July 13, 2020

VIA ELECTRONIC FILING

Hon. Michelle Phillips
Secretary to the Commission
New York State Public Service Commission
Empire State Plaza, Agency Building 3
Albany, New York 12223-1350

Re: Case 20-M-0266 – Proceeding on Motion of the Commission Regarding the Effects of COVID-19 on Utility Service

Dear Secretary Phillips:

Advanced Energy Economy Institute (AEE Institute) and the Alliance for Clean Energy New York (ACE NY) respectfully submit these comments in response to the above-mentioned proceeding. We support the Commission’s investigation into this topic, and appreciate the Commission’s commitment to supporting the advanced energy industry during these unprecedented times so that the industry emerges from the current crisis in a position to be a pillar of the economic recovery and keeps New York State on a path to reaching its nation-leading clean energy goals.

We look forward to our continued involvement in this important proceeding.

Respectfully Submitted,

Ryan Katofsky
Managing Director,
Advanced Energy Economy Institute

Anne Reynolds
Executive Director,
Alliance for Clean Energy New York
Introduction

Advanced Energy Economy Institute (AEE Institute) is submitting these Comments in response to the Commission’s *Order Establishing Proceeding*. In order to respond to the Order, AEE Institute is working with Advanced Energy Economy¹ (AEE) and the Alliance for Clean Energy New York² (ACE NY) to craft the comments below. These organizations are referred to collectively in these comments as the “advanced energy companies,” “we,” or “our.”

AEE Institute and ACE NY are genuinely concerned about the impacts of COVID-19 on utility customers and the burden of energy costs during economic hardship. We understand the need for this proceeding and are generally supportive of efforts to reduce the burden of energy costs for those who are in the most need, especially as COVID-19 and the resulting economic fallout have hit disadvantaged communities particularly hard. While we do not offer specific proposals for providing relief to customers, we do believe that targeted relief to those who need it the most will have more meaningful impact than untargeted, system-wide spending cuts that will lower utility bills across the board, but only slightly, including for those that are not experiencing any hardship. Expanding targeted relief by providing larger bill credits to a greater number of people will better address the need, and likely at reduced cost compared to system-wide changes. Maintaining funding for clean energy programs is not only necessary to make up lost time on ambitious state clean energy goals, but it will also play an important role in reducing utility bills and ramping up economic activity now that the effects of the coronavirus in New York State have begun to wane.

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¹ AEE is a national business association representing leading companies in the advanced energy industry. AEE supports a broad portfolio of technologies, products, and services that enhance U.S. competitiveness and economic growth through an efficient, high-performing energy system that is clean, secure, and affordable.

² ACE NY’s mission is to promote the use of clean, renewable electricity technologies and energy efficiency in New York State, in order to increase energy diversity and security, boost economic development, improve public health, and reduce air pollution.
Responses to Questions

We provide responses to select questions below.

What types of utility expenditures and outlays are most beneficial and valuable?

Utilities are regulated in the public interest. Similar to utility investments in traditional infrastructure, clean energy programs undergo robust analysis to ensure that they benefit the public. Energy efficiency programs, and utility distributed energy resources (DER) programs more broadly, are subject to benefit-cost analysis (BCA), and are implemented when they are deemed cost effective (benefits exceed costs). These programs also include elements targeted at low- and moderate-income (LMI) customers, which have historically been harder to reach, and could benefit disproportionately from these programs at this time. This provides a strong argument for continuing with these programs as a means to help customers manage energy costs. Without these programs, struggling New Yorkers will pay more for their energy, not less.

During the economic recovery from the pandemic, utility energy efficiency programs are particularly beneficial and valuable. Energy Efficiency (EE) programs provide multiple benefits to the residents of New York State as (i) a major source of employment, (ii) a means of helping customers manage their energy bills, and (iii) a way to improve the safety, comfort and health of their homes. As people spend more time social-distancing in their homes, many are turning to do-it-yourself home improvement projects. This is an opportunity to promote energy-efficient improvements as part of these investments.

Over many years, New York State’s efforts to build a clean energy economy have been paying off. Over 125,000 New Yorkers worked in the energy efficiency industry according to the latest report pre-COVID-19 report. More recent initiatives, such as the accelerated energy efficiency targets and the passage of the Climate Leadership and Community Protection Act (CLCPA), are poised to drive jobs and economic growth, distributed across cities, suburbs, and rural areas.

Any further slowdown of energy efficiency activities could jeopardize the ability to maintain the trained workforce needed to carry out the work, a problem that was already acute for the efficiency industry. In 2019, NYSERDA found that a majority of employers have difficulty hiring because of a lack of skilled

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3 DER programs include those targeting energy efficiency, demand response, energy storage, distributed generation, and electric vehicles and the associated charging infrastructure.


The benefits of clean energy cannot be realized if there is not a suitable workforce to deliver those benefits. These are well paying jobs that will accelerate the State’s economic recovery.

**Should investments in and collections for clean energy programs be modified during the pandemic and, if so, how should these actions be reflected in customer rates?**

There was an initial short pause to most activity during the beginning of the pandemic. Nevertheless, utilities are already re-prioritizing and refocusing their programs toward activities that can proceed safely. Further, NYSERDA and other New York State agencies have made significant progress in adapting processes and requirements to allow activities that can be done safely to move forward. We encourage the Commission to set the expectation that utilities and others should redouble their efforts to make up for lost time, such that any lag due to the pandemic between collections and expenditures should be short lived.

New York was already behind on progress toward meeting aggressive, legally-mandated clean energy targets, and the pandemic has only added to the gap. Any lapse in funding will further slow progress and make it more difficult, and potentially more expensive, for the state to make up lost time. As such, we do not believe that the collection of funds for clean energy programs should be modified. At the same time, the Commission, NYSERDA and other state agencies should continue to work collaboratively, as they have already, with utilities and the advanced energy industry, to find ways to accelerate deployment of these funds in a manner that is safe and cost effective and works towards state policy goals. These additional initiatives and investments hold the potential to drive significant job and economic growth and aid in New York’s recovery.

**Should revenue decoupling mechanisms be modified to address the impact of current economic conditions on different rate classes?**

Revenue decoupling plays an important role in neutralizing any negative impacts of energy efficiency and DER deployment on utility revenues. This in turn removes a potential financial threat to the utility and a potential source of motivation for utilities to limit EE and DER deployment. Revenue decoupling also limits the year to year variations in revenue collection due to other factors such as weather. Customers receive benefit from this through lower cost of debt, since revenue decoupling lowers risk and borrowing costs for a utility. We maintain that utilities should generally receive their approved revenue requirements, even in the event that consumption decreases due to exogenous factors, such as the coronavirus pandemic. However, it may be reasonable to delay recovery of a large decoupling adjustment

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6 2019 NY Clean Energy Industry Report, NYSERDA, p. 38
in the event that the adjustment would significantly increase rates. In that case, any deferred revenues could be recovered once economic conditions improve and over a longer period of time, with utilities receiving their cost of capital on the deferred revenues in the meantime as appropriate. The costs and benefits of this approach should be weighed against the idea of more targeted rate relief that we have already endorsed, which is likely to provide more meaningful cost reductions to those who need them the most.

**Conclusion**

We appreciate the Commission’s consideration of our comments on this matter. We urge the Commission to focus relief in a targeted manner to those who need it most, while maintaining progress toward the state’s greater long-term goals during this temporary disruption.