

December 8, 2014

Hon. Kathleen H. Burgess
Secretary to the Commission
New York State Public Service Commission
Agency Building 3, 19th Floor
Albany, NY 12223-1350

Subject: **CASE 14-M-0094** - Proceeding on Motion of the Commission to Consider a Clean Energy Fund.
CASE 10-M-0457 - In the Matter of the System Benefits Charge IV.
CASE 13-M-0412 - Petition of New York State Energy Research and Development Authority to Provide Initial Capitalization for the New York Green Bank.
CASE 07-M-0548 - Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard.
CASE 03-E-0188 - Proceeding on Motion of the Commission Regarding a Retail Renewable Portfolio Standard.

Dear Secretary Burgess:

Submitted for filing herewith in the above-entitled cases are “Comments of the New York Independent System Operator, Inc. on the Clean Energy Fund Proposal” in response to the Commission’s November 6, 2014, *Notice Soliciting Comments*.

Please contact me at (518) 356-6220 or at cpatka@nyiso.com if you have any questions or concerns.

Very truly yours,

/s/ Carl F. Patka

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**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

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

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**COMMENTS OF
THE NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.
ON THE CLEAN ENERGY FUND PROPOSAL**

I. Introduction

The New York Independent System Operator, Inc. (“NYISO”) respectfully offers these comments in response to the New York State Public Service Commission’s (“PSC,” or “Commission”) *Notice Soliciting Comments* issued on November 6, 2014. The comments herein address certain aspects the *Clean Energy Fund Proposal* (“CEF Proposal”), which was filed with the PSC by the New York State Energy Research and Development Authority (“NYSERDA”) on September 23, 2014.

The NYISO is the independent body responsible for providing open access transmission service, planning for and maintaining bulk power system reliability, and administering competitive wholesale markets for energy, capacity, and ancillary services in New York State. Central to the NYISO’s planning responsibilities is the preparation of long-term zonal energy and peak load forecasts. In order to provide its stakeholders with the most up-to-date load

forecasts, the NYISO also provides 10-year forecasts of the zonal impact of both energy efficiency measures being implemented via the programs overseen by NYSERDA, the Transmission Owners, NYPA, and LIPA/PSEG and retail (behind-the-meter) solar PV installations. Accordingly, the NYISO has a strong interest in the accurate measurement and verification of energy savings that are realized by New York’s energy programs.

The NYISO supports the Commission’s clean energy and energy efficiency proceedings and applauds the achievements realized through the cooperation and exchange of information between NYISO, NYSERDA, the New York State Department of Public Service (“NYSDPS”), and the state’s utilities and power authorities under those proceedings. The NYISO’s comments below support NYSERDA’s proposed strategies for program evaluation, and stress the importance of the continued application of comprehensive evaluation, measurement, and verification methodologies to New York’s energy programs as they evolve.

II. NYISO Comments

Goals, Metrics, and Benefits

The CEF Proposal, Section VIII “Evaluation,” outlines a comprehensive evaluation strategy. The NYISO supports all aspects of NYSERDA’s evaluation proposal and strongly encourages close attention to the development of standardized reporting metrics as the proposed evaluation strategy is executed.

NYSERDA’s CEF Proposal Evaluation strategy states:

The evaluation function and tools will support a “test-measure-adjust” approach which will likely involve piloting new intervention strategies and collecting data to inform decisions about broader implementation. Evaluation results will be available more timely to inform (and potentially modify) program delivery, though as a result may be less comprehensive than evaluation studies historically conducted by NYSERDA have been.¹

¹ *Clean Energy Fund Proposal*, NYSERDA, September 23, 2014, at page 50.

The NYISO supports NYSERDA’s proposed “test-measure-adjust” approach to evaluation, and recognizes the need for nimble, timely response to program changes. Noting NYSERDA’s caution that results “may be less comprehensive than evaluation studies historically conducted...” the NYISO urges NYSERDA and the Commission to take into consideration the importance of maintaining a strong flow of comprehensive information between NYSERDA, the state, and energy infrastructure stakeholders to help keep New York’s existing system reliable even while creating new energy efficiency and resource options for the future. The NYISO recalls that funding for Energy Efficiency Portfolio Standard (“EEPS”) measurement and verification activities was on the order of 3% to 5% of budgets, and surmises that a similar level of funding will be necessary for comprehensive evaluation of programs funded by the CEF.

NYSERDA’s CEF Proposal Evaluation strategy includes the following statements:

To support evaluation design and other information needs, as CEF interventions are finalized, a standard profile (the “Intervention Profile”) will be populated with summary information, plans and methods about each intervention including:

- Market objectives and barriers being addressed;
- Most useful energy and environmental metrics;
- Plan for collecting associated requisite data; and
- Proposed method of outcome/impact evaluation by NYSERDA.²

and

Information collected according to the Intervention Profiles will be aggregated and the anonymized/aggregated data included in Quarterly Reports delivered to DPS.³

The NYISO supports NYSERDA’s proposal for the creation of Intervention Profiles.

