

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

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Proceeding on Motion of the Commission as to the
Rates, Charges, Rules and Regulations of
New York State Electric & Gas Corporation
for Electric Service

Case 19-E- ____

Proceeding on Motion of the Commission as to the
Rates, Charges, Rules and Regulations of
New York State Electric & Gas Corporation
for Gas Service

Case 19-G- ____

Proceeding on Motion of the Commission as to the
Rates, Charges, Rules and Regulations of
Rochester Gas and Electric Corporation
for Electric Service

Case 19-E- ____

Proceeding on Motion of the Commission as to the
Rates, Charges, Rules and Regulations of
Rochester Gas and Electric Corporation
for Gas Service

Case 19-G- ____

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**DIRECT TESTIMONY OF
ENERGY EFFICIENCY AND
EARNINGS ADJUSTMENT MECHANISM PANEL**

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May 20, 2019

**DIRECT TESTIMONY OF ENERGY EFFICIENCY
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I. INTRODUCTION

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Q. Please state the names of the members on this Energy Efficiency and Earnings Adjustment Mechanism Panel (the “Panel”).

A. We are Jane B. Lano, Erik J. Robie, David W. Segal and Jennifer L. Turner.

Q. Ms. Lano, please state your title and business address.

A. I am the Manager of the Conservation and Load Management (“CLM”) Group at Avangrid Networks. My business address is 60 Marsh Hill Rd, Orange, Connecticut 06477. In my current position, I am responsible for the development, delivery and evaluation of Avangrid Networks’ Energy Efficiency (“EE”) and Demand Response (“DR”) programs in New York, Connecticut and Massachusetts. I have held this position since 2018.

Q. Please summarize your work experience and educational background.

A. I have worked within the energy sector for the last ten years, as a contractor delivering services, a consultant developing programs, and in my current capacity as the manager of the CLM Group. I have been employed by Avangrid Networks for seven years during which I have held a variety of roles, including managing specific CLM programs, leading our business development and marketing teams, and holding increasing management responsibilities for the CLM team. I have a BS in Chemical Engineering from the University of Connecticut and an MA of Management with a focus in Clean Energy Management and Sustainability from Rensselaer Polytechnic Institute. My Curriculum Vitae (“CV”) is set forth in Exhibit __ (EE/EAMP-1).

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1 Q. Have you previously testified in other proceedings before the New York State Public
2 Service Commission (“PSC” or “Commission”) or any other state or federal regulatory
3 agency?

4 A. I have testified before regulatory commissions in Connecticut.

5 Q. Mr. Robie, please state your title and business address.

6 A. I am the Director of Customer Programs & Products at Avangrid Networks. My business
7 address is 60 Marsh Hill Rd, Orange, Connecticut 06477.

8 Q. Please summarize your work experience and educational background.

9 A. I have over 20 years of energy and utility experience. In my current role, I am
10 responsible for natural gas sales and the delivery of Avangrid Networks’ energy
11 efficiency programs. I have held Sales Management and Key Account Management roles
12 within the organization. Prior to joining Avangrid Networks, I was a Regional Manager
13 for two of the largest fuel cell manufacturers in the world. I hold a BA in Economics
14 from the University of Connecticut and an MBA from the University of Hartford. My
15 CV is set forth in Exhibit __ (EE/EAMP-1).

16 Q. Have you previously testified in other proceedings before the Commission or any other
17 state or federal regulatory agency?

18 A. No, I have not.

19 Q. Mr. Segal, please state your title and business address.

20 A. I am a Principal at the NorthBridge Group. My business address is 30 Monument
21 Square, Concord, Massachusetts 01742.

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1 Q. Please summarize your work experience and educational background.

2 A. I have advised clients in regulated electric and gas markets and de-regulated electric
3 markets on issues of finance, regulation, and economics for over 30 years. My CV is set
4 forth in Exhibit __ (EE/EAMP-1).

5 Q. Have you previously testified in other proceedings before the Commission or any other
6 state or federal regulatory agency?

7 A. Yes. I have testified several times before the Commission, including in Cases 15-E-0283
8 et al., the most recent rate proceeding for New York State Electric & Gas Corporation
9 (“NYSEG”) and Rochester Gas and Electric Corporation (“RG&E” and together with
10 NYSEG, the “Companies”). I have also filed testimony in Virginia, Georgia, and Maine.

11 Q. Ms. Turner, please state your title and business address.

12 A. I am the Supervisor of CLM Programs at the Companies. My business address is 65
13 Country Club Road, Oneonta, New York 13820.

14 Q. Please summarize your work experience and educational background.

15 A. I am responsible for the delivery and implementation of EE and DR programs for
16 NYSEG and RG&E. I have worked in the Energy Efficiency group for ten years and
17 have 25 years of experience working within the Companies’ Customer Service business
18 area. I received a BS in Business and Economics with a concentration in Management
19 from Empire State College. My CV is set forth in Exhibit __ (EE/EAMP-1).

20 Q. Have you previously testified in other proceedings before the Commission or any other
21 state or federal regulatory agency?

22 A. No.

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1 Q. What is the purpose of the Panel’s testimony?

2 A. The purpose of the Panel’s testimony is to provide an overview of the Companies’
3 commitment to New York State’s clean energy and carbon reduction goals through
4 delivery of cost-effective EE and DR programs that enable our customers to manage their
5 energy consumption. EE programs tremendously benefit customers through participant
6 bill savings, avoided electric system costs, and the creation of “green” jobs. EE is the
7 foundation to any clean energy strategy. In our testimony, we will discuss the portfolio
8 for which we seek cost recovery, including the resource plans to scale our programs in
9 support of New Efficiency: New York and the Order Adopting Accelerated Energy
10 Efficiency Targets, issued December 13, 2018 in Case 18-M-0084 (the “December EE
11 Order”). These plans include additional staff and heat pump technologies. Finally, the
12 American Council for an Energy-Efficient Economy finds that “Performance Incentive
13 Mechanisms (“PIMs”) are among the most important factors contributing to higher
14 savings and increasing utility energy savings year to year.”¹ As such, we will provide
15 support for the Earnings Adjustment Mechanisms (“EAM”) we have proposed as a PIM
16 that incentivizes the delivery of high performing programs that benefit our customers.

17 **II. IDENTIFICATION AND SUMMARY OF EXHIBITS**

18 Q. Is this Panel sponsoring any exhibits?

19 A. Yes. This Panel sponsors the following exhibits:

20 1) Exhibit __ (EE/EAMP-1) contains the Panels CVs;

¹ American Council for an Energy-Efficient Economy, Snapshot of Energy Efficiency Performance Incentives for Electric Utilities (Dec. 2018), <https://aceee.org/topic-brief/pims-121118>.

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- 1 2) Exhibit __ (EE/EAMP-2) contains the EE Transition Implementation Plan (“ETIP”) /
2 System Energy Efficiency Plan (“SEEP”);
3 3) Exhibit __ (EE/EAMP-3) provides the Companies’ proposed EAM target levels; and
4 4) Exhibit__ (EE/EAMP-4) provides formulas for calculating some of the EAM
5 measures.

