STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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

CASE 07-G-0141 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of National Fuel Gas Distribution Corporation for Gas Service.

ORDER AUTHORIZING EFFICIENCY PROGRAMS, REVISING INCENTIVE MECHANISM, AND ESTABLISHING A SURCHARGE SCHEDULE

(Issued and Effective October 25, 2011)

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STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on October 13, 2011

COMMISSIONERS PRESENT:

Garry A. Brown, Chairman
Patricia L. Acampora
Maureen F. Harris
Robert E. Curry, Jr.
James L. Larocca

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BY THE COMMISSION:

INTRODUCTION

Authorization for a large majority of the energy efficiency programs under the Energy Efficiency Portfolio Standard (EEPS) is scheduled to expire December 31, 2011. In this order, we reauthorize most of those programs for the four-year period ending December 31, 2015, with revised targets and budgets where appropriate. Three gas efficiency programs run by National Fuel Gas pursuant to its rate cases will be consolidated into the EEPS program. The percentage of funding allocated to low-income programs is increased. Rules for budgeting from year to year are clarified.

Taken in the aggregate, the EEPS electric programs are on a trajectory to achieve the Commission's goal of reducing electricity use by 11.2 million MWh by the end of 2015. Staff is directed to work with program administrators to further refine program targets and budgets, and to improve program administration.

In addition to reauthorizing programs, we will begin a process of revising the utility shareholder incentive mechanism. Incentives have succeeded in their primary purpose of making energy efficiency a priority for utilities; however, Staff has identified various ways in which our current incentive mechanism has impaired the effective administration of programs. In this order we outline, for further public comment, a revised mechanism that would reward incentives in two stages, first for individual utility performance, and second for achievement of the statewide goal.

Finally, the schedule for collection of surcharges will be adjusted to reduce cash balances. This will mitigate collection levels over the period 2012-2014.

PROCEDURAL HISTORY

On June 23, 2008 the Commission issued its Order Establishing Energy Efficiency Portfolio Standard and Approving Programs ("the 2008 EEPS Order").[1] The Order adopted efficiency targets and established a process for approval of energy efficiency programs to be administered by the state's electric utilities and NYSERDA, and authorized the collection of System Benefits Charge surcharges. On May 19, 2009, the Commission issued its Order Establishing Targets and Standards for Natural Gas Efficiency Programs ("the 2009 EEPS Gas Order").[2] The Order adopted an overall gas efficiency target and established a process for approving the gas efficiency programs to be administered by the state's gas utilities and NYSERDA. Subsequent orders approved efficiency programs and authorized the collection of corresponding SBC surcharges from customers.[3]

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[1] Case 07-M-0548, Energy Efficiency Portfolio Standard (EEPS), Order Establishing Energy Efficiency Portfolio Standard and Approving Programs (issued June 23, 2008).

[2] Case 07-M-0548, Energy Efficiency Portfolio Standard (EEPS), Order Establishing Targets and Standards for Natural Gas Efficiency Programs (issued June 23, 2008).

[3] As of August 22, 2011, 68 Notices of Proposed Rulemaking had been issued in the implementation of the EEPS program, and 37 Orders had been issued.

On December 30, 2010, the Commission issued its Order Continuing System Benefits Charge Funded Programs ("the 2010 SBC III Extension Order").[4] The Order adopted a six-month extension of SBC III and authorized the transition of SBC III energy efficiency resource acquisition programs to the EEPS program. The Order also provided that collections would be spread out beyond 2011 to better match collections with expenditures.

The efficiency programs are generally authorized through December 31, 2011.[5] The overall efficiency targets identified in the 2008 EEPS Order, the 2009 EEPS Gas Order, and the 2010 SBC III Extension Order were also adopted through the end of 2011.

The 2008 EEPS Order stated that a review of EEPS initiatives would be carried out in 2011 to inform the Commission's decision as to reauthorization of programs. On July 6, 2011 Staff issued a White Paper which reported on the status of EEPS programs and discussed numerous issues related to reauthorization of the programs.[6] Public comments were received on or before August 22, 2011, and replies were filed September 9, 2011.[7] In addition to formal comments filed with the Secretary, numerous public comments were submitted via email.

On July 6 and 7, 2011, four public statement hearings were conducted in the service territory of National Fuel Gas, related to that company's Conservation Incentive Program. Over 75 members of the public spoke at those hearings.

OVERVIEW OF THE STAFF WHITE PAPER

Many of the issues addressed in this order were discussed at length in the White Paper. In this order we will reference, but not repeat, the White Paper discussions, focusing instead on public comments and our own evaluation of the issues.

The White Paper stated that EEPS programs are making satisfactory progress, despite a start that was slower than projected. Achievement of efficiency savings from EEPS programs through February 28, 2011, was substantially lower than the aggregate goal established

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4 Case 10-M-0457, et al., System Benefits Charge (SBC) Programs, Order Continuing System Benefits Charge Funded Programs (issued December 30, 2010).

5 A small number of programs that require long lead times have targets and budgets that extend beyond 2011, and some collections have been spread out beyond 2011 to better match the timing of collections with the timing of expenditures.

6 A Notice of Proposed Rulemaking was published in the State Register on July 6, 2011.

7 A summary of comments is included as Appendix 5.

by the Commission and the targets established in the approval of individual programs. The goals and targets were aggressive and ambitious, and shortfalls resulted from the time needed for approval and roll-out of the programs. Also, the serious decline in the economy, coinciding with the roll-out of many programs, is believed to have had a dampening effect on customer participation.

Considering 2011 forecasts in isolation from the previous years, however, reveals an encouraging trend. Projections included in the White Paper showed EEPS programs in the aggregate approaching 100% achievement of targets in the 2011 calendar year. Updates and corrections to those forecasts now show expected electric savings at 87.6% of targets, and gas savings at 67.8% of targets.[8] Actual gas savings are likely to be much higher than 67.8% for two reasons: nearly half of NYSERDA's gas target reflects an industrial program with multi-year lead times, which is not expected to produce savings until 2012-2013; and ancillary gas savings from electric programs, projected by Staff to be in the range of 20-30% of total gas savings, are not included in the 67.8% figure.

Staff identified and discussed a wide range of issues related to potential improvements in the EEPS program. Rather than reiterate the issues here, we refer to the White Paper for a full discussion. Staff identified a limited range of recommendations for action in this order, as follows:

- Reauthorize surcharges and the majority of programs;
- Reallocate funds pursuant to an analysis of "outlier" programs and consolidate selected programs;
- Clarify rules related to year-to-year budgeting and unspent funds from previous years, to increase flexibility for program administrators; and
- Eliminate the current shareholder incentive mechanism.

ISSUES

Reauthorization of programs for 2012-2015

<u>General considerations</u>

[8] Forecasts detailed by program administrator are included in Appendix 3.

Staff has recommended reauthorization of most of the existing EEPS programs, subject to continuous improvement. A large majority of commenting parties support this approach. Before adopting this recommendation, however, we must consider whether continuation of the EEPS program in general remains a wise use of ratepayer funds. We conclude that it is. Participation in energy efficiency programs by customers of all sizes enables them to control their energy consumption and realize savings on their bills.[9]

Investment in energy efficiency also ensures continued investment in a diverse portfolio of resources to meet the needs of New York State. In particular, the large and growing dependence on natural gas for electric generation and heating exposes the state to risk of dramatic increases in the price of gas, which history has shown are possible, if not probable. Investment in energy efficiency acts as a hedge against sudden increases in gas prices. The energy economy is vulnerable to upheaval from a wide range of possible events, many of which we have witnessed within recent years, including dramatic economic changes, earthquakes, and storms. All of these can affect the relative availability and attractiveness of various sources of power used for life and business in New York. Measures that reduce our dependence on conventional power generation remain an important source of economic security.

Moreover, we are committed to reducing the impact of climate change and other environmental hazards, through reduction of carbon and other emissions. Any future attempt to achieve very large reductions in carbon emissions, such as the 80% reduction that many scientists deem necessary, will likely come at a very high cost. Energy efficiency, even if it costs slightly more than today's carbon emitting supply sources, represents a low cost strategy for achieving carbon reductions. We recognize that electricity generation and gas consumption are significant contributors to carbon emissions in the State. As the regulator of those who deliver that electricity and gas, we have a responsibility to affect electricity and gas consumption to preserve environmental values and the conservation of natural resources.

The benefits of the portfolio diversity hedge and emission reductions are not easily quantified. Nonetheless, they convince us that continuation of New York's aggressive energy efficiency initiative is imperative, so long as the costs of energy efficiency options fall in

9 The full range of benefits of energy efficiency is discussed in the 2008 EEPS Order as well as the Order Instituting Proceeding (issued May 16, 2007) and the SEQRA findings, referenced below.

a range that is comparable to the cost of supply options, which they currently do. We have used cost effectiveness tests in the past to evaluate efficiency measures, and we will continue to do so in the future, but we recognize that they do not provide a precise and comprehensive analysis of the costs and benefits of an efficiency measure. The Staff White Paper solicited comments from parties about ways that our cost effectiveness test might be revised to accommodate these and other concerns. Numerous comments were submitted, some arguing for the test to be more expansive, other arguing for making the test more stringent. Changes in energy prices might have an effect on the calculation of cost-effectiveness; on the other hand, a majority of commenters argue that our cost-effectiveness test is too narrow and should account for a wider range of benefits. We are not considering a revision to our Total Resource Cost (TRC) test at this time. We will, however, consider taking up this issue at a future date.

With narrow exceptions, the existing EEPS measures were evaluated against the TRC at the time of their approval, and there is no need to re-evaluate them at this time. The Staff White Paper recommended against such a re-evaluation, noting the importance of continuity of programs. We agree that it is important for EEPS programs to have sufficient stability to become established and to take advantage of improvements that can come from experience. Energy efficiency programs require time to gain public recognition, confidence, and participation. As UIU[10] correctly observes, EEPS was initiated to serve a range of purposes, including economic development. Programs are implemented by contractors making business commitments, and it is not reasonable to expect efficiency programs to succeed if they are subject to being discontinued on short notice whenever there is a shift in energy prices. We are also mindful of the market transformation effects of an efficiency program that can produce widespread savings beyond the specific benefits of EEPS-funded projects.

Taking these considerations into account, we will act here to keep most of the current programs moving ahead. We will continue our program of evaluation, measurement and verification, and we retain the right to order program changes, as warranted, in the future.

We also accept Staff's recommendation to continue using the 2015 goal of 7.7 million MWh as a planning tool for our electric efficiency programs. Taking into account the

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[10] Utility Intervention Unit (UIU), Division of Consumer Protection, New York Department of State.

incorporation of SBC III efficiency programs into EEPS, the jurisdictional goal is increased to 11.2 million MWh.[11]

Although a majority of comments support the goal, several express concern. Multiple Intervenors (MI) states that the cost of EEPS programs is too high, and the 2015 goal should be scaled back and programs reduced accordingly. MI argues that the recession should force a rethinking of the goal; reductions in wholesale energy prices have increased the payback period for many types of projects; no new electric generation is needed for the foreseeable future; and the gulf between New York prices and the national average persists.

The New York Independent System Operator (NYISO) suggests that, for its planning purposes, a slightly scaled back goal, extended to 2018, would be more effective than the current 2015 goal. The NYISO presented an analysis claiming that the 2015 goal could not be attained in a cost-effective manner.

The Joint Utilities also question whether the 2015 goal is attainable, especially given the likely effects of changes in lighting standards. They suggest that the goal should be revisited after the completion of efficiency potential studies.

The Commission's jurisdictional portion of a statewide '15 by 15' goal was discussed and adopted in the 2008 EEPS order. Changes in circumstances since that time do not require us to revisit the goal at this time. The current portfolio of programs, if extended without revision through 2015 and achieved at a 100% level from 2008 through 2015, would have resulted in exceeding our 2015 goal by a substantial margin.[12] Despite the sluggish economy, EEPS programs are making satisfactory progress toward our goal, and are cost-effective taken as a whole. The aggregate targets approved in this order, considered in conjunction with savings already achieved and other factors[13], would achieve the 2015 goal with a margin of approximately 21%.

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[11] By "jurisdictional goal" we refer to the portion of the statewide 15% by 2015 goal that can be achieved by entities within the Commission's jurisdiction, including utility contracts with NYSERDA. Other portions of the statewide goal will be achieved by energy codes, appliance standards, and other entities such as LIPA and NYPA.

[12] The original margin built into the savings targets is reduced by the downward adjustments to targets driven by changes in the Technical Manual.

[13] NYSERDA anticipates modest efficiency savings resulting from SBC IV programs, which we deem to contribute toward the jurisdictional goal.

The analysis of the NYISO was based on performance from 2009 through 2011. NYSERDA disagrees with the NYISO's analytic approach, arguing that it fails to take encumbered funds into account, and compares dissimilar programs across varying sectors. Taking into account the significant improvement in performance forecast for 2011 and beyond, the revisions in targets and elimination of negative outliers, and the fact that the targets in place through 2011 would have (if extended through 2015 and achieved at a 100% rate) resulted in exceeding the 2015 goal, we agree with Staff that our jurisdictional goal for 2015 remains reasonable.

Continuous improvement

At present there are 103 programs approved under EEPS orders, and three programs operating under National Fuel Gas rate orders. The White Paper recommended a strategy of continuous improvement of the portfolio of programs that are now in place, rather than a new competitive process that might result in a wholesale restructuring of the EEPS portfolio. Staff's recommendation entails reauthorization of programs and accompanying surcharges, with revision of program targets to the extent practical, as well as minor changes to the EEPS portfolio based an "outlier" analysis, and consolidation of several programs. Commenters overwhelmingly supported Staff's suggested approach to reauthorization at this time. The need for continuity of operations was stressed by many.

There are five principal reasons supporting Staff's recommendation. First, many programs have only recently become fully operational, and it would be premature to compare their results with more mature programs, or with other alternatives. It is impossible to perform a comprehensive review until more experience is gained. Second, although overall program performance during the years 2009-2010 did not meet our aggressive targets, performance in 2011 appears to be satisfactory and the trend is encouraging. Third, given the limited universe of effective efficiency measures, it is unlikely that a competitive solicitation would result in a substantially different portfolio. Fourth, it is efficient to maintain continuity of program operation, for contractors, customers, and administrators, to the extent possible.[14] Finally, considering the time and effort involved in the previous round of program approvals, a new

[14] As one commenter observed, "the health of hundreds of small job-creating businesses across the state is at stake" in the orderly continuation of programs.

general solicitation would be a diversion of resources – both of Staff and program administrators – that are far more productively focused on improvement of existing programs.

We agree with Staff's recommendation on the general approach to reauthorizing programs. A complete list of authorized programs, with targets and budgets, is included in Appendix 1. The targets enumerated in Appendix 1 reflect revisions to the Technical Manual. The Technical Manual-based revisions will also be the subject of a future order revising targets for the period ending December 31, 2011, for purposes of calculating incentives. It is possible that one or more of the targets enumerated in Appendix 1 could be revised in our subsequent order; if so, we will provide for an automatic revision of the corresponding targets in Appendix 1. One-year transfers of funds that have occurred prior to 2012 are not reflected in the authorized figures; if program administrators seek continuation of those transfers they can use the existing transfer/approval process, or petition the Commission for a permanent change in programs.

The Commission's jurisdictional goal for EEPS, adopted in the 2008 EEPS Order, was 7.7 million MWh. Adding the targets for the SBC III efficiency programs that were added to EEPS produces a jurisdictional goal of 11.2 million MWh. The targets authorized in this order, combined with estimated achievements through 2011, will produce 13.5 million MWh of savings in 2015. In other words, if all targets are achieved at 100%, the jurisdictional goal will be exceeded by approximately 21%.

The reauthorization includes funding for evaluation. Methods for measurement and verification of energy savings, and unbiased approaches to reliably assess program design and performance, are critical for several reasons. These reasons include: determining program efficacy; responding to statewide planning and forecasting needs; estimating lost revenue recovery and incentive payments; updating the Technical Manual; and pinpointing areas for program improvement. We require that evaluation funding be maintained at 5 percent of a program administrator's total program budget, spread pro-rata across individual program budgets. We recognize that the complexity, scope, cost and timing of evaluation efforts can vary among programs. Also, evaluations are not conducted on an annual basis. As a result, the actual annual evaluation needs for individual programs may be more or less than 5 percent of the programs' budgets. Therefore, we will allow program administrators to allocate the overall gas and electric evaluation budgets as needed among its gas and electric portfolios of programs, so long as the total budget for all programs is maintained at 5 percent. All evaluation budgets must be reviewed and approved as part of Staff's review of a program's evaluation plan. In reviewing actual results in the future, we will expect Staff to view evaluation expenses on a portfolio-wide basis.

We also recognize that the administration costs currently included in NYSERDA's approved budgets are based on NYSERDA's portfolio average rate, which is currently set at 8%. As with evaluation costs, different types of programs require different levels of administrative attention and therefore the actual costs to administer NYSERDA's various programs will vary above, and below, the portfolio average. Therefore, we will allow NYSERDA to allocate its overall administrative cost budget as needed among its gas and electric portfolios of programs, so long as the aggregate administration cost budget is maintained at the Commission approved rate.

In some cases, evaluation of similar programs and measures will prove more cost effective, and potentially more rigorous, if conducted jointly by two or more program administrators. To facilitate this approach, up to 33% of total evaluation budgets may be used for joint evaluation and research studies approved by the Director of the Office of Energy Efficiency and Environment. Within 120 days of this order, Staff, working with the Evaluation Advisory Group, is directed to prepare a plan identifying programs and research areas for which joint evaluation will be performed, the costs of evaluation, and the program administrator(s) that will manage the evaluation. With approval of the Director of OEEE, evaluation funds may be reallocated to the program administrator(s) selected to manage the joint evaluation and research studies.

In addition, for the four years from 2012 through 2015, we direct NYSERDA to continue to fund independent consulting evaluation services, to be directed by Staff, to ensure that Staff and the Evaluation Advisory Group have adequate resources to execute their responsibilities. Funding shall be $500,000 annually, from NYSERDA's evaluation budget or from interest earned on SBC funds,[15] NYSERDA shall also continue to fund Statewide

[15] This is a continuation of the funding arrangement established in Case 07-M-0548, Order Modifying Source of Funds for Independent Evaluation Consultant, issued June 24, 2009.

Evaluation Protocol Development[16] at a rate of $750,000 annually over the same four-year period, also from NYSERDA's evaluation budget or from interest earned on SBC funds.

Some commenters expressed concern that while reauthorization of programs is reasonable, the process for subsequent improvement needs to be clarified. In June, 2011, we adopted a set of policies designed to increase flexibility in the administration of programs.[17] Where "continuous improvement" is taken very broadly – i.e. the range of policy issues raised by the White Paper and commenters, as well as the refinement of programs – no single process encompasses that range.

Staff recommended in its White Paper that the starting point for any individual program target should be the 2011 target after it is restated or reduced to reflect necessary adjustments due to implementation of the Technical Manual and the result of any reduction or restatement in response to various program-specific petitions pending before the Commission. Also, individual program targets going forward should reflect reasonably achievable annual levels of targets and budgets informed by the most recent annual rate of spending and performance and new projections of post-start-up performance rates.

Several program administrators stated in their reply comments that a process should be developed in the upcoming months to refine program targets and budgets. NYSERDA proposes that program administrators be allowed to "propose targets and budgets by program based on their knowledge and understanding of EEPS rules and current market conditions." Con Edison, O&R, NYSEG and RG&E express similar positions. Con Edison/O&R further suggest that Staff meet with the companies' program administrators as soon as possible to review the companies' savings targets and budget plans for the continuation of existing programs and proposed new programs in the 2012-2015 timeframe. NYSEG and RG&E believe that the 2012 targets should be developed based on an analysis of the impact of the economic downturn and other lessons learned, affecting program administrators' ability to implement programs and achieve savings target levels developed for 2011.

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16 As defined in Case 07-M-0548, Order Approving New SBC III Major Funding Category Entitled "Statewide Evaluation Protocol Development," issued March 13, 2009.

17 Case 07-M-0548, Order Adopting Modifications to the Energy Efficiency Portfolio Standard (EEPS) Program to Streamline and Increase Flexibility in Administration (issued June 20, 2011).

Because many programs have only begun to operate fully during 2011, it has not been feasible to re-evaluate targets in many cases. We will set targets at this time based on 2011 targets, restated to reflect necessary adjustments due to implementation of the Technical Manual as well as various program-specific petitions previously resolved by the Commission. Where a program administrator has a serious concern related to the reasonableness of a program target, this concern should be addressed to ensure targets and budgets are reasonably set. We will not, however, institute a complex review process encompassing every program, which would be likely to occupy an inordinate amount of time from Staff and program administrators and result in most cases in minimal adjustments. If program administrators identify issues with their current programs which they believe will result in substantive changes to targets and/or budgets, they should contact Staff with specific proposals, to begin discussions regarding those programs. We direct program administrators to submit as soon as is practical, and not later than March 31, 2012, any program modifications that would result in substantial impacts on targets and budgets. Program administrators should prioritize so that a limited range of submittals need to be considered by the Commission.[18] This will result in more expedited reviews.

Considering the wide range of issues identified by Staff and by parties, we are mindful that the strategy of continuous improvement creates the risk of overloading the Implementation Advisory Group. Several of the issues raised in the White Paper or by parties are recommended for further work by the IAG. The Joint Utilities observe that more money needs to be allocated to administrative functions if the IAG is to perform all of the work being referred to it. We do not, at this time, see the necessity of increasing administrative budgets. The various projects undertaken by the IAG need not be performed simultaneously; Staff and program administrators should prioritize and make optimal use of their existing resources.

The 2008 EEPS Order authorized collection of $6 million annually through 2011 for a statewide customer outreach and education/marketing initiative to support EEPS. We concluded that this initiative would be an integral part of a successful EEPS strategy by establishing a consistent program identity among all program administrators and facilitating customer participation. In October 2010, we approved an Implementation Plan for this statewide

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[18] The process we establish here will not be the last opportunity to revise programs.

initiative through November 3, 2012, and authorized its development.[19] The approved Implementation Plan included some supplemental funding from the Department of Public Service General Awareness program also administered by NYSERDA. The statewide outreach and education initiative has not yet gone into effect. This order provides no incremental collections from ratepayers related to the Implementation Plan, and no incremental collections in Calendar Year 2012 for statewide outreach. The November 3, 2012 expiration of authority for the Implementation Plan remains in effect. While we are approving budget authorizations for a continued outreach and education/marketing initiative to support EEPS, no additional spending beyond what we have already approved will occur before we have an opportunity to review its progress. Staff will provide a report to the Commission summarizing the status of the statewide outreach and education/marketing program and program metrics, as well as recommendations, if any, concerning changes in program content, budgets and collections.

