

May 17, 2018

{VIA ELECTRONIC MAIL}

The Honorable Kathleen H. Burgess  
Secretary  
New York State Public Service Commission  
Empire State Plaza, Agency Bldg. 3  
Albany, NY 12223-1350

Re: Case #18-M-0084: In the Matter of a Comprehensive Energy Efficiency Initiative

Dear Secretary Burgess:

I hereby submit the attached letter for filing in the above referenced docket on behalf of grassroots organizations and allies regarding our collective environmental justice and climate justice response to the newly released 2025 energy efficiency target and *New Efficiency: New York* supporting white paper. On May 11, the attached document was sent via electronic mail directly to the agency and executive chamber leaders and staff addressed in the letter.

Respectfully submitted,

/s/

Kartik Amarnath  
NYC Environmental Justice Alliance

On behalf of:  
NYC Environmental Justice Alliance\*  
PUSH Buffalo\*  
New York Lawyers for the Public Interest  
Morningside Heights / West Harlem Sanitation Coalition  
We Stay / Nos Quedamos  
Nobody Leaves Mid-Hudson  
UPROSE\*  
El Puente\*  
Brooklyn Movement Center  
NY Working Families  
Good Old Lower East Side  
THE POINT CDC\*  
WE ACT for Environmental Justice\*

\* Indicates member of Hon. Governor Cuomo's Environmental Justice & Just Transition Working Group

NEW YORK STATE  
PUBLIC SERVICE COMMISSION

-----X  
In the Matter of a Comprehensive Energy Efficiency Initiative  
-----X

Case 18-M-0084

LETTER REGARDING THE ENVIRONMENTAL JUSTICE & CLIMATE JUSTICE RESPONSE TO  
THE 2025 ENERGY EFFICIENCY TARGET AND SUPPORTING WHITE PAPER

Submitted to the Commission on May 17, 2018

Submitted by:  
Kartik Amarnath  
NYC Environmental Justice Alliance  
166A 22<sup>nd</sup> Street  
New York, NY 11232  
347-701-4850  
kartik@nyc-eja.org

On behalf of:  
NYC Environmental Justice Alliance\*  
PUSH Buffalo\*  
New York Lawyers for the Public Interest  
Morningside Heights / West Harlem Sanitation Coalition  
We Stay / Nos Quedamos  
Nobody Leaves Mid-Hudson  
UPROSE\*  
El Puente\*  
Brooklyn Movement Center  
NY Working Families  
Good Old Lower East Side  
THE POINT CDC\*  
WE ACT for Environmental Justice\*

\* Indicates member of Hon. Governor Cuomo's Environmental Justice & Just Transition Working Group

**Environmental Justice & Climate Justice Response to New 2025 Energy Efficiency Target and  
New Efficiency: New York White Paper**

{VIA ELECTRONIC MAIL}

May 11, 2018

Hon. Alicia Barton  
President & CEO, New York State Energy Research Development Authority

Hon. John Rhodes  
Chair, New York Public Service Commission  
CEO, New York State Department of Public Service

Hon. Richard Kauffman  
Chairman of Energy & Finance, Office of the Governor

Dear President & CEO Barton, Chair & CEO Rhodes, and Chairman Kauffman:

On February 27, 2018 we submitted a joint letter on Environmental Justice and Climate Justice priorities for New York State energy efficiency targets in advance of the Governor's Earth Day announcement. We are encouraged that the Governor established an aggressive statewide energy efficiency target and that the PSC, DPS, and NYSERDA have documented the numerous energy efficiency strategies the State can utilize in the white paper *New Efficiency: New York*. Several areas of the white paper align with the priorities highlighted in our letter. As longtime participants in State-initiated stakeholder proceedings on clean energy, and as advocates for vulnerable New Yorkers, we are pleased that our ongoing contributions have not gone unnoticed. We are committed to continue working with the State to build from the white paper and co-develop a comprehensive energy efficiency initiative that is bold, inclusive, and equitable. Together, we must enhance the white paper recommendations to establish truly inclusive energy efficiency solutions.

