STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 15-M-0252 - In the Matter of Utility Energy Efficiency Programs.

ORDER AUTHORIZING UTILITY-ADMINISTERED ENERGY EFFICIENCY PORTFOLIO BUDGETS AND TARGETS FOR 2019 – 2020

Issued and Effective: March 15, 2018

TABLE OF CONTENTS

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At a session of the Public Service Commission held in the City of Albany on March 15, 2018

COMMISSIONERS PRESENT:

John B. Rhodes, Chair
Gregg C. Sayre
Diane X. Burman, dissenting
James S. Alesi

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BY THE COMMISSION:

INTRODUCTION

As part of the Reforming the Energy Vision (REV) initiative, New York's comprehensive strategy to transition to a distributed, transactive, and integrated electric system supported by clean, cost-effective distributed energy resources (DERs), the Commission directed the large investor-owned utilities in New York to transition from rigid, subsidy-oriented models to flexible, market transformation-focused models for procurement and support of energy efficiency. The Commission initiated that transition by directing the utilities, in the 2015 REV Framework Order, to file Energy Efficiency Budget and Metrics (BAM) Plans proposing annual budgets and targets on a

three-year rolling cycle for Commission review and approval.[1] The 2015 REV Framework Order also required the utilities to file Energy Efficiency Transition Implementation Plans (ETIPs) describing specific programs, measures, and approaches that would be used to achieve energy efficiency goals.

Following the 2015 REV Framework Order, the utilities filed their initial BAM Plans and ETIPs, covering the three-year period from 2016-2018. On January 22, 2016, the Commission approved energy efficiency portfolio budgets and targets based on the BAM Plans for 2016-2018.[2] Subsequently, the utilities filed updated BAM Plans and ETIPs that include proposed budgets and targets, as well as program details, for 2019 and 2020.

In this Order, the Commission establishes energy efficiency budgets and targets for 2019 and 2020 for Central Hudson Gas & Electric Corporation (Central Hudson), Consolidated Edison Company of New York, Inc. (Con Edison), KeySpan Gas East Corporation (KEDLI), The Brooklyn Union Gas Company (KEDNY), National Fuel Gas Distribution Corporation (NFG), New York State Electric & Gas Corporation (NYSEG), Orange and Rockland Utilities, Inc. (O&R), and Rochester Gas and Electric Corporation (RG&E) (collectively, with Niagara Mohawk Power Corporation d/b/a National Grid (Niagara Mohawk), the

[1] Case 14-M-0101, Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision, Order Adopting Regulatory Policy Framework and Implementation Plan at 75-82 (issued February 26, 2015) (2015 REV Framework Order).

[2] Case 15-M-0252, In the Matter of Utility Energy Efficiency Programs, Order Authorizing Utility-Administered Energy Efficiency Portfolio Budgets and Targets for 2016-2018 (issued January 22, 2016) (2016 ETIP Order).

utilities).[3] The Commission also provides direction on implementation and policy issues related to ongoing and future utility-administered energy efficiency initiatives.

Utility energy efficiency efforts are critical components of REV and of achievement of New York State's clean energy goals, including reduction of greenhouse gas emissions by 40% by 2030. For that reason, the forthcoming comprehensive energy efficiency proposal under development by Department of Public Service Staff (Staff) and the New York State Energy Research and Development Authority (NYSERDA), in collaboration with stakeholders, is anticipated to propose increased energy efficiency targets establishing a trajectory to the State's 2030 clean energy goals.[4] The proposal will also suggest means to reduce costs, drive to stable markets at scale, and better capture and reward the carbon and grid benefits of energy efficiency. In advance of Commission consideration of that proposal, it is appropriate to authorize 2019-2020 base budgets and associated minimum targets to provide the near-term market

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[3] Budgets and Targets associated with Niagara Mohawk Power Corporation d/b/a National Grid are authorized in a separate order before the Commission today. Cases 17-E-0238, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation d/b/a National Grid for Electric Service, and 17-G-0239, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation d/b/a National Grid for Gas Service, Order Approving Electric and Gas Rate Plans (issued March 15, 2018) (Niagara Mohawk Rate Order).

[4] Staff and NYSERDA are preparing a comprehensive energy efficiency proposal, contemplated to be made by Earth Day, April 22, 2018, in response to the Governor's State of the State Address. On February 8, 2018, Case 18-M-0084, In the Matter of a Comprehensive Energy Efficiency Initiative, was established to consider issues related to energy efficiency targets and policy.

certainty that utilities, energy efficiency service providers, and other energy efficiency market actors require.

BACKGROUND

A 2007 Commission order created New York's Energy Efficiency Portfolio Standard (EEPS), which involved the implementation and operation of energy efficiency programs by NYSERDA and eleven investor-owned gas and/or electric utilities.[5] Under EEPS, utility efficiency programs were typically resource acquisition programs, oriented toward use of direct rebates and subsidies to encourage individual customers to procure and employ more efficient end-use equipment and systems, thereby acquiring energy savings as a resource.

As the EEPS program authorization was expiring at the end of 2015, the Commission considered the appropriate design and role of utility energy efficiency programs as part of its initiation of REV in 2014 and 2015. In the 2015 REV Framework Order, the Commission established a new framework for the energy efficiency programs of investor-owned electric utilities, based on the REV goals of reorienting the electric industry and the ratemaking paradigm toward a consumer-centered approach that harnesses technology and markets.[6] The Commission adopted the same framework for the efficiency programs of investor-owned gas utilities in an order issued June 19, 2015.[7]

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[5] Case 07-M-0548, Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard, Order Instituting Proceeding (issued May 16, 2007).

[6] Case 14-M-0101, supra, 2015 REV Framework Order.

[7] Cases 07-M-0548 and 15-M-0252, supra, Order Authorizing Utility-Administered Gas Energy Efficiency Portfolios for Implementation Beginning January 1, 2016 (issued June 19, 2015) (June 2015 Gas ETIP Order).

Under the new framework, utilities were granted increased flexibility and responsibility for the administration and design of their energy efficiency programs beginning in 2016 and were directed to begin a gradual evolution of those programs to align with REV approaches and the new market transformation focus of NYSERDA by using more market-based approaches. The Commission explained that this would create more long-term savings at lower per-unit costs and drive greater value for customers. As opposed to the requirement in EEPS that each individual program, as well as any significant changes, be submitted for Commission consideration and approval, the utilities were given the freedom to design and manage the programs within their authorized budgets to meet directed targets and transition to market-based programs.

For planning purposes, the Commission directed the establishment of a three-year rolling cycle whereby the Commission would approve each year the addition of a third year of energy efficiency funding and metrics, providing at least two years of market certainty and avoiding "cliff" years such as 2015.[8] As part of the three-year rolling cycle, the Commission directed utilities to file, on an annual basis for Commission approval, a BAM Plan containing proposed portfolio budgets and metrics for a three-year period and an ETIP as a companion filing to the proposed portfolio BAM Plan to inform the authorization of such budgets and metrics, but not subject to Commission approval.

In addition to granting increased flexibility, the Commission assigned increased responsibility to the utilities in the administration of their energy efficiency portfolios. The Commission required the utilities, as a unified group, to

[8] Case 15-M-0252, supra, CE-01: Utility Energy Efficiency Program Cycle Guidance.

maintain their own tools for planning, evaluation and benefit/cost analysis, to maintain and update the Technical Resource Manual (TRM), and to increase uniformity across the State and coordination with NYSERDA. The Commission also directed utilities to conduct Evaluation, Measurement & Verification (EM&V) activities that would yield timely information and to incorporate the results of those activities into the annual modifications to utility programs, resource manuals, and guidance, and stated that it was the utilities' responsibility to ensure that EM&V activities were planned to be used and useful and coordinated with NYSERDA EM&V activities to avoid duplicative efforts. Staff maintained a monitoring and auditing role with respect to these activities.

As part of those responsibilities, the utilities were directed to file a TRM Management Plan, which was required to include processes ensuring that each utility's and NYSERDA's input would be considered in updating the manual, that all changes to the TRM would be transparent to Staff and stakeholders, and that an updated TRM would be filed annually. The TRM Management Plan filed by the utilities provided a general framework for the responsibilities of the utilities, including the creation of a TRM Management Committee (the TRM MC).[9] Staff's review of the initial TRM Management Plan revealed several deficiencies and the Commission, in its January 22, 2016 Utility Energy Efficiency Order, directed the TRM MC to make additional modifications to the TRM Management Plan.[10] Since that time, the TRM MC has filed two additional updates, each

[9] The Commission's June 19, 2015 Order directed that a revised TRM Management Plan be filed reflecting the responsibility of all gas utilities implementing energy efficiency programs to participate in the maintenance of the TRM.

[10] Case 15-M-0252, supra, Order Authorizing Utility-Administered Energy Efficiency Portfolio Budgets and Targets for 2016-2018.

addressing specific deficiencies that were noted by Staff and together satisfied the ordered modifications. The most recent update was filed on September 26, 2017.

In compliance with the Commission's BCA Order, the Societal Cost Test (SCT) is used as the primary benefit cost analysis tool for assessing utility-administered energy efficiency portfolios.[11] A demonstration that the ETIP portfolio of programs passes a SCT at a 1.0 or better, in addition to requirements to apply benefit cost screening at varying levels of granularity, is described in the Commission-ordered ETIP Guidance, CE-02: ETIP Guidance, which outlines the required elements of the ETIP filings.[12]

In addition, the Commission required the electric utilities to include a Self-Direct Program in their electric energy efficiency portfolios to allow large commercial and industrial customers to self-direct funds that would otherwise support the utilities' portfolios. The Commission directed Staff and the electric utilities to work in consultation with the large commercial and industrial customers to develop guidance regarding self-direct programs.[13]

The Commission also stated that NYSERDA would remain the default provider of low-income programs, but encouraged utilities to develop innovative programs to expand the reach of measures that include energy efficiency within low-income communities, in concert with and not in competition with efforts of NYSERDA and private market activity.

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[11] Case 14-M-0101, supra, Order Establishing the Benefit Cost Analysis Framework (issued January 21, 2016) (BCA Order). While the BCA Framework did not address gas efficiency programs explicitly, the overall framework is applied to gas efficiency programs for consistency.

[12] Case 15-M-0252, supra, CE-02: ETIP Guidance.

[13] Case 15-M-0252, supra, CE-03: Self-Direct Program Guidance.

To initiate the first iteration of the three-year cycle, the Commission authorized utility portfolio budgets and metrics for 2016 at the 2015 levels, required utilities to propose budgets and targets for the remaining years of the 2016–2018 cycle in a BAM Plan by July 15, 2015, and required utilities to file, as a companion filing, proposed 2016–2018 ETIPs to inform consideration of the proposed budgets and metrics.

