



May 15, 2024

VIA ELECTRONIC MAIL

Hon. Michelle L. Phillips
Secretary
New York State Public Service Commission
3 Empire State Plaza
Albany, New York 12223-1350
secretary@dps.ny.gov

Re: Advanced Energy United and the Alliance for Clean Energy New York Comments in the Matter of a Comprehensive Energy Efficiency Initiative

Dear Secretary Michelle L. Phillips:

Advanced Energy United (“United”), formerly known as Advanced Energy Economy (“AEE”) and the Alliance for Clean Energy New York (“ACE NY”) are submitting these comments in response to New York Public Service Commission’s (“Commission”) Case 18-M-0084, In the Matter of a Comprehensive Energy Efficiency Initiative. United is a national association of businesses that works to accelerate the move to 100% clean energy and electrified transportation in the U.S. The term advanced energy encompasses a broad range of products and services that constitute the best available technologies for meeting our energy needs today and tomorrow. These include electric vehicles, energy efficiency, demand response, energy storage, solar, wind, hydro, nuclear, and smart grid technologies. United represents more than 100 companies in the \$374 billion U.S. advanced energy industry, which employs 3.2 million U.S. workers, including 157,000 individuals in the Empire State.

ACE NY is a member-based organization with a mission of promoting the use of clean, renewable electricity technologies and energy efficiency in New York State to increase energy diversity and security, boost economic development, improve public health, and reduce air pollution. ACE NY’s diverse membership includes companies engaged in the full range of clean energy technologies as well

as consultants, academic and financial institutions, and not-for-profit organizations interested in their mission.

United and ACE NY are referred to collectively in these comments as “we,” or “our.”

Respectfully submitted,

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Comments of Alliance for Clean Energy New York and Advanced
Energy United in the Matter of a Comprehensive Energy
Efficiency Initiative on the Energy Efficiency (EE) and Building
Electrification (BE) proposals filed by the Utilities and the New
York State Energy Research and Development Authority
(NYSERDA)

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I. Introduction

If New York is to meet its ambitious goal of 70% renewable electricity by 2030 and 100% emissions-free electricity by 2040, as well as a net zero state economy by 2050, set forth in the Climate Leadership and Community Protection Act (“CLCPA”), the state must rapidly deploy renewable energy generation, while making more efficient and electrifying most end-uses of energy in buildings. On January 26, 2024, the Public Service Commission (“PSC”) opened public comments on the Energy Efficiency (EE) and Building Electrification (BE) proposals filed by the Utilities and the New York State Energy Research and Development Authority (NYSERDA) and posed questions and the format for stakeholder input. Our detailed comments in response to these questions, as well as more general guiding principles for the future of energy efficiency and building electrification programs run by the New York State Energy Research Development Authority and New York’s large investor-owned utilities (“IOUs”), follow.

II. General comments relevant to the Energy Efficiency and Building Electrification proposals filed by the Utilities and NYSERDA

Thank you for the opportunity to comment on the 2026-2030 Energy Efficiency and Building Electrification (“EE/BE”) Proposals.

New York has rightfully ambitious and achievable clean energy and climate goals, and it is critical that the EE/BE Proposals align with these policies to ensure that they are met. In 2019, New York passed the Climate Leadership and Community Protection Act (CLCPA), which targets economy-wide net-zero emissions by 2050. As part of this bold goal enshrined in statute, EE/BE investments by Investor-Owned Utilities (IOUs) and NYSERDA program administrators (“program administrators”) are an important strategy in ensuring that New York can decarbonize via the most affordable strategies possible. We therefore encourage the Department of Public Service (DPS) and program administrators to create a comprehensive strategy to ensure that their EE/BE Proposals align with New York’s policies and goals.

Energy efficiency will be increasingly valuable as New York moves towards an electrified, clean energy future. Currently, energy efficiency is not directly integrated into this future, but is instead focused on a total energy savings target that does not take into account the time and location benefits of energy efficiency measures.

Energy efficiency continues to be the most cost effective, scalable, and equitable climate resource. According to a 2023 LBNL and Brattle study, of the top three demand-side decarbonization approaches (energy efficiency, demand flexibility, and electrification), energy efficiency is “widely considered as a beneficial, low-cost option for mitigating climate change.” As previous research has found, aggressive investments in energy efficiency can reduce annual building emissions to 89% below 2005 levels by 2050. By contrast, investing in electrification without increasing investments in energy efficiency and demand flexibility has the potential to preclude, “up to 65% and 58% of 2050 site energy and CO₂ reductions, respectively, and up to 67% of cumulative CO₂ reductions from 2023 to 2050.” This is particularly true through 2030.

To properly value the contributions of energy efficiency, DPS should expand the Value of Distributed Energy Resources (VDER) framework to apply to all distributed energy resources (DERs), including energy efficiency. Expanding VDER will allow New York to place a value on the numerous societal, climate, and grid benefits to turn energy efficiency into a resource that can displace traditional energy spending.

VDER should therefore be expanded and updated to ensure that the value of DERs, including energy efficiency, reflect the value to today AND tomorrow's energy system in the context of CLCPA. While the expansion of VDER can be further explored in docket 24-E-0165¹ (Proceeding on Motion of the Commission Regarding the Grid of the Future), there are things that DPS and program administrators can do today, outside of VDER revisions, to ensure that future energy efficiency investments are properly aligned with ratepayer benefits, including affordability and reliability.

Specifically, we are supportive of the expanded portfolios put forth by some of the program administrators, as well as increasing rebate amounts to drive greater adoption of energy efficiency and electrification measures. Despite higher levels of proposed spending, we are concerned that many of the program administrators, including in the expanded portfolios, are projecting energy savings for 2026-2030 will be lower than those in 2023. To meet even more ambitious goals, program administrators should have the flexibility to start scaling up now, shifting some budgets ahead to 2024 and 2025.

But with higher levels of investment should come higher accountability for realizing energy savings, reducing friction for program participants and contractors, and an increased focus on equity. Also, cost effective programs should be required with the levels of investment proposed. Accountability should also be driven by data. DPS should leverage existing investments such as the Integrated Energy Data Resource (IEDR) platform to increase access to energy data while also enabling market flexibility.