Low-to-moderate income (LMI) New Yorkers comprise a significant untapped population segment for the energy efficiency sector and stand to benefit most from a strong local clean energy economy. However, as the white paper mentions, the State's LMI energy efficiency programs have only reached 12% of eligible households over the last twelve years. At a rate of 1% annually, it would take a century for energy efficiency opportunities to reach all LMI New Yorkers. At this rate, the State will fall abysmally short of reaching its climate and clean energy goals set forth in Reforming the Energy Vision. Energy efficiency programming that leaves almost half of the State behind is an unacceptable outcome.

Despite having gaps and limitations, the white paper includes several areas that align with the priorities highlighted in our previous letter. For your reference, we have attached an appendix listing the common themes we have identified, lending themselves toward opportunities for us to work together. We hope our strong alignment on these numerous fronts can help augment a number of white paper recommendations whose targets could potentially go further. In doing so, we can work together to expand much needed energy efficiency benefits for LMI and other vulnerable New Yorkers, through innovative energy efficiency opportunities that can serve as models for the rest of the country.

We are committed to working closely with the State as active participants in the upcoming technical conference and ancillary stakeholder engagement processes outlined in the white paper, particularly to

co-create energy efficiency strategies that finally reach vulnerable New Yorkers. We also look forward to the State fulfilling its pledge to consult the Environmental Justice & Just Transition Working Group on designing impactful energy efficiency solutions, as was mentioned in the Governor's April 20<sup>th</sup> press release. We look forward to your serious consideration of our input during these proceedings, demonstrating the State's commitment to link our most cost-effective climate strategy with communities possessing the most need and the greatest opportunity for an equitable clean energy market expansion.

Sincerely,

Eddie Bautista, Annel Hernandez & Kartik Amarnath  
NYC Environmental Justice Alliance\*

Aaron Bartley, Rahwa Ghirmatzion, & Clarke Gocker  
PUSH Buffalo\*

Rachel Spector & Shiva Prakash  
New York Lawyers for the Public Interest

Joan Levine  
Morningside Heights / West Harlem Sanitation Coalition

Anthony Winn  
We Stay / Nos Quedamos

Jonathan Bix  
Nobody Leaves Mid-Hudson

Elizabeth Yeampierre  
UPROSE\*

Luis Garden Acosta & Leslie Velasquez  
El Puente\*

Mark Winston Griffith  
Brooklyn Movement Center

Stephan Edel  
NY Working Families

Damaris Reyes & Ceci Pineda  
Good Old Lower East Side

Angela Tovar  
THE POINT CDC\*

Stephan Roundtree  
WE ACT for Environmental Justice\*

\* *Indicates members of Governor Cuomo's Environmental Justice & Just Transition Working Group*

CC:

Venetia Lannon, Deputy Secretary for the Environment, Office of the Governor

Adam Zurofsky, Deputy Secretary for Energy & Financial Services, Office of the Governor