On January 22, 2016, the Commission authorized the utilities' 2016-2018 energy efficiency portfolio budgets and targets and corresponding collections through the Energy Efficiency Tracker surcharge mechanism (EE Tracker surcharge).[14] The Commission also required electric utilities to include a Self-Direct Program consistent with Staff's guidance in the utilities' final ETIPs. In addition, the Commission directed all utilities to track CO_2 emission reductions, customer bill reductions, reduction in MWs, and private investment in energy efficiency technologies and solutions.

Transition to Rate Cases

Beyond establishing the new energy efficiency framework described above, the 2015 REV Framework Order also stated that, "[r]ather than funding [energy efficiency] programs through a surcharge, [energy efficiency] programs will be integrated into the utilities' businesses and costs will be recovered through rates like other ordinary components of the revenue requirement" with the precise mechanism for cost recovery to be determined in rate proceedings or Track Two of the REV proceeding.[15] In its June 2015 Gas ETIP Order, the Commission limited base rate cost recovery to personnel working

[14] Case 15-M-0252, supra, 2016 ETIP Order.

[15] Case 14-M-0101, supra, 2015 REV Framework Order at 79.

on energy efficiency programs because, at the time, there was no recovery mechanism that enabled "the implementation of Self-Direct Programs for large commercial and industrial electric customers which depend on the ability to identify specific customer support for efficiency programs."[16] In the 2016 ETIP Order, the Commission continued to authorize the recovery of approved energy efficiency portfolio budgets through the EE Tracker surcharge, as a component of the System Benefit Charge (SBC). Until recently, all utility energy efficiency portfolios have been funded through the EE Tracker surcharge.

In several recent rate orders, the Commission has approved expanded energy efficiency activities and alternative cost recovery mechanisms. In the January 2017 Con Edison Rate Order,[17] the Commission approved additional energy efficiency programs, as well as programs for system peak reduction, including an electric vehicle initiative, that were demonstrated to be cost effective on a portfolio basis by meeting a Societal Cost Test BCA of 1.0. The portfolio was designed to move Con Edison toward integrating efficiency with demand reduction while increasing the total amount of efficiency activity during the three-year term of the rate plan. The following table summarizes the annual incremental acquired energy savings targets and the annual incremental system peak reduction levels for each rate year, as well as the incremental funding.

[16] Case 15-M-0252, supra, June 2015 Gas ETIP Order at 15.

[17] Case 16-E-0060, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric Service, Order Approving Electric and Gas Rate Plans (issued January 25, 2017) (Con Edison Rate Order).

Summary Con Edison Rate Case – Incremental Electric EE Budget and Net Targets				
	RY1 2017	**RY2 2018**	**RY3 2019**	**Total 2017-19**
ETIP Target (GWh)	158	180	180	518
EE Program (GWh above ETIP)	15	83	201	299
System Peak Reduction Program (GWh)	5	7	10	22
TOTAL Savings (GWh)[18]	178	270	391	839
ETIP Budget ($million)	$86.178	$86.178	$86.178	$258.534
EE Program Budget ($million)	$3.0	$23.0	$73.0	$99.0
System Peak Reduction Program Budget, inclusive of EV Budget ($million)	$17.5	$26.0	$34.5	$78.0
Total Budget ($million)[19]	$106.678	$135.178	$193.678	$435.534
Annual Amortization ($million)[20]	$1.98	$6.78	$17.38	

In April 2017, Niagara Mohawk filed for new rates to become effective on April 1, 2018. A separate order before the Commission today adopts the terms of a joint proposal filed on

[18] The GWh targets are net targets, i.e., a net-to-gross factor of 0.9 was assumed.

[19] Incremental EE Program and System Peak Reduction Program costs were amortized over a 10-year period and recovered through base delivery rates, while the ETIP budget is still funded through the EE Tracker surcharge.

[20] Annual amortization included in base delivery rates will continue at the level of approximately $17.38 million per year until the total unamortized balance of approximately $150.86 million, plus applicable interest, is fully recovered from ratepayers and subsequent new rates are set.

January 19, 2018[21] in the Niagara Mohawk rate proceedings.[22] As summarized in the table below, the Niagara Mohawk Joint Proposal includes provisions related to base level and increased energy efficiency efforts, including recovery of the associated costs through base delivery rates as opposed to the EE Tracker surcharge component of the SBC. The costs being recovered through base delivery rates include electric and gas ETIP program costs, including costs associated with Niagara Mohawk's e-commerce platform, internal labor, and EM&V activities as well as rebates on new light emitting diode (LED) luminaires to municipalities seeking to convert company-owned or municipality-owned streetlights to LEDs. As part of its efforts, Niagara Mohawk will also develop and implement a moderate-income electric and gas energy efficiency offering funded from the current level of electric and gas ETIP budgets with input and collaboration with NYSERDA and interested parties.

The energy efficiency provisions of the Niagara Mohawk Joint Proposal reflect an evolution of Niagara Mohawk's energy efficiency initiatives away from its prior ETIP, which was, as the name suggests, transitional. This shift of funding into base delivery rates is consistent with Commission policy because it promotes a more holistic approach to energy efficiency, which can be integrated with peak reduction and system efficiency

[21] On February 13, 2018, Niagara Mohawk informed the Administrative Law Judges presiding over Cases 17-E-0238 and 17-G-0239 that minor corrections were made to the Joint Proposal pertaining to the electric and gas deferral credits in sections 3.4.1 and 4.4, and to a footnote appearing twice in Appendix 3, on both Schedules 2 and 3. The Judges admitted the corrected Joint Proposal as exhibit 613 at the evidentiary hearings held on February 14, 2018 (Niagara Mohawk Joint Proposal).

[22] Cases 17-E-0238 and 17-G-0239, supra, Niagara Mohawk Rate Order.

activities, all as components of the utility's core business. The Niagara Mohawk Rate Order is the first to address previous concerns that shifting ETIP costs fully into base delivery rates would prevent the utilities from implementing a Self-Direct Program and maintaining current exemptions from the EE Tracker surcharge. By calculating and applying credits for those specific customers, the full transition of utility-administered energy efficiency funding from the EE Tracker surcharge to base delivery rates is achieved while maintaining the ability to offer Self-Direct Program and the historic EE Tracker surcharge exemptions.

The annual savings targets, measured in MWh for electricity and Dth for gas, filed by Niagara Mohawk in its most recent BAM Plan and supported by its proposed ETIP will now be replaced by the targets set forth in the Niagara Mohawk Rate Order's earning adjustment mechanisms (EAMs) for both electric and gas energy efficiency. The following table summarizes the annual incremental acquired net energy savings targets for each rate year, as well as the incremental funding.

Summary Niagara Mohawk Rate Case – Electric EE Budget and Targets (Net First Year)[23]				
	RY1	**RY2**	**RY3**	**Total**
ETIP Target (GWh)	230.7	230.7	230.7	692.7
Incremental EE Initiatives (GWh above ETIP)	81.3	81.3	81.3	243.9
LED Street Lighting (GWh)	13.7	13.7	13.7	41.1
TOTAL Savings (GWh)	325.7	325.7	325.7	977.1
ETIP Budget ($million)	$51.458	$51.458	$51.458	$154.374
Incremental EE Budget ($million)	$10.840	$10.840	$10.840	$32.52
LED Street Lighting ($million)	$1.6	$1.6	$1.6	$4.8
TOTAL Budget ($million)	$63.898	$63.898	$63.898	$191.694
Summary Niagara Mohawk Rate Case – Gas EE Budget and Targets (Net First Year)				
	RY1	**RY2**	**RY3**	**Total**
ETIP Target (Dth)	450,402	450,402	450,402	1,351,206
Incremental EE Initiatives (Dth above ETIP)	493,532	493,532	493,532	1,480,596
TOTAL Savings (Dth)	943,934	943,934	943,934	2,831,802
ETIP Budget ($million)	$10.549	$10.549	$10.549	$31.647
Incremental EE Budget ($million)	$3.465	$3.465	$3.465	$10.395
TOTAL Budget ($million)	$14.014	$14.014	$14.014	$42.042

Central Hudson has a pending electric and gas rate case, Cases 17-E-0459 and 17-G-0460, with new rates currently scheduled to become effective on July 1, 2018. DPS Staff has submitted testimony in the Central Hudson rate case recommending increases in energy efficiency targets and funding, as well as recovery of both the base ETIP and incremental energy efficiency budgets through base delivery rates. O&R filed an electric and

[23] The Niagara Mohawk Rate Order adopts the terms of the Niagara Mohawk Joint Proposal that includes energy efficiency targets for EAM purposes that reflect "net" first year savings (see Appendix 7 of the Niagara Mohawk Joint Proposal) assuming a 0.90 net-to-gross ratio to account for the effects of free-ridership and spillover. See the Target Metrics section in the Discussion section of this Order for more detail on net and gross savings targets.

gas rate case on January 26, 2018, Cases 18-E-0067 and 18-G-0068, and the proceeding is currently in the discovery phase.

THE PROPOSED BUDGET AND METRICS PLANS

On June 1, 2017, the utilities each filed proposed 2018-2020 BAM Plans for Commission authorization. ETIPs for 2018-2020, as companion filings, were filed on the same date. Subsequently, the utilities filed updated and revised final ETIPs by December 22, 2017.

BAM Plan Summary

The tables below contain the utilities' proposed annual budgets and net savings targets, as filed in the June 1, 2017 BAM Plans, for 2018 through 2020 for both electric and gas portfolios.

