STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 18-M-0084 – In the Matter of a Comprehensive Energy Efficiency Initiative.

CASE 14-M-0094 - Proceeding on Motion of the Commission to Consider a Clean Energy Fund.

NOTICE SOLICITING COMMMENT

(Issued January 9, 2023)

Comments are sought on the "Department of Public Service Staff Energy Efficiency and Building Electrification Report" (DPS staff Report) filed in the above-referenced cases on December 20, 2022. In the Public Service Commission's (Commission) Order Initiating the New Efficiency: New York Interim Review and Clean Energy Fund Review,[1] the Commission directed DPS staff to file a report addressing the energy efficiency and building electrification programs run by the large investor-owned electric and gas utilities (the Utilities),[2] as well as those implemented within the New York State Energy Research and Development Authority's (NYSERDA's) Market Development portfolio.

The DPS staff Report includes a description of the federal and state clean energy policy context, the current

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[1] Cases 14-M-0094 et al., Clean Energy Fund, Order Initiating the New Efficiency: New York Interim Review and Clean Energy Fund Review (issued September 15, 2022).

[2] The Utilities include Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., KeySpan Gas East Corporation d/b/a National Grid, The Brooklyn Union Gas Company d/b/a National Grid NY, Niagara Mohawk Power Corporation d/b/a National Grid, National Fuel Gas Distribution Corporation, New York State Electric & Gas Corporation, Orange and Rockland utilities, Inc., and Rochester Gas and Electric Corporation.

regulatory construct, a summary of the program performance thus far, and a series of questions intended to gather public input on topics relevant to the Commission's consideration of the next iterations of the State's energy efficiency and building electrification programs.

The series of questions included in the DPS staff Report, and attached here for convenience, are intended to solicit input from parties as the Commission deliberates the future era of ratepayer-supported energy efficiency and building electrification programs. Questions are listed in the sections of most relevance; however, some questions may be relevant to more than one section. Parties submitting comments in response to these questions should be explicit as to whether their comments are more general in nature or focused on a specific sector or portfolio. Finally, the questions contained in this report are intended to facilitate the organization and systematic review of the public comments. For commentary that falls outside of the specific questions, commenters are requested to organize additional feedback in a manner that aligns with the sections and subsections of the DPS staff Report.

PLEASE TAKE NOTICE that interested persons are invited to submit comments on the DPS staff Report by **March 6, 2023.** To avoid confusion and streamline the receipt and review of public feedback, commenters must file their comments in Case 18-M-0084, only. In addition, commenters are asked to submit comments electronically by going to www.dps.ny.gov, clicking on "Search," entering "Case 18-M-0084" in the "Search by Case Number" field, and then clicking on the "Post Comments" box located at the top of the page. Those unable to file electronically may mail their comments to the Hon. Michelle L. Phillips, Secretary, New York State Public Service Commission, Three Empire State Plaza, Albany, New York, 12223-1350. All comments received will be posted to the Commission's website and become an official part of the case record.

Questions regarding this notice should be directed to Katie Mammen at kathryn.mammen@dps.ny.gov.

(SIGNED) MICHELLE L. PHILLIPS
Secretary

DEPARTMENT OF PUBLIC SERVICE STAFF
ENERGY EFFICIENCY AND BUILDING ELECTRIFICATION REPORT

Compiled List of Questions for Stakeholder Input

Questions are listed in the sections of most relevance; however, Staff notes some questions may be relevant to more than one section. Parties submitting comments in response to this report, should consider this in their comments and be explicit if their comments are more general in nature or focused on a specific sector or portfolio. Parties do not need to answer all questions but should focus on those most relevant to their interests and expertise.

Q1. To establish a Strategic/Non-Strategic Framework for ratepayer-supported energy efficiency and building electrification programs, how should the definitions of Strategic, Non-Strategic, and Neutral be further refined?

Q2. The scale of CLCPA-level energy efficiency and building electrification goals is far greater than what can be achieved through ratepayer-funded programs alone. How can the Strategic/Non-Strategic Framework be further refined to focus ratepayer funds on the activities that are most appropriate for this funding source? What criteria should the Commission adopt to direct investments to ensure prioritization of ratepayer funds within this Framework?

Q3. What are the strengths and weaknesses of the current suite of energy efficiency and building electrification programs in providing benefits to Disadvantaged Communities?

Q4. It is expected that benefits to Disadvantaged Communities will result both from LMI programs as well as non-LMI programs administered by the Utilities and NYSERDA. Specifically, how can non-LMI energy efficiency and building electrification programs be altered in design, outreach, and implementation to increase benefits to Disadvantaged Communities? What other modifications should be made beyond potential increases in incentive levels?