Outliers and consolidation

Staff recommended that funding for one NYSERDA program – the Multifamily Geothermal Heat Pump program – should be discontinued and that NYSERDA should analyze whether its Benchmarking and Operations Efficiency Program should be subsumed within the Flex Tech program. NYSERDA concurs with the analysis of the Heat Pump program and recommends that the funding from this program should be reallocated into the Multifamily Performance Program. This is a reasonable request and will be adopted.

NYSERDA does not comment directly on the White Paper's analysis of the Benchmarking Program. We approach this issue as one of consolidation. NYSERDA should file a proposal within sixty days demonstrating a plan for the Benchmarking Program, including an analysis of whether it should be consolidated into the Flex Tech program.

The White Paper recommended that the National Grid Enhanced Home Sealing funds should be reallocated. National Grid states that this program can be made effective if redesigned. We will continue funding for this program on a contingent basis for one year, subject to review and potential reallocation. As a condition for continuing the program during the years 2013-2015, National Grid must file a petition by July 1, 2012.

[19] Case 07-M-0548, Energy Efficiency Portfolio Standard (EEPS), Statewide Energy Efficiency Outreach and Education Campaign, Implementation Plan (approved October 14, 2010).

In a petition dated August 15, 2011, NYSEG and RG&E requested that funding for their Home Energy Reporting program should be terminated. That program currently has an authorized budget through the end of 2012. The program's budget through 2012 is reflected in Appendix 1, but reauthorization through 2015 is not included. That issue will be determined in the context of the NYSEG/RG&E petition.

The White Paper recommended that National Grid's Residential Energy Star Products program should be cancelled, because changes in the Technical Manual left it with only one cost-effective measure. National Grid agrees with Staff's analysis but states that it will use the flexibility recently provided by the Commission to add additional cost-effective measures to the program. This is a reasonable proposal, and funding for this program will be continued for one year, subject to review and potential reallocation. As a condition for continuing the program during the years 2013-2015, National Grid must file a petition by July 1, 2012.

Staff proposed that Niagara Mohawk's Commercial High Efficiency Heating and Water Heating Program should be consolidated into its commercial and industrial programs. Staff further recommended that each National Grid company should combine its small commercial and industrial program with its large industrial program in order to eliminate the current barrier to participation for commercial customers using more than 12,000 Dt. No party objected to these recommendations, and they will be adopted.

Staff also proposed that the success of NYSEG/RGE's Block Bidding programs should be duplicated by other program administrators.[20] Other program administrators generally expressed reservations about being ordered to implement programs that might not work effectively in their territories or with their portfolios. The Block Bidding approach offers great potential for highly cost-effective savings in utility-administered programs. We require each electric utility, within 90 days of this order, to either propose a comparable program with a recommended source of funding or explain why such an approach would not be effective. A utility may recommend supplanting the targets and budgets of existing programs, or may recommend alternative funding sources.

[20] Block bidding programs allow energy service companies, performance contractors, management companies, and customers to submit proposals for projects.

Low income programs

The White Paper reported that EEPS funding levels for programs dedicated to low income customers constitute approximately 19% of residential program budgets, while low income customers represent approximately 30% of total residential customers. This disparity reflects, in part, a determination that federal stimulus funding under the American Recovery and Reinvestment Act (ARRA) would occupy the available workforce while ARRA funds were available. We stated in the 2009 EEPS Gas Order that our targets following 2011 might need to reflect a higher percentage of low-income funding, following the decline of federal funds.[21]

Staff provided a detailed analysis in the White Paper and sought comments on the appropriate allocation of EEPS funds to low income programs. Many commenters state that a minimum of 30% should be allocated. The National Fuel Accountability Coalition (NFAC), a coalition of fifteen western New York organizations, argues that the allocation should be 50%, because whole-house deep savings programs provide local benefits in terms of jobs and indirect benefits such as improved housing stock. Other commenters, including most utilities, do not oppose an increase in the allocation to low income customers, but stress that achievement of the Commission's energy efficiency goals must be the highest priority.

We have not, generally, required strict proportionality in allocating funds among customer classes. However, energy costs pose a proportionally higher burden on low income customers than other customers. It is consistent with our policy goals and with the strong level of public comment on this issue to provide increased energy efficiency services to meet the needs of low-income households. Energy efficiency measures that weatherize homes, such as are provided in our currently authorized gas low-income energy efficiency programs, are of particular value to low income households since they help permanently reduce heating costs. Further, with the expiration of one-time ARRA weatherization funding, qualified installation contractors are available to meet the demand from income-qualified customers.

Considering these factors, we will increase funding for low-income programs so that they represent approximately 30% of the collections attributable to residential customers. The need and demand for low-income programs is greatest in the area of weatherization. Therefore, in order to make the most effective use of the funds allocated to low income

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[21] 2009 EEPS Gas Order, pg. 12.

programs, NYSERDA's gas-funded EmPower program will be allocated an increase of $18.6 million.[22]

We are committed to maintaining low income program budgets at equitable levels. Total 2012 electric budgets, pursuant to the figures enumerated in Appendix 1, are reduced from 2011 collections by $7.7 million. Gas collections will be increased by a commensurate amount, to fund a portion of the increase in the EmPower budget. As of the midpoint of this year, NYSERDA reports substantial unencumbered balances in its gas low-income programs.[23] Although end-of-year 2011 balances are not known at this time, it is likely they will be sufficient to fund the remainder of the budget increase authorized here, at least through the 2012 calendar year, depending on how quickly expenditures under this program are accelerated.[24] We will monitor the cash flow of the EmPower program; when expenditures begin to match budgeted levels, we will consider options to maintain full funding of the program. NYSERDA should provide not less than six months' notice of any date on which it estimates that total expenditures for the EmPower program will have equaled or exceeded total collections plus balances carried forward.

National Fuel Gas programs

National Fuel Gas (NFG) currently administers three efficiency programs – known collectively as the Conservation Incentive Program (CIP) -- pursuant to orders issued in a rate case.[25] The authorization for these programs expires November 30, 2011. Staff proposed that the programs be brought into the EEPS program, so that they could be treated on the same footing as the other efficiency programs run by utilities and NYSERDA.

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22 Until the issues that have affected progress in the multifamily programs, such as the eligibility of interruptible customers, have been resolved, we will focus additional low income funding on the EmPower program.

23 These balances result, in part, from the availability of ARRA-funded programs operating during the same time period.

24 NYSERDA's gas-funded EmPower, Low Income Multifamily, and Low Income Single family programs will be an exception to our directive, as discussed in the section on Surcharges, that uncommitted balances from prior to January 1, 2012 are not authorized to be spent.

25 Case 07-G-0141, Proceeding on Motion of the Commission as the Rates, Charges, Rules and Regulations of National Fuel Gas Distribution Corporation for Gas Service, Order Adopting Conservation Incentive Program (issued September 20, 2007).

No commenters opposed the integration of the NFG programs into EEPS. Instead, comments were focused on the substance of the programs. Regarding the transition into EEPS, NFG notes there is a one-month gap between its current authorization, expiring November 30, 2011, and the proposed January 1, 2012 date for new authorization of EEPS programs. NFG proposes that it be allowed to continue its CIP programs in their present form through the end of 2011. This is a reasonable proposal and is adopted.

The National Fuel Accountability Coalition submitted comments related to both the CIP transition and the broader EEPS program.[26] NFAC makes four points: the low income allocation should be increased (to 50%); a whole-house, deep savings approach should be preferred over rebate programs; program administration should be shifted entirely to NYSERDA; and an umbrella "one stop shopping" outreach program should be adopted. NFAC presents an analysis concluding that the current surcharge structure is regressive, that rebate programs are not accessible to low income communities, and that rebate programs are less cost-effective than whole-house programs.

NFG states that the CIP has been successful and should be continued in its present form, and that, although administratively this can occur within the EEPS program, the distinct features of the CIP should be retained. 30% of CIP funding is dedicated to its low income program, 35% to a residential rebate program, and 15% to a small business program with the remainder devoted to outreach and evaluation.

NFG requests that it be allowed to maintain the current contractual relationship that it has with NYSERDA for two CIP programs administered by NYSERDA on behalf of the company – the Low Income Usage Reduction Program (LIURP) and the non-residential rebate program. The CIP non-residential rebate program is administered by NYSERDA under the Existing Facilities program, and the CIP LIURP program is administered by NYSERDA under the EmPower program. NFG has a unique contractual arrangement that requires NYSERDA to spend the CIP funds that it receives for these two programs locally, within the company's service territory.[27] NFG is concerned that if the CIP programs are merged into EEPS without retaining

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[26] NFAC comments were reinforced by numerous public comments from individuals and organizations submitted through email, as well as briefer comments filed with the Secretary by several parties.

[27] In addition, unspent or uncommitted CIP funds for these two programs are returned to NFG.

the current contractual arrangement with NYSERDA, the funds collected from the NFG ratepayers for the LIURP and non-residential rebate programs could be spent on programs provided by NYSERDA in other utilities' service territories. We agree that EEPS funds for individual utility programs should be spent in the respective service territories. The requirement that NFG CIP program funds administered by NYSERDA should be spent only in the company's service territory will be retained and it is adopted with regard to the CIP LIURP and non-residential rebate programs only.

NFG's outreach and education budget is currently 15% of total CIP spending. NFG states that it is important to continue outreach and education and notes that preliminary data regarding customer attitudes about conservation in the current environment of continuing low gas costs has diminished customers' prior sense of urgency about reducing energy usage and bills. However, the company believes that funding for outreach and education can be reduced by 25% and still adequately address concerns about customer awareness. NFG proposes that the $375,000 reduction in outreach and education spending can either be refunded to customers or re-allocated to the residential conservation programs in the company's service territory.

Based on Staff's review of NFG's proposed outreach and education initiative, we conclude that the company can achieve its outreach objectives with a budget that is 9% of the total energy efficiency program budget. This additional decrease in funding for energy efficiency outreach and education is warranted because NFG's energy efficiency programs are relatively mature and it will bring these expenditures in line with those of other EEPS program administrators.

We will therefore authorize a total outreach and education budget of $903,600 for NFG's energy efficiency programs, representing a reduction of $596,400 from currently authorized levels.

We direct that the $596,400 reduced from outreach and education be allocated to the LIURP and residential rebate programs in a manner that brings the total funding for LIURP equal to that of the residential rebate program. Directing a larger share of available funds to programs for low income customers is reasonable given the demand demonstrated by public participation in this proceeding, and the relatively high proportion of income-eligible households in NFG's service territory.

As with other EEPS programs, outreach and education programs should be established, where practical, for each EEPS program. To determine total program funding, we allocate the $903,000 outreach budget equally among the three programs, resulting in total program budgets as shown in the table below. The larger than proportional share of outreach and education program budgets that we allocate to the commercial rebate program appears to be warranted based on the performance of that program to date. We also direct NFG to file, within 30 days, a proposed outreach and education plan, including proposed budgets[28], for each of its energy efficiency programs, for approval by the Director of the Office of Consumer Policy. To the extent the approved outreach and education program budgets differ from the proportional allocation we assume herein, funding for program delivery would be adjusted accordingly within the prescribed total program budgets. The funding levels approved here will make National Fuel's outreach budgets comparable to those of similar EEPS programs.

	Authorized Budgets w/O&E and EM&V funds embedded	Authorized % w/O&E and EM&V funds embedded	EM&V Budget for each program	EM&V as % of Authorized Budgets
CIP Residential Natural Gas Appliance Rebates	$4,063,679	40.5%	$203,184	5%
CIP Low Income Usage Reduction Program (LIURP)	$4,063,679	40.5%	$203,184	5%
Non-Residential Equipment Replacement Program (NRCIP)	$1,912,641	19%	$ 95,632	5%
Total	$10,040,000	100%	$502,000	5%

NFG requests that its current rebate schedule be retained because it is effective and it is compatible with the EEPS rebate schedule. This is a reasonable proposal and is adopted.

NFG has employed a surcharge reconciliation provision. This will not be continued, and NFG will account for surcharges in the same manner as other utilities under

28 The outreach and education plan should contain detailed budget proposals including: (a) specific budget amounts for each individual element of the O&E/marketing budget; (b) a list and description of the O&E/marketing vehicles to be used; and (c) an explanation of the target audience for each program component.

EEPS. Elsewhere in this order, we clarify rules for carrying budgets forward and we authorize borrowing from future years' budgets under limited circumstances.

NFG programs have operated under budgets, but have not had corresponding savings targets established by the Commission. We direct Staff to work with NFG to develop specific energy savings targets for each of the three CIP programs for calendar years 2012 through 2015.

NFG notes that NYSERDA programs are statewide in nature, and surcharges collected from NFG customers are not guaranteed to be spent within the NFG territory. As discussed above, the funds collected for the NFG-specific programs (i.e., the CIP programs) will continue to be spent exclusively within the NFG service territory. With respect to other NYSERDA programs funded through SBC surcharges, we will continue our practice of maintaining a rough geographic equity without requiring NYSERDA to match contributions and outlays to service territories on a dollar for dollar basis. To a large extent, the demand for programs within a community, and the activity of local organizations to spread information and facilitate participation, are major factors that will affect the geographic distribution of outlays.

Regarding NFAC's proposal that incentive programs should be reduced, the White Paper discussed the range of program delivery methods utilized in the EEPS portfolio, and the importance of maintaining a reasonable balance. Different methods will be more effective with different customer sectors, and we agree with Staff that the balance reflected in our current portfolio is reasonable. The analysis presented by NFAC was specific to the NFG service territory. As described above, we are increasing funds for NFG's whole-house program accordingly.

Regarding NFAC's proposal that NYSERDA should administer all programs, this issue was considered when the EEPS programs were initiated in 2008, and will not be revisited now. Arguments based on comparative achievements are difficult to evaluate: NYSERDA and utility programs had different starting times and are oriented in many cases toward different customers and efficiency measures.

Lighting

Due in large part to NYSERDA's market transformation efforts, compact fluorescent (CFL) bulbs are now widely available. Evaluation results have shown that due to the success of NYSERDA's CFL program, the CFL market has been strengthened and New Yorkers now purchase CFLs regardless of program activity. Given these factors, and the recent updates to lighting codes and standards, it is clear that lighting efforts need to refocus from CFLs to solid state lighting and other new and/or emerging technologies. In its T&MD operating plan, NYSERDA proposes continued technology R&D and infrastructure and market development for advanced lighting technologies. In its comments NYSERDA also proposes modifying its existing CFL Residential Point-of-Sale lighting program to focus on LEDs and solid state technology, as well as exterior and specialty CFL bulbs, which have a large remaining potential. In redesigning the program, NYSERDA cites several key factors to take into account including lack of customer awareness about new lighting technology and standards, and the need for product testing and standards.

NYSERDA has had great success in making CFLs cost-effective and widely available. The CFL Residential Point-of-Sale program now requires retooling. NYSERDA is directed to file, by December 1, 2011, an updated plan for its Residential Point-of-Sale program including its approach to address customer awareness and product testing and standards. In the interim NYSERDA should not initiate further CFL-related promotions under this program, but should work with Staff to determine the types of advanced lighting products that can be supported by the program. NYSERDA should also work with the Implementation Advisory Group, as recommended in the White Paper, to assess how other EEPS programs with lighting components should be modified to reflect lighting trends and developments.

Sector balance

The Utility Intervention Unit of the Department of State (UIU) observes that the residential sector, which represents 39% of electricity sales by volume, receives only 19% of EEPS program funding. From the outset, we have not imposed a strict rule of proportionality with respect to EEPS funding, because energy efficiency benefits all customers. Sector equity is one value to be considered, among many others, in approving efficiency programs.[29] Our program approvals have also valued cost-effectiveness highly, which ultimately works in the best interest of all customers. A non-participating residential customer, for example, is better served if the EEPS goal is met at the least cost, regardless of the portion of funding allocated to

[29] 2008 EEPS Order, Appendix 3, pg. 3.

residential programs.[30] Taking this into consideration, as well as the need for program continuity at this time, we will not order a substantial reallocation of funding among sectors. This is not, however, to dismiss the legitimate concern raised by UIU. The balance of funding among sectors will continue to be considered as program revisions are proposed in the future.

Surcharges

There has been a substantial time lag between the collection of surcharges, the commitment of funds to customer projects, and the actual expenditure of funds. NYSERDA projects a cash balance of approximately $397 million as of December 31, 2011 for the combination of its SBC and EEPS programs. This balance includes funds that have been committed to projects but not yet expended. Many NYSERDA projects have multi-year lead times between application, commitment, and expenditure.

A different, though related, sum is the uncommitted balance of EEPS-only programs for all administrators including NYSERDA and utilities. As of July 1, Staff stated that there was a balance of over $300 million in uncommitted surcharges, reflecting all EEPS programs, both electric and gas. Program administrators commented that this number is likely to be much smaller by the end of 2011 as project commitments increase. Total uncommitted balances as of December 31, 2011 will not be known with certainty until 2012.

Staff recommended that collections should be brought into better parity with expenditures and cash balances. Staff recommended a gradual scaling back of balances rather than an immediate suspension of EEPS surcharge recoveries. Staff's rationale is that many programs have only recently begun spending money at their target rates, and many programs have the potential to exceed their target rates. In order to meet the '15 by 15' goal, some programs might need to be expanded, or new programs might need to be authorized. The cost to achieve energy savings might increase. Until the Commission determines whether any portfolio changes are needed to achieve its goal, Staff stated it is premature to suspend or reduce surcharges. Moreover, surcharge balances, and the reasons for surcharge balances, vary widely among programs and among program administrators. Some programs may have surplus balances because of the time lag, but may be able to eliminate the balance through high

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30 Our increase in allocation to low income programs takes the level of residential sales into account.

performance. Staff recommended that modification of surcharge recoveries should be considered after another year of experience is gained.

A majority of commenters support the Staff recommendation. Program administrators, contractors, and public interest groups emphasized the need for continuity at this time, as well as the possibility that the surcharge balance could be substantially reduced by the end of 2011.

A contrary view was taken by UIU and MI. UIU agrees with Staff that an across-the-board reduction in surcharges is impractical; nevertheless, a surcharge balance of this size should not be maintained during a time of economic hardship, and a reasonable alternative to an across-the-board reduction should be implemented.

MI argues for comprehensive reductions in surcharge levels, as part of a reduction in the overall size of the EEPS program. According to MI, the current surcharge balance should be dealt with in that context, reducing the balance while simultaneously reducing program budget levels.

With respect to cash balances, NYSERDA's balance can be reduced to near zero with no adverse effect on programs. Because SBC collections were suspended in 2011, a substantial increase in collections would ordinarily occur in 2012 as SBC collections resume. Reducing NYSERDA's cash balance can mitigate 2012 collections and avoid an increase that would otherwise occur. 2013 and 2014 collections can likewise by mitigated by a further reduction of NYSERDA's cash balance.

Regarding uncommitted EEPS authorizations, there are four general options. At one extreme, authority to spend those funds could simply be rolled forward, to be spent as fully as possible by program administrators in addition to the annual budgets being approved in this order. The consequence of this approach, if the entire balance were spent in addition to the budgets approved in this order, could be to exceed our 2015 goal substantially, but at a total cost higher than would have been needed to meet the 2015 goal.

The opposite approach would be to order an immediate refund to customers, once the size of uncommitted 2011 balances is known. The consequence of this approach would be an immediate reduction in surcharges, beyond the avoidance of increases accomplished by reducing cash balances, with the risk that the budgets approved for 2012-2015 will be insufficient to meet the targets approved in this order. This in turn could force the Commission in the future either to raise surcharges or to abandon the 2015 goal.

Two intermediate approaches are: (1) refund the balances to customers over a period of years in a manner that helps to levelize collection schedules; or (2) retain the balances for a period of time until our cost to achieve the 2015 goal has been further clarified, and use the balances to mitigate future collections if they are not needed to achieve efficiency goals.

These two intermediate approaches are not mutually exclusive. The most immediate need, and opportunity for collection reductions, is to reduce unnecessary cash balances. This can be done without excluding the possibility that uncommitted funds might ultimately be needed to meet the 2015 goal. As Staff has pointed out, we are likely to have better information regarding the cost to achieve the 2015 goal after programs have been in full operation for another year, and after the impacts of lighting standards have been determined. In 2012 we will also have a final figure on uncommitted balances. It would be unwise to forfeit the flexibility that may be needed as we progress toward the 2015 goal.

A flexible, intermediate approach is the most reasonable. We will order a revision in collection schedules, designed to reduce cash balances.[31] This measure will reduce collections below budget authorization levels by approximately $284 million in 2012, $198 million in 2013, and $33 million in 2014. In addition, we emphasize that we are not authorizing the expenditure, during the 2012-2015 period, of uncommitted funds collected prior to January 1, 2012.[32] A program administrator may file a petition for such authorization for particular programs. "Uncommitted funds" as used here excludes administrative and evaluation expenses as well as pre-committed funds, i.e. funds allocated to a completed application which has been determined to meet basic eligibility criteria but for which the program administrator does not have in hand an executed contract. Elsewhere in the order we adopt rules for carrying funds forward from year to year, and for borrowing from future year budgets. The carry-forward rule will not apply to uncommitted funds in the transition from 2011 to 2012,[33] and implementation

31 These schedules are detailed in Appendix 2.

32 Exceptions to this rule are: any funds authorized in orders prior to October 13, 2011 and scheduled to be collected subsequent to December 31, 2011; and uncommitted funds from NYSERDA's gas-funded EmPower, Low Income Multifamily, and Low Income Single Family programs, which may be utilized to fund the increase in NYSERDA's EmPower program, as discussed above.

33 As discussed above, three NYSERDA low-income programs will be authorized to carry uncommitted balances forward into 2012.

of the borrowing rules will not take into account such uncommitted funds. We intend to review progress toward the 2015 goal and the projected cost to achieve the goal, within a timeframe that will allow uncommitted funds to be used to reduce collections or, if needed, to be allocated to programs toward the achievement of the goal.

Accordingly, we require all program administrators to provide an accounting report not later than March 31, 2012, of uncommitted balances for electric and gas programs. The accounting report shall include total collections from the inception of each EEPS program (including SBC programs incorporated into EEPS); total actual expenditures; total commitments (including funds allocated to a completed application which has been determined to meet eligibility criteria but for which the program administrator does not have an executed contract); and the resulting uncommitted balances for each program, respectively.