Electric Portfolios:

	2018	2019	2020
Central Hudson			
Budget	$ 8,479,345	$ 8,479,345	$ 8,479,345
Net MWh Target	34,240	22,488	15,122
Con Edison			
Budget	$ 86,178,022	$ 86,178,022	$ 86,178,022
Net MWh Target	179,107	179,107	179,107
NYSEG			
Budget	$ 17,035,451	$ 17,035,451	$ 17,035,451
Net MWh Target	53,557	53,557	53,557
Niagara Mohawk			
Budget	$ 51,457,894	$ 51,457,894	$ 51,457,894
Net MWh Target	263,736	263,736	263,736
O&R			
Budget	$ 6,302,164	$ 6,302,164	$ 6,302,164
Net MWh Target	19,302	19,302	19,302
RG&E			
Budget	$ 10,482,078	$ 10,482,078	$ 10,482,078
Net MWh Target	31,776	31,776	31,776
Total Electric Portfolios			
Budget	**$ 179,934,954**	**$ 179,934,954**	**$ 179,934,954**
Net MWh Target	**581,718**	**569,966**	**562,600**

Gas Portfolios:

	2018	2019	2020
Central Hudson			
Budget	$ 837,356	$ 837,356	$ 837,356
Net Dth Target	37,296	37,296	37,296
Con Edison			
Budget	$ 14,533,466	$ 14,533,466	$ 14,533,466
Net Dth Target	273,116	273,116	273,116
KEDLI			
Budget	$ 7,164,182	$ 7,164,182	$ 7,164,182
Net Dth Target	150,139	150,139	150,139
KEDNY			
Budget	$ 12,771,114	$ 12,771,114	$ 12,771,114
Net Dth Target	254,466	254,466	254,466
NFG			
Budget	$ 9,040,000	$ 9,040,000	$ 9,040,000
Net Dth Target	346,921	346,921	346,921
NYSEG			
Budget	$ 2,038,215	$ 2,038,215	$ 2,038,215
Net Dth Target	85,037	85,037	85,037
Niagara Mohawk			
Budget	$ 10,549,262	$ 10,549,262	$ 10,549,262
Net Dth Target	551,565	551,565	551,565
O&R			
Budget	$ 536,946	$ 536,946	$ 536,946
Net Dth Target	14,691	14,691	14,691
RG&E			
Budget	$ 2,720,749	$ 2,720,749	$ 2,720,749
Net Dth Target	127,121	127,121	127,121
Total Gas Portfolios			
Budget	**$ 60,191,290**	**$ 60,191,290**	**$ 60,191,290**
Net Dth Target	**1,840,352**	**1,840,352**	**1,840,352**

Each utility proposes level budgets and targets equal to their 2017 budgets and targets for each year from 2018 through 2020, apart from Central Hudson for its electric target, Niagara Mohawk for its electric and gas targets, and NFG for its gas budget and target. Central Hudson proposes a level budget year-over-year, with a reduction in MWh targets in 2019 and 2020, which they attribute to discontinuation of their behavioral initiative as currently implemented and the 2020

lighting baseline change resulting from the Energy Independence and Security Act (EISA).[24] Niagara Mohawk proposes a level budget year-over-year, with an increase in MWh and Dth targets in 2018, 2019 and 2020. NFG proposes a reduced budget and increased target for 2018, 2019, and 2020 as compared to 2017 levels.

ETIP Summary

Details regarding the nature of each utility's electric and gas energy efficiency portfolios are found in each company's ETIP. Each utility's electric and gas portfolios reflect a benefit/cost ratio greater than 1.0. Central Hudson, Con Edison, NYSEG/RG&E, Niagara Mohawk, and O&R all operate electric and gas energy efficiency programs for residential and small commercial customers. All but O&R also offer electric and gas energy efficiency programs for large commercial/industrial customers, with O&R restricting large commercial/industrial offerings to electric only. Con Edison, Niagara Mohawk, and NYSEG/RG&E also provide electric and gas energy efficiency programs for the multifamily sector. National Fuel, KEDLI, and KEDNY provide gas energy efficiency programs for residential and commercial/industrial customers. KEDLI/KEDNY's portfolios also include gas efficiency programs for multifamily sector. National Fuel's portfolio also includes a low-income program which is operated in close coordination with NYSERDA's low-income programs.

In general, the utilities provide a mix of offerings to their customers to encourage the installation of high

[24] Energy Independence and Security Act of 2007, Public Law 110-140, Dec. 19, 2007. Available at https://www.gpo.gov/fdsys/pkg/PLAW-110publ140/pdf/PLAW-110publ140.pdf.

efficiency lighting, heating, ventilation, and air-conditioning (HVAC) equipment, controls, commercial refrigeration and cooking equipment, and, in some cases, exterior shell measures. The majority of utilities demonstrate the evolution of programs by including additional offerings, such as midstream market strategies, behavioral programs, online marketplaces/customer engagement platforms, and coordination of energy efficiency with demand reduction programs. Central Hudson, Con Edison, Niagara Mohawk, and NYSEG/RG&E also include plans for piloting additional offerings that aim to develop performance-based payment approaches as well as alternative financing strategies.

Con Edison, Niagara Mohawk, and NYSEG/RG&E are also conducting a Self-Direct Program, as described in the 2016 ETIP Order. Central Hudson and O&R did not receive any applicants for their Self-Direct program, and therefore it is not included in their proposed portfolios.

NOTICE OF PROPOSED RULE MAKING

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), Notices of Proposed Rulemaking were published in the State Register on August 23, 2017 [SAPA Nos. 15-M-0252SP23, 15-M-0252SP24, 15-M-0252SP25, 15-M-0252SP26, 15-M-0252SP27, 15-M-0252SP28, 15-M-0252SP29, and 15-M-0252SP30]. The time for submission of comments pursuant to the Notice expired on October 7, 2017. No comments were received.

DISCUSSION

Base Funding & Minimum Energy Savings Targets

The Commission approves, with modification, the 2019 and 2020 budgets and targets proposed by the utilities in the BAM Plans filed on June 1, 2017. As discussed below, each utility's target is adjusted to reflect the transition from net

to gross savings calculations, Central Hudson's proposed reduction of its target is rejected, and NFG's annual budget for 2018, 2019, and 2020 is set at its 2017 annual budget, while its target is increased as proposed. The approved budgets and targets are shown in Tables 1 and 2 of Appendix A. In addition, Niagara Mohawk's proposed budget and net targets are replaced by the budget and net targets proposed in the Niagara Mohawk Joint Proposal and adopted in the Niagara Mohawk Rate Order today, as shown in Tables 3 and 4 of Appendix A to this Order.[25] The budget and targets authorized today provide a base level of funding and minimum targets for 2019 and 2020, effectively maintaining the same annual levels previously authorized for 2016-2018. While Staff and NYSERDA will be jointly filing a comprehensive energy efficiency proposal by Earth Day that is expected to propose increased energy efficiency targets that establish a trajectory to the State's 2030 clean energy goals,[26] it is appropriate, at this time, to authorize the 2019-2020 base budgets and associated minimum targets because Commission-authorized funding for utility-administered energy efficiency portfolios supported by utility ETIPs would otherwise expire at the end of 2018. This base level of continued support for utility energy efficiency efforts through 2020 provides the near-term market certainty that utilities, energy efficiency service providers, and other energy efficiency market actors require.

[25] Cases 17-E-0238 and 17-G-0239, supra, Niagara Mohawk Rate Order. The annual savings targets contained in the Niagara Mohawk Joint Proposal represent "net" targets, defined as assuming a 0.90 net-to-gross ratio to account for the effects of free-ridership and spillover.

[26] Case 18-M-0084, In the Matter of a Comprehensive Energy Efficiency Initiative.

The utility ETIP filings represent cost-effective portfolio investments in energy efficiency resources and initiatives. Maintaining flat base budgets and minimum targets for 2019-2020 provides a base level of commitment as the utilities develop larger and more REV-aligned energy efficiency initiatives through their rate cases, distributed system implementation plans (DSIPs), and in response to the expected comprehensive energy efficiency policy initiative. As utilities prepare their rate case and DSIP filings, they are encouraged to build on their base ETIP efforts in an innovative manner to propose expanded, cost-reducing energy efficiency initiatives designed to animate third-party business models and private sector investment in support of the State's clean energy objectives. The approval of increased funding and targets for energy efficiency program activities, with associated EAMs, in recent utility rate orders, including in the Con Edison[27] and Niagara Mohawk rate cases,[28] demonstrates the Commission's support for integration of greater levels of cost-effective energy efficiency, as discussed in the Background section above.

Central Hudson Target

Central Hudson's proposed reduction in electric targets for 2019 and 2020 is rejected, for the following reasons: 1) the effects of the Energy Independence and Security Act (EISA) on reported savings are largely offset by the current policy of allowing for existing condition, rather than a federal standard, as the baseline for commercial lighting, as evidenced by the fact that other electric utilities have similar programs

[27] Case 16-E-0060, supra, Con Edison Rate Order.

[28] Cases 17-E-0238 and 17-G-0239, supra, Niagara Mohawk Rate Order.

but none has proposed similar reductions;[29] and 2) Central Hudson has not demonstrated they have fully exhausted approaches to modify their portfolio, or alternative methods for assessing the impacts of their behavioral program, to maintain the current target levels. However, the Commission recognizes that, over time, even existing conditions will become more efficient. Therefore, the general topic of baseline policy warrants further analysis and consideration, as discussed below.

NFG Budget and Target

NFG's proposed budget reduction results in a reduced budget for low-income weatherization, as well as a reduction in outreach and EM&V activities supporting their portfolio. These budget reductions were proposed by NFG to ensure that its portfolio met the required BCA standard when using the natural gas prices provided in the CARIS energy forecast. As discussed below, pursuant to this Order utilities will have the flexibility to use territory-specific forecasts of natural gas prices in their BCA screening. When territory-specific inputs are used, in combination with the budget level comparable to 2017 authorized levels, NFG's portfolio meets the required BCA standard without sacrificing low-income weatherization, outreach, and EM&V activities. Therefore, NFG's proposed budget reduction is rejected. However, NFG's proposed increase in target is approved.

Energy Efficiency Cost Recovery Through Base Delivery Rates

Gradually, through recent rate case proceedings, the Commission has supported integration of energy efficiency into the utilities' businesses, with associated costs included in the utility's revenue requirement and recovered through base delivery rates. Therefore, this Order authorizes a continued EE

[29] This policy is documented in Appendix O of the New York State Technical Reference Manual.

Tracker surcharge to fund the 2019 and 2020 energy efficiency budgets only until each utility's next rate proceeding, wherein recovery of costs for the portfolio of utility-administered energy efficiency programs through base delivery rates shall be established. When filing its next rate case, each utility should consider and propose revenue allocations and rate designs that continue to address current exemptions from the EE Tracker surcharge and allow for large energy users to participate in the Self-Direct Program if the utility has determined it will continue to offer the Self-Direct Program beyond 2019. For Niagara Mohawk, the rate order before the Commission today establishes recovery of costs through base delivery rates and therefore Niagara Mohawk's EE Tracker surcharge shall be eliminated at the beginning of Rate Year One, as established in the Niagara Mohawk Rate Order.

As utilities transition into treating energy efficiency as part of their businesses, the filing of BAM Plans will no longer be needed. Therefore, only utilities that have not transitioned, or made a rate filing proposing the transition of, their energy efficiency programs into delivery rates by June 2019 are required to file a BAM Plan, proposing funding for 2021 for Commission authorization. This filing shall be made by June 1, 2019. Staff is directed to rescind CE-01: Utility Energy Efficiency Program Cycle Guidance given these changes, while maintaining the requirement for the utilities to file an updated TRM, reflecting any completed EM&V studies, on an annual basis to inform utility energy efficiency program planning.