¹ <https://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterSeq=73032&MNO=24-E-0165>

For specific sectors we recommend:

- In the single-family residential sector, many of these goals can be met through measured savings programs that ensure ratepayer funds are only spent on realized energy reductions, dramatically reduce program soft costs, and enable flexible “adders” for low-income households and Disadvantaged Communities (DACs).
- In the multi-family sector, where measured savings approaches are challenging, implementing tiered (for market-rate and affordable housing) cost per dwelling unit incentive rates across rebate programs will increase the usability of these programs, dramatically reduce soft costs associated with energy modeling, and allow for simple low-income and DAC adders.

But for all sectors, we stress that one of the key goals of these portfolios should be decreasing the friction for consumers to adopt energy efficiency and electrification measures.

DPS must also clearly delineate the roles of the utilities and NYSERDA. The Inflation Reduction Act (IRA) Home Energy Rebates are an exciting opportunity to provide a clean transition of market rate resource acquisition programs from NYSERDA to utility program administration while experimenting with new program models.

For example, NYSERDA can leverage IRA rebates to build upon the existing Comfort Home program, focused on electrification-ready weatherization. By substituting ratepayer capital for federal funding, IOUs will be able to stack their own weatherization programs, currently competing against some NYSERDA programs, driving higher uptake. This will also enable NYSERDA to focus on innovation, including the demonstration of new program designs, including measured savings programs that incorporate Time, Location, and Greenhouse Gas emissions.

In short, ACE NY and United believe that more energy efficiency resources are needed and that we must be smarter with the deployment of those resources.

III. Comments in response to the compiled list of selected questions for stakeholder input

I. General quality & responsiveness of the Proposals

a. Which proposed deviations from the Strategic Framework do you support or oppose and why?

Regarding the Low-to-Moderate Income (LMI) Portfolio, we recommend that the NYSERDA program include partial electrification pathways for LMI homes and buildings. This is crucial in aiding a measured transition and making projects more feasible for populations who are not able to afford a comprehensive project, even after incentives are applied. The focus on an “efficiency-first” approach is also important and must be accompanied with clearer communication around the benefits of effective weatherization prior to electrification. Messaging around these programs should therefore set expectations more clearly from the outset to avoid assumptions that they exist simply to “give away” heat pumps, which can pose barriers to effective electrification should homes and buildings not be adequately assessed for their efficiency levels beforehand.

NYSERDA should take greater efforts to advocate for health and safety measures – in recognition of these as substantial barriers for low-to-moderate income renter- and owner-occupied households – and ease the approval process for those measures through existing programs like EmPower+. This not only makes weatherization and electrification projects more feasible for the households that need it most, but also furthers carbon emission and energy cost reductions. Additionally, we recommend additional funding to support health and safety upgrades, particularly for multifamily properties where less opportunities exist (given limits to facilitating these through existing programs.)

For 1-4 family residences, we are supportive of DPS’s Strategic Framework requiring 85% of budgets to be dedicated to strategic measures and believe that it will allow New York to drive energy efficiency and electrification to help achieve decarbonization goals. We believe that strategic measures should be focused on weatherization, electrification, and other deep retrofit measures to align with the goals of the CLCPA. Therefore, gas measures should not be considered strategic or neutral as they do not support decarbonization. Weatherization and electrification measures such as heat pump pool heaters

and clothes dryers, when the participant is switching away from natural gas, should be considered strategic given their alignment with electrification goals. In addition, behavioral energy efficiency programs should be considered strategic when oriented towards deep retrofits. If health and safety measures are needed for electrification, they should be considered strategic.

We support the NYSERDA recommendation that certain measures should be reclassified within the Strategic Framework specifically for LMI multifamily buildings. The LMI multifamily market has unique affordability challenges, and the reclassification of potentially nonstrategic measures under the current framework is necessary to meet the needs of and help maintain affordability for residents. We agree with NYSERDA's proposal for the following reclassifications:

- 1) Wall air conditioner covers, furnace and boiler tune ups, and steam traps should be considered neutral,
- 2) Health and safety upgrades which are necessary to pursue deeper, more comprehensive retrofits, as well as low-flow fixtures, advanced power strips, thermostats, and pipe insulation should all be considered neutral, and
- 3) Lighting for projects doing comprehensive retrofits where the lighting is a small portion of the overall project cost, and refrigerators when they meaningfully contribute to low- and moder-income energy affordability, should be considered strategic measures.

We also support NYSERDA's consideration of partial electrification as strategic for multifamily buildings. Partial electrification options are particularly important for existing multifamily buildings in dense urban environments where space and zoning constraints often make the installation of full load electrification equipment impossible. For large multifamily buildings, the upfront costs for full load electrification can be prohibitively expensive while designing heat pump systems that displace most of a building's heating or domestic hot water (DHW) load can cost much less. Partial electrification strategies make significant progress on decarbonization in the near term while preserving fuel flexibility for heating loads, helping to alleviate winter electric peak demand risk in the future and can help manage near term peak gas constraints. In addition, staging electrification also addresses building stock needs that influence inequity in cost of installation. By allowing several instead of one life cycle for equipment installs to become fully electrified, it will decrease customer expense and increase technology adoption.

We support as neutral the continuation of funding for gas efficiency measures for existing equipment for LMI multifamily buildings, but funding for new gas-fired equipment should be phased out. Buildings can reduce their energy usage and carbon emissions by installing gas efficiency measures that support existing system efficiency (e.g., steam traps, boiler controls, pipe insulation). These measures should continue to be incentivized to support ongoing energy efficiency and hybrid electrification. Primary gas-fired HVAC components, such as boilers, and all other fossil combustion equipment, should be phased out to be in alignment with CLCPA and to encourage electrification.

Furthermore, if health and safety measures are needed for electrification, they should be considered strategic. The change of health and safety to the “neutral” classification in the strategic framework undermines the very real barriers that face low-to-moderate income renter- and owner-occupied households, creating further challenges for equitable electrification. NYSERDA should take greater efforts to advocate for health and safety measures and ease the approval process for those measures through existing programs, like EmPower+, or the new programs funded from non-ratepayer sources, like the Regional Greenhouse Gas Initiative (RGGI). The addressing of health and safety measures not only makes weatherization and electrification projects more feasible for the households that need it most, but also furthers carbon emission and energy cost reductions. The current plan to change health and safety measures to “neutral” classification undermines the very real barriers that face low-to-moderate income renter- and owner-occupied households, creating further challenges for equitable electrification.

