STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 14-M-0094 - Proceeding on Motion of the Commission to Consider a Clean Energy Fund.

CASE 18-M-0084 – In the Matter of a Comprehensive Energy Efficiency Initiative.

CASE 25-M-0248 - In the Matter of the 2026-2030 Non-Low- to Moderate-Income Energy Efficiency and Building Electrification Portfolios.

ORDER AUTHORIZING NON-LOW- TO MODERATE-INCOME ENERGY EFFICIENCY AND BUILDING ELECTRIFICATION PORTFOLIOS FOR 2026-2030

Issued and Effective: May 15, 2025

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STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held in the City of Albany on May 15, 2025

COMMISSIONERS PRESENT:

Rory M. Christian, Chair
James S. Alesi
David J. Valesky
John B. Maggiore, dissenting
Uchenna S. Bright
Denise M. Sheehan
Radina R. Valova

CASE 14-M-0094 - Proceeding on Motion of the Commission to Consider a Clean Energy Fund.

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(Issued and Effective May 15, 2025)

BY THE COMMISSION:

INTRODUCTION

On July 20, 2023, the Public Service Commission (Commission) issued the Order Directing Energy Efficiency and Building Electrification Proposals.[1] The Order Directing Proposals sought filings by the New York State Energy Research

[1] Case 14-M-0094 et al., Order Directing Energy Efficiency and Building Electrification Proposals (issued July 20, 2023) (Order Directing Proposals).

and Development Authority (NYSERDA) and the major investor-owned utilities (Utilities), also referred to as Program Administrators (PAs), for individual budget-bounded Low- to Moderate-Income (LMI) and Non-LMI energy efficiency and building electrification (EE/BE) portfolios for the 2026 through 2030 period (2026-2023), consistent with the guidance set forth in the Order.[2]

This Order approves, with modifications, the proposals by the PAs and authorizes budgets for the Non-LMI EE/BE portfolios for the 2026-2030 period, and directs the Utilities to file proposals laying out plans to implement regional upstate and downstate residential weatherization programs for Commission approval.[3] Further, this Order authorizes continuity funding through 2025 for Central Hudson and KEDLI, adopts a surcharge mechanism for cost recovery of the Utilities' 2026-2030 portfolio budgets, continues a surcharge mechanism, with modification, for cost recovery for NYSERDA's 2026-2030 portfolio, and addresses details with regard to processes, procedures, and general administration of the Utility- and NYSERDA-administered Non-LMI EE/BE portfolios.

BACKGROUND

[2] The Utilities include Central Hudson Gas & Electric Corporation (Central Hudson), Consolidated Edison Company of New York, Inc. (Con Edison), KeySpan Gas East Corporation d/b/a National Grid (KEDLI), The Brooklyn Union Gas Company d/b/a National Grid NY(KEDNY), National Fuel Gas Distribution Corporation (NFG), New York State Electric & Gas Corporation (NYSEG), Niagara Mohawk Power Corporation d/b/a National Grid (NMPC), Orange and Rockland Utilities, Inc. (O&R), and Rochester Gas and Electric Corporation (RG&E).

[3] The LMI proposals are being addressed in a separate order, referred to herein as the LMI EE/BE Order, which is being issued contemporaneously.

On September 15, 2022, the Commission issued the Order Initiating the New Efficiency: New York Interim Review and Clean Energy Fund Review, which commenced the review of a number of ratepayer funded clean energy programs in a sequenced manner.[4] In particular, the Order Initiating NE:NY/CEF Review directed that the review should focus first on two areas of programs, grouped together because of their interrelated content: 1) the Statewide LMI Portfolio; and 2) the Non-LMI EE/BE portfolios administered by the Utilities under New Efficiency: New York (NE:NY), and the Non-LMI EE/BE components of NYSERDA's Market Development portfolio.[5] As required by the Commission, on December 20, 2022, Department of Public Service (DPS) Staff filed its Energy Efficiency and Building Electrification Report (Staff EE/BE Report) assessing the performance of the Utilities' and NYSERDA's EE/BE portfolios and outlining some initial considerations for the future direction of the portfolios.[6]

Order Directing Proposals

Informed by the Staff EE/BE Report and public comments filed in response, the Commission issued the Order Directing Proposals, which provided policy guidance and established a transparent upper budget limit for purposes of the PAs' EE/BE proposals for the 2026-2030 period. The Commission also directed the PAs to file, among other things, individual budget-bounded Non-LMI proposals. The PAs filed their proposals on November 1 and 2, 2023. In response to a request from DPS Staff

[4] Case 14-M-0094 et al., Order Initiating the New Efficiency: New York Interim Review and Clean Energy Fund Review (issued September 15, 2022) (Order Initiating NE:NY/CEF Review).

[5] Order Initiating NE:NY/CEF Review, p. 12.

[6] Case 14-M-0094 et al., Department of Public Service Staff Energy Efficiency and Building Electrification Report (filed December 20, 2022).

for clarifications and additional information,[7] the PAs filed supplements to their proposals between January 12 and 25, 2024.

To examine the proposed LMI and Non-LMI portfolios to be administered downstate, a technical conference was held in New York City on February 2, 2024. A technical conference was also held in Albany on February 8, 2024, regarding the proposed LMI and Non-LMI portfolios to be administered upstate.

The Order Directing Proposals set forth parameters for the EE/BE portfolios for 2026-2030 intended to improve program delivery and coordination between the PAs, increase the provision of benefits to Disadvantaged Communities and LMI customers, and drive the evolution of the portfolios to help meet current market needs and New York State laws and policy objectives. The Commission indicated that this evolution must include a transition away from incentives for lighting, home energy reports, appliance rebates, and gas combustion equipment, and towards deeper building envelope improvements and building electrification. The requirements established by the Commission for the PAs' Non-LMI proposals are outlined below.

1. NYSERDA and Utility Roles

In the Order Directing Proposals, the Commission endorsed a collaborative model for the 2026-2030 EE/BE portfolios in which NYSERDA and the Utilities have differentiated roles and responsibilities but work in tandem to achieve the State's policy goals. The Commission underscored the importance of assigning clear, coordinated roles to NYSERDA and the Utilities to eliminate redundancy and confusion in the marketplace and leverage their relative strengths as PAs.

[7] Cases 14-M-0094 et al., Department of Public Service Staff EE-BE Proposal Supplemental Information Request (filed December 14, 2023).

With regard to the Non-LMI portfolio, the Commission determined that NYSERDA should serve as a single statewide PA in the areas of: (1) workforce development; (2) codes and standards; (3) technical assistance/audits; (4) purposeful demonstration pilots; and (5) general consumer awareness and education. The Commission directed NYSERDA to address these five program areas in its proposal and to engage with the Utilities and other agencies, organizations, and market actors to ensure that activities in these areas are aligned and that ratepayer dollars are allocated as effectively as possible.

The Commission determined that the Utilities should continue to be the primary administrators of end-user incentive programs for the Non-LMI market segment. The Commission called on the Utilities to demonstrate how their proposals will better utilize their unique capacity to (1) coordinate EE/BE programs with system planning functions and (2) use customer data and system data to tailor program offerings and make information available to market actors. In the Order Directing Proposals, the Commission also emphasized timely sharing of project- and customer-level information as a key element of coordination between the Utilities and NYSERDA. The Commission required certain near-term actions by the PAs to advance the sharing of information and underscored that it is essential to the collaborative model outlined in the Order, to which their proposals must respond.

2. Strategic Framework

In the Staff EE/BE Report, DPS Staff outlined a "Strategic Framework" intended to align ratepayer-funded EE/BE activities with State policy priorities. The Commission took up this recommendation in the Order Directing Proposals and established definitions for programs and measures to be considered Strategic, Non-Strategic, or Neutral, according to the degree to which they support the energy efficiency and greenhouse gas (GHG) emissions-reductions objectives of the Climate Leadership and Community Protection Act (CLCPA) and other State and Commission policies. These definitions are included in Appendix A.

The Commission directed the PAs to apply the Strategic Framework to their EE/BE Proposals. Specifically, proposals were to reflect a minimum of 85 percent of portfolio budgets allocated to Strategic measures or programs, up to 15 percent of portfolio budgets allocated to Neutral measures or programs, and no funding allocated to Non-Strategic measures or programs.[8]

In addition to the general guidance that the proposals should not include funding for Non-Strategic measures, the Commission also expressly prohibited the use of ratepayer funds for customer incentives for the following measures after 2025: residential natural gas-fired equipment, including gas-fired space- and water-heating equipment, and commercial cooking equipment; all lighting measures, with the possible exception of advanced lighting controls in non-residential projects when installed in conjunction with Strategic measures; and electric plug-in appliances, including appliance recycling programs.

The Commission also agreed with DPS Staff's recommendation that EE/BE budgets should not support Home Energy Report programs or online marketplaces after 2025. In the case of Home Energy Reports, the Commission noted that some commenters saw value in these programs as tools for customer outreach and engagement but determined that they would be more appropriately pursued as part of the Utilities' normal course of

[8] The Commission indicated that possible exceptions could be made for LMI portfolio allocations for Non-Strategic measures that can be demonstrated to advance energy affordability. Order Directing Proposals, p. 35.

business and funded outside of their EE/BE budgets. In the case of online marketplaces, the Commission directed that any PA, which proposes to operate a marketplace after 2025, explain how it would continue to provide value in the context of the shift in EE/BE portfolios away from lighting and appliance rebates, and towards deeper, more complex energy-saving measures and electrification.

Regarding BE programs, the Order Directing Proposals instructed the PAs to propose strategies for coordinating electrification with building weatherization measures to manage energy consumption and mitigate the impact of heating electrification on peak demand in a future winter-peaking electric system. It directed the PAs to provide definitions of any "partial," "supplemental," or "hybrid" electrification technologies or approaches referred to in their proposals and specified that, to be considered Strategic, an electrification project must be designed and installed with the heat pump as the primary heating source for the building, with any legacy fossil-fuel system serving a backup or supplemental role. Finally, the Commission instructed the PAs to consider how to integrate into their program offerings support for larger, more complex heat pump applications that do not fit into the residential and small-commercial focus of the New York State Clean Heat Program (also referred to herein as NYS Clean Heat).

3. Disadvantaged Communities

The Order Directing Proposals included guidance to the PAs regarding the allocation of benefits to Disadvantaged Communities. First, the Commission directed PAs to ensure that benefits to Disadvantaged Communities result not only from their LMI portfolios, but also from their Non-LMI portfolios. Second, the Commission clarified its interpretation of the CLCPA requirement that at least 35 percent, and a goal of 40 percent, of the benefits of clean energy and energy efficiency investments accrue to Disadvantaged Communities (CLCPA Investment and Benefits Requirement). The Commission indicated that it views this requirement as applying to the total ratepayer-funded LMI and Non-LMI portfolios collectively, rather than to each PA's portfolios individually. Third, the Commission directed the PAs to take immediate steps to improve access to EE/BE programs for non-English speaking customers, citing language access as a significant barrier to program participation in Disadvantaged Communities. Fourth, the Commission instructed the PAs to include in their EE/BE proposals specific steps they will take to improve the delivery of benefits to Disadvantaged Communities, and to work with DPS Staff to review the portfolios, identify opportunities to better serve Disadvantaged Communities, and develop a course of action to implement changes.[9]

4. Regulatory Construct

The Order Directing Proposals specified several features of the regulatory construct that the PAs should address in their proposals. First, the Commission directed the PAs to consider the most appropriate metric(s) by which to measure the success of their EE/BE programs and portfolios. The Commission also instructed the PAs to indicate how the proposed metric(s) would be applied (e.g., as portfolio-wide targets, program-specific targets, or non-target metrics to be tracked and reported).

Second, the Commission indicated that beginning in 2026, PAs will be expected to operate within an annual budget,

[9] With reference to the CLCPA's Disadvantaged Community investment requirement, the Order Directing Proposals also included a directive to the PAs concerning the distinction between low-income and moderate-income customers, which is addressed in the contemporaneously issued LMI EE/BE Order.

in contrast to the current expectation that they meet cumulative achievements and budgets through 2025. Understanding that some ramping up may be required as new programs are established and others are retired, the Commission encouraged the PAs to propose rules and procedures that would allow them limited flexibility to shift funds and targets across years.

Third, the Commission directed the PAs to consider the respective roles of gas and electric service providers in administering weatherization and BE programs. The Commission directed each program administrator to provide a detailed description of its role in administering these programs, and to specify how its programs will be coordinated with any programs offered by other PAs within the same service territory.

Finally, the Commission announced that it would not consider any new EE- or BE-related earnings adjustment mechanisms (EAMs) proposed in rate proceedings after the effective date of the Order Directing Proposals. The Order Directing Proposals stated that this pause was appropriate while DPS Staff and the Commission deliberate on the role of shareholder incentives in the EE/BE portfolios going forward and stressed that it in no way diminishes the expectation that the PAs will strive for strong performance of their portfolios. The Commission indicated that it would continue, in subsequent phases of the development and authorization of the EE/BE portfolios, to seek the best approaches for holding PAs accountable for the performance of their portfolios and addressing instances of poor performance.

5. Budget Bounding

In the Order Directing Proposals, the Commission discussed the magnitude of EE/BE investments needed to achieve the goals of the CLCPA and emphasized that such need cannot be met by ratepayer funding alone.[10] For that reason, the Commission adopted a budget-bounded approach and, for purposes of the Utility and NYSERDA proposals, established an upper budget limit of $1 billion per year in total, with individual annual allocations by PA. While PAs were expected to adhere in their proposals to their respective total budgets, the Commission granted them flexibility to propose annual allocations different from those established by the Order. The Commission also stated its expectation that PAs would seek to leverage federal funding opportunities, such as those available through the Inflation Reduction Act, and directed them to demonstrate in their proposals how they plan to obtain and deploy such funds.

6. Requirements of Proposals

In addition to the policy guidance summarized above, the Order Directing Proposals enumerated seven requirements for the EE/BE proposals. These requirements include, at a minimum:

1) Portfolio objectives and details of programs to be offered.
2) Performance metrics and program targets by year for the overall portfolio and, as appropriate, for individual programs.
3) Budgets, by year, in the categories of portfolio administration; portfolio evaluation, measurement, and verification (EM&V); and all other program activity; and an account of any co-funding arrangements, including those incorporating federal funds such as those anticipated through the Inflation Reduction Act.
4) Rules and procedures regarding flexibility to shift funds across years.

[10] Order Directing Proposals, p. 87.

5) A cost-recovery mechanism and process.
6) Specific approaches to be employed to ensure provision of benefits to Disadvantaged Communities, and
7) A description of how the portfolio will work cohesively with programs offered by other PAs.

Finally, while the Commission stressed that the proposals should focus on the period from 2026-2030, it also allowed PAs to include limited proposals for adjustments to budgets and targets in years prior to 2026 in cases where such adjustments may be necessary to continue the operation of current strategic programs.

EE/BE PROPOSALS

The EE/BE proposals filed by the PAs varied in the depth of their response to the requirements set forth in the Order Directing Proposals and the level of detail in their proposed programs, strategies, and regulatory structures for the 2026-2030 period. Major elements of the proposals are summarized below.

Strategic Framework

In their proposals, the PAs propose several modifications to the Strategic Framework articulated by the Commission. Central Hudson and NMPC propose that incentives for some electric appliances should be reclassified as Strategic, including heat pump clothes dryers, heat pump pool heaters, and induction cooktops. The same companies propose exceptions to the prohibition on ratepayer-funded lighting measures for efficient horticulture lighting and, in the case of NMPC, for LED streetlighting. In addition, KEDLI, KEDNY, and NMPC propose that some gas measures with shorter effective useful lives should be considered Strategic when they support energy affordability and customer participation in Disadvantaged

Communities. NFG proposes to reclassify as Strategic residential hybrid heating solutions and high-efficiency gas equipment for commercial and industrial (C&I) applications without feasible electric alternatives. Central Hudson proposes, as a Strategic measure, efficient gas equipment, such as gas heat pumps, for hard-to electrify C&I customers. Con Edison, on the other hand, proposes that commercial gas combustion devices (excluding cooking devices) should be considered Neutral. NYSERDA recommends reclassifying as Strategic investments analyzing or supporting the installation of partial electrification strategies as part of a phased approach to decarbonizing multifamily, commercial, institutional, and industrial buildings.

O&R is the sole utility to propose continuing to operate an online marketplace for 2026-2030.

Weatherization Program Administration

KEDLI, KEDNY, and NMPC (collectively, the National Grid Companies) Con Edison, and O&R propose that within their service territories, customers should be eligible for the weatherization program administered by their heating utility. In other words, gas utilities would administer weatherization programs for gas heating customers using gas ratepayer funding, and electric utilities would administer weatherization programs for electric heating customers using electric ratepayer funding. The electric utility would also administer weatherization programs for customers heating with delivered fuels.

In contrast, Central Hudson proposes that its electric business fund and administer weatherization programs for all of its electric customers. Its gas business would fund weatherization programs only for the small number of Central Hudson gas-only customers. In areas of overlap with other utilities’ service territories, Central Hudson recommends that the electric utility take the lead in administering weatherization programs.

NYSEG and RG&E (collectively, the Avangrid Companies), propose to fund their weatherization programs with collections from both gas and electric ratepayers. The Avangrid Companies and NFG propose to coordinate weatherization program administration with other PAs in overlapping service territories. The Avangrid Companies propose to model that coordination on the Memoranda of Understanding used in the administration of the statewide Affordable Multifamily Energy Efficiency Program.

All Other Programs

In their proposals, beyond the other initiatives discussed in this section, utility PAs propose to offer additional programs, including those targeted at custom projects for the commercial/industrial sector to address strategic savings opportunities. Generally, the utility proposals represent shifts away from the current program offerings, which are predominately neutral and non-strategic measures, to strategic measures, with significant funding allocated to building electrification.

NMPC, NYSEG, and RG&E propose to continue some level of new construction programs.

Disadvantaged Communities

In their proposals, the PAs recognize a need to increase EE/BE program uptake in Disadvantaged Communities. Strategies proposed to effectuate this goal include targeted marketing, improved digital and language accessibility, recruitment of contractors from underrepresented Disadvantaged Communities, enhanced incentives and streamlined program design for customers in Disadvantaged Communities, and improved coordination between the Utilities and NYSERDA regarding

Disadvantaged Community outreach and programming, including working with NYSERDA’s Regional Clean Energy Hubs.

In their proposals, Con Edison and O&R state that because NYSERDA is responsible for administering one- to four-family LMI programs statewide, opportunities for other PAs to serve Disadvantaged Communities are limited. Con Edison and O&R also request that the Commission set Disadvantaged Community spending goals for each PA, which would help PAs to design and execute more specific strategies for serving Disadvantaged Communities. In setting spending goals, the companies suggest that the Commission should account for the uneven distribution of Disadvantaged Communities across the State and in individual PA service territories. In addition, Con Edison and O&R request that Staff modify the methodology used to characterize multifamily buildings as “low-income” for the purposes of reporting towards the CLCPA Investment and Benefits Requirement.[11]

NYSERDA Non-LMI Market Development Activities

NYSERDA proposes to fund its activities in the areas of Technical Assistance, Codes and Standards, and Demonstrations through its Non-LMI portfolio budgets. NYSERDA proposes to divide funding for Workforce Development and General Awareness and Education between its Non-LMI and LMI portfolio budgets.

In addition, NYSERDA proposes to continue its current suite of Technical Assistance offerings in 2026-2030, including energy audits, cost-share flexible technical services, and energy management services. NYSERDA proposes to modify these offerings to align with the Strategic Framework, streamline program delivery, and increase targeted outreach to customers and institutions in Disadvantaged Communities.

[11] This proposal is addressed more fully in the LMI EE/BE Order.

NYSERDA further proposes to continue its work in the areas of Building Codes and Product Standards, while adapting that work further in light of code and standard updates and the recommendations of the New York Climate Action Council's CLCPA Scoping Plan.

As proposed, NYSERDA would continue running purposeful demonstration projects to test innovative technologies and program designs, but with a relatively smaller budget than in previous funding periods. Its demonstration activities would focus on providing benefits to Disadvantaged Communities, testing economic and technical performance while prioritizing replicability and scale, incorporating building resiliency considerations, and sharing best practices and market insights through market and field studies.

In the area of Workforce Development, NYSERDA proposes to administer three programs: Clean Energy Career Pathways Training Cohorts, Targeted Skills Training and Upskilling, and "Earn as You Learn" Wage Reimbursement and Retention Incentives. NYSERDA proposes to allocate funding for these programs from both its Non-LMI and LMI budgets, with the greater share coming from its LMI budget. NYSERDA proposes to discontinue its Clean Energy Internship and Climate Justice Fellowship programs and pursue other funding sources for activities currently conducted through its Career Awareness and Outreach in K-12 Schools and Building Operations and Maintenance Training programs.

NYSERDA proposes to fund General Awareness and Education activities in two areas through its Non-LMI portfolio budget (i.e., general consumer awareness and local government engagement). NYSERDA proposes to build upon past and current statewide consumer awareness activities, such as those supporting NYS Clean Heat, but with an increased emphasis on weatherization and electrification-readiness. NYSERDA's proposal highlights the role that its Statewide Residential Engagement Website would play in educating customers about EE/BE and clean energy solutions and helping them navigate among program offerings.

In the area of local government engagement, NYSERDA proposes to end the Clean Energy Communities (CEC) program. NYSERDA states that it would integrate CEC program actions into the New York State Department of Environmental Conservation (NYSDEC) Climate Smart Communities program while shifting to focus on launching a new Clean Energy Municipal Leadership Cohorts initiative and developing clean energy tools and guidebooks for municipalities.

Budgets and Targets

Collectively the Utilities' electric and gas Non-LMI proposals total $3.285 billion,[12] with associated estimated savings of 354 million lifetime MMBtu-equivalent (LMMBtu-e) for the 2026-2030 period. Con Edison's proposal also included $117.8 million for a new steam energy efficiency program, with associated estimated savings of 14.8 LMMBtu-e, for the 2026–2030 program period.[13]

Con Edison and O&R each include two budget scenarios in their proposals. Their Base Portfolio Plans adhere to the annual budgets proposed by the Commission in the Order Directing Proposals. Their Expanded Portfolio Plans reflect significantly higher levels of funding for electric, gas and steam (Con Ed) programs, totaling over $709 million collectively for the five-year period, which the companies state would allow them to scale up their program activities to the levels necessary to propel

[12] This figure is inclusive of labor costs. The total not including labor is $2.976 billion.

[13] This figure is inclusive of labor costs. Con Edison's Expanded Portfolio Plan totaled $129.5 million.

the market transformation that is needed to reach the goals of the CLCPA.

NYSERDA's proposal totals $500 million, with associated estimated savings of 7 million annual MMBtu-e over the 2026 – 2030 period.

All PAs propose mechanisms that would allow them limited flexibility to move budgets and targets across years. The Utilities propose flexibility to shift between 15 percent and 30 percent of their annual budgets between years, with varying rules for associated targets. NYSERDA proposes that it should be afforded unlimited flexibility to shift funds between years, with any over- or under-spending greater than 25 percent of the annual budget in a given year triggering a review by NYSERDA and discussion with DPS Staff.

Metrics

The National Grid and Avangrid Companies propose that the primary targets for their EE/BE portfolios should be expressed in lifetime MMBtu equivalent (LMMBtu-e), where LMMBtu-e represents the total amount of energy saved from gas, electric, and/or other delivered fuels, converted into millions of British thermal units (MMBtu), over the effective useful life of an energy efficiency measure, project, program, or portfolio. The National Grid Companies propose that both savings in LMMBtu-e and the proportion of spend directed to Strategic measures should be considered primary targets. Con Edison and O&R propose a variation on the LMMBtu-e target in which the primary target captures LMMBtu-e savings only from their Clean Heat and weatherization programs, subject to a guardrail mechanism in which underachievement of total LMMBtu-e savings from all EE/BE measures implemented would trigger a review. Central Hudson proposes both an annual MMBtu-e and an LMMBtu-e target, while NFG proposes that the metrics currently being recorded in the

Clean Energy Dashboard are reasonable to continue but expresses that evaluation of savings based on the effective useful life of a measure would also be valuable. For the portions of its portfolio expected to result in direct energy savings, NYSERDA proposes an annual MMBtu-e target but indicates that it would not be opposed to expressing it in LMMBtu-e.

To assess outcomes across its entire portfolio, with its emphasis on longer-term market transformation, NYSERDA proposes an Outcomes Performance Model encompassing metrics related to Customer Reach, Energy, Emissions and Bill Savings, and Market Transformation Progress.

Many of the Utilities also proposes secondary metrics to track and report at the program or portfolio level. These include, among others, carbon dioxide (CO_2) emissions reduction, number of homes electrified or weatherized, time between incentive application and payment, and program participation and expenditures in Disadvantaged Communities.

Cost Recovery

Central Hudson, Con Edison, NFG, NYSERDA, and O&R propose to recover EE/BE costs through a surcharge. Con Edison and O&R also proposed recovering all EE/BE labor costs, which are currently collected through base rates, through a surcharge. The National Grid Companies and the Avangrid Companies propose to continue recovering EE/BE costs through base rates.

NYSERDA recommends a schedule of collections, which it states is designed "to align collections with expenditures to minimize the likelihood of building up excess NYSERDA and Utility cash balances."[14] NYSERDA offers that it would be willing to entertain other approaches to cost recovery to reduce the variability of collections over time, provided those

[14] NYSERDA Non-LMI Proposal, p. 58.

approaches minimize the possibility of cash shortfalls. NYSERDA supports continued surcharges to customers on a volumetric basis. Finally, NYSERDA states that it recognizes that the Commission may opt to split collections associated with the Non-LMI portfolio budgets between electric and gas ratepayers, rather than continue to collect from electric ratepayers alone as is the current practice, and states that if it does, NYSERDA's Non-LMI portfolio must continue to be administered, on a fuel-neutral basis, for all System Benefits Charge (SBC)-paying customers. NYSERDA proposes to continue to receive the funds from the Utilities through the "bill-as-you-go" mechanism in place under the current Clean Energy Fund orders.

Con Edison Steam System EE Proposal

Con Edison's proposal includes a request for funding to develop an EE program for customers on its steam system. Con Edison requests $117.8 million for the 2026-2030 period ($129.5 million under its Expanded Portfolio Plan), which it expects to result in savings of 14.8 million LMMBtu from strategic measures (or 16.1 million LMMBtu under its Expanded Portfolio Plan). Con Edison proposes to offer EE measures to steam customers as part of its existing C&I and multifamily programs, and to serve LMI multifamily steam customers through the Non-LMI multifamily program.

Pre-2026 Portfolio Adjustments

As allowed by the Commission in the Order Directing Proposals, two PAs request adjustments to their Commission-authorized 2021-2025 EE/BE portfolio budgets to support the continuation of Strategic programs through the end of the current authorization period.

Central Hudson requests $5.9 million in incremental funding for its Clean Heat Program. The company proposes to recover the funds through the continuity funding mechanism established in the Commission's 2023 Central Hudson Clean Heat Order.[15]

KEDLI requests $9.3 million in incremental funding to support the continuation of its market-rate weatherization programs and essentially replenish the NE:NY funds that the Commission authorized accelerated spending on in 2022. KEDLI states that the additional funding would only be used to support measures identified as Strategic under the framework established in the Commission's Order Directing Proposals.

NOTICES OF PROPOSED RULE MAKINGS

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), Notices of Proposed Rule Makings (SAPA Notices) regarding the Non-LMI Proposals were published in the State Register on February 14, 2024 [SAPA Nos. 18-M-0084SP9, 18-M-0084SP10, 18-M-0084SP12, 18-M-0084SP14, 18-M-0084SP15, 18-M-0084SP16, 18-M-0084SP17, 18-M-0084SP18, 18-M-0084SP20, and 18-M-0084SP21]. The time for submission of comments pursuant to the SAPA Notices expired on April 15, 2024.

