

Regulatory Overview

Public Service Commission's Energy Efficiency Portfolio Standard, Renewable Portfolio Standard, and Selected Utility Rate Cases.

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PSC's Clean Energy Initiatives

- The Public Service Commission, responding to Governor Paterson's 45 x 15 clean energy goal, has launched two major initiatives:
- The Energy Efficiency Portfolio Standard (EEPS) which seeks to reduce the share of New York's electrical consumption within the Commission's jurisdiction by 15% by 2015.
- In parallel, the Commission expanded the target for the Renewable Portfolio Standard from 25% by 2013 to 30% by 2015. By the end of the program, the RPS will invest roughly \$2 billion in adding new renewable energy resources in New York.

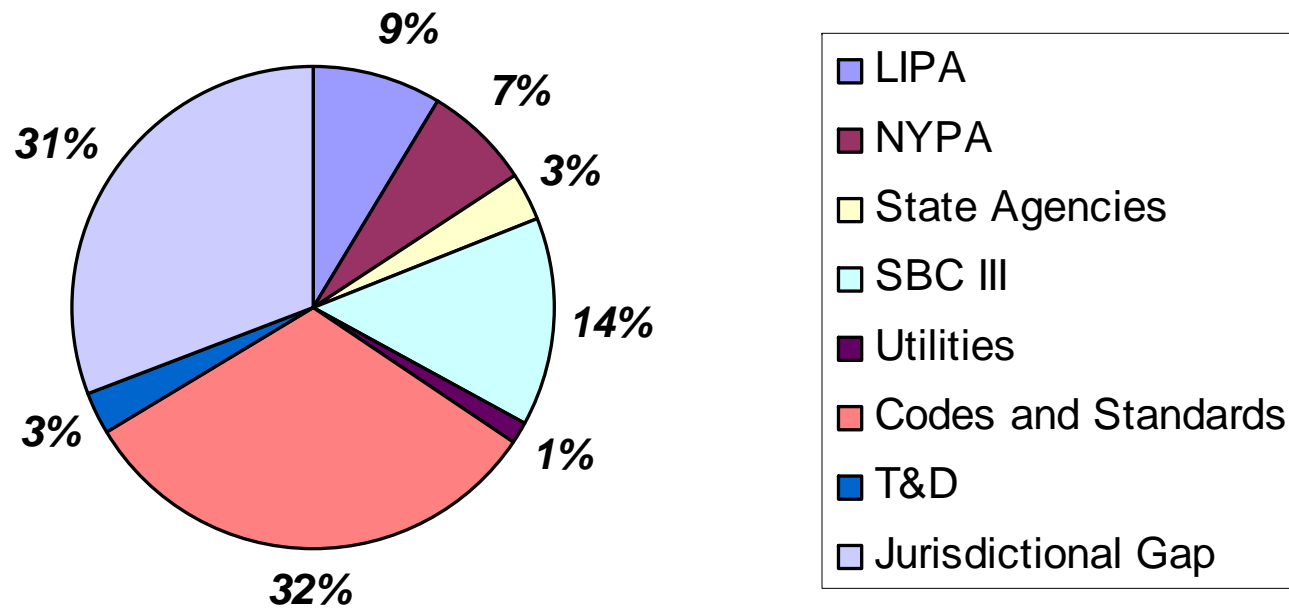
June 23, 2008, Commission Order established EEPS objectives

- Realize New York's untapped potential for energy efficiency;
- Make energy efficiency a priority energy resource;
- Enhance system reliability;
- Ease wholesale prices and transmission and distribution congestions;
- Reduce greenhouse gas emissions and local air pollution;
- Improve New York's energy security; and
- Create clean energy jobs.