We are supportive of DPS’s Strategic Framework requiring 85% of budgets to be dedicated to strategic measures and believe that this will allow New York to drive energy efficiency and electrification to help achieve decarbonization goals. We believe that strategic measures should be focused on weatherization, electrification, and other deep retrofit measures to align with the goals of the CLCPA. We recommend the following for Single-family households: Gas measures for single-family households should not be considered strategic or neutral as they do not support decarbonization. Weatherization and electrification measures such as heat pump pool heaters and clothes dryers should be considered strategic given their alignment with electrification goals, as mentioned above. In addition, behavioral energy efficiency programs should be considered strategic when oriented towards deep retrofits.

Partial electrification pathways for LMI single-family and multifamily homes and buildings is critical for making projects more feasible for households who are not able to afford a comprehensive project, even after incentives are applied. Partial electrification options are particularly important for existing multifamily buildings in dense urban environments where space and zoning constraints often make the installation of full load electrification equipment impossible. For large multifamily buildings specifically, the upfront costs for full load electrification can be prohibitively expensive while designing heat pump systems that displace most of a building's heating or DHW load can cost much less. Partial electrification strategies make significant progress on decarbonization in the near-term while preserving fuel flexibility for heating loads, helping to alleviate winter electric peak demand risk in the future and can help manage near term peak gas constraints.

b. Collectively, do the EE and BE proposals include a reasonable plan for coordination and collaboration to ensure cohesive portfolios that reduce potential redundancy and overlap amongst the program administrators? For instance, are the roles of the utilities and NYSERDA appropriately distinct; is it clear how a customer can seamlessly participate in complementary programs offered by different Program Administrators within overlapping territories? If not, what would you suggest?

In both the single family and the multifamily LMI programs, there is a need for more salient examples of utility coordination around LMI projects and opportunities. Currently, program data sharing is lacking on the single-family programs front, with LMI customers having to source their own utility data (up to 12 months) before projects can move forward. Additionally, stakeholders have limited opportunities to meet with their utility representatives and consumer advocates.

It would be ideal to see an enhanced focus on strategies to align, or at least simplify, differing income guidelines – as shown in the concurrent use of state and area median income for different NYSERDA programs. This creates confusion for customers, and increases administrative barriers for program implementers and stakeholders. Given the Inflation Reduction Act's (IRA) guidance on using area median income (AMI) to determine program eligibility – and how AMI would generally expand eligibility moderate-income households – it would be appropriate to consider a full transition to using

AMI, while preserving relationships and funding opportunities with other state-based agencies that are mandated to use state median income.

In the 1-4 family LMI program, the channels for consumer participation in these programs based on building type and income status are clear. However, for LMI electrification projects, there must be greater clarity on the true feasibility of stacking and braiding. There is a lot of conflicting information on how weatherization and clean heating and cooling programs, i.e. EmPower+ and Clean Heat, can work together (if at all), including how contractors can collaborate to facilitate an electrification project for heat pump-ready homes.

The roles between the utilities and NYSERDA need to be clarified for market-rate weatherization programs. Currently, the NYSERDA Comfort Home Program competes with the utilities' market-rate weatherization programs, which creates market confusion. See the response to question VII for suggestions on how to clarify these roles.

II. Proposed Portfolios

a. Do the proposal(s) sufficiently identify and address barriers to adoption of energy efficiency, including weatherization, and/or building electrification? Describe other approaches and/or program designs, if any, that you believe could better address these barriers.

Focusing on Consolidated Edison's (Con Edison) LMI multi-family proposal, we support the utility's Expanded Portfolio Plan. The Base Portfolio Plan is insufficient in addressing barriers to the increased adoption of energy efficiency and building electrification needed to meet the CLCPA goals. Moreover, the Expanded Portfolio Plan would provide 2.2 million lifetime MMBtu (LMMBtu) more savings from 2026 to 2030 than the Base Portfolio Plan, resulting in 1,000 more electrified and 6,000 more electrification-ready homes or dwelling units. Now is not the time for half measures, and our utilities need to be empowered to deliver these critical incentives at scale. Deeper incentives are needed for critical building envelope and electrification measures, particularly in affordable housing where returns from rents are low and tightly regulated to protect tenants.

One of the biggest barriers to the adoption of energy efficiency, weatherization, and electrification measures in the multifamily market is the inability to have a clear sense of incentive amounts before some degree of energy modeling is done. Con Edison has done much to address this issue already in their Clean Heat program, first by creating the prescriptive Category 2c incentives with a \$/dwelling unit incentive rate, although initially this incentive rate was only available to buildings up to 50 units. Recently, Con Edison expanded the 2c incentives to buildings up to 100 units, and also created a prescriptive DHW Category 6 incentive with a \$/dwelling unit rate. We understand the utility's need to ensure energy savings, hence their favoring of a \$/MMBtu incentive rate, but if they want to increase the uptake of their programs, having all the Clean Heat incentives use a \$/dwelling unit rate would increase the usability of the program and confidence around the incentives. [Because there wouldn't be the need to run some energy modeling – the PSC could allow utilities the flexibility to adjust the incentive amount based the savings data – with appropriate warning before changing incentive]

For all the proposals, the proposed funding and frameworks are too limited and too heavily focused on resource acquisition. As New York moves towards more complex and expensive measures (building retrofits and electrification), program structures need to evolve beyond rebates and traditional marketing. Workforce training will be critical, as will community-based outreach. New York should also consider creating a specific segment of the portfolios for market support. As part of its new Total Systems Benefit (TSB) model, California has broken out ratepayer funded programs into three tranches: resource acquisition, equity, and market support. Market Support programs are intended to drive the long-term success of the energy efficiency market by educating customers, training contractors, building partnerships, or moving beneficial technologies towards greater cost-effectiveness. This bucket is roughly a quarter of the entire portfolio spending. This is how California is creating space for adoption programs such as the “Single Point of Contact” for electrification.

