

Energy Efficiency Portfolio Standard in New York

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Energy Efficiency in New York Before the EEPS Proceeding

- In the late 1980s and early 1990s, New York utilities implemented energy efficiency programs. Annual spending peaked in 1993 at about \$300 million, but declined to under \$100 million by the mid-nineties.
- Contributing factors for the decline included deregulation of the electric industry and ample electricity capacity reserves.
- In 1996, the PSC established a System Benefits Charge to fund public policy initiatives not expected to be adequately addressed by competitive electricity markets

NYSERDA has administered SBC programs in NY since 1998

- SBC I:** In 1998 the PSC set the initial SBC funding level at \$77 million per year for three years
- SBC II:** In 2001 the PSC renewed SBC for five years with funding of about \$150 million per year.
- SBC III:** In December 2005, the PSC extended the SBC program for an additional 5 years (through June 2011) with an annual funding level of \$175 million.

Some utilities implemented interim energy efficiency programs before the EEPS process was in place

- Con Edison – electric and gas
- KeySpan – gas
- National Fuel - gas
- Niagara Mohawk – gas

Discussions about 15 by 15 began in spring of 2007

- Governor Spitzer announced a statewide goal
- Commission instituted EEPS program in April 2007
- Staff team began work on proposal that included concept of “fast track” and longer term process

ALJs established two rounds of working groups with extensive participation from varied parties

- Round 1
 - Overall EEPS Structure
 - Program Assessment and Development
 - Evaluation and Monitoring
 - Emerging Technologies and Demand Response
- Round 2
 - Natural Gas
 - On-bill Financing
 - Workforce Training and Development
 - Demand Response and Peak Reduction

On June 23, 2008 the Commission issued an Order establishing the EEPS framework

- Identified “fast track” programs
- Described process for implementing longer term programs
- Established electric funding level of about \$330 million annually through end of 2011
- Set goals for period through end of 2011
- Set forth protocols for evaluation, measurement, and verification
- Discussed utility incentive policy
- Called for coordination among entities that will all be needed to reach 15 by 15 goal

“Fast Track” Programs Are in Place and Operational

- **NYSERDA**

- Residential Lighting
- EmPower NY
- Flex Tech – Electric
- Industrial Process

- **Utilities**

- Residential HVAC
- Small Business Direct Installation
- Residential Efficiency Gas Equipment

Commission provided guidance on gas programs in May 2009

- NYSERDA and some utilities had already filed gas efficiency programs
- Utilities were given a chance to update gas programs or, if they had not yet made a filing, were given a chance to file initial program proposals
- Set annual gas budgets and energy savings targets

Program administrators filed over 100 longer term proposals

- Commission reviewed these a market sector at a time
 - Sectors included multi-family buildings, large industrial programs, commercial/industrial, residential, and low income programs
- There were significantly more requests for funding than the amount of money available
 - Funds allocated to market sectors as percentage of total sales
 - 10% of available funds held back for later rebalancing

Programs reviewed based on a number of factors

- Total Resource Cost Test (cost/benefit results)
- Funding requested and funding available
- Ability to implement quickly
- Needs in a particular service territory
- Relative balance across territories and administrators
- Wherewithal of program administrator

There are a variety of accompanying initiatives

- Evaluation Advisory Group
- Extensive outreach and education effort
- On-bill financing pilot
- Rate design review
- Demand response analysis
- Transmission and distribution efficiency review
- Smart Grid policies

As of August 2010, significant progress has been made

- Commission has approved more than 90 energy efficiency programs
- 78 programs are now underway
- Infrastructure to operate programs has been developed
- Technical manuals defining how energy savings will be calculated are in place
- There will be an interim review in 2011 to ensure program is on track to meet goals by 2015