Q5. If greater incentives or resources are needed to support projects in Disadvantaged Communities, what impact could that have on the Program Administrators’ ability to achieve the targets established by the Commission through 2025? How should this requirement factor into any post-2025 budgets and targets authorized by the Commission?

Q6. Given the necessity for energy efficiency and building electrification portfolios to evolve to support the State's ambitious climate goals and mandates, what performance metrics (i.e., beyond annual and lifetime MWh and MMBtu savings) should the Commission consider prioritizing to drive the types of programs, innovation, and outcomes needed?

Q7. Would distinct metrics and targets for different types of programs (e.g., heat pumps, envelope/shell, electric energy efficiency, gas energy efficiency, etc.) be more appropriate than a single metric and goal? If so, what level of granularity would be optimal?

Q8. Should implementation flexibility and performance measurement carry equal weight when determining the appropriate time period for budgets and targets? Should portfolio budgets and targets be single-year, multi-year, or some combination of the two? What would the reasonable bounds be for multi-year budgets and targets?

Q9. To date, programs providing support for building electrification have been predominantly funded by electric ratepayers and administered by electric utilities. Should gas utilities administer building electrification programs and if so, how should this be coordinated with electric utilities?

Q10. Building envelope and shell measures are likely to become a larger component of energy efficiency and building electrification programs than in the past. What approach will work best in the marketplace, given the overlap between electric and gas service territories and the inherent complexities of programs co-existing with other programs targeting the same building stock or customers?

Q11. How does the overlapping nature of utility territories in some areas of the state hinder energy efficiency or building electrification program performance or customer engagement? What alternative approaches should be considered to alleviate these issues?

Q12. Under what circumstances, if any, should utility shareholders be financially rewarded for meeting energy efficiency and building electrification targets that are necessary to achieve the GHG emissions reductions mandated by the CLCPA? Should the Commission consider adopting a negative shareholder revenue adjustment if energy efficiency and building electrification targets are not achieved?

Q13. Given Staff's concerns about the current energy efficiency and building electrification EAM Share-the-Savings metrics detailed in this report, is there a more appropriate positive revenue incentive structure for utility shareholders? Upon what metric(s) should energy efficiency and building electrification performance be measured to best align the State's clean energy policies with a potential shareholder incentive? How should the targets and the value of the shareholder incentive be determined? Should all utilities be subject to the same shareholder incentive design?

Q14. Do stakeholders agree or disagree with the relative strengths and weaknesses of the Program Administrators as articulated by Staff? What are other relative strengths or weaknesses? Do these relative strengths and weaknesses differ by sector (low-income, market-rate residential, multifamily, commercial, industrial, institutional)?

Q15. Do the various programs administered by the electric utilities recognize and take advantage of the unique strengths of the electric utilities? If not, in what areas could improvements be made?

Q16. Given the recent adoption of federal lighting efficiency standards for GSLs and the general penetration of high-efficiency lighting, what should the role be for continued ratepayer support for lighting incentives in the residential market? Should there be different considerations for incenting lighting measures for LMI programs or customers in designated Disadvantaged Communities?

Q17. Given the advancement in the commercial lighting market, over what period of time should the use of an existing-condition baseline for commercial and industrial lighting be phased out? What are the implications of such a phase-out and how can they be managed?

Q18. Given the majority of savings currently being reported from the online marketplaces are derived from residential lighting produces and the fact that recent federal lighting efficiency standards changes related to General Service Lamps will reduce the energy savings attributable to the programs, should such marketplaces continue to be offered as a part of the energy efficiency portfolios? If so, how should the online marketplaces evolve to continue to provide value in the energy efficiency portfolios?

Q19. Are there economies of scale and therefore overall reduced costs to ratepayers for a statewide online marketplace, such as NYSERDA's statewide pilot LMI marketplace, that should be explored in lieu of the continued practice of each utility either contracting out or providing this platform in-house?

Q20. Should Program Administrators continue to provide rebates and claim savings for the recycling of appliances such as refrigerators, freezers, and room air conditioners? If not, how should these programs be phased out? If so, are there certain criteria that should be imposed for the continued operation of these programs? Is there a benefit to streamlining and consolidating utility programs that provide incentives for the same measures across multiple market segments?

Q21. Should incentives be provided for the purchase and replacement of new major appliances? If not, how should these appliance incentives be phased out? If so, are there certain criteria that should be imposed for the continuation of such program incentives? Should the program approach be revisited in conjunction with the review of online marketplaces?

