



## Moving New York Forward on Energy Efficiency in 2018

**Goals:** Harness the market for energy efficiency to create jobs while implementing Governor Cuomo's *Reforming the Energy Vision (REV)* and his commitment to energy efficiency in the 2018 State of the State Address. Accelerate the achievement of the Mission Outcomes of NYSERDA's Strategic Outlook (2018-2021): *Toward a Clean Energy Future* and realize the full potential of energy efficiency for all New Yorkers.

**Recommendations:** We the undersigned support these Goals and pledge to work with the Governor's Office, the Public Service Commission (PSC), NYSERDA and the utilities to help New York:

- 1) Set aggressive but realistic targets for energy efficiency achievements by 2025 that include robust fuel neutral Clean Energy Fund programs and a strong utility mandate to ramp up electric energy efficiency achievements to 3 percent per year, which is equal to or better than other leading states;
- 2) Expand successful pilot programs and launch new entrepreneurship and workforce development and vocational school initiatives for energy efficiency technicians and contractors with Clean Energy Fund, New York Green Bank funds and private sector resources to spur business growth and local job creation;
- 3) Streamline and improve existing energy efficiency initiatives in New York to achieve better results by compensating energy efficiency for the full value to consumers, the grid and the environment;
- 4) Continue consumer incentives and reform contractor support programs to help achieve the 3 percent goal and address remaining market barriers through 2025; and
- 5) Support a collaborative relationship between NYSERDA and New York utilities that facilitates consistency of initiatives and evaluation measures across the state.

Acquiring energy efficiency through public and private collaborative initiatives is a critical component of achieving the proposed energy policy targets and should include recognition of the full range of social and prospective benefits that energy efficiency can provide to New York consumers while meeting New York's public policy goals. Important benefits range from climate action to reducing energy costs to promoting economic development and protecting the health of our citizens.

### **New York's Energy Efficiency Job Potential**

New York's 110,000 energy efficiency-related jobs are part of a 1.9 million energy efficiency workforce nationwide – the fastest growing and largest sector of the U.S. clean energy economy. While this number is impressive, New York can do better. The U.S. Dept. of Energy calculates that there are 6.7 energy efficiency jobs per each 1,000 persons in the United States. New York's average of 5.6 energy efficiency jobs per 1,000 people falls below the national average. New York could easily equal or surpass Massachusetts' energy efficiency employment levels (7.9 per 1,000 people, No. 2 in the U.S.), and thereby create 122,000 additional energy efficiency jobs across the state.

New York is up to this job creation challenge, and the energy efficiency industry in New York is willing and able to help move the state's energy efficiency agenda forward while creating more jobs and businesses.

### **New York's Opportunity to be a National Leader in Energy Efficiency**

Governor Cuomo's commitment to launch a comprehensive and far-reaching energy efficiency initiative and a new 2025 energy efficiency target by Earth Day, April 22, 2018 is the right kind of leadership at the right time. Setting new goals will galvanize action and support for aggressively utilizing the many economic development tools that New York now has its disposal including: the New York Clean Energy Fund, the New York Green Bank, a consolidated Workforce Development Office and the Regional Economic Development Councils. These exciting initiatives will build upon the ongoing leadership and efforts of NYSERDA and the state's utilities for energy efficiency. A new goal of reaching a 3% per year reduction in electric energy use in the state is a strong and reachable target. A new target should also be set that includes all energy use regardless of fuel type and with inclusion of all building sectors.

### **Strong Role for Utilities**

The Governor should establish an energy consumption baseline for 2017 and set an ambitious mandate for utilities, who can procure energy efficiency quickly and at scale. Utilities can directly engage customers with energy efficiency opportunities and work directly with New York's strong network of energy efficiency contractors and other companies. Utilities should be incentivized and rewarded for meeting ambitious targets through the performance and outcome-based metrics envisioned by REV. In this process, energy efficiency should be fully valued as a resource. The PSC and the utilities should include consideration of the principles of the new National Standard Practice Manual in future updates of Benefit-Cost Analysis Handbooks. All these steps will send a strong market signal to New York's energy efficiency businesses.

### **New York's Promising and Successful Pilot Project Approach**

In a February 2015 Order, *Adopting Regulatory Policy Framework and Implementation Plan*, the New York Public Service Commission (NY PSC) directed the six large investor owned electric utilities to develop and file demonstration projects, consistent with the energy efficiency and cost effectiveness guidelines adopted by the Order. Launched in July 1, 2015, these

demonstration projects were intended to demonstrate the potential of various aspects of the Reforming the Energy Vision (REV). NYSERDA has since established REV Connect to help match businesses with proposals for new pilots with the utilities, fostering ongoing collaboration between the private sector and the utilities.

Many elements of the demonstration projects have shown promise or delivered impressive results but could be improved with more attention to energy efficiency savings. The energy efficiency industry is ready to work closely with the NYSERDA, the NY PSC and the utilities to increase participation and ensure that the REV demonstration program includes more emphasis on energy efficiency while scaling up the most successful and promising aspects of these pilots.

### **Supporting New York's Energy Efficiency Entrepreneurs**

We propose drawing on existing resources from the Clean Energy Fund, utilities, New York Green Bank, federal agencies, non-profit foundations and other funding sources to promote energy efficiency entrepreneurship and workforce development. New York's home performance businesses and energy efficiency entrepreneurs are uniquely situated to leverage both public and private sector resources to support business creation and expansion that will drive the growth of the energy efficiency industry in New York. These initiatives should be designed to help existing home performance contractors expand their businesses and support mentoring for new contractors and entrepreneurs that enter the energy efficiency marketplace across the state.

### **Capitalizing on New York's Workforce Assets and Housing Stock Opportunities**

The US Census Bureau estimates that there were 8.2 million housing units in New York at the end of 2016. We know that approximately one-third of New York's existing housing stock is over 25 years old and another one-third of units are over 45 years old. This means that nearly two-thirds of existing New York homes pre-date modern energy codes. This older housing stock and Governor Cuomo's energy efficiency target will increase demand from utilities and consumers for residential and multifamily energy efficiency retrofits, representing a major opportunity for New York's existing and new energy efficiency companies to develop and ultimately build an industry of workers in each community of the state with the skill sets to upgrade the overall performance of these homes while improving the health and safety conditions for occupants.

New York is also home to the nationally recognized Building Performance Institute (BPI), a national standard setting and credentialing organization that certifies technicians to ensure quality workmanship in the home performance industry. New York should take advantage of this asset and build upon widely recognized best practices in marketing, sales, financing and aggregation of energy savings from New York and around the nation.

### **Streamlining Programs That Overcome Market Barriers**

New York should continue to incorporate customer and contractor direct incentives into its energy efficiency programs through 2025 while streamlining and improving reporting requirements. This will help achieve the 3% per year reduction in electric energy use goal while at the same time expand the infrastructure of trained and credentialed energy efficiency technicians during the market transition process to overcome persistent market barriers, particularly in the residential sector. Some of these market barriers include lack of consumer awareness of energy efficiency benefits, split incentives in multi-family buildings, short-term occupancy projections, interaction between energy-using technologies and capital investment constraints.

Respectfully signed,

*Alliance for Clean Energy New York  
Association for Energy Affordability  
Building Performance Institute (BPI)  
Building Performance Contractors Association of New York State  
Dick Kornbluth, LLC  
E4TheFuture  
Efficiency First  
Home Performance Coalition  
Performance Systems Development  
True Energy Solutions*