Based on the technical conference presentations, Central Hudson was the only utility to emphasize that outreach and engagement must be enhanced under the strategic framework. Central Hudson emphasized a “Heightened Focus on Marketing, Outreach, and Education” and proposes allocating 6% of its budget to getting more people into programs. While it is commendable that Central Hudson is calling out that need, 6% pales in comparison to the 25% of total spending that is allocated under the California model. As constrained budgets limit individual rebate values, the importance of

identifying, engaging and coaching consumers through their energy transition journeys becomes even more important. The purchase of an LED is a very different consumer journey than home weatherization and electrification.

The clean energy companies are supportive of higher rebate amounts to create a greater incentive for households to adopt home energy efficiency and electrification technologies. Higher rebate amounts will especially benefit LMI households.

Robust contractor participation in programs is an important measure of market transformation. To achieve market transformation, a greater number of contractors need to participate in programs. Currently, contractors face a lot of friction when participating in rebate programs, which creates soft costs for the contractor, consumer, and program. Soft costs include the time contractors spend on administrative work to complete rebate paperwork, and the cash flow impacts as a result of waiting for rebate payments. For example, 40% of rebate submissions in the Clean Heat Program were rejected for being incorrect or incomplete, according to the 2022 annual report,² which results in contractors spending additional resources to ensure they are satisfying the requirements. As a result of these costs, many contractors choose not to participate in programs which diminishes the market transformation potential. By increasing the rebate value, the program can capture these soft costs to reduce friction.

In the 1-4 family programs, measured savings programs can further reduce contractor friction in rebate programs, while also providing additional accountability, consumer protection, and grid reliability benefits. In measured savings programs, rebates are only provided based on the actual energy savings from retrofit projects. In turn, this creates accountability and can enable the robust participation of residential buildings in Virtual Power Plants (VPPs), which will be critical for maintaining grid reliability. In addition, measured savings programs can help drive weatherization and heat pumps in tandem, which reduces the friction associated with having separate programs for weatherization and electrification.

² <https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=%7BE0CC4887-0000-C417-A03D-FD2C60853794%7D>

Furthermore, electrification without energy efficiency and load control can have negative impacts on the grid and for customer's individual energy usage. We recommend that customers have access to education and are properly incentivized to manage this load where possible. For example, utilities can incentivize customers to install smart thermostats alongside heat pumps to lower the cost of electrification to the grid, mitigate demand spikes, and increase customer control over energy usage. All of which are envisioned in the Department's Grid of the Future proceeding.

While efficiency is the focus of these proposals, the utilities should also ensure that devices incentivized through EE funds but provide dual efficiency and demand reduction capabilities should have a streamlined pathway to participating in demand reduction programs. As a best practice, utilities can accomplish this by offering demand-response pre-enrollment for all eligible technologies purchased with utility rebates or incentives. For example, in 2021 Orange & Rockland (O&R) leveraged their online marketplace to offer customers who purchased a smart thermostat with instant enrollment with their Bring Your Own Things (BYOT) program. O&R subsequently saw a 53% year-over-year increase in program growth.

i. For LMI, are barriers and opportunities unique to naturally occurring and regulated LMI and affordable housing articulated? If not, please identify barriers and opportunities that were not addressed in the proposals.

In the NYSEERDA 1-4 family programs, there remains a big element missing in terms of health and safety and treatment of no-heat cases. Despite best efforts, it is challenging to rely fully on wraparound services to fill the gaps – especially in areas where those programs are lacking. It would be good to see NYSEERDA collaborate further with other agencies like Housing and Community Renewal, the Office of Temporary and Disability Assistance (OTDA), U.S. Department of Housing and Urban Development (HUD) and local governments to figure out leverage points for things that aren't currently covered – lead, mold, asbestos, roof repairs, leaks, etc. Grant opportunities for these projects are sparsely and inconsistently distributed in the state – some areas have program opportunities while others are left to cover costs for themselves, contributing a further disadvantage. Greater partnership with these entities can help outline more opportunities for expanding services and coverage.

With no-heat cases, there is a misalignment in terms of state climate goals and program guidelines. The Heating Equipment Repair and Replacement (HERR) program, which is the “first step” for low-income homeowners whose heating system breaks down, only does like-for-like replacements. While the need to prioritize health and safety is important, it is worth noting this disconnect – and the potential for further disadvantage if HERR recipients are still saddled with high costs for oil and gas. Programs in other states, such as Maine and Vermont, could serve as models, where a replacement furnace or boiler could be loaned in the interim until a heat pump installation is feasible.

Programs must consider the timing of system replacements that usually occur during a renovation or when the system fails. The practice of capital planning supported by Flex Tech programs to include energy efficiency envelope upgrades and system electrification should be encouraged in all buildings and incentive programs should allow for uniform applications and simple processes to apply for phased work. NYSERDA’s direct investment programs to HCR and HPD support deep retrofits for affordable buildings undergoing renovation that may provide funds to address health and safety issues that are often barriers to energy upgrades. Funding should be made available to address health and safety barriers to energy efficiency and building electrification upgrades for all affordable buildings.

Other states have programs designed to assist in the replacement of a failed fossil fuel system with clean heat systems by providing “loaner heating mechanisms” while the clean heat or domestic hot water system is planned and installed. In the Bay area of California, Barnett Plumbing received a grant from TECH Clean California to pilot a DHW heater loaner program to provide time to design and install a DHWHP. They provided 147 loaner heaters during the 12-month pilot and are continuing to offer the service building the approximately \$1,000 cost into the overall DHWHP installation cost supported by incentives. The City of Palo Alto and some Regional Community Choice Aggregators are now planning similar programs³.

Furthermore, program facilitators need to be cognizant of the “benefit cliff” that could occur with electrification, and how that could impact eligibility of LMI homeowners/renters for other programs i.e. going all-electric can lead to a reduction in benefits from the Heating Energy Assistance Program (HEAP). Furthermore, program facilitators need to be cognizant of the “benefit cliff” that could occur

³ [1] <https://techcleanca.com/quick-start-grants/2021-quick-start-grant-recipients/barnett-plumbing/>

with electrification, and how that could impact eligibility of LMI homeowners/renters for other programs (i.e. going all-electric can lead to a reduction in HEAP funding).