The Secretary to the Commission (Secretary) also issued a Notice Soliciting Comment and Announcing Technical Conferences (Secretary's Notice) on January 26, 2024, seeking comments by April 15, 2024. In an email to the Secretary dated April 5, 2024, the New York State Association of Counties, New York Conference of Mayors, and Association of Towns requested an extension of the comment deadline in the Secretary's Notice. On April 10, 2024, the Secretary issued a Notice Extending Comment Period, thereby extending the comment deadline until May 15, 2024.

[15] Case 18-M-0084, Order Approving Funding for Clean Heat Program (issued June 23, 2023) (2023 Central Hudson Clean Heat Order).

In response to the above notices, the Commission received approximately 200 comments. A list of commenters is provided in Appendix B. Comments pertaining to the Non-LMI EE/BE proposals are summarized and addressed below within the relevant sections of the Discussion. Additional comments pertaining to the LMI portfolio are discussed in the LMI EE/BE Order.

LEGAL AUTHORITY

The Commission has the responsibility and authority under the Public Service Law (PSL) to ensure that utilities carry out their public service responsibilities with economy, efficiency, and care for the public safety, the preservation of environmental values and the conservation of natural resources.[16] Pursuant to the State Energy Law, the Commission is required to consider actions to effectuate State energy policy and the New York State Energy Plan, which includes increased energy efficiency as a major contributor to New York's energy future.[17] In fulfilling the mandates of the PSL and the State Energy Law, the Commission has directed the development and implementation of a number of programs to increase the deployment of energy efficiency resources in New York State, including NE:NY and the Clean Energy Fund (CEF). The activities directed and authorized in this Order will continue and build upon the progress made through those programs. Furthermore, these actions are in accordance with the CLCPA, which specifically authorizes the Commission, as well as other state agencies, to take actions to contribute to achieving the statewide GHG emission limits.

[16] PSL §5(2); see also PSL §66(3).

[17] State Energy Law §§3-103 and 6-104.

DISCUSSION

Energy efficiency has been, and will continue to be, a stalwart of New York's clean energy agenda. The Commission has a long-standing policy of implementing energy efficiency programs to provide benefits to individual building owners, including LMI customers, but also to provide broader electric system benefits to all ratepayers. By reducing the amount of energy needed to heat and cool a home, and run appliances, weatherization and energy efficiency can lower total system costs for all ratepayers and serve as important resources to the electric grid and natural gas system. Reducing demand on the grid promotes grid reliability and can contribute to a reduction in costs associated with grid operations. Similarly, reducing natural gas consumption, particularly in areas with gas constraints, can help to forego investments to expand the gas system. The passage of the CLCPA in 2019 highlighted the need to eliminate on-site combustion of fossil fuels to decarbonize space and water heating needs. As we look ahead to the next era of programming, we must continue to balance achievement of the State's climate policy objectives with our primary mission of ensuring just and reasonable rates. In this Order, we provide this balance by eliminating redundancy between PAs, increasing the proportion of funds being put to work in the field, prioritizing investments in those measures and program types that will align with climate goals, while providing meaningful benefit to ratepayers, and outline clear expectations from which PAs will be held accountable. The Commission seeks to ensure that well-designed energy efficiency programs continue to be among the most cost-effective means to support energy system reliability, promote customer energy affordability, and reduce emissions.

Utility Non-LMI Portfolios

Collectively, the Utilities' electric and gas Non-LMI proposals total $3.285 billion,[18] with projected savings of 354 million LMMBtu-e, for the 2026-2030 period and represent the primary customer-facing incentive programs to drive EE/BE across the Non-LMI market segments (i.e., residential, multifamily, and non-residential such as commercial, institutional, and industrial).

The proposals range in their offerings and level of detail. However, in total, the proposals present a view, through the allocation of resources, as to what the Utilities have prioritized for their program offerings. Electric portfolio budget proposals are heavily weighted toward BE, ranging from 36 percent to 78 percent and representing 67 percent of the total electric utility budgets. Other electric energy efficiency initiatives, not focused on the electrification of space and water heating or weatherization, represent the next largest allocation of the proposed electric portfolio budgets, ranging from 16 percent to 36 percent and averaging 24 percent of the total electric utility budgets. Weatherization budgets are allocated the lowest level of the electric utility portfolio budget proposals, ranging from 3 percent to 32 percent and averaging 9 percent of the total proposed electric portfolio budgets. Regarding gas portfolio budget proposals, weatherization is typically the largest portion of the proposed gas portfolio budgets, ranging from 24 percent to 83 percent of the individual gas utility proposals and averaging 61 percent of the total proposed gas portfolio budgets. Next, gas energy efficiency offerings that do not fall into the electrification or weatherization categories represent

[18] This figure is inclusive of labor costs. The total, not including labor, is $2.976 billion.

between 14 percent and 76 percent of the individual gas utility proposed portfolio budgets, averaging 38 percent across all of the gas proposals. Finally, NFG is the only gas utility to propose that a portion of their portfolio budget be allocated to some building electrification measures, representing about 11 percent of their gas portfolio budget, which translates to just under 1 percent of the total utility gas portfolio budgets.

The Utilities' proposed Non-LMI electric and gas portfolio budget allocations represent statements of priority that are in alignment with the Strategic Framework. However, we find that they do not optimize bill reductions for customers nor the importance to pursue efficient electrification (e.g., electrification after or concurrent with building envelope improvements), which could help to reduce the future winter peak demand resulting from the electrification of space heating at scale. The result of such a focus could have deleterious impacts on ratepayers due to the future costs of the build out of the electric grid. Further, in the Commission's view, the collective allocation of resources does not place enough emphasis on weatherization activities for customers who, regardless of how they choose to heat their homes, would benefit through permanently reduced energy costs. As such, the Commission finds that additional requirements are warranted regarding budget allocations, to work in tandem with the Strategic Framework in order to develop the portfolio of programs that reflect an appropriate balance of policy, customer, and public interests. Specifically:

- All gas utilities must allocate a minimum of 50 percent of their portfolio program[19] budgets to small residential weatherization (e.g., one- to four-family homes);[20]
- All electric utilities must allocate a minimum of 25 percent of their portfolio program budgets to small residential weatherization;[21]
- All electric utilities shall allocate a maximum of 50 percent of their portfolio program budgets for electrification programs, including all market sectors (i.e., NYS Clean Heat, which will be focused on serving the small residential market, plus any building electrification programs or initiatives focused on serving the multifamily and Non-Residential C&I market segments).

All other remaining funds shall be used to provide additional energy efficiency programs, including those within the non-residential market segment.

1. Weatherization Strategy

The Order Directing Proposals clearly stated the need for dramatic changes to the types of programs offered, as well as the types of measures, particularly a major shift from traditional efficiency measures to a focus on building electrification and weatherization (i.e., building envelope

[19] "Program" budget, as used in this context, represents the budget available for programs not including labor, EM&V, and non-labor administration.

[20] This requirement for Con Edison and KEDNY is inclusive of multifamily due to the building stock present within their respective service territories (i.e., allocations to single family residential plus multifamily must meet the minimum of 50%).

[21] This requirement for Con Edison is inclusive of multifamily due to the building stock present within its service territory (i.e., allocations to single family residential plus multifamily must meet the minimum of 25%).

improvements). The Order Directing Proposals also stated that the Commission has a strong preference that ratepayer funds only support electrification of space heating combined with, or following, a certain level of insulation/air sealing, as it is in the public interest to mitigate the future electric winter peak that would otherwise result.

Commenters were generally very supportive of the need for more focus on building envelope improvements as a precursor to BE. Several commenters endorsed the efficiency first approach to BE, with provision of weatherization and load reduction measures that provide immediate energy savings while reducing fossil fuel use and also help ensure that BE is pursued in a stepwise manner that increases the overall effectiveness of ratepayer programs, helps advance energy affordability and resident comfort, and supports efficient utilization of the grid. American Council for an Energy-Efficient Economy (ACEEE) and Rocky Mountain Institute (RMI) emphasized the need for program requirements for some level of building weatherization to be in place before electrifying heating systems. ACEEE suggested that since there is no specific requirement for existing buildings to meet minimum envelope efficiency standards before electrifying, that the most poorly weatherized buildings be prioritized for weatherization work.

Several commenters, including RMI, The City of New York (the City), the Natural Resources Defense Council, joined with the Association for Energy Affordability, New Yorkers for Clean Power, Regional Plan Association, and Urban Green Council (collectively, NRDC), and Bright Power, suggested the need for more coordination among all programs, specifically calling out the need for a more consistent approach for building weatherization as the proposals will result in duplication of effort by different PAs, with redundant activities and a need for multiple program applications.

RMI identified that each utility is proposing a separate residential weatherization program, and that there are significant opportunities for consolidation to minimize redundancy of efforts and ensure greater consistency across the State. They state that the utility PAs could achieve greater impact under a consistent approach to encouraging weatherization with electrification, with a streamlined approach not requiring multiple program applications.

The Commission finds the utility PA proposals for weatherization to be generally unsupported and lacking detail about what is planned. The Utilities each offered approaches to address the territory overlap issue identified in the Order Directing Proposals. These approaches included: (1) having the heating utility take the lead; (2) having the electric utility take the lead; and (3) generic statements of increased coordination among the utilities. However, these proposals provided very little specificity about how the programs would operate in a coordinated and efficient manner, causing significant concern about whether any of the proposed approaches would meet the Commission's stated objectives. Further, the various approaches described in the proposals do not provide confidence that residential customers throughout the State will have access to comparable services nor that the collective approaches are in the best interest of New York's ratepayers.

Weatherization of New York's existing residential building stock is a challenging endeavor and will require programmatic designs and collaborative approaches not yet demonstrated by New York's PAs. While some PAs have had limited experience in this area, with varying levels of success, the need is too great and the associated costs to ratepayers too high to move forward with inferior proposals. Therefore, at this time, the Commission will not approve the proposed utility PA proposals in total; rather we will set aside a portion of each utility PA's budget and associated estimated savings, as reflected in Appendix C, for the purpose of funding the regional residential weatherization approaches. Given the unique building stock characteristics of New York's residential buildings, this approach will be organized into the Upstate Region, inclusive of the Central Hudson, NFG, NMPC, NYSEG, O&R, and RG&E service territories (collectively, the Upstate Utilities) and the Downstate Region, comprised of the Con Edison, KEDNY, and KEDLI service territories (collectively, the Downstate Utilities). It is the Commission's expectation that while the regional programs will be tailored to their region's building stock, the collective utilities (Upstate and Downstate) should strive for consistency statewide, where possible. The Upstate Utilities and the Downstate Utilities are each directed to make joint filings, 90 days from the date of this Order for the development and implementation of their respective Regional Residential Weatherization Programs. These new initiatives will be designed to serve small residential customers (e.g., one- to four-family homes). Given the prevalence of Non-LMI multifamily buildings in the downstate region, the Downstate Utilities are instructed to also include in their proposal offerings for Non-LMI multifamily buildings. Weatherization services for commercial buildings and Non-LMI multifamily buildings upstate will continue to advance in utility specific programs serving those sectors.[22]

[22] Weatherization services for LMI customers/buildings will be administered under the LMI portfolios authorized by the Commission in the LMI EE/BE Order.

The Commission puts forth the following guidelines for the Upstate and Downstate Utility filings to comport with.

- Upstate Regional Residential Weatherization Program to be administered/funded by the Upstate Utilities serving small residential homes.
- Downstate Regional Residential Weatherization Program to be administered/funded by the Downstate Utilities serving small residential homes and multifamily buildings.
- Regional approach tailored to each Region’s building stock characteristics with statewide consistency, where possible.
- A consolidated approach for the procurement of certain program administration and implementation functions to achieve economies of scale and maximize the impact of ratepayer funds and reduce total costs to ratepayers for program implementation.
- Functions such as application intake and review, incentive processing, quality assurance and quality control, and installer/contractor management should be streamlined through a shared services model that provides for needs regionally, or statewide.
- The proposal should put forth which functions will be procured in a consolidated or shared manner versus those that will be contracted for individually. For those contracted by each individual utility, a justification must be provided detailing the benefit to ratepayers for taking such an approach.
- Electric utilities serving as the primary lead for the program with gas utilities supporting the program through direct customer outreach/marketing and providing financial support for the installed measures and a pro rata share of implementation/evaluation costs.

- Incentives offered through the program shall not be greater than those offered to LMI customers for similar measures/work scopes. The proposal(s) must articulate a process to ensure this differentiation and coordination on an ongoing basis.
- Detailed approach for how the residential weatherization program offering will be coordinated with building electrification incentives offered through NYS Clean Heat.
- Defined graduated tiers of weatherization levels for differentiated incentive levels, balancing an ideal program model with simplicity of incentive program design to optimize customer participation while also driving much greater weatherization uptake.
- The Administrative structure that will be used to enable efficient collaboration among the utilities in implementing the Regional Weatherization Programs and with NYSERDA in leveraging the roles the Commission has assigned to NYSERDA. This may include, but not be limited to, a joint management committee structure.
- Annual and total budgets and projected savings.

To the extent the Utilities maintain that it is in the best interests of New York's collective ratepayers, and the customers the program is intending to serve, to alter the guidelines above, the Program Administrators must justify such an alternative approach within their forthcoming proposals.

To further support the development of these proposals, we direct Staff to convene one or more technical conferences within 45 days of this Order. The technical conference(s) will, at a minimum, explore the experience and relative strengths and weaknesses of existing program models that are operating, or have operated, in New York to date. Such models include, but are not limited to, NYSERDA's Comfort Home Program, Con Edison's

Weather Ready Program, and KEDNY and KEDLI's Total Home Comfort Programs. Best practices from other jurisdictions, as identified by industry leaders, should also be considered to aid the PAs in the best, and most expedient approach to developing and implementing a coordinated large scale weatherization initiative appropriate to meet New York's needs.

These proposals will be subject to notice and public comment and subsequent Commission determinations. Given the process that must be undertaken to arrive at a viable path forward, it is unreasonable to expect the Regional Residential Weatherization Programs will be ready to deploy by January 1, 2026. For budgetary purposes, the Commission assumes the new program offerings will not be in the market until January 1, 2027. Therefore, NYSERDA is directed to continue to operate the Comfort Home Program, throughout the State, until the transition to the new program offerings is effectuated.[23] NYSERDA is allocated a budget of $30 million for the Comfort Home Program through this transitional period. To the extent this transition does not occur within the timelines prescribed here, the Upstate and Downstate Utilities shall be required to provide funding from the budgets prescribed in Appendix C to support the continuation of the Comfort Home Program in their respective territories until the transition is complete. Details of this funding arrangement shall be provided in the Utilities' Implementation Plans, subject to DPS Staff approval. If, however, the transition occurs sooner than January 1, 2027, funding remaining uncommitted/unspent from NYSERDA's $30 million Comfort Home Program budget shall be reallocated to other NYSERDA Non-LMI initiatives, subject to DPS Staff approval of the NYSERDA Non-LMI EE/BE Implementation Plan (2026-2030)

[23] NYSERDA's Comfort Home Program currently provides weatherization services to Non-LMI one- to four-family homes.

(Implementation Plan). The Upstate and Downstate Utilities are instructed to work with NYSERDA and DPS Staff to ensure an orderly transition.

The Commission encourages the Long Island Power Authority (LIPA) to coordinate with NYSERDA and the Downstate Utilities for a consistent approach for the 2026–2030 period.

2. NYS Clean Heat & Efficient Electrification

When the Commission authorized the minimum heat pump targets and budgets in the NE:NY 2020 Order, they were based primarily on data available for residential applications.[24] The framework established by the Order allowed for incentives to be available for various heat pump technologies, use cases, and installation sizes. The Commission stated that "all customers should have access to program incentives, including commercial and multi-family customers," as progress on electrification in larger buildings "will be necessary to achieve the State's climate and energy goals."[25] Since the NYS Clean Heat program's inception in 2020, the Commission has gained experience with the complexity of designing a mass market residential program that allows for other types of projects. While there is some appeal for a singular heat pump program across all market segments, it has proven infeasible and distracting to the core program's purpose while not fully meeting the needs of other types of projects. This has materialized in the addition of project categories and incentive levels attempting to serve all customers, some of which are significantly underutilized as well as protracted debates centered around applying energy savings approaches to complex project types where a robust energy

[24] Case 18-M-0084, Order Authorizing Utility Energy Efficiency and Building Electrification Portfolios Through 2025 (issued January 16, 2020) (NE:NY 2020 Order).

[25] NE:NY 2020 Order, p. 86.

savings estimation methodology has not been developed. Large networked geothermal installations, wherein a number of buildings are being connected to a shared geothermal loop, are one example of such projects that have sought incentives through the program. The Commission does not want to discourage advancement of these projects, as they have merit and can contribute in meaningful ways to the State's climate objectives, not only in displacing on-site combustion, but through the benefits they can provide to the electric grid when compared to other forms of electrification. However, attempting to support these types of projects through a program established to serve the small residential market creates a misalignment.

Therefore, for the 2026–2030 period, NYS Clean Heat will be restricted to small residential one- to four-family homes, while multifamily and commercial customers will seek electrification support through the other programs offered by the Utilities in these sectors. For shared loop geothermal projects, NYS Clean Heat may still be able to provide support to individual residential customers connecting to a shared loop who are required to install a heat pump, only if the NYS Clean Heat program establishes a distinct tier for this application, with an associated energy savings methodology and an incentive level that recognizes the different project economics and energy savings that exist between a shared loop versus individual loop geothermal installation. We note there may still be budgetary constraints creating limitations for the number of these types of projects a utility could support. The Commission notes NYSERDA's Demonstrations and Technical Assistance programs may offer other forms of support that could be beneficial to these types of projects, as well as opportunities through non-ratepayer funding administered by NYSERDA.

Regarding NYS Clean Heat, the Commission has declined to impose minimum weatherization requirements thus far, so as to not inhibit growth of the market.[26] However, experience to date has shown that the current tier of NYS Clean Heat which offers a small increased incentive for heat pump projects that include a minimum level of weatherization has seen negligible uptake.

Since the launch of NYS Clean Heat in 2020, we have experienced nearly five years of market activity and invested $1.07 billion of ratepayer funds supporting the installation of 83,118 heat pumps.[27] As we look ahead to the 2026-2030 program period and better understand the significant implications building electrification at scale will have on our electric grid, we must now require programs that are encouraging building electrification to do so in ways that are in line with mitigating these future costs. Therefore, the NYS Clean Heat Program needs to evolve rapidly to drive most projects to meet an established minimum weatherization level, with significantly differentiated incentives for heat pump projects that do not meet this weatherization level. To address this issue, as an immediate step, the Commission directs that the NYS Clean Heat Program must evolve by March 1, 2026, to differentiate incentives offered such that significantly higher incentives are provided for projects meeting an adopted minimum weatherization level.[28] This differentiated incentive approach shall phase out

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[26] NE:NY 2020 Order, p. 89.

[27] Case 18-M-0084, Central Hudson et al. New York State Clean Heat 2024 Annual Report, Table 4 - Cumulative Projects Installed and Provided Incentives, Program to Date 2020-2024 by Electric Utility and Category (filed April 1, 2025), p. 10.

[28] This timing takes into consideration the standard practice in place for NYS Clean Heat to inform the market on forthcoming major program changes whereby announcements are made on June 1 and December 1 for implementation on September 1 and March 1, respectively, of each year.

by March 1, 2028, at which time the program will require minimum building weatherization levels as a pre-requisite to receiving incentives. The Utilities, excluding the gas utilities, in consultation with DPS Staff and NYSERDA, shall identify the minimum building weatherization levels to qualify for higher heat pump incentives and how this requirement will be operationalized.[29] This and other program specific detail shall be included in the NYS Clean Heat Implementation Plan and filed for approval by the Director of the Office of Markets and Innovation, no later than September 1, 2025. The electric utilities shall ensure all associated measure revisions are provided for measures found in the NYS Technical Resource Manual.

The Commission recognizes that building weatherization at scale may be more expensive on a saved energy unit cost basis than other measures, including building electrification, but improving the envelope efficiency of the existing building stock before electrifying is critical to manage eventual winter peaks when larger portions of the State's building stock electrify to meet State policy goals.

3. All other Utility programming

Beyond the weatherization and building electrification strategies for the residential sector discussed herein, the Utilities will offer strategic programs for other sectors (e.g., C&I). While electrification and weatherization may be included in these offerings, there are other meaningful strategic opportunities, such as waste heat recovery and process improvement opportunities, that deserve strong utility program attention but were not specifically called out in PA proposals.

[29] The Utilities should consider operational approaches that allow for weatherization to be undertaken concurrent with building electrification, as opposed to sequentially.

The Utilities shall consider these types of program offerings and provide details on how they will incorporate them into their Non-LMI EE/BE portfolios during the 2026–2030 period, as part of their Implementation Plans, subject to DPS Staff approval.

Some utilities (i.e., NMPC, NYSEG, and RG&E) propose to continue to offer some new construction programs. The Commission finds that this has a strong potential to overlap with NYSERDA's activities related to advancement of codes and standards, which are the primary ratepayer funded initiatives addressing the new construction sector for the 2026-2030 period. These utilities have not put forth a compelling case for the retention of these new construction programs and therefore the Commission finds that they should not be included in their respective 2026–2030 EE/BE Non-LMI portfolios. Moreover, the Commission notes that, in general, Non-LMI EE/BE ratepayer funds should not be used to provide end-use incentives for new construction projects given the advancements in codes and standards targeting this market.

In addition, NYSEG and RG&E proposed specific Disadvantaged Community outreach programs for Community Outreach, School Outreach, and Landlord Outreach. While the Commission appreciates the focus on outreach to Disadvantaged Communities, these efforts should not be separate new programs. Utility efforts associated with Disadvantaged Communities are discussed at length in the Disadvantaged Communities section of this Order.

4. Midstream Programs

Some of the Utilities propose to offer midstream incentive programs for various energy efficiency products. These programs generally consist of incentives being paid at the retailer or distributor level, rather than to the end-use customer. In the past, these types of programs have been found to be effective at influencing product availability and utilizing these partners as channels for education and awareness, although more recently they have experienced relatively high free-ridership.[30] NYSERDA's proposal also includes various activities to support the supply chain. Based upon the record before us, it is unclear what, if any, awareness of, or planned coordination among, the various offerings there would be. While the Commission recognizes midstream programs can further support strategic measures, PAs must be far more detailed on the specifics of their planned offerings before proceeding. These specifics should include the program's overall purpose, clearly defined actions and outcomes, and a clear timeline for achieving the goals, including how they will complement each other and make the most efficient use of the collective ratepayer funds. Therefore, the PAs are directed to include these specifics in their Non-LMI Implementation Plan for DPS Staff approval prior to accessing the funds for these purposes.

5. Con Edison Steam Energy Efficiency

Con Edison's proposal also included \$114.7 million for a new steam energy efficiency program for the 2026–2030 program period.[31] ACEEE supports Con Edison's steam proposal, reasoning that it will provide savings in the short term and reduce the

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[30] Con Edison's 2024 System Energy Efficiency Plan Annual Report states at page 100 that "[c]ommercial midstream distributors/dealers reported little program influence. Commercial midstream programs should recruit new non-participating sellers and educate participating sellers on upselling to decrease free ridership." Case 18-M-0084, Con Edison 2024 System Energy Efficiency Plan Annual Report (filed April 1, 2024).

[31] Con Edison's supplemental information filed adjusted this figure to \$117.8 million, including \$10.4 million in labor costs.

cost in the long term of decarbonizing the steam system. The City states that it does not support the proposal at this time, calling it premature for the company to invest in EE measures for steam customers before completing the Decarbonization Study required in its most recent steam rate plan. Kinetic Communities Consulting, joined with the Association for Neighborhood & Housing Development, and the Urban Homesteading Assistance Board (collectively, KC3) states that the Commission should prioritize funding for LMI buildings over funding for steam customers.

The Commission denies Con Edison's proposal for steam energy efficiency. While the Commission supports efficient use of energy, regardless of fuel type, the circumstances of the Con Edison steam customer base is such that a ratepayer funded efficiency program is not warranted. For example, Con Edison has approximately 1,500 steam customers, the majority of which are large, sophisticated buildings/businesses that have the capability to make business decisions to serve their interests including reducing energy use. Con Edison's proposal states that the proposed steam energy efficiency measures will be offered through existing C&I and multifamily programs to streamline customer access and program administration, yet the proposal includes 13 new Full Time Equivalents associated with these offerings. As Con Edison's proposal indicates, steam customers may also be electric or gas customers and therefore are eligible to participate in those program offerings. The Commission will retain the existing program rules that allow for steam efficiency savings, coupled with other primary energy efficiency savings.[32] The Commission is aware of heightened concerns, particularly at this time, regarding energy bills across all customer classes and prefers to avoid adding new surcharges for customers where appropriate.

6. Con Edison and O&R's Expanded Portfolio Proposals

Con Edison and O&R also provided expanded portfolio proposals, totaling $697.9 million above and beyond the budgets articulated in the Order Directing Proposals.[33] Con Edison and O&R state their expanded portfolio proposals are provided to allow the companies to scale up its programs and market activity to the trajectory needed to stay on track with CLCPA goals.

ACEEE, Association for Energy Affordability (AEA), Bright Power, Sealed Inc., KC3, Real Estate Board of New York (REBNY), Alliance for a Green Economy (collectively, with co-commenters, AGREE), New York State Homes and Community Renewal, NRDC, Alliance for Clean Energy New York and Advanced Energy United (ACE-NY/AEU), the City and Rewiring America all support at least one of the companies' expanded portfolio funding requests, primarily because the utilities would be able to

[32] For purposes of steam EE, the Commission extends the three conditional requirements associated with projects, including delivered fuel savings. Specifically, "(1) the program must demonstrate that it delivers Btu savings at an average cost per-Btu-saved that reduces total portfolio costs; (2) the program may not fund installation of delivered-fuel [or steam] space heating and domestic hot water equipment; and (3) the portfolio must produce year over year efficiency gains in usage of the utility's primary product (electricity or gas)." Case 18-M-0084, Order Adopting Accelerated Energy Efficiency Targets (issued December 13, 2018) p. 34.

[33] Con Edison's expanded portfolio proposal includes an incremental $368.0 million for electric, $156.3 million for gas, and $129.5 million for steam, inclusive of labor for the five-year period. O&R's expanded portfolio proposal includes an incremental $38.8 million for electric and $6.1 million for gas, inclusive of labor, for the five-year period.

complete more EE/BE projects. The Public Utility Law Project (PULP) does not support the expanded portfolio funding requests primarily due to the concern about bill impacts. The Commission was explicit in the Order Directing Proposal as to the budget bounded approach intended for the 2026–2030 program period. As such, the Commission rejects the expanded Non-LMI electric and gas portfolio proposals submitted by Con Edison and O&R.

7. Utility Non-LMI Authorized Budgets & Targets

The Commission adopts the average annual and cumulative five-year total budgets, inclusive of labor costs, and targets for each of the electric and gas utilities as detailed in Appendix D.[34]

8. Utility Non-LMI EE/BE Implementation Plans

Each utility is directed to file a preliminary Non-LMI EE/BE Implementation Plan within 60 days, reflecting the guidance and directives included herein.[35] Utilities shall consult with DPS Staff on the proper format and level of detail to be included in the Implementation Plans. The Commission notes that some of the requirements set forth herein may take additional time to finalize. Any elements that are still under development should be properly noted in the preliminary Non-LMI

[34] NFG did not include labor costs in its EE/BE proposal or supplemental information. The Company must, therefore, engage with DPS Staff to determine the labor costs associated with its EE/BE portfolio that will be backed out of delivery rates and will be incremental to the budgets authorized for NFG in this Order.

