

**February 4, 2015**  
**E<sup>2</sup> Working Group Meeting Minutes**

---

The E<sup>2</sup> Working Group met on February 4, 2015. The meeting was held in the 3<sup>rd</sup> Floor Hearing Room at 3 Empire State Plaza and via conference call. The following organizations participated in the call.

<b>E<sup>2</sup> Working Group Members</b>	<b>Ex-Officio Participants</b>
DPS	
Central Hudson	
Con Edison	
Corning	
National Fuel	
National Grid	<b>Parties</b>
NYSEG	
NYSERDA	
RG&E	
O&R	

**1. Introductions**

**2. Review 12/3/14 meeting notes**

No changes proposed.

**3. Subcommittee updates**

- **Small Commercial EM&V -**

John Zabliski, Subcommittee Chair, presented the subcommittee's Small Business Direct Install Program Evaluation Review January 30, 2015 Report to the group. The report is available on the E<sup>2</sup> Working Group website. John outlined the subcommittee's objectives that were requested by the E<sup>2</sup> Working Group. The subcommittee determined the annual operating hours are the variable with the greatest effect on the savings of lighting measures and focused its review in this area noting differences in the site-verified hours to the deemed hours stated in the Technical Resource Manual (TRM). The subcommittee believes standardizing Facility Type definitions statewide and updating operating hours for a number of key Facility Types is necessary. The subcommittee recommends any proposed changes to the TRM resulting from this work should become effective January 1, 2016. Proposed revisions to the TRM resulting from this work would be submitted to the

Tech Manual Subcommittee. In addition, the subcommittee stated that the review process worked well and recommends it for future EM&V reviews. The subcommittee requested an extension to complete its work until April 1, 2015. There were no objections to this extension.

Program Administrators (PAs) voiced concerns related to how changes would affect program planning or PAs ability to meet savings targets, as well as questioning the need in the future to have fixed rigid goals that can't evolve as programs/estimates evolve.

Staff agreed that changes to the TRM resulting from this work would not go into effect until January 1, 2016, but stressed interest in having more accurate savings estimates for PAs to use in their planning activities occurring in 2015. Staff stated its interest in building a cycle that ensures the most up to date information is available to be used in the planning of future program activities, and that emphasis be placed on improving the accuracy of estimates rather than achieving a set rigid target. Staff requested the subcommittee include a summary of the net-to-gross results across the PAs in the final report for informational purposes.

- **Technical Manual Subcommittee**

- **Near Term Focus**

Staff stated that the near-term focus is to address necessary changes to the TRM to provide PAs with the most up to date information for 2016 program planning and that it will work with the Tech Manual Subcommittee to prioritize the corrections that need to be made in the TRM, but indicated no changes will be effective until January 1, 2016. Staff added that at this time it believes it is more important to make corrections in the TRM than to add new measures.

PAs agreed with this approach.

- **Post 2015**

Staff referred to the Staff Straw Proposal that proposed shifting responsibility of ownership and maintenance of the TRM to the utilities and the comments from Joint Utilities and National Fuel that were supportive of having one TRM with specific PA inputs, as needed. Staff asked if there have been any discussions related to how they would approach this as a group and the expectation of Staff's role as we transition to the PAs having control of the TRM.

PAs indicated there have been preliminary discussions, but continued dialogue is needed and requested a subcommittee be formed to address roles and

responsibilities that is process driven. Concerns were voiced regarding it being too late for 2016 program planning to adjust to any TRM updates not already in place, as well as the difficulty in program planning with trying to balance the current budgets and goals as the floor, with the potential for savings estimates in the TRM being decreased. Additionally, it was cautioned that rapid changes to the TRM may result in unsustainable administrative burden, particularly for smaller companies. It was suggested that a third party vendor take over the administrative work of the TRM to expedite the process and remove the administrative burden from Staff and the utilities associated with making updates to the manual. PAs asked what Staff's expectations were for the type of data that would be acceptable for TRM updates, citing the M&V work that PAs are conducting on technologies and building types.

In response, Staff conveyed its interest in PAs having control over the tools needed to manage their portfolios, including the TRM, and it will be up to the PAs to decide the best information that is available. Staff added that it wants to make sure that PAs have an interest in making the TRM as accurate as possible, and stated that PAs should be concerned about the timeliness of the data and that the information is sound. Staff stated that PAs will have to find a process to maintain, develop and support the TRM. Staff envisions its role as no longer giving the TRM a stamp of approval, but expects to be involved with the review process to ensure they stay informed and then move to an audit role, similar to Staff's role in rate cases.

NYSERDA mentioned that the TRM is a valuable reference for them and they would like to stay involved and be part of the subcommittee.

**Staff requested that a utility representative serve as Chair of the TRM Transition Process Subcommittee. Staff also requested that PAs interested in participating send their representative's name and contact information to Carlene Pacholczak by COB Friday February 6<sup>th</sup>. Staff will then work with the Chair to get information back around to everyone and set up a meeting.**

- **Joint and Statewide Studies**
  - **Residential Appliance Metering Baseline Study**  
National Grid reported that several bids have been received and are being reviewed by the committee. The award is expected at the end of February.
  - **Residential Baseline Study**  
NYSERDA reported that they received good comments and input from the December meetings and that voluminous data from the study will be finalized and available on the Open NY website for PAs use, as soon as possible.

