

November 27, 2018

The Honorable Andrew M. Cuomo
Governor of New York State
NYS Capitol Building
Albany, NY 12224

Re: Moving Forward on New York's Energy Efficiency Commitment

Dear Governor Cuomo:

Thank you for your continuing commitment to accelerate New York's investment in clean energy. This undertaking is now more important than ever given the recent report from the United Nations Intergovernmental Panel on Climate Change starkly outlining the need for drastic decarbonization in the next 12 years to avoid catastrophic global warming. A cornerstone of that nation-leading climate and clean energy portfolio is your Earth Day 2018 announcement of a new and bold energy efficiency target for New York State. Achieving that goal will also result in numerous other benefits, including cutting other harmful power plant emissions and creating thousands of new jobs.

We are writing to emphasize the importance of immediate, decisive action to ensure New York makes the near-term gains necessary to reach its energy efficiency goals, with a particular focus on empowering building owners to assist the State in this effort, as these stakeholders are key partners in realizing New York's nation-leading vision.

Energy efficiency programs that provide building owners with the assistance they need to implement efficiency measures will play an important part in helping to ensure that the State achieves its targets. Such programs provide much-needed resources to owners across the state who have varying levels of financial and technical capacity. In addition to the New York State Energy Research and Development Authority's (NYSERDA) initiatives that primarily focus on efforts to transform the energy efficiency market, utility efficiency programs are critical to New York's

strategic vision and implementation strategy; they are essential platforms for attracting and leveraging greater private sector investment in energy efficiency and provide the direct assistance needed to see energy savings materialize “on the ground”.

Thus, it is essential that the Public Service Commission (PSC) take several key actions before the end of 2018 to jumpstart New York’s energy savings, ensure market actors deploy resources to New York, and put us on track to meet the state’s long-term goal. Specifically, if New York is to realize the myriad benefits your Earth Day commitment can deliver, it is critical that utilities have the certainty they need to be able to develop and implement effective programs in a timely manner. To that end, the state must take the following decisive actions before the end of the year:

- **Jumpstart energy efficiency deployment now at the necessary scale.** Authorize enhanced utility programs to begin in early 2019, with a clear year-over-year timeline for annually ramping up energy savings through 2025.
- **Establish clear cost-recovery mechanisms now.** The funding mechanism for utility programs, which should ensure cost recovery and reasonable returns for utility energy efficiency efforts, similar to other utility investments, including transmission and distribution infrastructure, needs to be clear. While subsequent refinements to these cost-recovery mechanisms and shared savings/performance-based incentives can be made in rate cases as needed, a clear and overarching framework for recovering the costs of prudent investments in new and expanded programs and market-enabling activities must be authorized now so they can begin in early 2019. Failing to do so in the very near term will severely jeopardize the ability for the state to meet its energy efficiency goal. Tracking the cost-recovery framework agreed to in the most recent Con Edison rate case provides a sound starting point.
- **Establish an advisory body to support and guide implementation.** A body of experts in energy efficiency, as well as those with specific experience on program implementation, including building owners, would ensure that programs are as effective as possible. We urge the establishment of a meaningful statewide advisory council (or similar structure) to provide guidance to utilities as they work toward their individualized targets, and to provide transparency to all stakeholders as the state progresses toward its efficiency goals. As utility and NYSERDA initiatives are developed, it is essential that building owners are engaged in these efforts, particularly regarding shaping programs to ensure that they are tailored to address what is needed most, in practice.

Absent the key steps, outlined above, before year's end, New York will lose ground on energy efficiency achievements throughout 2019 and beyond, and struggle to cement New York's legacy as a national leader on energy efficiency and climate action. New York State has already laid the groundwork for energy efficiency to provide the backbone on which the state's suite of clean energy programs can grow. Now is the time to put this planning into practice, thereby securing New York's leadership and clean energy future and the many benefits that result. We look forward to working with the State and other stakeholders to ensure that New York's ambitious energy efficiency vision is as effective and successful as possible.

Respectfully submitted,



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Natural Resources Defense Council



Carl Hum
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CC: Melissa DeRosa, Secretary to the Governor
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