels, reducing customers’ energy bills, developing independent energy sources for New York State to reduce energy imports, and mitigating the environmental impacts of burning fossil fuel for energy, including greenhouse gas emissions. In addition, more efficient use of energy has the potential to foster economic development and job growth by encouraging in-state technology advances to deliver energy efficiency programs to consumers.¹

In addition to all of the above, energy efficiency results in increased electric system reliability. Furthermore, according to the Environmental Impact Statement recently issued in this proceeding, it is estimated that nearly 37,000 jobs would be created as a result of the 15 by ‘15 effort.² A recent study conducted by the American Council for an Energy-Efficient Economy also found that the bill savings resulting from greater investment in energy efficiency “allows

¹ New York State Public Service Commission (PSC) Case No. 07-M-0548, Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard, Order Instituting Proceeding (issued May 16, 2007), at 2-3.

² PSC Case No. 07-M-0548, Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard, Order Adopting and Approving Issuance of Final Generic Environmental Impact Statement (issued March 24, 2008), at 49.

consumers and businesses to spend money for other goods and services that actually increase the number of jobs compared to the jobs provided directly by the energy industry.”³

Fast Track interim programs should be adopted to ensure that efficiency opportunities are implemented as soon as possible, but such programs should not postpone the development and implementation of long-term energy efficiency programs. On the contrary, the PSC should require utilities to submit within 45 days of the issuance of an Order in this proceeding a comprehensive plan for the administration and delivery of energy efficiency programs within their service territories, developed cooperatively with other program administrators.

Utilities must play a significant role in the administration of energy efficiency programs in order for the State to achieve its 15 by ‘15 goal, as their efforts and inherent advantages are critical to scale up energy efficiency to the requisite levels. The PSC should adopt a clear and effective incentive structure for utilities to help ensure that they achieve their share of the 15% goal, similar to that recently adopted by the California Public Utilities Commission,⁴ as well as periodic targets to ensure that utilities are implementing effective energy efficiency measures and progressing towards their goals.

Bill impact figures should reflect the energy efficiency benefits of lower bills for all customers, regardless of their direct participation in energy efficiency measures, as well as reduced generation and transmission and distribution costs resulting from lower stress on the grid and enhanced system reliability.

³ Although the report focused on Montana, specifically, it acknowledged that the economic context is not unique to that state. Laitner, Johan A. “Skip”, “American Council for an Energy-Efficient Economy, Energy Productivity: Critical Benefits for Both the Montana Economy and the Global Climate”, March 19, 2008, p. 2.

⁴ State of California Public Utilities Commission, Rulemaking 06-04-010, Order Instituting Rulemaking to Examine the Commission’s post-2005 Energy Efficiency Policies, Programs, Evaluation, Measurement and Verification, and Related Issues, Interim Opinion on Phase 1 Issues: Shareholder Risk/Reward Incentive Mechanism for Energy Efficiency Programs, Decision 07-09-043 (issued September 25, 2007).

Finally, the energy savings proposed herein represent a reasonable, balanced and effective approach and would ensure that the State achieves its 15% goal, as well as \$5 billion in estimated net benefits.

By adopting the recommendations included in this brief, the Commission can ensure that the State achieves the 15 by '15 goal and resulting multiple consumer, environmental and other benefits.

I. CERTAIN FAST TRACK INTERIM PROGRAMS SHOULD BE ADOPTED TO ENSURE THAT EFFICIENCY OPPORTUNITIES ARE IMPLEMENTED AS SOON AS POSSIBLE, BUT SUCH PROGRAMS SHOULD NOT DELAY THE DEVELOPMENT AND IMPLEMENTATION OF LONG-TERM ENERGY EFFICIENCY PROGRAMS.

A. The PSC Should Adopt Interim Energy Efficiency Programs That Expand Delivery of Existing Successful NYSERDA and DHCR Programs That Are Oversubscribed or Capable of Quickly Scaling Up.