6 **III. ENERGY EFFICIENCY TRANSITION IMPLEMENTATION PLANS**

7 Q. Please explain the current construct of the Companies’ EE programs.

8 A. The Companies have supported and continue to support EE programs, including the
9 transition of EE within the Reforming the Energy Vision (“REV”) Model. Details of the
10 Companies’ EE Programs are included the 2019-2020 ETIP/SEEP filed February 19,
11 2019 in Cases 18-M-0084 and 15-M-0252 (“2019-2020 ETIP/SEEP”).

12 Q. How is the ETIP/SEEP organized?

13 A. ETIP targets and budgets are organized at the Fuel and Operating Company level or
14 portfolio level. The Operating Company portfolios are: NYSEG Gas; NYSEG Electric;
15 RG&E Gas; and RG&E Electric. Within each portfolio, EE services are organized and
16 presented by sectors (i.e., non-residential, residential, and multifamily) with details of
17 programs serving each sector.

18 Q. Please explain the basis for the budgets and targets in the 2019-2020 ETIP/SEEP.

19 A. The Companies’ 2019-2020 ETIP/SEEP includes incremental targets directed in the
20 December EE Order.

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1 Q. Please discuss the PSC’s recent activities concerning EE.

2 A. In its order Authorizing Utility-Administered Energy Efficiency Portfolio Budgets and
3 Targets for 2019-2020, issued March 15, 2018 in Case 15-M-0252 (the “March 2018
4 Order”), the Commission approved 2019-2020 budgets and targets for utilities in
5 response to the Budgets and Metrics Plans filed June 1, 2017. These plans provided a
6 base level of funding and minimum targets for 2019 and 2020, maintaining the same
7 annual levels previously authorized for 2016-2018.

8 On April 26, 2018, the New York State Department of Public Service Staff
9 (“Staff”) and the New York State Energy Research and Development Authority
10 (“NYSERDA”) filed a report entitled New Efficiency: New York (the “White Paper”) in
11 Case 18-M-0084. The White Paper was called for in Governor Cuomo’s 2018 State of
12 the State Address. The White Paper described EE as an essential component of the
13 comprehensive approach needed to achieve the State Energy Plan’s carbon reduction goal
14 to reduce New York’s greenhouse gas (“GHG”) emissions by 40% from 1990 levels by
15 2030 (“40 x 30”).

16 As noted above, on December 13, 2018, the PSC issued the December EE Order
17 which established a Statewide goal of 185 trillion British thermal units (“TBtu”) of
18 customer-level energy reduction by 2025, which represents nearly 1/3 of the total GHG
19 emission reductions needed to achieve the 40 x 30 target. The December EE Order also:
20 1) adopted an incremental target of 31 TBtu of customer level energy reduction by the
21 State’s utilities; 2) adopted an annual reduction of 3% in Statewide electricity sales by

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1 2025; 3) established a Statewide target of at least 5 TBtu in reduction through heat pump
2 deployment; and 4) established Low-and-Moderate Income targets.

3 The December EE Order directed incremental targets for the Companies in
4 2019-2020 over the amounts previously ordered in the March 15, 2018 Order and
5 directed the utilities, in consultation with NYSERDA, to file a proposal for EE targets
6 and budgets for 2021-2025 on or before April 1, 2019. In Ordering Clause 3 of the
7 December EE Order, the PSC directed the utilities to conduct incremental EE activities in
8 2019 and 2020 consistent with the budgets and targets described in the December EE
9 Order. The December EE Order also directed utilities to file updated ETIPs and SEEPs
10 reflecting these incremental activities within 60 days.

11 Q. Please list the Companies' existing EE programs and changes required for 2020 and
12 beyond to meet the incremental targets and initiatives in the December EE Order.

13 A. For 2019 and 2020 program years, the Companies will continue to offer programs which
14 have been successful, while also accelerating the deployment of new programs that
15 promote energy-efficient technologies, equipment, and comprehensive building design.
16 The Companies' EE Portfolios will further drive deep energy savings for the residential,
17 non-residential (i.e., commercial, industrial, and municipal customers), and multi-family
18 sectors, with a special emphasis on reducing the energy burden of low-and-moderate
19 income customers. The Companies will also initiate an effort to provide customers an
20 opportunity to adopt heat pump technologies. Details of the Companies' existing and
21 planned EE programs for 2019-2020 are set forth in Exhibit __ (EE/EAMP-2), which
22 contains the Companies' 2019-2020 ETIP/SEEP.

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IV. COST RECOVERY OF ENERGY EFFICIENCY

1
2 Q. Please explain the current cost recovery mechanism for EE programs.

3 A. Funding to support Company-sponsored EE programs is currently collected as part of the
4 System Benefits Charge (“SBC”) on customer bills. The SBC currently includes the
5 Energy Efficiency Tracker (“EE Tracker”) for Company-administered EE programs and
6 the Clean Energy Fund (“CEF”) for recovery of NYSERDA payments as specified in the
7 Commission’s Order Authorizing the Clean Energy Fund Framework, issued January 21,
8 2016 in Case 14-M-0094.

9 Q. Do the Companies propose continuing the EE Tracker?

10 A. No. The Companies propose to transition cost recovery of EE programs into base rates.
11 In the Order Adopting Regulatory Policy Framework and Implementation Plan, issued
12 February 26, 2015, in Case 14-M-0101 and the Order Adopting a Ratemaking and Utility
13 Revenue Model Policy Framework, issued April 18, 2016, in Case 14-M-0101 (“Track
14 Two Order”), the Commission initiated a process of transitioning utility EE program cost
15 recovery away from surcharges to recovery through base rates, thus recognizing these
16 costs as a component of the utility’s revenue requirement, as determined in rate cases.
17 This transition is also accompanied by new approaches to performance incentives in the
18 form of EAMs, which are established in rate cases. The CEF will continue to be
19 collected through the SBC and will not be moved into base rates.

20 Q. Do the Companies propose to continue reconciling EE costs?

21 A. Yes. The Companies will continue to reconcile the EE costs with actual expenditures as
22 addressed further by the Revenue Requirements Panel.

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V. EARNING ADJUSTMENT MECHANISMS

1
2 Q. Are the Companies proposing EAMs?

3 A. Yes. The Companies propose EAMs to align with the Track Two Order as well as the
4 State’s broader REV initiatives and goals. Additionally, the Companies’ EAM proposal
5 includes EAMs aimed at satisfying Commission directives from the December 13, 2018
6 Order Establishing Energy Storage Goal and Deployment Policy in Case 18-E-0130
7 (“Storage Order”) and the December EE Order.

8 Q. Do the Companies currently have EAMs?

9 A. No. Pursuant to Ordering Paragraph 8 of the Order Approving Electric and Gas Rate
10 Plans in Accord with Joint Proposal, issued June 15, 2016 in Cases 15-E-0283 et al.
11 (“2016 Rate Order”) as well as the Track Two Order, the Companies discussed a timeline
12 for developing EAMs with Staff. On December 1, 2016, the Companies filed a Petition
13 for EAM Implementation in Cases 15-E-0283 et al. (“2016 EAM Proposal”).² Following
14 those filings, the Companies engaged in settlement discussions with parties concerning
15 the 2016 EAM Proposal, including metrics and award levels consistent with the Track
16 Two Order. Discussions continued through July 2017. The Companies’ proposals in
17 these proceedings are informed by those discussions as well as the EAMs proposed by
18 and in place at other utilities.

