

December 5, 2011

Jaclyn Brillling
Secretary
Public Service Commission
3 Empire State Plaza
Albany, NY 12223-1350

Re: Case 07-M-0548

Dear Secretary Brillling:

The National Association of Energy Service Companies (NAESCO) appreciates the opportunity to submit these comments in the above-referenced matter. We strongly support the November 23, 2011, “MOTION FOR CLARIFICATION AND PETITION FOR REHEARING BY THE PACE ENERGY AND CLIMATE CENTER AND THE NATURAL RESOURCES DEFENSE COUNCIL.”

NAESCO urges the Commission to replace the current EM&V protocols of evaluating individual measure cost effectiveness with protocols that evaluate project and program cost-effectiveness. The individual measure evaluation protocols are wasteful of program resources and fail to adequately recognize the overall economic benefits to the customer of a comprehensive set of measures implemented in EE projects and the value of a continuous improvement cycle created by installation of multiple efficiency measures.

NAESCO member ESCOs typically deliver comprehensive, multi-technology projects to their customers. In those projects, the isolation of the savings due to a particular measure in a particular project is difficult, and often not worth the effort, because the customer is not buying individual measures but rather is buying a package of measures designed to create maximum savings and best overall value. NAESCO member companies have seen numerous examples of the application of measure-based EM&V (*e.g.*, disallowing the retrofit of a two lamp fixture at the front of a row of four-lamp fixtures in a classroom because the two-lamp fixture is often turned off to enhance AV presentations) that fail to provide program administrators with the aggregated data that is most useful in measuring overall program success and in fine-tuning program design going forward. Moreover, in many instances, measure based EM & V only serves to focus all stakeholders on the wrong metrics for measurement of project and program performance thereby aggravating and upsetting customers as well as providing ammunition for intractable controversies among stakeholders about net-to-gross savings issues. We respectfully suggest that it would be better to use valuable program EM&V resources (dollars and expert consultants) to provide a continuous improvement cycle feedback system to program administrators rather than to haggle about individual measure savings values. Furthermore, as evidenced by the recent NYISO comments about enhancing the

reliability of EEPS program savings projections, there is a lot of work to be done on the macro level of EM&V, which is more critical to the future role of EE than continuous fine-tuning of individual measure savings.

NAESCO therefore urges the commission to grant PACE and NRDC's Motion for Clarification and Petition for Rehearing at its earliest convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald Gilligan", with a long horizontal flourish extending to the right.

Donald Gilligan
President

NAESCO Background

NAESCO is a national trade association whose mission is to promote efficiency as the first priority in a portfolio of economic and environmentally sustainable energy resources and to encourage customers and public officials to think energy efficiency first when they are making energy resource procurement or energy policy choices. NAESCO numbers among its members some of the world's leading energy services companies, including: AECOM Energy, Ameresco, Burns & McDonnell, CCI Group, CM3 Building Solutions, Chevron Energy Solutions, Clark Energy Group, Clear Energy Contracting, Comfort Systems USA Energy Services, ConEdison *Solutions*, Constellation New Energy, Control Technologies and Solutions, Eaton Corporation, Energy Solutions Professionals, Energy Systems Group, Excel Energy, FPL Energy Services and Next Era Energy Services, Green Campus Partners, Hess Corporation, Honeywell, Johnson Controls, McClure Energy, NORESO, NXEGEN, Onsite Energy, Pepco Energy Services, Schneider Electric, Siemens Industry, Synergy Companies, Trane, UCONS, and Wendel Energy Services. Its members also include many of the largest utilities in the United States: Duke Energy, the New York Power Authority, Pacific Gas & Electric, and Southern California Edison.

NAESCO member companies have delivered hundreds of millions dollars worth of energy efficiency (EE), demand response (DR), renewable energy (RE) and distributed generation (DG) projects to thousands of New York residential commercial, institutional during the past twenty years. Our projects have produced thousands of jobs in the construction industry.