Greater emphasis on energy education for homeowners and contractors is a must. Homeowners and renters going through these programs with contractors who don't take enough time to go through energy education procedures – i.e. efficiency-first approaches, not explaining important considerations for electrification projects (panel, wiring upgrades) – risk having their projects go poorly. This is especially true for older, more inefficient homes. Furthermore, providing further guidance or requirements for integrating no-risk tune-up and maintenance contracts can build further trust in these programs and extend the lifetime of these systems.

Contractors currently feel that their needs are not being adequately met by the NYSERDA programs, which negatively impacts the program's credibility and complicates efforts to expand the number of participating contractors. This is particularly true regarding pricing – none of the programs pivot enough with the economy to address supply and demand changes, inflation, or other fundamental trends and issues. In addition to fuel and measure pricing, the fact that many of these funding caps have remained constant (and in some cases, decreased) since their inception fosters further distrust as project work scopes become more constrained than in years past. Other commonly cited concerns include challenges in the project submission process and troubles with setting customer expectations. Serving the contractors better means that program participants (homeowners, renters, and landlords) will also be served better.

Further developments in translation and language support for non-English speaking consumers, who make up a large portion of DAC/LMI populations, is a must.

In addition to focusing on LMI households, DPS should ensure that energy efficiency and electrification investments are directed to disadvantaged communities (DAC). This will help to build markets for home energy retrofits in DACs. Market-based strategies for single-family homes such as measured savings programs can be designed to create incentive “adders” for projects located in disadvantaged communities, which can help drive greater adoption of energy efficiency and electrification measures in these areas.

One barrier for regulated affordable housing that is not addressed in the proposals is that properties that do not pay the Systems Benefit Charge (SBC) are unable to access most of the energy efficiency, weatherization, and electrification incentive programs. Much of the public housing in New York City, managed by the New York City Public Housing Authority (NYCHA), does not pay the electric SBC because they receive New York Power Authority (NYPA) electricity. This precludes these properties from accessing almost all of the current incentive programs, despite their significant need for funding critical energy efficiency retrofit projects. The only programs or measures they can access are for oil or gas efficiency measures, which is inadequate if we are trying to decarbonize New York City's existing buildings. NYCHA public housing represents 7.1% of the city's rental apartments, and yet these buildings cannot access funding to decarbonize and electrify their outdated building systems. The identification of funds specifically for non-SBC paying properties will improve the equity of incentive program offerings across the state.

b. How effective are the proposals in outlining strategies for electrifying LMI homes and affordable housing, while mitigating the potential for increased energy burden for lower-income households? Please identify any additional information the Commission should consider maintaining energy affordability when electrifying LMI homes and affordable housing.

We commend NYSERDA's "energy efficiency first" approach which is of fundamental importance for LMI homes and buildings, especially when considering their higher-than-average-ages. It is unacceptable to increase the energy burden of already burdened households. Without rate structure reform, households switching from natural gas to heat pumps are likely to experience higher bills. It would be worthwhile to include direct reference to connecting folks with assistance benefits to provide further support (HEAP, EAP), which can be included as part of the Clean Energy Hubs framework. We reiterate prior comments in response to Question 2.a.i about health and safety concerns, keeping energy education a core part of the process. The mitigation of this potential impact should be front and center in any approach to electrifying LMI homes. We suggest that a primary focus for these households be on efficiency, and health and safety improvements.

Program Administrators should ensure LMI and DAC communities have access to education on managing newly electrified loads, especially targeted education for disadvantaged communities and

fuel-switching households. It is critical that electrification does not cause a significant energy bill increase for any homeowner, especially in disadvantaged communities or households that are fuel switching. As customers install new equipment, they should also understand ways to manage the newly created load - for example, by pairing smart thermostats with every heat pump installed. In addition to their proposed marketing channels, the utilities can also consider outreach campaigns on electrification via partnering with community organizations. We recommend that this education primarily focuses on the benefits of electrification and how to maximize energy savings.

We support partial electrification and electrical infrastructure upgrades for LMI residences. Focusing again on Con Edison's LMI proposal, it is critical that the PSC continue to support the utility's incentives for partial electrification measures, i.e., supplemental, and phased space heating/cooling and domestic hot water systems. We appreciate Con Edison's recognition that partial electrification is often the most cost-effective approach for existing affordable housing properties, and that this approach can deliver significant energy savings and emission reductions. Recognizing that total electrification is the goal, we should be reducing energy usage as much as possible and making incremental steps towards electrification. When full electrification isn't possible, we support a staged and phased in approach. We don't want affordable housing to have to choose the cheapest and least efficient heating and hot water systems due to budget constraints.

An additional point that will be necessary to address to maintain and increase the affordability of electrification in LMI buildings is the need for electrical infrastructure upgrades. We urge the PSC to support Con Edison in the development of a new program to provide incentives for electrical infrastructure upgrades required for building electrification. Electrifying space and/or water heating in older buildings often necessitates upgrading behind-the-meter electrical infrastructure to meet increased electric load demand. The cost of behind-the-meter electrical upgrades can be prohibitively high and poses a major barrier to widespread building electrification. We can't allow the cost of electrical upgrades to derail the state's efforts to achieve two million electrified or electrification-ready homes by 2030. Creating incentives to drive down the cost of behind-the-meter electrical upgrades will help make electrification feasible for many buildings where it would otherwise be impossible.

There are additional behind-the-meter challenges. There is a need for cross-electrification training across the industry. And there are currently supply issues, especially involving the need for

transformers. Most multifamily projects require local grid upgrades by the utility and the lack of transformers can cause delays of around 9-12 months. Contractors are upgrading building electricity but are unable to get transformers to turn on the electricity.

c. Within the budget guidelines indicated by the Order Directing Proposals, do the proposals reflect an appropriate budget and resource allocation among program areas? If not, how should resources be allocated differently?

