

# New York's Comprehensive Energy Efficiency Initiative



## Recommendations for Maximizing and Accelerating Energy Efficiency Procurement

July 16, 2018

### New York Should Seize the Opportunity to Advance Energy Efficiency

Energy efficiency is the key to unlocking the full potential of New York's emerging clean energy economy and the substantial consumer, economic, and environmental benefits it offers. Strong efficiency investments in neighboring states have deferred the need for expensive new energy infrastructure projects and produced billions of dollars in economic benefits. The same transformative opportunity awaits New York if the state expands its commitment to energy efficiency by adopting the necessary policies, savings targets, and funding levels.

Acadia Center commends New York for its recent renewed focus on energy efficiency by releasing *New Efficiency: New York*, which has as its central proposal a 2025 energy savings target of 185 trillion British thermal units. Acadia Center has analyzed this new target and the underlying initiatives to determine whether it would maximize energy efficiency's impact and benefits for New York and has four recommendations that, if implemented, will strengthen the likelihood of achieving it:

1. **Maximize impact and benefits:** Boost current low levels of efficiency savings and include only savings attributable to New York's efforts. "Business as usual" efforts or measures that are outside of the state's control should not be included in the 2025 target.
2. **Manage underperformance risk:** Ensure that tested and effective energy efficiency procurement methods are pursued to lower the risk of savings results underperforming the 2025 target. Expected direct and indirect savings from Clean Energy Fund projects should be adequately explained, or more realistic savings estimates from these programs should be considered to avoid major savings shortfalls in future years. In addition, discount factors used for direct and indirect savings should be developed with the best available empirical data to avoid double counting.
3. **Provide clear guidance to utilities:** Establish an implementation plan for the 2025 target that identifies new funding sources and interim savings targets that begin in 2019. The Public Service Commission should immediately establish a concrete year-by-year plan for ramping up to the 3% utility savings target and should provide clarity on how these enhanced utility programs will be funded.
4. **Accelerate and backstop savings:** Require a faster ramp-up in annual utility energy savings and automatic backstop measures for new methods to ensure savings achieve the 2025 target. Utilities should quickly ramp up to a 2% annual electric savings level to avoid backloading these savings in later years and should achieve a 3% annual savings target well before 2025 to provide a buffer if anticipated savings levels from other programs do not materialize. A hard target should be set for automatic implementation of backstop measures well before 2025 if other anticipated savings do not materialize.

By making these recommended improvements, New York will have designed an aggressive, yet sound, energy savings target that will help drive New York forward into a prosperous clean energy future.

### For more information:

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