[35] The Utilities shall continue to file the Joint NYS Clean Heat Implementation Plan and Program Manual(s) and shall consult with DPS Staff to identify the appropriate timing of an update to the Joint NYS Clean Heat Implementation Plan reflecting the directives in this Order. Utilities shall be transparent in their Non-LMI EE/BE Implementation Plan(s), what portion of their overall budgets and targets are allocated to the New York State Clean Heat Program, as well as the Regional Residential Weatherization Programs, as described herein.

EE/BE Implementation Plan and updated upon finalization. The Implementation Plan(s) shall be updated thereafter on an annual basis, or as needed to address substantive modification, in which event a filing shall be made at least 45 days prior to when the utility intends for the modification to take effect. All implementation plans, preliminary or otherwise, are subject to DPS Staff approval. DPS Staff is directed to update all relevant guidance documents to reflect this direction.

NYSERDA Non-LMI Portfolio

The Order Directing Proposals assigned NYSERDA the role within the Non-LMI portfolio of single statewide Program Administrator in the areas of (a) workforce development; (b) codes and standards; (c) technical assistance/audits; (d) purposeful demonstration pilots; and (e) general consumer awareness and education. NYSERDA's Non-LMI proposal articulates budget allocations, anticipated activities, and associated outcomes in each of these areas. NYSERDA proposes to fund its codes and standards, technical assistance/audits, and purposeful demonstration pilot activities entirely out of its Non-LMI portfolio budget. It proposes to divide funding for workforce development and general consumer awareness and education between the Non-LMI and LMI portfolios.

The Commission finds NYSERDA's Non-LMI proposal to be generally responsive to the requirements of the Order Directing Proposals. However, the Commission finds that some modifications and further directives are necessary to appropriately balance funding and allocate activities between NYSERDA's LMI and Non-LMI portfolios, and to ensure that the Utilities' and NYSERDA's activities are working in tandem to achieve the greatest possible impact of ratepayer funds. Specifically, the Commission orders modifications to refine NYSERDA's approach to workforce development, technical assistance, and general awareness and education. We also: (1) modify NYSERDA's budget allocations to increase funding for workforce development; (2) focus NYSERDA's role in general awareness and education, codes and standards, and purposeful demonstration activities; (3) adjust the relative allocation of workforce development and Disadvantaged Communities outreach and engagement budgets between the Non-LMI and LMI portfolios; and (4) reduce program administration costs. These modifications are described in the sections that follow, and the modified budget allocations are summarized in Appendix E.

Regarding the allocation of budgets and activities between the Non-LMI and LMI portfolios, the Commission notes that NYSERDA's proposals would allocate 65 percent of funding for general awareness and education and 75 percent of funding for workforce development to its LMI portfolio budget. The Commission finds that these proportions are inappropriate. As NYSERDA recognizes in its proposals, its market development activities provide benefits to both LMI and Non-LMI market segments, and it is challenging to track their differentiated benefits between the two. In the area of workforce development, ratepayer-supported activities historically have been funded outside of the LMI budgets, given that workforce development has market-wide impacts and LMI budgets have necessarily been prioritized to subsidize energy efficiency and weatherization projects in the LMI market segment. In the area of general awareness and education, the Commission is concerned that NYSERDA's proposed allocations reflect a conflation of LMI customers with Disadvantaged Communities, since NYSERDA proposes to allocate the majority of LMI portfolio funding for general awareness and education to Disadvantaged Community outreach and education activities. This conflation is also a concern in the area of workforce development, where NYSERDA proposes the training of workers in Disadvantaged Communities and "priority populations" as an outcome of its efforts under the LMI portfolio, but not the Non-LMI portfolio.

Furthermore, we reiterate the guidance articulated in the Order Directing Proposals and discussed further in this Order under the heading "Disadvantaged Communities," that all PAs are expected to provide benefits to Disadvantaged Communities through their Non-LMI portfolios. For these reasons, we adjust the distribution of NYSERDA's workforce development and general awareness and education budgets between the two portfolios, while maintaining NYSERDA's total Non-LMI and LMI portfolio budgets at the levels established in the Order Directing Proposals.

1. Workforce Development

Workforce development is a critical market development function and a linchpin of New York State's ability to scale the adoption of EE/BE solutions and benefit Disadvantaged Communities. As outlined in the Order Directing Proposals, NYSERDA is responsible for providing programming to address EE/BE market development needs. To that end, NYSERDA proposes to administer three programs: Clean Energy Career Pathways Training Cohorts, Targeted Skills Training and Upskilling, and "Earn as You Learn" Wage Reimbursement and Retention Incentives. NYSERDA's proposals include a total of $66.1 million for workforce development activities over the 2026–2030 program period ($16.5 million for Non-LMI, and $49.6 million for LMI). NYSERDA proposes to discontinue its Clean Energy Internship and Climate Justice Fellowship programs and pursue other funding sources for activities currently conducted through its Career Awareness and Outreach in K-12 Schools and Building Operations and Maintenance Training programs. NYSERDA proposes to train 750 new workers as an outcome tied to its Non-LMI portfolio spending and 5,000 new workers from Disadvantaged Communities and priority populations as an outcome tied to its 2026-2030 LMI Portfolio spending.

Multiple parties including Building Decarbonization Coalition (BDC), AGREE, NRDC, ACE-NY/AEU, and RMI comment that the budget and goals proposed by NYSERDA are not sufficient to build a workforce of the scale and diversity necessary to achieve New York's climate goals. Some commenters flag the need for multi-agency coordination and collaboration with community-based organizations, while others lament the lack of a comprehensive study of the assets and needs of New York State's clean energy industries regarding education and workforce, as recently undertaken in jurisdictions such as New Jersey and Massachusetts. NY-GEO urges NYSERDA to ensure that workforce training initiatives are accessible to non-union workers in parts of the State where unions do not exist or are not a significant part of the local workforce.

To date, ratepayer-funded workforce development initiatives administered by NYSERDA have largely focused on training existing and potential new workers, with a goal to train up to 40,000 workers through 2025, with NYSERDA reporting 33,243 individuals trained as of the fourth quarter of 2024.[36] However, in its 2024 Clean Energy Industry Report, NYSERDA states that 24 percent of employers in the building decarbonization and energy efficiency sector find it very difficult to hire new workers, while 76 percent of employers in this sector report that it is somewhat difficult to hire new

[36] Case 14-M-0094, NYSERDA CEF 2024 Annual Performance Report (filed March 31, 2025).

workers.[37] While the Commission is encouraged by NYSERDA's proposal to focus on job placement in the 2026-2030 workforce programs, we find that more is needed to bridge the gap between workers trained and employers seeking to hire. This should include working with the large network of EE/BE contractors that participate in NYSERDA and utility EE/BE programs to ensure that training curricula and program designs align with contractor needs and create a pipeline of trainees that can be hired by EE/BE contractors.

The Commission notes that NYSERDA has included community-based organizations and nonprofit entities in the list of program-specific stakeholder engagement that will be necessary to advance the proposed programs. However, the Commission agrees with commenters that additional collaboration is necessary between NYSERDA and community-based organizations that represent Disadvantaged Communities to identify needs and opportunities to more broadly address workforce development and training challenges for these communities. We also agree with commenters on the need to better assess the workforce training and employment needs and opportunities across New York State's EE/BE ecosystem, inclusive of contractors, workforce training entities (i.e., the New York State Department of Labor, the State University of New York, State Department of Education, NYSERDA, and local agencies), and nonprofit entities and community-based organizations that serve Disadvantaged Communities. To inform the development of EE/BE workforce development strategies in 2026-2030, NYSERDA is hereby required to conduct an assessment, in consultation with DPS Staff, as

[37] NYSERDA 2024 Clean Energy Industry Report at p. 57. See https://www.nyserda.ny.gov/-/media/Project/Nyserda/Files/Publications/Clean-energy-industry/CEIR-2024-r-1-v1_acc.pdf.

described above, to be filed no later than January 31, 2026. The scope for this assessment should be developed through collaboration with stakeholders. NYSERDA shall consult DPS Staff on the development of a plan to undertake this assessment.

With respect to NYSERDA's proposal to defund the Clean Energy Internship Program and Climate Justice Fellowship Program, commenters including AGREE, KC3, and the Pratt Center for Community Development (Pratt Center) oppose the closing of the programs, stating that NYSERDA should do more to support students and new workers in clean energy career pathways. KC3 recommends that the programs should continue with an exclusive focus on training workers within Disadvantaged Communities. The City comments that workforce development programs should prioritize workers from Disadvantaged Communities, while Bright Power suggests that these programs should focus on low-income communities and lowering barriers to entry for people without college degrees. The Commission agrees with the prioritization of residents of Disadvantaged Communities and low-income individuals. NYSERDA should consider, before closing the Clean Energy Internship and Climate Justice Fellowship programs, whether the role served by these programs can be filled through other programs in the portfolio. NYSERDA should also ensure that the suite of workforce development offerings in 2026-2030 provide ample opportunities for new workers from Disadvantaged Communities to gain exposure to and support in pursuing clean energy careers.

NRDC expresses concern about NYSERDA's proposal to eliminate funding for Building Operations and Maintenance training program, stating that training in this area is important for ensuring the success of building retrofit projects by supporting proper maintenance of heat pumps. The Commission agrees that well trained building operations and maintenance personnel are important to ensure successful outcomes. The Commission expects NYSERDA to include this topic in the assessment of workforce assets and needs previously discussed and encourages NYSERDA to seek ways to continue to support building operations and maintenance activities (e.g., potentially through technical assistance or other approaches), to address the deficiencies NYSERDA has observed in the Building Operations and Maintenance training program.

The Commission agrees with those commenters who state that more funding should be allocated to workforce development. The potential to scale adoption of EE/BE solutions, and the success of the ratepayer-funded EE/BE programs, depends on the availability of installation and technician capacity in New York State. Furthermore, as highlighted above, we find it inappropriate to assign the majority of funding for workforce development, and the sole responsibility for training workers from Disadvantaged Communities and "priority populations," to the LMI portfolio. Based on these factors and the unique role NYSERDA can play in helping to advance New York's EE/BE workforce, the Commission will allocate a total of $83.0 million across the Non-LMI and LMI portfolios ($53.0 million allocated to the Non-LMI Portfolio and $30.0 million allocated to the LMI Portfolio), as reflected in Appendix E. In reducing the proportion of workforce development funding allocated to the LMI portfolio, the Commission does not intend for NYSERDA to reduce the number of workers from Disadvantaged Communities expected to be trained through these programs. Rather, NYSERDA should realign its outcomes such that benefits to Disadvantaged Communities result from its Non-LMI portfolio spending, as well as its LMI portfolio spending.

Based on the discussion above, the Commission directs NYSERDA, within 90 days of the date of this Order, to include modified strategies in a singular EE/BE Workforce Development Implementation Plan for DPS Staff approval, including solutions for linking trainees to contractors participating in ratepayer-funded EE/BE programs. These strategies shall be informed from input from stakeholders, including other state agencies, contractors, and community-based organizations. Due to the cross-portfolio nature of NYSERDA's Workforce Development activities, the singular EE/BE Workforce Development Implementation Plan shall include both the Non-LMI and LMI budget allocations. Because findings from the EE/BE Workforce Development Assessment will not yet be available to inform the initial EE/BE Workforce Development Implementation Plan, NYSERDA shall incorporate modifications based on those findings into future filings of the implementation plan.

2. General Awareness and Education

In the Order Directing Proposals, the Commission recognized that the clean energy transition envisioned by the CLCPA requires educating consumers and service providers about the availability, operation, and benefits of technologies to more efficiently heat and cool New York's buildings. The Commission recognized NYSERDA's leading role in advancing this education and called on NYSERDA to propose general awareness and education activities for 2026-2030. The Commission cautioned that NYSERDA's activities would not replace the need for utility-specific program marketing and noted NYSERDA's activities as part of the NYS Clean Heat Program as an example of effective coordination between NYSERDA marketing and education and utility offerings that should be considered for future campaigns.

The Order Directing Proposals also required NYSERDA to leverage its touchpoints with market actors such as contractors, retailers, and manufacturers in their general awareness efforts, and to advance outreach and awareness at the local level through the Regional Clean Energy Hubs. Noting the difficulty of measuring outcomes associated with awareness activities, especially given the potential for overlap between NYSERDA and utility marketing, the Commission directed NYSERDA to articulate a methodology for tracking and ensuring the effectiveness of its efforts. Finally, the Commission encouraged NYSERDA to assess, in coordination with the Utilities, the possibility of providing real-time information to customers about EE/BE programs and incentives available to them in their particular circumstances and location, to help them better navigate the complex and often confusing landscape of EE/BE resources in New York.

NYSERDA's proposals include a total of $168 million for general awareness and education activities over the 2026-2030 program period ($58.9 million allocated to the Non-LMI Portfolio plus $109 million allocated to the LMI Portfolio). NYSERDA proposes the Non-LMI funding will be used to support a) general consumer awareness efforts, including expanded weatherization outreach and a Statewide Residential Engagement Website, and b) Local Government Engagement, including Clean Energy Municipal Leadership Cohorts and the development of tools and guidebooks for municipalities. Additional general consumer awareness and education activities, including outreach and marketing related to LMI building weatherization and Disadvantaged Community Outreach and Engagement initiatives, are described in NYSERDA's LMI proposal and addressed in the accompanying LMI EE/BE Order.

a. General Consumer Awareness

In both its Non-LMI and LMI proposals, NYSERDA describes a new general awareness initiative to develop a one-stop intake website for customers interested in enrolling in

EE/BE programs.[38] NYSERDA states that this proposed Residential Engagement Website responds to the Commission's directive in the Order Directing Proposals to reduce confusion for customers seeking EE/BE project support. Visitors to this website will be able to enter their contact information and answer some basic questions about the building in which they reside; based on their responses, that information will be funneled to the appropriate PA for follow-up support, targeted outreach, or program enrollment. NYSERDA proposes to maintain the Energy Advisor website, which will connect to the Residential Engagement Website and continue to provide high-level information for LMI renters and homeowners about energy-related programs. NYSERDA also includes plans for a Learning Center, One- to Four-Unit Residential Engagement Platform, and Multifamily Engagement System as part of this initiative.

Also, under the umbrella of General Consumer Awareness, NYSERDA proposes to build on its prior work supporting NYS Clean Heat, but pivot to focus on weatherization and electrification-readiness. It proposes to "brand and market a statewide weatherization product, to be offered consistently through program administrators, contractors, and outreach organizations, to simplify communication and uptake of critical

[38] While NYSERDA's proposal describes the Residential Engagement Platform as a new initiative, NYSERDA has subsequently indicated that the initial development and launch of the platform, MyEnergy, totaling $11.3 million, has been supported through $5.8 million from the current Market Development program and the remainder through other funding sources. The Non-LMI EE/BE Proposal includes an estimate of 2 percent of program budgets for ongoing maintenance for all of NYSERDA's EE/BE related systems, including the residential engagement platform.

weatherization actions to reduce fuel consumption and position homes for electrification."[39]

NYSERDA proposes that the outcomes associated with these general awareness initiatives will be improved customer confidence in decarbonization solutions and increased benefits to Disadvantaged Communities. Recognizing the Commission's concerns about the difficulty of measuring and evaluating the effectiveness of these types of activities, NYSERDA proposes to (1) improve tracking of customers engaged, as well as their actions, behavior, and decision-making over time, where possible, (2) work closely with utilities to receive information on customer participation and uptake in their programs, and (3) maintain a broad understanding of the uptake and market penetration of EE/BE measures within key market segments.

The Commission received multiple comments affirming the demand for clear, accessible, up-to-date information about the incentives and support available for EE/BE projects through the ratepayer-funded NYSERDA and utility programs, as well as through federal and other programs and funding sources. NRDC call for a "one stop shop," ideally a single statewide website, to provide customers with specific information about the EE/BE offerings available to them, including financing opportunities, and serve as a gateway to programs administered by the Utilities, NYSERDA, the New York Power Authority (NYPA), LIPA, and other entities. NRDC comments that NYSERDA appears to be the best candidate to lead this effort. They caution that the greatest challenge will be to maintain and update the portal to reflect accurate and timely information. To that end, they urge the Commission to direct NYSERDA and the Utilities to update information at least quarterly and suggest that the Commission

[39] NYSERDA Non-LMI Proposal, p. 46.

should consider having NYSERDA engage an independent, third-party contractor to establish and administer the site. AEA and AGREE also assert the need for one centralized resource to help customers navigate amongst available offerings, particularly in overlapping utility service territories.

The Commission notes the potential that exists with a well-executed residential engagement platform as contemplated in NYSERDA's proposals. However, the Commission finds the proposal to be fragmented and unclear. Moreover, given the role the Commission has assigned to the Utilities with regard to mass-market residential programs, the full value of such a platform cannot materialize without planned integration between the platform and utility program offerings. While the NYSERDA proposal suggests this as a possibility, it does not clearly propose this as an outcome NYSERDA is committed to deliver. Additionally, the utility proposals do not include their commitment to leverage such a platform. The Commission recognizes this could not be achieved unilaterally by NYSERDA and that it will require the full participation and cooperation from the Utilities to execute successfully. Therefore, the Commission directs NYSERDA and the Utilities to file, within 6 months of the date of this Order, a Joint Customer Platform Utility Integration Plan to integrate utility offerings and account for utility needs in the platform. This plan shall be developed in consultation with DPS Staff and include details and timelines for utility integration, as well as costs within the PAs authorized budgets included in this Order, to support this functionality of the platform. The plan should be inclusive of Non-LMI and LMI portfolio needs. NYSERDA and the Utilities will not have access to funds budgeted for this platform until the plan is approved by DPS Staff.

NYSERDA's other General Consumer Awareness proposals would expand and build on its current activities supporting NYS Clean Heat. According to NYSERDA, the NYS Clean Heat Program marketing and consumer awareness campaign focuses on increasing awareness and familiarity, interest, consideration, and demand for the installation of highly efficient heating and cooling technologies through marketing targeted at consumers with a high propensity to adopt and directing them to utility incentive programs. The Clean Heat campaign has delivered significant increases in awareness and familiarity with heat pumps, with over 400,000 leads generated.[40]

Given the favorable approach and outcomes associated with NYSERDA and the Utilities' collective engagement associated with general awareness and education for the NYS Clean Heat program, the Commission supports NYSERDA's proposal to provide similar services for residential weatherization within the budgets authorized herein. This approach however must be developed concurrent with the Upstate and Downstate Utility proposals for the Regional Weatherization programs, discussed herein, and subject to future Commission action.

With regard to ongoing general awareness and education support associated with the New York State Clean Heat Program, NYSERDA and the Utilities are directed to review the activities to date and the current status of the program and market, to determine an appropriate level of activities to undertake within the 2026-2030 program period, with the budgets authorized

[40] The "leads generated" is a combination of leads reported by contractors that participated in the Cooperative Advertising program (176,996) plus, the number of unique people that visited the cleanheat.ny.gov website more than once (245,480), plus the number of leads reported by the former NYSERDA Clean Heating & Cooling Community program (8,918). Additionally, there are 68,432 people that have looked up a contractor on the website.

herein. This review shall include, but not be limited to, the collective use of the nyscleanheat.org webpage, inclusive of the contractor portal, to ensure that ratepayer dollars that have been, and will continue to be, invested in this site are appropriately being leveraged by the Utilities and that the Utilities are not developing redundant, or potential contradictory, information and resources thereby causing confusion in the marketplace. The findings of this review shall be reported to DPS Staff through the New York State Clean Heat Program Joint Management Committee.

Regarding NYSERDA's general consumer awareness proposal more broadly, AGREE and Rewiring America comment that it does not sufficiently incorporate other clean energy market actors, as directed in the Order Directing Proposals. AGREE suggests that the proposal should include more coordination with the activities of the Regional Clean Energy Hubs. Rewiring America lists multiple websites and tools developed by third parties, including its own IRA Calculator and Personal Electrification Planner tools, and states that NYSERDA could leverage these existing resources rather than spend ratepayer funds to develop new ones. Both AGREE and Rewiring America comment that NYSERDA should expand its Outcomes and Metrics framework to measure how successfully they incorporate market actors and how many digital referrals NYSERDA receives through third-party sources and websites.

The Commission shares these concerns and adds that NYSERDA's awareness initiatives should not only leverage or coordinate with those of other market actors, where possible, but should also by synchronized with the Utilities' outreach and marketing activities. While the Utilities will be responsible for directly marketing the programs that they administer, NYSERDA efforts should complement utility efforts through more broadly focused awareness efforts and the direction of customers to utility incentive programs, thereby providing additional value to utility outreach and marketing. Achieving New York's climate objectives will unquestionably require shifts in consumer behavior, and the Commission recognizes the role that NYSERDA's general awareness and education activities can play in helping to drive those shifts. However, such wholesale shifts will take time, and the influence of many other facets of state government and society, to fully effectuate. Within the scope of the ratepayer-supported EE/BE portfolio, the Commission finds that NYSERDA can be more effective by strategically deploying general awareness and education efforts to support the uptake of EE/BE programs and to maximize the funding being allocated to advance work within buildings. Therefore, we will redefine NYSERDA's general awareness and education role to be primarily focused on driving customer actions through education on the steps that they may take to be more energy efficient and the programs available to them. Further, we note that the costs of marketing associated with specific NYSERDA initiatives should be borne from the programmatic budgets and not from the General Awareness and Outreach budgets prescribed herein.

b. Local Government Engagement

NYSERDA's Non-LMI proposal outlined a transition in its local government engagement activities for 2026-2030. NYSERDA proposed to end the CEC program, which helps local governments reduce energy consumption and implement clean energy solutions, and to incorporate the energy actions supported by CEC into the Climate Smart Communities (CSC) program administered by the NYSDEC. NYSERDA's proposal stated that it would work with NYSDEC and stakeholders to determine how elements of the CEC program would be integrated into CSC and whether there is an ongoing need for the CEC designation.

As a successor to its work under the CEC program, NYSERDA proposes to launch Clean Energy Municipal Leadership Cohorts, comprised of municipalities that have demonstrated clean energy leadership and are poised to broaden their efforts to decarbonize. NYSERDA envisions these cohorts as forums for connecting municipalities with funding opportunities, addressing knowledge gaps, providing technical support, sharing lessons learned, and fostering local leadership. NYSERDA also proposes to develop lessons from the Clean Energy Municipal Leadership Cohorts into toolkits and guidebooks for use by all municipalities pursuing EE/BE solutions.

The Commission received more than one hundred comments opposing NYSERDA's proposal to end the CEC program, including comments from the New York State Association of Counties (NYSAC), the New York Conference of Mayors (NYCOM), the Association of Towns (AOT), and numerous town and village officials and local climate and sustainability organizations. Many commenters express their strong preference for CEC over NYSDEC's CSC program. They cite in particular the value of the CEC coordinators, and the no-match grants and technical assistance provided through the program. Some commenters highlight the role of CEC in providing clean energy benefits to Disadvantaged Communities. AGREE asserts that CEC bolsters outreach to program contractors who work with local governments on clean heating and cooling and community solar programs. They also urge NYSERDA to reinstate energy efficiency measures as a qualifying CEC action.

On May 15, 2024, NYSERDA filed comments responding to the public comments that had been submitted up to that date regarding the CEC program. NYSERDA asserted that under its proposals, its total investments in local government engagement would increase in the 2026-2030 period, rather than decrease, and highlighted its proposed investments in the Regional Clean Energy Hubs, in addition to the Clean Energy Municipal Leadership Cohorts initiative. NYSERDA also pointed to the resources it provides to communities through its clean energy siting team, which are not funded through EE/BE portfolio budgets but are part of the more comprehensive picture of NYSERDA's support for local communities and governments.

NYSERDA also expanded on the transition from the CEC to CSC program, stating that the two programs have long been operating in close coordination, and that the role of the CEC coordinators will be taken over by the network of regional CSC coordinators that NYSDEC began funding in 2022. NYSERDA reiterated that in 2024 and 2025, it would work closely with NYSDEC and stakeholders to ensure that municipalities continue to receive support and expert guidance and encouraged municipal stakeholders to participate in NYSERDA-led engagement sessions to help shape the transition.

Subsequently, on March 27, 2025, NYSERDA filed comments stating that following discussions with NYSDEC, NYSERDA concluded that the CSC program is not currently able to incorporate elements of the CEC program as envisioned in NYSERDA's proposal. For this reason, and upon consideration of stakeholder feedback, NYSERDA has determined that there is a continued need for the CEC program designation and CEC coordinator network. NYSERDA states that it will support the continuation of CEC with funding through the Regional Greenhouse Gas Initiative (RGGI), allocating $28 million to the initiative over a four year period ending March 31, 2028.[41] With the EE/BE funding proposed in its Non-LMI proposal, NYSERDA states that it will support a new cohort initiative that it will brand as Clean Energy Communities Cohorts, based on stakeholder feedback suggesting strong brand recognition of the CEC designation. Like the Clean Energy Municipal Leadership Cohorts described in NYSERDA's initial proposal, these cohorts will serve as an evolution of the CEC program for communities that have already completed existing CEC high-impact actions. The Commission supports NYSERDA's resolution of this issue.

Taking all of the above factors into consideration, the Commission will reduce NYSERDA's collective Non-LMI plus LMI proposed General Awareness and Education budget from $168 million to $102.3 million, representing $49.6 million allocated to the Non-LMI Portfolio and $52.7 million allocated to the LMI Portfolio, as reflected in Appendix E. The $65.7 million reduction in Awareness and Education budget will be reallocated to higher priority uses, as discussed further herein.

3. Codes and Standards

NYSERDA proposes to fund its codes and standards activities solely from the Non-LMI portfolio totaling $50 million over the 2026–2030 program period. As reflected in NYSERDA's proposal, this role, as it relates to codes, includes efforts on compliance to help the building industry and local code officials learn and adapt to changing requirements so that

[41] See New York's Regional Greenhouse Gas Initiative Operating Plan Amendment for 2025, approved by NYSERDA Board of Directors on January 29, 2025, available at: https://www.nyserda.ny.gov/-/media/Project/Nyserda/Files/EE/RGGI/2025-RGGI-Op-Plan-Amendment.pdf.

the market is prepared as new regulations take effect.[42] These activities include developing and providing training, and technical assistance for compliance tools and resources, as well as providing technical interpretations and support, and conducting studies of compliance rates and market practices. NYSERDA also proposes to design and launch pilots to test and optimize resources and offerings to help local code compliance and enforcement that can be scaled statewide. NYSERDA proposes to continue work on the development and advancement of state and local codes. NYSERDA provides technical, legal, and analytical resources to the New York State Department of State (NYSDOS) that allow for effective codes to be developed and deployed more quickly. NYSERDA also develops “stretch” and advanced energy codes that can be adopted and implemented at the local level that exceed levels required by State code.

With regard to standards, NYSERDA proposes to continue initiatives related to building performance, as well as product and appliance standards.[43] As described by NYSERDA, New York State has pursued opportunities outside of federal appliance efficiency standards and will continue to evaluate those at the state level. NYSERDA supported the development and adoption of the 2022 Codes & Standards Act that expanded New York’s ability to adopt and advance state-level appliance and equipment

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[42] Codes used in this context refers to NYS Codes enacted by the NYS Code Council and local energy codes enacted by individual authorities having jurisdiction related to the energy use and emissions, as well as clean energy features, in buildings, this includes but may not be limited to the Energy Conservation Construction Code.

