

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

**Proceeding on Motion of the Commission in Regard
To Reforming the Energy Vision**

Case 14-M-0101

**Proceeding on Motion of the Commission to Consider a
Clean Energy Fund**

Case 14-M-0094

**The Center for Working Families, WE ACT for Environmental Justice, Enterprise
Community Partners and the Green and Healthy Homes Initiative filing Jointly as “Energy
Efficiency for All”**

Dated: September 22, 2014

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Community Partners and the Green and Healthy Homes Initiative Filing Jointly as
“Energy Efficiency for All”**

Response to New York State Department of Public Service Staff

Straw Proposal on Track One Issues

Cases 14-M-0101 and 14-M-0094

September 22, 2014

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The Center for Working Families (“CWF”), WE ACT For Environmental Justice (“WE ACT”), Enterprise Community Partners (“Enterprise”) and the Green and Healthy Homes Initiative (“GHHI,” here filing jointly as “Energy Efficiency for All”) are pleased to present these comments in response to the New York Public Service Commission (“Commission”) Department of Public Service Staff (“Staff”) “Developing the REV Market in New York: DPS Staff Straw Proposal on Track One Issues” filed on August 22, 2014 (“Staff Straw Proposal”) in Case 14-M-0101, Reforming the Energy Vision (“REV”).

Energy Efficiency for All is a coalition that seeks to promote energy efficiency in affordable multi-family housing. On July 17, 2014, the Natural Resources Defense Council (“NRDC”), Pace Energy and Climate Center (“Pace”), the Association for Energy Affordability (“AEA”), CWF, WE ACT, Enterprise and GHHI filed jointly as Energy Efficiency For All (“Energy Efficiency for All Principles Filing”) in response to the Commission’s June 4, 2014 REV “Ruling Posing Questions On Selected Policy Issues and Potential Outcomes.” The instant Energy Efficiency for All filing has as signatories CWF, WE ACT, Enterprise and GHHI.¹

Energy Efficiency for All believes that all New Yorkers should have the opportunity to receive directly both the environmental and financial benefits that REV can provide. To that end, in these comments, Energy Efficiency for All (1) reiterates core principles that we believe are needed to create an equitable and inclusive REV vision and reflect energy policy outcomes;

¹ Although many NGO parties filed jointly and separately on and before July 18, based on page limitations established in the June 4th judge’s ruling, NRDC, Pace Energy and Climate Center and Association for Energy Affordability chose to file individual documents on the Straw Proposal and did not also file jointly with Energy Efficiency for All. The aforementioned parties share common principles and remain united around common themes.

(2) applauds the Staff Straw Proposal for stating that utility implementation plans should address market barriers presented by split incentives (and urges the Commission to adopt this recommendation); and (3) asks the Commission to designate multifamily as a distinct sector, with special regard for affordable (middle to low income) multifamily housing.

I. Policy Recommendations and Public Policy Outcomes.

Energy Efficiency for All notes that the Staff Straw Proposal provided REV policy recommendations to the Commission and that the Staff Straw Proposal contemplates how REV can best achieve these outcomes.² We also note that, when designing outcomes, the Commission has considered the Revenues, Incentives, Innovation and Outputs model currently in use in the United Kingdom (known as “RIIO”).³ RIIO, in a concerted effort to link outcomes to energy policy objectives, includes a “social obligations” outcome within its framework.

Specifically, RIIO defines a distribution network operator’s five social obligations.⁴ These include (1) improving the quality of data collection regarding vulnerable customers; (2) required engagement with local authorities, health providers, energy suppliers and distributors, other utility providers, and community groups; (3) providing assistance to vulnerable customers; (4) a requirement to work with stakeholders to devise and deliver affordable energy solutions to all customers; and (5) addressing the inclusion of vulnerable consumers into their overall business model, including customer interaction. We believe that RIIO’s list of social obligations provides useful guidance.

² Staff Straw Proposal at 4-5.

³ New York Department of Public Service, “Reforming the Energy Vision Staff Report and Proposal”, April 24, 2014, pp. 55-56

⁴ <https://www.ofgem.gov.uk/ofgem-publications/64003/pricecontrolexplainedmarch13web.pdf>, p. 3

Energy Efficiency for All places special emphasis on increasing investment in affordable multifamily housing and scaling energy efficiency in the sector. New York City recently announced a plan to reach an 80x50 goal charts a path towards a 35% reduction in building emission in the next decade. The City plan reports that the “multifamily sector represents the greatest potential opportunity for citywide GHG reductions, due to its relative size and distribution of energy use.” While New York City has a particular concentration of large multifamily housing this is true for the rest of the state as well, making the multifamily sector key to achieving goals statewide. Additionally, New York City can only succeed in meeting this ambitious goal with the assistance of NYSERDA and the Public Service Commission. The REV proceeding should accordingly set strong targets and a clear path for increasing utility investment for energy efficiency in this sector and facilitating projects at scale.

