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February 14, 2014

Ms. Kathleen Burgess Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

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

Dear Secretary Burgess:

On December 26, 2013, the Commission issued an order in Case 07-M-0548¹ that among other things, adopted several changes to its Energy Efficiency Portfolio Standard (EEPS) programs for 2014 and 2015 to ease administrative burden on both EEPS Program Administrators (PAs) and Staff. The Commission directed Staff to collaborate with PAs to develop guidance documents related to the various subject-specific notification and reporting requirement changes discussed in the order as expeditiously as possible, but in no case later than March 31, 2014. In addition, the Commission directed that guidance documents become effective upon filing with the Secretary and posting to the Commission's website, with existing approval and notification requirements remaining in effect until such time that alternate guidance becomes effective.

In collaboration with the PAs, Staff has developed guidance documents to outline the approval and notification requirements regarding: (1) notification of Outreach, Education and Marketing budget changes to the Director of the Office of Consumer Policy; (2) notification of customer incentive level changes to the Director of the Office of Energy Efficiency and the Environment (OEEE); (3) notification of program budget and savings target reallocations within a customer market sector to the Director of OEEE; and (4) approval of program budget and savings target reallocations between customer market sectors by the Director of OEEE.

¹ Case 07-M-0548, Energy Efficiency Portfolio Standard (EEPS), Order Approving EEPS Program Changes (issued December 26, 2013).

In accordance with the December 26, 2013 order, the guidance documents are enclosed herein, have been posted to the Commission's website, and are effective.

Sincerely,

A handwritten signature in black ink, appearing to read "Colleen L. Gerwitz". The signature is fluid and cursive, with a large, stylized "G" at the end.

Colleen L. Gerwitz
Director, Office of Energy Efficiency
and the Environment

cc: Anthony Belsito
Debra LaBelle
Peggie Neville

EE-04: Changes to Outreach, Education & Marketing Budgets	
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)
Issuance / Revision Date: 2014-02-14	Effective Date: 2014-02-14

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 notification required when modifying the budgets for EEPS Outreach, Education & Marketing (OEM).

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 dated December 26, 2013, the Commission eliminated the requirement for PAs to file an annual OEM Report, beginning with the annual OEM Report for program year 2013, but required PAs to notify the Director of the Office of Consumer Policy, in a filing to the Secretary, when OEM budgets are modified.¹

III. Guidance:

- A. The requirement for PAs to submit notification of OEM budget modifications to the Director of the Office of Consumer Policy is satisfied with the filing of implementation plans and revisions to those plans with the Secretary in Case 07-M-0548. See EE-03, Process for Amending Implementation Plans.

¹ Case 07-M-0548, Order Approving EEPS Program Changes, issued December 26, 2013, pages 39-40.

- B. By Order issued June 24, 2010, implementation plans are required to contain the following information related to Outreach, Education & Marketing:²
- a. Specific budget amounts for each individual element of the OEM vehicles to be used;
 - b. A list and description of the OEM vehicles to be used;
 - c. An explanation of the target audiences for each program component;
 - d. A timeline for the development, implementation and evaluation of the OEM efforts;
 - e. A description of how the OEM program relates to the entity's general and other OEM programs;
 - f. The efforts that will be undertaken to minimize any overlap and/or customer confusion that may result from OEM activities in the same or adjacent market areas.

² Case 07-M-0548, Order Approving Three New Energy Efficiency Portfolio Standard (EEPS) Programs and Enhancing Funding and Making Other Modifications for the Other Programs, Ordering Clause 5, issued and effective June 24, 2010.

EE-05: Revising Customer Incentive Levels 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)
Issuance / Revision Date: 2014-02-14	Effective Date: 2014-02-14

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 notification required when modifying customer incentive levels.

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 modifications to customer incentive levels, both upward and downward, capped at 20%.¹ In an Order issued June 20, 2011, the Commission eliminated the requirement to obtain approval for downward adjustments and eliminated the 20% cap for all incentive adjustments.² By Order dated December 26, 2013, the Commission eliminated the requirement for PAs to obtain approval from the Director of OEEE for upward adjustments. PAs are required to provide notification to the Secretary when customer incentive levels are revised.³

¹ Case 07-M-0548, 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 44.

² Case 07-M-0548, Order Approving Modifications To The Energy Efficiency Portfolio Standard (EEPS) Program to Streamline and Increase Flexibility in Administration, issued June 20, 2011, page 28-29.

