

Sizing Up Progress Toward '15 by 15': A 2012 EEPS Update



As detailed in our Fall 2012 report, progress toward New York’s Energy Efficiency Portfolio Standard (EEPS) has been slower than expected. New York’s investor owned utilities (IOUs) and the New York State Energy Research and Development Authority (NYSERDA) had achieved 2,132 GWh

of electric EEPS savings from the program’s October 2008 inception through year-end 2011—54% of the PSC-ordered target for that time period (known as “EEPS I”).¹ This update provides an assessment of the progress made in 2012.

As shown in Figure 1, Central Hudson was the only EEPS program administrator (PA) to achieve its 2012 savings target.² When committed savings are included in the analysis (as depicted in Figure 1), National Grid, NYSEG and RG&E nearly met their targets. NYSERDA, which has a higher overall MWh savings target than all of New York’s utilities combined, achieved 430,970 MWh of savings in 2012 – approximately 66% of their 2012 target.³

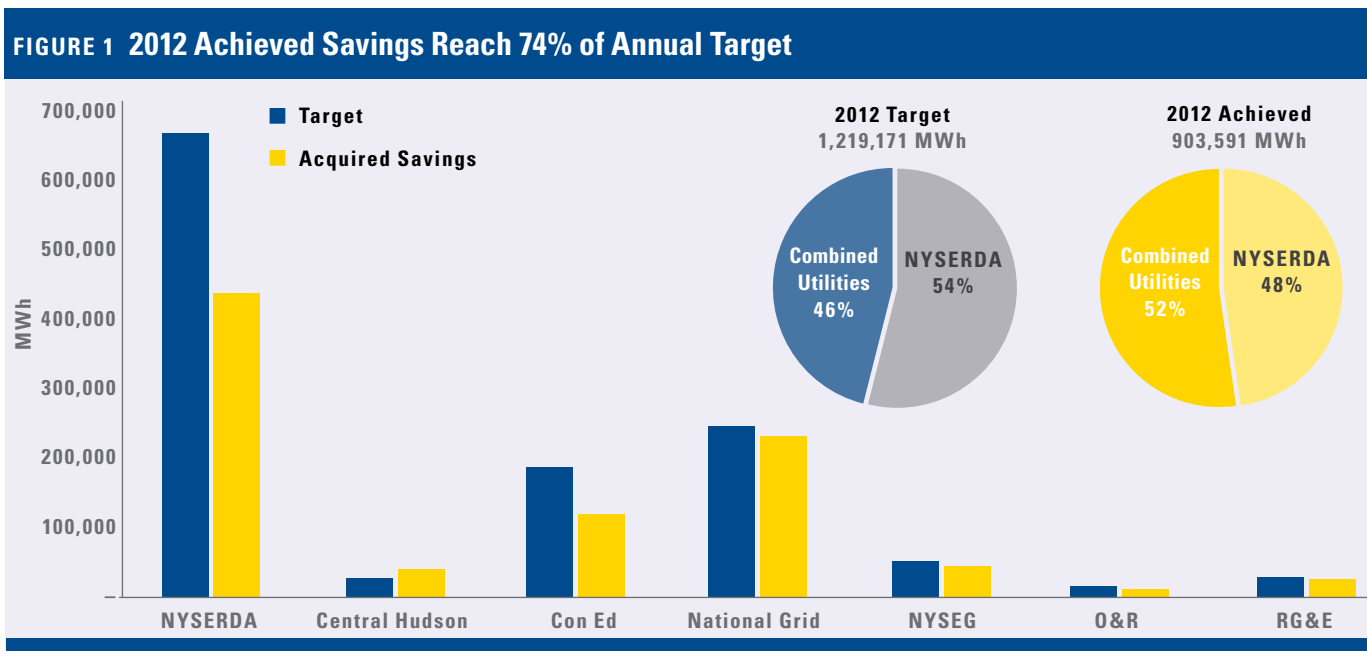
New York’s total achieved savings in 2012 was 903,591 MWh, bringing New York’s cumulative total savings to 3,035,684 MWh

since the program’s inception. Figure 2 shows how the 2012 and cumulative achievements stack up to New York’s electric efficiency goals.

Recommendations to Improve New York’s Energy Efficiency Programs

1. IMPROVE ACCURACY OF COST EFFECTIVENESS SCREENING TO CAPTURE ALL COST-EFFECTIVE EFFICIENCY

- Calculate benefit-cost ratios at the program or portfolio level instead of measure level;
- Account for the wholesale price suppression effect and assign value to the costs and benefits of other-program impacts (OPIs);⁴
- Decrease TRC discount rate to accurately reflect current low borrowing rates, adopt a societal discount rate;⁵
- Prioritize New York electricity consumer savings over out-of-state generation owner and fossil fuel provider losses instead of treating them equally; and



- Reassess the DPS social cost of carbon, which is currently set at a very conservative \$15/ton,⁶ much lower than the federal number.