[43] Standards used in this context refers to product and appliance standards adopted by New York at the state level and U.S. Department of Energy (DOE) at the federal level. NYSERDA and NYSDOS have regulatory authority to adopt state-level standards for New York, while NYSERDA works with other states and national organizations to update federal-level standards.

standards and empowered NYSERDA as the key regulatory authority in this work; since that time, New York has enacted standards for twenty-one product categories that went into effect in June 2023. NYSERDA proposes that its standards work in the 2026-2030 period will continue to include technical and economic analyses and assessment, engagement with market and community stakeholders to understand capabilities, impacts and challenges related to education and compliance, development of new and revised standards for products and consideration of additional product features and capabilities, like electric load flexibility. In the area of compliance, NYSERDA proposes to offer supply chain support, resource development, compliance studies, and support for legal, enforcement, and regulatory work by NYSERDA, NYSDOS, or the New York State Office of the Attorney General. NYSERDA proposes to continue to support the advancement of federal appliance standards across more than 62 categories of products covered by the US Department of Energy.

NYSERDA proposes the outcomes of their codes and standards activities will include approximately 25,000 training seats completed, as well as a number of compliance resources deployed, codes, standards, regulations developed and adopted, and increased compliance rates with adopted codes, standards, and regulations. However, NYSERDA does not provide estimates for these latter metrics because, according to NYSERDA, many of these items are dependent on statutory and regulatory processes outside of NYSERDA's direct control. NYSERDA also proposes to evaluate and report indirect energy, emission, and bill savings for their codes and standards activities, although it does not include these in the Non-LMI portfolio proposed indirect impacts due to the uncertainties associated with this work. However, NYSERDA anticipates them to be significant, particularly as it relates to Building Energy Grades.[44]

Codes and standards are critical for the State's attainment of its climate goals, as they provide the opportunity to require transformation in the market that is impractical to achieve by solely incenting customers to voluntarily take actions. As described in the Order Directing Proposals, NYSERDA is positioned to play a unique role with regard to codes and standards. This becomes ever more important as energy performance requirements in the buildings sector increase due to the adoption of new codes that represent once-in-a-generation levels of change. As such, the Commission is supportive of the types of activities NYSERDA has proposed in this area and calls upon NYSERDA to ensure that all activities are properly coordinated with the NYSDOS or other jurisdictions having authority, such that the support provided by ratepayers results in not only immediate value but also builds capacity or replicable models that will not require increased or endless financial support from ratepayers.

NYSERDA's proposal references the Utilities' need to coordinate their incentive offerings with code and standards baseline performance criteria and to modify their programs accordingly. This is, and has always been, a central concept in the energy efficiency programs authorized by the Commission, in that ratepayer funds are not used to incent measures that are otherwise required by applicable federal or state codes and

[44] NYSERDA's proposal notes the advancement of building energy grades is dependent upon the passage of new legislation.

standards.[45] This concept has become more complex as codes and standards evolve from equipment-specific standards to building performance standards with various pathways for compliance. All PAs and DPS Staff must stay abreast of this evolving landscape and ensure, through program design, implementation, and oversight, that ratepayer funded programs continue to support incremental savings or otherwise promote efficiency levels that most effectively advance energy savings beyond what is required by current codes and standards. The Commission views NYSERDA's codes and standards role to include serving as a resource to DPS Staff and the Utilities on how codes and standards development have and will affect EE/BE programs. This should be implemented through regular updates to DPS Staff and the Utilities primarily through, but not limited to, the NYS Technical Resource Manual (TRM) Management Committee. NYSERDA shall also take on the responsibility to ensure that all measures in the TRM are accurate with regard to the appropriate applicable state or federal code or standard and work in consultation with DPS Staff and the Utilities to integrate compliance efficiency levels into the TRM.[46]

The Commission finds the codes and standards work proposed by NYSERDA, as modified herein, to be appropriate. The

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[45] Exceptions to this policy have included special consideration for LMI programs or areas of the State in which local jurisdictions that have adopted requirements more stringent than state codes and standards (e.g., New York City's Local Law 97 and NYStretch Energy code).

[46] Compliance efficiency refers to requirements set by the energy efficiency programs to ensure building and appliance measures incented by the programs are installed to promote and achieve higher levels of energy efficiency, exceeding baseline code and standards levels, and are typically used to recognize market conditions that have advanced past baseline levels in order to limit incentives to achieving higher levels of efficiency.

Commission appreciates the difficulty in predicting the timing of specific quantifiable outcomes for NYSERDA's proposed codes and standards work at the time of the Non-LMI Proposal. NYSERDA shall include in its Non-LMI Implementation Plan further detail regarding the outcomes anticipated for the level of investment being programmed, at that time, for DPS Staff's approval. Regardless of the value we place upon this work, we are persuaded by comments that have called upon the Commission to maximize the amount of funds being allocated to projects in buildings. Therefore, we will reduce the budget allocated to codes and standards from $50 million to $40 million over the five-year period, funded solely from the Non-LMI portfolio, as reflected in Appendix E.

4. Technical Services

NYSERDA proposes to fund its technical assistance activities solely out of the Non-LMI portfolio totaling $120 million over the 2026–2030 program period. As directed in the Order Directing Proposals, NYSERDA will provide technical assistance services to all building types statewide for the 2026-2030 period. As proposed by NYSERDA, it would continue to provide energy audits and cost-shared flexible technical services while also amending its offerings to align with the Strategic Framework and better complement and drive uptake of utility end-use incentives to achieve greater adoption of strategic EE/BE measures. The proposed activities would work with market actors and providers to improve access to and delivery of useful analysis and recommendations to support building owners and their EE/BE investment decisions.

NYSERDA described three key trends that have informed their proposal, including: (1) increased demand for technical services due to state and local policies and potential federal funding opportunities; (2) variability of cost and performance data for EE/BE measures leading to customer uncertainty; and (3) increasing impacts of climate change raising the need for resiliency considerations at the project planning and design stage.

NYSERDA proposes the outcomes of their technical assistance activities to include approximately 155,000 units served and 1,600 non-residential projects (~400 million square feet) served. As well as cumulative direct lifetime energy savings of 70,416,100 LMMBtu-e[47] and associated GHG emission reductions, and bill savings. NYSERDA states that indirect energy savings and GHG emission reductions would be tracked over time. NYSERDA also proposes metrics, but does not provide a specific quantifiable figure, regarding: the number of contractors participating in technical services programs; the number of educational tools and resources for decarbonization planning distributed; conversion rates from studies/audits (percent of project/sites that receive an incentive through a utility program); increased confidence among building owners to make EE/BE investments; and measure adoption rates from studies/audits (percent of recommended energy savings adopted over the long term).

Comments were generally supportive of NYSERDA's technical assistance proposal. ACE NY United highlighted the energy audits and electrification feasibility studies incentivized through NYSERDA's current FlexTech program are critical for LMI buildings and urge the Commission to provide necessary funding to continue to offer 75 percent cost-share for LMI buildings. ACE NY United also appreciates the work of downstate utilities and NYSERDA to better align program

[47] This figure, and other annual and lifetime MMBtu-e savings referenced in NYSERDA's proposal, nets out projected increased electric usage due to building electrification projects.

offerings. To make it easier for properties to participate in incentive programs, they recommend that the FlexTech audit be used in place of pre-installation inspections, noting NYSERDA's rigorous process for accepting FlexTech Consultants and high level of involvement in audit quality and delivery.

Joint Commenters (We Act) calls attention to NYSERDA's proposed plan to expand FlexTech to serve all programs, removing the necessity for multiple building assessments. They emphasize the need for a clear design and implementation strategy involving all PAs. They also note concerns about the length of time it takes to be approved for funding from FlexTech and current staffing shortages that may jeopardize the proposed approach. For its part, the City recommends that NYSERDA's Non-LMI funds, currently budgeted for technical services could potentially be reallocated to incentive programs over time once customers have a better understanding of program offerings.

In the Order Directing Proposals, the Commission noted the current suite of program offerings from NYSERDA and the Utilities demonstrated a lack of coordination. It further stated that:

> [t]he Commission believes that it is necessary for utility end-user incentive programs to recognize and accept the technical assistance/audit provided through NYSERDA. It is inefficient and unduly cumbersome to require customers to engage in redundant processes and it is unacceptable to force this additional administrative burden and increased cost on a building owner, its service provider, and ultimately the building tenants. At the same time, the Commission direct[ed] NYSERDA to take all practical steps to ensure that its technical assistance/audit service is genuinely used by and useful to building decision makers ....[48]

[48] Order Directing Proposals, p. 63.

The Commission also found that it had not yet "met the goal of providing ready access to useful analysis and recommendations to support building owners and their EE/BE investment decisions."[49] NYSERDA and the Utilities were therefore directed to:

> work collaboratively with market actors and market providers to identify the necessary information to support this type of alignment, and to pursue ways in which the processes can be improved to result in higher conversion rates to advancing projects. The standard of success for such services is that they meet the needs of building owners and result in their increased willingness and confidence to undertake EE/BE investments. The Commission note[ed] that this amounts to a requirement that NYSERDA and the Utilities ensure that these services are usefully available.[50]

The Commission finds that while both NYSERDA and some of the Utilities' proposals recognize the strong interdependencies among NYSERDA's technical assistance and the Utilities' end-use incentive programs, they lack the specificity needed for the Commission to ensure its directives on this matter will be achieved. Therefore, we direct NYSERDA and the Utilities to hold a stakeholder roundtable within 6 months of the date of this Order to engage with interested stakeholders to further refine the necessary collaborative model called for with regard to Technical Assistance and provide details on how this will be implemented in their respective Implementation Plans, subject to DPS Staff approval. Areas to be explored shall include, but not be limited to, coordination between technical studies/audits and the TRM, ensuring necessary data sharing is established to streamline the process for customers, and

[49] Order Directing Proposals, p. 64.

[50] Id.

assessment of the effectiveness of the approach. The Commission notes this represents a change from the status quo and may take time to implement across various market segments. Therefore, NYSERDA and the Utilities are encouraged to establish a phased approach that prioritize those areas that represent the greatest opportunity. NYSERDA and the Utilities shall report on the status and outcomes related to adopting this collaborative model in their respective annual reports, including insights from market participants as to whether these improvements have addressed their needs.

The Commission finds the technical assistance activities proposed by NYSERDA to generally be in line with the guidance provided in the Order Directing Proposals. The additional guidance provided herein will ensure these activities are most impactful and hold NYSERDA and the Utilities to account for ensuring they are leveraging each other's roles to the benefit of participating customers and to ratepayers as a whole by eliminating redundancy to make programs more efficient. The Technical Services budget is increased by $4 million for a total of $125 million over the 2026-2030 program period. NYSERDA shall include in its Non-LMI Implementation Plans further detail regarding the outcomes anticipated for the level of investment being programmed at that time, for DPS Staff's approval.

5. Purposeful Demonstrations

NYSERDA proposes to fund its Purposeful Demonstrations activities solely out of the Non-LMI portfolios totaling $165 million over the 2026–2030 program period. Included in the $165 million proposed budget is $30 million allocated to the Comfort Home Program. As previously discussed, the Commission is authorizing $30 million for continued and expanded operation of the Comfort Home program statewide until the Utilities' Regional Weatherization programs are launched, estimate by January 1,

2027. Therefore, we will net out the $30 million associated with Comfort Home from the broader Demonstration budget.

NYSERDA's proposal states its demonstrations activities will prioritize efforts on the following four themes (1) provision of benefits to Disadvantaged Communities; (2) testing economic and technical performance while prioritizing replicability and scale; (3) advancing considerations of building resiliency; and (4) market studies and dissemination of market insights, best practices and case studies. NYSERDA states the outcomes and metrics associated with their demonstration activities will result in approximately 17,000 residential units and 30 non-residential units (~13.5 million square feet) completed with cumulative direct lifetime energy savings estimated at 37,517,800 LMMBtu-e and associated GHG emission reductions, and bill savings. NYSERDA states that indirect energy savings and GHG emission reductions would be tracked over time. Other outcomes and metrics include: number of replications; number and use of case studies or market/field studies; number of buildings implementing climate risk mitigation strategies; increased awareness and understanding of technical and economic viability of clean energy solutions; and increases in utility program uptake of demonstration project strategic measures.

Con Edison states in their proposal their intention to coordinate with National Grid and NYSERDA on the development of demonstration or pilot projects that will inform the development of future offerings. Stating further that pilots and demonstrations should advance collective learning with a goal of future program implementation without creating duplicative or competing offerings.

Cycle Retrotech notes concerns that NYSERDA's budget is too heavily focused on demonstration projects, as in their opinion this approach does not sufficiently address structural changes needed to meet NY's climate goals and capacity for innovation. RMI encourages PAs to pilot measured, performance-based programs in order to transition to more accountable, higher impact programs. Sealed also supports the demonstration of new program designs, including measured savings programs that incorporate time, location, and GHG emissions. Franklin Energy recognizes that NYSERDA has historically been tasked with demonstrations but believes utilities also need resources to test new individual measures, rebate structures, and marketing tactics within existing programs. REBNY supports NYSERDA's overall proposal including the demonstration component, noting NYSERDA's proposal incorporates comments REBNY had provided earlier in this process.

The Commission notes that it is absolutely critical that NYSERDA share knowledge and experience gained through the conduct of these demonstrations with the marketplace and building owners. Increasing familiarity and producing detailed case studies of comparable projects for various building typologies with capital and operating cost information that developers, owners, service providers can learn from is a necessary outcome for these demonstrations to be deemed successful. Another target audience the Commission sees for this demonstration work is that of the utility PAs. Our vision is that NYSERDA is better positioned to take on the de-risking of technologies/practices through demonstrations and, when proven, the utility program administrators can then incorporate these technologies and/or practices into their programming at scale. While orchestrating this hand off may be complex and, at times, budget dependent, the Commission explicitly states this expectation to avoid ambiguity on the part of NYSERDA or the Utilities as to what is required of them. The Commission envisions this to include, but not be limited to: (1) NYSERDA seeking, and the Utilities providing, input as to the types of demonstrations and the detail with respect to the data to be collected and produced as a result of the demonstrations that may be of most interest on no less than an annual basis; (2) sharing of demonstration progress and lessons learned to date, in addition to other dissemination methods, on no less than an annual basis; (3) the Utilities not unilaterally conducting demonstrations with EE/BE funds authorized herein, unless explicitly authorized to do so; and 4) the Utilities proactively working with NYSERDA to identify meaningful/useful/tactical demonstration projects within their service territories and assist with the design of such demonstrations and support with data collection and sharing, as appropriate/needed.

The Commission finds the purposeful demonstrations activities proposed by NYSERDA, and as modified herein, to generally be in line with the guidance provided in the Order Directing Proposals. The additional guidance provided herein will ensure these activities are most impactful and hold NYSERDA and the Utilities to account for ensuring they are leveraging each other's roles to the benefit of participating customers, and to ratepayers as a whole by eliminating redundancy to make the best use of the collective ratepayer funds. Details to effectuate this guidance shall be incorporated in NYSERDA's and the individual Utilities' 2026-2030 EE/BE Implementation Plans submitted for Staff's approval. In order to fund other priority activities previously discussed, NYSERDA's proposed Purposeful Demonstration budget is adjusted slightly from $135 million to $124.4 million over the 2026-2030 program period.

6. Administrative Costs

In addition to the budget adjustments described above, the Commission makes an adjustment to NYSERDA's proposed administrative costs of 14.2 percent of portfolio costs ($71 million) for the 2026-2030 program period. NYSERDA's proposal describes the proposed administrative rate of 14.2 percent to include reclassifications of costs that previously had not been classified to administration, totaling 5.1 percent. For those costs that have traditionally been charged to administration, NYSERDA proposes a rate of 9.1 percent, compared to the current 8 percent, which was previously authorized in the CEF Framework Order.[51] NYSERDA further describes the multitude of circumstances that have placed upwards pressure on their administrative costs and steps they have taken to manage those costs over recent years.

While the Commission acknowledges these pressures, we must remain diligent in our fiduciary responsibilities to the State's ratepayers as we carry out the State's policy objectives. Taken as a whole, the actions we have taken in this and the LMI EE/BE Order, have intended to reduce, if not eliminate redundancy, streamline efforts and better define roles. All of these actions will provide some relief to NYSERDA in its administrative approaches compared to today's status quo. We encourage NYSERDA to seek additional opportunities to find efficiencies in programming and administrative functions. Therefore, we will impute a productivity adjustment to the proposed administrative rate and adjust it from the proposed 14.2 percent to 12 percent for this period. The difference of $11 million is reallocated to program budgets, specifically an additional $6 million to Workforce Development and $5 million to Technical Services, as reflected in Appendix E, and included in the figures previously discussed.

[51] Administration also includes direct labor, indirect labor, staff augmentation, and traditional General & Administrative expenses.

Disadvantaged Communities

Ensuring that Disadvantaged Communities are positioned to participate in and benefit from the clean energy transition is a priority for the Commission. The EE/BE portfolios have the potential to benefit Disadvantaged Communities in multiple ways. For instance, reducing fossil-fuel combustion at the local level will contribute to improvements in air quality and health outcomes; energy efficiency and weatherization can reduce energy consumption and energy bills, improving energy affordability; and investments in workforce development can help to improve economic development for residents and businesses located within Disadvantaged Communities. With 35 percent of New York State's census tracts identified as Disadvantaged Communities, there is significant potential for PAs to advance benefits for Disadvantaged Communities through their EE/BE programs.[52]

In response to the Commission's directive in the Order Directing Proposals, the PAs proposed strategies for advancing EE/BE activities in Disadvantaged Communities. Central Hudson and the National Grid Companies propose tailored programmatic offerings to customers within Disadvantaged Communities, while the remaining PAs largely propose improved outreach and marketing or coordination with NYSERDA on LMI programs. In addition, Con Edison and O&R propose methodological changes to the accounting of Disadvantaged Community investments. The Commission finds the collective set of proposals insufficient. Several commenters (e.g., AEA, AGREE, PULP, and RMI) also express disappointment in the collective strategies proposed by the PAs, calling them inadequate, insufficiently detailed, and inconsistent across utility territories.

[52] See Disadvantaged Communities Criteria Factsheet at https://climate.ny.gov/resources/disadvantaged-communities-criteria/.

The Commission is particularly concerned that the proposals do not adequately distinguish between Disadvantaged Communities and LMI customers. We share the concern expressed by both PULP and AGREE that the utility proposals place too much of the responsibility for serving Disadvantaged Communities on NYSERDA, as the administrator of one- to four-family LMI programs, and thereby miss opportunities to expand EE/BE benefits through the multifamily and non-residential sectors. The Commission rejects the statement from Con Edison and O&R that NYSERDA's role as the sole administrator of one- to four-family LMI programs limits the ability of other PAs to serve Disadvantaged Communities. While it is likely that Disadvantaged Communities will have a higher overall proportion of lower-income households than other communities, Disadvantaged Communities are not synonymous with LMI communities.

The Commission expects PAs to take a multi-sector approach to Disadvantaged Communities investments, which includes interventions to increase EE/BE beyond the LMI and residential sectors. Because the composition of Disadvantaged Communities varies across the State and within PA service territories, it will be necessary for PAs to identify program offerings that meet the needs of, and address opportunities to increase adoption of EE/BE solutions in communities within their service territories. For example, one Disadvantaged Community might benefit from programs targeting small businesses while another might see greater benefit from investments in multifamily buildings or industrial facilities. To identify needs and opportunities in Disadvantaged Communities in their service territories, PAs should consult with the Regional Clean Energy Hubs that serve their regions and engage with stakeholders representing Disadvantaged Communities, as well as draw on their own insights into the makeup of their customer base.

With respect to the accounting of Disadvantaged Community investments, Con Edison and O&R propose that the Commission set individual Disadvantaged Community spending goals for each PA. The Commission finds that this approach would amount to an imprecise exercise, given the differences in Disadvantaged Community composition and distribution around the State and disparities between PA budgets. Individual targets would also introduce the risk that PAs will focus solely on meeting their spending goal, rather than seek to address the opportunities that exist to advance Disadvantaged Community benefits through their EE/BE offerings. As outlined in the Order Directing Proposals, the Commission has found that the CLCPA Investment and Benefits Requirement is best achieved at the portfolio level, calculated across the total ratepayer funded LMI and Non-LMI portfolios collectively for all PAs. DPS Staff is expected to provide an assessment of whether, and how, the ratepayer-funded EE/BE portfolios meet the CLCPA Investment and Benefits Requirement following the review and compilation of Disadvantaged Communities reporting data filed by the PAs each year.

Both the City and the Pratt Center comment that PAs should not be able to claim a low-income investment as a Disadvantaged Community investment if the low-income customer is located outside of a Disadvantaged Community. However, the Climate Justice Working Group explicitly included low-income households in the Disadvantaged Community criteria for the purposes of the accounting of clean energy and energy efficiency investments.[53] While including investments outside of Disadvantaged Communities encourages clean energy investments in vulnerable populations who would be missed by a strictly geographic approach, the Commission appreciates that it may also diminish the impact of the Investments and Benefits Requirement on geographic Disadvantaged Communities. From 2020 through 2023, for total place-based investments, including Distributed Energy Resource programs and low-income bill assistance programs, 35 percent of ratepayer funded investments were located within geographic Disadvantaged Communities. When accounting for low-income investments outside Disadvantaged Communities, the total increases to 60 percent.

These data points indicate that there is an opportunity for ratepayer-funded programs to increase investments in geographic Disadvantaged Communities to achieve the CLCPA goal that 40 percent of clean energy investments benefit Disadvantaged Communities. While the Commission cannot modify the Disadvantaged Communities criteria or methodology for how the investments and benefits will be accounted for under the CLCPA, the Commission is dedicated to maximizing the impact of the EE/BE portfolio within geographic Disadvantaged Communities and hereby reinforces that PAs must focus on reaching a collective goal of at least 40 percent of annual EE/BE program investments occurring within geographic Disadvantaged Communities, with a minimum of 35 percent of investments within geographic Disadvantaged Communities, in parallel with continued programmatic support for low-income households located outside of Disadvantaged Communities. PAs should administer their EE/BE

[53] Technical Documentation on the Disadvantaged Communities Criteria. https://climate.ny.gov/-/media/Project/Climate/Files/Disadvantaged-Communities-Criteria/Technical-Documentation-on-the-Disadvantaged-Communities-Criteria---Final-Version.pdf.

programs with this goal in mind, and DPS Staff should continue to track and report investments in a manner that allows the public to discern the level of investment within geographic Disadvantaged Communities. DPS Staff are also required to work with PAs to address instances of underinvestment and to optimize the level of collective investment within geographic Disadvantaged Communities, while simultaneously advancing LMI programming in furtherance of the Commission's energy affordability objectives.

With respect to Con Edison and O&R's proposal to increase the percentage of affordable multifamily investments outside of Disadvantaged Communities that can be claimed towards the Disadvantaged Community Investment and Benefits Requirement from 40 percent to 49 percent, the Commission notes that the DPS Staff guidance was developed based on an inventory of the percentage of low-income tenants in the State's affordable housing portfolios.[54] The proportion of low-income tenants in affordable multifamily housing differs by building and by area, and different sources of data yield varying estimates of the average. Basing reporting on a higher assumed proportion does not increase the number of projects that can be completed, or the number of low-income tenants served through EE/BE programs. The Commission declines to alter the reporting guidance in this Order, but emphasizes that, as with all guidance documents, DPS Staff is expected to monitor Disadvantaged Communities reporting guidance over time and make adjustments as appropriate.

The Commission sees potential in the concepts presented by Central Hudson and the National Grid Companies to

[54] See Clean Energy Guidance Document CE-12, CLCPA-Disadvantaged Communities Investment and Benefits Reporting Guidance, available at: https://dps.ny.gov/system/files/documents/2023/10/disadvantaged-communities-guidance.pdf.

develop tailored program offerings for customers in Disadvantaged Communities. However, these concepts need to be elaborated in greater detail and aligned with the Commission's determinations regarding the Strategic Framework, as articulated in this Order. In developing their EE/BE Implementation Plans, all PAs shall articulate plans for how their programs will support Disadvantaged Communities and include details for any programmatic offerings specifically targeting Disadvantaged Communities. The Commission also expects DPS Staff to continue to monitor the development and implementation of strategies for addressing the needs of Disadvantaged Communities through EE/BE programs, along with measuring overall investments and benefits of EE/BE programs within Disadvantaged Communities, in accordance with Clean Energy Guidance 12- CLCPA Disadvantaged Communities Investment and Reporting (CE-12). DPS Staff shall continue to work with PAs to ensure that EE/BE programs are reaching a goal of 40 percent of investments within Disadvantaged Communities across the State, and update CE-12 as necessary to achieve this goal.

Strategic Framework

The Commission indicated as early as 2020 that, to align with State policy goals, the ratepayer-supported gas EE portfolios should transition to focus more heavily on building envelope improvements and deeper energy savings.[55] In the Staff EE/BE Report, DPS Staff discussed the need for a parallel evolution of the electric portfolios away from lighting measures and appliance rebates toward more comprehensive efficiency projects and whole-building electrification.[56] DPS Staff's

[55] Case 18-M-0084, Order Authorizing Utility Energy Efficiency and Building Electrification Portfolios through 2025 (issued January 15, 2020), pp. 44-45.

[56] See, e.g., Staff EE/BE Report, p. 26.

analysis in that report demonstrated that the Program Administrators have yet to achieve that transition. As of the second quarter of 2022 (the end of the period assessed in the report), DPS Staff found that lighting still accounted for the majority of electric portfolio savings, while the top three sources of gas savings were Home Energy Reports, Heating Ventilation and Air Conditioning equipment and thermostat sales.[57]

In the Staff EE/BE Report, DPS Staff discussed the role that performance metrics could play in driving the portfolios to evolve, but also recommended establishing a Strategic Framework to shape the composition of the portfolios more directly. As detailed in the Background section of this Order, the Commission adopted DPS Staff's recommendation in the Order Directing Proposals. It provided definitions of Strategic, Non-Strategic and Neutral measures and programs, and established that PAs would be required to allocate at least 85 percent of their portfolio budgets to Strategic measures and programs and none of their EE/BE budgets to Non-Strategic measures and programs in the 2026-2030 period.

The Commission received many comments supporting the Strategic Framework as articulated in the Order Directing Proposals. While commenters take various positions on the limited modifications to the Strategic Framework proposed by the PAs, discussed individually below, most express support for the framework in general; PULP explicitly cautions against any sweeping deviations. Several commenters applaud the Strategic Framework's rigorous emphasis on weatherization and beneficial electrification, although some see a role for low-cost, wide-reaching behavioral programs to balance the costlier, more time-

[57] Staff EE/BE Report, pp. 23-24 and 33.

and resource-intensive projects encouraged by the framework. The City recommends that, in the NYC area, 95 percent of funding should go to Strategic measures, as opposed to the 85 percent specified by the Commission, and that funding for Neutral measures "should only be used to expand the scope of pre-electrification or electrification projects to maximize the GHG emissions reductions achieved by an investment of strategic funding in a building."[58]

Franklin Energy expresses support for the policy objectives of the Strategic Framework but advises the Commission to slow the transition to Strategic measures. Franklin Energy states that based on its experience implementing EE/BE programs in New York across multiple sectors, it is concerned that the timeframe between the current portfolios and the start of the 2026 funding period is too short for contractors and developers to adjust to such a dramatic change in which measures are eligible for incentives. Franklin Energy recommends allowing PAs to support a higher proportion of Neutral measures for a longer period of time, designing programs to offer higher rebates when customers combine Neutral and Strategic measures, and using EAMs to encourage Program Administrators to transition away from Neutral measures.