Energy Efficiency for All believes that REV must ensure that all New Yorkers participate in a clean and low cost energy future. This includes participation in a vibrant DSP market that makes the energy sector cleaner, more affordable and an economic driver for New York. To this end, Energy Efficiency for All urges the Commission to consider and adopt the following additional policy recommendations, or framework, to guide REV’s development and ensure that REV creates a clean, inclusive, and equitable energy future for the State. Specifically, plans and action within REV should:

- Ensure that emissions reductions, including those for CO₂, NO_x, SO₂ and PM in traditionally environmentally disadvantaged communities, are central to REV’s objectives and outcomes.

- Ensure that energy program dollars are distributed equitably.
- Support efficiency measures that contribute to the creation of healthier, more affordable housing opportunities.
- Support and increase the adoption of DER by diverse stakeholders, including affordable multifamily residents and owners.
- Acknowledge and account for the full and fair value of DER, including the economic, environmental, and societal value.
- Ensure that DER, and the full spectrum of benefits it can bring, advances the health, wealth and well-being of families and children.
- Create more resilient housing that mitigates climate change and increases climate and energy security.
- Promote public health and energy security/affordability.
- Address legacy energy injustices and avoid future energy injustices.
- Include the voices of diverse groups and stakeholders (including energy, housing and health stakeholders) to develop solutions.

II. Enabling New Roles for Key Market Participants.

New York has substantial multifamily building stock, with approximately 2.8 million, or a third of its residential households living in buildings with five or more units. With the national average near 25%, this puts New York among the states with the highest multifamily housing stock in the country. In New York City, the concentration of multifamily housing is even more

pronounced at approximately 64% overall and significantly higher in several boroughs. Moreover, much of the multifamily housing stock in the state is affordable housing. For low-income households, home energy costs can account for a significant portion of their monthly expenses. Improving energy efficiency in affordable housing can help provide critical assistance to reduce cost burdens on low-income families and individuals.

Energy Efficiency for All thanks Staff for, in the Staff Straw Proposal, recognizing the importance of overcoming market barriers to DER for multifamily owners and tenants in New York’s multifamily building sector.⁵ The Staff Straw Proposal notes that “[t]he intent of the DSP market generally is to promote service innovations that reduce long-standing barriers to DER adoption,” including the barriers facing potential multifamily residential DSP customers.⁶ These barriers include the issue of split incentives⁷ and the need to enable greater participation of customers who cannot physically install DER assets.⁸ We applaud the Staff Straw Proposal where it states: “[D]evelopment of new tariff and market options could enable greater participation in DER through shared savings mechanisms. In addition, transactive energy tariffs, solar leasing, community solar, and other innovative options have the potential to enable greater distributed participation of customers that cannot physically install DER assets such as

⁵ Staff Straw Proposal at 28-30.

⁶ *Id.* at 30

⁷ As stated in the Staff Straw Proposal, “A common form of split incentive is where building owners would bear the cost of DER asset installation, while tenants would receive the benefits of the asset, with the result that beneficial investments are frequently not made. In other cases, where residences are not individually metered, tenants are unable to realize any benefit from energy saving practices or measures.” *Id.* at 29-30. *See also* the Energy Efficiency for All Principles Filing at 2.

⁸ Staff Straw Proposal at 30.

distributed generation.”⁹ The Staff Straw Proposal then recommends that “[a]ddressing split incentives should be included within the utilities’ implementation plans.”¹⁰

Energy Efficiency for All agrees. The Staff Straw Proposal properly notes that utility implementation plans should expressly address split incentives and the needs of multifamily residential customers, including the implementation of shared savings mechanisms, community solar and other innovations. These plans should be sufficiently detailed as to provide a pathway for the millions of multifamily households in the state to become direct beneficiaries of the energy efficiency and other DER investments envisioned by REV.

Further, we believe that, given the diversity and unique needs of the multifamily sector, and to provide guidance to utility plans, a key strategy for reaching achievable savings levels would be to set specific multifamily energy savings goals as a distinct multifamily “sector” that acknowledges the express needs of the affordable (middle to low income) sector. The multifamily sector has unique opportunities, challenges and barriers, related to ownership, institutional structures, energy usage, and utility classification, which justifies a separate and distinct effort from the traditional “sector” classifications in New York of “residential” and “commercial and industrial.” We believe that the current investment levels in energy efficiency in affordable multifamily housing are not sufficient to effectively capture the full achievable economic efficiency potential. NRDC has commissioned Optimal Energy to conduct a study on affordable multifamily energy efficiency potential, which will examine the issue of investment

⁹ *Id.*
¹⁰ *Id.*

levels in the sector vis-à-vis achievable potential; we expect the study to be complete in the coming weeks.

III. Concluding Remarks.

Energy Efficiency for All thanks the Commission for the opportunity to comment on the Staff Straw Proposal and urges the Commission to: (1) create a sector designation and increased budgets for the multifamily building sector with an emphasis on affordable housing; (2) adopt an equitable policy framework to guide REV development; and (3) require that utility implementation plans address split incentives and other barriers to energy efficiency measures and other DER in affordable multifamily buildings.

Respectfully submitted:

[Signatures to Follow]

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