In addition, to inform any future changes to the collection schedule that we may deem appropriate, each program administrator shall file, not later than June 30 of each year from 2012 through 2015, a forecast of estimated end-of-year cash balances, expenditures, and commitments, through 2018.

Year to year budgeting and accrual accounting

Although targets and budgets are set on an annual basis, program participation rates will not be constant, for a variety of reasons. Some programs are seasonal in nature; some take longer than others to develop customer recognition or contractor readiness; some involve multi-year planning and implementation.

Staff recommends that both spending and energy savings should be counted on a commitment accrual basis; that is, in the year in which the spending is committed. Staff also proposes clarifying the rules for banking and borrowing funds from year to year.

The Joint Utilities argue that more flexibility is needed, and energy savings should be subject to banking and borrowing of up to 33% over a three-year period. Banking and borrowing of energy savings are relevant primarily to shareholder incentives. In light of our intention to revise incentives, described below, the utilities' proposal may be moot. If not, it can be addressed at the time a final decision is made regarding incentives. To the extent that banking and borrowing of savings would be utilized solely for reporting purposes, independent of incentives, we do not favor it; it presents the risk of programs falling far behind targets.

NYSEG/RG&E support the use of accrual commitment accounting.[34] NYSERDA supports the use of accrual commitment accounting, but adds that reporting will also be needed on an as-acquired basis, as evaluation will be performed on that basis. The Association for Energy Affordability (AEA) also supports accrual accounting.

With respect to the use of funds from previous or future budget years, there are two issues. First is the ability to roll over unused funds from one year to the next. Second is the ability to "borrow" from future years where a program is fully committed and there is unmet demand.

With regard to the first, Staff recommended a straightforward rule. Both spending and savings will be accounted for on a commitment accrual basis, i.e. they will be counted in the year in which the spending is committed. Unspent or uncommitted funds will remain available beyond the year for which they were originally budgeted, until December 31, 2015. This will allow program administration and implementation to be performed without interruption. The Joint Utilities, NYSEG/RG&E and NYSERDA support the Staff recommendation. We will adopt the Staff recommendation, with an exception regarding balances remaining as of December 31, 2011, as discussed above.

The second issue – borrowing from future years – presents more concerns.[35] The fact that a program has overspent its budget will often be an indication of success, but might also indicate that customer incentives are too high. Moreover, even where the program is a success, there are concerns of maintaining portfolio balance, as well as ensuring that program commitments do not outpace surcharge authorizations. Taking those concerns into account, Staff proposed a set of rules under which program administrators should be allowed to borrow funds from future budget years.

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[34] NYSEG/RG&E have concerns about the impact on utility incentives.

[35] On August 18, 2011, we addressed a petition of Central Hudson requesting authority to "borrow" from 2012 budgets to maintain progress in two successful programs that would otherwise have exhausted their funds in 2011. We noted that there were as yet no 2012 budgets from which to borrow; but to avoid interruption of successful programs, we increased by $3.5 million the 2011 authorization for two programs. Case 07-M-0548, Order Authorizing Incremental Commercial Electric Energy Efficiency Program Funds for 2011, effective August 18, 2011

NYSERDA and NYSEG/RG&E generally support the Staff recommendation.[36] NYSERDA notes that additional flexibility may be needed in the case of programs with long lead times, where post-commitment changes might be necessary. The Joint Utilities argue that borrowing of up to 33% over a three-year period should be allowed, to increase flexibility. AEA recommends that targets should be set over multi-year periods to avoid these issues.

We find that the flexibility included in Staff's recommendation represents a reasonable balance against the risk of premature depletion of program budgets, and the risk that borrowing may be needed simply because incentives are too generous. We will adopt Staff's recommendation to allow for borrowing from future years, under the following restrictions: (1) intent to exceed the annual budget for a program must be filed with the Secretary four weeks in advance; the Director of OEEE may allow an exception to this rule to provide for minor end-of-year exceedances; (2) in a timely manner, as determined by the Director of OEEE, the program administrator must submit an analysis of whether extraordinary spending levels are driven by customer incentives that are too high, including comparison with incentives for similar programs run by other program administrators; (3) subject to such filing and analysis, a program may be overspent by 20 percent per year; (4) with the concurrence of the Director of OEEE, a program may be overspent by more than 20 percent per year; (5) in aggregate for electricity or for gas, a program administrator's EEPS annual budget (including any carryovers from prior years) may not be overspent, except that with the concurrence of the Director of OEEE, aggregate spending may increase to 110 percent, provided that the program administrator has presented a plan for restoring aggregate spending to no more than 100 percent by December 31, 2015, which plan must demonstrate maintenance of a balanced portfolio; and (6) each program administrator will notify the Director of OEEE when aggregate spending for a budget year reaches 80 percent.

<u>Utility shareholder incentives</u>

Our Order Concerning Utility Financial Incentives (2008 Incentives Order) established a mechanism to hold utilities accountable and reward them for excellent

[36] NYSEG/RGE propose that borrowing should be allowed to exceed 120% for an individual program if the funds will be reallocated from an underperforming program within the same customer class. This would extend the proposed "borrowing" rule to borrowing among programs, which raises additional issues and will not be adopted here.

performance.[37] The White Paper expressed concern over the application of this mechanism to utility performance in the 2008-2011 period, as well as the continuation of the mechanism in 2012-2015.

On August 18, 2011 we considered whether to modify the calculation for reward of incentives for the period ending December 31, 2011. Following our appraisal of estimated results, we determined that positive and negative incentive adjustments should be awarded, and that utilities would have the opportunity to demonstrate the impact of the economic recession on their performance.[38]

The question that we take up here is what, if any, changes should be made to the incentive mechanism going forward into the 2012-2015 period. The White Paper stated that incentives had succeeded in gaining the attention of utility management; but the paper recited a number of ways in which the existence of incentives seemed to be having counterproductive effects. Staff recommended eliminating the incentive mechanism, subject to a reassessment prior to the end of 2012.

Comments on this issue present a wide range of views. The Joint Utilities support the idea that incentives should be redesigned during 2012. This approach should be informed by efficiency potential studies providing more realistic targets and cost estimates. During the interim, positive-only incentives should be in place, to maintain motivation for utilities.

Central Hudson adds a discussion in its individual comments. Central Hudson strongly disagrees with Staff's assessment of the impacts of incentives on utility behavior. According to Central Hudson, many of the problems attributed by Staff to utility motivations are actually the result of a lack of potential studies to set realistic targets, or the failure to establish clear boundaries between utility and NYSERDA programs, or the failure to properly account for non-energy benefits in the incentive mechanism. Central Hudson states that an incentive program should be designed taking these factors into account.

Pace/NRDC/NEEP are strongly opposed to the elimination of incentives. They argue that many of the problems recited by Staff actually result from lack of flexibility, lack of

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[37] Case 07-M-0548, Order Concerning Utility Financial Incentives (issued August 22, 2008)

[38] Case 07-M-0548, et al, Order Granting Rehearing, Reaffirming Utility Shareholder Incentives for 2009 through 2011, and Adjusting Certain Program Targets and Budgets (issued August 22, 2011).

clearly defined roles for NYSERDA and the utilities, and delays in program approval. Although revenue decoupling mechanisms remove disincentives for utilities, they do not provide affirmative incentives.

The National Association of Energy Service Contractors (NAESCO) agrees that the current incentive regime is counterproductive. NAESCO also cautions that a collaborative initiative to revise the incentives threatens to take an inordinate amount of time and attention. NAESCO recommends that utilities should be allowed a modest administrative fee, and that their efficiency program expenditures should be capitalized, with recovery contingent on a finding that they have produced savings.

NYSEG/RGE support the Staff recommendation to eliminate the incentive mechanism; moreover, they argue that the elimination should be permanent. NYSEG/RGE argue that the existing regulatory relationship between utilities and the Commission is adequate to ensure a strong effort by utilities to meet efficiency goals. To the extent that an incentive system will include negative adjustments, it will never be fair to impose that risk on utilities where, as in the case of energy efficiency, most of the factors determining success are out of the utilities' control. [39]

Multiple Intervenors also support Staff's recommendation, but they do not recommend reconsidering incentives following 2012. MI argues that utilities should not need an incentive to perform a task assigned to them by the Commission, and agrees with Staff that incentives have given rise to skewed motivations.

UIU agrees that the incentive mechanism should be reformed, but does not take a position on whether it should be eliminated in the interim period.

Efficiency contractors, who work directly with utilities and NYSERDA, provide varying views on this issue. Willdan Energy Solutions advocates eliminating negative incentives, to resolve most of the issues identified by Staff, but maintaining positive incentives to motivate utilities. Community Environmental Center (CEC) finds it disheartening that incentive arguments have become a diversion from the important task of meeting efficiency goals, and states that in its experience Con Edison has made its best efforts to achieve targets despite regulatory delays. CEC recommends that perhaps utilities should be given an option whether or

[39] For example, customers' willingness to participate.

not to participate in incentives in the 2012-2015 period. The Association for Energy Affordability fully agrees with the Staff recommendation, stating that incentives have encouraged defensive behavior rather than innovative behavior.

In the 2008 Incentives Order, we stated, "As utilities gain experience in program planning and implementation, other approaches to incentives could be considered."[40] We agree with Staff that the incentive mechanism as currently configured needs to be improved. This is not to state that incentives have not had a positive effect; it is impossible to measure what the status of the EEPS programs would have been in the absence of an incentive mechanism. As Staff notes, without question the incentives have made successful efficiency measures a high priority for utility management. Yet incentives appear to have had counter-productive effects as well.

We expect diligent and capable performance from utilities, in all areas subject to our orders. In many fields of utility activity, our expectation of performance, coupled with the potential for prudence adjustments or penalty actions, is sufficient. In some areas of activity, such as reliability and customer service, we employ metrics tied to potential revenue adjustments to spur performance.

Because of the high priority that we place on efficiency, we continue to hold that efficiency is an activity that warrants an incentive mechanism. However, Staff has persuaded us that the interaction and cooperation involved in refining targets and administering programs can be adversely affected by a metric that leads directly to negative adjustments. For that reason, we intend to enact an incentive mechanism that contains only positive adjustments. The current mechanism initiates positive incentives at 80% achievement of targets. In the absence of a metric for negative adjustments, it is more reasonable to reward utilities only for achieving 100% of their targets.

The absence of a specific metric for negative adjustments does not, however, imply any diminution in our expectation of performance from utilities. There are numerous options available to the Commission where a utility's performance is demonstrably poor, including disallowances or adjustments to return on equity in rate cases, and penalty actions.

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[40] Case 07-M-0548, Order Concerning Utility Financial Incentives (issued August 22, 2008), pg. 35.

Another important factor in devising an incentive mechanism, as highlighted by Staff, is the need for better cooperation among program administrators. Toward that end, we envision a two-step incentive mechanism, with the first step oriented toward individual utility performance and the second step oriented toward achievement of our statewide jurisdictional goal. Under the second step, the potential for each utility to earn an incentive would be tied directly to the ability of program administrators as a whole to achieve our goal.

The period over which incentives are calculated is another concern. In our incentives order of 2008, we specified that incentives would be calculated annually, in order to provide accountability on a regular basis. Subsequent orders revised this so that incentives will be calculated through 2011. To discourage short-term decision-making by utilities, we are inclined to calculate utility-specific incentives on a four-year basis, i.e., individual incentives would be awarded based on achievement of 100% of a utility's aggregate target from 2012 through 2015. Monthly reports and other mechanisms will allow us to review progress in the interim, and take action if progress appears to be unsatisfactory. The second stage incentive would be awarded based on the achievement of our jurisdictional goal of 11.2 million MWh, i.e. from the inception of SBC/EEPS through 2015.

The total potential adjustments in our current incentive structure are based on an estimate of 20 basis points per year for all utilities. In practice, the figures at stake for individual utilities were closer to 10 basis points per year, due to the level of program targets assigned to NYSERDA. Using current projections, basing incentives for utilities on a 5 basis point figure would create total opportunities over a four-year period of approximately $36 million for electric utilities and $14 million for gas utilities. Because the proposed mechanism would only award positive incentives, it may be more reasonable to utilize a smaller total incentive pool than we utilized in the past. Under the structure that we envision here, the totals would be awarded if each utility achieves 100% of its target and 100% of the statewide goal is achieved.[41]

We will not adopt a new incentive mechanism in this order. We intend to do so, along the lines discussed here; however, we will seek further input from interested parties before proceeding. We will direct the Secretary to establish a notice and comment period, or another

[41] Because there is currently no statewide gas goal for 2015 comparable to the '15 by 15' goal for electricity, the applicability of the second stage incentive to gas would require further deliberation.

appropriate process, which should be concluded in time for us to enact a new mechanism within the first quarter of 2012. Whenever a new mechanism is adopted, we intend that it will be effective as of January 1, 2012. In the interim, as of January 1, 2012, there will be no incentive mechanism in the absence of a further order. Our proposal for a new incentive mechanism, to be effective January 1, 2012, is outlined in Appendix 4, and will be issued for comment.

Hospital program proposal

A coalition known as the Green Group Energy Collaboration Program (GREENCO) proposes an initiative to leverage public dollars with private investment to accelerate the adoption of efficiency measures in the State's hospitals. GREENCO participants represent a wide range of interests including the hospitals, NYSERDA, utilities, major financial institutions, and energy efficiency advocates. According to GREENCO, the approximately 200 hospitals in New York spend $620 million annually on energy bills, and their energy use is typically 2.5 times greater per square foot than that of the average commercial building.

GREENCO suggests that an EEPS program specifically designed for hospitals should be adopted. The program should be designed to take advantage of the opportunities for collaboration and leveraged financing represented by the GREENCO coalition. At this time, GREENCO has not made a specific proposal. We encourage GREENCO to develop a proposal, and we direct Staff to work with GREENCO representatives to provide guidance.

Interruptible gas customers

An issue on which we are not taking action in this order, but which engendered a great deal of comment among parties, is Staff's proposal to expand eligibility to some categories of interruptible gas customers. A large majority of parties indicated support for this proposal, or some variation on it, and many indicated a willingness to work with Staff to refine the proposal. We direct Staff to work with stakeholders and develop a specific proposal on this issue, for our consideration at the soonest date practical.

Other issues discussed in the White Paper

The White Paper discussed numerous issues related to improving the EEPS program, but recommended that many should be addressed by the Commission over time. We have adopted that approach. It is our intention to consider these issues, to the extent practical and to the extent that Commission action would serve the goal of continuous improvement of the overall EEPS program.

SEQRA FINDINGS

Pursuant to our responsibilities under the State Environmental Quality Review Act (SEQRA), in conjunction with this order we find that programs approved here are within the overall action previously examined by us in Case 07-M-0548 and will not result in any different environmental impact than that previously examined. In addition, the SEQRA findings of the June 23, 2008 order in Case 07-M-0548 are incorporated herein by reference and we certify that: (1) the requirements of SEQRA, as implemented by 6 NYCRR part 617, have been met; and (2) consistent with social, economic, and other essential considerations from among the reasonable alternatives available, the action being undertaken is one that avoids or minimizes adverse environmental impacts to the maximum extent practicable.

CONCLUSION

With this order we authorize energy efficiency programs and associated budgets and surcharges, as described herein.

The Commission orders:

1. System Benefits Charge (SBC) funding for Energy Efficiency Portfolio Standard (EEPS) programs to be administered by Central Hudson Gas & Electric Corporation (Central Hudson); Consolidated Edison Company of New York, Inc. (Con Edison); New York State Electric and Gas Corporation (NYSEG); Niagara Mohawk Power Corporation d/b/a National Grid (Niagara Mohawk); Orange and Rockland Utilities, Inc. (O&R); Rochester Gas and Electric Corporation (RG&E); Corning Natural Gas Corporation (Corning); KeySpan Gas East Corporation d/b/a National Grid (KEDLI); The Brooklyn Union Gas Company d/b/a National Grid NY (KEDNY); National Fuel Gas Distribution Corporation (NFG); St. Lawrence Gas Company, Inc. (St. Lawrence); and New York State Energy Research and Development Authority (NYSERDA) is approved by program as set forth in Appendix 1 of this order. The annual program budgets, evaluation budgets, and energy savings goals for the programs shall be as set forth in Appendix 1 of this order. In the event that the energy saving goals for any program identified in Appendix 1 are revised by the Commission, in an order prior to

December 31, 2011, with respect to the period ending December 31, 2011, such revised goals will be automatically incorporated into the tables set forth in Appendix 1. In the case of NYSERDA, the annual New York State Cost Recovery Fee budgets shall be as set forth in Appendix 1 of this order. Funding may not be reallocated among programs without further approval by the Commission, except that flexibility for the utility administrators to implement limited reallocations for all programs in their portfolios under certain circumstances, previously adopted by the Commission, which flexibility is continued.

2. Within 60 days of issuance of this order, NYSERDA shall submit to the Secretary a supplemental revision to the SBC Operating Plan. The supplemental revision shall incorporate changes to NYSERDA's approved EEPS programs made in this order, and shall comply with guidelines previously provided by the Director of the Office of Energy Efficiency and Environment and prior directives from the Commission.

3. Within 60 days of the issuance of this order, Central Hudson, Con Edison, NYSEG, Niagara Mohawk, O&R, RG&E, Corning, KEDLI, KEDNY, NFG, and St. Lawrence shall submit to the Secretary supplemental implementation plans (for NFG this will be a new requirement). The supplemental implementation plans shall incorporate changes to their approved EEPS programs made in this order, and shall comply with guidelines previously provided by the Director of the Office of Energy Efficiency and the Environment and prior directives from the Commission.

4. Flexibility as to the types of measures and the level of particular financial inducements/incentives/rebates shall continue as previously approved by the Commission.

5. Beginning January 1, 2012, each program administrator may encumber funds from a budget authorized for the following calendar year, subject to the restrictions and processes detailed in the body of this Order.

6. Beginning with calendar year 2012 budgets, each program administrator may carry forward any unused budget allocation into the following calendar year, provided that unused allocations in calendar year 2015 may not be carried forward into 2016 without specific authorization from the Commission; and provided that funds carried forward will not be transferred to a different program, except to the extent otherwise allowed by orders of the Commission.

7. On not less than six months' notice, NYSERDA shall file with the Secretary a notice regarding any anticipated shortfall in funding for its supplemental gas-funded EmPower

program. For purposes of this clause, a shortfall in funding is defined as a point at which available funds will become insufficient to operate the program at the budget level identified in Appendix 1, Table 9 of this order. Included in this filing will be monthly program level expenditures and commitments, and the number of applications received and accepted, for the previous 12 months and projected for the following 12 months.

8. Central Hudson, Con Edison, NYSEG, Niagara Mohawk, O&R, RG&E, Corning, KEDLI, KEDNY, NFG, St. Lawrence and NYSERDA shall each incorporate reports on these programs into the periodic quarterly program and evaluation reports, annual program reports and evaluations, and monthly scorecard reports already required for the EEPS programs they administer (for NFG this will be a new requirement).

9. In the supplemental revisions to the SBC Operating Plan, and in the supplemental implementation plans, Central Hudson, Con Edison, NYSEG, Niagara Mohawk, O&R, RG&E, Corning, KEDLI, KEDNY, NFG, St. Lawrence and NYSERDA are directed to also include the following information related to their outreach and education (O&E)/marketing programs and, if necessary, to submit new budgets:

(a) specific budget amounts for each individual element of the O&E/marketing budget for each year of the program;

(b) a list and description of the O&E/marketing vehicles to be used;

(c) an explanation of the target audiences for each program component;

(d) a timeline for the development, implementation and evaluation of the O&E/marketing efforts;

(e) how the O&E/marketing programs relate to the entity's general and other O&E/marketing programs; and

(f) the efforts that will be undertaken to minimize any overlap and/or customer confusion that may result from O&E/marketing activities in the same or adjacent market areas.

10. All O&E/marketing plan components of the compliance filings will be subject to review and certification by the Director of the Office of Consumer Policy that they conform to the requirements of this order, before they shall be implemented.

11. Central Hudson, Con Edison, NYSEG, Niagara Mohawk, O&R, and RG&E shall establish by contract with NYSERDA, a schedule of payments, no less frequently than quarterly commencing January 1, 2012, to transfer electric SBC funds to NYSERDA for NYSERDA-administered programs as set forth in Appendix 2, Table 3 of this order.

12. Central Hudson, Con Edison, NYSEG, Niagara Mohawk, O&R, RG&E, KEDLI, KEDNY and NFG shall establish by contract with NYSERDA, a schedule of payments, no less frequently than quarterly commencing January 1, 2012, to transfer gas SBC funds to NYSERDA for NYSERDA-administered programs as set forth in Appendix 2, Table 7 of this order.

13. The electric System Benefits Charge (SBC) is augmented such that beginning on January 1, 2012, the level of overall SBC electric revenue collections is supplemented, to be collected in the manner shown in Table 4 of Appendix 2.

14. The gas System Benefits Charge (SBC) is augmented such that beginning on January 1, 2012, the level of overall SBC electric revenue collections is supplemented, to be collected in the manner shown in Table 8 of Appendix 2.

15. Each utility affected by this order shall file tariff amendments and/or statements on not less than 30 days' notice to become effective January 1, 2012, incorporating the revisions described herein. The requirements of Section 66(12)(b) of the Public Service Law as to newspaper publication of the changes proposed by these filings is waived.

16. The programs in the Conservation Incentive Program of NFG will be subject to the rules and orders governing the Energy Efficiency Portfolio Standard programs, under the conditions described in this Order, effective January 1, 2012.

17. NFG shall file tariff amendments and/or statements on not less than 15 days' notice to become effective December 1, 2011, incorporating an extension until December 31, 2011, of its existing energy efficiency programs. The requirements of Section 66(12)(b) of the Public Service Law as to newspaper publication of the changes proposed by these filings is waived.

18. Within 30 days of the effective date of this order, NFG shall file outreach plans for each of its three programs, conforming to the requirements specified in clause (9) above.

19. The budgets approved in this order are to be funded by an SBC; they do not represent traditional rate allowances in the sense that any under-spending shall result in the utility drawing down less money from the SBC collections. Efficiencies in that regard are for the benefit of ratepayers, not shareholders. Central Hudson, Con Edison, NYSEG, Niagara Mohawk, O&R, RG&E, Corning, KEDLI, KEDNY, NFG, St. Lawrence and NYSERDA shall

manage the EEPS and SBC funds prudently and within the budgets authorized by the Commission.

20. Not later than March 31 of 2012, each program administrator shall file with the Secretary an accounting of uncommitted balances at the end of the previous calendar year, as described in the body of this order.