Funding Cycles and Reconciliation Guidance

The initial rolling three-year ETIP Cycle lacked clarity regarding roll-over of funds from year-to-year and periodic reconciliations. The following clarifications are provided in support of consistency and clarity during the rate

case discussions regarding energy efficiency targets and EAMs. Utilities collecting funds through the EE Tracker surcharge are permitted to roll over and use uncommitted and unspent EE Tracker surcharge funds from year-to-year. However, utilities must also show in their filed ETIPs the year or years during which they intend to spend such funds and the budget year from which the funds originated. A final reconciliation will be necessary once EE Tracker surcharge funds are transitioned into base rates to account for and address unspent, uncommitted, as well as under- or over-collected EE Tracker surcharge funds. This final reconciliation should be dealt with as part of a utility's rate case in which funding for its energy efficiency initiatives is being transferred from the EE Tracker surcharge to base delivery rates. Niagara Mohawk must file a final reconciliation of its EE Tracker surcharge by June 30, 2018 subsequent to the tariff changes, per the Niagara Mohawk Rate Order, to eliminate the EE Tracker surcharge component of the SBC.

Once funds are provided through delivery rates, the reconciliation cycle will be set for the term of the rate plan, in accordance with the following rules: The utility will be required to forecast its planned energy efficiency expenditure levels for each year of the term of the rate plan. The utility will be allowed to carry unspent funds from year to year during the rate term, with annual reconciliations for any subsequent years that the utility stays out beyond the term of the rate plan. Downward-only reconciliations will be required at the end of rate term, and annually thereafter during any stay-out period, with any unspent funds to be deferred, with appropriate carrying charges, for future ratepayer benefit.

Target Metrics

Previous Commission policy dictated that both energy efficiency targets, and savings reported against the targets, were expressed on a "net" basis. "Net", in this context, focused on the attribution of savings and only took into account the effects of free-ridership and spillover by utilizing a default net-to-gross (NTG) ratio of 0.90.[30, 31] No further adjustments were made to adequately address whether estimated savings were actually realized, an adjustment commonly described by the term "realization rate".[32] A review of EM&V activities completed during the EEPS program cycle shows wide variability in realization rates across programs and utilities.[33] The

[30] Free-rider adjustments subtract out savings that would have occurred without the program's incentive or influence, reducing the gross savings reported. Spillover adjustments add savings that occur as a result of two possible types of spillover, increasing the gross savings reported. First, participants can replicate that same action (participant spillover) outside of the program participation process, providing additional savings. Second, the program can influence the way non-participants make energy saving decisions, resulting in additional savings not associated with a specific participation event.

[31] Gross savings estimates are multiplied by the default NTG of 0.90 to arrive at net savings estimates.

[32] Realization rate is commonly referred to as the ratio of evaluated gross savings to estimated gross savings. Factors that can contribute to a realization rate less than 1.0 are (1) adjustments for data errors, (2) differences in implemented measure counts as a result of verification activities, and/or (3) other differences revealed through the evaluation process, such as assumptions used in savings estimates varying markedly from actual operating characteristics.

[33] For example, realization rates ranged from 0.58 to 0.81 for the Small Business Direct Install (SBDI) programs and 0.5 to 0.62 for the Residential High Efficiency Heating Equipment (Res HEHE) Gas programs.

Commission finds that a greater focus on actual realized savings is warranted to support growth of energy efficiency markets and integration of energy efficiency into utility system planning efforts.

The topic of EM&V complexity was raised in the 2016 REV Ratemaking Policy Order,[34] in the context of Commission consideration of various issues associated with utility earning adjustment mechanisms, including incentives for energy efficiency programs, and found that incentive mechanisms are less effective and lead to significant controversy when metrics rely on complicated verification processes and debatable baseline assumptions. Incentives that depend on a determination of what would have taken place in the absence of the incentive — that is, the proving of a counterfactual — are challenging to administer, can lead to contentious ex post review processes, and may result in tremendous administrative expense for uncertain net benefit. The California Public Utility Commission, for example, found that this was the case with the Energy Efficiency Risk-Reward Incentive Mechanism.[35]

Furthermore, public policies and market interventions influencing energy efficiency are now so numerous and complex that it may be impossible to sort out the net effects of an individual program. For example, a consumer may have been educated by the Federal Energy Guide label on a given appliance, utilize a utility rebate to purchase the appliance, and finance the appliance as part of a package of measures using an On-Bill

[34] Case 14-M-0101, Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision, Order Adopting a Ratemaking and Utility Revenue Model Policy Framework (issued May 19, 2016) (2016 REV Ratemaking Policy Order).

[35] See Orvis, Robbie, "Lessons for Designing Counterfactuals in Earnings Incentive Mechanisms: California as a Case Study," America's Power Plan, April 2016.

Recovery Loan through NYSERDA's Green Jobs-Green New York Program. In this example, each initiative likely contributed to the consumer's action, but it is impossible, or at least impractical, to reliably discern the net effects of any individual initiative.

In recognition of these barriers to meaningfully calculate accurate NTG ratios for various initiatives and using those ratios to calculate incentives, going forward, goals should be established and savings reported on a gross basis, rather than the previous "net" basis approach. Gross savings are defined as the change in energy consumption and/or demand that results directly from program-related actions taken by participants in a program, regardless of why they participated.[36] Appendix A shows the new gross savings targets, which were derived by dividing the previously established net targets by the default 0.90 net-to-gross factor historically assumed.

To ensure that this change does not result in utility programs primarily incenting free-riders, all utilities are required to develop and implement plans for the periodic review of the issue of free-riders to ensure that programs and incentives appropriately evolve, in tandem with markets, to avoid excessive free-rider impacts. Utilities are directed to work with Staff and NYSERDA to develop a consistent approach to this assessment, taking into consideration implementation and application of the assessment and resulting changes in the context of program planning cycles, TRM modifications, and evolving market conditions.

Importantly, to increase the focus on actual realized savings which is critical to the development of expanded energy

[36] State and Local Energy Efficiency Action Network (SEE Action), "Energy Efficiency Program Impact Evaluation Guide", December 2012.

efficiency in the REV construct and attainment of the State's GHG emission reduction objectives, changes are needed.

First, any utility EAM based on energy efficiency programmatic performance proposed after the date of this order shall be calculated and awarded based on verified gross savings.[37] Verified gross savings represent gross savings (e.g., as estimated by deemed savings approaches or algorithms contained in the TRM), as adjusted by EM&V methods that verify key factors used to calculate savings (such as the actual installation and operation of the measure, the size, efficiency level, hours of operation, etc.) but does not adjust for free-ridership and spillover effects.[38] Staff, in consultation with utilities, NYSERDA and other interested stakeholders, shall issue Gross Savings Verification Guidance in order to effectuate this policy in a consistent manner across all utilities. The Guidance shall include the minimum level of gross savings that must be verified for the purpose of awarding EAMs, (e.g., all programs representing over X% of the portfolio's savings must be verified), the methods and approaches that shall be considered acceptable to perform this analysis, (e.g., the International Performance Measurement and Verification Protocol (IPMVP) and Advanced M&V approaches where applicable), and any other considerations that will provide clarity and structure to the consistent approach to this policy. The Guidance shall be used to define and calculate verified gross savings for all utility

[37] Verified gross savings are sometimes referred to as evaluated gross, adjusted gross savings, or ex post gross savings.

[38] "Examining the Net Savings Issue: A National Survey of State Policies and Practices in the Evaluation of Rate-Payer Funded Energy Efficiency Programs", Kushler, Nowak, Witte, January 2014, American Council for an Energy Efficient Economy (ACEEE), Report Number U1401.

EAMs established in the future for programmatic energy efficiency performance.

Second, any EAM proposal that includes a programmatic performance element will be required to provide a schedule detailing the EM&V activities that will be conducted, the time-period the EM&V activities will cover, and the expected date by which the results will be published to support the awarding of incentive payments. While this approach may result in some degree of lag between programmatic activity and the awarding of incentive payments, it is considered a prudent approach to ensuring that those payments are reflective of actual realized program savings, regardless of how savings were projected. Detailed EM&V activity plans and final reports must continue to comply with CE-05 EM&V Guidance and be filed in Matter 16-02180, In the Matter of Clean Energy Program Evaluation, Measurement & Verification.

Third, the vast majority of savings reported in utility energy efficiency programs are derived from the TRM. Review and improvement to the estimates produced by the TRM is therefore a critical component of improving the realization of projected savings estimates and allowing the utilities to achieve their EAMs. Utilities are directed to utilize information gleaned through their EM&V activities to improve assumptions and factors within the TRM as part of their continual improvement of the TRM.

The targets authorized here are to be considered gross acquired first-year annual targets. As detailed in the reporting template utilized for the ETIP programs, utilities will continue to report EUL information, enabling the calculation of lifetime savings, and committed savings for informational purposes.

Planning and Reporting

ETIP Transition

As its name suggests, the ETIPs support a transition toward utility incorporation of energy efficiency into the utilities' core business. Therefore, planning for and reliance on cost-effective energy efficiency as a distribution system development component must be more clearly addressed and incorporated throughout each utility's DSIP. Within the next five-year DSIP planning period, each utility should fully integrate energy efficiency planning into their forecasted system plans and evolve their ETIP into a System Energy Efficiency Plan (SEEP) that describes the entirety of the utility's expanded reliance on and use of cost effective energy efficiency to support their distribution system and customer needs. In the near-term, the initial SEEP should describe and quantify the utility's full investment in energy efficiency and expected benefits, inclusive of their base energy efficiency programs (i.e., ETIP) and non-ETIP programs and initiatives, such as expanded rate case programs, demand reduction programs, non-wire and non-pipe alternative efforts, REV demonstration projects, and other REV initiatives.

To provide utilities greater flexibility in implementing a portfolio of energy efficiency programs that is nimble and responsive to customer interest, the Commission shifted away from the EEPS approach of approving specific energy efficiency programs but required the filing and updating of ETIPs describing the energy efficiency programs that each utility intended to implement. Currently, certain utilities provide sector- rather than program-level information in both the ETIP and the associated scorecard reports. This practice does not provide the necessary transparency to stakeholders and limits Staff's ability to perform certain analytical tasks

required for regulatory oversight. As the ETIPs and the future SEEPs are the primary mechanisms through which the Commission, Staff, and the public can gain insight into the utility portfolio of energy efficiency investments and the benefits they bring to their systems and customers, the ETIPs and SEEPs and associated reporting must provide Staff and the public with enough information to support a clear understanding of the scale and scope of the programs and initiatives offered in a particular service territory and enable meaningful analysis of a utility's performance across the entire portfolio, as well as the performance of each initiative within its portfolio.