June 23, 2008 Order, Commission Established EEPS Initiative

- The Commission authorized electric utilities to administer energy efficiency programs for the first time in over a decade.
- The Commission identified a few “fast track” programs that utilities and NYSERDA could elect to implement quickly.
- Set a process for utilities, NYSERDA, and IPAs to submit additional program proposals for more comprehensive programs to address the “jurisdictional gap”.
- Established electric funding level of \$330 million annually through the end of 2011.
- Set electric savings goals through the end of 2011.
- Increased funding for measurement, verification and evaluation to 5% of program budgets and established the Evaluation Advisory Group to set new statewide protocols for PAs to follow.
- Commission approved \$6 million annually in dedicated EEPS outreach and education funding to enhanced program marketing of energy efficiency statewide and established the Outreach and Education Collaborative to develop a marketing plan.

EEPS Goals by Sector



Program Administrator Distribution of EEPS Funding and Savings

ELECTRIC

Budget:	Total	% of Total Budget	Savings MWHs	% of Total Savings
NYSERDA	\$339,398,571	45	2,599,124	67
Central Hudson	\$19,398,897	3	58,327	1
Con Edison	\$202,509,934	27	496,395	13
NYSEG	\$28,347,115	4	88,024	2
Niagara Mohawk	\$133,833,908	18	558,657	14
O&R	\$13,806,014	2	49,032	1
RG&E	\$16,942,142	2	49,392	1
Total	\$754,236,581		3,898,951	

GAS

Budget:	Total	% of Total Budget	Savings Dths	% of Total Savings
NYSERDA	\$102,050,740	52	3,153,946	60
Central Hudson	\$228,353	0	6,830	0
Con Edison	\$33,288,714	17	585,610	11
Corning	\$182,248	0	9,223	0
NYSEG	\$3,216,575	2	107,698	2
Niagara Mohawk	\$13,889,528	7	508,269	10
O&R	\$548,807	0	11,980	0
RG&E	\$3,209,409	2	107,415	2
KEDLI	\$14,743,911	7	267,557	5
KEDNY	\$25,171,200	13	462,925	9
St. Lawrence	\$82,039	0	4,273	0
Total	196,611,524		5,225,726	

EEPS Process

- Utilities filed proposals for Fast Track gas and electric programs and comprehensive programs for Commission approval in the Fall of 2008
- Several Working Groups were established to tackle other EEPS related issues such as: Workforce Training and Development; On-Bill Financing of energy efficiency improvements; Setting a target for natural gas savings; and Demand response.
- Commission set up a “competitive process” between all program administrators (utilities and NYSERDA) for funding of programs.
- Over 160 program proposals were received for gas and electric programs for residential and non-residential customers.
- Key considerations in reviewing programs proposals were cost-effectiveness; market sector equity; successful program design; previously underserved markets and geographic equity.
- The program review process consisted of comparing competing proposals by four market segments = Multifamily; Large Industrial; Commercial and Residential (single-family).

Program Approvals

- January 2009 - Electric Residential Heating, Ventilation, and Air Conditioning (HVAC) Rebate and Small Business Direct Installation Program for most utilities - **\$191 million through 2011.**
- In April 2009, Gas residential HVAC programs for all gas utilities - **\$26 million through 2011.**
- May 2009, Commission adopted natural gas reduction targets of **4.34 Bcf by 2011**, and 3.45 Bcf annually thereafter, with a result of a 14.7% reduction in natural gas usage by 2020.
 - In addition, the Commission called for utilities and NYSERDA to submit energy efficiency program proposals for natural gas.
 - The Commission set annual funding for natural gas programs at **\$130 million.**
- June 2009, Commission approved the installation of geothermal heat pumps and incentives for the installation of advanced electric sub-meters for master-metered buildings as components of its Multifamily Performance Program - **\$15.5 million through 2011.**
- June 2009, Commission approved Workforce Development Initiatives to rapidly expand training and certification of the energy efficiency workforce to meet the demands of the EEPS programs - **\$6.6 million for one year**