Peter Olmsted, Assistant Secretary for Energy, Office of the Governor

Kathleen Burgess, Secretary to the Commission, NY Public Service Commission

Colleen Gerwitz, Director of Markets & Innovation, NYS DPS

Warren Myers, Director of Market & Regulatory Economics, NYS DPS

Peggie Neville, Deputy Director of Clean Energy Fund & Markets, NYS DPS

Janet Joseph, Senior Vice President of Strategy and Market Development, NYSERDA

Greg Hale, Senior Advisor for Energy Efficiency, NYSERDA

Vanessa Ulmer, Senior Project Manager, NYSERDA

Chris Coll, Program Manager, NYSERDA

**Appendix**

Environmental Justice & Climate Justice (EJCJ) Priority	EJCJ Priority Description	White Paper Content & Recommendations
Equity Screen	<p>Develop and implement an equity screening methodology to target no less than 40% of all New York State Energy Research and Development Authority (NYSERDA) and utility energy efficiency investments in climate vulnerable frontline communities. Clean Energy Fund (CEF) proceeds should prioritize frontline, environmental justice, low-to-moderate income, and disadvantaged communities, with at least 40% of the budget dedicated to projects that directly benefit these communities. The CEF should fund projects in the most impacted communities, those that have been the most burdened by fossil fuel intensive energy generation and stand to benefit the most from carbon and co-pollutant mitigation strategies both from an economic and public health standpoint. New York State should create a just energy policy to ensure that policy decisions not only provide environmental benefits, but are also tools to economically elevate disadvantaged communities.</p>	<p>NYSERDA, DPS, and utilities shall develop, as soon as practicable, a comprehensive and effective approach to energy efficiency for low- to moderate-income New Yorkers. This approach will consider funding and use of funds; specific sectors (such as single- and multifamily, renter and owner) and program approaches suitable for those sectors; roles and responsibilities of NYSEDA, utilities, and others; and appropriate approaches to measurement and accountability.</p> <p>Informed by these discussions as well as other data regarding the uptake of energy efficiency in this market segment, it is recommended that at least 20% of any additional levels of investment in energy efficiency be dedicated to services for low- to moderate-income New Yorkers. (p. 60)</p>
Inclusive Finance	<p>Provide financing programs for implementing energy efficiency measures that overcome traditional barriers to capital and credit faced by low income households, communities of color, and small businesses. Inclusive tariff-based on-bill financing schemes, such as Pay As You Save (PAYS), have proven viable, cost effective, and equitable in other regulated utility jurisdictions. NYSEDA, utilities, and the NY Green Bank should collaborate on developing an inclusive finance strategy in line with recommendations submitted by the Clean Energy Advisory Council’s LMI Working Group to the PSC in February 2017. This strategy should aim to increase access to energy efficiency for LMI households irrespective of a household’s FICO score, utility bill payment history, or availability of upfront capital. As part of this strategy, the PSC should move immediately to require each regulated utility to pilot an inclusive financing program with robust customer service standards and consumer protections. The utilities, in partnership with NYSEDA, should draw third party capital from competitive sources to cover</p>	<p>NYSERDA and DPS shall explore the development of a pilot Pay-As-You-Save tariff-based financing model with one or more utilities, as an instrument that expands the reach and effectiveness of the State’s energy efficiency initiatives while remaining consistent with the principles established in this document. (p. 59)</p>

	<p>the upfront costs associated with inclusive financing programs, while leveraging NY Green Bank resources to lower the risks for third party capital investments through credit enhancements or by establishing a loan loss reserve.</p>	
<p>Housing Affordability &amp; Anti-Displacement</p>	<p>Energy efficiency investments are a key driver of housing affordability for vulnerable renters and homeowners, and can help to stabilize housing costs in neighborhoods that are undergoing rapid real estate development and gentrification. Property owners making energy efficiency upgrades to buildings (which are expected to increase their profits) should be prevented from increasing rents and displacing tenants via Major Capital Improvements (MCIs) and other increases for rent-regulated households. The State should adopt model rules for rent and eviction protections, and property resale restrictions as they relate to investments in residential and commercial energy efficiency.</p>	<p>Bill discount pledge towards energy efficiency measures proposal: DPS, utilities, NYSERDA, and interested stakeholders should explore whether utility bill credits authorized under the Affordability Policy could be leveraged in such a way to support energy efficiency while adhering to the principles of the Affordability Policy (importantly, the principles of affirmative decision by customers and of no net loss of energy bill cost relief). If such an approach is found to have merit, a proposal should be put forth for Commission consideration. (pg. 58)</p> <p>Development of comprehensive approach to LMI customers that include the use of public funds and identifying responsible agencies: NYSERDA, DPS, and utilities shall develop, as soon as practicable, a comprehensive and effective approach to energy efficiency for low- to moderate-income New Yorkers. This approach will consider funding and use of funds; specific sectors (such as single- and multifamily, renter and owner) and program approaches suitable for those sectors; roles and responsibilities of NYSERDA, utilities, and others; and appropriate approaches to measurement and accountability.</p> <p>20% target for LMI investments: Informed by these discussions as well as other data regarding the uptake of energy efficiency in this market segment, it is recommended that at least 20% of any additional levels of investment in energy efficiency be dedicated to services for low- to moderate-income New Yorkers. (pg. 60)</p>
<p>Multi-Family Buildings</p>	<p>Energy efficiency programming should provide options that specifically address the unique context of multi-family housing and the split incentive for tenants and landlords. Energy efficiency programs should incentivize in-unit measures, such as appliance upgrades, in addition to whole building measures, and should incorporate strategies for tenant engagement. Building-level and in-unit energy efficiency</p>	<p>NYSERDA, in consultation with State and local affordable house agencies, shall explore alternative methods of setting utility allowances, and potentially contract for the development of a New York specific energy consumption modeling tool, in order to provide a mechanism for adjusting UAs following energy efficiency retrofits implemented by affordable housing building</p>

upgrades should provide direct and measurable benefits to residents.