19 Q. Please describe the Companies’ current EAM proposal.

20 A. The Companies propose positive revenue adjustments (“PRAs”), calculated as return on
21 equity basis points, for each of the EAMs. Our proposed EAMs provide an opportunity

² The Companies subsequently filed a revised petition for EAM Implementation in Cases 15-E-0283 et al. on December 2, 2016.

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1 to earn up to 100 basis points annually for the electric businesses, beginning calendar
2 year 2020. We also propose EAMs that provide an opportunity for the gas businesses to
3 earn up to 60 basis points annually, beginning calendar year 2020.

4 Q. Please summarize the Companies' electric EAM proposal.

5 A. The Companies propose six electric EAMs as follows:

- 6 1) Combined Electric EE and Shared Savings ("E3-S2") EAM;
- 7 2) Electric Energy Intensity ("EEI") EAM;
- 8 3) Electric Peak Reduction ("EPR") EAM;
- 9 4) Load Factor ("LF") EAM;
- 10 5) DER Utilization ("DER") EAM; and
- 11 6) Electric Greenhouse Gas Emissions ("EGHG") Reduction EAM.

12 The Panel proposes that PRAs for the electric businesses be allocated as shown below in
13 Table 1.

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1 Table 1: Summary of the Companies’ Electric EAM Basis Point Proposal

		Annual Beginning 2020
Electric Energy Efficiency + Shared Savings (E3-S2 EAM)	Min	8
	Mid	24
	Max	40
Electric Energy Intensity (EEI EAM)	Min	2
	Mid	6
	Max	10
Electric Peak Reduction (EPR EAM)	Min	3
	Mid	9
	Max	15
Load Factor EAM (LF EAM)	Min	1
	Mid	3
	Max	5
DER Utilization (DER EAM)	Min	3
	Mid	9
	Max	15
Electric GHG Emissions Reduction (EGHG EAM)	Min	3
	Mid	9
	Max	15
Totals	Min	20
	Mid	60
	Max	100

- 2
- 3 Q. Please summarize the Companies’ gas EAM proposal.
- 4 A. The Companies propose a Combined Gas EE and Shared Savings (“GE2-S2”) EAM.
- 5 The Panel proposes that PRAs for the gas businesses be allocated as shown below in
- 6 Table 2.

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Table 2: Summary of the Companies' Gas EAM Basis Point Proposal

		Annual Beginning 2020
Natural Gas Energy Efficiency + Shared Savings (GE2-S2 EAM)	Min	12
	Mid	36
	Max	60
Totals	Min	12
	Mid	36
	Max	60

Q. How does the Companies' 2016 EAM Proposal and potential performance on those previously proposed EAMs inform the Companies' current EAM proposal?

A. Overall, the Companies support continuing the EAM construct, as they believe it has the potential to be successful as an appropriate mechanism to spur utility action and drive achievement of outcomes in alignment with State policy and REV goals. The Companies' previously proposed metrics in the 2016 EAM Proposal have informed the proposal in this filing as follows:

- i. The Companies' EE performance in 2018 shows their commitment to finding economic usage reduction opportunities, and we believe that an EAM will provide further incentives to align the Companies' actions with State policy.
- ii. While the Companies do not have a direct influence on the results of the EEI EAM, they nevertheless believe that achieving energy intensity goals aligns well with State policy and REV goals and are, therefore, proposing it in this testimony, although with a relatively small incentive relative to its potential benefits.

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1 iii. The DER Utilization EAM ties key State environmental and customer
2 engagement outcomes with a reasonable level of Company influence toward
3 EAM achievement.

4 Q. Please describe how the Companies developed the EAM proposal.

5 A. The Companies' proposed EAMs reflect both our experience developing the EAMs
6 during 2017 and the EAMs established for Orange & Rockland Utilities, Inc. and Central
7 Hudson Gas & Electric Corporation in their respective rate plans. The proposal also
8 incorporates directives required by the Commission in its Storage Order and December
9 EE Order. As stated in the Track Two Order, driving utility behavior with measurable
10 outcomes by appropriately accounting for the Companies' ability to both facilitate
11 positive outcomes and directly influence these outcomes through the Companies'
12 portfolio of programs signals to both the utilities and their third-party vendors that the
13 State is committed to affecting real and demonstrable change.

14 Q. Please explain the E3-S2 EAM.

15 A. The E3-S2 EAM measures the energy savings achieved through increased efficiency of
16 electricity use by our customers and the shared savings achieved by the Companies
17 relative to approved EE budgets. The Companies propose that the E3-S2 EAM be based
18 on the total incremental, annual MWh reductions achieved through the Companies'
19 electric EE programs plus the shared savings relative to approved EE budgets.

20 Q. Why are the Companies proposing to combine the EE and Shared Savings EAM?

21 A. In line with REV goals and State policy, the Companies should pursue cost-effective EE
22 installations regardless of their targets and should not be dissuaded from pursuing

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1 incremental EE opportunities that might negatively affect their Shared Savings metric.

2 For example, under a split metric, if a company achieved its maximum EE target in a

3 given year and achieves an acceptable, but not maximum level of Shared Savings, it

4 would have no incentive to continue to pursue EE opportunities if those opportunities

5 would negatively affect its Shared Savings metric. Under a split metric, the Companies

6 could find themselves in a situation in which additional cost-effective EE installations (on

7 a benefit-cost basis) would actively harm their basis point attainment. Such a situation is

8 obviously counter to the objectives and goals of REV. Therefore, the Companies propose

9 a combined metric to maximize incentives to install cost-effective EE, drive achievement

10 of REV goals, and maximize savings for customers.

11 Q. How do the Companies propose to combine the EE and Shared Savings metrics?

12 A. Target amounts and basis point attainment levels will be set as though the metrics are

13 separate, i.e., a target amount and basis point allotment for both EE and Shared Savings is

14 proposed in Exhibit ____ (EE/EAMP-3). The total number of potential basis points will

15 be fixed across the cumulative combined metric. If the Companies exceed their

16 maximum basis point targets in either of the individual sub-metrics, they may continue to

17 receive additional PRAs in that sub-metric, prorated, to be awarded towards the

18 cumulative maximum allotment. In no situation will the Companies receive a PRA

19 beyond the maximum amount possible for the cumulative metric. To qualify for extra

20 PRAs related to achievement beyond the maximum in one sub-metric, the other sub-

21 metric must be valued no lower than the minimum level for a basis point award.

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1 Q. Would the Panel give a simplified, hypothetical example to help explain this cumulative
2 proposal?

3 A. Yes. Suppose a company's EE maximum target in a given year is 30 MWhs and the
4 minimum target is 0 MWhs, with corresponding basis point allotments of 30 basis points
5 and 0 basis points, respectively. Additionally, the company's Shared Savings maximum
6 target is \$10/MWh and the minimum target is \$20/MWh, with corresponding basis point
7 allotments of 10 basis points and 0 basis points, respectively. The total cumulative basis
8 point allotment in this example would be 40 basis points for the E3-S2 EAM.

9 If, in a given year, the company installed 35 MWhs at a cost of \$15/MWh, it
10 would receive the maximum 40 basis point allotment, 35 basis points from energy
11 efficiency and 5 basis points from shared savings. If, in a given year, the company
12 installed 25 MWhs at a cost of \$5/MWh, it would receive the maximum 40 basis point
13 allotment, 25 basis points from energy efficiency and 15 basis points from shared
14 savings. In no scenario would the company receive more than the cumulative 40 basis
15 points for the E3-S2 EAM.