In this Order, the Commission upholds the Strategic Framework established in the Order Directing Proposals, with some modifications and clarifications, based on consideration of the PAs' proposals and stakeholder comments. Modifications to the Strategic Framework specific to the LMI portfolio are addressed in the LMI EE/BE Order. In their 2026–2030 EE/BE Implementation Plans, the PAs should ensure that the proposed portfolios adhere to the Strategic Framework, and other guidance

[58] Comments of the City of New York, p. 8.

provided, as detailed below. The Commission also encourages LIPA to consider the adoption of the Strategic Framework to guide the EE/BE programs in its territory to provide for a cohesive statewide approach.

1. Levels of Building Electrification

The Commission stated in the Order Directing Proposals that "Strategic programs should not support part-load applications that simply result in incenting air conditioning."[59] The Commission further stated that PAs should identify their definition for "partial, supplemental, and/or hybrid" applications, subject to the guidance that hybrid heating projects should be designed and installed using the heat pump as the primary heat source, and that any legacy or new fossil fuel system would be used only for supplemental heating or resiliency.

Con Edison suggested definitions for supplemental and hybrid systems as those where there are heat pumps and fossil systems that are technically capable of heating the same space. Con Edison further clarifies that, in their view, supplemental systems are a subset of hybrid systems that are designed and operated to prioritize the use of the heat pumps.

NYSERDA did not provide specific definitions for the terms but noted in their proposal that investments analyzing or supporting installation of partial electrification strategies as part of a longer-term phased approach to decarbonizing multifamily, commercial, institutional, and industrial buildings should qualify as strategic. In their LMI proposal, NYSERDA also proposed that partial electrification be considered strategic when 1) heat pumps provide more than 50 percent of a building's space heating and/or domestic hot water load or 2)

[59] Order Directing Proposals, p. 39.

when heat pumps are displacing less than 50 percent of a building's heating load but heating equipment has reached the end of its useful life and the choice is between partial electrification or further investment in fossil fuel systems.

In their Non-LMI proposals, both NYSERDA and Con Edison note the importance of partial electrification applications for larger buildings. NYSERDA proposes that investments supporting phased or partial electrification projects for multifamily and C&I buildings through NYSERDA's technical assistance and demonstration programs should be considered Strategic. Con Edison proposes that partial, supplemental, and hybrid electrification measures also be considered Strategic in its multifamily and C&I programs. For the small-residential Clean Heat program, Con Edison proposed to incentivize partial projects only when they build on a previous heat pump installation to reach full load heating and requested some flexibility to incentivize supplemental or hybrid systems if installed with integrated controls to manage heat pumps and fossil units in concert. NFG proposed that its residential hybrid heating program be considered Strategic.

NRDC submits that, for Non-LMI one- to four-family and small commercial customers, incentives should only support space- and water-heating electrification measures that are sized to accommodate the full load of the building, and that preference should be given to projects that include the decommissioning of combustion equipment.

Several commenters support NYSERDA's proposal to allow phased or partial approaches to electrification for LMI multifamily buildings, but most do not indicate whether Non-LMI programs should also take this approach. Cycle Retrotech states that further study is needed to determine whether partial or hybrid approaches for multifamily buildings should be understood as "low hanging fruit" or "kicking the can down the road."[60] ACEEE comments that partial, supplemental, and hybrid systems that are designed to maximize reliance on electricity and avoid investments that prolong the use of gas may be appropriate in the near term, as well as in areas with a high number of heating degree days. Bright Power recommends amending NYSERDA's proposal as follows: "if the electrification measures are displacing less than 50 percent of the load, they must maximize the available electric capacity to be considered strategic, and if that's not possible, then partial electrification below 50 percent be considered neutral."[61]

The level and types of comments received on this topic reveal that there is a need for more clarity on the terms used and the need to nuance our directives for different use cases, building types and applications for the 2026–2030 EE/BE Portfolios. While not binding on future Commission actions, it is instructive to review the record in other cases in which the terminology associated with various levels of building electrification have been used and what the Commission has instructed. In the Central Hudson Funding Order, the Commission looked at the different opportunities to focus incentives more strategically to cut fossil fuel use while electrifying with heat pumps, noting that in partial-load air-source projects, the heat pump component of the system is supplemental to the fossil fuel heating source, and therefore does not maximize a project's potential to reduce on-site emissions.[62] The Central Hudson Funding Order further noted that, to support New York State's achievement of its ambitious GHG emissions reduction goals, the

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[60] Comments of Cycle Retrotech, p. 2.

[61] Comments of Bright Power, p. 6.

[62] Case 18-M-0084, Order Approving Funding for Clean Heat Program (issued June 23, 2023) (Central Hudson Funding Order).

NYS Clean Heat Program must prioritize adoption of full-load heat pumps that serve as the primary heating source for a whole home or building.

Separately, as part of the NFG long-term gas plan proceeding, the Commission directed NFG to file proposals for pilot projects for Commission consideration.[63] The purpose of the NFG pilot project is to evaluate and compare customer costs, including both up-front installation and ongoing operations and maintenance costs, of “hybrid” systems using Cold Climate Air Source Heat Pumps and standard Air Source Heat Pumps with natural gas as the primary heat source below some outdoor temperature and Cold Climate Air Source Heat Pumps with electric resistance heating to supplement. NFG’s proposed pilot program includes a definition of hybrid heating systems as an Air Source Heat Pump, Cold Climate Air Source Heat Pump, or Mini-Splits paired with a furnace or boiler heating system utilizing individual or a mixture of traditional natural gas, renewable natural gas, or hydrogen to meet a customer’s heating needs. These systems will use an Air Source Heat Pump, Cold Climate Air Source Heat Pump, or Mini-Split system as the primary heating source with a natural gas furnace or boiler operating as the secondary or supplemental heating system to meet the customers’ space heating demand. According to NFG:

> [t]he secondary or supplemental heating system will be used when temperatures fall below a pre-determined set point (“changeover set point”) or should the primary heating source fail to perform in the event of an electric outage. This changeover set point is specific to each

[63] Case 22-G-0610, National Fuel Gas - Long-Term Gas System Plan, Order Implementing Long-Term Natural Gas Plan with Modifications (issued December 14, 2023), p. 63.

> individual customer and is based on their needs and preferences.[64]

Other gas companies have used essentially this same definition as part of their long-term gas plan submissions, including St. Lawrence Gas.

The Commission recognizes that different terms of art may be used in different applications. However, for purposes of the EE/BE Portfolios, the Commission seeks consistency in how PAs communicate electrification programs to the market. The Commission adopts the following definitions:

- **Full Electrification** - This term refers to the installation of an electric heat pump system that is designed to meet 100 percent of the building's design-day heating load. In these scenarios, an electric heat pump is sized to maintain the indoor temperature required by building codes.
- **Partial Electrification –** This term refers to the installation of an electric heat pump system that does not fully meet the building's design day heating load. In these scenarios, the electric heat pump is not sized to maintain the indoor temperature required by building codes. Partial electrification is also sometimes referred to as Part Load Electrification.
- **Phased Electrification –** This term refers to projects wherein the building electrification process is carried out over time. This staged approach aims to electrify most or all of a building's energy systems while minimizing disruptions to building operations and occupant experience. This may be a multifamily or commercial building where certain units of the building are fully converted to electric heat pumps for space heating perhaps at the time

[64] Case 22-G-0610, supra, National Fuel Gas Hybrid Heating Pilot Program Proposal (filed June 28, 2024), p. 2.

of tenant turnover, or as part of a more comprehensive phased renovation project. This may also result in instances where full electrification of the building may not be possible due to available electric capacity or limitations related to a customer's capital cycles.

- **Hybrid Electrification -** This term refers to a dual fuel heating system with integrated control that includes an electric heat pump that serves a portion of the building's design day heating load and relies on a fossil system to meet a portion of the load. A hybrid system relies on two separate components with integrated controls designed to operate independently, typically switching a fossil fuel system at some pre-determined lower temperature set point.

The Commission is concerned that partial electrification has a high likelihood of resulting in cooling-only projects that do not meet the intention of the program and therefore do not represent good use of limited ratepayer funds. This difference has already been recognized in the Con Edison and Central Hudson implementation of NYS Clean Heat by no longer incenting partial load systems.[65] Therefore, incentives for partial electrification for the 2026–2030 EE/BE portfolios are prohibited and shall not be funded through EE/BE budgets authorized herein.

The Commission understands phased electrification approaches are a practical approach to how larger buildings will approach decarbonization. However, for single family residences, the Commission determines that incentives should

[65] Limited exceptions to this apply in instances where the partial load system includes integrated controls. Con Edison further states in their proposal that they would further limit partial load systems to those that build upon a previous heat pump installation and therefore help a customer achieve full heating load electrification.

only be provided for systems that fully meet the building's design-day heating load, and a phased approach is therefore not practical. Therefore, phased electrification approaches shall be allowed, for other than single family residences, where the space heating needs of the portion of the building (e.g., unit, apartment, or floor of an office building) that is being electrified are fully satisfied by design.

The Commission understands hybrid systems may be a practical compromise to full electrification, however these systems by design result in an electrification solution that does not fully meet the building's heating design day load through the electrification equipment. Additionally, hybrid systems often include the installation of a new gas-fired furnace, further locking the customer into gas usage for the useful life of that equipment. Therefore, incentives for hybrid electrification for the 2026–2030 EE/BE portfolios are prohibited and shall not be funded through EE/BE budgets authorized herein.

The Commission maintains its position for the 2026–2030 EE/BE period for small residential projects and finds that no NYS Clean Heat incentives shall be provided for electrification not sized to meet the full design day heating load of the home. This policy will protect against adding cooling load while not cutting fossil heating use, minimize free-ridership, and is consistent with CLCPA goals. To be clear, the Commission is not stating that partial electrification is inherently bad to do, rather in the face of limited ratepayer resources and the risk of misuse, we find this limitation on the use of ratepayer funds to be justified.

For larger multifamily residential and commercial buildings, the Commission considers phased electrification approaches, as defined above, to be Strategic and allows incentives for Phased Electrification projects in these buildings. The Commission recognizes that further clarification about phased electrification is needed to develop clear direction to both utility PAs and the contractor market and directs DPS Staff to work with the NYS Clean Heat Joint Management Committee to develop further guidance on this, including more specific criteria and use cases for when phased electrification projects are allowed and to ensure it is incorporated into the NYS Clean Heat Implementation Plan and/or Program Manual. This guidance should take into account market and building realities and clarify requirements to ensure that during a phased approach the heat pump and legacy fossil fuel systems are configured for proper operation and safety. This guidance should include but not be limited to ensuring there are no risks of threats to human health or the environment from legacy fossil fuel systems remaining.

The Commission finds, at this time, that hybrid heat pump systems are not intended to fully electrify and serve the full heating load, and as a result are not considered strategic as part of the EE/BE Strategic Framework and therefore will not be allowed to be incented through the funding authorized herein.[66]

However, the Commission is persuaded that more information is necessary to truly assess where and how hybrid heating may be advantageous to both the customer adopting such a heating system as well as the longer-term vision of decarbonization and broader impacts on gas and electric systems. This requires analysis and modeling that takes into consideration the potential economic impacts at the participating customer-, ratepayer-, and utility- levels. As

[66] National Fuel Gas Hybrid Heating Pilot Program Proposal is currently pending before the Commission in Case 22-G-0610.

such, we direct DPS Staff, in consultation with NYSERDA and the Utilities, to conduct an analysis on various "hybrid" heating scenarios, as informed by previous and ongoing programs and pending utility proposals, that can inform future programming within the EE/BE portfolios and other relevant Commission proceedings. DPS Staff shall confer with the Utilities on this study and employ the services of an independent third-party consultant, if needed. The outcome of such analysis should include the development of an economic model that uses forecasted heat pump technology adoption rates based on inputs, such as energy price forecasts, various heat pump technology costs (both installation costs as well as maintenance and operation costs), alternate building heating system installation and maintenance costs, to evaluate ratepayer impacts and utility revenue requirement impacts. The analysis should also include a review and summary of case studies and learnings from other comparable jurisdictions. Ultimately, a report that outlines general recommendations and guidance to inform future decisions regarding the overall benefits of various hybrid heating programs and proposals versus those of full electrification programs shall be filed with the Commission within one year of the date of this Order.

2. Electrical Upgrades and Health and Safety Barrier Remediation

A number of commenters identify the need for customer-side electrical upgrades and remediation of existing health and safety hazards in homes as critical barriers that the proposals do not adequately address. Many commenters emphasize the magnitude of these barriers for customers in Disadvantaged Communities and LMI households, in particular. Some commenters recommend addressing these issues within the Strategic Framework: for instance, Alliance for Clean Energy New York and Advanced Energy United (ACE-NY/AEU) state that if health and safety measures are necessary for electrification, they should be considered Strategic, while AGREE and AEA advocate classifying behind-the-meter electrical upgrades necessary for electrification as Strategic.

The Commission finds the issues raised by stakeholders with regard to the barriers that health and safety issues present for increasing the energy efficiency of the LMI building stock holds merit and our determination for the LMI market segment is discussed at length in the LMI EE/BE Order. We do not conclude that an equal need exists for the Non-LMI market segment. Therefore, we maintain the prohibition on use of ratepayer funding to support health and safety measures for the Non-LMI market segment.

As the state embarks on the goal of decarbonizing its building stock, the Commission recognizes, due to the age of our existing building stock, equipment present in homes at the time of their construction led to practices for sizing electrical service that does not meet the demands of today's building use, including the conversion of space and water heating to electrification. Similar issues are faced by those seeking to charge electric vehicles at their premise. In these instances, as described in comments, there may be a need for upgrades to the home or buildings electrical panel and/or its electric service.[67]

To date, the Commission has not authorized discrete incentives for electric panel/service upgrades, particularly due to the challenge of designing a standard offer program that would not result in over-incenting those projects that do not

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[67] The electrical panel inside a customer facility is owned and maintained by the customer, while the electric service entrance from the utility infrastructure to the customer meter is generally owned and maintained by the utility; in some cases both panel and service upgrades may be needed.

require it and avoiding the administrative complexity of a case-by-case determination. Currently, there is funding available for income-qualified customers for electric panel and wiring upgrades through the Federal Infrastructure Reinvestment Act (IRA) administered by NYSERDA.[68] The Commission notes that panel upgrade pilots, commonly referred to as electrification make-ready pilots, have been proposed in several recent utility rate proceedings.[69] In responsive testimony, DPS Trial Staff has consistently recommended that the Commission address such programs within the generic proceeding rather than within individual utility rate cases. The Commission agrees and hereby provides guidance and directives regarding next steps as we begin consideration of an electrification make-ready program.

Given our budget bounded approach, the Commission is not persuaded that allowing for these incentives for the general NYS Clean Heat program targeting Non-LMI households is justified, at this time. If panel/service upgrades are needed for a given project that does not make a project ineligible for incentives, it would just mean the electrification incentive offered by the program would not cover as much of the incremental costs as it otherwise would. While commenters describe this barrier anecdotally very little, if any,

[68] The Commission takes notice of the issuance of multiple federal executive actions that may limit the availability of federal funding, such as that administered by NYSERDA, and recognizes that potential loss of this funding could have an impact on NYSERDA's ability to offer complementary initiatives to ratepayer-funded EE/BE program efforts.

[69] Case 22-E-0064, Con Edison – Electric Rates, Initial Testimony of Con Edison's Customer Energy Solutions Panel (filed January 28, 2023) (proposing Heating Electrification Make-Ready Program), pp. 29-40; Case 24-E-0322, NMPC – Electric Rates, Initial Testimony of Alliance for a Green Economy (filed September 26, 2024) (addressing Electrification Make-Ready Program), pp. 40-47.

quantifiable data is offered in the record to size the problem or examine the implication of diverting funds for these purposes. Therefore, there is a strong need to collect more data about how prevalent this issue is based on various type or vintage of housing stock, the variability of incremental costs such upgrades require, and the extent to which contractors are being overly conservative in their design and specifications. Some work is already underway to better understand the magnitude of this barrier, including the collection of detailed information through the upcoming residential building stock study, scheduled to commence in May 2025. However, the Commission finds that additional steps should be taken to better inform the collective knowledge on this topic. These steps include: (1) electric utilities administering NYS Clean Heat shall collect and report data associated with projects requiring panel/service upgrades; (2) NYSERDA shall within its EE/BE portfolio (under pre-2026 available funding or through the demonstration or codes & standards work described herein) or its Innovation & Research portfolio explore alternatives to panel upgrades; and (3) DPS Staff shall work with NYSERDA to perform a study to more completely quantify aspects of this issues, including, but not limited to:

- An estimate of the percent of small homes that would require on-site electrical panel upgrades, by vintage or other typology, in order to support the installation of heat pumps for space heating and other necessary building electrification end uses (e.g., water heating, cook stoves);
- An estimate of the percent of small homes that would require service line upgrades by vintage or other typology, in order to support the installation of heat pumps for space heating and other necessary building

electrification end uses (e.g., water heating, cook stoves);

- An estimate of the costs for the estimated panel and costs and process associated with service line upgrades identified above in aggregate and on an average customer basis;
- Identification of alternatives, if any, to panel or service line upgrades;
- Identification of additional panel or service upgrades should the homeowner pursue electrification of additional end uses (e.g., electric induction cooking, electric vehicle charging equipment;
- The report should identify similar information, as listed above, for multifamily buildings. Given the relative heterogeneity of the multifamily building stock compared to small homes, the Commission recognizes different levels of details may be able to be produced. Nonetheless, relevant data to inform the potential need for the multifamily building stock should be pursued; and
- Other items, as determined relevant to more fully understand this issue.

This study should be informed by the aforementioned data on NYS Clean Heat projects, NYSERDA's activities, work currently underway at the US National Labs Lawrence Berkeley National Laboratory and the National Renewable Energy

Laboratory, and any other relevant sources.[70] DPS Staff is directed to file a report on the findings of this study in this proceeding by June 30, 2026.

Based on the results of this study, PAs should consider, in consultation with Staff, if inclusion of direct incentives for panel/service upgrades is warranted and what impacts their inclusion would have on existing program budgets and anticipated outcomes. To the extent inclusion of such incentives would be disruptive to the PAs current portfolios PAs they are invited to petition the Commission for consideration.

3. Lighting

In their Non-LMI EE/BE proposals, some PAs proposed limited exceptions to the Commission’s classification of all lighting measures as Non-Strategic. Central Hudson proposed to support LED lighting upgrades for non-screw in bulb-based fixtures as part of C&I comprehensive projects and to continue offering incentives for indoor agricultural lighting. Central Hudson indicated that it would dedicate no more than 15 percent of its C&I program budgets to these measures, which it proposes to consider Strategic. NMPC proposes to reclassify streetlighting, agricultural lighting, and some lighting measures in Upstate Non-Wire Alternatives (NWA) areas as Strategic.

[70] Affordable and Equitable Residential Electrification Under Electrical Panel and Service Constraints, https://www.energy.gov/sites/default/files/2023-07/bto-peer-2023-32645-affordable-electrification-nrel-jin.pdf; and A Comprehensive Survey of Electrical Panel Capacities in U.S. Single-Family Homes and Implications for Nationwide Electrification, https://www.aceee.org/sites/default/files/proceedings/ssb24/pdfs/A%20Comprehensive%20Survey%20of%20Electrical%20Panel%20Capacities%20in%20U.S.%20Single-Family%20Homes%20and%20Implications%20for%20Nationwide%20Electrification.pdf.

The Commission did not receive public comments specific to Central Hudson's and NMPC's lighting proposals. Franklin Energy comments that the Commission should reclassify as Neutral some lighting measures, like linear and bay lighting and outdoor pole lamps, which it states are not being adopted quickly even with incentives. ACEEE does not support any continued incentives for lighting in the Non-LMI market segment, but does recommend continuing to incentivize lighting controls and occupancy sensors in the C&I sector. Kris Granger of Eastern Energy Solutions, James Newman of NOCO Energy, and Steve Couture of Right Light Energy Services urge the Commission to continue allowing incentives for efficient lighting. Kris Granger and Steve Couture state that despite updated federal lighting efficiency standards, there are still many customers across all sectors in the Upstate areas they serve who have yet to upgrade to more efficient lighting. They also offer that it is impractical to install advanced lighting controls independently of the installation of the lighting itself. Regarding the continued potential for energy savings from lighting measures, Franklin Energy states that it reviewed the commercial sector in upstate New York and found that less than three percent of customers have participated in utility programs over the last seven years.

Given the prevalence of LED lighting as a major contributor to energy savings across the PAs current programs, the Commission appreciates the level of change the phase-out of incentives to support this technology represents. With the passage of the federal standards for general service lamps, primarily impacting the residential market, we have already seen this shift occur in the ratepayer funded programs targeting the residential sector. The Staff EE/BE Report, issued in December 2022, first introduced this shift, stating that updated standards and increased market penetration of efficient lighting make efficiency gains minimal such that ratepayer support is unnecessary. That report sought specific public comment on this topic which was utilized to reach the Commission's decision communicated in the 2023 Order Directing Proposals, as noted earlier, wherein the Commission expressly prohibited all lighting measures with the possible exception of advanced lighting controls in non-residential projects when installed in conjunction with Strategic measures.

The Order Directing Proposals stated that "[g]iven increased federal standards[71] and high levels of market adoption for efficient lighting has occurred, in part due to the decades-long support for lighting in EE programs, incentives for lamps/light sources should be eliminated ...."[72]

Federal lighting efficiency standards finalized in 2024 require dramatically increased efficiency for general service lamps, with lower efficiency products no longer available for sale after 2023. Federal Standards for linear fluorescent lamps, the predominant light source used in commercial buildings, have not been updated since 2015. However, in February 2023, the DOE issued a determination that it would not be increasing efficiency standards for General Service Fluorescent Lamps (GSFLs), in part because of already declining shipments of GSFLs and natural replacement by tubular LEDs as a more cost-effective lighting solution.

Tubular LED replacement lamps as direct replacements for linear fluorescent tubes have very quickly moved into the market, with a compelling payback based on both energy cost

[71] The DOE published a final rule in the Federal Register on April 18, 2024, 89 FR 28856, establishing energy conservation standards for GSLs, codified at 10 CFR 430.

[72] Order Directing Proposals, p. 36 (citation added).

savings, and significantly reduced maintenance cost resulting from the longer life (~2.5 times) for the tubular LED lamps. National market assessment studies from DOE show that by 2020, LED lamps had moved to around 50 percent of commercial lamp inventory, a dramatic change from only 6 percent in 2015 (and miniscule in 2010).[73] It is expected that LED market penetration has further increased since 2020.

Reinforcing this, the most recent Con Edison Portfolio evaluation found that Commercial "Lighting measure free-ridership (57 [percent]) was significantly higher than other measure types and was higher for Con Edison than for other programs less recently studied, reflecting market trends toward LEDs."[74] Related evaluation reports from other utilities noted that opportunities for C&I lighting will diminish with the market trends of LEDs becoming standard practice.

Therefore, based upon the record before us, the Commission maintains a transition away from ratepayer funded incentives for LED lighting is an appropriate and necessary evolution of the ratepayer funded programs for the next phase of programming. This transition was signaled in the Staff EE/BE Report in December 2022 and then confirmed in the Order Directing Proposals in July 2023. Therefore, no lamp or light source incentives will be allowed in the EE/BE Non-LMI Portfolio beginning January 1, 2026.

[73] 2020 U.S. Lighting Market Characterization, U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy, April 2024, available at: https://www.energy.gov/sites/default/files/2024-08/ssl-lmc2020_apr24.pdf.

[74] Case 15-M-0252, Utility Energy Efficiency Programs, Con Edison Net-to-Gross Portfolio Review, Program Year 2021-2022 (filed April 12, 2024), p 7.

The Commission takes note of the comments provided by service providers on this topic and appreciates that potential still exists for customers they may serve. It is the Commission's hope that those projects continue to be pursued and come to fruition based on the favorable project economics that lighting retrofits represent, even without incentives. Given our finite resources, we must use this funding to help offset the cost of other measures that are unlikely to be pursued without some level of financial support. The Commission also encourages these service providers to continue to engage with ratepayer funded programs to support their non-residential customers in pursuit of broader energy efficiency measures.

4. Electric Appliances

In the Order Directing Proposals, the Commission directed that the EE/BE portfolios should not include incentives for "[e]lectric plug-in appliances such as refrigerators, freezers, and any other residential or commercial equipment that is not permanently connected to the building" after 2025, stating that the advancement of product standards has obviated the need for ratepayer support in this area.[75] Proposals and comments received suggest that this element of the Strategic Framework needs to be refined and clarified.

Central Hudson and NMPC propose to reclassify heat pump pool heaters and clothes dryers and induction cooktops as Strategic. NMPC also proposes that some electric appliances that support health, safety, and/or affordability should be considered Strategic, such as air purifiers, dehumidifiers and smart strips. ACE-NY/AEU and Sealed Inc. support reclassifying heat pump pool heaters and clothes dryers as Strategic because

[75] Order Directing Proposals, p. 36.

these measures align with the goal of full building electrification.

While the Commission understands the plug-in appliances suggested by the utilities, as listed above, may produce energy efficiency savings relative to items in use today or support full building electrification by providing a pathway for non-space or water heating end-uses, given our priorities we do not find that it is a good use of limited EE/BE funds to include them in the portfolios, at this time. This decision is based on the following reasons: (1) some of these measures are addressed through federal or state efficiency standards and codes, and therefore do not warrant additional support from ratepayers; (2) some measures, such as smart strips, have not provided demonstrable savings as originally anticipated; (3) some of these measures, such as heat pump pool heaters and induction cooktops, are likely to produce a significant amount of free-riders and we consider as “luxury” items, at this time, and find that they do not warrant diverting resources that could be provided to measures that provide more meaningful energy savings to customers.

5. Gas Efficiency Measures

The National Grid Companies propose to deviate from the Strategic Framework’s classification of gas efficiency measures with effective useful lives less than six years, requesting Strategic status for some measures that it states support affordability and Disadvantaged Community customer participation, including hot water spray valves, steam traps, heating equipment tune-ups, and setback controls.

Central Hudson, Con Edison, and NFG each propose to allocate some funding for C&I gas equipment incentives. For hard-to-electrify C&I applications, Central Hudson proposes to consider gas heat pumps Strategic, while NFG proposes to consider hybrid and high-efficiency gas equipment Strategic. Con Edison proposes that commercial non-cooking gas appliances should be considered Neutral.

Several commenters, including ACE-NY/AEU and Sealed Inc., voice support for the Commission's prohibition on funding for new gas combustion equipment in one- to four-family homes. Bright Power advocates eliminating all incentives for gas combustion equipment and comments that the only permissible gas efficiency measures should be ones that save gas but do not burn it, such as smart thermostats, building envelope measures, and energy audits. NRDC specifically opposes proposals by NFG and the National Grid Companies to offer incentives for gas combustion equipment; they also submit that NYSEG and RG&E's proposal to allocate funding for gas measures to new construction programs conflict with the Strategic Framework.

The 2021 NYSERDA Commercial Potential Study identifies high efficiency gas boilers and boiler modifications among the top ten high potential measures, along with the following non-combustion gas efficiency opportunities: (1) better controls/energy management systems; (2) demand control ventilation; (3) energy recovery ventilators/waste heat recovery and reuse; and (4) retro-commissioning.

The Commission understands commenters' concerns about ongoing gas combustion equipment incentives, but given the need to continue to drive efficiency, particularly in hard-to-electrify situations, the Commission finds there are some limited circumstances for which gas combustion equipment in the multifamily and C&I sectors should be allowed to continue through 2030. These limited circumstances may include replacement of boilers only in situations where there would be a significant efficiency gain over minimum required standards and where the replacement is accompanied by comprehensive control upgrades and retro-commissioning to ensure optimal performance of the thermal system.