21. Not later than June 30 of 2012 and of each year thereafter through 2015, each program administrator will file a forecast of end-of-year cash balances, expenditures, and commitments, as described in the body of this order.

22. Annual accounting for programs subject to this order shall be performed on an accrual and commitment basis, as discussed in the body of the Order.

23. Within 90 days of the effective date of this order, each electric utility administering EEPS programs, not presently offering a Block Bidding program, shall submit a filing with respect to Block Bidding programs as discussed in the body of this order.

24. On or before December 1, 2011, NYSERDA shall file an updated plan for its Residential Point-of-Sale lighting program.

25. NYSERDA shall fund an independent evaluation consultant and statewide evaluation protocol development as described in the body of this order.

26. As of January 1, 2012, the utility shareholder incentive mechanism applicable to programs authorized in this order is discontinued, as described in the body of this order.

27. The Secretary in her sole discretion may extend the deadlines set forth herein.

28. These proceedings are continued.

By the Commission,

Jaclyn A. Brilling

Digitally Signed by Secretary
New York Public Service Commission

JACLYN A. BRILLING
Secretary

APPENDICES

Table 1

Approved NYSERDA Electric Program Costs and Savings Targets

	2012	2013	2014	2015	2016	2017	2018	Total 2012-2018	% of Budget
NYSERDA									
Outreach & Education (Statewide)									
Savings (MWh)	0	0	0	0	0	0	0	0	
Program & Administrative Costs	$5,598,000	$5,598,000	$5,598,000	$5,598,000	$0	$0	$0	$22,392,000	93.3%
Evaluation/M&V Costs	$300,000	$300,000	$300,000	$300,000	$0	$0	$0	$1,200,000	5.0%
NYS Cost Recovery Fee	$102,000	$102,000	$102,000	$102,000	$0	$0	$0	$408,000	1.7%
Total	$6,000,000	$6,000,000	$6,000,000	$6,000,000	$0	$0	$0	$24,000,000	
General Awareness (DPS)									
Savings (MWh)	0	0	0	0	0	0	0	0	
Program & Administrative Costs	$3,281,122	$3,281,122	$3,281,122	$3,281,122	$0	$0	$0	$13,124,490	93.3%
Evaluation/M&V Costs	$175,837	$175,837	$175,837	$175,837	$0	$0	$0	$703,348	5.0%
NYS Cost Recovery Fee	$59,784	$59,784	$59,784	$59,784	$0	$0	$0	$239,136	1.7%
Total	$3,516,743	$3,516,743	$3,516,743	$3,516,743	$0	$0	$0	$14,066,974	
Statewide Residential Point-of-Sale Program (R)									
Savings (MWh)	285,480	380,640	380,640	380,640	95,160	0	0	1,522,560	
Program & Administrative Costs	$4,965,399	$4,965,399	$4,965,399	$4,965,399	$0	$0	$0	$19,861,596	93.3%
Evaluation/M&V Costs	$266,098	$266,098	$266,098	$266,098	$0	$0	$0	$1,064,392	5.0%
NYS Cost Recovery Fee	$90,473	$90,473	$90,473	$90,473	$0	$0	$0	$361,892	1.7%
Total	$5,321,970	$5,321,970	$5,321,970	$5,321,970	$0	$0	$0	$21,287,880	

	2012	2013	2014	2015	2016	2017	2018	Total 2012-2018	% of Budget
NYSERDA									
EmPowerNY (R-LI)									
Savings (MWh)	18,449	20,900	20,900	20,900	2,451	0	0	83,600	
Program & Administrative Costs	$17,197,995	$17,197,995	$17,197,995	$17,197,995	$0	$0	$0	$68,791,978	93.3%
Evaluation/M&V Costs	$921,650	$921,650	$921,650	$921,650	$0	$0	$0	$3,686,600	5.0%
NYS Cost Recovery Fee	$313,361	$313,361	$313,361	$313,361	$0	$0	$0	$1,253,444	1.7%
Total	$18,433,006	$18,433,006	$18,433,006	$18,433,006	$0	$0	$0	$73,732,022	
High Performance New Buildings/New Construction (C&I)									
Savings (MWh)	62,246	110,362	190,555	206,593	144,347	96,232	16,039	826,374	
Program & Administrative Costs	$33,418,670	$33,418,670	$33,418,670	$33,418,670	$0	$0	$0	$133,674,682	93.3%
Evaluation/M&V Costs	$1,790,925	$1,790,925	$1,790,925	$1,790,925	$0	$0	$0	$7,163,700	5.0%
NYS Cost Recovery Fee	$608,914	$608,914	$608,914	$608,914	$0	$0	$0	$2,435,656	1.7%
Total	$35,818,509	$35,818,509	$35,818,509	$35,818,509	$0	$0	$0	$143,274,038	
Flex Tech/Technical Assistance (C&I)									
Savings (MWh)	117,185	172,835	189,530	189,530	72,345	16,695	0	758,120	
Program & Administrative Costs	$12,126,597	$12,126,597	$12,126,597	$12,126,597	$0	$0	$0	$48,506,389	93.3%
Evaluation/M&V Costs	$649,871	$649,871	$649,871	$649,871	$0	$0	$0	$2,599,484	5.0%
NYS Cost Recovery Fee	$220,956	$220,956	$220,956	$220,956	$0	$0	$0	$883,824	1.7%
Total	$12,997,424	$12,997,424	$12,997,424	$12,997,424	$0	$0	$0	$51,989,697	
Flex Tech Industrial Process (C&I)									
Savings (MWh)	39,375	203,437	252,656	252,656	213,281	49,219	0	1,010,624	
Program & Administrative Costs	$33,096,726	$33,096,726	$33,096,726	$33,096,726	$0	$0	$0	$132,386,904	93.3%
Evaluation/M&V Costs	$1,773,672	$1,773,672	$1,773,672	$1,773,672	$0	$0	$0	$7,094,688	5.0%
NYS Cost Recovery Fee	$603,048	$603,048	$603,048	$603,048	$0	$0	$0	$2,412,192	1.7%
Total	$35,473,446	$35,473,446	$35,473,446	$35,473,446	$0	$0	$0	$141,893,784	

	2012	2013	2014	2015	2016	2017	2018	Total 2012-2018	% of Budget
NYSERDA									
Electric Reduction in Master-Metered Multifamily Buildings (MF)									
Savings (MWh)	10,482	10,482	10,482	10,482	0	0	0	41,928	
Program & Administrative Costs	$4,917,215	$4,917,215	$4,917,215	$4,917,215	$0	$0	$0	$19,668,860	93.3%
Evaluation/M&V Costs	$263,516	$263,516	$263,516	$263,516	$0	$0	$0	$1,054,064	5.0%
NYS Cost Recovery Fee	$89,595	$89,595	$89,595	$89,595	$0	$0	$0	$358,380	1.7%
Total	$5,270,326	$5,270,326	$5,270,326	$5,270,326	$0	$0	$0	$21,081,304	
Multifamily Building Performance (New & Existing) (MF)									
Savings (MWh)	28,428	28,428	28,428	28,428	0	0	0	113,712	
Program & Administrative Costs	$4,578,917	$4,578,917	$4,578,917	$4,578,917	$0	$0	$0	$18,315,667	93.3%
Evaluation/M&V Costs	$245,386	$245,386	$245,386	$245,386	$0	$0	$0	$981,544	5.0%
NYS Cost Recovery Fee	$83,431	$83,431	$83,431	$83,431	$0	$0	$0	$333,724	1.7%
Total	$4,907,734	$4,907,734	$4,907,734	$4,907,734	$0	$0	$0	$19,630,935	
Low-Income Multifamily Building Performance (MF-LI)									
Savings (MWh)	34,157	34,157	34,157	34,157	0	0	0	136,628	
Program & Administrative Costs	$8,387,179	$8,387,179	$8,387,179	$8,387,179	$0	$0	$0	$33,548,714	93.3%
Evaluation/M&V Costs	$449,473	$449,473	$449,473	$449,473	$0	$0	$0	$1,797,892	5.0%
NYS Cost Recovery Fee	$152,821	$152,821	$152,821	$152,821	$0	$0	$0	$611,284	1.7%
Total	$8,989,473	$8,989,473	$8,989,473	$8,989,473	$0	$0	$0	$35,957,890	
Existing Facilities (C&I)									
Savings (MWh)	151,194	151,194	187,770	199,962	48,768	48,768	12,192	799,848	
Program & Administrative Costs	$26,248,974	$26,248,974	$30,784,071	$33,864,513	$7,615,539	$7,615,539	$3,080,443	$135,458,052	93.3%
Evaluation/M&V Costs	$1,406,697	$1,406,697	$1,649,735	$1,814,818	$408,121	$408,121	$165,082	$7,259,271	5.0%
NYS Cost Recovery Fee	$478,277	$478,277	$560,910	$617,038	$138,761	$138,761	$56,128	$2,468,152	1.7%
Total	$28,133,948	$28,133,948	$32,994,716	$36,296,369	$8,162,421	$8,162,421	$3,301,653	$145,185,475	

	2012	2013	2014	2015	2016	2017	2018	Total 2012-2018	% of Budget
NYSERDA									
Benchmarking and Operations Efficiency (C&I)									
Savings (MWh)	19,783	20,643	22,794	22,794	14,933	5,693	0	106,640	
Program & Administrative Costs	$4,397,199	$4,459,199	$4,935,259	$4,935,259	$538,062	$476,061	$0	$19,741,039	93.3%
Evaluation/M&V Costs	$235,648	$238,970	$264,483	$264,483	$28,834	$25,512	$0	$1,057,930	5.0%
NYS Cost Recovery Fee	$80,120	$81,250	$89,924	$89,924	$9,803	$8,674	$0	$359,695	1.7%
Total	$4,712,967	$4,779,419	$5,289,666	$5,289,666	$576,699	$510,247	$0	$21,158,664	
Agricultural Component of Existing Facilities (Ag)									
Savings (MWh)	3,325	3,325	3,325	3,325	0	0	0	13,300	
Program & Administrative Costs	$2,799,000	$2,799,000	$2,799,000	$2,799,000	$0	$0	$0	$11,196,000	93.3%
Evaluation/M&V Costs	$150,000	$150,000	$150,000	$150,000	$0	$0	$0	$600,000	5.0%
NYS Cost Recovery Fee	$51,000	$51,000	$51,000	$51,000	$0	$0	$0	$204,000	1.7%
Total	$3,000,000	$3,000,000	$3,000,000	$3,000,000	$0	$0	$0	$12,000,000	
Single Family Home Performance (R)									
Savings (MWh)	21,463	21,463	21,463	21,463	0	0	0	85,852	
Program & Administrative Costs	$6,562,244	$6,562,244	$6,562,244	$6,562,244	$0	$0	$0	$26,248,976	93.3%
Evaluation/M&V Costs	$351,674	$351,674	$351,674	$351,674	$0	$0	$0	$1,406,696	5.0%
NYS Cost Recovery Fee	$119,569	$119,569	$119,569	$119,569	$0	$0	$0	$478,276	1.7%
Total	$7,033,487	$7,033,487	$7,033,487	$7,033,487	$0	$0	$0	$28,133,948	
Low-Income Single Family Home Performance (R-LI)									
Savings (MWh)	4,706	4,706	4,706	4,706	0	0	0	18,824	
Program & Administrative Costs	$3,281,122	$3,281,122	$3,281,122	$3,281,122	$0	$0	$0	$13,124,490	93.3%
Evaluation/M&V Costs	$175,837	$175,837	$175,837	$175,837	$0	$0	$0	$703,348	5.0%
NYS Cost Recovery Fee	$59,784	$59,784	$59,784	$59,784	$0	$0	$0	$239,136	1.7%
Total	$3,516,743	$3,516,743	$3,516,743	$3,516,743	$0	$0	$0	$14,066,974	

Table 2

Approved Central Hudson Electric Program Costs and Savings Targets

	2012	2013	2014	2015	2012-2015	Budget
Central Hudson						
Residential HVAC (R)						
Savings (MWh)	522	522	522	522	2,088	
Program & Administrative Costs	$805,084	$805,084	$805,084	$805,084	$3,220,336	95%
Evaluation/M&V Costs	$42,372	$42,372	$42,372	$42,372	$169,488	5%
Total	$847,456	$847,456	$847,456	$847,456	$3,389,824	
Small Business (C&I)						
Savings (MWh)	16,495	16,495	16,495	16,495	65,980	
Program & Administrative Costs	$4,273,284	$4,273,284	$4,273,284	$4,273,284	$17,093,136	95%
Evaluation/M&V Costs	$224,909	$224,909	$224,909	$224,909	$899,636	5%
Total	$4,498,193	$4,498,193	$4,498,193	$4,498,193	$17,992,772	
Mid-Size Commercial Business (C&I)						
Savings (MWh)	2,791	2,791	2,791	2,791	11,164	
Program & Administrative Costs	$1,157,035	$1,157,035	$1,157,035	$1,157,035	$4,628,140	95%
Evaluation/M&V Costs	$60,896	$60,896	$60,896	$60,896	$243,584	5%
Total	$1,217,931	$1,217,931	$1,217,931	$1,217,931	$4,871,724	

	2012	2013	2014	2015	Total 2012-2015	% of Budget
Central Hudson						
Residential Appliance Recycling (R)						
Savings (MWh)	2,226	2,226	2,226	2,226	8,904	
Program & Administrative Costs	$965,743	$965,743	$965,743	$965,743	$3,862,972	95%
Evaluation/M&V Costs	$50,828	$50,828	$50,828	$50,828	$203,312	5%
Total	$1,016,571	$1,016,571	$1,016,571	$1,016,571	$4,066,284	
Home Energy Reporting (R)						
Savings (MWh)	0	6,000	6,000	6,000	18,000	
Program & Administrative Costs	$0	$394,725	$394,725	$394,725	$1,184,175	95%
Evaluation/M&V Costs	$0	$20,775	$20,775	$20,775	$62,325	5%
Total	$0	$415,500	$415,500	$415,500	$1,246,500	

Table 3

Approved Con Edison Electric Program Costs and Savings Targets

	2012	2013	2014	2015	Total 2012-2015	% of Budget
Con Edison						
Residential HVAC (R)						
Savings (MWh)	828	828	828	828	3,312	
Program & Administrative Costs	$3,844,330	$3,844,330	$3,844,330	$3,844,330	$15,377,320	95%
Evaluation/M&V Costs	$202,333	$202,333	$202,333	$202,333	$809,332	5%
Total	$4,046,663	$4,046,663	$4,046,663	$4,046,663	$16,186,652	
Small Business (C&I)						
Savings (MWh)	69,238	69,238	69,238	69,238	276,952	
Program & Administrative Costs	$26,497,293	$26,497,293	$26,497,293	$26,497,293	$105,989,172	95%
Evaluation/M&V Costs	$1,394,594	$1,394,594	$1,394,594	$1,394,594	$5,578,376	5%
Total	$27,891,887	$27,891,887	$27,891,887	$27,891,887	$111,567,548	
Refrigerator Replacement Plus (MF)						
Savings (MWh)	7,412	7,412	7,412	7,412	29,648	
Program & Administrative Costs	$7,004,639	$7,004,639	$7,004,639	$7,004,639	$28,018,556	95%
Evaluation/M&V Costs	$368,665	$368,665	$368,665	$368,665	$1,474,660	5%
Total	$7,373,304	$7,373,304	$7,373,304	$7,373,304	$29,493,216	
Commercial and Industrial Equipment Rebate (C&I)						
Savings (MWh)	66,574	66,574	66,574	66,574	266,296	
Program & Administrative Costs	$35,605,995	$35,605,995	$35,605,995	$35,605,995	$142,423,980	95%
Evaluation/M&V Costs	$1,873,999	$1,873,999	$1,873,999	$1,873,999	$7,495,996	5%
Total	$37,479,994	$37,479,994	$37,479,994	$37,479,994	$149,919,976	

	2012	2013	2014	2015	Total 2012-2015	% of Budget
Con Edison						
Commercial and Industrial Custom Efficiency (C&I)						
Savings (MWh)	9,131	9,131	9,131	9,131	36,524	
Program & Administrative Costs	$5,786,858	$5,786,858	$5,786,858	$5,786,858	$23,147,432	95%
Evaluation/M&V Costs	$304,571	$304,571	$304,571	$304,571	$1,218,284	5%
Total	$6,091,429	$6,091,429	$6,091,429	$6,091,429	$24,365,716	
Appliance Bounty (R)						
Savings (MWh)	13,177	13,177	13,177	13,177	52,708	
Program & Administrative Costs	$4,318,293	$4,318,293	$4,318,293	$4,318,293	$17,273,172	95%
Evaluation/M&V Costs	$227,278	$227,278	$227,278	$227,278	$909,112	5%
Total	$4,545,571	$4,545,571	$4,545,571	$4,545,571	$18,182,284	
Residential Direct Installation (R)						
Savings (MWh)	5,517	5,517	5,517	5,517	22,068	
Program & Administrative Costs	$2,862,215	$2,862,215	$2,862,215	$2,862,215	$11,448,860	95%
Evaluation/M&V Costs	$150,642	$150,642	$150,642	$150,642	$602,568	5%
Total	$3,012,857	$3,012,857	$3,012,857	$3,012,857	$12,051,428	
Residential Room Air Conditioner (R)						
Savings (MWh)	1,442	1,442	1,442	1,442	5,768	
Program & Administrative Costs	$1,270,286	$1,270,286	$1,270,286	$1,270,286	$5,081,144	95%
Evaluation/M&V Costs	$66,857	$66,857	$66,857	$66,857	$267,428	5%
Total	$1,337,143	$1,337,143	$1,337,143	$1,337,143	$5,348,572	

Table 4

Approved NYSEG Electric Program Costs and Savings Targets

	2012	2013	2014	2015	Total 2012-2015	% of Budget
NYSEG						
Residential/Non-Residential Multifamily (MF)						
Savings (MWh)	165	165	165	165	660	
Program & Administrative Costs	$695,803	$695,803	$695,803	$695,803	$2,783,212	95%
Evaluation/M&V Costs	$36,621	$36,621	$36,621	$36,621	$146,484	5%
Total	$732,424	$732,424	$732,424	$732,424	$2,929,696	
Non-residential Commercial and Industrial Prescriptive Rebate (C&I)						
Savings (MWh)	2,148	2,148	2,148	2,148	8,592	
Program & Administrative Costs	$1,239,758	$1,239,758	$1,239,758	$1,239,758	$4,959,032	95%
Evaluation/M&V Costs	$65,250	$65,250	$65,250	$65,250	$261,000	5%
Total	$1,305,008	$1,305,008	$1,305,008	$1,305,008	$5,220,032	
Non-residential Small Business Direct Installation (C&I)						
Savings (MWh)	31,676	31,676	31,676	31,676	126,704	
Program & Administrative Costs	$8,267,308	$8,267,308	$8,267,308	$8,267,308	$33,069,232	95%
Evaluation/M&V Costs	$435,121	$435,121	$435,121	$435,121	$1,740,484	5%
Total	$8,702,429	$8,702,429	$8,702,429	$8,702,429	$34,809,716	
Non-residential Commercial/Industrial Custom Rebate (C&I)						
Savings (MWh)	8,934	8,934	8,934	8,934	35,736	
Program & Administrative Costs	$3,182,229	$3,182,229	$3,182,229	$3,182,229	$12,728,916	95%
Evaluation/M&V Costs	$167,485	$167,485	$167,485	$167,485	$669,940	5%
Total	$3,349,714	$3,349,714	$3,349,714	$3,349,714	$13,398,856	

	2012	2013	2014	2015	Total 2012-2015	% of Budget
NYSEG						
Block Bidding (C&I)						
Savings (MWh)	1,695	4,289	4,289	4,289	14,562	
Program & Administrative Costs	$624,150	$1,517,583	$1,517,583	$1,517,583	$5,176,899	95%
Evaluation/M&V Costs	$32,850	$79,872	$79,872	$79,872	$272,466	5%
Total	$657,000	$1,597,455	$1,597,455	$1,597,455	$5,449,365	
Refrigerator and Freezer Recycling (R)						
Savings (MWh)	0	4,361	4,361	4,361	13,083	
Program & Administrative Costs	$0	$1,281,000	$1,281,000	$1,281,000	$3,843,000	95%
Evaluation/M&V Costs	$0	$67,421	$67,421	$67,421	$202,263	5%
Total	$0	$1,348,421	$1,348,421	$1,348,421	$4,045,263	

Table 5

Approved Niagara Mohawk Electric Program Costs and Savings Targets

	2012	2013	2014	2015	Total 2012-2015	% of Budget
Niagara Mohawk						
Small Business (C&I)						
Savings (MWh)	91,869	91,869	91,869	91,869	367,476	
Program & Administrative Costs	$23,380,154	$23,380,154	$23,380,154	$23,380,154	$93,520,616	95%
Evaluation/M&V Costs	$1,230,534	$1,230,534	$1,230,534	$1,230,534	$4,922,136	5%
Total	$24,610,688	$24,610,688	$24,610,688	$24,610,688	$98,442,752	
Energy Wise (MF)						
Savings (MWh)	1,303	1,303	1,303	1,303	5,212	
Program & Administrative Costs	$964,579	$964,579	$964,579	$964,579	$3,858,316	95%
Evaluation/M&V Costs	$50,767	$50,767	$50,767	$50,767	$203,068	5%
Total	$1,015,346	$1,015,346	$1,015,346	$1,015,346	$4,061,384	
Energy Initiative (Large Industrial)						
Savings (MWh)	22,930	22,930	22,930	22,930	91,720	
Program & Administrative Costs	$6,249,397	$6,249,397	$6,249,397	$6,249,397	$24,997,588	95%
Evaluation/M&V Costs	$328,915	$328,915	$328,915	$328,915	$1,315,660	5%
Total	$6,578,312	$6,578,312	$6,578,312	$6,578,312	$26,313,248	
Energy Initiative (C&I)						
Savings (MWh)	93,908	93,908	93,908	93,908	375,632	
Program & Administrative Costs	$15,831,450	$15,831,450	$15,831,450	$15,831,450	$63,325,800	95%
Evaluation/M&V Costs	$833,234	$833,234	$833,234	$833,234	$3,332,936	5%
Total	$16,664,684	$16,664,684	$16,664,684	$16,664,684	$66,658,736	