2. EXTEND PROGRAMS AND COLLECTION SCHEDULES THROUGH AT LEAST 2020

- Maintain or increase budgets from 2015 levels; and
- Provide certainty of New York’s continued pursuit of energy efficiency, which will create clear market signals for industry, investors and NYISO load forecasters.

3. LEVERAGE THE NEW YORK GREEN BANK

- Fill current gaps in program offerings in a complementary fashion; and
- Offer low-cost financing to EEPS programs to maximize the energy savings per public dollar invested.

4. ALIGN EFFICIENCY EFFORTS OF NEW YORK’S IOUS AND STATE AGENCIES

- Reform current program structure in which NYSEERDA and the utilities compete for the same customers, which results

in higher transaction costs, customer confusion, and fewer completed projects; and

- Employ a more coordinated and holistic approach to state energy efficiency, encouraging all fuels efficiency programs that leverage all of the State’s many administrators, particularly NYPA and LIPA.

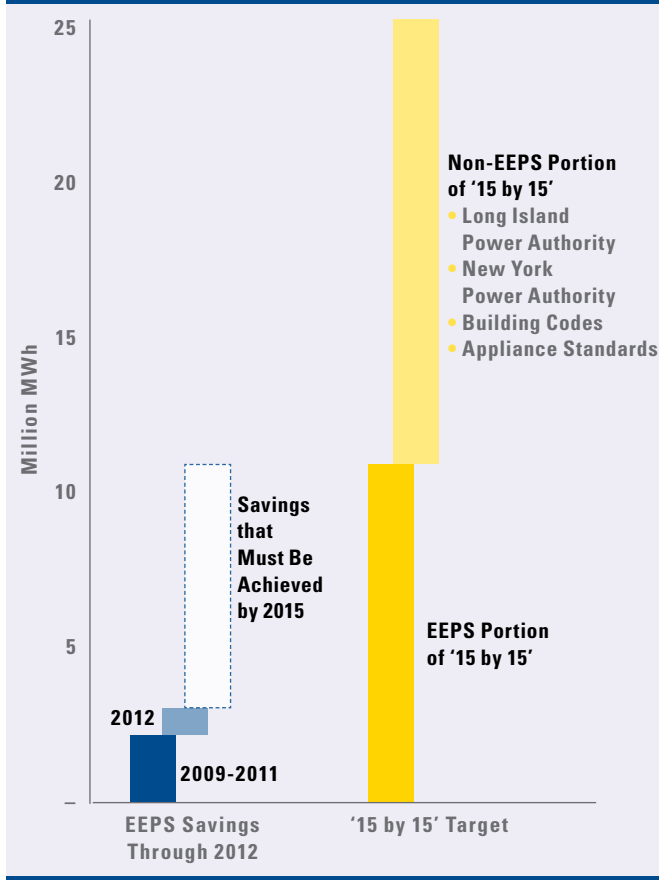
5. PROVIDE RESOURCES TO CAPTURE COST-EFFECTIVE SAVINGS FROM BUILDING CODES AND APPLIANCE STANDARDS

- As illustrated by Figure 2, Codes and Standards play an integral role in the State’s efficiency goals, but this potential will only be achieved if the State provides robust funding for adoption and enforcement.

Endnotes

- 1 Energy Efficiency in New York: Midcourse Status Report of ‘15 by 15’ Jackson Morris and Jordan Stutt, Pace Energy and Climate Center, October 2012. http://energy.pace.edu/sites/default/files/publications/Energy%20Efficiency%20in%20New%20York%2015x15_0.pdf
- 2 All EEPS savings data is aggregated from NYSEERDA and Utility monthly scorecards, as submitted to the PSC.
- 3 In calculating savings and targets, this report excludes NYSEERDA’s Residential Point of Sale (PoS) Lighting program. The PoS program was not approved by the PSC until the December 17th, 2012, Order, and therefore prevented NYSEERDA from achieving program savings in 2012. Both the 2012 PoS target (299,054 MWh) and savings (52,123 MWh) have been omitted from this analysis.
- 4 “Best Practices in Energy Efficiency Program Screening: How to Ensure that the Value of Energy Efficiency is Properly Accounted For,” Tim Woolf, et al., Synapse Energy Economics, Inc., July 2012. <http://www.synapse-energy.com/Downloads/SynapseReport.2012-07.NHPC.EE-Program-Screening.12-040.pdf>
- 5 “Analysis of New York Cost-Effectiveness Screening Methodology and Framework for Energy Efficiency Programs,” Optimal Energy, Inc., August 2011.
- 6 EPA analyses use a \$26/ton social cost of carbon, while an \$80/ton cost is recommended in the Massachusetts 2011 Avoided Energy Supply Cost Report. “Avoided Energy Supply Costs in New England: 2011 Report,” Bruce Biewald, et al., Synapse Energy Economics, Inc., July 2011. <http://www.mass.gov/eea/docs/dpu/energy-efficiency/avoided-energy-supply-costs-in-new-england/2011-avoided-cost-study-report.pdf>

FIGURE 2 Time to Step it Up: EEPS Progress to Date as Share of 2015 Target



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