Utilities that plan to offer incentives for gas combustion equipment for commercial, industrial or multifamily buildings are directed to include details in their Implementation Plan(s), to be reviewed and approved by DPS Staff, as to the criteria that will be used to identify appropriate use cases, and the level of funding that will be allocated for this purpose with the caveat that in all circumstances the proportional level of funding for the 2026-2030 period shall be less than the proportional level of funding used to support gas combustion equipment in the 2020-2025 period.

6. Behavioral Programs

ACE-NY/AEU state that behavioral programs should be considered Strategic when they are focused on promoting deep energy retrofits. Other commenters offer that behavioral programs are an important source of low-cost, immediate emissions reductions and bill savings that can reach a large number of customers and, as such, provide needed balance to a Strategic Framework focused on high-cost, longer-term interventions. Opower and ACEEE recommend reclassifying behavioral programs as Neutral when they are part of such a balanced portfolio. Franklin Energy and Opower submit that behavioral programs are particularly valuable for their ability to reach renters and households in Disadvantaged Communities in greater numbers than can be served by weatherization and electrification programs alone. Opower cites the integration of demand flexibility into the EE/BE portfolios as another benefit of behavioral programs, noting that Home Energy Reports have demonstrated success in reducing peak demand. Franklin Energy recommends granting Program Administrators the flexibility to spend a declining portion of ratepayer funds on behavioral programs for the first two to three years of the portfolio cycle.

The Commission agrees with stakeholders who support behavioral programs that promote deep energy retrofits. The Commission also maintains that behavioral programs could be an effective conduit to encourage customers to participate in alternative rates or demand response programs. However, to date, within the EE/BE portfolio, none of those approaches have materialized. Rather, there has been a continual reliance on traditional Home Energy Report-based programs. These programs, which have historically demonstrated approximately 2 percent energy use reductions have been offered by the utilities for many years and while the programs deliver first-year savings it is expected that over time as customers continue to engage with their energy usage, the per customer energy savings will decay.[76] As such, while the behavioral programs can serve as a customer engagement tool and provide education to customers, they do not warrant continued support within the EE/BE portfolios, authorized herein.[77]

The Commission remains open to new and innovative approach that advance true behavioral changes with energy consumers. PAs interested in implementing such an offering shall include detailed information within the Implementation Plan for DPS Staff’s review and approval prior to executing such an offering.

[76] Case 15-M-0252, supra, Central Hudson Behavioral Impact Evaluation (filed December 15, 2023).

[77] Case 15-M-0252, supra, National Grid NY Behavioral Report (filed December 27, 2021).

7. Marketplaces

Uplight, Enervee, and Renew Home LLC oppose the Commission's recommendation to discontinue funding for online marketplaces. Uplight supports O&R's proposal to continue dedicating EE/BE funding to its marketplace and recommends that other utilities re-launch their marketplaces using O&R's as a model; likewise, Uplight comments that NYSEG/RG&E's marketplace proposal can be updated to become more "strategic." Enervee supports continued funding for the NYERDA-administered NY Statewide Marketplace through both the LMI and Non-LMI portfolios, particularly highlighting the value of the financing option available through the marketplace. The Commission disagrees with the commenters supporting marketplaces. The PA marketplaces, as currently implemented, are not aligned with the Strategic Framework adopted herein. An exploration of the existing marketplaces finds a majority of the measures sold through the marketplace fall into the non-strategic category of the Strategic Framework and the associated savings rely on the assumption that customers are properly installing the measures within a New York service territory. In addition, many of the marketplaces offer smart thermostats, which, while integral to company-run demand response programs, do not justify having the EE/BE portfolio budgets maintain a marketplace simply for this purpose. Finally, the Commission has significant concerns with the cost inefficiencies associated with funding and operating individual marketplaces rather than a statewide marketplace. The Commission recognizes that PAs and stakeholders find value in the customer convenience and engagement provided by marketplaces, however, the Commission cannot support the continued use of EE/BE dollars to fund the ongoing maintenance that each utility marketplace requires, particularly when those marketplaces are not aligned with the priorities of the 2026-

2030 portfolios the Commission has set forth. The Commission, however, considers the potential for innovative approaches that could help to effectively reach LMI households that have been traditionally hard to serve within the LMI EE/BE Order.

Metrics and Targets

To date, the Commission has relied on first-year annual savings targets to drive PA efforts. However, as described below, a number of PAs propose either to supplement an annual target with a corresponding lifetime target, or to shift entirely to a lifetime target.[78] ACE-NY/AEU, Bright Power, PULP, AEA, AGREE, and RMI all recommend that the primary EE/BE performance metric used to assess EE/BE program effectiveness should be shifted from first-year annual energy savings to lifetime energy savings. Although in agreement that a shift to a lifetime target is appropriate, NY-GEO suggests that the Commission shift to a metric that prioritizes lifetime kWh savings, discontinuing the measurement of energy savings in MMBtu, arguing the State policy is shifting towards electrification.

NRDC recommends that the Commission should establish the Total System Benefit metric for all efficiency and electrification programs in New York to align with and improve upon the valuation and market structure for other Distributed Energy Resources, leveling the playing field for demand-side resources. The group goes on to state that a shift to the Total System Benefit metric would ensure that the benefits and costs

[78] DPS Staff defines annual (or First Year) savings as the savings associated with a measure during a full year of installation; while lifetime savings is defined as the savings over the lifetime of an installed measure, based on that measure’s effective useful life. Case 14-M-0094, DPS Staff Data Dictionary and Scorecard Guidance, CE-10 (issued December 16, 2021).

associated with EE/BE measures are evaluated based on the specific avoided costs within a utility's service area, promoting a more targeted and effective implementation of energy initiatives. ACE-NY/AEU's comments also urge NYSERDA to promulgate an emission reduction performance metric.

The proposals and comments include a wide variety of primary and secondary EE/BE performance metrics, including bill savings, emission reductions, homes weatherized, homes electrified, fossil fuel systems decommissioned, Total System Benefit, energy burden reduction, safety, program activity in Disadvantaged Communities, equity and financial leverage, customer value and satisfaction, first-year and lifetime energy savings and various other market transformation metrics. The wide range in suggested metrics coupled with the broader direction and refinements we have made herein highlight the need for the Commission to consider the intended outcomes of a program to determine the appropriate metric(s) with which to measure performance. While convenient to have one unifying metric for which all PAs are measured against, as has been the case in prior program periods, the evolution of our EE/BE portfolios and the differentiations we are making with regard to the roles the Utilities and NYSERDA will play require a more nuanced approach. Additionally, imposing rigid individual energy savings metrics on each PA can, and has, resulted in a deterrent to meaningful collaboration, as each PA becomes focused on the attribution of savings in such a way to maximize the savings they are able to claim against their individual target.

While we adopt specific LMMBtu-e targets for each PA, the Commission sets forth a number of additional metrics that should be tracked and reported to allow stakeholders to more fully assess portfolio performance. In particular, we indicate a number of energy and non-energy savings metrics that must be incorporated into reporting requirements applicable to the 2026-2030 portfolios. Given the Commission's interest in more closely aligning performance metrics with the intended purpose of the programs, the Commission establishes specific metrics for four categories of portfolios and programs: 1) direct energy savings acquisition, 2) indirect energy savings acquisition, 3) workforce development, and 4) market transformation.[79]

1. Direct Energy Savings Acquisition

The utility portfolios are considered direct energy savings acquisition programs, as are certain NYSERDA programs. The primary purpose of direct resource acquisition programs is to acquire measurable energy savings, and therefore the Commission will adopt an energy savings metric against which to track performance of these types of programs. Given our Strategic Framework's emphasis on durable and permanent reductions to energy consumption, fossil fuel use, and emissions, we find that shifting to a lifetime savings metric is warranted for those programs targeting acquisition of direct energy savings. There is an obvious alignment between New York's long-term clean energy policies and climate goals and the primary metric of lifetime savings, which accounts for the entirety of the energy savings as opposed to the savings occurring only in the first year the measure is in place. Additionally, expressing this metric in terms of LMMBtu-e savings for both gas and electric portfolios will allow the PAs to coordinate better offerings that target deep savings, regardless of fuel type, while also providing a single primary metric upon which to assess performance across the electric and

[79] All Non-LMI EE/BE Programs will also be subject to the Commission's requirements for Disadvantaged Communities reporting, including tracking of place-based investments and associated co-benefits, as documented in CE-12.

gas portfolios. Annual savings shall still be tracked and reported. Additionally, given the importance of the benefits EE/BE programs can provide for the future build out of the electric grid or to supply constrained areas of the natural gas system, electric and gas demand reductions during peak periods shall also be tracked and reported (e.g., kW reduction and peak Dth reduction).

2. Indirect Energy Savings Acquisition Programs

NYSERDA's portfolio includes a number of programs that are intended to influence consumer markets, accelerate the adoption of more stringent codes and standards and engage in efforts to support contractor code compliance and local code enforcement. While these programs may acquire direct energy savings, and those shall be reported, the primary purpose of them is to influence the market or consumers in ways that will produce more substantial indirect benefits over a longer period. Therefore, for programs with the intent to achieve additional indirect energy savings, the Commission adopts LMMBtu-equivalent (LMMBtu-e) as a metric. However, because these indirect LMMBtu-e savings will require longitudinal studies to assess their impacts, it cannot be the sole metric by which the success of these types of programs are measured. As such, these programs will also utilize market transformation progress metrics, as described further below.

3. Workforce Development Programs

NYSERDA's EE/BE portfolio includes workforce development efforts, which are crucial to ensure the appropriate size and expertise of the State's clean energy workforce. For workforce development programs, the Commission will therefore adopt metrics to capture the number of people trained, upskilled and placed in jobs.

4. Market Transformation Programs

Finally, the Commission finds the common metrics framework put forth as a structured way for which to organize and track various market transformation activities to have merit. In this framework, various metrics can be used to track progress across the three stages of market adoption - engagement, adoption, and ownership. These metrics, dependent upon the particular program, may include, but not be limited to, number of participants, increased awareness, number of resources/tools disseminated, technology adoption and transfer, conversion rates, and compliance rates.

5. Additional Metrics Guidance

The Commission will, for all program categories, adopt a threshold that will ensure an appropriate balance between the money spent on backend program implementation, including labor, administration, EM&V and other overhead costs versus the money provided directly to support customers or installation contractors in implementing an EE/BE project (money-out-the-door, or MOTD). An analysis of PA spending averaged over the 2021–2023 period reveals that there is variability currently being experienced with regard to a MOTD metric, ranging from a high of 83 percent to a low of 69 percent when looking across a PAs respective EE/BE portfolio.[80] Specifically, for the 2026-2030 period, all PAs are expected to take steps to maximize MOTD. For those currently operating at or above 80 percent, they should not backslide on this metric. For those currently operating below 80 percent, they are instructed to improve this metric over the course of the 2026–2030 period with a minimum target of 80 percent. Given the complexities of defining and reporting such a metric, the Commission directs Staff, in

[80] This analysis considered EE/BE expenditures across electric, gas, LMI, and Non-LMI programs, inclusive of labor.

consultation with the PAs, to adopt a more granular definition of the MOTD metric and ensure planning and reporting is modified, as needed, to appropriately capture progress towards achieving this target.

The Commission directs Staff, in consultation with the PAs, to further refine the categorizations and metrics discussed above and issue guidance that incorporates this information to aid the PAs in consistent understanding and application of these directives. To the extent necessary, the Commission grants DPS Staff the authority to adopt additional programmatic distinctions to ensure consistent reporting for programs with differences in intended outcome that may require more nuanced definitions associated with the metrics described above.

Finally, to ensure PAs are spending the 2026-2030 EE/BE funding in accordance with Commission priorities described herein, DPS Staff is directed to ensure that tracking and reporting is established so that budgets and savings targets may be monitored at the sub-portfolio levels. For the Utilities, the sub-portfolio levels refer to the Regional Residential Weatherization Programs, Building Electrification (including the NYS Clean Heat Program), and Other EE. For NYSERDA, the sub-portfolio levels refer to their defined roles, Technical Services, Purposeful Demonstrations, General Awareness & Education, Workforce Development, and Codes and Standards. For consistency and transparency in reporting, the Commission will assume a simple annualized proration of the cumulative budget and target metrics, for purposes of measuring ongoing progress within the program period. For this purpose, utility budgets and targets have been annualized over a five-year period; NYSERDA’s budgets and targets have been annualized over a seven-year period. While NYSERDA’s proposal reflects expenditures and associated benefits that are reported through 2034, a full four years after the close of the program period, the Commission finds that a greater emphasis must be placed on putting the money to work sooner. Therefore, NYSERDA should adjust programmatic approaches such that program funds will be spent and benefits achieved by the end of 2032.[81] Particularly in the early years of the 2026-2030 EE/BE portfolios, the Commission acknowledges that there is likely to be a ramp up in performance over time such that PAs may appear to fall short of the authorized budgets and targets on an annual basis. However, distributing the cumulative budgets and targets equally across the five-year period for utilities, and seven-year period for NYSERDA, will enable stakeholders to compare PA performance on a consistent basis and will avoid the Commission imposing a target that assumes a certain distribution across the program years that is unlikely to reflect reality and, thus, convey a false sense of precision.

Flexibility

As the EE/BE portfolio shifts to align with the requirements of this Order, the Commission recognizes a need for explicit rules regarding flexibility. Specifically, the flexibility rules must balance the need for PAs to maintain a focus on the Commission priorities of weatherization and building electrification, adjust to market conditions, and manage longer term commitments while ensuring that the authorized funding is managed in such a way that a PA does not

[81] The Commission recognizes that some relatively limited expenditures may lag beyond 2032, including those associated with EM&V activities, Administration, and some demonstration projects for which milestone completions are required prior to final payments being issued. NYSERDA should reflect the timing of these limited post-2032 expenditures in their Implementation Plans. In all instances, expenditures should be completed by the end of 2034.

exhaust their cumulative budget for the five-year period prior to December 31, 2030.

The PA proposals and subsequent public comments raised several approaches to flexibility for Commission consideration. Central Hudson proposes the flexibility to shift funds between fuel portfolios, as well as amongst programs and budget categories of the same portfolio, as long as 85 percent of expenditures for strategic measures is maintained. Central Hudson also proposes the flexibility to be able to spend up to 15 percent of the following year's budget in the current year, as well as full flexibility to spend unspent funds from prior years in the current or future years. Central Hudson further suggests that any funds from prior or future years spent in the current year must be limited to strategic measures.

Con Edison and O&R propose that PAs should be permitted to spend up to 30 percent of the following year’s budget in the current year, however they propose the energy savings achievement enabled by expenditures from funds brought forward would be applied to the following year’s achievement. In other words, savings would be claimed in the year in which the funds originally existed. Con Edison and O&R state that this approach maintains the annual targets and budget framework prescribed in the Order Directing Proposals, and the 30 percent cap eliminates the risk that all funding from outer years is drawn forward, potentially causing an insufficient 2029 or 2030 program budget. Con Edison and O&R also propose a second mechanism that allows dual- (natural gas and electric) or triple- (natural gas, electric, and steam) commodity PAs to shift funds between commodity-specific budgets to respond to changing market dynamics. To control bill impacts, it is proposed that this mechanism would allow the commodity with the smaller budget to grow or shrink by up to 50 percent each as a result of these transfers. Finally, Con Edison and O&R propose that budgets continue to be set on a commodity portfolio basis and not subdivided into separate budgets for each program activity (e.g., incentives, implementation, EM&V, etc.).

The National Grid Companies propose a rule that would allow them to shift up to 20 percent of annual portfolio budgets, but not targets, without Commission approval for each budget shift, and the 20 percent would be measured by the year into which funds will be moved. The National Grid Companies state that these shifts are to be reported in the System Energy Efficiency Plan filing after the shift is finalized.

NFG proposes allowing the PAs to maintain flexibility of the annual budgets to allow the shifting of 10-15 percent of the funds and targets between program years.

NYSEG and RG&E state that flexibility between years with funding is critical to keeping successful programs in market and empowers the programs to ebb and flow with the market demands and other unforeseen events as they occur. To that end, NYSEG and RG&E propose to have the flexibility to shift plus or minus 20 percent of their annual budgets without having to file a request; above that level, the utilities would file a request for approval.

NYSERDA proposes a process whereby any over/under spend above 25 percent of the annual programmatic or budget category (per operating plan) would trigger an internal review at NYSERDA and discussion with DPS Staff. NYSERDA also proposes to include a process whereby any over/under spend above 25 percent of the cumulative portfolio-level (per spending plan) would trigger an internal review at NYSERDA and discussions with DPS Staff. Any adjustments or corrective actions would be agreed upon with DPS Staff and included in a revised Operating Plan. NYSERDA proposes the need for flexibility to adjust to market pace and needs. NYSERDA also proposes a biennial review of cumulative spending versus planned, with 25 percent variation triggering review.

ACEEE, ACE-NY/AEU, Bright Power, BDC, AGREE, Multiple Intervenors (MI), NRDC, the City, PULP, and Sealed Inc. all agree that the PAs should be allowed some flexibility with their EE/BE budgets. ACEEE, ACE-NY/AEU, Bright Power and Sealed Inc. also recommend that the PAs be allowed the flexibility to use funds designated for 2026 and beyond now to help ramp up strategic programs before 2026. MI comment that PAs should not be permitted to exceed total program budgets and that while limited flexibility can be provided with certain guidelines, such as shifting spending between years and/or programs, they also add that there needs to be a system of checks in place. A system of checks would help ensure that such spending shifts are indeed limited so as to not alter materially the allocations that were approved by the Commission (at least without further approval) and protect customers against overspending that leads to a perceived need for increased collections.

The PA proposals and stakeholder comments regarding how and whether to shift EE/BE energy savings targets to correspond with the budget movements vary. Some stakeholders propose that the EE/BE energy savings targets stay in the year in which the budget was originally allocated, others propose that the EE/BE energy savings targets move with the money pulled from a future year, while others did not address flexibility related to target shifts at all.

In consideration of the PA proposals and stakeholders' comments, and as discussed more fully elsewhere in this Order, the Commission has restructured the EE/BE portfolios in a manner different from that upon which the Utilities based their flexibility proposals and stakeholders informed their comments.

These modifications are purposeful to ensure funding is allocated to the priorities the Commission has determined for the 2026–2030 program period. Therefore, flexibility that negates these actions would be counterproductive. Nonetheless, the record before us provides valuable insights into balancing the need to hold the PAs accountable for their portfolio management while not imposing rigidity that would prevent PAs from reasonably reacting to market conditions. We also find the need to ensure that any shift in program budgets occur without disruption to the marketplace, as transparency on program rules and incentive levels is important to customers, contractors, and developers.

1. Flexibility Across Electric and Gas

Over the course of the interim review, the Commission has explored whether, in the absence of a fuel neutral portfolio approach, PAs should have the flexibility to shift funds collected from gas customers to supplement electric EE/BE programs or vice versa. While the Commission is allowing some degree of flexibility for PAs to approach certain types of projects in a more holistic manner regardless of funding source, it is not appropriate at this time to allow PAs to reallocate funds collected from gas ratepayers to fund EE programs for electric customers; or funds collected from electric customers to fund gas programs. For now, the Commission cannot justify moving away from its long-held position that programs should result in direct benefits to the applicable distribution system and those ratepayers from whom the funding is collected. Therefore, the Commission will impose a prohibition on funding and target shifts between the gas and electric portfolios.

2. Flexibility Across Sub-Portfolios

In this Order, the Commission provides guidance for the allocation of budgets for the electric and gas utilities based on its priorities (i.e., Regional Residential Weatherization, Electrification, All Other EE). This new sub-portfolio model warrants a more conservative approach to flexibility than the Commission has adopted in the past. Specifically, for the 2026-2030 period, utility flexibility is limited to shifts that could be made within the budgetary guidelines prescribed herein. If funding shifts are pursued, in no instance may a shift between sub-portfolios result in a decrease to a utility's cumulative target totals at the full portfolio-level. This restriction is necessary to ensure that the budgets and targets authorized herein are maintained throughout the program period and may be considered to represent the appropriate commitment to the building electrification and weatherization efforts that are central to align with the State's clean energy goals.

In this Order, the Commission adopts budgets for NYSERDA associated with the roles it has been assigned. Similarly, the allocation of resources within the NYSERDA portfolio represents the Commission's statement of priorities. Therefore, budget shifts between the various NYSERDA roles (i.e., Technical Services, Purposeful Demonstrations, General Awareness & Education, Workforce Development, and Codes & Standards) shall be prohibited.

3. Flexibility Across Years

While the authorizations are cumulative, the Commission is adamant that PAs manage programs in a manner that ensures program offerings are available through December 31, 2030. Therefore, it is appropriate to adopt guidelines for annual spending to encourage active management of program spending to guard against a PA running out of funding prior to the end of 2030. Specifically, in any calendar year for 2026-2029, PAs should ensure a sub-portfolio's annual spending does not exceed 120 percent of the cumulative sub-portfolio budget less spending to date, divided by the number of years remaining in the period.[82] For 2030, the final year in the period, the expenditures should equal the total cumulative budget less spending to date and any remaining encumbrances to projects that were eligible through the program period. In addition, the Commission will adopt a minimum budget allocation for 2030, such that, in a given year, PAs must reserve at least 80 percent of the calculated annual average budget to ensure sufficient funding is available to support EE/BE projects in 2030. In tandem, these spending rules allow PAs the flexibility to ramp spending up and down across years, depending on market conditions, while also ensuring that the EE/BE work will continue through December 31, 2030. These guidelines should be incorporated into the PAs program planning as represented in their Implementation Plans. To the extent PAs believe a given sub-portfolio cannot adhere to these guidelines, the PA is directed to consult with Staff to seek approval for an alternative approach that ensures the availability of funds throughout the program period.

Further, within the current utility programs, we have found that a strict adherence to an annual expenditure-based budget can cause unintended consequences to program participants. Specifically, building owners may be reluctant to submit projects and utility PAs may be reluctant to accept projects if the project is unable to be completed and expenditures do not occur within the calendar year. Therefore, for the current utility programs, the Commission will allow projects to be submitted up through and until December 31, 2025, subject to budget availability, for which expenditures will

[82] Calculated as: 1.20*((Cumulative total-Expenditures to date)/Number of years remaining in the period).

occur in the following calendar year. The evolution of the Utilities' program offerings will undoubtedly result in longer project life cycles, therefore we shall apply the same principle for the 2026–2030 period, for the Utilities to consider within the context of their active budget management. Specifically, utilities will be allowed to expend funds through 2031 for projects that were accepted during the active program period, 2026 through 2030.[83] For transparency, this can be expressed within regular reporting by use of encumbered funds and committed energy savings. DPS Staff is directed to update guidance, as necessary to reflect this.

Cost Recovery

1. Utility-Administered Portfolios Cost Recovery

The Order Directing Proposals directed EE/BE PAs to submit proposals regarding the cost recovery methods to fund expenditures associated with their electric and gas EE/BE portfolios. The Commission noted in the Order Directing Proposals that the implementation of CLCPA requires a more discrete level of reporting and transparency that would be better supported by recovering costs related to EE/BE expenditures through a surcharge mechanism.[84] Currently, all of the Utilities, with the exception of NFG, have some level of EE/BE cost recovery embedded within delivery rates in accordance with their respective rate plans. The previous approach of authorizing EE/BE portfolio budgets separate from approving the associated cost recovery has resulted in varying cost recovery approaches across the Utilities. Since 2019, when the NE:NY

[83] The Commission recognizes that expenditures associated with EM&V activities may lag beyond 2031. The Utilities should reflect the timing of these limited post-2031 expenditures in their Implementation Plans.

[84] Order Directing Proposals, pp. 93-94.

budget period began, the different EE/BE cost recovery approaches resulting from individually negotiated rate plans include: (1) fully collecting EE/BE expenditures annually through a surcharge; (2) fully collecting authorized NE:NY budgets annually through base rates as Operations & Maintenance expenditures; (3) partially collecting authorized NE:NY budgets annually through base rates as Operations & Maintenance expenditures and allowing the utility to defer the difference between what was actually spent above what was reflected in base rates up to the authorized budget levels to a later rate year; (4) partially collecting some portion of NE:NY expenditures through base rates and collecting the remaining amount incurred over the amount included in base rates through a surcharge; (5) amortizing collection of NE:NY expenditures and including in base rates over a 10 year period; and (6) amortizing collection of NE:NY expenditures and including in base rates over a 15 year period.

Central Hudson agrees with the Order Directing Proposals that a surcharge, or redesigned delivery rate mechanism, would provide more transparency. Central Hudson also emphasizes that timely cash recovery of EE/BE expenditures, which a surcharge mechanism would provide, is important as it is beneficial to the utilities' credit metrics and ratings and lessens regulatory risk.

Con Edison and O&R propose to recover all EE/BE program costs, including all labor costs related to EE/BE portfolio administration, via surcharge; and moderate the customer bill impact by continuing to amortize and recover EE/BE program costs over a 15 year period, which reflects roughly the aggregate useful life of their proposed suites of programs that make up their electric and gas EE/BE portfolios. Con Edison and O&R also note that a move to a surcharge cost recovery approach would provide the State and stakeholders an additional level of transparency by regularly disclosing EE/BE program costs recovered from ratepayers.

The National Grid Companies oppose recovering EE/BE expenditures solely through a surcharge and prefer to continue to recover EE/BE expenditures through base rates due to the ability to level out customer costs over multi-year rate plans and ultimately mitigate bill impacts. Additionally, the National Grid Companies note the possibility of ratepayer apprehension if a surcharge were to result in a significant increase in a line item on a customer's bill. However, the National Grid Companies propose that if the Commission authorizes EE/BE budgets that differ from the rate allowances included in base rates, a new surcharge mechanism to recover, or refund, the differences to customers could be implemented.

NFG proposes to continue to recover EE/BE program costs through its existing surcharge, known as the Conservation Incentive Program Cost Recovery Mechanism. In this mechanism, a separate surcharge recovers costs that are broken out by the clean energy activities conducted by NYSERDA and those energy efficiency programs implemented by NFG.

The Avangrid Companies propose to recover the costs for EE/BE programs pursuant to their current rate plan and through subsequent rate case processes. Currently, the Avangrid Companies base rates are designed to fund a portion of their respective Commission-authorized NE:NY budgets. The revenue requirements associated with actual EE/BE expenditures beyond what is reflected in base rates, up to the Commission-authorized budgets, are authorized to be collected through a rate adjustment mechanism (RAM) surcharge.[85] In the event the

[85] The RAM is subject to an annual cap for each of the Avangrid Companies.

Commission changes EE/BE budgets during the term of the Avangrid Companies' rate plans, which are effective through April 30, 2026, but does not adjust the Avangrid Companies' revenue requirements or otherwise provide for recovery of such costs, the Avangrid Companies propose to defer the revenue requirement impact of the cumulative difference between the amounts included in delivery rates and any incremental budgets established by the Commission. The Avangrid Companies' proposals did not address a situation in which the Commission was to authorize EE/BE budgets lower than what is reflected in base rates. The Avangrid Companies do not offer any benefits or rationale for continuing to recover EE/BE costs through base rates, as reflected in their current rate plans, as opposed to cost recovery of EE/BE expenditures solely through a surcharge mechanism.

ACE-NY/AEU, Sealed Inc., and NY-GEO comment that it is beneficial to adopt a consistent cost recovery method across all PAs to create uniformity. Furthermore, a standardized cost recovery methodology would foster consistency needed to analyze impacts of EE/BE decisions.