The NYISO requests that the Intervention Profiles be designed to support standardized reporting

² Id.

³ Id.

metrics. The NYISO also recommends that the Intervention Profiles include, at least, a similar level of granularity to the data in the EEPS Scorecard Reports (example at Table 1, below).

Table 1: CHGE Mid-Size Commercial Business Program

	Jan/2014	Feb/2014	Mar/2014
Program Savings			
Net First-Year Electric Savings Impacts			
Net First-year Annual MWh Acquired this Month:	14.51	80.72	48.92
To Date Portion of EEPS II MWh Target:	7,459.66	7,794.33	8,129.00
Net First-Year Annual MWh Acquired to Date:	6,123.34	6,204.06	6,252.97
Net First-Year Annual MWh Committed at this Point in Time:	80.72	48.92	149.63
Total Net First-Year Annual MWh Acquired to Date & Committed :	6,204.06	6,252.97	6,402.60
Percent of To Date Portion of EEPS II MWh Target Acquired to Date:	82.08	79.59	76.92
Ancillary Net Electric Peak Demand Reductions			
Net Peak MW Reductions Acquired this Month:	0.00	0.02	0.01
Net First-Year Annual MW Acquired to Date:	0.99	1.01	1.02
Net Peak MW Reductions Committed at this Point in Time:	0.02	0.02	0.03
Total Net First-Year Annual MW Acquired to Date & Committed :	1.01	1.03	1.05
Emission Reductions			
Carbon Dioxide Emission Reductions Acquired to Date (tons):	3,061.67	3,102.03	3,126.49
Financial Activity			
Financial Expenditures			
General Administration Expenditures this Month:	5,511.00	8,680.00	7,842.00
Program Planning Expenditures this Month:	0.00	0.00	0.00
Program Marketing Expenditures this Month:	14,659.00	0.00	0.00
Trade Ally Training Expenditures this Month:	0.00	0.00	0.00
Incentives and Services Expenditures this Month:	5,801.50	15,566.83	19,566.54
Direct Program Implementation Expenditures this Month:	412.00	378.00	315.00
NYS Cost Recovery Fee Expenditures this Month (NYSERDA, only):	0.00	0.00	0.00
Total Expenditures this Month:	26,383.50	24,624.83	27,723.54
To Date Portion of EEPS II Budget:	2,291,062.00	2,406,031.00	2,521,000.00
Total Expenditures to Date:	1,492,302.39	1,516,927.22	1,544,650.76
Financial Encumbrances			
General Administration Funds Currently Encumbered:	0.00	0.00	0.00
Program Planning Funds Currently Encumbered:	0.00	0.00	0.00
Program Marketing Funds Currently Encumbered:	0.00	0.00	0.00
Trade Ally Training Funds Currently Encumbered:	0.00	0.00	0.00
Incentives and Services Funds Currently Encumbered:	15,566.83	19,566.54	53,799.65
Direct Program Implementation Funds Currently Encumbered:	0.00	0.00	0.00
NYS Cost Recovery Fee Funds Currently Encumbered (NYSERDA, only):	0.00	0.00	0.00
Total Funds Currently Encumbered:	15,566.83	19,566.54	53,799.65
Total Expenditures to Date and Funds Currently Encumbered:	1,507,869.22	1,536,493.76	1,598,450.41
Percent of To Date Portion of EEPS II Budget Spent to Date:	65.13	63.04	61.27
Percent of To Date Portion of EEPS II Budget Spent to Date and Currently Encumbered:	62.86	61.13	60.81

The data in EEPS Scorecard Reports has provided standardized information on installed and committed capacity; energy and summer peak demand, program costs, and progress toward

program goals for individual programs in each Transmission District as well as for NYSERDA. The detail captured in the EEPS Scorecard Reports has served as an essential resource in support of the NYISO's planning processes over the past six years. To the extent that some form of incentive-based programs are continued under the CEF, the NYISO recommends that scorecards for all programs continue to be made available in a web-based location.

NYSERDA's CEF Proposal Evaluation strategy states:

NYSERDA proposes to make several modifications to its impact evaluation strategy: 1) reduce the cycle time and retrospective focus, conducting more "real time" assessments to provide timely information that will support mid-course adjustments to active programs, 2) shift toward a market transformation/market effects evaluation framework, where appropriate, rather than a net-to-gross driven framework, and 3) provide additional data for assessment of clean energy policy by potentially conducting top-down, macro level analyses of energy consumption changes in the state.⁴

The NYISO agrees that understanding the impact and pace of market transformation activities will require a top-down approach. To that end, the NYISO agrees that sector-specific Market Baseline studies should be conducted and recommends that they occur on a rolling three-year basis. Studies similar to NYSERDA's Residential Market Baseline Study should be carried out for the Commercial Sector and for the Industrial/Agricultural Sector. These activities should be complemented by hourly load research, such as the Residential Appliance Metering study, which is just about to get underway.