	2012	2013	2014	2015	Total 2012-2015	% of Budget
Niagara Mohawk						
Residential Building Practices and Demonstration (R)						
Savings (MWh)	0	14,580	14,580	14,580	43,740	
Program & Administrative Costs	$0	$749,421	$749,421	$749,421	$2,248,263	95%
Evaluation/M&V Costs	$0	$39,443	$39,443	$39,443	$118,329	5%
Total	$0	$788,864	$788,864	$788,864	$2,366,592	
Residential Energy Star Products and Recycling (R)						
Savings (MWh)	13,399	0	0	0	13,399	
Program & Administrative Costs	$5,350,875	$0	$0	$0	$5,350,875	95%
Evaluation/M&V Costs	$281,625	$0	$0	$0	$281,625	5%
Total	$5,632,500	$0	$0	$0	$5,632,500	
Enhanced Home Sealing Incentives (R)						
Savings (MWh)	4,390	0	0	0	4,390	
Program & Administrative Costs	$2,428,770	$0	$0	$0	$2,428,770	95%
Evaluation/M&V Costs	$127,830	$0	$0	$0	$127,830	5%
Total	$2,556,600	$0	$0	$0	$2,556,600	

Table 6

Approved O&R Electric Program Costs and Savings Targets

	2012	2013	2014	2015	Total 2012-2015	% of Budget
O&R						
Small Business (C&I)						
Savings (MWh)	12,489	12,489	12,489	12,489	49,956	
Program & Administrative Costs	$3,139,429	$3,139,429	$3,139,429	$3,139,429	$12,557,716	95%
Evaluation/M&V Costs	$165,233	$165,233	$165,233	$165,233	$660,932	5%
Total	$3,304,662	$3,304,662	$3,304,662	$3,304,662	$13,218,648	
Commercial Existing Buildings (C&I)						
Savings (MWh)	5,088	5,088	5,088	5,088	20,352	
Program & Administrative Costs	$2,070,348	$2,070,348	$2,070,348	$2,070,348	$8,281,392	95%
Evaluation/M&V Costs	$108,965	$108,965	$108,965	$108,965	$435,860	5%
Total	$2,179,313	$2,179,313	$2,179,313	$2,179,313	$8,717,252	
Residential Efficient Products (R)						
Savings (MWh)	0	2,243	2,243	2,243	6,729	
Program & Administrative Costs	$0	$777,280	$777,280	$777,280	$2,331,840	95%
Evaluation/M&V Costs	$0	$40,909	$40,909	$40,909	$122,727	5%
Total	$0	$818,189	$818,189	$818,189	$2,454,567	

Table 7

Approved RG&E Electric Program Costs and Savings Targets

	2012	2013	2014	2015	Total 2012-2015	% of Budget
RG&E						
Residential/Non-Residential Multifamily (MF)						
Savings (MWh)	198	198	198	198	792	
Program & Administrative Costs	$615,952	$615,952	$615,952	$615,952	$2,463,808	95%
Evaluation/M&V Costs	$32,418	$32,418	$32,418	$32,418	$129,672	5%
Total	$648,370	$648,370	$648,370	$648,370	$2,593,480	
Non-residential Commercial and Industrial Prescriptive Rebate (C&I)						
Savings (MWh)	1,459	1,459	1,459	1,459	5,836	
Program & Administrative Costs	$814,460	$814,460	$814,460	$814,460	$3,257,840	95%
Evaluation/M&V Costs	$42,866	$42,866	$42,866	$42,866	$171,464	5%
Total	$857,326	$857,326	$857,326	$857,326	$3,429,304	
Non-residential Small Business Direct Installation (C&I)						
Savings (MWh)	14,622	14,622	14,622	14,622	58,488	
Program & Administrative Costs	$3,766,750	$3,766,750	$3,766,750	$3,766,750	$15,067,000	95%
Evaluation/M&V Costs	$198,250	$198,250	$198,250	$198,250	$793,000	5%
Total	$3,965,000	$3,965,000	$3,965,000	$3,965,000	$15,860,000	
Non-residential Commercial/Industrial Custom Rebate (C&I)						
Savings (MWh)	5,478	5,478	5,478	5,478	21,912	
Program & Administrative Costs	$2,015,086	$2,015,086	$2,015,086	$2,015,086	$8,060,344	95%
Evaluation/M&V Costs	$106,057	$106,057	$106,057	$106,057	$424,228	5%
Total	$2,121,143	$2,121,143	$2,121,143	$2,121,143	$8,484,572	

	2012	2013	2014	2015	Total 2012-2015	% of Budget
RG&E						
Block Bidding (C&I)						
Savings (MWh)	1,695	4,289	4,289	4,289	14,562	
Program & Administrative Costs	$572,850	$1,464,728	$1,464,728	$1,464,728	$4,967,034	95%
Evaluation/M&V Costs	$30,150	$77,090	$77,090	$77,090	$261,420	5%
Total	$603,000	$1,541,818	$1,541,818	$1,541,818	$5,228,454	
Refrigerator and Freezer Recycling (R)						
Savings (MWh)	0	4,361	4,361	4,361	13,083	
Program & Administrative Costs	$0	$1,281,000	$1,281,000	$1,281,000	$3,843,000	95%
Evaluation/M&V Costs	$0	$67,421	$67,421	$67,421	$202,263	5%
Total	$0	$1,348,421	$1,348,421	$1,348,421	$4,045,263	

Table 8

Approved NYSERDA Gas Program Costs and Savings Targets

	2012	2013	2014	2015	2016	2017	2018	Total 2012-2018	% of Budget
NYSERDA									
Multifamily Performance (MF)									
Savings (Dekatherms)	150,913	150,913	150,913	150,913	0	0	0	603,652	
Program & Administrative Costs	$7,539,267	$7,539,267	$7,539,267	$7,539,267	$0	$0	$0	$30,157,068	93.3%
Evaluation/M&V Costs	$404,033	$404,033	$404,033	$404,033	$0	$0	$0	$1,616,132	5.0%
NYS Cost Recovery Fee	$137,371	$137,371	$137,371	$137,371	$0	$0	$0	$549,484	1.7%
Total	$8,080,671	$8,080,671	$8,080,671	$8,080,671	$0	$0	$0	$32,322,684	
Low-Income Multifamily Performance (MF-LI)									
Savings (Dekatherms)	173,794	173,794	173,794	173,794	0	0	0	695,176	
Program & Administrative Costs	$12,701,780	$12,701,780	$12,701,780	$12,701,780	$0	$0	$0	$50,807,120	93.3%
Evaluation/M&V Costs	$680,695	$680,695	$680,695	$680,695	$0	$0	$0	$2,722,780	5.0%
NYS Cost Recovery Fee	$231,436	$231,436	$231,436	$231,436	$0	$0	$0	$925,744	1.7%
Total	$13,613,911	$13,613,911	$13,613,911	$13,613,911	$0	$0	$0	$54,455,644	
Industrial and Process Efficiency (Large Industrial)									
Savings (Dekatherms)	912,740	912,740	912,740	912,740	0	0	0	3,650,960	
Program & Administrative Costs	$8,839,468	$8,839,468	$8,839,468	$8,839,468	$0	$0	$0	$35,357,872	93.3%
Evaluation/M&V Costs	$473,712	$473,712	$473,712	$473,712	$0	$0	$0	$1,894,848	5.0%
NYS Cost Recovery Fee	$161,062	$161,062	$161,062	$161,062	$0	$0	$0	$644,248	1.7%
Total	$9,474,242	$9,474,242	$9,474,242	$9,474,242	$0	$0	$0	$37,896,968	

	2012	2013	2014	2015	2016	2017	2018	Total 2012-2018	% of Budget
NYSERDA									
Existing Facilities (C&I)									
Savings (Dekatherms)	0	25,988	51,976	103,951	103,951	25,988	0	311,854	
Program & Administrative Costs	$0	$1,649,066	$1,884,645	$1,884,645	$1,884,645	$235,582	$0	$7,538,583	93.3%
Evaluation/M&V Costs	$0	$88,374	$100,999	$100,999	$100,999	$12,624	$0	$403,995	5.0%
NYS Cost Recovery Fee	$0	$30,047	$34,339	$34,339	$34,339	$4,292	$0	$137,356	1.7%
Total	$0	$1,767,487	$2,019,983	$2,019,983	$2,019,983	$252,498	$0	$8,079,934	
FlexTech (C&I)									
Savings (Dekatherms)	71,155	106,733	142,311	177,888	106,733	71,155	35,578	711,553	
Program & Administrative Costs	$415,206	$704,727	$801,233	$801,233	$386,028	$96,508	$0	$3,204,935	93.3%
Evaluation/M&V Costs	$22,251	$37,766	$42,938	$42,938	$20,687	$5,171	$0	$171,751	5.0%
NYS Cost Recovery Fee	$7,565	$12,840	$14,599	$14,599	$7,033	$1,758	$0	$58,394	1.7%
Total	$445,022	$755,333	$858,770	$858,770	$413,748	$103,437	$0	$3,435,080	
High Performance New Construction (C&I)									
Savings (Dekatherms)	0	0	43,041	66,217	82,772	96,015	43,041	331,086	
Program & Administrative Costs	$0	$0	$635,686	$1,148,027	$1,148,027	$1,148,027	$512,342	$4,592,109	93.3%
Evaluation/M&V Costs	$0	$0	$34,066	$61,523	$61,523	$61,523	$27,456	$246,091	5.0%
NYS Cost Recovery Fee	$0	$0	$11,582	$20,917	$20,917	$20,917	$9,335	$83,668	1.7%
Total	$0	$0	$681,334	$1,230,467	$1,230,467	$1,230,467	$549,133	$4,921,868	
Home Performance with Energy Star (R)									
Savings (Dekatherms)	229,608	229,608	229,608	229,608	0	0	0	918,432	
Program & Administrative Costs	$13,170,228	$13,170,228	$13,170,228	$13,170,228	$0	$0	$0	$52,680,912	93.3%
Evaluation/M&V Costs	$705,799	$705,799	$705,799	$705,799	$0	$0	$0	$2,823,196	5.0%
NYS Cost Recovery Fee	$239,971	$239,971	$239,971	$239,971	$0	$0	$0	$959,884	1.7%
Total	$14,115,998	$14,115,998	$14,115,998	$14,115,998	$0	$0	$0	$56,463,992	

	2012	2013	2014	2015	2016	2017	2018	Total 2012-2018	% of Budget
NYSERDA									
New York Energy Star Homes (New Construction) (R)									
Savings (Dekatherms)	245,010	245,010	245,010	245,010	0	0	0	980,040	
Program & Administrative Costs	$9,704,378	$9,704,378	$9,704,378	$9,704,378	$0	$0	$0	$38,817,512	93.3%
Evaluation/M&V Costs	$520,063	$520,063	$520,063	$520,063	$0	$0	$0	$2,080,252	5.0%
NYS Cost Recovery Fee	$176,821	$176,821	$176,821	$176,821	$0	$0	$0	$707,284	1.7%
Total	$10,401,262	$10,401,262	$10,401,262	$10,401,262	$0	$0	$0	$41,605,048	
Assisted Home Performance with Energy Star (R-LI)									
Savings (Dekatherms)	26,543	26,543	26,543	26,543	0	0	0	106,172	
Program & Administrative Costs	$3,856,055	$3,856,055	$3,856,055	$3,856,055	$0	$0	$0	$15,424,220	93.3%
Evaluation/M&V Costs	$206,648	$206,648	$206,648	$206,648	$0	$0	$0	$826,592	5.0%
NYS Cost Recovery Fee	$70,260	$70,260	$70,260	$70,260	$0	$0	$0	$281,040	1.7%
Total	$4,132,963	$4,132,963	$4,132,963	$4,132,963	$0	$0	$0	$16,531,852	
EmPower New York (R-LI)									
Savings (Dekatherms)	118,391	118,391	118,391	118,391	0	0	0	473,562	
Program & Administrative Costs	$12,710,316	$12,710,316	$12,710,316	$12,710,316	$0	$0	$0	$50,841,264	93.3%
Evaluation/M&V Costs	$681,153	$681,153	$681,153	$681,153	$0	$0	$0	$2,724,612	5.0%
NYS Cost Recovery Fee	$231,592	$231,592	$231,592	$231,592	$0	$0	$0	$926,368	1.7%
Total	$13,623,061	$13,623,061	$13,623,061	$13,623,061	$0	$0	$0	$54,492,244	
Agriculture Energy Efficiency (Ag)									
Savings (Dekatherms)	3,630	3,630	3,630	3,630	0	0	0	14,520	
Program & Administrative Costs	$310,998	$310,998	$310,998	$310,998	$0	$0	$0	$1,243,992	93.3%
Evaluation/M&V Costs	$16,666	$16,666	$16,666	$16,666	$0	$0	$0	$66,664	5.0%
NYS Cost Recovery Fee	$5,666	$5,666	$5,666	$5,666	$0	$0	$0	$22,664	1.7%
Total	$333,330	$333,330	$333,330	$333,330	$0	$0	$0	$1,333,320	

	2012	2013	2014	2015	2016	2017	2018	Total 2012-2018	% of Budget
NYSERDA									
Low-Income Single Family Home Performance (R-LI)									
Savings (Dekatherms)	38,679	38,679	38,679	38,679	0	0	0	154,716	
Program & Administrative Costs	$5,796,649	$5,796,649	$5,796,649	$5,796,649	$0	$0	$0	$23,186,596	93.3%
Evaluation/M&V Costs	$310,645	$310,645	$310,645	$310,645	$0	$0	$0	$1,242,580	5.0%
NYS Cost Recovery Fee	$105,619	$105,619	$105,619	$105,619	$0	$0	$0	$422,476	1.7%
Total	$6,212,913	$6,212,913	$6,212,913	$6,212,913	$0	$0	$0	$24,851,652	

Table 9

NYSERDA Approved Supplemental Gas Program Costs and Savings Targets

	2012	2013	2014	2015	2016	2017	2018	Total 2012-2018	% of Budget
NYSERDA									
EmPower New York (R-LI)									
Savings (Dekatherms)	94,212	94,212	94,212	94,212	0	0	0	376,846	
Program & Administrative Costs	$10,114,467	$10,114,467	$10,114,467	$10,114,467	$0	$0	$0	$40,457,868	93.3%
Evaluation/M&V Costs	$542,040	$542,040	$542,040	$542,040	$0	$0	$0	$2,168,160	5.0%
NYS Cost Recovery Fee	$184,293	$184,293	$184,293	$184,293	$0	$0	$0	$737,172	1.7%
Total	$10,840,800	$10,840,800	$10,840,800	$10,840,800	$0	$0	$0	$43,363,200	

Table 10

Approved Central Hudson Gas Program Costs and Savings Targets

	2012	2013	2014	2015	Total 2012-2015	% of Budget
Central Hudson						
Residential HVAC (R)						
Savings (Dekatherms)	15,097	15,097	15,097	15,097	60,388	
Program & Administrative Costs	$361,688	$361,688	$361,688	$361,688	$1,446,752	95%
Evaluation/M&V Costs	$19,036	$19,036	$19,036	$19,036	$76,144	5%
Total	$380,724	$380,724	$380,724	$380,724	$1,522,896	
Small & Mid-size Commercial Gas Efficiency (C&I)						
Savings (Dekatherms)	2,199	2,199	2,199	2,199	8,796	
Program & Administrative Costs	$149,055	$149,055	$149,055	$149,055	$596,220	95%
Evaluation/M&V Costs	$7,845	$7,845	$7,845	$7,845	$31,380	5%
Total	$156,900	$156,900	$156,900	$156,900	$627,600	
Home Energy Reporting (R)						
Savings (Dekatherms)	0	10,000	10,000	10,000	30,000	
Program & Administrative Costs	$0	$131,575	$131,575	$131,575	$394,725	95%
Evaluation/M&V Costs	$0	$6,925	$6,925	$6,925	$20,775	5%
Total	$0	$138,500	$138,500	$138,500	$415,500	

Table 11

Approved Con Edison Gas Program Costs and Savings Targets

	2012	2013	2014	2015	Total 2012-2015	% of Budget
Con Edison						
Residential HVAC (R)						
Savings (Dekatherms)	37,242	37,242	37,242	37,242	148,968	
Program & Administrative Costs	$2,662,286	$2,662,286	$2,662,286	$2,662,286	$10,649,144	95%
Evaluation/M&V Costs	$140,120	$140,120	$140,120	$140,120	$560,480	5%
Total	$2,802,406	$2,802,406	$2,802,406	$2,802,406	$11,209,624	
Multifamily Low Income (MF-LI)						
Savings (Dekatherms)	15,702	15,702	15,702	15,702	62,808	
Program & Administrative Costs	$1,127,840	$1,127,840	$1,127,840	$1,127,840	$4,511,360	95%
Evaluation/M&V Costs	$59,360	$59,360	$59,360	$59,360	$237,440	5%
Total	$1,187,200	$1,187,200	$1,187,200	$1,187,200	$4,748,800	
Refrigerator Replacement Plus (MF)						
Savings (Dekatherms)	132,210	132,210	132,210	132,210	528,840	
Program & Administrative Costs	$5,687,042	$5,687,042	$5,687,042	$5,687,042	$22,748,168	95%
Evaluation/M&V Costs	$299,317	$299,317	$299,317	$299,317	$1,197,268	5%
Total	$5,986,359	$5,986,359	$5,986,359	$5,986,359	$23,945,436	
Commercial Gas Efficient Equipment Replacement (C&I)						
Savings (Dekatherms)	55,381	55,381	55,381	55,381	221,524	
Program & Administrative Costs	$3,037,625	$3,037,625	$3,037,625	$3,037,625	$12,150,500	95%
Evaluation/M&V Costs	$159,875	$159,875	$159,875	$159,875	$639,500	5%
Total	$3,197,500	$3,197,500	$3,197,500	$3,197,500	$12,790,000	

	2012	2013	2014	2015	Total 2012-2015	% of Budget
Con Edison						
Commercial and Industrial Custom Gas Efficiency (C&I)						
Savings (Dekatherms)	36,839	36,839	36,839	36,839	147,356	
Program & Administrative Costs	$1,653,862	$1,653,862	$1,653,862	$1,653,862	$6,615,448	95%
Evaluation/M&V Costs	$87,045	$87,045	$87,045	$87,045	$348,180	5%
Total	$1,740,907	$1,740,907	$1,740,907	$1,740,907	$6,963,628	

Table 12

Approved Corning Gas Program Costs and Savings Targets

	2012	2013	2014	2015	Total 2012-2015	% of Budget
Corning						
Residential HVAC (R)						
Savings (Dekatherms)	11,012	11,012	11,012	11,012	44,048	
Program & Administrative Costs	$165,482	$165,482	$165,482	$165,482	$661,928	95%
Evaluation/M&V Costs	$8,709	$8,709	$8,709	$8,709	$34,836	5%
Total	$174,191	$174,191	$174,191	$174,191	$696,764	
Small Commercial HVAC (C&I)						
Savings (Dekatherms)	5,601	5,601	5,601	5,601	22,404	
Program & Administrative Costs	$110,025	$110,025	$110,025	$110,025	$440,100	95%
Evaluation/M&V Costs	$5,790	$5,790	$5,790	$5,790	$23,160	5%
Total	$115,815	$115,815	$115,815	$115,815	$463,260	

Table 13

Approved NYSEG Gas Program Costs and Savings Targets

	2012	2013	2014	2015	Total 2012-2015	% of Budget
NYSEG						
Residential HVAC (R)						
Savings (Dekatherms)	103,530	103,530	103,530	103,530	414,120	
Program & Administrative Costs	$779,113	$779,113	$779,113	$779,113	$3,116,452	95%
Evaluation/M&V Costs	$41,005	$41,005	$41,005	$41,005	$164,020	5%
Total	$820,118	$820,118	$820,118	$820,118	$3,280,472	
Non-residential Commercial and Industrial Prescriptive Rebate (C&I)						
Savings (Dekatherms)	6,531	6,531	6,531	6,531	26,124	
Program & Administrative Costs	$291,754	$291,754	$291,754	$291,754	$1,167,016	95%
Evaluation/M&V Costs	$15,355	$15,355	$15,355	$15,355	$61,420	5%
Total	$307,109	$307,109	$307,109	$307,109	$1,228,436	
Non-residential Commercial/Industrial Custom Rebate (C&I)						
Savings (Dekatherms)	7,045	7,045	7,045	7,045	28,180	
Program & Administrative Costs	$299,691	$299,691	$299,691	$299,691	$1,198,764	95%
Evaluation/M&V Costs	$15,773	$15,773	$15,773	$15,773	$63,092	5%
Total	$315,464	$315,464	$315,464	$315,464	$1,261,856	

Table 14

Approved Niagara Mohawk Gas Program Costs and Savings Targets

	2012	2013	2014	2015	Total 2012-2015	% of Budget
Niagara Mohawk						
Residential HVAC (R)						
Savings (Dekatherms)	211,968	211,968	211,968	211,968	847,872	
Program & Administrative Costs	$4,141,708	$4,141,708	$4,141,708	$4,141,708	$16,566,832	95%
Evaluation/M&V Costs	$217,984	$217,984	$217,984	$217,984	$871,936	5%
Total	$4,359,692	$4,359,692	$4,359,692	$4,359,692	$17,438,768	
Energy Wise (MF)						
Savings (Dekatherms)	15,876	15,876	15,876	15,876	63,504	
Program & Administrative Costs	$1,027,828	$1,027,828	$1,027,828	$1,027,828	$4,111,312	95%
Evaluation/M&V Costs	$54,096	$54,096	$54,096	$54,096	$216,384	5%
Total	$1,081,924	$1,081,924	$1,081,924	$1,081,924	$4,327,696	
Energy Initiative/Commercial High-Efficiency Heating and Water Heating (C&I)						
Savings (Dekatherms)	84,603	84,603	84,603	84,603	338,412	
Program & Administrative Costs	$3,030,408	$3,030,408	$3,030,408	$3,030,408	$12,121,632	95%
Evaluation/M&V Costs	$159,495	$159,495	$159,495	$159,495	$637,980	5%
Total	$3,189,903	$3,189,903	$3,189,903	$3,189,903	$12,759,612	
Enhanced Home Sealing Incentives (R)						
Savings (Dekatherms)	16,563	16,563	16,563	16,563	66,252	
Program & Administrative Costs	$983,715	$983,715	$983,715	$983,715	$3,934,860	95%
Evaluation/M&V Costs	$51,774	$51,774	$51,774	$51,774	$207,096	5%
Total	$1,035,489	$1,035,489	$1,035,489	$1,035,489	$4,141,956	