We are supportive of the expanded budgets proposed by Orange & Rockland and Con Edison. These expanded budgets will provide greater opportunities to incentivize home energy retrofits, however greater accountability should accompany increased budgets. Measured savings programs are an opportunity to provide additional accountability as rebates are only provided for actual energy savings.

However, we are concerned that, despite higher levels of spending, many of the program administrators are forecasting lower energy savings than today. For example, Orange and Rockland projects that energy savings in 2023 will be far higher than energy savings in 2026-2030 under both the base and expanded portfolio.

New York has rightfully ambitious energy policies such as the CLCPA. However, the DPS and the program administrators have not articulated a coordinated plan for accomplishing these goals. For example, the proposals do not adequately explain how these investments will reduce future expenditures on new energy infrastructure. We therefore encourage the PSC to develop a coordinated strategy for how the proposals align with New York's overall electrification, greenhouse gas, and gas transition goals. For example, Maryland's Public Service Commission released an assessment⁴ of the impacts of building electrification on its electric grid, including how various levels of investment in energy efficiency could impact the amount of new grid capacity needed.

d. Do the proposal(s) demonstrate the ability for utilities and NYSERDA to increase the enrollment of low-income customers for energy efficiency services? If not, what would you recommend? For instance, are there untapped referral opportunities, etc.?

⁴ <https://www.psc.state.md.us/wp-content/uploads/Corrected-MDPSC-Electrification-Study-Report-2.pdf>

We appreciate the Commission's continued support of NYSERDA's FlexTech technical assistance program. The energy audits and electrification feasibility studies incentivized through the program offer a critical lifeline to LMI buildings by providing the basis for energy efficiency improvements. Our members, as FlexTech providers, experience firsthand the impact the FlexTech program has, and we urge the PSC to provide the necessary funding for NYSERDA to continue providing the 75% cost-share for LMI buildings going through the program.

We also appreciate the work the downstate utilities and NYSERDA have done to better align the FlexTech offerings with the requirements of the Affordable Multifamily Energy Efficiency Program (AMEEP). That said, we believe there are untapped referral opportunities in the FlexTech program and further alignment with AMEEP and other efficiency programs could increase the participation of LMI customers in retrofit projects. We suggest that the downstate utilities allow FlexTech audits to replace or meet the requirements for pre-installation inspections. Alternatively, new attachments or documentation could be included in the audits themselves to serve as program applications and pre-qualify properties for participation in incentive programs. These changes would lower the barriers to buildings receiving audits or electrification feasibility studies to actually participate in a retrofit.

Given that the same property may be engaging with multiple entities for incentives on energy efficiency and electrification measures, we urge the PSC and utilities to allow the same energy audit to be used for as many programs as possible, particularly in the pre-inspection phase. This will save time and money for all parties involved. This would likely require all utilities to recognize NYSERDA's Flex Tech audits to be used in place of pre-installation inspections. NYSERDA conducts a rigorous process for providers to be accepted as Flex Tech consultants and has a high level of involvement in the quality and delivery of audits from the program. In most cases, utility acceptance of Flex Tech audits would improve quality of current pre-inspection processes and make it more possible for properties to participate in performance-based programs. Currently, pre-inspections can create a significant hurdle for program participation. For example, many buildings have experienced long waiting periods for inspections. Even without waiting periods, the requirement for pre-inspections creates another step in an already complex and lengthy process. Allowing cross-acceptance of audits will reduce the number of additional inspections and will cut down this waiting period.

It is unclear how effective a shared engagement platform and marketing campaigns will be in engaging low-income customers, given limitations in reliable internet access and information-dense handouts/communications about these opportunities. It is important to include a focus on the use of language “electrification readiness”, and even “energy efficiency” isn’t going to be understandable or of great importance to LMI populations. A report on messaging comprehensive retrofits from the American Council for an Energy-Efficient Economy demonstrates a need to focus on the total costs of upgrading, as well as an emphasis on energy and cost saving benefits⁵

The PSC should consider and value the unique role that utilities can play in identifying and personally engaging with consumers. While additional investment to subsidize the cost of efficiency and electrification improvements is important, barriers such as low customer program awareness and complex, time intensive application processes contribute as much, if not more, to an inequitable clean energy transition. Lower income customers have a higher tendency to move residences than the general population and are less likely to feel confident in their income over the longer term. These factors make it difficult for customers to feel confident making a large investment for which they may not see the benefits. Overcoming these barriers requires tools to educate and engage limited income customers, a historically “hard to reach” population. To complement community-based outreach, New York should leverage digital solutions to overcome these barriers, scale program participation, and provide a positive customer experience.

The identification of customers and their needs is the first step towards greater awareness and engagement with programs by low-income households and disadvantaged communities. Utilities are uniquely positioned to do this at scale. Utilities can also leverage outbound communication (emails, texts, and calls) to drive customers to an online, user-friendly one stop shop (OSS) that can gauge eligibility and populate personalized recommendations. The OSS can be informed by utility data as well as third party data (e.g., parcel data).

Barriers to program participation must be as low as possible for all customer segments, especially LMI households and DACs. The user experience of program participation, including customer service and support, must be at the same if not greater levels for LMI / DAC customers. Too often LMI / DAC

⁵ <https://www.aceee.org/research-report/b2403>

face greater barriers than market rate customers when accessing programs given income eligibility requirements as well as working through programs that do not have competitive market actors competing over their business. Program administrators should be challenged to ensure that market competition and/or other strategies are employed to treat LMI / DAC customers with the high-quality program experience they deserve.

III. Disadvantaged Communities

- a. Do the proposals outline strategies for effectively increasing access to energy efficiency and building electrification programs for disadvantaged communities? If not, please identify strategies that should be considered.**

The proposals need clarity on the principle in Single Family LMI of “deliver[ing] high-quality projects statewide,” and how that will be achieved in light of current barriers – including inflationary fuel and material costs, an inconsistent distribution of contractors across NYS, and more. The feelings of distrust and discontent with these programs are becoming more apparent as the project scopes become more limited (see response to Question 2.i.d) and energy costs grow increasingly burdensome.