NRDC, Pace and AEA support the goal of authorizing early adoption of EEPS bridging programs and the decision in the March 2008 Ruling to place these programs before the PSC as soon as possible for its review and approval. We commend Department Staff (“Staff”) for its March 2008 *DPS Staff Report on Recommendations for the EEPS Proceeding* (“Staff Report”), which identifies a portfolio of energy efficiency programs that could be implemented quickly and efficiently.

In comments filed in this proceeding on October 15, 2007, NRDC, Pace, and AEA recommended five priority programs for inclusion in any EEPS “Fast Track”. They were:

- Residential New Construction
- Low Income Residential Efficiency
- C&I New Construction

- C&I Performance
- Flex Tech

We are pleased to note that the Staff Report recommends the inclusion of all five of these initiatives as part of its “Fast Track” EEPS bridging program. We have consistently argued that the focus of any Fast Track efforts should be on ramping up and expanding the delivery of energy efficiency measures under existing successful programs. This approach is the most effective strategy for ensuring that progress can begin this calendar year towards achieving the Commission’s goal of reducing electric usage by 15% from projected 2015 consumption levels.

As noted in the March 2008 Ruling, this approach is most consistent with earlier rulings in this proceeding that restricted such interim programs to already existing, proven cost-effective energy efficiency programs that are either oversubscribed or capable of scaling up quickly once additional funding is made available.

We support the implementation of an educational outreach program that would focus on curriculum development in schools. In addition, as we discussed in our October 15, 2007 Comments, we strongly support Staff’s recommendation to provide immediate funds both to support workforce development and to enhance state energy building codes and appliance standards, since these are important initiatives that are crucial to the success of any EEPS. With respect to both workforce development and enhanced building codes and standards, the lead times for program development and implementation can be substantial so it is essential that work begin now.

While generally supportive of the proposals contained in the Staff Report, we respectfully disagree with Staff’s recommendation to initiate new utility-administered energy efficiency programs as part of any EEPS Fast Track or bridging program. Our disagreement is not based

on any philosophical or policy opposition to utility involvement in the administration and delivery of energy efficiency programs. To the contrary, as articulated in greater detail herein, we strongly believe that direct utility involvement in the EEPS program is essential if we are to achieve the goal of “15 by ‘15”. However, we believe that it would be premature to initiate this involvement as part of any interim program. Nor are we convinced that the “top down” approach to utility program design, reflected in the Staff Report, is the most prudent or cost-effective approach for integrating utility involvement in energy efficiency with the efforts of NYSERDA and other potential program administrators.

B. The PSC Should Require that Utilities Submit Comprehensive Energy Efficiency Plans Within 45 Days of the Issuance of an Order.

Rather than initiate utility involvement in the EEPS on a piecemeal basis, we believe that the better approach would be for the Commission to direct each electric and natural gas utility to submit a comprehensive plan for the administration and delivery of energy efficiency programs within its service territory within 45 days of the issuance of an Order in this proceeding. The Commission should also direct that in the development of its plan, each utility should attempt to reach consensus with other program administrators, including NYSERDA, other utilities, as applicable, the New York Power Authority (NYPA), and other potential program administrators regarding the programmatic and financial parameters of each program; opportunities for coordination and integration of program delivery; and marketing and outreach that present a common look and feel to customers. The utility plans should also address electric and gas efficiency measures in a coordinated and integrated way. While we recognize that the Commission has yet to consider, much less approve, a governance structure for the EEPS, we

believe that the proposed Partnership governance model (“Partnership Proposal”) jointly submitted by NRDC/Pace/AEA and others in this proceeding⁵ provides an excellent example of the type of coordination necessary for the successful achievement of the 15 by ‘15 goal.

II. THE PSC SHOULD REQUIRE THAT UTILITIES PLAY A SIGNIFICANT ROLE IN THE ADMINISTRATION OF ENERGY EFFICIENCY PROGRAMS AND SHOULD ESTABLISH AN INCENTIVE STRUCTURE AND PERIODIC ENERGY EFFICIENCY TARGETS FOR UTILITIES.