Program approvals cont'd

- July 2009, Multifamily Building Programs were approved to provide financial incentives to multifamily building— **\$72 million through 2011.**
- August 2009, Large Industrial Programs were approved to provide custom –designed financial incentives to large industrial customers who use over 2 megawatts of electricity or over 12,000 dekatherms of natural gas - **\$24 million through 2011.**
- September 2009, Additional Large Industrial and some Commercial Programs were approved to provide commercial customers with prescriptive rebates for the installation of energy efficiency measures such as lighting, motor, boilers, etc.- **\$12 million through 2011.**
- October/November 2009 – Additional Commercial Gas and Electric programs - **\$215 million through 2011.**
- December 2009 – Residential Gas and Electric programs, including low-income - **\$103 million**; Additional Commercial Programs - **\$17.4 million through 2011.**
- **Total EEPS approvals to date = \$905.8 million through 2011.**

Summary of Downstate Utility Programs approved

- Con Edison

- Small Business Direct Install Program – Electric - \$76 million
- Residential HVAC (electric and gas) - \$18.7 m
- Refrigerator Replacement Plus Multifamily Program (electric and gas)- \$30 m
- Low-Income Multifamily Program (gas) - \$2.6m
- C/I Custom Efficiency Program (electric and gas) - \$13.6m
- C/I Equipment Rebate Program (electric and gas) - \$81.4m
- Residential Appliance Bounty Program (electric) - \$6.2m
- Residential Direct Install Program (electric) - \$4.2m
- Residential Room Air Conditioning Program (electric) - \$2m

Summary of Downstate Utility Programs approved

- Orange and Rockland
 - Residential HVAC Program (gas) - \$550,000
 - Residential HVAC (electric) - \$9.4m (discontinued)
 - Small Business Direct Install Program - \$11.7m
 - Commercial Existing Buildings Program (electric) - \$4.3m

Summary of Downstate Utility Programs approved

- Keyspan New York and Long Island
 - Residential HVAC - \$11.4m
 - Multifamily Program - \$5.4m
 - Large Industrial Program - \$10m
 - Commercial Program - \$5m
 - Residential Enhanced Home Sealing Program - \$7m
 - Residential Energy Star Products Rebate Program - \$276,000

NYSERDA approved programs

Residential	Total	Downstate	Upstate
CFL Expansion	\$19,528,749	\$8,026,316	\$11,502,433
Expansion of EmPower NY (Low income)	\$34,123,800	\$17,442,347	\$16,681,453
Home Performance with Energy Star	\$25,080,000	\$11,411,400	\$13,668,600
New York Energy Star Homes	\$18,480,000	\$9,240,000	\$9,240,000
Assisted Home Performance with Energy Star	\$7,343,066	\$2,716,934	\$4,626,132
Total Residential	\$104,555,615	\$48,836,997	\$55,718,618
Commercial	Total	Downstate	Upstate
Flex Tech Gas & Electric	\$17,972,776	\$7,617,422	\$10,355,354
Industrial and Process	\$116,734,154	\$50,358,260	\$66,375,894
Geothermal Heat Pump – MPP Program	\$2,326,405	\$1,907,652	\$418,753
Advanced Metered for Master-Metered Buildings – MPP Program	\$13,175,816	\$12,121,751	\$1,054,065
Multifamily Performance Program	\$19,760,012	\$12,238,629	\$7,523,383
Multifamily Performance Program - Low Income	\$6,566,317	\$3,942,746	\$2,623,571
Existing Facilities Program	\$30,491,920	\$17,503,069	\$12,988,851
Benchmarking and Operations Efficiency Program	\$11,111,110	\$4,567,321	\$6,543,789
High Performance New Construction	\$75,595,073	\$37,606,090	\$37,988,983
Total Commercial	\$293,733,583	\$147,862,940	\$145,872,643

Geographic Equity

ELECTRIC			
	UTILITIES	NYSERDA	TOTAL
DOWNSTATE	\$216,315,948	\$146,011,931	\$362,327,879
UPSTATE	\$198,522,062	\$157,567,286	\$356,089,348
TOTAL	\$414,838,010	\$303,579,217	\$718,417,227
GAS			
	UTILITIES	NYSERDA	TOTAL
DOWNSTATE	\$73,752,632	\$50,688,006	\$124,440,638
UPSTATE	\$20,808,152	\$44,023,975	\$64,832,127
TOTAL	\$94,560,784	\$94,711,981	\$189,272,765

What's Next for Energy Efficiency?