Active strategies such as marketing as well as market-based approaches should be deployed to increase access to energy efficiency and electrification programs for disadvantaged communities. Measured savings programs are an example of a market-based strategy that can help reduce friction and ensure incentives are appropriately sized to encourage uptake of home energy retrofits in disadvantaged communities. For example, measured savings programs can be designed to create “adders” for projects located in disadvantaged communities. This approach would direct additional funds into these areas to increase the uptake of home energy retrofits.

IV. Flexibility

- a. Which proposal(s), if any, provide a reasonable structure for providing flexibility to program administrators to shift targets and/or budgets across years while maintaining accountability to appropriately manage their portfolios and ensure acceptable progress**

toward the underlying objectives of the Commission's EE and BE strategic framework?

The proposals outline a significant scale up in spending levels starting in 2026. This scale up will accelerate the adoption of home energy retrofit projects, however abrupt spending increases will be difficult to achieve without steadily ramping up to the increased funding levels. Therefore, DPS should ensure that the program administrators have flexibility to shift 2026 budgets to 2024 and 2025 to begin ramping up to the funding levels needed.

V. Metrics

a. Should the Commission establish the same or different metrics for different program types (e.g., EE programs, BE programs, Weatherization programs, Market Transformation programs), and should those metrics be common across all Program Administrators? Which metric or metrics should be used as a key performance indicator from which target(s) should be established, and why?

i. What are the relative strengths and weaknesses of the specific metrics identified within the proposals? Are there other metrics you would recommend?

ii. How should the success of the LMI portfolio and its individual programs be measured? Are there specific metrics that should be considered to indicate that the programs are improving energy affordability and increasing access to clean energy solutions?

We believe that a carbon emission metric, as well as lifetime MMBTU metric should be developed for all of these programs. We urge the PSC to approve the shift to lifetime MMBTU calculation. When allocating capital expenditures and measuring the success of individual programs, the best measure of the result is the overall energy savings over the life of the investment, not what will come in the first year. In addition, we urge NYSERDA to promulgate a carbon emissions metric and for utilities to adopt the metric as well. MMBTU savings do not always equate to carbon savings for electrification projects, which prevents adequate incentive to accrue to electrification projects. A carbon emissions metric will help direct the industry towards the most impactful solutions that directly address CLCPA

goals. This will expand on the inclusion of comprehensive energy cost reduction figures (not just usage), where possible. In addition, there must be a more hands-on effort to demonstrate benefits for LMI homeowners/renters/landlords, particularly the energy bill savings potential through effective weatherization.

A carbon emissions metric will be a common metric for different programs to create continuity and comparability across all program administrators. While the metrics included in the proposals—such as number of homes reached—are informative and should be collected, the Commission should also establish value-based resource metrics. Additional metrics that should be captured include:

- Equity. Equity metrics should go beyond the number of LMI homes / DAC reached and include workforce elements. For example, equity metrics should include the percentage of projects delivered by diverse contractors participating in the programs and/or the percentage of projects delivered by contractors headquartered in DACs.
- Grid benefits. Grid benefits should be focused on impacts to today's grid as well as tomorrow's grid. For example, weatherization should be valued today based on the reduction of the "shadow peak" that is likely to occur as heating electrification scales. Valuing the future impacts in peak reduction.
- Societal benefits. Energy efficiency and electrification measures have immense home comfort, health, safety, and climate benefits. For example, induction stoves and heat-pump clothes dryers reduce indoor and outdoor air pollution as well as reducing the need for future gas infrastructure investments.
- Market transformation. Market transformation metrics could include the percentage of contractors available in the market that participate in the programs and/or the number of new contractors who joined the program.

We recommend DPS expand the Value of Distributed Energy Resources (VDER) to clearly define how much value is created by different distributed energy resources (DERs). Transforming energy efficiency into a real grid resource will be enabled by expanding VDER⁶, turning billions of ratepayer

⁶ <https://www.canarymedia.com/articles/energy-efficiency/california-sees-success-tying-energy-efficiency-rebates-to-real-results>

dollars that are invested today in estimated energy reductions into a measured, reliable resource that can displace significant amounts of traditional energy spending. VDER can incorporate:

- The discounted lifetime energy value of measures, including the avoidance of future infrastructure investments otherwise needed to meet CLCPA goals.
- The carbon benefits of measures.
- The indoor and outdoor air pollution benefits of measures.

VI. Cost Recovery

a. Is it beneficial to adopt a consistent cost recovery method across all program administrators? Why or why not?

It is beneficial to adopt a consistent cost recovery method across all program administrators to create uniformity and consistency in program design leading to greater market impact for uniformity and scalability, customers get a more consistent message.

b. Is one proposed approach for cost recovery preferable to the other proposed approaches? Please explain why this approach is preferable.

Cost recovery should be based on the useful life of energy efficiency and electrification measures, if not longer. It's critical that increased investments in energy efficiency and electrification don't create near-term rate pressures. Electrification, in particular, will have lasting system impacts that need to be captured. Recovering costs based on the useful lifetime helps to spread out costs. In addition, it will create accountability for ongoing performance of measures.

VII. Leveraging Federal or Other Funds

a. Do the proposals demonstrate how ratepayer funded programs will coordinate with/benefit from federal or other funding sources? If not, what would you propose?

The means of braiding IRA funds are not entirely clear yet, which is reflective of the current (and understandable) lack of clarity in the direction of IRA programs. That being said, there is a need to more clearly outline how LMI customers will be served with these funds in an equitable and accessible fashion, and how this will help foster more long-term, comprehensive funding opportunities. Stakeholders and consumers alike don't want a repeat of "limited time" programs where this funding is only available for a short period, as this fosters a sense of instability in the energy transition and creates distrust and resentment among those who "miss out". There also must be honesty and transparency about what can be covered, vs. what can't.

We recommend that the Inflation Reduction Act Home Energy Rebate funding be blended into existing NYSERDA's Programs. The integration of the IRA funding into NYSERDA's program will allow these/this program to expand and provide more upgrades to more NYers. Any action should allow for greater stackable of the existing utilities' weatherization programs to further incentivize home energy upgrades and clarify the role between NYSERDA and the utilities.