A. Utilities Should Be Provided a Significant Role in the Delivery of Energy Efficiency Programs in Order to Achieve the 15 by ‘15 Goal.

Utilities must play a significant role in the delivery of energy efficiency programs in order for the State to achieve its 15 by ‘15 goal. It is critical that “all hands are on deck” and that both utilities and NYSERDA are involved in order to scale up energy efficiency to the necessary levels, as the Straw Proposal concludes, “both types of entities are essential to a successful EEPS.”⁶ Staff has acknowledged the importance of utility involvement, stating that, “utilities can and should play a major role in an expanded energy efficiency delivery system.”⁷

⁵ PSC Case No. 07-M-0548, Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard, “EPS Administration Consensus Recommendation of Natural Resources Defense Council, Pace Energy Project, City of New York, Association for Energy Affordability, Inc., Consolidated Edison Company of New York, Inc., KeySpan Energy Delivery New York and KeySpan Energy Delivery Long Island, National Fuel Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, New York State Electric & Gas Corporation, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation, and New York Power Authority”, January 11, 2008.

⁶ PSC Case No. 07-M-0548, Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard, Corrected Ruling Presenting Straw Proposal (issued February 13, 2008) (“Straw Proposal”), at 2.

⁷ PSC Case No. 07-M-0548, Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard, March 2008 DPS Staff Report on Recommendations for the EEPS Proceeding, March 25, 2008, at 4.

We agree with the reasons for utility administration of energy efficiency programs set forth in the Straw Proposal.⁸ Utilities enjoy various inherent advantages with respect to their customer base including, but not limited to, a local presence and customer relationships that they can use to leverage efficiency adoption, the collection and maintenance of customer usage data, and the ability to facilitate customer access to attractive financing for efficiency improvements. These utility strengths should be maximized to the fullest extent possible, along with those of NYSERDA, which, in addition to also playing a role in the delivery of energy efficiency programs, has the ability to effectively implement statewide market transformation programs.

B. The PSC Should Adopt an Incentive Structure to Align Utilities' Shareholders' Interests with the Energy Efficiency Goals of New York State.

The PSC should adopt a clear and effective incentive structure for utilities,⁹ to ensure that the utilities assign the requisite corporate management attention and programmatic and fiscal resources to utility efficiency programs, which are an essential component of achieving the 15 by '15 goal.

Although utilities are required to develop and implement Revenue Decoupling Mechanisms (RDMs) in accordance with the PSC's April 20, 2007 Order Requiring Proposals for Revenue Decoupling Mechanisms,¹⁰ such a mechanism will *remove* the disincentive for a

⁸ "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 energy resource planning." Straw Proposal at 2.

⁹ The Order recently issued in the Con Edison electric rate case stated that "policy decisions regarding energy efficiency programs should be made in the EEPS proceeding." PSC Case No. 07-E-0523, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric Service, Order Establishing Rates for Electric Service (issued March 25, 2008), at 158.

¹⁰ PSC Case No. 03-E-0640, Proceeding on Motion of the Commission to Investigate Potential Electric Delivery Rate Disincentives Against the Promotion of Energy Efficiency, Renewable Technologies and

utility to promote energy efficiency, but does not provide an incentive for a utility to implement such programs. Thus, a RDM must be “coupled” with regulatory incentives in order to scale up energy efficiency to the necessary levels. As stated in the Straw Proposal, “utility incentives, properly designed, can serve at least four purposes: (1) to align utilities’ financial interests with energy efficiency; (2) to provide through negative performance incentives a mechanism to hold utilities accountable for meeting targets; (3) to encourage control of program costs; and (4) to encourage achievement of increased efficiency gains.”¹¹ Staff has stated that “[p]roperly designed incentives can play a role in aligning the financial interests of a utility for energy efficiency goals.”¹²

The award of any incentives should be based largely on actual verified performance, subject to independent verification, and not based on simply completing certain milestones, such as entering into contracts for reductions or spending a certain amount of money. In addition, the award of incentives should be scaled, with higher incentives for higher achievement, and the opportunity to earn greater incentives for exemplary performance beyond the base target, so as to maintain the utilities’ incentive to pursue cost-effective efficiency beyond that point. It is also essential that penalties are included for poor performance on utilities’ savings goals.