	2012	2013	2014	2015	Total 2012-2015	% of Budget
Niagara Mohawk						
Residential Building Practices and Demonstration (R)						
Savings (Dekatherms)	0	116,478	116,478	116,478	349,434	
Program & Administrative Costs	$0	$716,306	$716,306	$716,306	$2,148,918	95%
Evaluation/M&V Costs	$0	$37,700	$37,700	$37,700	$113,100	5%
Total	$0	$754,006	$754,006	$754,006	$2,262,018	
Residential Energy Star Products (R)						
Savings (Dekatherms)	1,007	1,007	1,007	1,007	4,028	
Program & Administrative Costs	$121,836	$121,836	$121,836	$121,836	$487,344	95%
Evaluation/M&V Costs	$6,412	$6,412	$6,412	$6,412	$25,648	5%
Total	$128,248	$128,248	$128,248	$128,248	$512,992	

Table 15

Approved O&R Gas Program Costs and Savings Targets

	2012	2013	2014	2015	Total 2012-2015	% of Budget
O&R						
Residential HVAC (R)						
Savings (Dekatherms)	14,691	14,691	14,691	14,691	58,764	
Program & Administrative Costs	$510,099	$510,099	$510,099	$510,099	$2,040,396	95%
Evaluation/M&V Costs	$26,847	$26,847	$26,847	$26,847	$107,388	5%
Total	$536,946	$536,946	$536,946	$536,946	$2,147,784	

Table 16

Approved RG&E Gas Program Costs and Savings Targets

	2012	2013	2014	2015	Total 2012-2015	% of Budget
RG&E						
Residential HVAC (R)						
Savings (Dekatherms)	247,987	247,987	247,987	247,987	991,948	
Program & Administrative Costs	$4,362,389	$4,362,389	$4,362,389	$4,362,389	$17,449,556	95%
Evaluation/M&V Costs	$229,599	$229,599	$229,599	$229,599	$918,396	5%
Total	$4,591,988	$4,591,988	$4,591,988	$4,591,988	$18,367,952	
Non-residential Commercial and Industrial Prescriptive Rebate (C&I)						
Savings (Dekatherms)	6,736	6,736	6,736	6,736	26,944	
Program & Administrative Costs	$287,857	$287,857	$287,857	$287,857	$1,151,428	95%
Evaluation/M&V Costs	$15,150	$15,150	$15,150	$15,150	$60,600	5%
Total	$303,007	$303,007	$303,007	$303,007	$1,212,028	
Non-residential Commercial/Industrial Custom Rebate (C&I)						
Savings (Dekatherms)	6,885	6,885	6,885	6,885	27,540	
Program & Administrative Costs	$300,255	$300,255	$300,255	$300,255	$1,201,020	95%
Evaluation/M&V Costs	$15,802	$15,802	$15,802	$15,802	$63,208	5%
Total	$316,057	$316,057	$316,057	$316,057	$1,264,228	

Table 17

Approved KEDLI Gas Program Costs and Savings Targets

	2012	2013	2014	2015	Total 2012-2015	% of Budget
KEDLI						
Residential HVAC (R)						
Savings (Dekatherms)	33,647	33,647	33,647	33,647	134,588	
Program & Administrative Costs	$1,998,259	$1,998,259	$1,998,259	$1,998,259	$7,993,036	95%
Evaluation/M&V Costs	$105,171	$105,171	$105,171	$105,171	$420,684	5%
Total	$2,103,430	$2,103,430	$2,103,430	$2,103,430	$8,413,720	
Multifamily (MF)						
Savings (Dekatherms)	9,900	9,900	9,900	9,900	39,600	
Program & Administrative Costs	$414,068	$414,068	$414,068	$414,068	$1,656,272	95%
Evaluation/M&V Costs	$21,793	$21,793	$21,793	$21,793	$87,172	5%
Total	$435,861	$435,861	$435,861	$435,861	$1,743,444	
Commercial, Industrial and Multi Family Energy Efficiency (Large Industrial)						
Savings (Dekatherms)	40,500	40,500	40,500	40,500	162,000	
Program & Administrative Costs	$1,611,816	$1,611,816	$1,611,816	$1,611,816	$6,447,264	95%
Evaluation/M&V Costs	$84,832	$84,832	$84,832	$84,832	$339,328	5%
Total	$1,696,648	$1,696,648	$1,696,648	$1,696,648	$6,786,592	

	2012	2013	2014	2015	Total 2012-2015	% of Budget
KEDLI						
Commercial Component of C&I and Multi Family Energy Efficiency (C&I)						
Savings (Dekatherms)	41,914	41,914	41,914	41,914	167,656	
Program & Administrative Costs	$857,494	$857,494	$857,494	$857,494	$3,429,976	95%
Evaluation/M&V Costs	$45,131	$45,131	$45,131	$45,131	$180,524	5%
Total	$902,625	$902,625	$902,625	$902,625	$3,610,500	
Enhanced Home Sealing Incentives (R)						
Savings (Dekatherms)	21,786	21,786	21,786	21,786	87,144	
Program & Administrative Costs	$1,850,000	$1,850,000	$1,850,000	$1,850,000	$7,400,000	95%
Evaluation/M&V Costs	$97,368	$97,368	$97,368	$97,368	$389,472	5%
Total	$1,947,368	$1,947,368	$1,947,368	$1,947,368	$7,789,472	
Residential Energy Star Products (R)						
Savings (Dekatherms)	476	476	476	476	1,904	
Program & Administrative Costs	$74,338	$74,338	$74,338	$74,338	$297,352	95%
Evaluation/M&V Costs	$3,912	$3,912	$3,912	$3,912	$15,648	5%
Total	$78,250	$78,250	$78,250	$78,250	$313,000	

Table 18

Approved KEDNY Gas Program Costs and Savings Targets

	2012	2013	2014	2015	Total 2012-2015	% of Budget
KEDNY						
Residential HVAC (R)						
Savings (Dekatherms)	36,998	36,998	36,998	36,998	147,992	
Program & Administrative Costs	$2,167,088	$2,167,088	$2,167,088	$2,167,088	$8,668,352	95%
Evaluation/M&V Costs	$114,057	$114,057	$114,057	$114,057	$456,228	5%
Total	$2,281,145	$2,281,145	$2,281,145	$2,281,145	$9,124,580	
Multifamily (MF)						
Savings (Dekatherms)	58,175	58,175	58,175	58,175	232,700	
Program & Administrative Costs	$2,712,892	$2,712,892	$2,712,892	$2,712,892	$10,851,568	95%
Evaluation/M&V Costs	$142,783	$142,783	$142,783	$142,783	$571,132	5%
Total	$2,855,675	$2,855,675	$2,855,675	$2,855,675	$11,422,700	
Commercial, Industrial and Multi Family Energy Efficiency (Large Industrial)						
Savings (Dekatherms)	78,300	78,300	78,300	78,300	313,200	
Program & Administrative Costs	$3,395,084	$3,395,084	$3,395,084	$3,395,084	$13,580,336	95%
Evaluation/M&V Costs	$178,688	$178,688	$178,688	$178,688	$714,752	5%
Total	$3,573,772	$3,573,772	$3,573,772	$3,573,772	$14,295,088	

	2012	2013	2014	2015	Total 2012-2015	% of Budget
KEDNY						
Commercial Component of C&I and Multi Family Energy Efficiency (C&I)						
Savings (Dekatherms)	51,401	51,401	51,401	51,401	205,604	
Program & Administrative Costs	$1,994,188	$1,994,188	$1,994,188	$1,994,188	$7,976,752	95%
Evaluation/M&V Costs	$104,957	$104,957	$104,957	$104,957	$419,828	5%
Total	$2,099,145	$2,099,145	$2,099,145	$2,099,145	$8,396,580	
Enhanced Home Sealing Incentives (R)						
Savings (Dekatherms)	27,200	27,200	27,200	27,200	108,800	
Program & Administrative Costs	$1,788,971	$1,788,971	$1,788,971	$1,788,971	$7,155,884	95%
Evaluation/M&V Costs	$94,156	$94,156	$94,156	$94,156	$376,624	5%
Total	$1,883,127	$1,883,127	$1,883,127	$1,883,127	$7,532,508	
Residential Energy Star Products (R)						
Savings (Dekatherms)	392	392	392	392	1,568	
Program & Administrative Costs	$74,338	$74,338	$74,338	$74,338	$297,352	95%
Evaluation/M&V Costs	$3,912	$3,912	$3,912	$3,912	$15,648	5%
Total	$78,250	$78,250	$78,250	$78,250	$313,000	

Table 19

Approved NFG Gas Program Costs and Savings Targets

	2012	2013	2014	2015	Total 2012-2015	% of Budget
NFG						
Low Income Usage Reduction Program (R-LI)						
Savings (Dekatherms)	TBD	TBD	TBD	TBD	TBD	
Program & Administrative Costs	$3,860,496	$3,860,496	$3,860,496	$3,860,496	$15,441,984	95%
Evaluation/M&V Costs	$203,184	$203,184	$203,184	$203,184	$812,736	5%
Total	$4,063,680	$4,063,680	$4,063,680	$4,063,680	$16,254,720	
Residential Rebate (R)						
Savings (Dekatherms)	TBD	TBD	TBD	TBD	TBD	
Program & Administrative Costs	$3,860,496	$3,860,496	$3,860,496	$3,860,496	$15,441,984	95%
Evaluation/M&V Costs	$203,184	$203,184	$203,184	$203,184	$812,736	5%
Total	$4,063,680	$4,063,680	$4,063,680	$4,063,680	$16,254,720	
Small Non-Residential Rebate Program (C&I)						
Savings (Dekatherms)	TBD	TBD	TBD	TBD	TBD	
Program & Administrative Costs	$1,817,008	$1,817,008	$1,817,008	$1,817,008	$7,268,032	95%
Evaluation/M&V Costs	$95,632	$95,632	$95,632	$95,632	$382,528	5%
Total	$1,912,640	$1,912,640	$1,912,640	$1,912,640	$7,650,560	

Table 20

Approved St. Lawrence Gas Program Costs and Savings Targets

	2012	2013	2014	2015	Total 2012-2015	% of Budget
St. Lawrence						
Residential HVAC (R)						
Savings (Dekatherms)	3,243	3,243	3,243	3,243	12,972	
Program & Administrative Costs	$68,090	$68,090	$68,090	$68,090	$272,360	95%
Evaluation/M&V Costs	$3,583	$3,583	$3,583	$3,583	$14,332	5%
Total	$71,673	$71,673	$71,673	$71,673	$286,692	
Small Commercial HVAC (C&I)						
Savings (Dekatherms)	10,122	10,122	10,122	10,122	40,488	
Program & Administrative Costs	$220,050	$220,050	$220,050	$220,050	$880,200	95%
Evaluation/M&V Costs	$11,581	$11,581	$11,581	$11,581	$46,324	5%
Total	$231,631	$231,631	$231,631	$231,631	$926,524	

APPENDIX 2

Table 1

Utility Electric Program Budget Totals and Collections

	2012	2013	2014	2015	2016	2017	2018	2012-2018
Central Hudson	$7,580,151	$7,995,651	$7,995,651	$7,995,651	$0	$0	$0	$31,567,104
Con Edison	$91,778,848	$91,778,848	$91,778,848	$91,778,848	$0	$0	$0	$367,115,392
NYSEG	$14,746,575	$17,035,451	$17,035,451	$17,035,451	$0	$0	$0	$65,852,928
Niagara Mohawk	$57,058,130	$49,657,894	$49,657,894	$49,657,894	$0	$0	$0	$206,031,812
O&R	$5,483,975	$6,302,164	$6,302,164	$6,302,164	$0	$0	$0	$24,390,467
RG&E	$8,194,839	$10,482,078	$10,482,078	$10,482,078	$0	$0	$0	$39,641,073
TOTAL	$184,842,518	$183,252,086	$183,252,086	$183,252,086	$0	$0	$0	$734,598,776

Table 2

NYSERDA Electric Program Budget Totals

	2012	2013	2014	2015	2016	2017	2018	2012-2018
NYSERDA	$183,125,776	$183,192,228	$188,563,243	$191,864,896	$8,739,120	$8,672,668	$3,301,653	$767,459,584

Table 3

NYSERDA Electric Program Collections and Transfers to NYSERDA

	2012	2013	2014	2015	2016	2017	2018	2012-2018	
Central Hudson	$0	$3,244,351	$11,030,795	$11,882,437	$8,840,858	$4,704,310	$5,063,211	$44,765,961	5.833%
Con Edison	$0	$20,463,703	$69,576,590	$74,948,312	$55,763,591	$29,672,369	$31,936,133	$282,360,699	36.792%
NYSEG	$0	$7,836,270	$26,643,319	$28,700,340	$21,353,836	$11,362,592	$12,229,467	$108,125,824	14.089%
Niagara Mohawk	$0	$17,895,221	$60,843,750	$65,541,245	$48,764,476	$25,948,070	$27,927,699	$246,920,461	32.174%
O&R	$0	$2,399,634	$8,158,755	$8,788,658	$6,539,002	$3,479,469	$3,744,924	$33,110,442	4.314%
RG&E	$0	$3,781,398	$12,856,753	$13,849,370	$10,304,310	$5,483,027	$5,901,338	$52,176,197	6.799%
TOTAL NYSERDA	$0	$55,620,577	$189,109,962	$203,710,363	$151,566,072	$80,649,837	$86,802,773	$767,459,584	100.000%

Table 4

Total All Electric Collections

	2012	2013	2014	2015	2016	2017	2018	2012-2018
Central Hudson	$7,580,151	$11,240,002	$19,026,446	$19,878,088	$8,840,858	$4,704,310	$5,063,211	$76,333,065
Con Edison	$91,778,848	$112,242,551	$161,355,438	$166,727,160	$55,763,591	$29,672,369	$31,936,133	$649,476,091
NYSEG	$14,746,575	$24,871,721	$43,678,770	$45,735,791	$21,353,836	$11,362,592	$12,229,467	$173,978,752
Niagara Mohawk	$57,058,130	$67,553,115	$110,501,644	$115,199,139	$48,764,476	$25,948,070	$27,927,699	$452,952,273
O&R	$5,483,975	$8,701,798	$14,460,919	$15,090,822	$6,539,002	$3,479,469	$3,744,924	$57,500,909
RG&E	$8,194,839	$14,263,476	$23,338,831	$24,331,448	$10,304,310	$5,483,027	$5,901,338	$91,817,270
TOTAL	$184,842,518	$238,872,663	$372,362,048	$386,962,449	$151,566,072	$80,649,837	$86,802,773	$1,502,058,360

Table 5

Utility Gas Program Budget Totals and Collections

	2012	2013	2014	2015	2016	2017	2018	2012-2018
Central Hudson	$537,624	$676,124	$676,124	$676,124	$0	$0	$0	$2,565,996
Con Edison	$14,914,372	$14,914,372	$14,914,372	$14,914,372	$0	$0	$0	$59,657,488
Corning	$290,006	$290,006	$290,006	$290,006	$0	$0	$0	$1,160,024
NYSEG	$1,442,691	$1,442,691	$1,442,691	$1,442,691	$0	$0	$0	$5,770,764
Niagara Mohawk	$9,795,256	$10,549,262	$10,549,262	$10,549,262	$0	$0	$0	$41,443,042
O&R	$536,946	$536,946	$536,946	$536,946	$0	$0	$0	$2,147,784
RG&E	$5,211,052	$5,211,052	$5,211,052	$5,211,052	$0	$0	$0	$20,844,208
KEDLI	$7,164,182	$7,164,182	$7,164,182	$7,164,182	$0	$0	$0	$28,656,728
KEDNY	$12,771,114	$12,771,114	$12,771,114	$12,771,114	$0	$0	$0	$51,084,456
NFG	$10,040,000	$10,040,000	$10,040,000	$10,040,000	$0	$0	$0	$40,160,000
St. Lawrence	$303,304	$303,304	$303,304	$303,304	$0	$0	$0	$1,213,216
TOTAL	$63,006,547	$63,899,053	$63,899,053	$63,899,053	$0	$0	$0	$254,703,706

Table 6

NYSERDA Gas Program Budget Totals Excluding Supplemental Low Income

	2012	2013	2014	2015	2016	2017	2018	2012-2018
NYSERDA	$80,433,373	$82,511,171	$83,548,438	$84,097,571	$3,664,198	$1,586,402	$549,133	$336,390,286

Table 7

NYSERDA Gas Program Collections and Transfers to NYSERDA

	2012	2013	2014	2015	2016	2017	2018	2012-2018	
Central Hudson	$0	$453,262	$1,541,092	$1,660,073	$1,235,140	$657,230	$707,372	$6,254,168	1.86%
Con Edison	$0	$6,298,107	$21,413,564	$23,066,817	$17,162,342	$9,132,255	$9,828,973	$86,902,057	25.83%
NYSEG	$0	$1,537,903	$5,228,869	$5,632,569	$4,190,785	$2,229,959	$2,400,087	$21,220,172	6.31%
Niagara Mohawk	$0	$2,888,864	$9,822,138	$10,580,465	$7,872,155	$4,188,853	$4,508,429	$39,860,903	11.85%
O&R	$0	$688,402	$2,340,566	$2,521,271	$1,875,895	$998,183	$1,074,336	$9,498,653	2.82%
RG&E	$0	$1,474,833	$5,014,433	$5,401,577	$4,018,920	$2,138,508	$2,301,659	$20,349,930	6.05%
KEDLI	$0	$3,405,318	$11,578,081	$12,471,976	$9,279,491	$4,937,711	$5,314,419	$46,986,995	13.97%
KEDNY	$0	$5,071,188	$17,242,040	$18,573,227	$13,818,988	$7,353,223	$7,914,215	$69,972,880	20.80%
NFG	$0	$2,561,546	$8,709,256	$9,381,662	$6,980,213	$3,714,242	$3,997,609	$35,344,527	10.51%
TOTAL NYSERDA	$0	$24,379,423	$82,890,038	$89,289,637	$66,433,928	$35,350,163	$38,047,097	$336,390,286	100.00%

Table 8

Total All Gas Collections

	2012	2013	2014	2015	2016	2017	2018	2012-2018
Central Hudson	$537,624	$1,129,386	$2,217,216	$2,336,197	$1,235,140	$657,230	$707,372	$8,820,164
Con Edison	$14,914,372	$21,212,479	$36,327,936	$37,981,189	$17,162,342	$9,132,255	$9,828,973	$146,559,545
Corning	$290,006	$290,006	$290,006	$290,006	$0	$0	$0	$1,160,024
NYSEG	$1,442,691	$2,980,594	$6,671,560	$7,075,260	$4,190,785	$2,229,959	$2,400,087	$26,990,936
Niagara Mohawk	$9,795,256	$13,438,126	$20,371,400	$21,129,727	$7,872,155	$4,188,853	$4,508,429	$81,303,945
O&R	$536,946	$1,225,348	$2,877,512	$3,058,217	$1,875,895	$998,183	$1,074,336	$11,646,437
RG&E	$5,211,052	$6,685,885	$10,225,485	$10,612,629	$4,018,920	$2,138,508	$2,301,659	$41,194,138
KEDLI	$7,164,182	$10,569,500	$18,742,263	$19,636,158	$9,279,491	$4,937,711	$5,314,419	$75,643,723
KEDNY	$12,771,114	$17,842,302	$30,013,154	$31,344,341	$13,818,988	$7,353,223	$7,914,215	$121,057,336
NFG	$10,040,000	$12,601,546	$18,749,256	$19,421,662	$6,980,213	$3,714,242	$3,997,609	$75,504,527
St. Lawrence	$303,304	$303,304	$303,304	$303,304	$0	$0	$0	$1,213,216
TOTAL	$63,006,547	$88,278,476	$146,789,091	$153,188,690	$66,433,928	$35,350,163	$38,047,097	$591,093,992

Table 9

NYSERDA Supplemental Low Income Gas Program Budget Not Included in Collections or Transfers to NYSERDA

	2012	2013	2014	2015	2016	2017	2018	2012-2018
NYSERDA	$10,840,800	$10,840,800	$10,840,800	$10,840,800	$0	$0	$0	$43,363,200

2011 ELECTRIC SAVINGS FORECAST

PA	2011 Net Annual MWh *Forecast*	Adjusted 2011 Net Annual MWh Target (per Tech Manual II)	Forecast as a Percent of Target
Central Hudson	47,678	28,034	170.1%
Con Edison	174,621	161,956	107.8%
Niagara Mohawk	311,877	214,455	145.4%
NYSEG	58,207	63,818	91.2%
O&R	15,926	19,204	82.9%
RG&E	44,126	41,610	106.0%
NYSERDA	558,010	876,855	63.6%
TOTAL	**1,210,445**	**1,405,932**	**86.1%**

2011 GAS SAVINGS FORECAST

PA	2011 Dth *Forecast*	Adjusted 2011 Net Annual Dth Target(per Tech Manual II)	Forecast as a Percent of Target
Central Hudson	24,067	27,296	88.2%
Con Edison	260,011	277,374	93.7%
Corning	6,576	16,073	40.9%
KED-LI	161,875	148,223	109.2%
KED-NY	294,308	252,466	116.6%
Niagara Mohawk	429,777	408,479	105.2%
NYSEG	87,202	188,395	46.3%
O&R	7,673	14,691	52.2%
RG&E	190,627	332,897	57.3%
St. Lawrence	6,197	13,365	46.4%
NYSERDA	987,956	1,936,875	51.0%
TOTAL	**2,456,269**	**3,616,135**	**67.9%**

EEPS - Proposal for Utility Shareholder Incentives

Incentives Proposal

1) A total “incentive pool” will be calculated based on estimates of a 5-basis-point equivalent over the four-year period.
2) The incentive pool will be divided into two sums (“Step One” and “Step Two”). Step One will represent two-thirds of the total and Step Two will represent one-third.
3) The Step One and Step Two funds will be allocated among utilities proportionally based on their percentage of total utility targets.
4) Step One: Each utility will have the opportunity to earn an incentive if it reaches 100% of its aggregate target, for years 2012-2015, by the end of 2015. The amount it can earn would be its proportional share of Step One.
5) Step Two: All utilities will earn an incentive if the entire statewide jurisdictional goal (including NYSERDA’s share) is achieved by 2015. The amount for each utility would be its proportional share based on its share of the utilities’ aggregate targets. If the goal is not reached, no utility receives an incentive from Step Two.
6) Determination of any incentive that a utility is qualified for under (4) or (5), and the mechanism for payment, will be made in 2016.
7) There will be no formulaic negative adjustments provided in the incentive mechanism. Each utility, however, will be subject to adjustment in rate cases, penalties, or other proceedings, in the event of poor performance that is not excused by mitigating factors.

Note: The Commission will require further comment on the application of this framework to gas targets and goals, as there is no 2015 jurisdictional goal for gas comparable to that for electricity. The manner in which ancillary savings are counted would also need to be determined.