ACE-NY/AEU and Sealed Inc. opine that cost recovery should be based on the effective useful lives of the measures incentivized and that it is critical the increased EE/BE expenditures don't create near term pressures on ratepayers. PULP does not suggest that cost recovery should be based on the effective useful lives of measures incentivized but does comment that all avenues should be explored to limit the burden on ratepayers. ACEEE expresses concern with using amortization as a method of reducing rate impact since it will create additional costs for the ratepayer due to the carrying charges related to the rate of return for the utility that would be applied to the amortized balances.

MI made several distinct comments regarding cost recovery of EE/BE programs. First, they assert that EE/BE cost allocations should be based more on demand, as opposed to the current methodology of allocating the majority on energy usage, or load share. They also opine that gas ratepayers should not be paying for BE measures because BE programs are electric programs, the results of which are increased electricity demand and consumption. MI asserts that there is no cost-based justification for allocating BE program costs to gas customers and if that were to be done it would create implementation issues, especially in regions of the State where customers receive electric and gas service from different utilities. MI further states that while it would be inequitable to require a utility's gas customers to subsidize that utility's BE programs, it would be even more inequitable, if not illegal, to require a utility's gas customers to subsidize a different utility's BE programs. Similarly, they opine that large, non-residential customers should not be required to pay for BE programs that are targeted at residential or commercial customers.

The Commission concurs with the stakeholder comments endorsing a consistent cost recovery methodology. Furthermore, the reasons for moving to a surcharged cost recovery mechanism, as provided by Central Hudson, Con Edison, and O&R, are compelling and complementary to the benefits of doing so identified by the Commission in its Order Directing Proposals. Moreover, the Commission finds that Con Edison and O&R's proposal to collect EE/BE related labor costs through a surcharge mechanism is reasonable and consistent with the Commission's goal of providing full transparency of expenditures associated with utility EE/BE activity. An additional benefit of moving EE/BE related labor cost recovery from base rates to a surcharge mechanism is that utilities will only be able to recover EE/BE labor expenditures if such costs have been actually incurred. Under the current cost recovery methodology, EE/BE related labor is included in a utility’s revenue requirement as a forecasted Operations & Maintenance expense. If the utility does not hire the employee(s) that were anticipated, the revenue requirement associated with the salary and benefits of the unfilled position(s) is still recovered through the rates established under the rate plan. Staff has found that it is not uncommon for a utility to hire less EE/BE employees than were included in their rate plan revenue requirements. The Commission finds that keeping EE/BE expenditures in base rates simply to avoid stakeholder optics of a potentially large surcharge is disingenuous and lacking transparency. Additionally, the justification for keeping recovery of EE/BE costs in base rates to help mitigate bill impacts through amortization is lacking, as bill impacts can also be mitigated through a surcharge.

In response to ACEEE’s concerns regarding the increased costs associated with amortization of EE/BE expenditures, recent Commission orders such as the Order Adopting Terms of a Joint Proposal and Establishing Electric and Gas Rate Plans in Cases 24-E-0060 and 24-G-0061 for the O&R service territory and the Order Adopting Terms of Joint Proposal and Establishing Electric and Gas Rate Plans with Additional Requirements for the Con Edison service territory in Cases 22-E-0064 and 22-G-0065 approved the amortization of EE/BE expenditures to help mitigate bill impacts. It is true that allowing a utility to earn a return on the unamortized balances associated with the EE/BE spending in an amortization approach will ultimately result in the utility collecting more, in terms of nominal dollars, over the amortization period than if recovered through an expense-based cost recovery approach (i.e., dollar-for-dollar recovery within the years in which the expenditures are incurred). However, the Commission has long recognized that there are many reasons why collecting money from customers now may not be as desirable as collecting the same amount plus associated carrying charges over time. Essentially, we assume that customers are neutral as to whether costs are expensed or amortized. Amortizing costs over time allows customers to retain their own funds for longer, providing them the ability to earn a return on such funds. Likewise, we do not always immediately return all customer credits and instead allow customers to earn carrying charges on balances over time. In addition, given the long duration of expected benefits from the EE/BE programs, spreading the costs over the expected lifetime of the benefits ensures that those who are receiving the benefit are the same customers as those who are paying for them.

With regard to the overall cost recovery mechanism by which the Utilities shall collect the funding to administer their EE/BE programs, we direct each utility to commence surcharge recovery, as described in more detail below, to become effective January 1, 2026, to recover all EE/BE expenditures related to program activity associated with the 2026-2030 EE/BE budgets authorized in this Order.

a. Transition to Surcharge Recovery

The Utilities, except for KEDLI, KEDNY and NFG, have an SBC surcharge mechanism in their respective electric and gas tariffs. As noted above, NFG has a Conservation Incentive Program Cost Recovery Mechanism. Generally, the SBC and NFG's Conservation Incentive Program Cost Recovery Mechanism are used to recover costs associated with NYSERDA's clean energy programs, including EE/BE.[86] Further, the SBC was previously

[86] The SBC is also used to collect funds or the Integrated Energy Data Resource and energy storage programs.

used to collect costs associated with utility-administered energy efficiency programs, as authorized by the Commission for portfolios implemented during Energy Efficiency Portfolio Standard era and for Energy Efficiency Transition Implementation Plans. While KEDLI and KEDNY no longer have SBC surcharge mechanism tariff provisions, both companies had provisions which previously allowed them to recover costs associated with their respective energy efficiency programs through the SBC. These provisions were removed for the respective tariffs, effective January 1, 2016.[87]

Effective January 1, 2026, the Utilities are to begin recovering the costs of utility-administered EE/BE programs, as authorized in this Order, via a component of the SBC or Conservation Incentive Program Cost Recovery Mechanism, as appropriate. The Utilities are to file tariff revisions that enable recovery of utility-administered EE/BE programs, which will go into effect on a temporary basis on January 1, 2026, on not less than 15 days' notice. These tariff revisions are to be developed in consultation with DPS Staff.[88] Given the extensive public notice and opportunity to submit comments, the Commission will waive the requirements of newspaper publication pursuant to PSL §66(12)(b) and Title 16 of the New York Codes, Rules and Regulations (16 NYCRR) §720-8.1, with respect to the tariff amendments directed in this Order.

Since the exact measures and details of the programs to be funded through the Utilities EE/BE Portfolios beginning in 2026 are not yet determined, and to mitigate interclass cost

[87] The tariffs were submitted in compliance with the Commission's order in Cases 07-M-0548 and 15-M-0252.

[88] The Commission anticipates that the tariff revisions for KEDLI and KEDNY will largely align with the provisions that were in effect prior to January 1, 2016.

shifts, the surcharge is to be developed, by service class, using the same allocations as included in base rate recoveries. In addition, the Utilities shall implement the surcharge in a manner that maintains the existing NYPA customer exemptions.

For the Utilities that amortize recoveries of their EE/BE investments as a component of rate base, the revenue requirement associated with unamortized program costs are to be recovered via the surcharge beginning January 1, 2026.

All Utilities are to track variations between EE/BE program recoveries provided in base rates and program expenditures associated with utility-administered EE/BE programs prior to January 1, 2026. The variation, either a regulatory asset or liability, is to be addressed in each respective Utility's next rate case. Additionally, any deferred balances of EE/BE expenditures that are incurred up to January 1, 2026 shall continue to be deferred and addressed in a subsequent rate proceeding.

The Utilities shall update the surcharge annually on a calendar year basis and reconcile any over- or under-collections from the prior year as part of the updated surcharge statement for the upcoming year. On an annual basis, the Utilities are to file updated surcharge statements, on no less than 15 days' notice, to become effective January 1st of each year.[89]

To assist in a smooth transition from current utility cost recovery practices to the implementation of a surcharge cost recovery mechanism, the Commission directs the Utilities to submit a detailed report in Cases 25-M-0248 and 25-M-0249, within 90 days of the issuance of this Order, identifying and quantifying utility- administered EE/BE program costs, including

[89] Over- or under-collections are to be forecasted since imbalances will not be known until after the calendar year is over. The forecast is to be based on known actuals.

labor, that will be included in base rates beginning January 1, 2026, per a currently effective authorized rate plan, as well as the corresponding time period for which the funding amount applies. The EE/BE labor amount reported shall represent the fully loaded labor costs reflected in each Utility's revenue requirement. DPS Staff shall, in coordination with the Utilities, use this information as well as any relevant information included in utility Joint Proposals or information submitted in Case 18-M-0084 to determine the amount of EE/BE funds collected by a utility through its base rates to develop a method (e.g., reduction to EE/BE surcharge recoveries, or surcredit), to return such funds to customers as to avoid double recovery and mitigate interclass cost shift.

As utility EE/BE portfolio cost recovery will be administered through the SBC surcharge, or similar mechanism, beginning on January 1, 2026, and to further ensure the consistency and transparency we are striving to achieve, the Commission takes this opportunity to indicate its intention to limit consideration of customer-facing EE/BE efforts undertaken by NYSERDA and the Utilities to the generic EE/BE proceedings rather than within utility rate proceedings or gas utility long-term plans filed in accordance with the Commission's May 2022 Order adopting a gas system planning process.[90] The Utilities should, therefore, refrain from proposing incremental, customer-facing EE/BE pilot programs, demonstrations, and/or supplemental EE/BE initiatives or programs within rate proceedings or gas system long-term plans. Any such proposals shall only be considered within the scope and bounds of the budgets established herein and any program modifications shall be

[90] Case 18-M-0084, Case 25-M-0248 (Non-LMI case), and Case 25-M-0249 (LMI case). Case 20-G-0131, Order Adopting Gas System Planning Process (issued May 12, 2022) (May 2022 Order).

proposed within portfolio Implementation Plan submissions within the appropriate generic EE/BE proceedings going forward.

2. NYSERDA-Administered Portfolio Cost Recovery

Currently, costs associated with NYSERDA's EE/BE programs are collected solely from electric ratepayers as part of the SBC surcharge. The Commission authorized collections for NYSERDA's statewide programs allocated to each electric utility on a historical load-share basis, accounting only for the load associated with customers subject to the SBC surcharge. NYSERDA proposes to continue the Bill-As-You-Go funding structure for Non-LMI EE/BE programs, but stated in its Response to DPS Staff's Supplemental Information Request that should the Commission determine that some split of collections is necessary between electric and gas ratepayers, that ratio should be applied to all budgets and benefits proposed, as well as to the actual budget expenditures and benefits reported. Regardless of whether NYSERDA's Non-LMI EE/BE portfolio funding is provided through electric or gas collections, NYSERDA asserts that 100 percent of the funding should be administered on a fuel neutral basis to all those who pay into the SBC.

Con Edison and O&R propose that NYSERDA's Non-LMI EE/BE costs should be allocated based on each utility's share of statewide electric (excluding NYPA) and gas (firm and interruptible) 2025 sales volumes.

The Commission finds, given the composition of the NYSERDA Non-LMI EE/BE Portfolio for the 2026–2030 period, that there is no compelling reason to modify the existing approach to cost recovery for these programs. Therefore, costs associated with NYSERDA's Non-LMI EE/BE Portfolio for the 2026–2030 period shall continue to be collected volumetrically on a per kWh basis from electric customers only. The NYSERDA Non-LMI Portfolio costs will be allocated across the electric Utilities on an updated Megawatt-hour load ratio basis. The pro-rata share allocated to each electric Utility is reflected in Appendix F.[91] All current customer load exemptions shall be maintained.

In the Commission's Order Authorizing the Clean Energy Fund Framework[92] and Order Approving Clean Energy Fund Modifications,[93] the Commission established collection schedules for the four active portfolios of the CEF (Market Development, Innovation & Research, New York Green Bank, and NY-Sun) that took into account remaining collection schedules for legacy NYSERDA portfolios[94] and used uncommitted funds to mitigate incremental ratepayer collections. Since the timing of these Orders, the Commission has taken further actions related to NYSERDA clean energy programs funded through the SBC surcharge. These actions include the approval of the NY-Sun 10 GW goal, which authorized an additional $1.4739 billion in ratepayer collections over the period 2023-2032.[95] Despite previous adjustments to collections supporting NYSERDA programs and other actions taken by the Commission to prevent the further build-up of cash balances, the current collection schedules have resulted in a cash balance being held at the Utilities of approximately

[91] The updated Megawatt-hour load ratio share is calculated using 2023 sales data (sales to ultimate customers) as filed in the Utilities' 2023 Annual Reports and adjusted to exclude NYPA sales over the same period to maintain current exemptions.

[92] Case 14-M-0094, Order Authorizing the Clean Energy Fund Framework (issued January 21, 2016) (CEF Framework Order).

[93] Case 14-M-0094, Order Approving Clean Energy Fund Modifications (issued September 9, 2021) (CEF Modification Order).

[94] These portfolios include SBC III, IV, RPS, Energy Efficiency Portfolio Standard 1 & 2.

[95] Case 21-E-0629, Advancement of Distributed Solar, Order Expanding NY-Sun Program (issued April 14, 2022).

$1 billion as of December 31, 2024.[96] The Commission has taken actions to ensure that these cash balances are treated in the ratepayers' interest. For example, the CEF Framework Order required that all cash balances held at the utilities accrue interest charges at the "other customer cost of capital," to be segregated on the books of each utility and used for the benefit of ratepayers. The Utilities shall continue this treatment of cash balances held at the Utilities for the 2026-2030 period. Specifically, as directed in the NE:NY 2020 Order, interest earnings accrued on cash balances residing at the utilities associated with collections for NYSERDA-administered programs have been, in some instances, used to offset the increased funding authorized for utility-administered EE/BE programs. Additionally, over the initial CEF period, the Commission leveraged CEF cash balances prior to initiating additional ratepayer collections. For example, the Commission authorized (1) the temporary use of the cash balance, to be repaid, to cover any cash shortfalls associated with the Clean Energy Standard's Renewable Energy Credit and Zero Emission Credit programs; and (2) the use of up to $50 million of CEF cash balances to satisfy Build-Ready Program cash payments until such funds are replenished and restored to the CEF through ongoing Build-Ready site disposition.[97]

While the Commission maintains these have been fiscally responsible approaches based on the record, we find further action warranted to use these funds for the greatest benefit to customers and to provide immediate bill relief.

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[96] This figure does not include the 2-month working capital retained at NYSERDA for cash-flow purposes.

[97] Case 15-E-0302, Large-Scale Renewable Program and a Clean Energy Standard, Order Approving Build-Ready Program (issued October 15, 2020).

Therefore, we will take the following actions in establishing the cost recovery approach for NYSERDA's 2026–2030 EE/BE portfolios. First, while we are allowing continued flexibility for cash flow purposes between collections for various NYSERDA portfolios, subject to their respective total budget authorization, for greater transparency we are disaggregating the CEF collections into their component parts and matching them to the most recent expenditure projections, as reflected in NYSERDA's March 3, 2025 CEF Cash Flow Analysis.[98] Second, we are adjusting NYSERDA's collections to better utilize the existing cash balance that resulted from prior collections not being matched to projected expenditures, while also avoiding extreme volatility in collections. Third, as discussed in the Commission's recent order on the NY-Sun program, which was issued on April 25, 2025, in Case 21-E-0629, the NY-Sun program is projecting a surplus of funding beyond what is necessary to meet the 10 GW goal, of which we will use $71.5 million of the NY-Sun surplus to offset new ratepayer collections for NYSERDA's Non-LMI EE/BE portfolio.[99] Fourth, we are using $45.6 million of interest earnings associated with the CEF collections at the utilities, as reflected in Appendix G, to offset new ratepayer

[98] These collections are allocated to the Utilities based on an updated Megawatt-hour load ratio share which is calculated using 2023 sales data (sales to ultimate customers), as filed in the Utilities' 2023 Annual Reports and adjusted to exclude NYPA sales over the same period to maintain current exemptions.

[99] The NY-Sun surplus being utilized to offset costs for both the LMI and Non-LMI EE/BE portfolios totals $216.7 million and consists of the $64 million being reallocated to legacy funds as well as an additional $152.7 million. This total is being allocated $71.5 million to NYSERDA's Non-LMI EE/BE portfolio and $145.2 million to NYSERDA's LMI EE/BE portfolio, in direct proportion of NYSERDA's Non-LMI and LMI overall portfolio budgets.

collections.[100] The compilation of these approaches results in the collection schedules we adopt today across both NYSERDA's Non-LMI and LMI EE/BE Portfolios, which provide meaningful relief to the state's ratepayers by reducing collections by approximately $340 million in total over the 2025 through 2026 period and offsetting nearly 24 percent of the costs of NYSERDA's 2026 through 2030 EE/BE Portfolios. Appendix H represents the collections in total and by utility for the NYSERDA suite of programs. The Commission authorizes the Utilities to recover collections as outlined in Appendix H. Each utility affected by this Order shall file, on not less than 15 days' notice, revised tariff statements incorporating the revised 2025 collection schedules, as detailed in Appendix H, to become effective July 1, 2025. In addition, each utility affected by this Order shall file, on not less than 15 days' notice, revised tariff statements, as described in the body of this Order, to become effective January 1, 2026, and annually thereafter.

NYSERDA is directed to, within 60 days of this Order, update the format and content of the CEF Cash Flow Analysis, in consultation with DPS Staff, to incorporate the revisions described in the body of this Order.

On a going forward basis, the Commission concludes that there are additional steps that can be taken in the interest of ratepayers. These steps include establishing automatic mechanisms that will allow for further future mitigations to the collections authorized herein. To avoid

[100] The Clean Energy Fund Bill-As-You-Go interest earnings through December 31, 2024, of $141.8 million is being allocated $45.6 million to NYSERDA's Non-LMI EE/BE portfolio and $96.2 million to NYSERDA's LMI EE/BE portfolio, in direct proportion of NYSERDA's Non-LMI and LMI overall portfolio budgets.

additional buildup of interest earnings, we direct each of the Utilities to reconcile each year's incremental interest earnings into their calculations of the SBC surcharge for the following calendar year for the NYSERDA EE/BE portfolio. Staff is directed to work with the utilities to adjust the necessary reporting and tariff modifications to effectuate this. For example, the current Bill-as-you-Go interest earning reports are filed on April 1 of each year, the timing of this filing should be adjusted such that the Utilities have the timeliest information possible to factor into their analysis for the annual SBC tariff statements, which are filed no later than December 15 of each year.

Next, December 31, 2025, represents the end of the period that NYSERDA can encumber funds for its Market Development Portfolio. At that time, any previously authorized funds not yet encumbered are to become "uncommitted funds" and set aside for future ratepayer benefit. Due to the nature of these programs, it is not uncommon for some level of attrition to occur, either by way of the project no longer being viable or that the encumbered incentive amount may adjust downwards as milestones are completed. In these cases, each year there will be newly "uncommitted funds" that materialize. NYSERDA may also experience additional uncommitted funds from other "legacy" portfolios that still have remaining encumbrances. Uncommitted funds from either the Market Development or legacy portfolios shall be used to offset collections that otherwise would be required from ratepayers. To effectuate this, we will establish a process by which NYSERDA will file, on an annual basis, its Uncommitted Funds Report by June 30 of each year, reflecting data as of March 31 of that year.[101] These funds will then be used by each of the Utilities to further offset the collections associated with NYSERDA's EE/BE portfolio in the subsequent calendar year, reflected as an offset in each utility's SBC tariff statement filing. DPS Staff is directed to work with NYSERDA and the Utilities to develop appropriate reporting details, including the need for NYSERDA to reflect the uncommitted funds by utility.

As these actions will further reduce collections from what is stated in this Order, it is important to have transparency and visibility to these adjustments. Therefore, we direct DPS Staff to issue a revised EE/BE Collection Schedule compiling all of the data gathered above on an annual basis by the end of the first quarter of each calendar year.

Lastly, the Commission notes that in the CEF Framework Order, the total funding authorized therein was inclusive of $250 million of RGGI funds over the ten-year period. The NYSERDA EE/BE Proposal(s) do not include an ongoing commitment of RGGI funds for the period 2026–2030, although the RGGI Operating Plan does include funding for EE/BE activities that complements the work under the proposed EE/BE Proposal(s).[102] It is paramount that we continue to leverage all available resources to defray the proportion of cost of New York's clean energy programs placed upon ratepayers and we recognize the critical support RGGI will continue to provide to reduce

[101] Currently, NYSERDA files its Annual Uncommitted Funds Report on March 31 of each calendar year representing data as of December 31 of the prior year.

[102] 2025 Final Regional Greenhouse Gas Initiative (RGGI) Operating Plan Amendment, approved by the NYSERDA Board of Directors on January 29, 2025, available at: https://www.nyserda.ny.gov/About/Funding/Regional-Greenhouse-Gas-Initiative/Auction-Proceeds.

ratepayer costs of funding the EE/BE Portfolios. Therefore, we direct DPS Staff to work with NYSERDA to determine if further RGGI contributions can be made following the next annual update to the RGGI Operating Plan and, if so, incorporate this information into its Revised EE/BE Collection Schedule filings, as directed in this Order.

Taking all of the above into account, the Commission-established collection schedules related to NYSERDA's Non-LMI EE/BE 2026–2030 portfolio by utility and by year are represented in Appendix H. NYSERDA is directed to monitor expenditures and additional offsets and to petition the Commission should there be a need for adjustment to mitigate any projected cash shortfall or unnecessary future build-up of ratepayer collections.

Other Matters

1. Technical Resource Manual (TRM)

In line with practices commonly followed in various jurisdictions with robust energy efficiency programs, the Commission has directed the PAs to utilize a TRM as the foundation for estimating energy savings for ratepayer funded programs.[103] The primary purpose of the TRM is to provide a standardized, accurate, fair, and transparent approach for estimating energy and demand savings across New York State's energy efficiency programs. The TRM was initially developed during the Energy Efficiency Portfolio Standard [104] era, and has

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[103] The New York Standard Approach for Estimating Energy Savings from Energy Efficiency Programs - Residential, Multi-Family, and Commercial/Industrial, Technical Resource Manual - Annual revision Version 12 effective January 1, 2025. https://dps.ny.gov/technical-resource-manual-trm.

[104] Case 07-M-0548, Energy Efficiency Portfolio Standard, Order Approving Multifamily Energy Efficiency Programs with Modifications (issued July 27, 2009).

evolved through multiple updates, with the most recent version effective January 1, 2025.

Since its initial issuance in December 2008 the management and oversight responsibilities of the TRM have also evolved, with greater responsibility for the management and maintenance of the document being assigned to the utilities and NYSERDA. The utilities and NYSERDA undertake these responsibilities, as outlined in the TRM Management Plan,[105] through the TRM Management Committee. DPS Staff serves in a monitoring and oversight role and meets regularly with the TRM Management Committee.

The evolution of the EE/BE portfolios in the 2026–2030 period requires an examination of foundational tools, like the TRM, to ensure that they are also evolving to best meet the needs of the new portfolios. For example, given the future portfolio will constitute more complex programs, all PAs will share the need to identify how to best approach custom projects in a credible and administratively streamlined manner.[106] This includes the oversight, management, and maintenance functions of the TRM to ensure it is serving its intended purpose, but also

[105] New York Standard Approach for Estimating Energy Savings from Efficiency Programs Technical Resource Manual Management Plan, known as the TRM Management Plan (Filed March 7, 2025). https://dps.ny.gov/technical-resource-manual-trm.

[106] The TRM includes a description of six categories of "Custom Measures", which include: Category 1 - Unique Measures/Projects, Category 2 - Measures Including Prescriptive Measures Not in the TRM, Category 3 - Measures in TRM but Used in a Different Application/Environment, Category 4 - Whole-Building Analysis. These categories include two Custom Measure Categories related to the NYSERDA Comfort Home Program that include Category 5 - Residential Retrofit Standardized Simulation for Measure Packages, Category 6 - Residential Heat Pump Plus Weatherization Retrofit Standard Simulation For Measure Packages (HP + Retrofit).

to prioritize work so that resources of the PAs and DPS Staff are being used most efficiently.

Although there has been substantial progress with the TRM in recent years, the current management structure is proving insufficient. These insufficiencies include: lack of engagement during quarterly final measure review on the part of various members of the TRM Management Committee, resulting in the vast majority of discussions occurring between DPS Staff, the TRM Technical Editor appointed by the TRM Management Committee, and the TRM Management Committee co-chairs; failure of the TRM Management Committee to fully integrate compliance efficiencies into the TRM, even after being instructed to do so by the Commission;[107] PAs inappropriately "abstaining" from votes on measure revisions; and the failure to update the TRM in response to evolving federal standards and/or state code changes. DPS Staff is actively collaborating with the TRM Management Committee to address these deficiencies; however, the Commission concludes that further action is needed to resolve these issues on a timely basis.

The Commission expects DPS Staff to play a more direct role in providing oversight to the TRM Management Committee and subsequent workstreams. Currently, DPS Staff does not have the ability to prioritize the quarterly measure submittals being considered and lacks representation in the TRM Management Committee's voting process. While DPS Staff's input is sought during the measure submittal review process, this often occurs only after significant time and resources have been allocated to any given submittal. This is an inefficient process and does not provide the PAs with the necessary guidance or identify the

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[107] Case 15-M-0252, supra, Order Authorizing Utility-Administered Energy Efficiency Portfolio Budgets and Targets for 2019-2020 (issued March 15, 2018), p. 45.

deficiencies DPS Staff maintains should be addressed. Going forward, DPS Staff shall work with the TRM Management Committee on the front-end of the review process to determine what measure revision(s), addition(s), correction(s), or removal(s) should be considered and shall have the ability to veto any measure revision(s), addition(s), correction(s), or removal(s) that pass through the TRM Management Committee submittal process for which DPS Staff has remaining concerns. DPS Staff is further directed to assess the current form and function of the TRM Management Committee and to initiate additional adjustments, as necessary, to streamline work and focus on aspects that will be necessary for the 2026-2030 EE/BE portfolios. To effectuate this, DPS Staff is directed to work with the TRM Management Committee to categorize all measures currently in the TRM, and determine which are Strategic, Non-Strategic, and Neutral. No further investment of time and resources should be made on any Non-Strategic measures. The utilities and NYSERDA are directed to update the TRM Management Plan, in consultation with DPS Staff within 90 days of this Order. Staff is authorized to utilize the support of external contractor resources to support this work in order to retain specialized expertise.

2. Data

In the Order Directing Proposals, the Commission stated:

> [i]n this collaborative model, whereby NYSERDA and the Utilities have differentiated roles but are working in tandem towards the achievement of the policy objectives, as opposed to siloed independent approaches, it is necessary that all Program Administrators have access to timely and relevant information that allows for the ability to assess the performance of their program approaches and make well-informed modifications, as needed. Appropriate access to customer and project-level data will

> better enable the assessment of progress toward program and policy goals that NYSERDA has been mandated to perform, including conducting potential, baseline, and market-characterization studies, as well as other NYSERDA-funded evaluation and measurement activities that aim to better understand the total impacts of such programs. Further, as noted by Con Edison/O&R, NYSERDA can support coordination via early engagement and information sharing with the Utilities on the projects for which it is providing technical support. This information sharing is proposed to include a structured, recurring process by which NYSERDA can communicate these project leads to utilities and utilities can incorporate these leads into their project pipelines and planning.[108]

The Commission then went on to direct all PAs to adopt:

> consistent and intentional customer consent language for the inclusion of the information and data necessary to support NYSERDA's market development initiatives and other EM&V related to NYSERDA's responsibilities. This includes, but is not limited to, customer consent language that fully encompasses the ability to use customer and project data to assess the effectiveness of the full suite of ratepayer supported programs, regardless of Program Administrator.[109]

While some progress has been made on these fronts, limitations still exist, leading to protracted discussions between and among the PAs, often without reaching a satisfactory resolution. This should not continue as it undermines the directives put forth and does not advance the work the Commission has assigned to the PAs. This represents an inefficient use of resources, including, but not limited to,

[108] Order Directing Proposals, pp. 70-71.