Therefore, the Commission directs the utilities to provide implementation details, including descriptions, budgets, targets, and benefit cost information at the program-level within their ETIPs and SEEPs. Staff is directed to update CE-02: ETIP Guidance (during the ongoing transition, to be called ETIP/SEEP Content Guidance) as necessary to reflect the additional non-ETIP energy efficiency program content associated with the SEEP, incorporate the requirements for program-level details, plan for the periodic review of free-ridership, details on any EM&V activities necessary to support programmatic EAMs, and establish a process for the periodic filing and updating of the SEEP to provide a comprehensive view to the Commission, Staff, and Stakeholders as to their full complement of energy efficiency activities. Utilities are required to file their initial SEEPs 60 days after the issuance of the ETIP/SEEP Content Guidance. This requirement supersedes the previous requirement for an annual ETIP filing. Utilities shall maintain the current practice of providing quarterly updates to their filed ETIPs reflecting substantive program changes until the ETIP/SEEP process is adopted. The utilities shall utilize the quarterly ETIP update process to reflect changes required by

this order, including the adjustment to gross savings targets, the clarification regarding the expenditure of funds from previous years, and inclusion of program level detail.

Additionally, we clarify here that regardless of whether funding supporting the utilities' energy efficiency initiatives is collected through the EE Tracker surcharge or through base delivery rates, all activities are, and will continue to be, subject to the transparency and implementation requirements set forth in the ETIP/SEEP Content Guidance.

EE Reporting and Data Quality

In addition to program-level detail being included in ETIPs and SEEPs, utilities must include program-level detail in their energy efficiency program reports, thereby allowing the results of all utility energy efficiency initiatives to be captured in a consistent and comprehensive manner. Therefore, the Commission directs Staff, in consultation with NYSERDA and the utilities, to develop and issue ETIP/SEEP reporting guidance. The reporting guidance must establish common reporting standards that will apply to both ETIP and non-ETIP energy efficiency programs, including REV Demos, NWAs and other energy efficiency activities. To provide greater insight into the State's energy efficiency efforts, the Commission expects that the online dashboard currently under development at NYSERDA will ultimately include both ETIP and non-ETIP energy efficiency activities.[39] The Commission expects Staff to incorporate and NYSERDA and the utilities to adopt any modifications to existing reporting for both ETIP and non-ETIP programs necessitated by the dashboard. To facilitate this, the Commission directs each

[39] The Commission, in its January 21, 2016 Order Authorizing the Clean Energy Fund Framework in Case 14-M-0094, required NYSERDA to develop and implement an online dashboard that would, upon completion, eliminate the need for quarterly ETIP and CEF reporting.

utility to file, within 60 days of the issuance of the ETIP/SEEP reporting guidance, a list of all non-ETIP energy efficiency activities underway and a description of the associated reporting requirements, as well as a timeline for bringing existing non-ETIP energy efficiency efforts into alignment with the common reporting guidelines. In addition, to support consistent reporting between NYSERDA and utilities utilizing a common metric, the Commission adopts MMBtu targets for gas utilities rather than Dth targets.

Further, the ETIP/SEEP Reporting Guidance shall establish a common reporting schedule, definitions,[40] and template(s). At a minimum, the common template must include acquired and committed energy savings data expressed as gross MWh savings, gross MMBtu savings, gross peak MW savings, carbon emission reductions, expenditures, encumbrances, Effective Useful Lives (EUL), participant bill savings, and private investment.

To support greater data availability and development of alternative market-based energy efficiency business models, the Commission believes that utilities should report anonymized project-level information to be made publicly available through the NYSERDA online dashboard. NYSERDA is currently in the process of releasing many such anonymized historical data sets associated with their programs to facilitate data analysis and pattern recognition in support of third party business development. The Commission understands placing such a requirement on the utilities may require changes to systems and processes that will take time to put in place. Therefore, the

[40] The Metrics Tracking and Performance Assessment Working Group of the Clean Energy Advisory Council issued a report with common definitions which should be used as a starting point for the common definitions.

Commission directs Staff, in consultation with the utilities and NYSERDA, to develop a plan for the release of anonymized energy efficiency project data through the online dashboard on a going-forward basis.

As a matter of course, utilities are responsible for large volumes of data for many facets of their business operations. Each utility has its own processes for the handling of data dictated by their company policies, which presumably take into consideration the type of data, the use of data, and the risk assessment related to errors in data. Historically, energy efficiency program data, including financial and energy savings data, reported by each of the utilities has required numerous revisions, in some cases years after initial reporting of such data has occurred. Some level of revision is to be expected and may indicate a functioning quality control process. However, the level of reporting errors and necessary revisions experienced to date not only creates undue administrative burden, it erodes the confidence that the Commission, Staff, and stakeholders have in the reported figures.

Improvements in this area are necessary. However, a one-size-fits-all approach is likely not feasible given each utility's individual circumstances, systems, and existing company policies. Nonetheless, as data quality issues appear to be universal, there is benefit in an approach that can identify root causes and best practices that may benefit all utilities.

Each utility shall conduct an internal assessment of the current data quality procedures/protocols and controls governing their energy efficiency program data, inclusive of program and portfolio financial and energy metrics. Within 180 days of this Order, each utility shall file an EE Data Governance Assessment report detailing the findings of their internal assessment. The report should include descriptions of

the management structure responsible for ensuring quality of data, the systems and technologies used to support data quality, data risk assessment processes, data quality controls, processes for determining what warrants a material change of reported data, and data quality measurements and goals, along with identified deficiencies and planned corrective actions. By calling attention to this issue and requiring a focused internal assessment, the Commission expects the utilities will improve processes and controls, and therefore the quality of reported energy efficiency data, and reduce the frequency of errors and delay in identifying and correcting errors. As the online dashboard under development will house data associated with all rate-payer supported clean energy initiatives, the same is requested of NYSERDA. Staff is directed to continue to monitor the utilities and NYSERDA's individual and collective efforts to determine if additional Commission action is needed.

During the EEPS era, we lengthened the lag in reporting to a quarter lag (e.g., reporting of energy efficiency activity for period between January 1 and March 31 does not occur until June 30) to provide program administrators more time to prepare their materials with the expectation that errors and revisions would be reduced. However, providing a full quarter lag to the utilities' reporting did not have the intended effect of reducing errors and revisions. Therefore, moving forward all reports will be due 45 days after the quarter end. This will align with the NYSERDA reporting cycle and will provide more timely information for Staff, stakeholders, and the Commission. Recognizing the administrative processes that must occur to support this adjustment, this requirement will not become effective until the quarter ending December 31, 2018. The utilities should take this revised reporting timeline into account in conducting their data governance assessments.

Clean Energy Advisory Council (CEAC)

The Commission established the Clean Energy Advisory Council (CEAC) in its January 21, 2016 Order Authorizing the Clean Energy Fund Framework and tasked it with several near-term deliverables.[41] The CEAC structure consists of a Steering Committee with 16 members, co-chaired by Staff and NYSERDA, and includes representatives from each utility and a representative from each of the six Working Groups that were formed to undertake specific deliverables outlined by the Commission. The six working groups include a total of 122 representatives. The Steering Committee met 15 times, initially monthly and then quarterly, while each of the working groups met at least monthly and often bi-monthly while developing their deliverables. All totaled, the CEAC structure has engaged over 60 parties in detailed discussions and the development of 14 reports.[42] The reports synthesize significant information on various topics and, in many cases, are helping to inform Staff and stakeholders as to the breadth and complexity of issues associated with the topic. The filed reports continue to be cited and referenced by stakeholders and Staff in multiple forums and Commission

[41] Case 14-M-0094, Proceeding on Motion of the Commission to Consider a Clean Energy Fund, Order Authorizing the Clean Energy Fund Framework at 52-56 (issued January 21, 2016).

[42] All CEAC Reports and working group updates are available in Matter 16-00561, In the Matter of a Clean Energy Advisory Council or the associated working group-specific cases: 16-01005, In the Matter of the CEAC's Clean Energy Implementation & Coordination Working Group; 16-01006, In the Matter of the CEAC's Energy Efficiency Procurement & Markets Working Group; 16-01007, In the Matter of the CEAC's Low & Moderate Income Clean Energy Initiatives Working Group; 16-01008, In the Matter of the CEAC's Metrics, Tracking & Performance Assessment Working Group; 16-01009, In the Matter of the CEAC's REV Energy Efficiency Best Practices Working Group; and 16-01010, In the Matter of The CEAC's Voluntary Investment & Other Market Development Working Group.

proceedings, most recently in the stakeholder meetings associated with development of the DPS Staff and NYSERDA comprehensive energy efficiency proposal. The Commission takes this opportunity to acknowledge the significant level of effort and resources that Staff, NYSERDA, the utilities, and stakeholders have demonstrated in participating in the CEAC process and producing a useful and credible body of work upon which the Commission and stakeholders will continue to rely.

Since the majority of the original CEAC working groups have completed their deliverables, with the exception of the Metrics Tracking and Performance Assessment (MTPA) Working Group whose Market Transformation Metrics and EM&V Coordination Report is expected to be finalized by July 12, 2018, it seems an appropriate time to assess and address the future of the CEAC.

One of the primary objectives of the CEAC was to support innovation and collaboration for an effective transition from current program offerings to post-2015 clean energy activities and on-going delivery thereafter. While the body of topical reports prepared by the CEAC working groups in accordance with the direction of the Commission and guidance of the CEAC Steering Committee is foundational work on which to build, it is time to shift to nimbler, and more market-inclusive, stakeholder forums to inform the next innovations in New York's energy efficiency future. With appreciation, the CEAC Steering Committee and its working groups are hereby disbanded effective immediately for all CEAC working groups other than the MTPA Working Group, which shall be disbanded upon filing of the Market Transformation Metrics and EM&V Coordination Report. Staff, in consultation with NYSERDA and with utility and stakeholder input, is directed to develop and issue a schedule of topical energy efficiency forums addressing the market mapping activities discussed below, as well as

additional energy efficiency topics deemed relevant to reducing costs and growing the scale of New York's energy efficiency markets. The topical energy efficiency forums should seek to include diverse input from the customers and service providers operating in a particular market sector to facilitate knowledge sharing, cooperation, and innovative ideas and approaches. As opposed to being long-standing, resource intensive engagements, the forums are intended to be short, intensive deep dives with topical experts sharing inputs and opinions with DPS Staff, NYSERDA, and the utilities to inform collective and individual actions and efforts toward enabling energy efficiency markets. While the topical energy efficiency forums may take various forms and range from a few hours to a full day, in all cases, the forums will be noticed and will include an opportunity for public observation and a public comment period during which observers may ask topically relevant clarifying questions.