SUMMARY OF PUBLIC COMMENTS

Utility Intervention Unit of the Department of State (UIU)

EEPS is a critically important program benefitting New York, and should be continued. In renewing EEPS, the Commission should bear in mind the original intent of the program, which was not merely cost-effectiveness but also to slow climate change, and to produce jobs for New Yorkers.

EEPS should be considered along with the SBC programs in a comprehensive way. Each has aspects that could benefit the other, e.g. the relatively uncomplicated administrative structure of the SBC, and the stringent evaluation program of EEPS. The outreach and education programs and workforce development should be integrated.

The existing surcharge balance should be returned to ratepayers in a manner that does not disrupt the EEPS programs. An across the board reduction in collections is not practical; but the alternative is not to do nothing.

The TRC test should not be a pass-fail test, but should be considered as an input. The TRC should also be amended to increase the weight of greenhouse gas reduction, as well as job creation.

The percentage of low income budgets should be increased to a proportional level. This is particularly important given federal spending cuts. Investment in whole-house weatherization programs are highly cost-effective, when economic multiplier effects are taken into account. Further, the percentage of residential budgets should be increased from the current 18% to a proportional 39%.

The NFG CIP program should be incorporated into EEPS in a way that does not compromise the best features of the program.

Efforts to achieve greater administrative flexibility, reduce overlap, and refine incentives should be pursued.

Joint Utilities

The Joint Utilities Are Con Edison, Orange & Rockland, the National Grid companies, and Central Hudson. Although each of these utilities presented separate comments, comments are submitted jointly on a number of central issues:

The White Paper properly concluded that timing issues and the economic downturn are responsible for most of the shortfall in 2009-2010, and the focus on 2011 results is reasonable. Staff's recommended strategy of reauthorizing most programs, with continuous improvement, is reasonable; but there must be a transparent process for expedited approval of new or modified programs. Delegating more authority to Staff, versus requiring Commission action, would avoid unnecessary delays.

Uncommitted program funds should be rolled over into future years, although PAs should have the opportunity to propose new programs. PAs should not be forced to propose Block Bidding programs, but should be allowed to consider whether such programs fit within their territories.

Using 2011 targets and budgets as a starting point for reauthorization is reasonable, but beginning 2013 these should be adjusted to reflect potential studies. The jurisdictional portion of the 2015 goal remains a reasonable target; but after appraising all factors the Commission should consider whether the goal is attainable within the current timeframe and budget, especially given the potential effect of changes in lighting standards. A further decision should be made prior to 2013, informed by potential studies. Although the 2015 goal should not be extended at this time, it will be important in the future to extend the programs beyond 2015.

Surcharge collections should not be suspended. There is a strong chance that the surcharge balance will be reduced by the end of 2011. If collections are adjusted, there should be an automatic mechanism to allow collections to resume at full pace if a fund balance represents less than three months' estimated spending. Interference with the continuity of programs should be avoided.

Cost effectiveness tests should be expanded to account for benefits such as short term market price effects, environmental externalities, reduced capital spending, and reduced street work. The largest difference between New York and most other states is New York's insistence on applying the test at the measure level rather than the project level. This results in lost opportunities.

Although existing programs should not be reevaluated with a new test, new program proposals should be subject to an updated TRC analysis, using new LRACs. The IAG should participate in developing new LRACs.

The impact of new lighting standards should be discussed and resolved by the IAG.

Low income customers participate in EEPS programs other than the dedicated low-income programs. Definition of low-income customers through utility billing systems is problematic. Although low-income customers dedicate a larger portion of their income to energy, low income households tend to use less energy on average. Without taking a position on the correct percentage, meeting efficiency goals should be the highest priority, and resources should not be shifted from other residential programs.

The IAG should take up the issue of eligibility for interruptible gas customers, which should not be limited to temperature-controlled customers. Impacts on utility revenues will be a crucial issue, along with equipment types, budget, and fuel conversions.

The Commission should use caution in considering self-designed programs for large customers. The cost of a self-designed program may be larger than the individual customer's surcharge contribution. Also, such programs would require screening and evaluation, which could be burdensome.

Amortizing EEPS recovery over multi-year periods should be considered, although Staff correctly identifies the potential drawbacks.

The IAG should conduct a study to produce uniform eligibility standards for partially exempt customers. The payment of any amount of EEPS surcharge should make a customer eligible.

Financial obstacles can inhibit customer participation. Program administrators should be encouraged to submit innovative financing proposals.

Program administrators should be given much more flexibility to respond to customer demand and changing circumstances. They should be able to shift funds among programs, and results should be assessed at the portfolio level, not the program level. Rather than accounting for spending and achievements on an annual basis, a three-year window with variability up to 33% should be used. Staff is correct that uncommitted program budgets should be rolled over from year to year.

Better coordination between NYSERDA and utilities is essential. The IAG should address this issue; however, the IAG will need more resources to perform all of its tasks. The IAG is a valuable forum, but it must have additional support staff to be more effective.

Multifamily program eligibility for utility-run programs should be increased to 200 units. This would expand participation without undermining the NYSERDA program.

Utility shareholder incentives should not be eliminated. They should be redesigned, and informed by efficiency potential studies, and negative incentives should be eliminated. Staff's descriptions of utility behavior influenced by incentives are not supported by facts.

No additional EEPS funding should be provided for workforce development.

NYSERDA provides no basis for stating that it should be the exclusive provider in the large C&I sector. Utility C&I programs have been successful, and are tailored to the types of customers that are prevalent in individual utility territories.

Cost-effectiveness must be balanced with portfolio balance as a goal. In stating that its programs are less costly than utilities', NYSERDA draws inappropriate comparisons. The large majority of its savings have come from its residential CFL lighting program, while utilities have been required by the Commission to implement more expensive programs, such as direct install small business programs.

Requests for special interest funding should be rejected. Limited EEPS funding should remain with program administrator-run programs.

Before reallocating resources to low income programs, more study is required to determine the contributions of low income customers and the extent to which they participate in programs not directly oriented toward low-income.

Staff should work directly with program administrators to set new program targets. It is likely that the cost to achieve will increase, as many of the earliest savings were the easiest to acquire.

New York State Energy Research and Development Authority (NYSERDA)

The current 15 by 15 goal is reasonable, and the majority of programs should be continued on a multi-year basis. The NYISO's analysis of the 2015 goal uses a flawed approach, comparing dissimilar programs and not counting encumbered funds.

The reasons for shortfalls in the first three years extend beyond the economy and timing issues. Several rules imposed by the Commission have impaired implementation, including the use of the TRC for measures, and the cumbersome process for approving modification of programs. As part of the process of continuous improvement advocated by Staff, the Commission should consider alternatives to the current regulatory process. The Joint Utilities are correct in proposing that funds should be freely transferrable among approved programs. But PAs should not have the discretion to implement new programs without Commission approval.

The starting point for program targets should be 2011 targets, refined as needed, although effort needs to be made to account for programs with long lead times. Targets should be used for planning purposes; establishing "hard" annual targets can be counterproductive. When considering shifting of funds among programs, budgets should acknowledge programs that tend to have long lead times.

Staff's proposals regarding borrowing from future budget years is generally reasonable; however, flexibility will be needed for programs with long lead times. The proposal to report on a commitment accrual basis is reasonable.

Measure incentive levels should be reviewed, to analyze whether some programs appear to be successful only because they are offering higher incentives than are necessary. Cost per MWh achieved should be a factor in allocating funds among programs.

If the Commission determines that new programs are needed to meet its goal, it should not allocate uncommitted surcharges, as suggested by Staff. It should add to existing surcharges, taking into account that existing surcharge levels are $44 million per year lower than anticipated in the 2008 EEPS Order.

In identifying outliers and recommending action regarding them, program administrator input is essential.

Requiring the TRC to be applied at the measure level has led to missed opportunities for savings much deeper than can be attained using the current approach. The Commission's current rule overemphasizes short-term savings and could make it more difficult to achieve long term goals. The TRC should be applied at the program and portfolio levels. Screening at the measure level and screening during implementation should only be required under conditions that provide much greater flexibility.

Aside from the TRC, cost per unit of energy saved should be taken into account. NYSERDA's cost per unit of energy saved is much lower than the average for all PAs.

Staff is incorrect when it says that stand-alone audit programs tend not to be effective. NYSERDA's Flex Tech program is reporting a measure adoption rate of 65%. Staff's criticism is more on point with regard to small customer audit programs, where the measure adoption rate is lower.

Staff's analysis of program delivery options did not discuss custom-designed programs, which have been very effective.

Staff is correct in advising that a flexible approach to geographic equity should be maintained.

Lighting programs will need to be revised. Even with new standards, an upstream program will still be important to gaining widespread market acceptance of new lighting technologies. The IAG is an appropriate forum for discussing this issue.

The percentage of low-income funding should be increased. Demand for EEPS programs will increase as federally funded programs are reduced. The decline in federal stimulus funding threatens to halt the momentum of weatherization programs and strand the workforce. The Commission anticipated this in its 2009 Gas EEPS order, and the Commission should now follow through on that rationale. Although it would be reasonable to allocate 40% of residential funds to low-income, 30% is the minimum that would be appropriate.

NYSERDA should have the flexibility to transfer funds from market-rate residential programs into lower income programs, based on demand for services.

Interruptible gas customers should be made eligible for the EEPS program. The ineligibility of interruptible customers greatly reduces the potential reach of the multifamily programs. Including these customers would also aid in the transition away from #4 and #6 heating oil. This initiative should include not only multifamily buildings but all interruptible customers.

Self-designed programs have potential and warrant consideration. A recent paper, however, cautioned that there are insufficient data to support these programs at this time.

Collection of surcharges should not be amortized. Not only would it increase overall program costs, but it could lead to unintended consequences for utility balance sheets. The issue of intergeneration equity is not compelling, as the life-span of efficiency investments tends to be shorter than other utility investments. It is also unclear whether standard accounting rules would allow for this type of capitalization.

Partial SBC customers should be fully eligible to participate in EEPS programs. They represent a large amount of efficiency potential, and current inconsistencies in the way they are served prevents this potential from being realized.

Program administrator overlap is a critical issue that should be a high priority for resolution by the Commission. The issue should not be delegated only to the IAG; it should include a broader group of stakeholders. A Technical Conference should be convened.

Staff should reevaluate its statement that clear delineation is not a promising approach. Clear delineation is not inconsistent with the goal of greater collaboration. In fact, clear delineation makes collaboration work better. The current delineation in the low income sector has produced good results, and NYSERDA has been able to collaborate with many PAs. Simply requiring identical incentive levels will not be productive. Similarly, increasing the unit cap for the multifamily program will exacerbate program overlap issues.

One mode of delineation in the C/I sector, that would resolve current problems, would be for NYSERDA to be responsible for customers larger than 100 kW, with utilities responsible for smaller customers.

A policy for applying adjustment factors should be developed by the Evaluation Advisory Group, to better promote consistency in reporting and measuring against goals. Interactive effects among programs also need to be considered. Statewide studies and joint evaluation efforts should be continued; however, more definitive budget allocations are needed. NYSERDA’s efforts in evaluating programs are severely hampered by lack of access to non-participant data, which is hampered by privacy rules. The State’s participation in the EM&V Forum is invaluable and should be continued.

The efficacy of marketing efforts is enhanced when PAs have the flexibility to respond by changing budgets. There remains a large untapped market for energy efficiency, and OEM will be essential in developing it. Evaluation of OEM should contain two approaches: marketing performance measurement (MPM); and evaluation, measurement and verification. EM&V is effective, but not as carefully tailored to OEM as MPM is. Combined, they provide a more complete picture.

NYSERDA’s workforce development programs have been successful. Because anticipated federal funding was not awarded, however, additional funding will be needed to build on this success. NYSERDA anticipates a need for approximately $6.5 million per year.

Utility shareholder incentives should not be paid from uncommitted EEPS funds; these should be dedicated to efficiency projects.

Suggestions that the split incentive problem can be addressed simply be increasing incentives are shortsighted. They might assist in achieving near term goals, but they will do nothing to solve the long-term problem of split incentives and they are unlikely to change behavior. Energy-aligned leases are a way to address the problem in a long term systematic fashion.

Territory-specific potential studies are not needed and are unlikely to reveal significant deviations from studies that have already been performed. NYSERDA has initiated a comprehensive statewide potential study encompassing not only efficiency but renewable energy and greenhouse gas reduction potential.

The utilities' proposal to establish financing mechanisms for C/I customers should be supported, and should not overlap with the revolving loan fund for smaller customers that NYSERDA is required to establish under statute.

National Fuel Accountability Coalition (NFAC)

NFAC comprises fifteen member organizations. NFAC supports the broad goals of EEPS but has four specific concerns :

Programs oriented toward low-income customers should receive 50% of total funding. There are five points in favor of this position:

(1) A 50% low-income allocation will correct for other regressive aspects of the EEPS program. EEPS volume-based fee structures are regressive, because low-income households tend to use more gas than high-income households. Also, the emphasis on appliance rebate programs favors higher-income households. Low-income customers have difficulty participating in these programs. Participation rates in the high-income zip codes of NFG's territory are three to four times higher than in the low-income zip codes.

(2) Low-income programs create more jobs than appliance rebate programs. This should be reflected in the Total Resource Cost analysis of programs.

(3) More low-income allocation is needed to address the current economic crisis faced by low-income New Yorkers.

(4) A greater low-income allocation is needed to avoid stranding the investment in workforce training. As the Commission acknowledged in an earlier order, low-income funding should be increased after 2011 to avoid stranding the green jobs infrastructure that has been developed.

(5) The existence of other low-income programs (e.g. WAP) does not support lower funding for EEPS low income programs. The decline in federal funds for these programs creates a gap that should be filled by EEPS.

EEPS should utilize more whole-house programs. Many experts consider the whole-house approach to be the best practice. Whole-house programs are not necessarily less cost-effective than rebates, and may be more cost-effective, especially if job creation is factored. Whole-house programs have a much larger economic multiplier effect (locally) than do appliance rebates.

EEPS program administration should be streamlined and shifted entirely to NYSERDA. Competition between NYSERDA and utilities has led to confusion and underperformance. Shifting all responsibility to NYSERDA would eliminate overlap and enable one-stop shopping for customers. It would also facilitate the integration of other NYSERDA programs into EEPS. Utilities as program administrators have conflicting interests, and may be more interested in building their brands than in providing the best efficiency services. The EEPS program should be more transparent and accountable.

The outreach and marketing program should present one-stop shopping to simplify access to efficiency programs for customers.

National Fuel Gas (NFG)

Staff's general recommendation to extend EEPS programs through 2015, subject to improvements, is reasonable.

The Conservation Incentive Program (CIP) should be incorporated into EEPS, but some of its unique features should remain unchanged. The rebate schedule, and low-income funding, should remain at current levels. The rebate program has been successful. If rebate levels are ordered to be switched to the levels for other EEPS programs, a transition period should be allowed. The commercial rebate program, contracted to NYSERDA, has been successful, and the partnership with NYSERDA should be retained, with NYSERDA dedicating all funds to the NFG service territory. Similarly, the low-income weatherization program should be retained, and operated by NYSERDA. Current funding for the CIP low-income program is 30% of the total, and much more than 30% of residential funding. The existing outreach and education program should be retained, although funding could be reduced by 25%. Because authorization for CIP expires November 30, 2011, and new EEPS authorizations will not occur until January 1, 2012, an interim extension should be granted to maintain CIP.

With respect to NYSERDA's statewide programs, NYSERDA should be required to identify customers in the NFG territory who are participating in NYSERDA programs, so that NFG can work with NYSERDA to increase customer participation.

The disadvantages of amortizing EEPS recovery outweigh the advantages, primarily because the addition of carrying charges would increase total costs.

Staff's recommendations for year to year budgeting mechanisms should be replaced by a surcharge/refund mechanism similar to the one currently used by NFG. This would prevent the accumulation of unspent funds, and allow overspending budgets where warranted.

Edward Rath, Erie County Legislator

The current alignment of CIP programs is effective and the changes urged by People United for Sustained Housing should not be adopted.

NOTE: Numerous comments were provided informally through email to the Secretary regarding the National Fuel programs. Many supported the position of NFAC that the programs should be realigned. Others stated that the programs should be continued in their current configuration.

Pace Energy and Climate Center, Northeast Energy Efficiency Partnerships, and Natural Resources Defense Council (also joined by six other organizations advocating for clean energy policies)

EEPS should be continued and funded at current levels. Recent developments in IAG cooperation and streamlining of approvals are encouraging, but insufficient. More must be done to avoid delays in approval of new or modified programs. Delegation to DPS Staff should be increased to avoid the delays caused by SAPA. Once PAs have exhibited competency at managing programs, they should not need Commission approval for every program change. Staff should clearly articulate a process for modification of programs and approval of new programs.

Greatly improved statewide coordination of program delivery is needed. The White Paper does not offer solutions to the problem of overlap. The IAG should make this a top priority for the coming year, and the IAG will need greater resources to accomplish this along with its other tasks. One way to increase cooperation is through a single statewide website directing customers to programs, similar to what is done in California.

It is imperative to retain utility shareholder incentives. Staff incorrectly blames incentives for many of the implementation problems that are actually caused by slow approvals, lack of flexibility, and unclear roles for NYSERDA and utilities. The existence of RDMs removes disincentives to utility activity, but it does not provide an incentive. Utilities must be encouraged to make efficiency part of their business model; this should be done with clear verification, and scaled incentives that reward exemplary performance beyond the target. Negative adjustments are also essential, although utilities may be excused where program approval delays are not their fault.

The TRC test as well as its application needs to be changed. This cannot be delayed. Programs should be evaluated at the portfolio level. An avoided cost study should be performed, followed by a Technical Conference to make long overdue changes to the test. A societal test should be added, and wholesale energy price impacts should be considered. (further analysis is contained in an appendix, described below)

Only a small portion of the state's buildings have undergone efficiency retrofits. Market barriers such as split incentives are responsible for some of the shortfalls. Energy-aligned leases are one way to overcome the barrier of split incentives. Innovative financing methods are another way; a multi-year loan-loss reserve fund should be considered.

EEPS program administrators should be provided with methods for better integration of codes and standards development. LIPA and NYPA efficiency activities need to be monitored and their performance considered alongside EEPS to evaluate progress toward statewide goals.

Self-directed programs for large customers should not be adopted. Such programs would still require independent evaluation, and the customer would lose the ability to leverage other EEPS funds.

Performance in the multifamily sector must improve. The unit cap of 75 units should be removed; larger multifamily buildings have a greater percentage of public areas, so the projected savings from smaller buildings are overstated. Multifamily programs must be delineated from C&I and small business programs.

Low-income programs are important, and the Commission should consider the need to increase funding in light of reduced federal funding.

Optimal Analysis of Cost-Effectiveness Tests:

Staff is correct that the Program Administrators Cost test is problematic. Staff identified three variants on the current TRC that would be improvements. The 5.5% discount rate in the current test is too high. Additional benefits that should be included in the test are:

Higher CO2 emission values. Staff discusses a potential increase of the CO2 value from $15 per ton to $50 per ton. A recent New England study determined that the cost of CO2 mitigation is more likely to be $80/ton. 98% of the future cost of CO2 mitigation is external to the market price of energy.

Operating and maintenance cost savings. Efficiency measures can have a significant impact on maintenance costs for customers, e.g. reducing the cost of replacing bulbs. These benefits should be counted for specific programs, where they are significant and reasonably quantifiable.

Demand Reduction Induced Price Effects (DRIPE). DRIPE has been assumed in the past to be a short-lived phenomenon; as markets adjust to lower prices by delaying supply increases, which increases prices. A recent New England study shows that the price impacts of DRIPE are greater, and last many years longer, than have been previously assumed. The White Paper also states that DRIPE represents a transfer payment; this is not the case. Higher demand requires use of more expensive generating resources; reducing demand has a societal benefit. Moreover, to the extent DRIPE represents a transfer, it is a transfer that benefits New Yorkers.

Non-regulated energy benefits (NEBS). NEBS result from efficiency measures in various forms. Many of them are tangible and quantifiable, such as savings in water, oil, kerosene and propane use. Where NEBS are significant and reasonably quantifiable they should be included in the TRC calculation.

New York State Electric & Gas and Rochester Gas and Electric Corporation

The Staff recommendation to reauthorize existing programs and the strategy of continuous improvement should be supported. The existing programs have acquired momentum and are making satisfactory progress. The process of continuous improvement should allow for modification or replacement of programs as indicated by available evidence. Targets for reauthorizations made in October 2011 should be established collaboratively between Staff and the program administrators.

The programs should be developed on a trajectory to achieve the State's 15 by 15 goal; but annual targets should be used flexibly for planning and evaluation purposes.

Extending the goals to 2018, at lower levels, would risk losing momentum at this time.

Negative outliers should be discontinued, but only after a careful review as to whether they have the potential to improve, or whether they serve an important portfolio need.

The Companies' Commercial and Industrial Prescriptive Program should be consolidated with its Custom Rebate Program; a petition will be filed requesting this consolidation.

Uncommitted surcharge balances should remain in place for the time being. There are numerous factors contributing to uncertainty regarding the total of uncommitted funds, particularly the manner in which NYSERDA is funded through utility collections, which makes the Companies unable to affirm the figures recited by Staff. 2011 commitments may cause a significant reduction in the surcharge balance.

The Total Resource Cost Test should continue to be applied as is. Although there are potential theoretical improvements to the test, they would also make it more complex and less consistent and reliable in application.

Staff should work with the IAG to study program modifications that might be needed regarding lighting measures. With respect to T12 applications, there should be no interruption in programs at least through 2012. The continuation of CFL measures is a more complex issue.

Low income programs should not be subject to a strict percentage. Low income measures should be offered within existing programs. Meeting the State's efficiency goals should be the highest priority.

A subcommittee of the IAG should be formed to consider eligibility of interruptible gas customers. Although the proposal, as stated by Staff, primarily affects downstate customers, it is relevant to the Companies and the subcommittee should be open to any program administrator. Split incentives must be addressed, and making programs attractive to property owners is essential to maximize participation.

Self-directed customer programs are unnecessary. The Companies' Block Bidding programs already satisfy that demand. Moreover, participants in that program may gain access to a larger share of funds than they would through a self-directed program.

SBC collections should continue to be recovered as expenses.

Consistent statewide eligibility standards should be developed.

Staff's recommendations for year-to-year budgeting rules are generally sound. Applied to shareholder incentives, however, they may produce inequities, which is another reason to eliminate incentives. With respect to proposed rules for borrowing from future years, Staff's proposal is reasonable, but could be improved in two ways. Programs should be allowed to exceed annual budgets by more than 120% if they are using uncommitted funds from a previous year. They should also be allowed to exceed 120% of an annual budget if they are using funds form an underperforming program that serves the same customer sector.

