

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on January 19, 2010

COMMISSIONERS PRESENT:

Garry A. Brown, Chairman
Patricia L. Acampora
Maureen F. Harris
Robert E. Curry, Jr.
James L. Larocca

CASE 08-E-1003 - Petition of Orange and Rockland Utilities, Inc.
for Approval of an Energy Efficiency Portfolio
Standard (EEPS) "Fast Track" Utility-
Administered Electric Energy Efficiency
Program.

ORDER REJECTING ORANGE AND ROCKLAND UTILITIES, INC.'S PROPOSED
RESIDENTIAL HIGH EFFICIENCY CENTRAL AIR CONDITIONING PROGRAM FOR
2010 AND 2011

(Issued and Effective January 20, 2010)

BY THE COMMISSION:

INTRODUCTION

In this order, the Commission rejects Orange and Rockland Utilities, Inc.'s (O&R) proposal for its residential high efficiency central air conditioning (HVAC) program for 2010 and 2011. Although, we recognize O&R's efforts in developing the proposal, we are not convinced that the program can be administered cost-effectively in the utility's territory.

BACKGROUND AND SUMMARY

On August 22, 2008, O&R submitted a proposal for a "Fast Track" utility administered electric energy efficiency

program in response to a June 23, 2008¹ Commission order inviting such proposals from the six large investor-owned electric utilities. The proposal contained budget amounts and savings projections that were significantly different than those listed in the June 23, 2008 order and the proposed program did not appear cost-effective. On January 16, 2009, the Commission authorized O&R to implement a residential electric HVAC program for one year with a savings goal of 229 MWh and a budget of \$359,567.² The Commission directed O&R to file a new electric residential HVAC program proposal by April 1, 2009 for potential Commission approval for calendar years 2010 and 2011. The Commission stated that continuation of the program was contingent on a clear demonstration that the program is cost effective. The Commission also directed O&R to submit an analysis of the costs and benefits of jointly administering its energy efficiency programs with Consolidated Edison Company of New York, Inc. (Con Edison) as an alternative to separately hiring a program administration contractor or providing the function in house.

In April 2009, O&R submitted a proposal revising the Residential High Efficiency Air Conditioning Program for 2010 and 2011. The company's updated proposal matches the program costs and saving attributes of Con Edison's August 2008 "Fast Track" proposal. O&R reduced the planning budget by combining the hiring of the implementation contractor and administration contractor into one position. O&R also claims the program implementation budget was reduced through issuance of a joint

¹ Case 07-M-0548, Energy Efficiency Portfolio Standard (EEPS), Order Establishing Energy Efficiency Portfolio Standard and Approving Programs (issued June 23, 2008).

² Case 08-E-1003 et al., Electric "Fast Track" Energy Efficiency Programs, Order Approving "Fast Track" Utility-Administered Electric Energy Efficiency Programs with Modifications (issued January 16, 2009).

request for proposals with Con Edison. The eligible measures and incentive levels remain unchanged:

Measure Name	Incentive Level
CAC SEER 15 install with QI	\$400
CAC SEER 16 install with QI	\$600
ECM Furnace Fans – new units	\$200
Heat Pump DHW > 2.0	\$400
Central Air Source HP SEER 15	\$400
Central Air Source HP SEER 16	\$600
Air and Duct Sealing	\$600
Energy Star Programmable Thermostat	\$25
Contractor Payment for QI	\$200

Comparison of O&R's Residential HVAC Program Filing Budgets

	September 22, 2009 Residential Program	April 1, 2009 Revised Residential Program
Program Planning and Administration	\$345,000	\$92,995
Program Marketing & Trade Ally	\$172,626	\$81,514
Customer Incentives or Services	\$341,827	\$903,635
Program Implementation	\$393,789	\$174,347
Evaluation and Market Research	\$65,960	\$65,921
Total Utility Cost	\$1,319,201	\$1,318,412

O&R provided Staff with a total resource cost (TRC) analysis indicating a TRC ratio of 1.10. Upon reviewing the company's program TRC calculations, Staff determined that the

company's measure cost inputs were well below suitable levels.³ When more appropriate measure costs are included for central air conditioners - a main component of the program - the calculations produce a TRC ratio below 1.0. Moreover, Staff calculations indicate that the overall program will not be cost-effective in O&R's territory.

NOTICE OF PROPOSED RULE MAKING

A Notice of Proposed Rulemaking concerning O&R's April 2009 proposal was published in the State Register on August 19, 2009 [SAPA 08-E-1003SP2]. The minimum time period for the receipt of public comments pursuant to SAPA regarding that notice expired on October 3, 2009. No public comments were received.

DISCUSSION

Given the low TRC ratios and continuing concerns regarding measure costs, we conclude that approving O&R's April 1, 2009 residential HVAC program proposal for calendar years 2010 and 2011 would not be an appropriate use of ratepayer funds. Therefore, the Commission rejects O&R's proposal. O&R may continue to provide rebates for eligible application received prior to December 31, 2009, but the program is otherwise terminated.

SEQRA FINDINGS

Pursuant to our responsibilities under the State Environmental Quality Review Act (SEQRA), in conjunction with

³ O&R's measure cost inputs were significantly lower than both the measure cost estimates derived from the rebate levels established in the January 16, 2009 Commission order (which represent 70% of the incremental measure cost) and the measure costs reported in the 2008 California Energy Commission's Database for Energy Efficient Resources (DEER) study.

this order we find that the program rejection here is within the overall action previously examined by us in Case 07-M-0548 and will not result in any different environmental impact than that previously examined. In addition, the SEQRA findings of the June 23, 2008 Order in Case 07-M-0548 are incorporated herein by reference and we certify that: (1) the requirements of SEQRA, as implemented by 6 NYCRR part 617, have been met; and (2) consistent with social, economic, and other essential considerations from among the reasonable alternatives available, the action being undertaken is one that avoids or minimizes adverse environmental impacts to the maximum extent practicable.

CONCLUSION

For the reasons discussed above, the Commission rejects O&R's April 1, 2009 residential HVAC program proposal for calendar years 2010 and 2011.

The Commission orders:

1. O&R shall discontinue its Residential HVAC "Fast Track" electric energy efficiency program immediately if it has not already done so. The proposal to continue the program for 2010 and 2011 is not approved.
2. This proceeding is continued.

By the Commission

(SIGNED)

JACLYN A. BRILLING
Secretary