NYSERDA's CEF Proposal Evaluation strategy includes the following statements:

With the broader study focus and more frequent study timeframe, decisions will need to be made about what key markets and impact areas to focus on with the limited resources available. Within this new model, statewide market effects (including energy impacts where possible) will be the only feasible outcome of the analysis; program, utility territory or program administrator level information will generally not be discernible.⁵

⁴ Id. at page 52.

⁵ Id.

and

Evaluation plans must align to the specific market intervention activities and pace, and will therefore be further developed as more information becomes available on specific market support provided and investments made. The Intervention Profiles described earlier will set the stage for this next step of decision making and planning.⁶

The NYISO incorporates the impacts of state energy policy in its long term forecasts, which are produced on a zonal (geographic) basis. In order to maintain a reliable transmission system, the NYISO needs information that looks ahead to where we are going as well as looks behind to see where we have been. Accordingly, the NYISO recommends that the robust evaluation, measurement and verification activities that were developed for the EEPS continue for the CEF. The NYISO also requests that regularly issued reports on all aspects of the CEF programs, including budgetary activity, be made available. This would include development and issuance of some form of ‘bank statement’ from the Green Bank which summarizes the financial activity and the investment portfolio of projects that are being undertaken.

The CEF Proposal lays out methods for change from site-specific, incentive-based programs to strategies that seek market transformation. The sizes of the state funded programs and market-based programs represent a significant potential impact on energy consumption in New York and the MW of capacity needed for reliable electric service.

Table 8 of the CEF Proposal provides lifetime impacts for the NY-Sun and Market Development components of the CEF. There is, however, insufficient information provided to estimate the impacts for Green Bank, Innovation Programs and “previously approved programs.” Furthermore, lifetime energy goals must be translated into annualized energy and peak demand

⁶ Id.

impacts in order for the NYISO to properly reflect state energy policy in the Gold Book⁷ and its planning studies. Accordingly, the NYISO requests that NYSERDA provide additional information regarding the projected annual energy and peak demand goals for all components of the CEF on a year-by-year basis and the expected role/contributions toward achieving these goals of the state's other major energy efficiency program administrators (*i.e.*, the investor owned utilities and power authorities).

NYSERDA's CEF Proposal Evaluation strategy states:

NYSERDA is currently conducting the State's first Residential baseline study and is embarking on the State's first Commercial baseline study. These are very large, comprehensive, multi-year efforts that are expected to provide information that will be useful on numerous fronts including many uses within program planning and program evaluation. From an evaluation standpoint, the studies will help establish credible baselines against which to assess realized savings and, if updated routinely, will also provide data that is needed to assess market transformation.⁸

The NYISO strongly supports the Residential baseline study, and notes that the baseline study as a concept was a recommendation of the EEPS Evaluation Advisory Group ("EAG"). The NYISO recommends that a forum similar to the EAG be created in addition to the proposed Market Development and Innovation advisory groups in order to ensure continuity and commonality of measures and data across technologic, economic, and geographic spectrums. As stated above, the NYISO also recommends that sector-specific Market Baseline studies should be conducted on a rolling three-year basis in order to gauge market transformation impacts over a long-term period.

From the CEF Proposal, Section V "Proposed Program Strategies, NY-Sun" subsection:

...the NY-Sun incentive program has been designed to drive market penetration on a large-scale basis, allocating MWs to specific regions of the State,

⁷ NYISO. *2014 Load & Capacity Data A report by the New York Independent System Operator "Gold Book."*

⁸ *Id.* at page 53.

breaking those regional MW targets into blocks to which incentives are assigned and awarding incentives based upon the block in effect at the time.⁹

The NY-Sun initiative achievements, posted on the NYSERDA website and updated on a daily basis, have been of great value to the NYISO's forecasting initiative because they provide county-level data on solar installations 200 kW and under. Similar information is also available for Distributed Energy Resources ("DERs") including Combined Heat and Power and solar PV 200 kW and above, which is also essential to the NYISO's understanding of the impact of these programs. The NYISO requests that the collection and posting of granular data on solar PV and other DERs be continued.

III. Conclusion

With these comments, the NYISO respectfully offers its perspective on the importance of the continued application of comprehensive evaluation, measurement and verification protocols as New York's energy programs evolve.

Respectfully submitted,

/s/ Carl F. Patka

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December 8, 2014

⁹ Id. at page 39.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Rensselaer, NY this 8th day of December, 2014.

/s/ Joy A. Zimmerlin

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