January 4, 2019  
Via Electronic mail  

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

Re:  18-M-0084 - In the Matter of a Comprehensive Energy Efficiency Initiative  
15-M-0252 - In the Matter of Utility Energy Efficiency Programs  

Dear Secretary Burgess,  

As organizations actively engaged in the delivery of energy efficiency products, we offer the following informal comments on the proposed guidance for verifying energy efficiency program savings (as discussed at the stakeholder forum on December 17, 2018).

We very much appreciated the opportunity to attend and participate in the forum on December 17, 2018 and we look forward to an ongoing dialogue on these and other best practices for ensuring the accurate accounting of energy savings achieved through efficiency program implementation. The presentation and ensuing discussion raised several critical issues that should be addressed prior to issuance of a guidance document. Our concerns include:

- **Encourage Innovation** – Achieving accurate accounting of energy savings should be implemented without discouraging utilities from pursuing innovative program approaches, which may come with a higher degree of risk of achieving predicted savings.
  
  o Within the Reforming the Energy Vision (REV) implementation, utilities are encouraged to be innovative in their program design, which can mean efforts may have longer gestation periods to mature and produce savings. The proposed approach will adjust Earnings Adjustment Mechanisms (EAMs) based on the difference between Gross Verified Savings (GVS) as determined by the utility and Confirmed Gross Savings (CGS) as determined by a third-party evaluator. A rigid application of the process may work to increase each utility’s perceived risk of a loss of revenues and therefore encourage overly conservative program planning. As a result, we suggest allowing for some level of variance from predicted savings without a reduction in utility rewards/incentives (negative credits) in EAMs (see next comment) or an alternative approach enabling more innovative programs to incubate without incurring penalties.

- **Provide Some Flexibility for Capturing Long-Term Savings Potential** - Establish a threshold level of variance between GVS and CGS before a reduction in utility rewards/incentives (negative credits) are applied.
  
  o An allowable variance would provide some room for innovative programs as well as account for annual fluctuations or uncertainty inherent to predictive calculations.
  
  o Alternatively, provide a pathway for utilities to put forward innovative programs outside of EAMs adjusted by CGS (similar to or in conjunction with the pilot/demo approach).
• **Incorporate Realistic Baseline Assumptions** - Develop guidance to better align the accounting for predicted vs. realized savings by reconciling baseline assumptions used in estimated savings with actual conditions that will impact realization rates.
  
  o We strongly suggest the use of actual baseline conditions, which would help align programs including emerging models such as pay for performance, speed up access to savings results, and drop the cost and risk of getting confirmed savings across existing utility efforts and demonstrations.

• **Assure Independent Evaluation** - Provide further clarification of the requirements for utilities contracting EM&V vendors, specifically how independence of the CGS evaluation will be assured when utilities hire their own EM&V contractors and scope their own impact evaluations. The guidance should also provide for the wise use of ratepayer dollars, avoid redundant spending, and yet establish appropriate firewalls between implementation and EM&V activities given the need for EM&V for both GVS and CGS and the potential for utilities to use the same vendor for both GVS and CGS.

• **Properly Align EAMs Incentives** - Given the suggestion at the forum that the CGS results will be used for determining incentives in EAMs, some thought should be given to current and expected EAMs since in some cases an accounting of this sort may not be appropriate.
  
  o If some EAMs depend on the GVS to CGS comparison while others, such as outcome based EAMs, cannot, the CGS requirement may alter the types of EAMs proposed by utilities.

We would be happy to participate in another stakeholder forum to further discuss and resolve these concerns, or to meet with DPS staff to discuss our views in more depth. We look forward to receiving responses to our questions.

Respectfully submitted,

Director of Policy and Regulatory Affairs, AEA

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*Association for Energy Affordability, Inc.*
*BPI*
*Building Performance Contractors Association of New York State*
*E4TheFuture*
*Home Performance Coalition*
*Performance Systems Development*

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