Incentives should be awarded for cost-effective energy efficiency, and thus should ideally be based on total resource net benefits. In addition to goals that support the achievement of the 15 by ‘15 target, additional goals tied to other criteria, such as low income participation, should

Distributed Generation and PSC Case No. 06-G-0746, In the Matter of the Investigation of Potential Gas Delivery Rate Disincentives Against the Promotion of Energy Efficiency, Renewable Technologies and Distributed Generation, Order Requiring Proposals for Revenue Decoupling Mechanisms (issued April 20, 2007).

¹¹ Straw Proposal at 16.

¹² PSC Case No. 07-M-0548, Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard, New York Department of Public Service Staff Preliminary Proposal for Energy Efficiency Program Design and Delivery, August 28, 2007, at 28.

be set, as well, to avoid utilities focusing only on savings to the potential detriment of considerations such as equity and comprehensiveness. Though incentives can be annual or multi-year, the advantages of multi-year goals include providing utilities with the flexibility to modify their programs as needed over time to make the most efficient and effective use of resources, as well as allowing goals for programs that may not demonstrate results for multiple years.

If the PSC were to establish scaled incentives for utilities similar to California's, starting at a minimum performance standard of 85 percent of the base energy savings goal, the utility would earn an incentive of 9 percent of net benefits and would increase to 12 percent if a utility meets or exceeds its goal. Thus, consumers would receive 91 and 88 percent of net benefits, respectively. Such a structure provides utilities not only with an incentive to meet their goals, but also to pursue as much efficiency as possible, even if it is clear that they will not reach their targets. Penalties should be assessed per kWh for each unit below the goal if a utility's performance falls to or below 65 percent of the base goal. Such an incentive structure offers a sound, balanced approach in terms of incentives and penalties that maximizes energy savings and cost-effectiveness. Rather than developing the details of penalty levels and other issues in individual rate cases, we believe the specific details should be developed at the same time as final utility programs are approved.

We therefore support the Straw Proposal's inclination "toward a benefit-based approach similar to that adopted by the California Public Utilities Commission (CPUC)."¹³ The CPUC

¹³ Straw Proposal at 17.

decision regarding Rulemaking 060-04-010 provides a good example of an appropriate performance incentive structure for utilities in New York State.¹⁴

C. The PSC Should Set Periodic Targets for Each Utility to Ensure That They are Progressing Towards Their Share of the 15% Goal, at a Minimum.

The PSC should set periodic energy efficiency targets for utilities, to ensure that they are implementing effective energy efficiency measures and progressing towards their share of the 15 by '15 goal, at a minimum. These targets should be established in terms of energy (kWh) savings and should reflect the fact that utilities will implement permanent energy efficiency programs in keeping with the 15 by '15 goal of reducing electricity consumption.

III. BILL IMPACT FIGURES SHOULD REFLECT THE BENEFITS OF ENERGY EFFICIENCY, INCLUDING LOWER BILLS FOR ALL CUSTOMERS AND A REDUCTION IN GENERATION AND T&D COSTS.

Bill impact figures for EEPS energy efficiency programs should reflect the positive impact of energy efficiency on consumer bills, as well as on generation, transmission and distribution (T&D) infrastructure and market clearing prices for energy. As mentioned in the description of the multiple benefits of energy efficiency, above, customer energy bills are reduced as a result of the implementation of demand side management programs. It is important to note in determining bill impacts that reductions occur not only for those customers directly participating in energy efficiency measures, but for all consumers, since reductions stem from the

¹⁴ CPUC Decision 07-09-043 (issued September 25, 2007).

decrease in wholesale electricity prices that results from a decrease in overall electricity consumption (especially savings during peaks).¹⁵

