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EE-07: Reallocation of Budgets and Targets Between Customer Sectors	
New York State Department of Public Service Office of Energy Efficiency & the Environment Energy Efficiency Guidance	
Approval: Colleen Gerwitz	Title: Director, Office of Energy Efficiency & the Environment (OEEE)
Original Issuance Date: 2014-02-14 Revision Date: 2014-10-24 2015-XX-XX	Effective Date: 2015-XX-XX

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I. Purpose:

This Energy Efficiency Guidance document is developed to provide guidance to the Office of Energy Efficiency and the Environment (OEEE) Staff and to the Program Administrators (PAs) regarding approval from the Director of OEEE for program budget and target reallocations between customer sectors (or customer market segments).

Energy Efficiency Guidance documents are developed to clarify energy efficiency program issues and to provide guidance for PAs and OEEE Staff in consistently interpreting and uniformly applying Public Service Commission Orders.

All Energy Efficiency Guidance documents are in effect until revised, rescinded or superseded.

II. Background

By Order issued June 24, 2010, the Commission authorized the Director of OEEE to approve reallocations of up to 10% of a utility PA's total annual approved program budgets within their respective gas and electric portfolios.¹ By Order issued December 26, 2013, the Commission eliminated this requirement for all PAs, as well as the 10% cap, for program budget and target reallocations *within a customer sector*, but required notification of such reallocations.² The December Order maintained the requirement that reallocations between customer sectors of up to 10% of the total annual approved program budgets be approved by the Director of OEEE.³ Staff interpreted the June 24, 2010 Order to allow PAs the ability to reallocate up to 10% of an annual portfolio budget on an annual basis. Due to

¹ Case 07-M-0548 et al, Order Approving Three New Energy Efficiency Portfolio Standard (EEPS) Programs and Enhancing Funding and Making Other Modifications for Other EEPS Programs, issued June 24, 2010, page 43.

² Guidance Document EE-06, outlines the Process for the Reallocation of Program Budgets and Targets Within Customer Sectors.

³ Case 07-M-0548, Order Approving EEPS Program Changes, issued December 26, 2013, pages 37-38.

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provisions in the December 2013 Order that eliminated the “banking and borrowing” requirements of the October 25, 2011 Order,⁴ this guidance document revises and clarifies this earlier interpretation.

III. Guidance

PA approval requests for reallocating budgets and targets between customer sectors shall be submitted to the Director of OEEE in a filing to the Secretary in Case 07-M-0548. [The calculation of savings targets resulting from the reallocation should be consistent with the following principle:](#)

[The reduction in the source program savings target should be calculated using the cost/MWh or cost/Dth based on that program’s total approved⁵ budget and target. The increase in the target program savings target should be calculated using the cost/MWh or cost/Dth based on the lower cost program’s total approved budget and target.](#)

The filing must include the following information:

- A. [The EEPS case number;](#)
- B. The customer sectors affected by the reallocation (Low Income, Residential, Multifamily or Commercial/Industrial);
- C. The names of individual programs affected by the reallocation;
- D. The total amount of dollars and energy savings to be reallocated. Individual or multiple electric-to-electric reallocations may not exceed 10% of the respective PA’s total approved electric portfolio budget (including EM&V) for a specified approved program period (i.e. EEPS2). Individual or multiple gas-to-gas reallocations may not exceed 10% (including EM&V) of the respective PA’s total approved gas portfolio budget for a specified approved program period.⁶ Electric-to-gas or gas-to-electric budget reallocations are prohibited;
- E. A listing of previous reallocations between customer sectors during the currently approved program period, including the dollar amounts and energy savings reallocated;
- F. Tables showing the current and revised budgets and targets for each program involved in the reallocation, submitted in the attached format;
- G. The rationale for the reallocation;
- H. An affirmation that the reallocation (a) does not result in net reductions in aggregate energy savings;⁷ (b) does not materially affect the overall balance between customer market segments; and (c) does not appear to be detrimental in any other manner to the EEPS program; and

⁴ Case 07-M-0548, Order Authorizing Efficiency Programs, Revising Incentive Mechanism, and Establishing a surcharge schedule, issued October 25, 2011, page 27.

⁵ [The approved budget and target reflect any prior reallocations.](#)

⁶ The December 2013 order allows PAs to borrow from future EEPS2 program years without approval or notification requirements, effectively creating aggregate four year program budgets. Therefore, for the purposes of this guidance, the 10% is calculated on the aggregate portfolio budgets during the current program period (EEPS2).

⁷ A net reduction in aggregate energy savings is interpreted here to mean that the aggregate energy savings estimated to be achieved by making the change are lower than the aggregate energy savings estimated to be achieved absent the change.

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- I. Any relevant information and analysis supporting the reallocation that would assist Staff's decision or that may affect the program implementation as a result of the reallocation.

The budgets and targets should be revised such that historic years remain as ordered and the reallocation is spread across the current and future program years.

The reallocation may be implemented upon approval by the Director of OEEE. The revised budgets and targets, and any other material changes to the program operations should be submitted in a revised implementation plan in accordance with EE-03, Process for Amending Implementation Plan Guidance. Reallocations between customer sectors exceeding 10% of the total approved portfolio budgets (including EM&V) for a specified approved program period require Commission approval.

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Example - Budget and Target Reallocation Table

Program Administrator

Source Program for Reallocation:
Approved "Name 1" Program Budgets and Targets

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total 2012-2015</u>
Net Savings (Dth or MWh)					
Program & Admin Costs					
EM&V Costs					
Total Costs					

Target Program for Reallocation:
Approved "Name 2" Program Budgets and Targets

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total 2012-2015</u>
Net Savings (Dth or MWh)					
Program & Admin Costs					
EM&V Costs					
Total Costs					

Source Program for Reallocation:
As Revised "Name 1" Program Budgets and Targets

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total 2012-2015</u>
Net Savings (Dth or MWh)					
Program & Admin Costs					
EM&V Costs					
Total Costs					

Target Program for Reallocation
As Revised "Name 2" Program Budgets and Targets

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total 2012-2015</u>
Net Savings (Dth or MWh)					
Program & Admin Costs					
EM&V Costs					
Total Costs					