Market Mapping

As the utilities and NYSERDA are concurrently evolving their program portfolios to initiatives intended to be more market transformative than in the past, there is a real need for all entities, including Program Administrators, market actors, and regulators, to understand how the various initiatives operate in a synergistic and market enabling manner. We believe this need can be met through the process of developing market maps. Market mapping involves an informed and proactive energy efficiency initiative design effort among and between Program Administrators and market participants, as well as the communication of a holistic view of all initiatives and interactions to market participants. Ultimately, market mapping will produce a schematic that identifies market barriers, market actors, and the various interventions being undertaken by NYSERDA and the utilities. However, the process of developing

the schematic is equally, if not more important than the end product. In the first instance, market mapping further enhances the collaboration between NYSERDA and the utilities encouraged through the Partnership concept discussed later in this Order. However, to be most impactful, market mapping necessarily requires engagement with the "market" and various stakeholders as a two-way communication tool to improve program design and identify gaps, areas related to barriers that are not effectively being addressed, as well as potential areas of overlap or duplication that could be eliminated. Therefore, Staff, NYSERDA and the utilities are directed to facilitate the market mapping concept through the topical energy efficiency forums described above, with the expectation that a minimum of two Market Mapping forums will be completed over the next 12 months. These forums shall include ample opportunity for the engagement of market actors. The market map schematic, as a product of the forums, will likely require iteration and final production following the forum. Following such iteration with appropriate forum attendees, NYSERDA and the utilities, in consultation with Staff, will jointly prepare and file a final market schematic appropriate for posting to DPS, NYSERDA and utility websites within 60 days of completion of the forum(s) on said topic. Based upon feedback received regarding the cooperation and communication benefits of both the market mapping process and market map schematic end products, additional market mapping forums may be added to the topical energy efficiency forum schedule.

Partnership Pilots and Implications to EAMs

The utilities and NYSERDA should engage in partnerships and collaboration focused on innovative, market-stimulating approaches taking full advantage of each entity's strengths. To encourage such partnerships, consideration of

whether the energy savings produced through such partnerships can be claimed toward the utility EAMs is needed. Allowing utilities to claim savings resulting from partnerships toward their EAMs would recognize the value of the partnership model and allow utilities and NYSERDA to put forth pilots of such partnerships that help test and develop new, innovative utility business models. However, for those utilities that have existing EAMs, the additional partnership savings must not create a windfall of savings contributing toward the achievement of their existing EAMs that had not been considered when the EAM was initially established. Due to our long-term interest in encouraging cooperation and collaboration in enabling of energy efficiency markets, utilities will be allowed to "claim" savings from "pilot" partnership initiatives toward their program-based energy efficiency EAMs on a limited basis. Allowing pilot partnership savings claims of up to 5%, per partnership, of their energy savings claims is an appropriate level to test this model out in the near term while still ensuring that the EAMs only reward the utilities based on pursuit of greater levels of energy efficiency savings. One example of such a pilot partnership currently being developed between NYSERDA and several utilities is the Pay for Performance model (P4P). There are different types of programs and models that could be considered P4P. However, the distinct characteristic that all of these program variations share is that they track and reward energy savings as they occur. This is typically done by analyzing data from customers' energy meters. Savings due to energy efficiency are calculated using the difference between the pre- and post-installation energy used, normalized to remove any variations due to weather. Ideally, P4P programs would use interval metered data to calculate the estimated savings that occurred through advanced statistical approaches and algorithms.

However, hourly metered data is not required to implement P4P and monthly metered data is sufficient in many instances. P4P is just one example of a partnership concept eligible for this treatment, contingent upon filing requirements necessary to document the partnership (e.g., within a CEF Chapter and ETIP revision). Savings claims related to P4P pilots should be based on an existing condition baseline to fully integrate with the use of Advanced M&V tools and should comply with the guidelines established above regarding claims toward EAMs. With regard to additional pilot partnerships, Staff is directed to propose partnership criteria for public comment in the forthcoming comprehensive energy efficiency proposal.

Technical Resource Manual

The primary purpose of the Technical Resource Manual (TRM) is to provide a standardized, fair, and transparent approach for estimating energy and demand savings across New York State's energy efficiency programs. While New York continues its interest in pursuing advanced approaches to energy efficiency "metering," such as the P4P approach, Staff has confirmed that over 80% of the savings estimates included in the utilities' 2017-2020 ETIP filings are based on the TRM. Therefore, in the near term, the TRM remains an integral component of the energy efficiency infrastructure that must continue to be improved upon and monitored by Staff.

The TRM was initially developed during the EEPS program era, and has gone through numerous iterations since its initial issuance in December 2008 through to its most recent update issued on July 17, 2017. Through the years, the management and oversight responsibilities of the TRM have evolved, with greater responsibility for management and maintenance of the document being assigned to the utilities.

Since June 1, 2015 when the utilities assumed management responsibility for the TRM, the following progress has occurred in the utilities' efforts to develop a management process that supports maintenance and improvement the TRM: the TRM management committee instituted an annual process for electing officers; the utilities have contracted with a vendor to provide administrative and technical support; the TRM MC has scheduled efforts to focus on demand savings assumptions in the current program year; and the TRM MC has developed a detailed work plan, and tools for tracking and supporting their work. Additionally, the utilities have filed quarterly record-of-revisions that consist of the addition of new measures and various revisions to existing measures.

While significant progress has been made, the Commission finds the TRM MC activities to date have been deficient in reconciling improvements to the TRM with EM&V study results and planning for future EM&V studies. The TRM Management Plan states it is the responsibility of each individual Program Administrator to bring forth any relevant EM&V results for consideration by the TRM MC. However, this has not resulted in an effective process nor has the TRM MC, or the utilities individually, developed and communicated a proactive approach to linking planned EM&V activities to the TRM maintenance task. Therefore, we will require the utilities, within 90 days of this Order, to file a TRM and EM&V Coordination Report. As part of preparing this report, the utilities shall, both individually and collectively, conduct a review of all measures contained in the TRM and the prevalence of each measure within the utilities' portfolios. This review shall be detailed in the Report. Based on this information, the utilities should, collectively and individually, identify the EM&V activities that will be conducted to support a review,

verification, or updating of the TRM assumptions to improve accuracy of these measures, with the most prevalent measures being addressed first. A schedule reflecting when other measures will be addressed or defensible reasons for why measure(s) will not be addressed shall be included. In identifying the EM&V activities, the utilities shall include detailed information regarding which Program Administrator(s) will be responsible for the activity, a schedule for when the activity will be conducted and results shared publicly, a plan for how the TRM MC will address potentially conflicting information if more than one entity is undertaking an EM&V activity, and how timing of EM&V activity results will be coordinated or reconciled if on differing schedules. The TRM Management Committee shall update the TRM Management Plan to implement the TRM and EM&V Coordination Plan. All resultant modifications to EM&V activities shall be captured in the established quarterly revision process to each utility's ETIP. As discussed previously in this Order, the Commission is placing a stronger emphasis on the realization of savings by linking all future programmatic EAM rewards to verified gross savings.

Lastly, while the TRM MC has appropriately focused its efforts to date on "clean up," it has not yet developed an approach for addressing emerging technologies. Given the Commission's interest in expanding the reach of energy efficiency and continually advancing the types of measures that are offered, the TRM MC is directed to develop a plan to proactively engage with stakeholders, including technology providers, to bring a greater focus to emerging technologies and update the TRM Management Plan accordingly.

The TRM MC's focus should be on the maintenance of the savings estimate approaches in the TRM. However, due to the evolutionary nature of the TRM at the outset of EEPS, we find

there are a number of elements and sections of the TRM that are not appropriately within the purview of the TRM MC to maintain or make modifications to, as they pertain to documenting stated Commission policy and/or Staff guidance. Appendix B of this Order provides a detailed list of all sections of the TRM and indicates which sections should be retained within the TRM and which should be converted to Staff Guidance. Staff is directed to expeditiously develop the pertinent guidance documents, in consultation with the utilities and NYSERDA, and the TRM MC is directed to expeditiously remove associated content from the TRM once each guidance document has been issued.

Baselines for Energy Savings

One active topic of discussion in energy efficiency programs across many jurisdictions is the determination of appropriate baselines from which energy savings are calculated.[43] In general, New York's baseline policy has been to utilize a "normal replacement," also referred to as "replace on failure," baseline where the baseline is established as the minimum state code or federal standard compliant equipment.[44] This has historically been the predominant approach across many jurisdictions and is premised on the assumption that equipment would otherwise be replaced by the minimally efficient equipment available. This approach does not account for any savings from immediately bringing the existing equipment up to code/standard

[43] In California, legislation was passed directing the California Public Utility Commission (CPUC) to change its approach of assuming minimum code compliance as the relevant baseline from which to estimate energy savings.

[44] Exceptions to this policy include Commercial Lighting, as detailed in the TRM Appendix O, and standard practice for low-income programs and enabling technologies, such as energy management/building management systems, which use existing conditions as the baseline.

levels, thereby not capturing the full savings occurring at the customer meter. As New York investigates "metered" savings measurement approaches, and as increased codes and standards come into effect but code compliance often lags, there is a need to revisit New York's baseline policy.

The Clean Energy Advisory Council's (CEAC) Metrics, Tracking and Performance Assessment Working Group highlighted this issue in its Performance Metrics Phase I report[45] in which the Working Group recommended New York's current baseline approach should be re-examined in the next phase of proceedings related to clean energy initiatives. This recommendation is accepted as it is an appropriate time to undertake a review of current baseline policy and identify what, if any, barriers the current policy presents to New York's achievement of its GHG emission reduction goals. Due to the complexity of this issue, Staff is required to convene a stakeholder process in 2018 to undertake this review and ultimately provide recommendations to the Commission for consideration. In the interim, the following accommodations are directed while the full review is undertaken: 1) Pay-For-Performance Models and other approaches that utilize Advanced M&V Tools as a component of program design to verify energy savings as part of pilot efforts shall be allowed to use existing condition baselines for the reporting of savings;[46] and 2) for customers in jurisdictions that have adopted "stretch codes" that exceed current state code, the baseline for reporting of energy savings will be the minimum state code and customers will remain eligible for incentives.

