

**STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION**

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**Proceeding on Motion of the Commission**

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**Case 15-E-0302**

**The Association for Energy Affordability, Center for Working Families, Enterprise  
Community Partners, Green and Healthy Homes Initiative, Natural Resources Defense  
Council, Pace Energy and Climate Center, and WE ACT for Environmental Justice, Filing  
Jointly as “Energy Efficiency for All”**

**Dated: April 22, 2016**

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**The Association for Energy Affordability, Center for Working Families, Enterprise Community Partners, Green and Healthy Homes Initiative, Natural Resources Defense Council, Pace Energy and Climate Center, and WE ACT for Environmental Justice, Filing Jointly as “Energy Efficiency for All”**

**Comments on Staff White Paper on a Clean Energy Standard**

**I. Introduction**

The Association for Energy Affordability (AEA), Center for Working Families (CWF), Enterprise Community Partners (Enterprise), Green and Healthy Homes Initiative (GHHI), Natural Resources Defense Council (NRDC), Pace Energy and Climate Center (Pace), and WE ACT For Environmental Justice (WE ACT), here filing jointly as “Energy Efficiency for All,” or EEFA, present these limited comments on the DPS Staff’s White Paper on a Clean Energy Standard.<sup>1</sup> Energy Efficiency for All unites environmental, housing, clean energy and environmental justice organizations to promote energy efficiency in affordable multifamily housing. We believe that overcoming barriers to energy efficiency will make both energy and housing more affordable and promote positive environmental and health outcomes for all New Yorkers.

In the context of the Clean Energy Standard (CES), we believe an enforceable energy efficiency mandate is essential to achieving the state’s simultaneous goals of affordability, environmental protection and market animation. In particular, increased energy efficiency in affordable multifamily housing, understood as both subsidized and market rate affordable

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<sup>1</sup> Case 15-E-0302, Staff White Paper on Clean Energy Standard, Issued Jan. 16, 2016,

housing, will serve to 1) mitigate the costs of compliance with the CES via reducing the amount of renewable energy required to meet the state's goal and 2) ensure all New Yorkers, including lower income New Yorkers, are provided with benefits from the state's clean energy investments. EEFA supports New York's efforts to increase energy efficiency and renewable energy through the Clean Energy Fund, Reforming the Energy Vision and the Clean Energy Standard; some individual EEFA members will comment on the Clean Energy Standard implementation details in separate filings. Our joint comments here support Energy Efficiency for All's primary concern of ensuring safe, healthy and affordable homes through increased energy efficiency and wise use of ratepayer funds to minimize overall energy bill impacts.

EEFA respectfully suggests: there should be a firm and enforceable mandate for the expected energy efficiency goals and strong and explicit programs to meet the mandate; the energy efficiency goals should be higher than the achievements assumed in the White Paper load forecasts; funds from Alternative Compliance Payments made by load serving entities (LSEs) in lieu of procurement of renewables should be used for energy efficiency efforts and renewable energy and not diverted to other purposes; the renewable energy targets should not be adjusted upward without first considering if energy efficiency efforts should be pursued more aggressively; and energy efficiency and environmental justice representatives should be on the Clean Energy Advisory Council, whose mission the PSC (the "Commission") should revise.

#### **I. A Mandatory Energy Efficiency Goal is Necessary**

Energy Efficiency for All urges the Commission to make the efficiency assumptions used for developing the CES an explicit and mandatory baseline, and furthermore, respectfully suggests that a higher goal is necessary and achievable. The CES is a laudable program to ensure

New York meets the State Energy Plan goal of ensuring 50% of the state's electric load is served by renewable generation by 2030. An equally aggressive and mandatory initiative is necessary for energy efficiency. The calculations in Appendix B of the White Paper appear to translate to approximately 1.3% per year for efficiency gains. Neighboring states continue to outpace New York with targets and achievements of 2% or higher per year; New York has lost ground as a leader in energy efficiency in recent reports and stands to lose even more without an enforceable mandatory target.<sup>2</sup>

The initial load forecast used in the White Paper is based on the NYISO Gold Book and does not include expected efficiency gains post-2015. The White Paper then assumes an average annual efficiency gain of 2,227 GWh, which is below the State Energy Plan target. The state can and should set a more aggressive goal, on the order of 2-3% annual energy efficiency savings. Even the minimal assumption in the White Paper is just that – an assumption, with no guarantee that it will be met. An enforceable target is necessary.

An energy efficiency mandate could take several forms. One possibility would be a companion efficiency standard requirement on load serving entities to complement the renewable procurement requirements of the CES. In addition, a binding target could be coupled with a utility Earnings Incentive Mechanism (EIM). An EIM would allow each utility to use its ETIP and DSIP to support activities and procurements to stimulate the marketplace for efficiency. EEFA also believes that efficiency efforts must be designed to serve all sectors and should explicitly address the affordable multifamily sector.