In addition, increased energy efficiency, particularly that which occurs at times of peak demand, results in lower stress on the electricity grid and enhanced system reliability. Such energy efficiency can also be targeted to specific areas of high load growth and used to defer capital and other investment in T&D, thus reducing costs associated with such infrastructure. The Order recently issued in the Con Edison electric rate case recognizes the link between energy efficiency and T&D infrastructure planning¹⁶ and requires that Con Edison submit a report within 60 days, describing the Company's efforts "to integrate energy efficiency and demand response resource planning with its T&D infrastructure planning to maintain the required reliability standards."¹⁷

¹⁵ In addition, electric savings will generate some decreases in consumer natural gas clearing prices as well because much of the marginal electric generation avoided would have been gas-fired generation. Similarly, gas efficiency efforts will translate into both consumer natural gas and electricity market prices for the same reason.

¹⁶ "[T]he integration of demand response and energy efficiency into the Company's infrastructure planning should be encouraged to the extent that such measures can economically delay or displace the need for capital expenditures and provide other benefits." PSC Case No. 07-E-0523, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric Service, Order Establishing Rates for Electric Service (issued March 25, 2008), at 96.

¹⁷ *Id.*

IV. IN ORDER TO SECURE NET BENEFITS OF APPROXIMATELY \$5 BILLION AND TO ACHIEVE THE STATE'S 15% GOAL, THE PSC SHOULD APPROVE AN OVERALL FUNDING LEVEL AND ALLOCATE IN ADVANCE ENERGY EFFICIENCY TARGETS TO NYSERDA AND THE UTILITIES, AS RECOMMENDED HEREIN. THE PSC SHOULD ALSO ESTABLISH IN ADVANCE A TARGET FOR NATURAL GAS EFFICIENCY.

A. The PSC Should Allocate in Advance Energy Efficiency Targets and Funding Among NYSERDA and Utilities as Recommended Herein to Achieve the 15% Goal and Net Benefits of Approximately \$5 Billion.

The PSC should allocate in advance energy efficiency targets among the utilities and NYSERDA as a starting point for planning purposes, which can subsequently be adjusted as determined appropriate through the Partnership process outlined in the Partnership Proposal. We recommend that the PSC establish the following energy reduction targets to achieve the 15% goal of 24,934 GWh,¹⁸ which would result in net benefits from energy efficiency programs administered by the utilities and NYSERDA of approximately \$5 billion by 2015:¹⁹

- Codes and standards: 4,514 GWh
- NYSERDA: 6,126 GWh
- NYPA: 2,248 GWh
- LIPA: 2,858 GWh
- IOUs: 6,126 GWh²⁰
- Innovative programs: 3,063 GWh

¹⁸ This number represents 15% of forecasted sales for 2015. Straw Proposal Technical Appendix (February 11, 2008, Revised February 20, 2008).

¹⁹ \$5 billion is an estimate based on an average benefit/cost ratio of 3:1.

²⁰ The breakdown among the IOUs would be:

| | |
|---|-----------|
| Central Hudson Gas & Electric Corporation | 302 GWh |
| Consolidated Edison Company of New York, Inc. | 2,619 GWh |
| New York State Electric & Gas Corporation | 787 GWh |
| Niagara Mohawk Power Corporation | 1,820 GWh |
| Orange & Rockland | 227 GWh |
| Rochester Gas and Electric Corporation | 370 GWh |

Attachment 1 provides a breakdown of these targets and their associated relative percentages towards achieving the 15% goal, as well as a comparison to the targets put forth by Staff and the Straw Proposal. Achieving such net benefits by 2015 will require an average of \$400 million in additional annual funding for the utilities and NYSERDA, assuming spending per savings of approximately \$305/MWh, the program cost included in the Straw Proposal.²¹

We believe that only energy efficiency reductions achieved through new New York codes and standards should apply towards the 15% goal, since existing State codes and standards are presumably reflected in the baseline forecast for 2015 used to establish the 15% savings target. Efficiency anticipated to result from federal standards should be deducted from this baseline forecast and should not be applied towards the 15% goal since the State does not have control over such standards.