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[45] Matter 16-00561, supra, Metrics, Tracking and Performance Assessment Performance Metrics Phase I Report (filed July 17, 2017).

[46] This requires such approaches to use Advanced M&V for the reporting of savings, rather than using the TRM measure calculations.

Regardless of the baseline used to claim savings, utility programs must ensure that the measures they are incenting support levels of energy efficiency that are higher than minimum compliance and/or industry standards. The TRM MC shall incorporate and the utilities shall adhere to the minimum efficiency level of equipment/measures that will be eligible for incentives in the Compliance Efficiency section of each measure within the TRM.

Benefit Cost Analysis

Notwithstanding the BCA Framework and BCA Handbooks, there is neither a consistent template for documenting utility-administered energy efficiency program and portfolio BCAs nor a defined schedule for how and when critical BCA inputs are to be updated. To help facilitate a more consistent process, Staff will issue Guidance related to utility-administered energy efficiency program and portfolio BCA filing requirements within 60 days of this Order. The Guidance will include a template for use by all utilities when submitting BCAs for their energy efficiency portfolios. The Guidance shall document all the standard inputs and define the sources of, and responsible parties for, such inputs. Further, the Guidance will identify a transparent, central location where such inputs will be posted and the frequency and schedule for updating the inputs. Transparency of all inputs of the BCA and their derivation is critical for analyzing and assessing utility portfolio proposals. Therefore, utilities will be required to file publicly accessible workpapers detailing BCAs for their energy efficiency portfolios.

Advanced Measurement and Verification

The Commission continues to support the exploration of reducing the cost of EM&V through advances in technology,

thereby increasing the dollars available for program delivery.[47] Staff's Guidance CE-05: EM&V Guidance encourages program administrators and evaluators to use Advanced M&V techniques to collect, aggregate and analyze data, when appropriate and cost effective. Utilities shall update their ETIPs to specifically reflect how they are integrating Advanced M&V approaches into their EM&V portfolio of activities. This update should include detailed information on the pilot or study being conducted and when data will be made publicly available.

Advanced M&V is being pursued in many jurisdictions and, while it holds promise, there are some use cases for which it is suited and others for which it may not offer benefits over traditional approaches. The appeal of Advanced M&V, however, is broader than simply evolving EM&V approaches, as it also has the potential to provide increased confidence in realization of energy efficiency savings to the consumer. Many jurisdictions have begun to recognize Advanced M&V's potential; however, there does not appear to be a widely accepted approach to fully testing and deploying these tools and assessing the benefits they produce. Staff, in consultation with the utilities, NYSERDA and other interested stakeholders, is directed to identify the various barriers, approaches, and next steps that could advance the use of this tool in New York. This should include the implementation of pilot projects, an inventory of Advanced M&V standardization efforts underway or being contemplated at Lawrence Berkeley National Laboratory or by other entities, and identification of any regulatory barriers or support needed.

[47] Case 14-M-0094, supra, Order Authorizing the Clean Energy Fund Framework, and Case 14-M-0101, supra, Order Adopting Regulatory Framework and Implementation Plan.

Self-Direct Program

The REV Framework Order required all electric utilities to implement a Self-Direct Program in accordance with guidance developed by Staff in collaboration with utilities, NYSERDA and Multiple Intervenors. The initial 3-year cycle for the Self-Direct programs runs from 2017 through 2019. Enrollment in the Self-Direct programs was generally minimal[48] and, therefore, the Commission will allow each utility to determine whether to continue to offer its large energy-user customers a Self-Direct Program. The Commission directs each electric utility to notify Staff by the end of 2018 as to whether it intends to offer the Self-Direct Program and provide any requests for modification to the CE-03: Self-Direct Program Guidance to Staff to allow time for consideration of modification and reissuance of the Guidance in early 2019.

National Fuel Gas Specific Requests

NFG included several proposals in its BAM Plan filing on June 1, 2017. Specifically, NFG is seeking: 1) clarification with respect to benefit cost screening requirements for low income energy efficiency programs; 2) authorization to use its accumulated CEF interest to reduce future CEF Surcharge collections from NFG customers; 3) approval to use approximately $1.1 million of unspent, uncommitted energy efficiency funding to supplement its Low Income Usage Reduction Program; and 4) clarification with respect to natural gas prices to be used in BCA screening of natural gas energy efficiency portfolios.

[48] Enrollment in the Self-Direct Programs ranged from no enrollment to about 40% of the minimum required Self-Direct Program budget allocation per the Self-Direct Program Guidance, with the exception of Con Edison, which had enrollment of approximately 150% above the minimum required budget allocation.

In its first proposal, NFG recognizes that many changes have occurred since the December 2013 Order, most notably the recognition of the SCT as the primary screening test for energy efficiency programs and the issuance of the Commission's Order Establishing the Benefit Cost Analysis Framework in January 2016. In this context, NFG seeks clarification on whether low income energy efficiency programs are exempt from BCA screening requirements or if such programs must comply with the same requirements as all other energy efficiency programs.

The Commission ordered the change from EEPS measure-level BCA testing to portfolio-level BCA screening in ETIPs to allow utilities more flexibility in pursuing new, innovative energy efficiency initiatives. The Commission has also stated that NYSERDA remains the default provider of low-income energy efficiency programs, while encouraging utilities to develop innovative programs to expand the reach of measures and initiatives within low-income communities, in concert with efforts of NYSERDA and private market activity. Utilities should adhere to the current BCA policy of portfolio-level BCA screening using the SCT as the primary test. This allows individual programs, including low-income programs, to have a BCA less than 1.0, as long as the entire portfolio has a BCA exceeding 1.0.

In its second proposal, NFG proposes to use accumulated interest on the CEF deferral balances to reduce future CEF surcharge collections. NFG recognizes that the Commission ordered utilities to collect the CEF surcharges and apply interest at the Other Customer Provided Capital Rate to the CEF deferral balances under the bill-as-you-go approach and stated that such accruals should be held for the future benefit of ratepayers. Utilities should continue to implement the bill-

as-you-go approach and properly maintain such CEF deferral balances, deferring the interest for future ratepayer benefit. Maintaining this approach will provide for bill stability and avoid potential "hockey stick" effects on customer bills and rates in the future. Reliance on sums of unspent funds can create artificial highs and lows in surcharges and/or rates, which is best avoided. Unspent funds should be used as a moderator in the next rate case or potentially used as a funding stream for any proposed increases that may result from Staff and NYSERDA's comprehensive energy efficiency proposal in Case 18-M-0084.

In its third proposal, NFG seeks authorization to use approximately $1.1 million of unspent, uncommitted energy efficiency funding during calendar years 2018 and 2019 for supplementing its Low-Income Usage Reduction Program (LIURP) funding. NFG's LIURP program is a weatherization program administered as part of NYSERDA's EmPower program. The approximately $1.1 million of unspent, uncommitted funding is made of up $141,550.50 of unspent, uncommitted funds from NFG's 2016 residential programs plus $954,671.85 of interest accumulated through April 30, 2017 on EEPS 2 deferral balances. NFG currently has the flexibility to carry-over unspent ETIP funds in support of their ongoing ETIP programs and is therefore allowed to use the $141,550.50 of unspent, uncommitted funds from its 2016 residential program to support any ETIP program, including LIURP. However, the accumulated interest on EEPS 2 deferral balances should be included in the EEPS Financial Reconciliation Report, which the Commission required utilities to file no later than June 30, 2018,[49] and continue to be held

[49] Case 07-M-0548, supra, Order Authorizing the Conclusion of the Energy Efficiency Portfolio Standard (issued November 17, 2017).

for future ratepayer benefit, as described in the Commission's EEPS Utility Shareholder Incentive Order.

Lastly, NFG's fourth proposal seeks clarification from the Commission with respect to natural gas prices to be used in BCA screening of natural gas energy efficiency portfolios. NFG specifically requests that the Commission confirm that utilities have the flexibility to use forward-looking gas prices, which were developed for volumetric forecasting purposes, in BCA screening. Utilities are neither restricted from using a territory-specific forecast of natural gas prices in their gas energy efficiency portfolio BCA nor are they required to use specified natural gas price inputs. If NFG, or any other utility, can justify using a territory-specific forecast of natural gas prices as being more accurate than those natural gas prices used and provided in the CARIS energy forecast, the utility should present that information, along with the justification including transparent workpapers and a detailed rationale, in its BCA filing.

CONCLUSION

Meeting the State's ambitious clean energy goals and creating the distributed, transactive, and integrated electric system envisioned by REV requires continued, and indeed increased, deployment of energy efficiency throughout the State. This requires a continued evolution and transition to market-based approaches that take advantage of technological and policy advancements. The budgets and targets authorized in this Order, as well as the implementation and policy decisions made, will allow continued market activity and evolution as the Commission considers the next steps in New York's energy efficiency policy.

The Commission orders:

1. Utility-administered energy efficiency portfolio budgets and targets for 2019 and 2020 are approved at the levels shown in Appendix A, Tables 1 and 2, for Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., KeySpan Gas East Corporation, The Brooklyn Union Gas Company, National Fuel Gas Distribution Corporation, New York State Electric & Gas Corporation, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation (collectively, with Niagara Mohawk Power Corporation d/b/a National Grid, the utilities).

2. Staff is directed to update CE-02: ETIP Guidance (during the transition, to be called ETIP/System Energy Efficiency Plan (SEEP) Content Guidance) as necessary to reflect the additional non-ETIP energy efficiency program content associated with the SEEP, as well as to incorporate the requirements for program-level details, plan for the periodic review of free-ridership, details on any EM&V activities necessary to support programmatic EAMs, and establish a process for the periodic filing and updating of the SEEP to provide a comprehensive view to the Commission, Department of Public Service Staff (Staff), and stakeholders as to their full complement of energy efficiency activities. The SEEP will replace the Energy Efficiency Transition Plan (ETIP) and should ultimately describe the entirety of the utility's expanded reliance on and use of cost effective energy efficiency to support their distribution system and customer needs, as discussed in the body of this Order.

3. Each utility shall file a SEEP within 60 days of Staff's issuance of the SEEP Content Guidance.

4. In consultation with the New York State Energy Research and Development Authority (NYSERDA) and the utilities, Staff is directed to develop and issue ETIP/SEEP Reporting Guidance establishing common reporting standards that will apply to all utility energy efficiency programs and support their inclusion in the on-line dashboard being developed by NYSERDA.

5. The utilities shall file ETIP/SEEP performance reports in accordance with ETIP/SEEP Reporting Guidance as described in this Order. Starting with the quarter ending December 31, 2018, quarterly performance reports shall be filed 45 days after the end of each calendar quarter.

