STATE OF NEW YORK

8586

2017-2018 Regular Sessions

IN ASSEMBLY

July 10, 2017

Introduced by M. of A. PAULIN -- read once and referred to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the public service law, in relation to the state's electric system energy efficiency framework

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Short title. This act shall be known and may be cited as the "New York Electric Efficiency Jobs Act".

§ 2. Legislative findings and intent. The legislature hereby finds and determines:

1. New York has long held a leadership role among the states in achieving efficiency savings in its electricity sector. Yet, its current electric energy efficiency achievements are inadequate to generate the amount of savings necessary to achieve the state's clean energy and climate goals in as cost-effective a manner as possible, to reduce the cost of energy for the state's energy customers. New York's most recent state energy plan calls for the achievement of several goals by 2030, including a twenty-three percent decrease in energy consumption from buildings, fifty percent renewable energy supply, and forty percent reduction of greenhouse gas emissions from 1990 levels. If New York does not significantly increase the amount of savings it achieves through electric energy efficiency, reaching these goals will be significantly more difficult, if not impossible. As the Public Service Commission has recognized, energy efficiency "is the cheapest and most effective manner to reduce carbon emissions in the energy sector." It also reduces overall capacity charges and helps avoid the need for costly utility infrastructure upgrades. In other words, New York's current underinvestment in energy efficiency results in higher utility bills for New Yorkers than is necessary. Public utilities and other market participants have not been given the market signals necessary to aggressively reduce energy usage.

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

LBD13281-01-7

2. Energy efficiency investment creates clean energy jobs, as evidenced by the 2017 United States Energy and Employment Report published by the United States Department of Energy, which shows that New York's energy efficiency market has generated 110,582 energy efficiency jobs across the state. The number represents 5.1 percent of all energy efficiency jobs nationwide. Most energy efficiency jobs in New York state are found in energy star and efficient lighting firms, followed by high efficiency heating, ventilation, and air conditioning services.

3. Demonstrating leadership with respect to energy efficiency will drive even greater clean energy job growth in the state, helping to reverse recent trends of workforce reductions seen in many of New York's communities, and increase the competitiveness of the state, by not only increasing job opportunities for electricians, engineers and contractors, but also reducing the overall energy costs in the state, bringing down the cost of living and the cost of doing business and generating economic activity across the state. The United States economy has grown significantly since 2007, even while electricity consumption has been flat, in large part attributable to energy efficiency gains. According to Bloomberg New Energy Finance, "the key policy story of the past decade has been the uptake of EERS (Energy Efficiency Resource Standards) in the U.S. state targets," leading to increased investment in efficiency and job growth.

4. Cost-effective energy efficiency investment directly results in lower electricity use and lower electricity bills, and also reduces total statewide energy demand, peak demand, and distribution system investment needs. Thus, a well-deployed energy efficiency program will provide worthwhile benefits to both the individual bill payers participating in it and collectively to all bill payers.

5. Under the current system, New York is achieving significantly lower amounts of annual incremental savings through energy efficiency than the amounts being achieved in other states. The American Council for an Energy-Efficient Economy estimates that New York achieved only approximately 1.05 percent annual incremental savings in 2015, as compared to annual incremental savings of 2.91 percent in Rhode Island, 2.74 percent in Massachusetts, 2.01 percent in Vermont, and 1.95 percent in California (which recently set a goal of four percent annual incremental savings). The Clean Energy Standard Order issued by the Public Service Commission on August 1, 2016, estimated the amount of new incremental renewable energy required to meet its fifty percent renewable energy supply target by assuming 1.4 percent annual incremental savings through energy efficiency. Should the state continue on its current trajectory and thus fail to achieve the Clean Energy Standard's assumed level of savings, far more renewable energy will be required to meet the state's 2030 goal than the amount currently being planned for. In other words, the state is falling behind the trajectory of combined energy efficiency and renewable energy needed to achieve the 50 by '30 target, which may become difficult or impossible to achieve, or significantly more costly, if the state's energy efficiency framework is not adjusted soon. New York has the ability to achieve its laudable State Energy Plan goals, but only if the current energy efficient framework is redesigned to capture more of the state's energy efficiency potential.

6. The Public Service Commission has expressed conviction regarding the vital importance of energy efficiency in its "Reforming the Energy Vision" (REV) proceeding and has taken steps to advance energy efficiency through the work of the Clean Energy Advisory Council. However, more

is needed. REV does not yet have any mechanism to fund energy efficiency procurement or catalyze the private sector to invest significant capital in energy saving measures. Effective and appropriate economic signals have not been provided consistently to all the utilities or to other parties to pursue all cost-effective efficiency measures.

7. It is imperative that New York provide leadership to the nation on energy efficiency, not only to protect New Yorkers and lower electricity bills, but to respond to the serious threatened rollback of bedrock energy efficiency programs at the federal level, including the Home Energy Assistance Program, the Weatherization Assistance Program, and energy star. This leadership will provide critical assistance to low-income customers and providers of affordable housing while also enabling energy management solutions for all types of customers and providing a broad range of benefits to all income levels.

8. Accordingly, the overlying intent of this act is to provide a clear regulatory framework for energy efficiency to better serve the constituency of New York state and as a model for other states. This legislation will help invigorate the market for energy investments foreseen by REV, incent significantly greater amounts of private capital to be invested in energy efficiency, thereby supporting job growth, increasing electric grid efficiency, reducing emissions, and lowering customers' bills.

§ 3. The public service law is amended by adding a new section 66-o to read as follows:

§ 66-o. New York energy efficiency development program. 1. For purposes of this section "cost-effective" shall mean generating benefits that outweigh cost, including, but not limited to, generating more in electricity cost savings and other benefits than costs over a specified period of time, as determined by the commission.

2. Notwithstanding any other provision of law to the contrary, including, but not limited to, any order, rule or regulation promulgated pursuant to this chapter, the public authorities law, and/or the state administrative procedure act, the commission, in consultation with the New York state energy research and development authority, shall adopt a program within one hundred twenty days of the effective date of this section. The program shall:

(a) Establish a robust annual incremental minimum savings mandate for each utility for the years two thousand eighteen to two thousand twenty-one that provides for annual incremental increases in energy savings of at least 0.4 percent of total electricity load served by that utility until at least two percent minimum annual savings is achieved;

(b) Study, identify, and establish appropriate long-term annual, biennial, or triennial incremental targets that achieve all cost-effective electric energy efficiency savings levels for each utility for the years two thousand twenty-two to two thousand thirty, which shall be updated every three years to allow for necessary adjustments in such targets; and

(c) Provide a clear and consistent funding framework for electric energy efficiency that applies to all the state's utilities and allows them to: make investments in electric energy efficiency as a system resource; earn incentives for significant savings achievements, as prescribed in the commission's order adopting a ratemaking and utility revenue model policy framework dated May nineteenth, two thousand sixteen; and, catalyze private market investment in electric energy efficiency. The funding framework must allow utilities to recover the costs of meeting the minimum mandates set forth in paragraph (a) of this subdivision.

§ 4. Severability clause. If any provision of this act is, for any reason, declared unconstitutional or invalid, in whole or in part, by any court of competent jurisdiction, such portion shall be deemed severable, and such unconstitutionality or invalidity shall not affect the validity of the remaining provisions of this act, which remaining provisions shall continue in full force and effect.

§ 5. This act shall take effect immediately.