- Staff will look at remaining funding and conduct a “rebalancing” review. SAPA was issued on Feb 10, 2010 and comments are due March 29th. Earliest Commission consideration would be April session.
- EEPS programs run until December 31, 2011.
- The Commission will decide a process for after to 2011 to meet the remaining goals for 2015.
- Begin potential review of next round of SBC funding which will need to be done before expiration of SBC III on June 30, 2011.

Renewable Portfolio Standard

- Increase proportion of renewable energy used by retail customers to 30% by 2015 (approximately 10.4 million MWhs).
- Main Tier is expected to provide about 95% of the total 10.4 million MWh RPS target
- Projects obtained through the Geographic Balancing Initiative Proposal (large-scale downstate solar, anaerobic digesters, and fuel cell projects) and the CST are expected to provide MWhs sufficient to achieve the remainder of target
- As of December of 2009, the RPS Program main tier resources has resulted in the construction and operation of approximately 1,200 MW of new wind capacity.

Renewable Portfolio Standard cont'd

- Additionally, over 9,000 MW of wind projects are currently listed in the NYISO queue.
 - As of December of 2009, the RPS Program has resulted in approximately 1,850 applications for customer-sited solar PV installations, with an expected installed capacity of 20 MW.
- SAPA requesting comments on the future RPS CST program has been published in the State Register and comments are due on March 22.
 - The earliest the Commission could consider these comments and take action on the future design of the CST would be at its March 25, 2010 session in New York City.
- NYSERDA has issued a solicitation for \$200 million for Main Tier generation due March 2010.

Recent Utility Rate Cases

- Con Edison Electric; \$721.4M approved (April 09)
- NYSEG Electric; \$0 approved; filings dismissed as per merger order (April 2009)
- NYSEG Gas; \$0 approved; filings dismissed as per merger order (April 2009)
- RG&E Electric; \$0 approved; filings dismissed as per merger order (April 2009)
- RG&E Gas; \$0 approved; filings dismissed as per merger order (April 2009)
- National Grid Gas (upstate); \$39.4M approved; 2-yr Joint Proposal (May 2009)
- Central Hudson Electric \$39.6M approved (June 2009)
- Central Hudson Gas; \$13.8M (June 2009)
- O&R Gas; \$9.0M approved; 3-yr Joint Proposal (October 2009)

Upcoming Utility Rate Cases

- Con Edison Electric; 3-yr Joint Proposal; PSC decision expected April 2010
- Con Edison Gas; 3-yr Joint Proposal; PSC decision expected October 2010
- Con Edison Steam; 4-yr Rate Proposal; PSC decision expected October 2010
- Central Hudson Gas & Electric; 1-yr Rate Proposal; PSC decision expected May 2010
- National Grid Electric (upstate); 3-year Rate Plan; PSC decision expected December 2010
- NYSEG Gas & Electric; 1-yr Rate Proposal; PSC decision expected August 2010
- RG&E Gas & Electric; 1-yr Rate Proposal; PSC decision expected August 2010

Conclusion

- The development of clean energy and energy efficiency as a resource continues to be a strong driver of policy decisions at the Commission.
- The Commission remains committed to meeting its EEPS and RPS goals and willing to provide the necessary resources to accomplish the goal.
- Cost-effectiveness and accountability are common themes of throughout the review process of EEPS and RPS to ensure that ratepayers are receiving the greatest benefits with minimal impact.