“Innovative programs” provide an opportunity for other market players, such as retailers, banks, energy service companies, etc., to implement energy efficiency efforts, which could be achieved through a bidding process similar to that which is currently in place for the State’s Renewable Portfolio Standard and which may be accomplished at a lower cost. This would be in addition to the role that these market players will have in delivering utility and NYSERDA programs.

The targets set forth above for NYPA and LIPA reflect a reduction in each authority’s projected electricity sales for 2015, adjusted downward in accordance with savings from codes and standards. The recommended GWh target for innovative programs represents 20% of the energy savings needed to achieve the 15% goal after those savings attributed to codes and standards, NYPA, LIPA and SBCIII are accounted for.

²¹ Straw Proposal Technical Appendix (February 11, 2008, Revised April 3, 2008), at 19.

Allocation of the remaining portion of the energy savings target after savings from codes and standards, NYPA and LIPA, and the amount for innovative programs as described above are taken into account was done on an equivalent basis between NYSERDA and utilities (including the expected savings from SBCIII). As mentioned above, such apportionment may be subsequently amended by the PSC as may be deemed appropriate through the process laid out in the Partnership Proposal.

Our targets outlined above and in Attachment 1 represent a reasonable, balanced and effective approach towards ensuring that the State achieves its 15% goal, as well as \$5 billion in estimated net benefits.

B. The PSC Should Establish a Natural Gas Efficiency Target of a 15% Reduction Below Forecasted Levels by 2015.

The PSC should establish a natural gas efficiency target of a 15% reduction below forecasted 2015 levels, similar to electricity. This target is in line with the findings of the 2006 natural gas efficiency potential study completed by Optimal Energy,²² which establishes overall efficiency potential and estimates likely maximum achievable levels. Initial minimum annual funding should be set at 1.53% of revenues, which corresponds to the current electric SBC percentage of revenue. At that rate, funding would be approximately \$117.5 million per year, not including transportation sales.²³ This figure should be scaled up, as necessary, to achieve the 15 by '15 goal.

²² Optimal Energy et al., "Natural Gas Energy Efficiency Resource Development", October 31, 2006.

²³ This figure is based on 2006 natural gas revenue. Future amounts will vary depending on actual natural gas rates.

Note that we support fuel switching conversions to gas that will reduce emissions of greenhouse gases. To the extent significant fuel switching to natural gas occurs, this will need to be taken into account when determining the actual efficiency gains off of a current reference-case forecast.

CONCLUSION

For the reasons stated above, NRDC, Pace and AEA respectfully submit that the Commission's Order in this proceeding should incorporate the recommendations described herein in order to achieve the State's 15 by '15 goal and associated substantial net benefits. Specifically, the PSC should:

- adopt interim energy efficiency programs that expand delivery of existing successful NYSERDA and DHCR programs that are oversubscribed or capable of quickly scaling up;
- require that each electric and natural gas utility submit a comprehensive plan for the administration and delivery of energy efficiency programs within its service territory within 45 days of the issuance of an Order in this proceeding, which should be developed in partnership with other relevant program administrators; [Note: In the instance of a gas utility that has already, through a collaborative process, submitted a plan to the Commission in response to a separate Commission Order, this should be acknowledged as the first step, to be followed by an Implementation Plan also developed in collaboration with other relevant program administrators.]
- require that utilities play a significant role in the administration of energy efficiency programs;

- adopt a clear and effective performance-based incentive structure (with penalties) to align utilities' shareholders' interests with the energy efficiency goals of New York State, similar to that recently adopted by the California Public Utilities Commission;
- set periodic targets for utilities to ensure that they are progressing towards their share of the 15% goal, at a minimum;
- ensure that bill impact figures reflect the energy efficiency benefits of lower customer bills for all customers and a reduction in generation and T&D costs;
- allocate in advance energy efficiency targets among NYSERDA and the utilities, as recommended herein to ensure that the 15% goal is met and to secure net benefits of approximately \$5 billion; and
- establish a natural gas efficiency target of a 15% reduction below forecasted 2015 levels, similar to electricity.

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