#### **4. 2015-2016 Transition**

- **ETIPs**

Staff noted that the Commission has not acted on the Straw Proposal recommending the ETIP submission by March 31, 2015. Staff is considering alternative dates and cycles that could be recommended to allow programs to be ready by January 1, 2016.

PAs stated that even without a Commission directive to file the ETIPs, ETIP planning is well underway. PAs expressed concern about the potential interruption of services and conveyed that due to procurement processes they need to be planning for 2016 now. PAs also stated that the level of uncertainty may result in decreased participation in 2015 and will make it difficult to maintain momentum into 2016. PAs voiced the opinion that extending 2015 programs to 2016 could help programs that are running out of money and avoid gaps in services.

PAs stated that while no official changes to the TRM have been made related to small commercial lighting and residential heating equipment, some PAs have made assumptions based on data available to them which results in the cost of the programs being driven up to deliver the same amount of savings.

Central Hudson advised the group that the company submitted its ETIP with its rate case and the programs for 2016 were designed to be the same as those in 2015. However, Central Hudson also stated that it used assumptions in the development of its ETIP, and as decisions are made in REV, it would like the flexibility to make changes accordingly.

Staff stated that it shares the companies' concerns about the schedule and is working toward recommending a solution that will allow programs to be operational by January 1, 2016. Staff added that it wants to make sure that we review lessons learned, and do not face future cliff years as we are now, but build in appropriate program cycles in the future. Staff clarified that gas programs should be filed in ETIPs as well.

- **2015 Program Modulation**

Staff started the conversation referencing the flexibility the EEPS II orders have provided to PAs to shift funds between programs and its expectation that PAs take advantage of that flexibility to manage their program funding. Staff added that at this time, reallocating EM&V funds would need to be requested through a petition and acted upon by the Commission, which is unfeasible for 2015. Staff continued to say that NYSERDA has submitted a petition to repurpose their EM&V funds, and Staff is

looking at the SAPA guidelines to see if other utilities could be included in that decision.

PAs raised a concern about programs at risk of shutting down by June, particularly those programs that prosper in the fall, such as heating programs, with no funding available to be reallocated from other programs.

Staff responded that PAs need to comply with Commission ordered budgets, there is no appetite for overspending, and PAs should be monitoring their programs closely to avoid that situation. Staff further explained that PAs should have managed this by petitioning earlier, adjusting incentives and/or reallocating funds.

National Fuel inquired about its petition that was submitted over a year ago. The petition will affect its ability to set targets and budgets for 2016. Its customers have been calling the company asking about the future SBC collections.

Staff responded that it will follow up with National Fuel.

## **5. EEPS II Wind Down Discussion**

Staff sought input from the PAs for the close out of EEPS II, with regard to shareholder incentives, ongoing reporting requirements and the time allowed for commitments to convert to acquired savings. Staff stated its desire to take lessons learned from EEPS I to improve the process for winding down EEPS II. Staff stated that its recommendation would be for PAs to be able to retain any uncommitted funds to defer future programs costs.

PAs stated that some issues experienced with EEPS I were the definition of commitments and the reporting requirements were not established up front which made it difficult to comply with after the fact. PAs expressed an interest in a transparent process among all PAs and suggested that a template may be useful for PAs to ensure consistencies.

The Working Group determined a subcommittee would be useful to address this topic and potentially produce a guidance document. It was proposed that the subcommittee could propose a source of funds for EEPS II incentives. Staff responded that identifying a source of funds for EEPS II incentives would be outside of the purview of a subcommittee as that decision would need to be approved by the Commission.

PAs inquired as to the process and timing for a decision on the EEPS I incentive filings.

Staff responded that, as previously discussed, Staff will issue a straw proposal for comment followed by Commission action. Staff stated that it hopes this will be addressed this year however, given all of the competing priorities an exact timeline is unclear.

**It was decided that Staff will Chair the EEPS II Wind Down Subcommittee. Staff requested that PAs interested in participating send their representative's name and contact information to Carlene Pacholczak by COB Friday February 6<sup>th</sup>. Staff will get information out to the subcommittee and schedule a meeting.**

**6. Comments from Ex-Officio Participants and Parties**

No Comments received.

**7. Next meeting date**

Staff announced that the 2015 meeting schedule is posted on the E<sup>2</sup> Working Group web site.

The next meeting date is March 4, 2015. Staff will reserve a room in the afternoon to allow for subcommittee(s) to meet.

**SUBSEQUENT TO THE MEETING, THE NEXT MEETING WAS RESCHEDULED TO MARCH 13, 2015 DUE TO STAFF AVAILABILITY.**

---

**Next E<sup>2</sup> Working Group Meeting is scheduled for March 13, 2015 at 10:00am  
19<sup>th</sup> Floor Boardroom  
Call in number: 866.394.2346  
Conference Code: 1614319786**