owners. Utility allowance adjustments should reflect energy savings in a manner that strikes a balance between fairness to tenants and financial feasibility for owners.  
(p. 48)

NYSERDA shall continue to advance the development of net zero energy retrofit prototypes for affordable housing through the RetrofitNY initiative to substantially reduce the energy consumption and associated operational costs of existing affordable housing.

NYSERDA shall work with HCR and other key stakeholders (e.g., other housing agencies, building owners, financial institutions, developers, and technical service providers) as well as potentially utilities to provide market supports to address and overcome barriers to scaling energy efficiency in affordable multifamily buildings. Specific activities that NYSERDA will undertake include the following:

- > Advancing an industry-wide approach to underwriting to potential energy savings by making data and technical support (such as model deals, energy efficiency measure specifications and use cases) available to HCR and other affordable housing lenders
- > Supporting the adoption of Integrated Physical Needs Assessments (IPNA), which are critical to including energy efficiency at the time of refinancing
- > Developing finance models that can support mid-cycle refinance
- > Identifying opportunities to align incentive programs with affordable housing financing cycles to enable inclusion of energy efficiency upgrades in work scopes that are financed
- > Developing approaches to mitigate the potential for energy efficiency improvements to increase rents in affordable housing, as a way for building owners to recover the upfront costs

While CPACE is discussed in this white paper, it has the special potential for application in the multifamily affordable housing sector. Specifically, C-PACE should be considered as a financing solution to address finance barriers for some multifamily building owners. NYSERDA will encourage



		<p>the expansion of C-PACE to municipalities not yet members of the Energize NY Benefit Program and ensure those municipalities, as well as owners and managers of multifamily affordable housing properties, are aware that C-PACE financing can serve as a useful tool to bring the benefits of clean energy improvements to residents of multifamily affordable housing. (p. 56-57)</p> <p>Mechanisms from Matrix of Market Sector Opportunities for Multifamily:</p> <ul style="list-style-type: none"> <li>- Illuminate and enable monetization of non-energy benefits of efficiency (e.g., reduced risk, higher borrowing capability, increased property value)</li> <li>- Fully compensate energy efficiency as a distributed energy resource through targeted “kickers”</li> <li>- Support delivery of integrated clean energy solutions (e.g., energy efficiency and renewables/ storage) that optimize energy performance and savings, and minimize customer disruption</li> <li>- Aggregate demand for deep retrofit solutions and entice industry innovation to create and scale cost-effective high-performance solutions</li> </ul> <p>(p. 18)</p>
<p>Cost Effectiveness</p>	<p>The cost-benefit analysis used by the regulated utilities and NYSERDA in evaluating energy efficiency investments should account for Non-Energy Benefits (NEBs), such as those associated with local job creation, public health, environmental justice, and preservation of affordable housing. Currently, New York State utilizes the Total Resource Cost (TRC) test to measure and evaluate both measure-level and program-wide cost effectiveness. The Societal Cost Test (SCT), for example in use in California, Arizona, and other states, is an alternative cost effectiveness test that incorporates NEBs in the evaluation of energy efficiency investments. The State should engage low-income and environmental justice stakeholders in a review of alternative cost effectiveness tests that can better account for NEBs.</p>	<p>The Commission should develop criteria and guidelines for the funding of fuel-neutral efficiency programs to be delivered by utilities. Issues to be addressed should include the following:</p> <ul style="list-style-type: none"> <li>&gt; The potential scale of cost-effective cross-fuel programs</li> <li>&gt; Criteria for determining the cost-effectiveness of cross-fuel programs, including weighting of participant benefits relative to carbon reductions and appropriate use of Benefit Cost Analysis framework</li> <li>&gt; Types of cross-fuel programs and eligibility criteria, including potential weighting toward LMI customers. Under New York State’s Benefit Cost Analysis Framework, the primary societal benefit that is quantified in evaluating utility energy efficiency programs is the social cost of carbon, currently valued at \$27.41 per MWh (net of the forecasted RGGI compliance costs included in energy prices). Further analysis of the environmental and public health value of</li> </ul>