Q22. Do the various programs administered by the gas utilities recognize and take advantage of the unique strengths of the gas utilities? If not, in what areas could improvements be made?

Q23. Under what timeframe should the Commission require a phasing out of incentives supporting gas-fired space heating and domestic hot water heating equipment? Should different considerations be made for programs targeting LMI households or Disadvantaged Communities, or for different sectors (e.g., small residential, large multifamily residential, commercial, institutional, or industrial)?

Q24. Should Home Energy Report programs continue to operate as stand-alone energy efficiency programs, or should they be discontinued? Alternatively, should Home Energy Reports be reimagined as a customer engagement tool or marketing component of other programs and deployed to all utility customers?

Q25. Ultimately, achievement of New York’s climate objectives will necessitate a wholesale shift in how consumers use energy. How can utilities deploy more innovative types of behavioral programs to provide greater benefit, for example full integration with various rate designs, or other demand management programs? How can these programs be expanded beyond the residential sector?

Q26. How can program incentives be structured to mitigate barriers associated with the deployment of building shell measures? What beyond program incentives can be done to support the shift to these types of measures?

Q27. Given the advancements in efficiency and options for commercial cooking equipment, how quickly should ratepayer-funded incentives for high efficiency gas commercial cooking equipment be phased out? During the transition period, should any criteria be imposed for the continuation of such program incentives?

Q28. Given the current imbalance of program activity between Air Source Heat Pumps (ASHP) and Ground Source Heat Pumps (GSHP), should the Commission dictate budgets for each heat pump technology type?

Q29. Given the overall objective to electrify buildings’ space and water heating uses, should ratepayer-funded programs continue to support projects that do not fully electrify these uses? If so, how can the program be structured to mitigate negative consequences such as heat pumps being installed only for cooling purposes, customers needing to maintain two systems, uncertainty with regard to resultant GHG emission reductions, etc.?

Q30. Given the implications of a future winter-peaking electric system, should minimum levels of building envelope/shell conditions be a prerequisite for the receipt of heat pump incentives? If so, how could this practically be implemented?

Q31. Given the necessary evolution of other programs among the Program Administrators' portfolios, should the NYS Clean Heat program continue to operate as a heat-pump specific program, or should building electrification incentives become a part of other programs targeting the various building types? What are the pros and cons of these different approaches?

Q32. Should ratepayer funds be used to incent electrical panel upgrades necessary for the installation and operation of heat pumps? If so, should this be restricted to LMI/DAC customers? How would it best be structured?

Q33. What criteria should be considered for allocation of NYS Clean Heat program funding among different building sectors?

Q34. Do the various activities administered by the electric utilities and NYSERDA through the NYS Clean Heat program recognize and take advantage of the unique strengths of the respective organizations? If not, in what areas could improvements be made? Are there refinements that could be made to the collaborative model to improve effectiveness?

Q35. It is generally recognized that the workforce necessary to scale building electrification to meet the CLCPA goals needs to be further developed and significantly expanded. What critical building electrification workforce training and development needs are not currently being met, that should be further supported through ratepayer-funded programs?

Q36. What in-field experiences are there that demonstrate the complementary nature of NYSERDA's energy efficiency and building electrification market development activities and those of the Utilities' more traditional resource acquisition type programs? Alternatively, are there in-field experiences that demonstrate challenges to the complementary approach sought by the Commission?

Q37. Given the nature of NYSERDA's market development activities, are there more appropriate performance targets, other than MWh and MMBtu savings, that should be imposed to track performance and the impacts of these investments?

Q38. Does the NYSERDA Non-LMI Market Development Portfolio appropriately recognize and take advantage of NYSERDA’s relative strengths in program design and administration? If not, what should be modified?

Q39. Given the lack of performance to date and the administrative resource commitment required in developing and administering a statewide LMI framework, should this policy objective continue to be pursued? If so, what should be done differently to improve performance and delivery of services to LMI customers? If not, what alternative approach should the Commission take? Is it incompatible to impose individual program administrator budgets and targets within a statewide portfolio approach?

Q40. What barriers have prevented greater progress in the deployment of the Statewide LMI Portfolio and the expected scaling of services to the LMI Sector?

Q41. What are the unique strengths that the electric utilities, gas utilities, and NYSERDA possess as LMI program administrators? Do the various activities administered by the electric utilities, gas utilities and NYSERDA under the Statewide LMI portfolio recognize and take advantage of these unique strengths? If not, in what areas could improvements be made?

Q42. Are there programmatic gaps in the LMI Portfolio as is currently being administered? If so, what services or market segments are not adequately addressed?