16 Q. Does the combination of the Electric EE metric and the Shared Savings metric align with
17 State policy and REV goals?

18 A. Yes. The Companies should be pursuing cost-effective EE measures to maximize
19 benefits to customers and drive achievement of REV goals. The Companies should
20 pursue EE in a manner that both decreases costs per installation and increases
21 installations per year. Artificially capping either of these metrics in a way that would
22 potentially limit benefits to customers is contrary to REV goals and State policy. The

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1 Commission has recognized that EAMs are a way to align utility performance with State
2 goals and create customer benefits. Therefore, the Companies propose to combine these
3 two metrics into a single EAM.

4 Q. Please explain the EEI EAM.

5 A. The EEI EAM measures residential and commercial customers' energy usage reductions
6 and reports progress on a usage per customer (residential and commercial) basis. The
7 EAM will be evenly split into two sub-metrics: residential and commercial.

8 The residential metric will be measured as the annual residential MWh sales
9 divided by the 12-month average number of residential customers. The annual residential
10 MWh sales number will be weather-normalized, reduced by the aggregate MWhs
11 produced by community distributed generation ("CDG") resources and allocated to
12 residential customers, and adjusted to exclude the impacts of beneficial electrification.

13 The commercial metric will be measured as the annual small commercial MWh
14 sales divided by the number of small commercial customers. The annual commercial
15 MWh sales number will be weather-normalized, reduced by the aggregate MWhs
16 produced by CDG resources and allocated to commercial customers, and adjusted to
17 exclude the impacts of beneficial electrification.

18 Q. Please explain the EPR EAM.

19 A. The EPR EAM measures customers' reduction of system peak period electricity usage
20 through both adoption of EE, the Companies' various DR programs, and DER, such as
21 energy storage and community solar. This is an outcome-based metric that will measure
22 the Companies' actual peak coincident with the New York Independent System Operator

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1 (“NYISO”) system peak, as adjusted for weather, and the performance of certain DR
2 contracts.

3 Q. Please explain the LF EAM.

4 A. The LF EAM compares the observed load factor of a circuit or group of circuits
5 compared with the baseline value determined for the calendar year 2018. For NYSEG,
6 the Company will conduct this measure across 11 of the 15 circuits that comprise the
7 Energy Smart Community (“ESC”) project in and around Ithaca, New York.
8 Collectively, these 11 circuits had a peak coincident with the NYISO peak of 41.9 MW in
9 2018, and a load factor against that peak of 60.7%. This load factor will serve as the
10 baseline value for the load factor metric. The Companies expect that the adoption of
11 electric vehicles (“EVs”), installation of batteries, and better customer awareness in this
12 project area should allow for improvement in this load factor measure. RG&E proposes
13 to measure the load factor on Circuit 5175 that includes the Scottsville Road RG&E
14 operations center where the Company has installed fast EV charging stations and a
15 battery system. In 2018, this circuit had a peak coincident with the NYISO peak of 3.3
16 MW, and a load factor of 53.4%.

17 Q. Please explain the DER Utilization EAM.

18 A. The DER Utilization EAM measures the amount of incremental, annual MWhs the
19 Companies’ customers generate locally through solar photovoltaics (“PV”) and the
20 expected output from energy storage systems.

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1 Q. Please explain the EGHG Reduction EAM.

2 A. The EGHG Reduction EAM measures the amount of incremental lifetime GHG
3 emissions reductions resulting from increasing adoption of beneficial electrification
4 technologies (i.e., light duty EVs, and heat pumps).

5 Q. What gas EAMs are the Companies proposing?

6 A. The Companies are proposing a Combined Gas EE and Shared Savings (GE2-S2) EAM.

7 Q. Please explain the GE2-S2 EAM.

8 A. The GE2-S2 EAM measures the incremental annual energy savings achieved through
9 increased efficiency or avoidance of natural gas use by our customers. The Companies
10 propose to base the GE2-S2 EAM on the total MMBtu reduction achieved by the
11 Companies and their customers through the Companies' EE portfolio as well as the
12 reduction in program costs relative to approved budgets achieved by the Companies.
13 As proposed, the GE2-S2 EAM will function much like the E3-S2 EAM. The GE2-S2
14 EAM is designed to maximize customer benefits by removing artificial disincentives and
15 promoting REV goals. By combining both the Gas EE and Shared Savings metrics, the
16 Companies will be encouraged to optimally pursue cost-effective EE in their service
17 territories.

18 Q. Please summarize the Companies' proposal for EAM targets.

19 A. The Companies propose six EAM target levels for the electric businesses beginning
20 2020. The Companies also propose one EAM target level for the gas businesses
21 beginning 2020. The target levels are summarized below in Table 3. Proposed numerical
22 target amounts can be found in Exhibit __ (EE/EAMP-3).

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Table 3: The Companies’ Proposed EAM Target Levels

Summary of Targets		Annual Beginning 2020
Electric Energy Efficiency	Min	0.75 * Mid
	Mid	EE Order
	Max	1.25 * Mid
Electric Shared Savings	Min	1.25 * Mid
	Mid	EE Order
	Max	0.75 * Mid
Residential Energy Intensity	Min	0.25 St. Dev.
	Mid	1 St. Dev.
	Max	1.75 St. Dev.
Commercial Energy Intensity	Min	0.25 St. Dev.
	Mid	1 St. Dev.
	Max	1.75 St. Dev.
Electric Peak Reduction (EPR EAM)	Min	0.25 St. Dev.
	Mid	1 St. Dev.
	Max	1.75 St. Dev.
Load Factor (LF EAM)	Min	1% Increase
	Mid	3% Increase
	Max	5% Increase
DER Utilization (DER EAM)	Min	0.67 * Mid
	Mid	Target
	Max	1.33 * Mid
Electric GHG Emissions Reduction (EGHG EAM)	Min	0.67 * Target EV + Low HP
	Mid	Target EV + Mid HP
	Max	1.33 * Target EV + High HP
Natural Gas Energy Efficiency	Min	0.75 * Mid
	Mid	EE Order
	Max	1.25 * Mid
Natural Gas Shared Savings	Min	1.25 * Mid
	Mid	EE Order
	Max	0.75 * Mid

Q. What EAM targets are the Companies proposing in this testimony?

A. The Companies propose targets for their electric and gas EAMs as follows:

- As detailed in the December EE Order, the Companies propose a minimum level at 75% of the mid-point target and a maximum level at 125% of the mid-point target for the E3-S2 and the GE2-S2 EAMs.
- For the EEI and EPR EAMs, the Companies propose a mid-point target equal to one standard deviation below the Companies’ forecasts of usage per customer reflected in the sales forecasts of the Deliveries and Revenues Panel. The

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1 Companies propose a minimum level at 0.25 standard deviations below the
2 forecasts and a maximum level at 1.75 standard deviations below the forecasts.

- 3 • For the LF EAM, the Companies propose to set targets at 3% above the 2018
4 baseline, minimums at 1% above the baseline and maximums at 5% above the
5 baseline.