		<p>energy efficiency should be pursued in tandem with the value of DER proceeding, under which stakeholders and DPS staff will work to review the DER benefits provided by a reduction in environmental externalities. (p. 32)</p> <p>NYSERDA and DPS shall assess the alignment of energy efficiency payments with utility system and environmental value, engaging stakeholders for input and conducting relevant analysis, with findings expected to inform design of New York State utility incentives for energy efficiency and NYSERDA interventions as appropriate.</p> <p>Ensure that load curves developed by utilities for other localized DER resources are suitable in format, granularity, and timeliness for energy efficiency.</p> <p>In the interim, New York State utilities are encouraged to provide approximate compensation for energy efficiency where there is found to be locational peak reduction grid value (e.g., through increased incentives for measures such as air conditioning in existing programs or new initiatives such as pay-for-performance). Utilities also should continue to consider and compensate (as viable) energy efficiency savings within their NWA and NPA projects. (p. 43)</p>
Healthy Homes	<p>Energy efficiency programs should seek to couple efficiency upgrades with healthy homes improvements, such as Integrated Pest Management (IPM) and environmental hazard mitigation/remediation (including mold, lead, asbestos, radon). In addition, energy efficiency investments should support, either directly or indirectly through leveraged and braided funding, costs associated with structural building repairs to roofs and foundations that are needed in order to enable the installation of efficiency measures. In a recent CEF investment plan filing by NYSERDA, the PSC approved a healthy homes feasibility study. The PSC should take a next step by authorizing NYSERDA and the regulated utilities to implement healthy homes pilots across the State.</p>	<p>NYSERDA will work with the DOH to develop and demonstrate a framework that will allow Managed Care Organizations (MCO)<sup>47</sup> to fund healthy homes interventions as part of value-based purchasing (VBP)<sup>48</sup> arrangements. Healthy homes interventions would include energy efficiency upgrades combined with other prevention measures, such as those aimed at addressing respiratory problems. This development would essentially embed energy efficiency into in-home interventions targeted at improving health outcomes.</p> <p>NYSERDA will facilitate the adoption of energy efficiency improvements under Medicaid, as a component of healthy homes interventions. Activities will include piloting healthy homes interventions to validate the healthcare cost savings and benefits to the residents, developing standardized contracts and specifications to deliver healthy homes</p>