³ Case 07-M-0548, Order Approving EEPS Program Changes, issued December 26, 2013, pages 36-37.

III. Guidance:

Notification of incentive level changes shall be filed in a letter to the Secretary in Case 07-M-0548 and must include:

- A. The customer incentive level(s) that are being revised (measure(s) or project);
- B. The previous incentive level(s) (dollar amount or percentage);
- C. The revised incentive level(s); (dollar amount or percentage)
- D. The rationale for revising the incentive level(s), including:
 - a) documentation of incentives offered for the same measure(s) or project offered by other PA's programs serving the same customer or project types within the same service territory; and
 - b) justification for incentive level(s) that are different from those identified in D.(a).
- E. Confirmation that notification of the change has been provided to other PAs operating within the same service territory.
- F. Affirmation that an analysis has been performed that includes, but is not limited to a review of the program's current and projected expenditures/encumbrances and acquired/committed savings in maintaining the current incentive versus revising the incentive. The analysis does not need to be included in the notification but should be maintained and available upon Staff request.
- G. Affirmation that the analysis performed shows the change(s) a) do not result in net reductions in aggregate energy savings;⁴ b) make efficient use of ratepayer funds; and c) do not appear to be detrimental in any other manner to the EEPS programs.

Changes to incentive levels may be implemented upon notification to the Secretary and should be reflected in the appropriate implementation plan(s) in accordance with EE-03, Process for Amending Implementation Plans.

⁴ 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.

EE-06: Reallocation of Budgets and Targets Within 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)
Issuance/Revision Date: 2014-02-14	Effective Date: 2014-02-14

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 notification required for program budget and target reallocations within a customer sector (or customer market segment).

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 approval requirement and the 10% cap for program budget and target reallocations *within a customer sector*, and allowed all PAs to reallocate program budget and targets within a customer sector upon notification of such reallocations.² Per the December Order, *reallocations between customer sectors*, capped at 10% of total annual approved program budgets, are authorized with the approval of the Director of OEEE.³

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 43-44.

² Case 07-M-0548 et al, Proceeding on Motion of the Commission Regarding and Energy Efficiency Portfolio Standard, Order Approving EEPS Program Changes, issued December 26, 2013, pages 37-38.

³ Guidance Document EE-07, outlines the Process for the Reallocation of Program Budgets and Targets Between Customer Sectors.

III. Guidance

PAs shall submit notification of budget and target reallocations within a customer sector in a filing to the Secretary in Case 07-M-0548. The filing must include the following:

- A. The EEPS case number;
- B. The customer sector affected by the reallocation (Low Income, Residential, Multifamily or Commercial/Industrial);
- C. The names of programs which are affected by the reallocations;
- D. The total amount of dollars and energy savings to be reallocated. Electric-to-gas or gas-to-electric budget reallocations are prohibited;
- E. Tables showing the current and revised budgets and targets for each program involved in the reallocation submitted in the attached format ;
- F. The rationale for the reallocation;
- G. An affirmation that the reallocation (a) does not result in net reductions in aggregate energy savings;⁴ and (b) does not appear to be detrimental in any other manner to the EEPS program; and
- H. Any additional relevant information or analysis supporting the reallocation.

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.

⁴ 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 estimated aggregate energy savings estimated to be achieved absent the change.

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>	Total <u>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>	Total <u>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 Original Program

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	Total <u>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 Revised Program

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

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)
Issuance/Revision Date: 2014-02-14	Effective Date: 2014-02-14

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 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.

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.

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

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 filing must include the following information:

- A. The customer sectors affected by the reallocation (Low Income, Residential, Multifamily or Commercial/Industrial);
- B. The names of individual programs affected by the reallocation;
- C. 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.⁵ Electric-to-gas or gas-to-electric budget reallocations are prohibited;
- D. A listing of previous reallocations between customer sectors during the currently approved program period, including the dollar amounts and energy savings reallocated;
- E. Tables showing the current and revised budgets and targets for each program involved in the reallocation, submitted in the attached format;
- F. The rationale for the reallocation;
- G. An affirmation that the reallocation (a) does not result in net reductions in aggregate energy savings;⁶ (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
- H. 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 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.

⁵ 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).

⁶ 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.

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>	Total <u>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>	Total <u>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 Original Program

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	Total <u>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 Revised Program

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