- 6 • For the DER EAM, the Companies propose target levels in Exhibit __
7 (EE/EAMP-3) and formulas regarding their development in Exhibit __
8 (EE/EAMP-4). The Companies propose a minimum level at 67% of the mid-
9 point target and a maximum level at 133% of the mid-point target for these
10 EAMs.

- 11 • For the EGHG EAM, the Companies propose target levels in Exhibit __
12 (EE/EAMP-3) and formulas regarding their development in Exhibit __
13 (EE/EAMP-4). For the EV adoption portion of the EGHG EAM, the Companies
14 propose a minimum level at 67% of the mid-point target and a maximum level at
15 133% of the mid-point target. For the heat pump portion of the EGHG EAM, the
16 Companies propose a minimum level equivalent to the Company projections
17 based on the Northeast Energy Efficiency Partnerships (“NEEP”) Air Source Heat
18 Pump Market Transformation Strategies Report; the Companies propose a
19 maximum level equivalent to the Companies’ projections based on the April 16,
20 2019 Memo from ERS on Efficiency Experience in Maine. The heat pump mid-
21 target level is the average of the high and low. The total EGHG EAM targets will
22 be the sum of the EV and heat pump portions.

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1 Q. Please describe how the Companies will measure the E3-S2 EAM.

2 A. The Companies will measure the E3-S2 EAM by calculating EE savings from the
3 Companies' EE programs and Shared Savings relative to approved EE targets and
4 budgets for the EE and Shared Savings metrics, respectively.

5 Q. Please describe how the Companies will measure the EEI EAM.

6 A. The Companies will measure the EEI EAM separately for both the residential energy
7 intensity and commercial energy intensity sub-metrics. The residential metric will be
8 measured as the annual residential MWh sales divided by the 12-month average number
9 of residential customers. For NYSEG, the metric will include service classes 1, 8, and
10 12. For RG&E, the metric will include service classes 1, 4-I, and 4-II. The annual
11 residential MWh sales number will be weather-normalized, reduced by the aggregate
12 MWhs produced by CDG resources and allocated to residential customers, and adjusted
13 to exclude the impacts of beneficial electrification. The commercial metric will be
14 measured as the annual commercial MWh sales divided by the number of customers. For
15 NYSEG, the metric will include service classes 2, 6, and 9. For RG&E, the metric will
16 include service classes 2, 3, 7, and 9. The annual commercial MWh sales number will be
17 weather-normalized, reduced by the aggregate MWhs produced by CDG resources and
18 allocated to commercial customers, and adjusted to exclude the impacts of beneficial
19 electrification.

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1 Q. Please describe how the Companies will measure the EPR EAM.

2 A. The Companies will measure the EPR EAM as the weather normalized load at the hour
3 of the NYISO system peak inclusive of all triggered DR actions and further adjusted
4 downward for 80% of the value of any DR contracted for but not called on.

5 Q. Please describe how the Companies will measure the proposed LF EAM.

6 A. The NYSEG LF EAM will be calculated by summing the average hourly load on 11 of
7 the 15 circuits in the ESC project, divided by the sum of the load used in the hour of the
8 NYISO peak demand, and comparing this load factor with the targets. The RG&E LF
9 EAM will be similar but will only involve the single circuit described earlier.

10 Q. Please describe how the Companies will measure the proposed DER EAM.

11 A. The Companies will track installations and calculate annualized expected MWh output
12 from incremental energy storage systems and solar PV. The Companies will measure
13 DERs in terms of the appropriate technology's rated capacity and expected capacity
14 factors for their jurisdictions. To standardize across technologies, all measurements will
15 be calculated and presented in annualized MWh using the formulas described in Exhibit
16 __ (EE/EAMP-4).

17 For each DER type, the Companies will determine expected MWh produced or
18 discharged from incremental resources. MWh are treated as positive values with the sum
19 of produced or discharged energy determining achievement against a target. One MWh
20 produced will be treated as equivalent to one MWh discharged for calculation of the DER
21 EAM.

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1 Q. What target levels are the Companies proposing for the various DER technologies for the
2 DER Utilization EAM?

3 A. A strawman proposal for DER target levels is presented in Exhibit __ (EE/EAMP-3).
4 Targets for energy storage were calculated from the Companies' own program data.
5 Targets for solar were calculated based on the MW of customer projects in the
6 Standardized Interconnection Requirements ("SIR") inventory adjusted for historical
7 cancellation rates, delay rates, and other historical trends by technology. The Companies
8 will have forecasted expected DER adoption levels that would be reasonably expected to
9 be reached absent the Companies efforts. The calculation methodology is presented in
10 Exhibit __ (EE/EAMP-4).

11 Q. Please describe how the Companies will measure the EGHG EAM.

12 A. The Companies will measure contributions to the EGHG EAM by tracking installations
13 of select emissions-reducing technologies (heat pumps and light-duty EVs) and
14 calculating lifetime avoided metric tons of carbon dioxide equivalent ("CO₂e"), which
15 includes effective contributions from other GHG pollutants (when possible). Targets for
16 light-duty EVs and heat pumps were calculated based on the Companies' projections. To
17 standardize measurement across technologies, all measurements are in lifetime avoided
18 tons CO₂e using the formulas described in Exhibit __ (EE/EAMP-4).

19 Beneficial electrification technologies are assumed to displace the difference
20 between the relevant fossil-fuel emission rate and the NYISO weighted average CO₂e
21 emission rate, appropriately adjusted for relevant efficiencies (e.g., a light-duty EV will
22 be assumed to replace a traditional octane-fueled internal combustion engine ("ICE"))

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1 vehicle). For the purposes of the EGHG EAM, the NYISO weighted average CO_{2e}
2 emission rate is sourced from the Environmental Protection Agency (“EPA”) Emissions
3 & Generation Resource Integrated Database (“eGRID”) for the Northeast Power
4 Coordinating Council (“NPCC”).³ Relevant fossil-fuel emission rates and efficiencies
5 are based on industry sources. See Exhibit__ (EE/EAMP-4).

6 Q. How have the Companies calculated the target for this EAM?

7 A. The Companies have calculated the target for this EAM indirectly from the targets for
8 incremental technology adoption of beneficial electrification. These forecasted levels are
9 then converted to lifetime avoided tons of CO_{2e}, as summarized in Exhibit__
10 (EE/EAMP-4).

11 Q. How are incremental resources defined for the Companies’ DER and EGHG EAMs?

12 A. For each technology under the DER EAM and EGHG EAM incremental resources, for
13 the purposes of determining achievement under these EAMs, are defined as all DERs
14 belonging to the respective technology that come online or into operation in the NYSEG
15 and/or RG&E territories during a given calendar year.

16 Q. Please describe how the Companies will measure the GE2-S2 EAM.

17 A. The Companies will measure contributions to the GE2-S2 EAM by calculating energy
18 savings achieved through increased efficiency or avoidance of natural gas use by our
19 customers as well as shared savings relative to the program budget approved in Appendix

³ EPA, eGRID Summary Tables 2016 (Feb. 15, 2018), https://www.epa.gov/sites/production/files/2018-02/documents/egrid2016_summarytables.pdf.

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1 F of the December EE Order. Customers throughout the Companies' gas service
2 territories are eligible to participate in the Companies' portfolio of gas EE programs.