6. Each utility must notify Staff by the end of 2018 as to whether it intends to offer the Self-Direct Program and provide any requests for modification to Guidance CE-03.

7. Each utility must file, within 60 days of the issuance of the ETIP/SEEP reporting guidance, a list of all its non-ETIP energy efficiency activities and a description of the associated reporting requirements. The filing must also include a timeline for bringing existing non-ETIP energy efficiency efforts into alignment with the ETIP/SEEP Reporting Guidance.

8. Each utility shall conduct an internal assessment of the current data quality procedures, protocols, and controls that govern its energy efficiency program data, inclusive of program and portfolio financial and energy metrics. Within 180 days of this Order, each utility shall file an EE Data Governance Assessment report based on that assessment.

9. Each utility shall file publicly accessible workpapers supporting the Benefit Cost Analyses (BCAs) performed for their energy efficiency portfolios concurrent with all future filings for Commission action.

10. The utilities, within 90 days of this Order, shall file a Technical Resource Manual (TRM) and Evaluation Measurement & Verification (EM&V) Coordination Report. The Report must include a plan to use information gleaned through EM&V activities to improve assumptions and factors within the TRM.

11. The TRM Management Committee, within 120 days of this Order, is directed to update the TRM Management Plan in accordance with this Order.

12. Staff shall issue guidance documents related to certain issues currently covered in the TRM, as detailed in Appendix B.

13. The TRM Management Committee shall remove content duplicative of new Staff guidance documents from the TRM expeditiously once those documents have been released.

14. Staff shall issue BCA Filing Requirement Guidance within 60 days of the Order.

15. In consultation with utilities and other stakeholders, Staff shall develop and issue a Gross Savings Verification Guidance document to effectuate the calculation and reporting of verified gross savings in a consistent manner.

16. In consultation with the utilities and NYSERDA, Staff shall develop and file a proposal for the release of anonymized energy efficiency project data on a going-forward basis.

17. In consultation with the utilities, NYSERDA, and other stakeholders, Staff shall develop and issue a schedule of energy efficiency topical forums including a minimum of two forums addressing the market mapping activities with 12 months, as discussed in the Order. NYSERDA and the utilities, in consultation with Staff, will jointly prepare and file a final market schematic appropriate for posting to DPS, NYSERDA and

utility websites within 60 days of completion of the forum(s) reflecting the market mapping exercises conducted through the forums.

18. Staff shall convene a stakeholder process in 2018 to undertake a review of the Metrics Tracking and Performance Assessment Working Group's recommendation that the current baseline approach be re-examined in the next phase of proceedings related to clean energy initiatives and provide recommendations for the Commission's consideration.

19. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., KeySpan Gas East Corporation, The Brooklyn Union Gas Company, National Fuel Gas Distribution Corporation, New York State Electric & Gas Corporation, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation are each directed to file, on not less than 15 days' notice, tariff amendments and/or revised tariff statements to reflect the directives contained herein, to become effective on January 1, 2019 and January 1, 2020.

20. Niagara Mohawk Power Corporation d/b/a National Grid is directed to file, by June 30, 3018, a final reconciliation of its Energy Efficiency Tracker surcharge to account for and address unspent, uncommitted, and under- or over-collected funds.

21. The requirements of §66(12)(b) of the Public Service Law concerning newspaper publication of the tariff amendments described in Ordering Clause No. 19 are waived.

22. In the Secretary's sole discretion, the deadlines set forth in this order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least one day prior to the affected deadline.

23. This proceeding is continued.

By the Commission,

(SIGNED) KATHLEEN H. BURGESS
Secretary

Table 1

Electric Portfolios:

	2018	2019	2020
Central Hudson			
Budget	$ 8,479,345	$ 8,479,345	$ 8,479,345
Gross MWh Target	38,044	38,044	38,044
Net MWh Target	34,240	34,240	34,240
Con Edison[50]			
Budget	$86,178,022	$86,178,022	$86,178,022
Gross MWh Target	199,008	199,008	199,008
Net MWh Target	179,107	179,107	179,107
NYSEG			
Budget	$17,035,451	$17,035,451	$17,035,451
Gross MWh Target	59,508	59,508	59,508
Net MWh Target	53,557	53,557	53,557
O&R			
Budget	$ 6,302,164	$ 6,302,164	$ 6,302,164
Gross MWh Target	21,447	21,447	21,447
Net MWh Target	19,302	19,302	19,302
RG&E			
Budget	$10,482,078	$10,482,078	$10,482,078
Gross MWh Target	35,307	35,307	35,307
Net MWh Target	31,776	31,776	31,776
Total Electric Portfolios			
Budget	**$128,477,060**	**$128,477,060**	**$128,477,060**
Gross MWh Target	**353,313**	**353,313**	**353,313**
Net MWh Target	**317,982**	**317,982**	**317,982**

[50] The budgets and targets included here for Con Edison reflect the ETIP initiatives only and are not inclusive of the additional program budgets and associated EAMs that the Commission approved in in Case 16-E-0060 as part of Con Edison's last rate case.

Table 2

Gas Portfolios:

	2018	2019	2020
Central Hudson			
Budget	$ 837,356	$ 837,356	$ 837,356
Gross MMBtu Target	41,440	41,440	41,440
Net MMBtu Target	37,296	37,296	37,296
Con Edison			
Budget	$ 14,533,466	$ 14,533,466	$ 14,533,466
Gross MMBtu Target	303,462	303,462	303,462
Net MMBtu Target	273,116	273,116	273,116
KEDLI			
Budget	$ 7,164,182	$ 7,164,182	$ 7,164,182
Gross MMBtu Target	166,821	166,821	166,821
Net MMBtu Target	150,139	150,139	150,139
KEDNY			
Budget	$ 12,771,114	$ 12,771,114	$ 12,771,114
Gross MMBtu Target	282,740	282,740	282,740
Net MMBtu Target	254,466	254,466	254,466
NFG			
Budget	$ 10,040,000	$ 10,040,000	$ 10,040,000
Gross MMBtu Target	385,468	385,468	385,468
Net MMBtu Target	346,921	346,921	346,921
NYSEG			
Budget	$ 2,038,215	$ 2,038,215	$ 2,038,215
Gross MMBtu Target	94,486	94,486	94,486
Net MMBtu Target	85,037	85,037	85,037
O&R			
Budget	$ 536,946	$ 536,946	$ 536,946
Gross MMBtu Target	16,323	16,323	16,323
Net MMBtu Target	14,691	14,691	14,691

RG&E

Budget	$ 2,720,749	$ 2,720,749	$ 2,720,749
Gross MMBtu Target	141,246	141,246	141,246
Net MMBtu Target	127,121	127,121	127,121

Total Gas Portfolios

Budget	**$ 50,642,028**	**$ 50,642,028**	**$ 50,642,028**
Gross MMBtu Target	**1,431,986**	**1,431,986**	**1,431,986**
Net MMBtu Target	**1,288,787**	**1,288,787**	**1,288,787**

Table 3
Electric
Portfolio:

Niagara Mohawk[51]

	2018	2019	2020
Budget	$60,787,894	$63,897,894	$63,897,894
Gross MWh Target	303,622	319,383	319,383
Net MWh Target	273,260	287,445	287,445

Table 4
Gas Portfolio:

Niagara Mohawk[52]

	2018	2019	2020
Budget	$13,148,012	$14,014,262	$14,014,262
Gross MMBtu Target	778,210	870,798	870,798
Net MMBtu Target	700,389	783,718	783,718

[51] The budgets and targets included here for Niagara Mohawk reflect the Commission-authorized funding and minimum EAM targets authorized in the Niagara Mohawk Rate Order in Case 17-E-0238 (inclusive of the LED Street Lighting program budget and minimum EAM). Note: The 2018 budget and targets have been prorated to include ¾ of Niagara Mohawk's first rate year because rate year one begins on April 1, 2018.

[52] The budgets and targets included here for Niagara Mohawk reflect the Commission-authorized funding and minimum EAM targets authorized in the Niagara Mohawk Rate Order in Case 17-G-0239. Note: The 2018 budget and targets have been prorated to include ¾ of Niagara Mohawk's first rate year because rate year one begins on April 1, 2018.

Technical Resource Manual (TRM) Section Review

Section	Element	Retain in TRM	Issue as Staff Guidance
History	System Peak Demand Definition		X
	Natural Gas Peak Savings Definition		X
	Coincidence Factor		X
	Ancillary Non-Gas Fossil Fuel Impacts		X
	Annual/Life-cycle Savings		X
	Net to Gross Adjustments[1]	n/a	n/a
	Equivalent Full Load Hours (EFLH) for Heating & Cooling	X	
Single and Multifamily Measures	Various Measures	X	
	Required components of each measure (to include Compliance Efficiency)		X
Commercial & Industrial Measures	Various Measures	X	
	Required components of each measure (to include Compliance Efficiency)		X
Custom Measures	Definitions		X
	EEPS/SBC Custom Measure Categories – (Categories 1-4)		X
Appendix A[2]	Building Types	X	
	Prototype Building Descriptions	X	
Appendix B[2]	HVAC Weighting Factors	X	
Appendix C[2]	Standard Fixture Watts	X	
Appendix D[2]	HVAC Interactive Effects Multipliers	X	
Appendix E[2]	Opaque Shell Measure Savings	X	
Appendix F[2]	Window and High-Performance Glazing	X	
Appendix G[2]	Equivalent Full-Load Hours for Heating and Cooling	X	
Appendix H[2]	HVAC Distribution Efficiencies	X	
Appendix I[2]	Cool Roof	X	

Section	Element	Retain in TRM	Issue as Staff Guidance
Appendix J[2]	Commercial HVAC Unit Savings	X	
Appendix K[2]	Variable Frequency Drives	X	
Appendix L[2]	Minimum Motor Efficiencies – EISA Standard	X	
Appendix M	Guidelines for Early Replacement		X
Appendix N	Special Circumstance		X
Appendix O	Commercial and Industrial Lighting Policy		X
Appendix P[2]	Effective Useful Life (EUL)	X	
Forms	Typical Measure Headings	X	
Glossary	Abbreviations, Acronyms, Equation Variables	X	

[1] Per this Order Net to Gross adjustments will not be applied to reported savings.

[2] Appendices – The TRM MC, in consultation with NYSERDA and Staff, shall review the Appendices that are retained in the TRM for continued relevance. If deemed relevant, a plan for updating the Appendice(s) should be developed and included in the TRM MC's detailed workplan.