Program administrator overlap should be addressed by having NYSERDA focus on market transformation and utilities focus on direct offerings to customers.

The IAG has been effective, and it has not been focused on incentives to the detriment of its other tasks.

Utility shareholder incentives should be eliminated. Staff is incorrect that incentives have caused utilities to aim low, but there are independent reasons for eliminating incentives. Coordination with NYSERDA will be easier to accomplish in the absence of utility incentives. Moreover, as the Companies have argued since 2008, utilities have limited influence over the behavior of customers, and it is unwise to subject utilities to incentives based on results over which they have minimal control. If utilities are retained, they should be positive incentives only.

The Process portions of evaluation budgets should be directed to: program marketing, outreach activities, state-wide marketing, and state-wide efficiency potential studies. Impact evaluations should continue.

Statewide outreach and education funds should be redirected, in part, to utilities. The percentage of program funds for outreach and marketing should not decline. Outreach and marketing should be evaluated using a percentage of the EM&V budgets.

Additional funding for workforce development is not warranted.

Parties arguing that utilities use EEPS funding for self-promotion are incorrect. The appropriate uses of EEPS funding are clearly described in EEPS orders.

Consolidated Edison and Orange & Rockland (the Companies)

The Companies filed a supplement to the Joint Utility comments to which they also subscribed; the supplemental comments refer primarily to issues more specific to the Companies' service territories.

Looking beyond 2012, EEPS programs should be reworked to provide holistic solutions that address demand management and power quality and are supported by rate structures that encourage off-peak use. Con Edison has successfully reduced peak demand through its Targeted DSM program, and more capital investment in transmission and distribution could be deferred if EEPS were more fully integrated into this approach.

Targets for EEPS programs should be adjusted to reflect lessons learned in the 2009-2011 period. Examples of information gained through experience include changed estimates of market demand, and the impacts of seasonal fluctuations in demand.

Sector equity is an important goal. Regardless of the percentage of funding determined, no additional programs need to be created to serve low-income customers.

EEPS programs could operate more efficiently if program administrators were provided more flexibility in shifting money between programs and changing programs to respond to market conditions and test new initiatives. Shifting money among programs should be performed on an intra-class basis. Shifting money among programs should not result in an automatic shifting of program targets.

Con Edison's multi-family programs should be expanded to buildings with more than 75 units. This would not conflict with NYSERDA's program, because some customers prefer NYSERDA's "whole building" approach and others prefer Con Edison's approach.

The City is incorrect in stating that there are no programs for one-and-two family buildings in New York City. Those buildings are served by several Con Edison programs.

In addition to direct comments from Con Edison, numerous contractors working with Con Edison on EEPS programs submitted comments supporting EEPS in general and the continuation of Con Edison programs in particular.

Con Edison and O&R will propose improvements to several of their programs.

St. Lawrence Gas Company, Inc.

EEPS programs should be reauthorized through 2015. The residential programs of St. Lawrence Gas have been highly successful. Split incentives need to be addressed to improve the performance of commercial programs. Unspent program funds should be rolled over into future years. Rebate levels should be reviewed on an ongoing basis.

Association for Energy Affordability, Inc. (AEA)

The White Paper provides a comprehensive assessment, and its core recommendation that programs should be continued at current funding levels should be endorsed.

Utility incentives should be eliminated. Staff is correct that they have had counterproductive results.

Multifamily should be considered a separate customer sector. The multifamily program for New York City needs to be corrected. The building stock differs considerably from stock in other parts of the state, and metrics designed for upstate buildings will not work for New York City programs. The Technical Manual fails to reflect these differences. Further, the cap of 75 units should be eliminated. The average common area electric usage calculated for larger buildings cannot be applied to smaller buildings without distorting program results.

Adding eligibility of interruptible customers is highly important. This could be done by establishing a minimum annual gas usage as the criterion for eligibility. AEA would like to participate in an IAG subcommittee to address this issue.

Annual budgeting should be eliminated in favor of multi-year targets.

Savings and expenditures should be recorded on a commitment accrual basis.

The successful experience of NYSEG's multifamily program should be studied and relied on.

Low income funding should be increased to at least 30% of the residential allocation. Coordination with the drop-off in federal stimulus funding is essential. Buildings that meet the

WAP criteria for eligibility should be targeted. Some percentage of households in market rate multi-family buildings are low-income.

Split incentives in multi-family buildings need to be resolved. One way to do this is to increase incentive levels, and/or provide measures free of customer participation. CFLs should be provided free. Incentives should be increased to recognize the impact of the secondary refrigerator market, and to incentivize building owners to replace refrigerators.

Community Environmental Center (CEC)

After some delays, the infrastructure of energy efficiency delivery is in place, and should be maintained. PAs should be given greater flexibility in responding to market conditions. In particular, the incentive modification cap of 20% should be changed.

Surcharges should not be reduced now, when programs are achieving at higher levels.

The TRC should be modified to account for more environmental benefits. Because this will take time, in the meantime the cost-effectiveness hurdle should be reduced to 0.7 as a proxy for the likely changes in the test. The proposed $50/ton monetization of carbon is reasonable, although a higher figure would be consistent with studies performed in Europe.

The technical analysis of refrigerator savings needs to take into account the significant second-hand market for refrigerators in New York City.

Lighting continues to be an essential feature of efficiency programs.

A package approach to efficiency projects is much more effective than a measure-by-measure analysis.

The low-income percentage should be increased, especially in light of reductions in federal funding. The participation of low-income customers in market-rate programs is minimal. Low-income programs meeting cost-effectiveness tests do not present significant trade-offs with other policy goals.

A significant portion of multifamily buildings are dual fueled, and expanding eligibility to these customers is essential to expanding participation in this sector. A $9 million initial budget would be reasonable.

Con Edison has made best efforts to achieve its targets, notwithstanding Staff's description of utility behavior as affected by incentives. Staff delays may have more than anything else to do with inability to meet targets. Utility opt-outs should be considered.

Community-based outreach strategies are more effective than media-based strategies. Also, a single interactive website should be available for all programs.

NYSERDA's workforce development programs have been effective.

New York Independent System Operator

The EEPS program in general is a valuable initiative. Forecasts of energy efficiency must be realistic for the ISO to plan New York's power system. Experience shows that full achievement of the Commission's goal by 2015 is not feasible. Total expenditures have not yet exceeded $250 million per year. Based on experience since the inception of EEPS, it appears that most of the projected savings (1,397 GWh) can be obtained for $195 million, while the last 48 GWh cost nearly $70 million. Actual savings reported for the 2011 calendar year do not show a large increase in savings. The Commission has public policy reasons for supporting some lower performing programs, but maintaining those programs means that overall program goals will not be reached.

The Commission should reduce annual spending to the range of $200-250 million until the ability to spend higher levels in a cost effective manner has been demonstrated. Reducing spending to $250 million would allow the EEPS goal to be achieved in 2017.

When negative outliers are removed from the portfolio, their targeted savings should be removed from the goal as well.

While continuity of programs must be maintained, the TRC needs to be revisited frequently.

National Grid

National Grid supports Staff's recommendations that it reallocate funds away from its Home Sealing Incentives Program and its Residential Energy Star Products program. New programs will be proposed for the use of those funds. National Grid does not agree that it should be required to propose a block bidding program.

The TRC test is the best test for measuring cost-effectiveness. The Evaluation Advisory Group should study whether changes in inputs should be adopted.

Problems with program overlap in the downstate area are exaggerated. A great deal of cooperation has taken place between Grid and LIPA, Con Edison, and NYSERDA. On Long Island, the utilities participate in a Long Island Green Homes Consortium with NYSERDA.

Sharing non-participant data risks violation of the Commission's privacy policies.

Central Hudson

Developing energy efficiency is an important priority. The Commission has taken many steps in furtherance of this goal, and the programs are now at a crossroads. Continuity of funding is essential. But increased cooperation among stakeholders, and new studies of achievable efficiency potential need to be performed.

Staff's basic recommendation for continuity is sound, but the continuous improvement of programs needs to be informed by potential studies examining technical, economic, and achievability issues. Experience has shown that the assumptions underlying the original program targets in many cases have been flawed, and this needs to be corrected with better studies.

Although changes in lighting standards will need to be accounted for, lighting programs are by far the most productive of savings and should be continued at least through 2012.

With respect to sector equity, there are policy reasons to maintain balance, and to dedicate funds to some types of lower-performing programs. Those decisions, however, need to be recognized in the metrics by which program administrators are evaluated; otherwise program administrators are placed into an untenable position.

The mechanism for cost recovery should not be revised.

It would be difficult to eliminate the overlap between utilities and NYSERDA. Both a competitive approach and a cooperative approach have merits and problems, but a cooperative approach is preferable. The chief benefit of a competitive approach is that poor performing measures and programs would be weeded out; but that process is time-consuming, and in the meantime customers are paying for the mistakes. For cooperation to work, utilities and NYSERDA will need to find improved ways of sharing information. Also, potential studies will help in setting incentive levels and other steps needed to enhance cooperation.

The shareholder incentive mechanism has succeeded in inducing performance. Negative adjustments have no clear purpose, because failure to reach targets does no direct harm. Even so, Central Hudson does not oppose the potential for negative adjustments, if set reasonably, which requires detailed potential studies. Setting incentives properly will avoid the type of discussions over post hoc adjustments that we have seen with respect to the 2009-2011 period.

Staff's characterization of utility behavior, in the context of its incentives discussion, is inaccurate and serves no purpose. Staff often takes positions that serve its own interests, as do utilities. If utilities were aiming low, one would expect that their targets would have been achieved. Any conflict that might exist with respect to targets would be greatly ameliorated by the use of potential studies and a revised TRC. Cooperation between utilities and NYSERDA can be made to work within an incentive program. The confusion experienced during the first three years of EEPS may justify a post hoc adjustment to penalty levels, but the potential for future post hoc adjustments will make it very difficult for utilities to plan. To the extent that incentives may drive utilities toward investing more in higher-performing programs, that is a good thing; to the extent that might disrupt portfolio balance, and compromise other policy concerns, those policy concerns need to be recognized in the metrics so utilities will have incentives to pursue them. While the impact of incentives has occupied some of the utilities' time, particularly in their interaction with Staff, utilities spend a great deal of time sharing information about program improvement in forums other than the IAG.

Positive incentives should remain in place during 2012, while potential studies are performed. Tailoring incentives to unique utility characteristics may be appropriate. Central Hudson has out-performed all other program administrators, and its achievement should be rewarded.

Multiple Intervenors

Staff's recommendation to reauthorize the majority of programs is unreasonable. The 15 by 15 goal was never supported in the first place, and subsequent events have undermined it further. It should be scaled back substantially. The gulf between New York's energy prices and average U.S. prices has not improved, no new capacity is needed in the near future, and market developments such as lower gas prices have undermined the rationale for and financial metrics for efficiency programs. EEPS must be considered in conjunction with SBC, RPS and other programs supported by ratepayers. If the recession caused under-performance of EEPS, the recession also made customers more sensitive to these charges. At a minimum, all programs should be reevaluated under a cost-effectiveness test.

Annual charges for large customers should be capped. Other states have done this. Failure to do so will contribute to large businesses moving out of the state.

Electric EEPS program costs should be allocated to classes based on funds dedicated to each class. Information regarding interclass equity has not been provided by Staff, and cannot be evaluated by commenters.

Amortization of EEPS costs over multiple years would increase the total cost of the program.

Large customers should be accorded the flexibility to direct all or some of their EEPS surcharges into self-directed efficiency programs. Not only would this ensure an equitable distribution of surcharge collections, but it would enable each customer to address its own unique efficiency needs, which might not be served by uniform programs. In the alternative, each utility should be directed to implement a block bidding program, which is better suited to meeting the individual needs of large customers.

The TRC test needs to be revised. As presently constructed, it does not account for the cost of customer incentives. Moreover, it relies on "hard to quantify" benefits that make the test easier to pass. Finally, there are many programs and measure that barely "pass" the 1.0 threshold, meaning that there is no margin for error in the Commission's finding of cost-effectiveness.

Utility shareholder incentives should be eliminated. Utilities should not need a costly incentive to perform a task assigned to them by the Commission.

Competition among program administrators for approval of programs is beneficial, but the approval of programs should be performed in a way that minimizes direct competition in program implementation. The current overlap of responsibility between NYSERDA and utilities is inefficient.

City of New York

Generally, EEPS programs should be reauthorized as recommended by Staff. A lack of funding continuity would disrupt programs. It is not clear, though, why the current factors inhibiting performance, such as the sluggish economy, will not continue to undermine performance. More analysis needs to be performed of the role of program design in delaying achievement of targets.

A large amount of energy efficiency potential remains in New York City. This potential can be tapped by cooperative efforts between the City and EEPS program administrators. A lack of clear information sharing has caused confusion among customers and administrators. The IAG should establish two regional subcommittees, one each for upstate and downstate, to allow for better coordination, and more programs targeted to the needs of the demographics and building profiles of downstate, as well as treatment of the complex landlord-tenant issues that exist downstate. NYSERDA should increase its presence in New York City. Also, Con Edison should be required to propose a block bidding program.

Lighting measures must remain a central component of EEPS. Opportunities for efficient lighting in the City's one million buildings remain very large. The role of lighting should be expended, not retracted. The Green Light New York center should be funded. Also, the process for taking new standards into account, proposed by Staff, should be transparent and involved opportunity for public comment.

In the effort to meet efficiency targets, the importance of market transformation should not be understated. Market transformation efforts should be increased.

The fuel use restrictions on EEPS programs should be relaxed to support more oil-to-gas conversions. This would further the City's emission reduction programs.

Funding for low-income customers needs to be equitable, and Staff's analysis should be refined and/or confirmed followed by a commitment of more EEPS resources to low-income customers.

Eligibility should be expanded to interruptible customers. Although the reasoning for excluding them at the outset was sound, multifamily programs in particular have been impeded greatly by the ineligibility of interruptible customers. The City has a strong interest in working with IAG members and others to develop this proposal.

EEPS cost recovery should not be amortized over multi-year periods, primarily because this would increase the total costs of the program.

EM&V efforts need to be continued, and a centralized database should be made available to stakeholders. Benchmarking efforts modeled after the City's should be used as a template for a statewide initiative.

Funding for outreach and marketing efforts should not be reduced as program mature, but EM&V methods should be applied to outreach efforts.

National Association of Energy Service Companies (NAESCO)

The current structure of utility incentives produces continuous controversy. It should be replaced with a simple administrative fee and an opportunity to earn a return on equity.

Mere coordination between NYSERDA and utilities is not sufficient, even if it is attainable. A single consolidated program should be offered to customers.

The insistence on measuring cost-effectiveness by measure, rather than by project, has impaired the implementation of effective programs.

The membership of the IAG should be expanded to include other stakeholders.

The effects of efficiency on wholesale markets should be considered in cost-effectiveness tests. Staff relies on a study related to demand response programs; energy efficiency on the scale of EEPS has different effects than demand response and cannot be obviated by forward contracting and hedging strategies.

Consumer Power Advocates

Self-directed programs by large customers are unnecessary. Such programs would drain revenue from the larger effort. The cost of an efficiency program for a large customer is likely to be much higher than the surcharge paid by that customer.

Utility incentives should be eliminated in the near term, and considered in the context of ratemaking. Incentives must be corrected to provide for greater cooperation between NYSERDA and utilities. Utilities are businesses and must be expected to pursue their own interests. A delineation of responsibility, with large customers under NYSERDA programs and smaller customers under utility programs, would be effective.

New York State Department of Environmental Conservation (DEC) Office of Environmental Justice

Low income funding should be increased to 30% of overall funding for the residential sector. The IAG should establish a subcommittee to evaluate environmental justice concerns in the EEPS programs. Low-income customers are more likely to live in rental housing, which is underserved in the EEPS programs; low-income households are also much more vulnerable to fluctuations in energy prices.

Green Energy Collaboration Program (GREENCO)

Greenco is a collaborative of many stakeholders concerned with energy use in hospitals.

EEPS programs should be reauthorized with corresponding funding levels and a strategy of continuous improvement. The Greenco initiative should become part of that improvement. Hospitals are energy-intensive; there are approximately 200 in New York. Due to the needs faced by hospitals, it is difficult to find financing for energy efficiency investments. An EEPS program should be tailored to the needs of hospitals, and should be integrated with financing mechanisms to encourage participation. EEPS funding can be leveraged with private capital. Greenco intends to work with Staff to create a specific proposal. At present, there is no clear process for improvement of programs or proposal of new programs.

Barriers to cooperation between NYSERDA and utilities must be addressed. A new incentive mechanism specifically designed for a hospital program should be developed. Program administrators should also be granted more flexibility to adjust programs to meet the specific needs of a hospital program, as the needs arise.

Evaluation efforts are crucial. Hospital boards and financial institutions are far more likely to commit capital resources to programs if they know that projections are realistic and performance will be evaluated.

Northeast Energy Efficiency Partnership (NEEP)

The Commission should direct utilities and NYSERDA to participate in regional program and policy efforts. Joint studies can avoid duplicative efforts. This is particularly true with respect to national trends light changes in lighting standards.

Coordination should be increased, particularly with NYSERDA's T&MD efforts.

Utilities should be more involved in advancing codes and standards.

New York should maintain its participation in the Regional EM&V forum. Forum projects are selected with reference to needs identified by New York's Commission. NEEP has been an active participant in New York's Evaluation Advisory Group.

Conservation Service Group

The overall goals of the EEPS program are sound, and programs should be continued subject to improvement. Abrupt changes, even minor ones, can have large impacts on contractors who implement programs. Hundreds of employers across the state depend on the orderly continuation of programs.

The administration of EEPS has been unnecessarily complex and burdensome. A great deal of productivity is sacrificed due to the confusion of multiple administrators in the same markets, narrow cost-effectiveness tests, fuel restrictions, lack of a single source for information, burdensome reporting, and lack of convenient financing.

Efficiency programs should be coordinated on a regional basis, following the Governor's regional economic development structure for the state.

Goals should not be lowered. Consideration of goals should not be thought of as an exercise in accuracy. The Technical Manual is flawed, and its 90% net-to-gross ratio is questionable. Because goals might not be met using current assumptions, they should not be reduced.

Applying the TRC to measures is overly restrictive. It places a huge burden on contractors. It should be changed immediately. In the longer term, a Technical Conference should be conducted to reform the test itself. The Program Administrator Cost Test is preferred, supplemented with a Societal Benefit test.

The market transformation approach to efficiency is important. It results eventually in widespread savings achieved with no public support.

Higher levels for workforce development should be supported. Technical proficiency is the greatest single factor in achieving true energy savings. Also, the deeper into the energy markets training progresses, the more markets are transformed.

Funding for low-income programs should be increased.

The SBC T&MD activities need to be integrated with EEPS programs, especially in the context of outreach.

Willdan Energy Solutions

Continuity of programs is essential. Continuous improvement should be made in consultation with stakeholders including contractors. It should also follow a clear process with faster approvals. Third-party program administrators should be able to propose innovative programs. PAs should have the flexibility to raise incentives as needed. In general, PAs should be given broader goals and budgets and more flexibility to implement them.

Targets for future years should not attempt to make up shortfalls from the first years of EEPS.

Utility incentives should be positive-only. Eliminating negative incentives will solve most of the issues raised by Staff; but it needs to be recognized that utilities are for-profit companies that will respond to incentives. The mechanism needs to be simple and straightforward.

Clearer lines need to be drawn between NYSERDA and utility programs. NYSERDA and utilities have been able to cooperate on individual programs; however, there are customer sectors much better suited for exclusive treatment by NYSERDA, such as large retailers with multiple locations throughout the state.

Dollars per megawatt hour should be the primary metric.

Budgets for outreach and marketing should not decline as programs mature.

Efficiency First

National Grid's Enhanced Home Sealing programs (EHSIP) should not be terminated. Many program issues have been resolved. The program analysis contained in the White Paper does not reflect recent improvements in program administration.

Free BPI compliant energy audits available from NYSERDA, LIPA and others deter homeowners from obtaining a second EHSIP audit, which limits the number of potential participants.

The Technical Manual is outdated and should not be relied on for program analysis.

The TRC test ignores numerous benefits of EHSIP, including correction of venting problems, eliminating danger of gas and carbon monoxide leaks, and creation of local jobs.

Not all contractors perform equally, and the program could be improved significantly with better monitoring of individual contractor performance.

TRC Engineers

Low income programs need to be increased, both for the sake of equity and to replace declining federal funds. The state has developed an experienced green-collar workforce, and the decline in federal funding threatens to strand many of these workers.

Equity suggests funding low income programs at 40% of the residential allocation. Taking other concerns into account, a 25% level might be reasonable. The affordable multifamily component of EEPS programs is likely to see an increase in demand. Low income projects tend to cost more, not necessarily because the energy component is less cost-effective, but because a higher number of health and safety improvements are involved. An adder to recognize this should be incorporated into the Total Resource Cost test.

Split incentives should be dealt with by referring to the MPP program under the SBC rules. These rules ensured that both owners and tenants experienced reduced energy bills.

The Total Resource Cost test needs to increase the emission factor. $50/ton for a carbon factor is conservative. Applying the TRC at the measure level is counterproductive.

The prohibition against low income buildings in the Electric Reduction in Master Metered Buildings program should be removed. If necessary, this could be limited to buildings heating with fossil fuels.

Free Lighting Corp.

The economic downturn has had a strong effect on customer participation, particularly for small businesses. Incentive levels need to be increased to minimize financial risk for participating customers. This is the sort of common-sense adjustment that needs to be made as programs adjust to experience.

Long Island Jobs with Justice
New Buffalo Impact
Coalition for Economic Justice
Common Cause
Partnership for the Public Good

EEPS is currently underserving low-and-medium income customers. Low income customers have much greater energy efficiency needs than other customers. Whole-house programs are also beneficial for job creation. EEPS would also be made more efficient if it were administered entirely by NYSERDA.

Facility Solutions Group

Small businesses have not been adequately targeted by efficiency programs, and they lack the resources to initiate projects. The rules of the Small Business Direct Install Program need to be simplified for the small business owner to allow greater participation. This could be done through on-bill financing, greater incentive levels, better promotion, or increase of customer size.

School Facilities Management Institute
NYS Association for Superintendents of School Buildings and Grounds

Energy consumption is an important component of strapped school district budgets. EEPS programs are a vital part of a strategy to control costs; EEPS programs should be continued.