3 Q. How do the Companies propose to report and collect EAM achievements?

4 A. The Companies propose to report EAM achievements and determine awards due in the
5 Companies' annual report filed in March following each calendar year. The Companies
6 propose that incentives earned will be collected through the electric and gas Rate
7 Adjustment Mechanisms.

8 Q. Have the Companies performed benefit cost analyses ("BCAs") related to these metrics?

9 A. No. The Companies were unable to complete the BCA analysis by the time of this filing.
10 The Companies will supplement this testimony with BCA results when they are
11 completed. The Companies expect that the benefits of the total portfolio of measures
12 proposed will exceed the costs by substantially more than the maximum dollar value of
13 awards that could be granted to the Companies.

14 **VI. OVERVIEW OF CONSERVATION AND LOAD**
15 **MANAGEMENT GROUP**

16 Q. Please explain the organization and responsibilities of the Companies' CLM Group.

17 A. The CLM Group is responsible for delivery of EE and DR programs to customers. The
18 CLM Group currently consists of ten full-time positions, eight of which are dedicated to
19 EE. These eight positions include a Supervisor, two Program Managers, two Program
20 Analysts, two Analysts supporting budgets and reporting, and one Manager of
21 Evaluation, Measurement and Verification. The remaining two positions are dedicated to
22 DR and include a Manager and supporting Analyst responsible for management and
23 administration of DR programs.

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1 Q. How were the current staffing levels developed?

2 A. The Companies existing CLM staffing levels for EE are based on delivering programs
3 with targets and budgets specified in Case 07-M-0548, the Energy Efficiency Portfolio
4 Standard (“EEPS”) proceeding, and Case 15-M-0252, the Utility Energy Efficiency
5 Programs proceeding. Targets and budgets in both of these cases essentially remained
6 flat with the Companies’ EE programs primarily focused on lighting and gas heating
7 measures.

8 Q. What is the impact to EE savings targets and budgets from the December EE Order?

9 A. The December EE Order directed NYSEG and RG&E to implement immediate and
10 accelerated energy savings targets for each of their electric and gas portfolios starting in
11 2019. Specifically, 2019 electric targets for both NYSEG and RG&E increase 1.4 times
12 over 2018 levels and 2020 targets increase 1.5 times over the 2018 levels. The trajectory
13 continues to increase each year through 2025 when NYSEG electric targets grow to 4.3
14 times over 2018 levels and RG&E electric targets grow to 3.5 higher over 2018 levels.
15 Gas targets also increase each year from 2019-2025 but at a less rapid rate with the 2020
16 targets being 1.4 times higher at NYSEG and 1.08 times higher at RG&E over 2018
17 levels. By 2025, the gas targets will be 2.5 times higher at NYSEG and 1.5 times higher
18 at RG&E over 2018 levels. Trend-lines for authorized spending to deliver electric EE
19 savings are at a much lower rate and on average 20% lower for both Companies in 2025
20 over 2018 levels resulting in accelerated decreased cost per unit of electric energy saved.
21 The authorized cost per unit of gas energy saved slightly increases at an average of less
22 than 3% for both Companies by 2025.

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VII. STAFFING REQUIREMENTS

1
2 Q. Is the current staffing level sufficient to support the targets and initiatives set forth in the
3 December EE Order?

4 A. No. The Companies require additional staffing critical to the delivery of new and
5 innovative programs necessary to meet Statewide initiatives and the sizeable, aggressive
6 targets directed in the December EE Order. The Companies recognize that the initiatives
7 and targets set forth in the December EE Order require an organization capable of rapidly
8 adapting to advances in new technologies and regulatory policies that include developing
9 and implementing Statewide frameworks for Low-to-Moderate Income customers and
10 heat pumps. Additionally, this group must continue to increase its coordination efforts
11 with other REV-related activities, such as Non-Wires Alternatives and Non-Pipe
12 Alternatives. The right-sized organization is essential to successfully transition to a
13 customer-oriented clean energy environment as envisioned in the December EE Order.

14 Q. Do the Companies propose increased staffing levels?

15 A. Yes. As explained above, the Companies need increased staffing levels to support
16 initiatives and to develop programs to achieve targets in the December EE Order. The
17 Companies currently have eight full-time positions dedicated to EE.

18 Q. How much increased full-time staffing is needed?

19 A. In addition to current staffing levels, the Companies will need an additional 13 full-time
20 equivalents (“FTEs”). In Rate Year (“RY”) 1, the Companies require an additional
21 supervisor, two program managers and one lead analyst at RG&E as well as three
22 program managers and two lead analysts at NYSEG. An additional program manager

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1 and lead analyst would be added in RY2, and again in RY3. The additional staff would
2 be added to the existing CLM Group within Avangrid's Customer Service Group.

3 Q. Why are the staffing requirements front-loaded?

4 A. The Companies will recruit the majority of these new hires as they will be needed to
5 deliver the December EE Order targets in RY1. As noted above, the Companies will
6 require eight of the thirteen new employees as soon as possible. As new programs are
7 added to the portfolio consistent with the December EE Order, these new employees will
8 be needed to design programs, competitively solicit providers, and launch marketing
9 campaigns to deploy these new programs that will ultimately deliver on the expanded
10 targets. As a result of the lead time needed to design and launch these programs, it is
11 critical that the Companies start building the organization that will deliver on the goals of
12 the December EE Order.

13 Q. Is the level of staff requested consistent with the targets set forth in the December EE
14 Order?

15 A. Yes. The additional employees will be used solely to deliver on the budgets and targets
16 allocated to the Companies in the December EE Order. The Companies have leveraged
17 their experience delivering EE Programs at this scale in Connecticut and Massachusetts
18 to determine the necessary level of staff and third-party contractors needed to achieve the
19 targets in the December EE Order. As programs are scaled in NYSEG's and RG&E's
20 service territories, the Companies expect to deliver more savings per FTE than 2019
21 levels by leveraging delivery contractor resources, aligning platforms across Avangrid
22 companies and establishing midstream and upstream delivery channels. Although the

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1 electric targets are ordered to increase 3.5-4.3 times higher than 2018 levels by 2025 and
2 the gas targets are ordered to increase 1.5-2.5 times higher than 2018 levels by 2025, the
3 Companies only plan to increase staffing levels 2.5 times higher than 2018 levels.

4 Q. Will the Companies use any temporary or contractor resources?

5 A. The Companies anticipate that Energy Efficiency will continue to provide a significant
6 share of the GHG reductions critical to New York State’s clean energy future. EE
7 benefits customers directly through participant bill savings, and indirectly through GHG
8 reductions, avoided utility system costs and job creation. While the Companies plan to
9 outsource EE provider services, it is critical to the integrity of the portfolio of programs
10 that the Companies have dedicated staff to manage vendor relationships and ensure
11 quality services are delivered to customers.

12 Q. Have the Companies considered efficiencies that would save internal time while not
13 compromising program delivery or data accuracy?

14 A. Yes. Currently, the Companies track all EE budget and targets through the use of
15 Microsoft Excel. While the Companies have been able to comply with all reporting
16 guidelines using this tool, it is time intensive and requires a high-level of manual input.
17 A centralized tracking system would enable the Companies to more efficiently track and
18 monitor the performance of the EE portfolio, down to a program and measure level. In
19 addition to saving internal time, a single platform will also position the Companies to
20 interface more efficiently with vendors. Using automated data transfers, vendors can
21 interact with the Companies to provide necessary data for all performance reporting and

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1 invoicing. Finally, the platform will provide improved data quality control through
2 validation and enhanced reporting.