We recommend that NYSERDA adopt a measured and modeled approach for the Home Efficiency Rebate Program. We recommend that the IRA rebate funding be blended into NYSERDA's existing rebate programs. The Home Efficiency Rebate (HER) program funds should be funneled into a renewed version of the Multifamily Performance Program (MPP) program as these two programs are aligned in their structure of performance-based incentives. Since the MPP is closed to new applications, we recommend that the PSC allow NYSERDA to reopen and restructure the program to serve the HER program. A restructuring of the MPP program requirements to align with the HER program is the most logical way to incorporate these funds into the existing NYSERDA rebate program structure. We suggest that NYSERDA allow for both a modeled and measured energy savings approach for the HER program. This will allow flexibility for different market sectors to pick the approach that works best for them and their projects. The Home Electrification and Appliance Rebates (HEAR) should be funneled into the Low Carbon Pathways (LCP) program. While these two programs have slightly different incentive rate types, they incentivize similar measures, and LCP could easily be adjusted to fit the \$/wadget incentives of the HEAR program. We recognize that post 2025, LCP will necessarily be split out into 2 programs, but we still think funneling the HEAR funds into LCP is the best way to incorporate these new funds.

VIII. Company Specific Proposals

- a. Central Hudson - Should the proposal for \$5.9 million additional/continuity funding from Central Hudson for their NYS Clean Heat Program through 2025 be approved, rejected, or modified?**

The proposal should be approved to ensure that the Clean Heat Program can continue through the end of 2025. However, Central Hudson should be given the ability to use the funding flexibly, including a creating measured savings pilot program to drive heat pumps and weatherization in tandem.

IX. Additional comments on collective or individual proposals.

- a. Provide any other comments not covered in the sections above.**

Clean Energy Hubs

The Clean Energy Hubs are a successful leverage point, and are mentioned frequently throughout the proposals as such, but expanded resources and funding are necessary to ensure this initiative can continue to support LMI/DACs. The NE:NY portfolio outlines funding up until 2030, whereas the Hubs are currently only funded until 2026. The Clean Energy Hubs are financed through the Clean Energy Fund (CEF). The CEF spending priorities should include modifications made early on to allow for continued organizational and staff planning to avoid a gap in the marketplace.

Incentive Progress Payments

The PSC should allow NYSERDA and utilities to expand incentive progress payments across the portfolio of rebate programs. Incentive progress payments made at certain points throughout the construction process will greatly improve the accessibility of these rebate programs. We have seen that the progress payments in AMEEP have been critically helpful to retrofit projects, especially in affordable housing, that would otherwise struggle to cover the full cost of construction. AMEEP

allows for 40% of the total incentive amount to be paid out when 60% of the measures in the scope of work have been completed. This is a workable framework for progress payments, but NYSERDA and the utilities could also opt to have the partial payments tied to the installation of specific measures. Without progress payments, projects are forced to seek out expensive bridge financing to carry them through construction until the full incentive is paid out. Moreover, because of the complexities of affordable housing financing, incentives that are paid out post-construction can cause difficulties for owners, who have already paid for the project and now have to justify this infusion of cash from the incentives. Expanding thoughtful and well-designed incentive progress payments would make a significant difference in the usefulness of the rebate programs to energy efficiency projects across the state.

Energy Usage Data

Access to energy usage data is becoming increasingly important, especially as the IRA Home Efficiency Rebates Program requires it for both the modeled and measured pathways. Fortunately, New York has made many of the foundational investments to increase access to energy usage data. Notably, New York's Integrate Energy Data Resource (IEDR) Program⁷ is working to create a statewide platform to access energy Integrate Energy Data Resource (IEDR) Program data and information for New York's utilities. DPS should leverage IEDR to increase energy usage data access. While initiatives like IEDR will greatly increase access to energy data, New York should allow the flexibility to leverage multiple pathways for gathering energy data, including through third-party tools like Arcadia.

Online Marketplaces

The historic intent of Utility Online Marketplace is to fill a gap in the market left by retail suppliers who do not provide adequate options for customers seeking to purchase energy efficient measures for

⁷ https://docs.google.com/spreadsheets/d/1pTTiAjKNA72E-163yDBwh05rnm6-hF4tnKv_UkSA16k/edit#gid=1146858111

their home. In recent years, some retailers have begun to offer energy efficiency products; however, rising prices of efficient measures combined with utility rebates not always being applied at the point-of-sale, result in a gap that can be filled by Utility Online Marketplaces.

Furthermore, the new version of Marketplaces – Marketplaces 2.0 – is positioned to support a customer’s journey to deeper efficiency and electrification measures. The Marketplace has evolved from a fulfillment engine to a Marketplace 2.0 platform where customers can educate themselves on measures and easily begin the process of installing these strategic measures in their homes. As the measures customers adopt become larger, more costly, and generally more difficult to install, customers will require more education. Marketplaces 2.0 are structured to guide the customer through a comprehensive buying journey, providing educational resources to describe uses and applications of strategic measures, give customers confidence in measure performance and energy savings, and provide an easy pathway to implementing them. In particular, the transition proposed in these BE/EE plans to deeper electrification measures introduces a need for more utility tools that support customers with critical decision-making information, including:

- Targeted engagement to inform customers on measures that are appropriate for their home.
- The costs and cost savings created from each measure.
- A streamlined process to access and install the measure.

This information, provided through an Online Marketplace, will increase customer confidence and trust in utility programs.

An additional benefit of the new Marketplace 2.0 is an enhanced capability to track and manage the deployment of technologies including the type, size, and location of DERs which will have growing impacts on the grid particularly at the distribution system level. In particular, the Commission’s new contemplation of the Grid of the Future in Case 24-E-0165 highlights the future importance of grid intelligence and the ability to have controllable, flexible load. Knowledge of which customer has installed what measure will not only enable better load forecasting at the system and distribution level but will also facilitate the enrollment of customers into load management programs either during the purchase and installation process, or subsequently when the relevant programs become available. A Marketplace 2.0 platform will enable this precise customer identification and load management,

whether pre- or post-enrollment. This capability ultimately leads to cost savings for the utility and ratepayers.

IV. Conclusion

We appreciate the Commission's consideration of these comments. ACE NY and United look forward to continuing to work with NYSERDA, the utilities and the Commission on the implementation of energy efficiency measures to meet the state's clean energy needs in the coming years.