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<sup>2</sup> Gillo, A., S. Nowak, M. Kelly, S. Vaidyanathan, M. Shoemaker, A. Chittum, and T. Bailey, *The 2015 State Energy Efficiency Scorecard*. American Council for an Energy-Efficient Economy, 2015.

An enforceable efficiency mandate is essential to achieving the state's simultaneous goals of affordability, environmental protection and market animation. It will send the necessary signal to utilities and DER providers in the marketplace that the state is committed to using this least cost resource over the long term. Statewide achievement of aggressive efficiency goals is critical to ensuring the CES is affordable by reducing the amount of renewable energy needed to meet the 50% target. Simply put, the more energy efficiency achieved, the less polluting fossil fuel and procurement required, and the lower the cost to consumers. Simply including expected efficiency outcomes in the CES load forecast is not a guarantee such outcomes will be realized, and there is no evidence to date that a ramping down of expenditures for energy efficiency programs by NYSERDA and the utilities will be matched by marketplace achievements, particularly in the near term. We would like to draw attention to the fact that the CES Cost Study models a high load scenario in part to capture the impact of not achieving even the minimal efficiency assumed in the base case. Without a firm standard for energy efficiency, the state runs the risk of that sensitivity being the logical outcome of its policies.

In addition, Energy Efficiency for All specifically wishes to reiterate its strong support for energy efficiency investments in the underserved multifamily market in New York, particularly the affordable (low and middle income) multifamily subsector. With approximately 2.8 million, or a third, of its residential households living in buildings with five or more units, this sector represents a large and untapped energy efficiency potential.<sup>3</sup> Energy efficiency investments in this building stock provides benefits beyond energy savings including important

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<sup>3</sup> Energy Efficiency for All (2015), "Potential for Energy Savings in Affordable Multifamily Housing", available for download at <http://www.energyefficiencyforall.org/sites/default/files/EEFA%20Potential%20Study.pdf>

health and safety outcomes for residents. New York will not be able to meet its near and long term greenhouse gas reduction goals without fully addressing the needs of this key building sector. Further, the high prevalence of lower income households residing in multifamily buildings and the numerous market barriers encountered in the multifamily sector require continued efficiency programs rather than immediate or near-term reliance on market forces alone.

## **II. ACP Funds Should Be Used Only for Efficiency and Renewable Energy**

Energy Efficiency for All does not at this time take a group position on the specific implementation details of the CES with regard to procurement mechanisms or Tiers. We do, however, believe that if load serving entities make Alternative Compliance Payments, the money collected should be directed to NYSERDA and deployed in a manner that ensures that the 50 by 30 goal will not be compromised. ACP funds should not be used for customer rebates, research or broad market transformation programs. Instead, they should be directed to either procuring renewable energy in furtherance of the 50% goal, or to fund programs that will directly reduce the costs of renewables development. ACP funds could, and perhaps even should, be used for energy efficiency given the ACP is for when it is difficult or too expensive for the load serving entities to procure eligible renewable resources. In other words, we support using ACP funds for energy efficiency and renewable energy procurement, but any application should directly contribute to achievement of the 50 by 30 goal.

### **III. The Clean Energy Advisory Council Scope Should Be Revised**

The Clean Energy Advisory Council scope includes consideration of an energy efficiency standard as a priority topic.<sup>4</sup> We would argue that the Commission should take the need for an efficiency mandate as a given and act more expeditiously than the CEAC is likely to. An efficiency mandate is a necessary companion to the CES (which is misnomer as it fails to include the least cost clean energy resource of energy efficiency). The CEAC scope could perhaps be used to explore the details of how to implement a standard but would need to do so on a fast track and with a transparent process akin to a standard Commission proceeding.

The Commission recently requested that stakeholders submit expressions of interest in serving on CEAC work groups and several members of EEFA have done so. We believe it is essential for the CEAC Steering Committee membership, which we understand will encompass representatives of working groups, include environmental justice and energy efficiency advocates as active and equal participants.

### **IV. Conclusion**

Energy Efficiency for All again commends the Commission for its effort to rethink the utility of the future and for adopting a Clean Energy Standard. We believe the effort to date falls short of what is needed and urge adoption of an energy efficiency standard. Energy Efficiency for All looks forward to actively participating in the ongoing conversations in the multiple REV-related proceedings.

Respectfully submitted:

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<sup>4</sup> Case 14-M-0094, Order Authorizing the Clean Energy Fund Framework, Issued Jan. 21, 2016, p. 53.



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