3 Q. Have the Companies identified a platform?

4 A. The Companies have not identified a particular platform or system at this time but would
5 do so through a competitive procurement.

6 Q. How would the Companies fund a centralized CLM tracking system?

7 A. Funding for a centralized tracking system would be addressed in future ETIP/SEEP
8 filings as part of the EE portfolio budget.

9 Q. How will the Companies increase collaboration with other REV or REV-like activities?

10 A. The Companies will continue to look for opportunities to integrate EE with other REV-
11 initiatives, such as Non-Wire/Non-Pipes Alternatives and DSIP implementation.

12 Additionally, the Companies recognize that to support REV policies, they must actively
13 deploy innovative EE programs and incentivize new measures to increase energy savings.

14 The ESC in Ithaca, New York is the centerpiece of the Companies' commitment to
15 innovation in EE programs. This community, where more than 12,000 smart electric
16 meters were installed and more than 7,000 natural gas meters were upgraded, has been
17 and will continue to be a testing ground for new technologies, program designs, and
18 products and services. The Companies' EE and DR personnel will continue to identify
19 additional new program opportunities within the ESC as internal staffing levels increase
20 to support such activity.

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1 Q. How is EE staffing payroll reflected in Revenue Requirements?

2 A. All payroll costs for the Companies' EE employees are included in the labor category of
3 the revenue requirements presented by the Revenue Requirements Panel.

4 **VIII. HEAT PUMP ADOPTION**

5 Q. How will the Companies promote customer adoption of clean technologies and
6 electrification through heat pumps?

7 A. The Companies are planning to implement EE incentives for heat pump technologies
8 starting in 2019. The Companies will utilize existing annual incentive budgets in
9 addition to a portion of electric unspent funds from previous years to accelerate
10 residential heat pump adoption starting in 2019 to prepare and align the Companies to
11 achieve their share of the Statewide 5 TBTu heat pump goal for 2020-2025. The amount
12 of electric unspent funds from 2016-2018 to help fund heat pump adoption is estimated to
13 be approximately \$1.5 million for NYSEG and \$0.5 million for RG&E. These funds will
14 be used starting in 2019 and continuing through 2020 and beyond or until funds are
15 depleted.

16 In the Economic Development Panel testimony, the Companies also propose a
17 new pilot program for the non-residential sector called the Non-Residential Geothermal
18 and Air Source Heat Pump Program. This pilot program would complement EE
19 incentives for non-residential heat pump technology adoption by providing a one-time
20 grant to existing or new customers and is further described in the Economic Development
21 Panel testimony. The assistance provided through this new Economic Development
22 program would be an additional incentive over and above any incentive ultimately

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1 determined through NYSEG's and RG&E's new programs for the non-residential sector
2 determined in accordance with the December EE Order.

3 With respect to heat pumps, the December EE Order estimated a Statewide
4 funding amount of \$250 million for heat pump programs would be needed to support the
5 implementation of heat pump technology to achieve 5 TBtus of savings through 2025.
6 Per the December EE Order, this estimated dollar amount and targeted savings are
7 incremental to other EE savings targets and spending amounts identified in the December
8 EE Order. The December EE Order directed the New York utilities to propose, in a filing
9 by April 1, 2019, each utility's specific target to meet the Statewide 5 TBtu target.
10 Because NYSEG and RG&E were still assessing the heat pump potential in their service
11 territories, the Companies were not able to commit to specific target and budget estimates
12 for the report submitted to the Commission on April 1, 2019 ("NY Utilities Report
13 Regarding Energy Efficiency Budgets and Targets, Collaboration, Heat Pump
14 Technology, and Low-and-Moderate Income Customers and Requests for Approval") in
15 Case 18-M-0084. The Companies, along with the other electric utilities in New York,
16 have developed a supplemental filing which identifies proposed heat pump targets and
17 budgets based on Company-specific analyses for heat pump potential. The supplemental
18 filing was submitted on May 10, 2019.

19 To develop potential Company-specific targets and budgets for the May
20 supplemental filing, the Companies reviewed both the conversion rate of heat pump
21 deployments experienced by utilities in comparable service territories and the adoption
22 rates of a heat pump program administered by NYSERDA. In the May supplemental

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1 filing, the Companies proposed energy savings target and budget levels based primarily
2 on experience from a heat pump program administered by Efficiency Maine. As noted in
3 the May supplemental filing, the estimated budget for heat pump incentives from 2020-
4 2025 would be about \$40 million for NYSEG and \$5.5 million for RG&E customers.
5 The total estimated budget amounts for heat pumps in RY1, RY2, and RY3 would be
6 about \$16 million for NYSEG and \$3 million for RG&E customers, assuming the
7 amounts in the May supplemental filing are approved by the Commission. The
8 Companies had developed earlier estimates for heat pumps of about \$2 million per year
9 for RY1 through RY3 for NYSEG and about \$650,000 per RY for RG&E. These lower
10 amounts are included in the revenue requirements presented in the requested delivery
11 rates in the filed cases. Depending on when the Commission approves the proposed
12 targets and budgets included in the May supplemental filing, the Companies would either
13 include the differences from the levels currently included in these rate filings and the
14 ultimately approved heat pump budgets as part of an update filing in these rate cases, or
15 in the alternative, would defer any costs incurred above the amounts included in the filing
16 and include those deferrals as an item eligible for collection in the Rate Adjustment
17 Mechanism. The proposed annual targets and budgets, and number of heat pump
18 installations identified by NYSEG and RG&E in the May supplemental filing is shown in
19 Table 4 below.

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Table 4: NYSEG and RG&E Proposed Heat Pump Budgets, Targets & Installations –
Based on Efficiency Maine Experience

Budget (\$000)	2020	2021	2022	2023	2024	2025	Total
NYSEG	\$ 1,922	\$ 3,930	\$ 7,915	\$ 10,378	\$ 8,839	\$ 7,034	\$ 40,018
RG&E	\$ 419	\$ 870	\$ 1,315	\$ 1,163	\$ 974	\$ 754	\$ 5,496
Target (Gbtu)							
NYSEG	15	31	65	101	106	109	427
RG&E	3	7	11	11	12	12	56
Number of installations							
NYSEG	582	1190	2482	3859	4037	4158	16,308
RG&E	116	241	375	393	404	404	1,933

As noted in the May supplemental filing, the Companies believe that these are optimistic targets, and actual results will be based on a number of factors including development and deployment of a Statewide framework currently underway. The potential impact to our electric customers makes it important to regularly re-assess whether the budgets and targets for the additional heat pump programs are reasonable and appropriate.

EE incentives for heat pump systems will be administered through existing or new residential and non-residential rebate programs. As noted previously, unspent ETIP funds will be used to incentivize heat pump technologies starting in 2019. The Companies anticipate that the Commission will issue an order during 2019 which would authorize the incremental funding levels for heat pump technologies for 2020-2025.

IX. DYNAMIC LOAD MANAGEMENT PROGRAMS

Q. Do NYSEG and RG&E currently offer customers the ability to participate in any of the NYISO DR programs?

A. Yes. NYSEG and RG&E have two tariff programs which allow customers to participate in the NYISO Emergency Demand Response Program (“EDRP”) and the Day-Ahead Demand Response Program (“DADRP”).