		<p>improvements under a VBP framework, and fostering a network of contractors to deliver the services. (p. 57)</p>
Coordinated Community Based Program Delivery	<p>Energy efficiency programming, whether administered by NYSERDA or the regulated utilities, should be community-based, streamlined, and offered in coordination with the delivery of other social and community services. Relevant State agencies, e.g., NYSERDA, HCR, DOL, DEC, OTDA, and DOH, should partner with and support local stakeholders in the creation of a network of community-based one-stop resource hubs. A community-based one-stop approach can improve access to vital services, including energy efficiency programming and financing, as well as culturally sensitive education around the benefits of energy efficiency and healthy homes. As part of a one-stop strategy, the State should continue to invest in community-based program navigators and energy advocates who engage in direct outreach within vulnerable, frontline communities.</p>	<p>NYSERDA, DPS, and potentially utilities shall work with organizations at the State and local level focused on preserving housing, as well as owners, lenders, and non-profit groups to improve the alignment of policies, programs, and systems to deliver the benefits of energy efficiency to residents of this sector of housing. NYSERDA and DPS will continue to work through the Low-Income Energy Task Force to improve the coordination and leveraging of relevant energy, housing, and social service programs. (p. 60)</p>
Public Accountability	<p>Utility administered energy efficiency programs, in particular, deserve additional layers of public accountability and oversight owing to the complexities of revenue decoupling and the PSC's preference for Earnings Adjustment Mechanisms (EAMs) as a key policy lever. Regulated utilities should publicly report geo-coded data on energy efficiency investment activity in relation to expenditures on low income utility bill discount programs, customer arrears, and customer account service termination. This information should be published in an easy to read and understand format. The PSC should structure EAMs to advance combined goals around energy efficiency investments, increased energy affordability, and decreased utility service termination, and if necessary, penalize regulated utilities for failing to meet goals in these areas.</p>	<p>To conduct a rigorous top-down assessment of the impact of energy efficiency on energy consumption trend over time, New York State will need to expand its capabilities for estimating electricity consumption from heat pumps and EVs. Complementary analytic approaches also may include the development of a set of statewide energy intensity indicators that normalize for weather, population, and economic activity, to help to isolate the effect of efficiency versus other drivers of energy use. Both NYSERDA's planned evaluation of indirect savings and the energy-intensity metrics that have been developed for utility EAMs provide approaches to build on. (p. 30)</p> <p>If EAMs demonstrate effectiveness, higher levels of EAM, and thus financial opportunity, could be allowed for utilities in exchange for reductions in the level of ratepayer funding for program support. The need for ratepayer funds would then be reduced at the same time energy efficiency outcomes achieved by the utility are increased. If successful, this can be a more cost effective strategy over the long term and achieve greater levels of market penetration (p. 34)</p>

		<p>Improve EAMs as instruments to support new business models at utilities, by allowing higher levels of EAM in constructs that provide net benefits to ratepayers over the long term and achieve greater levels of market penetration. (p. 35) The Commission also identified the importance of utilities making accurate, substation-level forecasts available to outside stakeholders, with recognition that more granular data and forecasts will be needed to identify beneficial locations for DERs, including energy efficiency...Continued utility progress toward making locational data available to stakeholders is needed, and this must be coupled with work to align energy efficiency procurement, programs, and value-based payments with locational value... Sharing data on higher value locations with stakeholders further invites innovative third parties to work with the utility to develop energy efficiency deployment and customer engagement strategies that are more optimal for system needs, thus creating value that can be shared among customers, third-party, and utility shareholders. (pp. 39-40)</p> <p>NYSERDA, DPS, and utilities shall develop, as soon as practicable, a comprehensive and effective approach to energy efficiency for low- to-moderate-income New Yorkers. This approach will consider funding and use of funds; specific sectors (such as single- and multifamily, renter and owner) and program approaches suitable for those sectors; roles and responsibilities of NYSERDA, utilities, and others; and appropriate approaches to measurement and accountability. (p. 60)</p>
<p>Job Creation &amp; Procurement</p>	<p>Statewide energy efficiency programming and mandates should include meaningful and substantial opportunities for Minority and Women-Business Enterprise (MWBE) participation through equitable procurement policies, while also supporting the creation of viable community employment pipelines into the emerging energy efficiency sector. The State should prioritize investments in community-based workforce development strategies such as classroom and paid on-the-job training, including access to registered apprenticeships for disadvantaged workers; and local and targeted</p>	<p>NYSERDA will commit an additional \$36.5 million to train more than 19,500 New Yorkers for clean energy jobs to support this rapidly growing industry (p. 23)</p> <p>Given the highly localized nature of energy efficiency employment, New York State's accelerated investment in energy efficiency will train more than 19,500 workers for high-quality jobs across every region of the State. Through increased investments that will exceed \$36.5 million in the coming years,</p>

	hiring standards. State policy should support program and portfolio-wide labor standards, and/or the creation of enforceable local community benefit and community workforce agreements tethered to public sector investments in energy efficiency.	NYSERDA, in partnership with State agencies, unions, training providers and utilities, is poised to ensure New York's clean energy businesses and employers find the talent they need to meet the growing demand for energy efficiency services. (p. 50)
--	---	---

*Note: This list is not meant to be exhaustive, but rather aims to provide an opportunity for deeper engagement and reflection on areas of potential alignment that will necessitate further collaboration.*