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1 Q. Do the Companies propose any changes to these programs?

2 A. Yes. NYSEG and RG&E are proposing to eliminate offering these two programs to
3 customers, effective with the 2020 winter capability period.

4 Q. Why do NYSEG and RG&E propose to stop participating in these programs?

5 A. NYSEG and RG&E are proposing to eliminate these programs due to DR market
6 maturity and declining program participation. In response to the Commission's Order
7 Approving Emergency Demand Response Programs and Modifying Voluntary Load
8 Response Programs, issued April 18, 2001 in Case 00-E-2054, NYSEG and RG&E began
9 participating when the NYISO DR programs were in their infancy to facilitate growth.
10 The NYISO DR market has since matured. Third-party DR Service Providers
11 participating in the NYISO programs are better suited to explain available DR options
12 and work with customers to identify the best program to match customer needs and
13 combine other offerings. The trend for customers to participate in DR programs through
14 Service Providers can also be seen in the Companies' Commercial System Relief
15 Program ("CSR"). There were 6 meters participating as a direct customer compared to
16 166 meters participating through Service Providers for CSR in 2018. EDRP provides
17 the NYISO with the ability to request voluntary load curtailment. As other NYISO and
18 utility distribution level DR programs, and Distributed Energy Resources ("DERs") have
19 emerged, the NYISO has not requested curtailment under the EDRP program since
20 August of 2016. Enrollment in EDRP through the Companies continues to decline. Peak
21 Company EDRP enrollment was around 206 NYSEG customers with 112.4 MW in 2004,
22 and 10 RG&E customers with 5.41 MW in 2006. For the summer 2019 capability period,

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1 NYSEG has 23 customers participating in EDRP for 3.3 MW of load and RG&E has one
2 customer for 0.3 MW. No customers have ever participated in DADRP through the
3 Companies.

4 Q. What impact will this have on the NYISO DR programs?

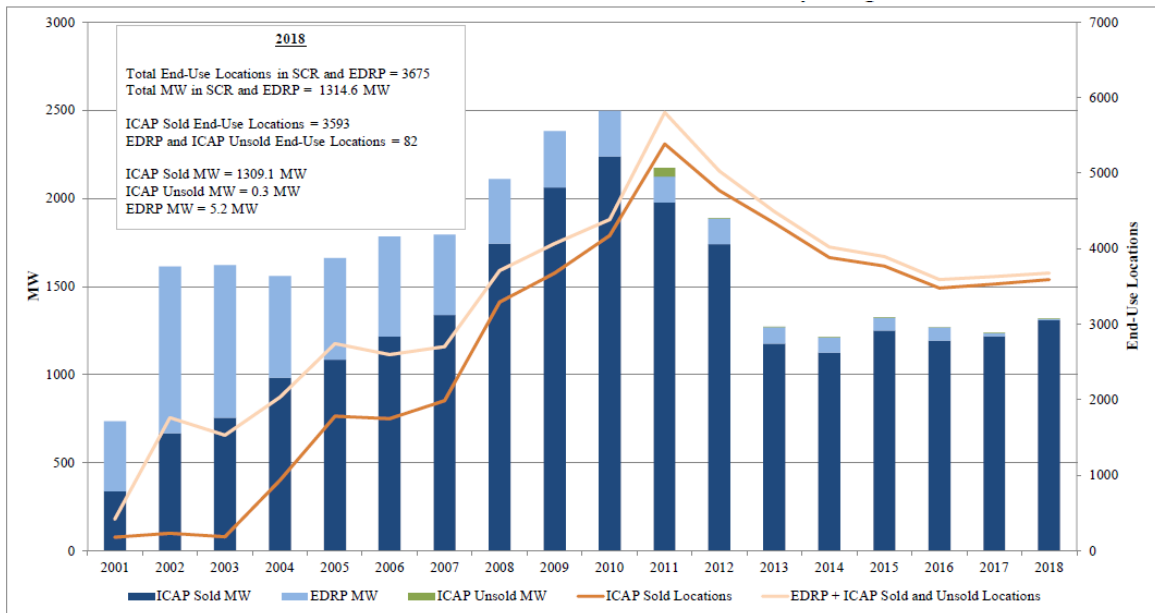
5 A. According to the NYISO's 2018 Annual Report on Demand Response Programs, there
6 were a total of 3,675 end use locations participating in the EDRP and Installed
7 Capacity/Special Case Resource ("SCR") programs. Seventy-five (75) end use locations
8 participated in the EDRP, of which 33 were enrolled through NYSEG and one through
9 RG&E for the summer 2018 capability period. In total, 5.2 MW of demand reduction
10 was enrolled, of which 4.4 MW were enrolled through NYSEG and 0.3 MW were
11 enrolled through RG&E. For the summer 2019 capability period, end use locations
12 participating through NYSEG dropped to 23 with 3.3 MW enrolled and one continues to
13 participate through RG&E with 0.3 MW enrolled.

14 In 2018, 45% of the end use locations participating in EDRP were enrolled
15 through NYSEG and RG&E representing 90% of the 5.2 MW of subscribed demand
16 reduction. While participation through the Companies' programs represents a significant
17 percentage of the total NYISO EDRP enrollments and subscribed MW, it is important to
18 understand the contribution of the EDRP program to the NYISO's DR portfolio. As
19 shown in Figure 1, EDRP resources provide only 5.2 MW of the total 1,315 MW
20 provided by both the EDRP and SCR programs, or 0.4%. The figure also shows that
21 since the inception of these two programs in 2001, EDRP enrolled MW has been
22 declining with a downward trend in EDRP as a percentage of the total MW enrolled.

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1 There would be a negligible impact if NYSEG and RG&E no longer offer the EDRP
2 program. Additionally, end use locations participating through NYSEG or RG&E could
3 continue to participate through one of the many other NYISO DR Service Providers.

4 Figure 1: Historical Enrollment of End-Use Locations and MW in
5 NYISO Reliability Programs



6
7 There would be no impact related to NYSEG and RG&E as a result of elimination
8 of the offering of the DADRP program because no end use locations have every
9 participated through the Companies. According to the NYISO, “DADRP enrollment has

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1 been static for several years and enrolled resources have not participated in the energy
2 market for more than four years.”⁴

3 Q. How will NYSEG and RG&E address EDRP customers who are currently enrolled?

4 A. Enrolled customers can elect to participate through a third-party Service Provider. EDRP
5 enrollments occur two times per year, once per capability period. During the 2020
6 summer capability period, NYSEG and RG&E propose to advise participating EDRP
7 customers that the Companies intend to end their participation in EDRP at the conclusion
8 of the 2020 summer capability period. NYSEG and RG&E will provide NYISO Service
9 Provider contact information to customers enrolled in the EDRP 2020 summer capability
10 period.

11 Q. Does this conclude the Panel’s testimony at this time?

12 A. Yes, it does.

⁴ Letter from the NYISO to Secretary Bose, Federal Energy Regulatory Commission (June 1, 2018), <https://www.nyiso.com/documents/20142/1405241/20180601-Trnsmttl-Ltr-Smannl-DR-NG-Rprts-public.pdf/10e64927-e93a-dbdb-28a6-a6866f23b87b>.