[109] Order Directing Proposals, pp. 71-72.

aggregate utility and NYSERDA personnel time, which is ultimately at the expense of ratepayers. Therefore, the Commission expects that the Utilities and NYSERDA will take the appropriate steps necessary for the requisite sharing of data to enable the EE/BE portfolios as described herein.

The Commission notes that proper consent language, as previously required by the Commission, shall be sufficient to address data sharing for customers participating in EE/BE programs. Necessary data exchanges related to non-participant data shall follow the process established in the 2019 NYSERDA Data Order and be allowed for instances necessary to administer the EE/BE portfolio authorized herein.[110]

Pursuant to the 2019 NYSERDA Data Order, NYSERDA and the Utilities entered into a Memorandum of Understanding (MOU) that contains the terms needed to govern the transfer of data to NYSERDA and its contractors, and the maintenance of data by NYSERDA and its contractors, which applies to both participant and non-participant usage data. The initial term of the MOU was three years, at which point NYSERDA and the utilities, in consultation with DPS Staff, were instructed to review the MOU, make any necessary adjustments, and execute the MOU, as revised if needed. However, as of the date of this Order, a revised MOU has not been executed.

Since the time the original MOU between NYSERDA and the Utilities was executed, the Commission has issued two orders relevant to data sharing requirements (i.e., the Cybersecurity

[110] Case 14-M-0094, Order Regarding New York State Energy Research and Development Authority Data Access and Legacy Reporting (issued January 17, 2019) (2019 NYSERDA Data Order).

Order[111] and the Data Access Framework Order).[112] As part of its Cybersecurity Order, the Commission established minimum cybersecurity and data privacy requirements for entities that receive data from, or exchange customer data with, the utilities on an electronic basis other than email. These requirements were included in the standardized Statewide Data Security Agreement that the Commission required to be signed by all entities seeking to electronically exchange customer information with the utilities. The Commission affirmed that this requirement would apply to State entities but also recognized there may be instances where the Data Security Agreement provisions may conflict with Federal, State, and local laws, tariffs, rules, and regulations, and therefore, could potentially require modification to the cybersecurity provisions of the Data Security Agreement.[113]

As part of the Data Access Framework Order issued in 2021, the Commission adopted its Data Access Framework to serve as a single source for statewide data access requirements and provide uniform and consistent guidance on what is needed for access to energy-related data, including the availability of

[111] Case 18-M-0376, Cyber Security Protocols and Protections in the Energy Market Place, Order Establishing Minimum Cybersecurity and Privacy Protections and Making Further Findings (issued October 17, 2019) (Cybersecurity Order).

[112] Case 20-M-0082, Strategic Use of Energy Related Data, Order Adopting a Data Access Framework and Establishing Further Process (issued April 15, 2021) (Data Access Framework Order).

[113] As a result, two State entity-specific Data Security Agreements were filed in Case 18-M-0376 (i.e., Office of General Services – State University of New York (OGS-SUNY) filed on July 13, 2020, and NYPA, which filed on August 21, 2020). NYSERDA was identified as already having entered into an MOU that included necessary requirements for sharing of data and was therefore not required to sign a Data Security Agreement at that time.

such data. All Energy Service Entities, including NYSERDA, seeking access to energy-related data from a data custodian are subject to the Data Access Framework.[114] As part of the Data Access Framework Order, the Commission defined specific access conditions (purpose, mechanism, and data type) that outlined the pathways for data access, assure that the correct requirements are in place, and give due consideration of customer consent. Additionally, all existing data access requirements were incorporated into the Data Access Framework, including the requirement to use the Statewide Data Security Agreement. In determining a valid purpose for accessing data, the Data Access Framework first recognizes customer consent as a valid purpose. With respect to data for which the customer has not consented to being disclosed, disclosure pursuant to a Commission order is also defined as a valid purpose. Based on the foregoing, NYSERDA data requests are considered valid where the data relates to participants in the EE/BE programs, and therefore has consented to NYSERDA receiving such data. As to unconsented data, NYSERDA data requests are similarly valid if disclosure of such data to NYSERDA is pursuant to a Commission order. The Commission finds the existing process established in the 2019 NYSERDA Data Order for NYSERDA to request unconsented customer data is sufficient and should continue to be utilized for requests for such data, as required for NYSERDA to carry out the Commission's directives in this or other orders.

[114] This includes any entity (including, but not limited to, Energy Service Companies, distributed energy resources, and Community Choice Aggregation Administrators) seeking access to energy related data from the data custodian, for the purposes defined under the access requirements. This does not include entities, such as utility contractors, who are performing a service for the utilities.

As there is now a clear framework established for sharing of both consented and unconsented data, the Commission finds that NYSERDA and the Utilities' efforts to attempt to modify the MOU for consistency with current Commission direction is unnecessary and, in fact, would continue to lead to delays in the ability for the required data to be shared. There are no other existing agreements that are as restrictive regarding specific use case information or expiration dates. Instead, the Commission finds that the Utilities and NYSERDA should use the Statewide Data Security Agreement for this valid sharing of customer data to support consistency with other Energy Service Entities, including other State entities, currently receiving customer data.[115] This will ensure that the Commission-directed data sharing is able to resume and continue without having to repeatedly negotiate new agreements every time the Commission has directed data sharing for new programs or when a defined time period has expired.

Since the Statewide Data Security Agreement is an existing agreement that already includes the necessary terms under the Data Access Framework to support data sharing, there should be no reason why this agreement cannot be signed by both parties within 30 days. Therefore, each of the Utilities and NYSERDA are directed to execute the Statewide Data Security Agreement within 30 days of this Order, and file such executed agreements in Case 18-M-0376. While the Commission finds that the Statewide Data Security Agreement should meet NYSERDA's needs, in the event that NYSERDA believes modifications are necessary due to conflicts with Federal, State, and local laws, tariffs, rules, and regulations, NYSERDA must work with the Utilities to execute and file, in Case 18-M-0376, a modified

[115] Cybersecurity Order.

Statewide Data Security Agreement within 30 days, provided that such modified Data Security Agreement should not include major modification and should be as consistent as possible with the Statewide Data Security Agreement filed within Case 18-M-0376. This will establish the most appropriate and expeditious process to reach resolution and ensure data sharing related to ratepayer funded programs can begin, or continue, without further delay.

3. Planning and Reporting Procedures

The Commission finds the current suite of EE/BE administrative procedures and filing requirements to be unduly cumbersome and difficult to manage. The program administrator filings include redundant, overlapping, and sometimes contradictory portfolio and program information, which obscure the transparency the Commission seeks. Throughout the various iterations of the EE and now EE/BE portfolios, the Commission has adopted modifications to the administrative processes and implementation rules and requirements intended to improve transparency and strengthen the feedback loops that support continuous improvement of the EE/BE portfolio. With this upcoming iteration of the EE/BE portfolios, it is an appropriate time to initiate a comprehensive review of the administrative procedures and reporting requirements currently in place, followed by an effort to reorganize and/or consolidate filings and reassess the need for, and usefulness of, the information contained in those filings. The goal of such an effort is to develop procedures and filing requirements that balance the paramount need for proper oversight of and insight into the 2026-2030 EE/BE Portfolios with the efforts of program administrators to compile the filings and of DPS Staff and stakeholders to review and assess program design and performance data. Therefore, the Commission directs DPS Staff to engage in a full accounting of existing procedures and filing requirements with a focus on streamlining the administrative processes and documentation requirements associated with the EE/BE portfolios.

To facilitate a holistic effort to improve accessibility to, and ensure usefulness of, the qualitative and quantitative information necessary to fulfill the needs of the various interested stakeholders, the Commission directs DPS Staff to conduct a review of the current EE/BE reporting, planning and tracking requirements and processes to determine which, if any, meet the needs of the 2026–2030 EE/BE portfolios. This review shall include, but not be limited to, the quarterly scorecards, utilities’ System Energy Efficiency Plans, NYSERDA’s Comprehensive Investment Plans, Verified Gross Savings Specifications, Annual Reports, and the Clean Energy Dashboard. In conducting this review, DPS Staff shall procure outside expertise to obtain services that will: 1) provide specific recommendations for DPS Staff consideration to streamline the administrative processes and documentation requirements associated with the State’s EE/BE portfolio; and 2) facilitate adoption of a technological solution that will support more efficient information management. DPS Staff should prioritize the usefulness and usability of the planning, performance, and evaluation efforts, and ensure that the final recommendations from the contractor(s) also set forth a process or processes whereby lessons learned, best practices, and program insights are efficiently and reliably incorporated into DPS Staff guidance, program and portfolio planning, and the Technical Resource Manual. To aid DPS Staff in its efforts, the Commission sets forth the following reporting principles:

- Quarterly metrics reporting, also referred to as EE/BE Scorecards, will act as the definitive source of performance data.

- The filing schedule for the various required reports and filings should minimize the need for ongoing corrections to reported data while also ensuring that information regarding portfolio performance, planning, and analysis is done within a timely manner.
- Filing requirements must be suited to purpose. The intended purpose of each filing must be considered and used to inform the metrics and narrative components of the EE/BE filings. Further, the scale, scope, and complexity of the information contained within the filings should strike an appropriate balance between collecting all possible information and the information necessary to support regulatory oversight, provide transparency for stakeholders, and ensure program administrator accountability.
- Any planning documents should demonstrate how the PA intends to achieve the cumulative Commission authorized budgets and targets.

Following completion of these efforts to streamline the exchange of programmatic EE/BE information, the Commission directs DPS Staff to update any relevant guidance documents, as needed, to reflect its findings.

The Commission understands this effort will take some time and does not expect that a new data management system will be in place prior to the launch of the 2026-2030 portfolios. Therefore, the Commission directs DPS Staff to develop and adopt temporary reporting protocols and procedures within DPS Staff guidance, no later than December 1, 2025, to the 2026–2030 EE/BE portfolios. All reporting requirements for the existing programs,[116] shall continue as is, until all funding for these portfolios has been expended, and/or reporting guidance is updated.

4. Evaluation, Measurement & Verification (EM&V)

As we look towards the 2026–2030 program period, we once again must ensure that our approach to EM&V evolves to meet the needs of the changing portfolios. A key tenet of our approach to EM&V is that evaluations must produce information that is used and useful. Findings and recommendations should be helpful at the PA level, and in the case of utility programs, at the utility service territory level. However, it is equally important to ensure a consistent approach is taken that allows for comparative analyses across the various PAs, either at a Statewide or upstate/downstate level. The Statewide and regional components of the EM&V studies must be designed to, among other things, assess the common program design and implementation model, as well as determine and address programmatic differences across the PAs that may be influencing program performance.

The Commission's approach in the 2020-2025 period was one that provided great flexibility to the PAs in planning and executing their EM&V activities. As a result, and as noted in the Staff EE/BE Report, "some Program Administrators have directed more attention to the savings verification process and resultant realization rates than others."[117] Therefore, it is apparent that the Commission must provide further structure and guidance in order to achieve a more consistent EM&V approach

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[116] Existing programs refers to Utilities EE/BE programs operated under NE:NY and NYSERDA's Market Development Program operated under the Clean Energy Fund.

[117] Case 18-M-0084, Department of Public Service Staff Energy Efficiency and Building Electrification Report (filed December 20, 2022), p. 17.

across PAs. The creation of the Upstate and Downstate Regional Weatherization Programs and the continued existence of the statewide NYS Clean Heat program demands a revised approach and provides an opportunity to create an efficiency of scale that further supports our interest in reducing redundancy and expending ratepayer funds as efficiently as possible. Therefore, the Commission directs the PAs, in consultation with DPS Staff, to develop and conduct joint evaluations for the Upstate and Downstate Regional Weatherization Programs and Statewide NYS Clean Heat program. Additionally, ensuring evaluations are focused on creating timely and useful information that can improve services to customers, and inform decision makers and interested stakeholders on lessons learned and best practices, PAs are directed to consult with DPS Staff in the development of the 2026–2030 program period EM&V activities, including but not limited to, impact and process evaluations, attribution studies, and market assessments. PAs should take a broad view of their evaluation approach across the entirety of their portfolio and, as such, appropriately plan and coordinate EM&V activities with and amongst PAs for the next iteration of strategic programming. Staff shall update necessary guidance documents, including but not limited to CE-08_Gross Savings Verification Guidance, as needed.

5. Transition to Post-2025

For administrative ease and to provide a clear distinction between the current EE/BE programs through 2025 and the 2026-2030 Non-LMI EE/BE portfolios, all future filings associated with the implementation and performance of the 2026-2030 Non-LMI EE/BE portfolios described herein shall be filed in Case 25-M-0248. The following table provides the EE/BE related matters by topic area that will be used on a going forward basis.

Case/Matter Number	Proceeding	Topic
14-M-0094	Proceeding on Motion of the Commission to Consider a Clean Energy Fund	NYSERDA CEF Portfolio (2016-2025)
18-M-0084	In the Matter of a Comprehensive Energy Efficiency Initiative	Utility NE:NY (2016-2025) EE/BE Portfolios
25-M-0248	In the Matter of the 2026-2030 Non-Low- to Moderate-Income Energy Efficiency and Building Electrification Portfolios	2026-2030 Non-LMI Portfolio
25-M-0249	In the Matter of the 2026-2030 Low- to Moderate-Income Energy Efficiency and Building Electrification Portfolio	2026-2030 LMI Portfolio
16-02180	In the Matter of Clean Energy EM&V	EE/BE EM&V
15-01319	In the Matter of the New York State Technical Resource Manual	Technical Resource Manual

6. DPS Staff Directed Activities

In the CEF Framework Order, the Commission established a funding pool, retained at NYSERDA, for DPS Staff directed activities. This represented $3 million for ongoing energy-related DPS Staff outreach activities conducted by DPS Staff and $2.5 million for DPS Staff evaluation and technical support, as required by DPS Staff for the proper oversight and management of the NYSERDA and utility programs.[118] Through December 31, 2024, Staff has expended or committed approximately $1.6 million for outreach activities and $1.2 million for evaluation and technical support resulting in a remaining balance available of $1.4 million for outreach activities and $1.25 million for

[118] CEF Framework Order, p. 95.

evaluation and technical support. The Commission finds that over a nearly ten-year period, DPS Staff has prudently and responsibly managed these available resources. However, the remaining balance for evaluation and technical support is unlikely to meet the needs of the evolving portfolio. Therefore, the Commission will allocate an additional $8 million for the 2026–2030 period for DPS Staff directed evaluation and technical support, as needed, to properly oversee the EE/BE portfolios authorized in this Order and the companion LMI EE/BE Order. The remaining balance of the funds authorized in the CEF Framework Order for both outreach activities and evaluation and technical support shall continue to be available for DPS Staff directed activities for the 2026–2030 period. These costs will be reflected in the NYSERDA budgets and collections schedules and allocated to utility electric ratepayers in the same manner as NYSERDA’s Non-LMI EE/BE program costs.

7. Earning Adjustment Mechanisms

In 2016, the Commission established earning adjustment mechanisms (EAMs) as a temporary way in which to reward utility shareholders for a utility’s demonstrated over performance associated with particular policy goals, including the Commission’s energy efficiency goals.[119] In subsequent years, the Commission adopted a variety of EE/BE EAMs for programs operating through 2025, which were developed within individual utility rate case proceedings for all Utilities, with the exception of NFG. However, as explained in the Order Directing Proposals, the Commission indicated that it would pause consideration of any new EE or BE EAMs until it determined an appropriate path forward and until the Commission and DPS Staff

[119] Case 14-M-0101, Reforming the Energy Vision, Order Adopting a Ratemaking and Utility Revenue Model Policy Framework (issued May 19, 2016).

have a better understanding of what the EE/BE portfolio budgets and targets look like beyond 2025. In addition, the Commission noted that most commenters agreed that any future EE/BE EAMs should be addressed generically for all utilities, rather than within individual rate cases.

MI stated in its comments on the utility proposals that they do not support EAMs, which are positive-only utility incentives. MI supports the Commission’s decision to eliminate EAMs related to EE and BE programs. Moreover, MI asserts that the Commission and DPS Staff need to more strongly prioritize maintaining energy affordability for all customers. MI goes on to explain that currently, customers are forced to fund ever-rising EE and BE program budgets that frequently are becoming major “drivers” of large – and sometimes exorbitant – utility delivery rate increases.

Here, the Commission adopts a prohibition on EAMs for EE/BE efforts. As described in this Order, the Commission is directing wholesale, substantive shifts in the Utilities’ EE/BE portfolios, adopting the strategic framework, and establishing a structure that allocates specific budgetary guidelines to prioritize the sub—portfolios we have determined to be most appropriate. Given the fifteen-plus years of experience the Utilities now have in implementing EE/BE programs and the specific and targeted priorities (i.e., weatherization and building electrification) of the 2026-2030 period, the Utilities are well positioned to proceed with EE/BE implementation without the need for imposing the added cost of EAMs on ratepayers.

Central Hudson Clean Heat Continuity Funding Request

In February 2023, Central Hudson filed a Clean Heat Petition, seeking the Commission's approval to use additional funds to continue the uninterrupted operation of its Clean Heat program and support of the State's building electrification goals.[120]

The Commission, in its 2023 Central Hudson Clean Heat Order, ultimately authorized Central Hudson to allocate an additional $25.2 million to support its Clean Heat program.[121] The $25.2 million was comprised of $4.0 million of previously collected, unspent funds from Central Hudson's 2018-2022 NE:NY budgets; a reallocation of $13.5 million in previously authorized, uncollected funds from its projected 2023-2025 Non-LMI electric energy efficiency portfolio budget; $1.7 million of accrued interest on NYSERDA CEF collections; and up to $6.0 million through a Continuity Funding Mechanism.

Central Hudson's Clean Heat program has continued to operate successfully and without interruption. Central Hudson's Clean Heat program unit cost projections and energy savings forecasts, however, demonstrate that its currently authorized Clean Heat funding, including the 2023 Commission-authorized Continuity Funding Mechanism, will be exhausted in mid-2025. Central Hudson has been expending approximately $1.0 million per month in its Clean Heat program. Therefore, to ensure the continuation of Central Hudson's Clean Heat program through the end of 2025, Central Hudson seeks, by petition filed in Case 18-M-0084 on November 1, 2023, authorization for an additional $5.9 million in continuity funding to be made available. Central Hudson proposes to use the same continuity funding mechanism authorized in the Commission's 2023 Central Hudson Clean Heat

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[120] Case 18-M-0084, Petition of Central Hudson Gas & Electric Corp. to Support Clean Heat Market Growth Through Transferer of unspent and previously Authorized Funding (filed February 3, 2023) (Clean Heat Petition).

[121] Case 18-M-0084, Order Approving Funding for Clean Heat Program (issued June 23, 2023) (2023 Central Hudson Clean Heat Order).

Order, which capped expenditures at $1.0 million per month, with the ability to carry over any unused funds relative to the monthly allowance, to be eligible for expenditures in subsequent months.

No stakeholders commented on Central Hudson's request for additional continuity funding. As stated in the 2023 Central Hudson Clean Heat Order, "the Commission recognizes the detrimental effects of program disruptions on customers, contractors, and other market participants."[122] Moreover, the Commission acknowledged the "substantial achievements of Central Hudson's Clean Heat program in reducing on-site fossil fuel consumption and the need to continue building on those achievements to attain the State's GHG reduction goals, while at the same time prudently managing ratepayer funds."[123] The Commission's allowance for continuity funding, as demonstrated in the 2023 Central Hudson Clean Heat Order, underscores the vital role such funding plays in achieving the State's goals. The continued success of the Clean Heat Program in Central Hudson's service territory highlights the importance of additional continuity funding to ensure uninterrupted program operations. Therefore, the Commission authorizes Central Hudson to spend up to an additional $5.9 million to continue operation of its Clean Heat program through 2025. The $5.9 million shall be funded through extension of the existing continuity funding mechanism, as approved in the 2023 Central Hudson Clean Heat Order, through December 31, 2025.

Additionally, as required by the 2023 Central Hudson Clean Heat Order, Central Hudson is expected to achieve incremental energy savings associated with the additional $5.9

[122] 2023 Central Hudson Clean Heat Order, p. 71.

[123] Id.

million of continuity funds authorized here. Central Hudson forecasts that it will incur costs of approximately $84.11 per MMBtu of energy saved through its Clean Heat program in 2025.[124] Therefore, the Commission will require that additional achieved savings target will be imputed at one MMBtu per every $84.11 of incremental funds expended or committed by Central Hudson in 2025, up to the additional $5.9 million authorized by the Commission in this Order. Central Hudson is directed to update its System Energy Efficiency Plan and the New York State Clean Heat Program Joint Implementation Plan to reflect the adjusted budget and savings targets as described herein.

KEDLI Supplemental Funding Request

On January 16, 2024, KEDLI and KEDNY submitted a supplemental filing related to their Non-LMI EE/BE portfolio proposals. Within the supplemental filing, KEDLI requests a total of $9.3 million of additional funding for 2025. KEDLI proposes to use the additional funding to continue offering market-rate weatherization programs and offer additional strategic measures to its existing C&I and residential programs to facilitate a transition from 2025 into 2026 to meet the Commission's Strategic Framework, as established in the Order Directing Proposals.

KEDLI accurately describes the level of its additional funding request as being "comparable to the accelerated recovery of $9,018,056 from the Company's authorized 2025 NE:NY budget through the Demand Capacity Surcharge Mechanism to provide

[124] See Case 18-M-0084, Central Hudson Attachment 4 - Clean Heat Working Papers for Staff (filed June 6, 2023).

funding for Weatherization programs in 2022."[125] Approval of the requested $9.3 million would essentially be replenishing the authorized accelerated use of KEDLI's Commission-approved budgets through 2025, as required under its rate plan to implement weatherization programs in 2022. KEDLI did, in fact, establish the contemplated weatherization programs, effectively putting just over $9.0 million to use earlier than anticipated and leaving a gap of that amount at the tail of the budget period through 2025. By allowing the requested $9.3 million in additional funding, that gap can be filled and KEDLI will be able to continue offering its current suite of programs, uninterrupted, and allow for a smooth transition away from Non-Strategic measures and programs in advance of, and into, 2026.

The Commission, therefore, approves KEDLI's continuity funding request of up to $9.3 million.[126] Any expenditures beyond the previously authorized budgets through 2025, up to the $9.3 million of additional funding authorized here, shall be tracked and deferred for future disposition in either its subsequent rate proceeding or through the surcharge mechanism.

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[125] See Case 19-G-0309 and Case 19-G-0310, KEDNY/KEDLI Rate Proceeding, Filing of The Brooklyn Union Gas Company d/b/a National Grid NY and KeySpan Gas East Corporation d/b/a National Grid for Approval of Incremental Demand-Side Management Programs (filed October 4, 2021), Table 2; Case 19-G-0309 and 19-G-0310, supra, Order Regarding Demand-Side Management Programs (issued May 13, 2022), p. 2 (authorization) and Case 19-G-0310, supra, Statement of Demand Capacity Surcharge Mechanism for KeySpan Gas East Corp. d/b/a National Grid (filed June 15, 2023), Attachment 1, p. 2 (surcharge recovery).

[126] Consistent with the terms of this Order, KEDLI shall not introduce any new residential weatherization program to the market and, instead, will rely on existing programs currently operating in the market (e.g., NYSERDA Comfort Home and/or PSEG-LI's Home Performance with ENERGY STAR) until the new Downstate Residential Weatherization Program is established.

KEDLI shall file an update to its System Energy Efficiency Plan to reflect the availability of these additional funds and the associated additional MMBtu savings.

CLCPA Compliance

Section 7(2) of the CLCPA requires State agencies, in considering and issuing permits, licenses, and other administrative approvals and decisions, to consider whether such decisions "are inconsistent with or will interfere with the attainment of statewide [GHG] emissions limits..." and, where such decisions are deemed to be inconsistent with or will interfere with the attainment of such limits, provide a detailed statement of justification as to why such limits/criteria may not be met, and identify alternatives or GHG mitigation measures. Similarly, Section 7(3) of the CLCPA requires that State agency decisions not disproportionately burden disadvantaged communities.

Based on the facts on the record, the Commission finds that issuance of this Order is consistent with the requirements of both Sections 7(2) and 7(3) of the CLCPA. The actions taken herein to continue to foster energy efficiency and building electrification will provide numerous positive benefits statewide, including reducing carbon and other pollutant emissions associated with energy consumption, improving grid reliability, reducing fossil fuel dependence, and increasing customer choice and opportunity. Likewise, the directives in this Order and in the LMI EE/BE Order are specifically tailored to enable LMI households and customers in Disadvantaged Communities to participate in and benefit from ratepayer-funded energy efficiency and building electrification offerings. Accordingly, the decisions being made herein are not inconsistent with and will not interfere with the attainment of statewide greenhouse limits, and do not disproportionately burden disadvantaged communities.

Moreover, the Commission's decisions in this Order are in compliance with CLCPA requirements, as codified in PSL §66-p(6), requiring that "at least twenty percent of investments in residential energy efficiency, including multi-family housing, can be invested in a manner which will benefit disadvantaged communities, ... including low to moderate income consumers." Similarly, this Order is consistent with CLCPA provisions, as codified in Environmental Conservation Law §75-0117, requiring that "State agencies ... shall, to the extent practicable, invest or direct available and relevant programmatic resources in a manner designated to achieve a goal for disadvantaged communities to receive forty percent of overall benefits of spending on clean energy and energy efficiency programs, projects or investments in the areas of housing, workforce development, pollution reduction, low income energy assistance, energy, transportation and economic development, provided however, that disadvantaged communities shall receive no less than thirty-five percent of the overall benefits of spending on clean energy and energy efficiency programs, projects or investments ... ."

State Environmental Quality Review

Under the State Environmental Quality Review Act (SEQRA), Article 8 of the New York Environmental Conservation Law, and SEQRA's implementing regulations, 6 NYCRR Part 617, the Commission must determine whether the actions it is authorized to approve may have a significant adverse impact on the environmental. The proposed action over which the Commission has jurisdiction here is the authorization of LMI EE/BE programs for the period 2026 through 2030. The proposed action does not meet the definition of Type 1 or Type 2 actions listed in 6

NYCRR §§617.4 and 617.5, or 16 NYCRR §7.2, so it is classified as an "unlisted" action, as defined in 6 NYCRR §617.2, requiring SEQRA review.

Because the proposed action does not involve any agency outside of the Commission, a coordinated review is unnecessary. The Commission therefor assumes Lead Agency status under SEQRA for purposes of conducting an environmental review of the proposed action.

To assist the Commission in its SEQRA review, DPS Staff completed an Environmental Assessment Form (EAF) describing and disclosing the likely impacts of the proposed action. As described in the EAF, the Commission considered various potential environmental and other impacts that may be reasonably expected to result. Based on the criteria for determining significance listed in 6 NYCRR §617.7(c), the Commission concludes that the action taken herein, in totality, will not result in a significant adverse environmental impact. Specifically, approval of EE/BE programs for 2026 through 2030 will result in numerous public benefits, including, but not limited to, reducing carbon and other pollutant emissions, improving grid reliability, reducing fossil fuel dependence, and increasing customer choice and opportunity. Overall, the Commission finds that EE/BE programs are anticipated to yield overall positive environmental impacts, primarily by reducing the State's use of, and dependence on, fossil fuels, among other benefits. The Commission's energy efficiency efforts are designed to reduce the adverse economic, social, and environmental impacts of fossil fuel energy resources by increasing the use of clean energy resources and technologies. While ordinary construction-related impacts are expected on a case-by-case basis, they do not outweigh the anticipated overall positive environmental impact.

Given the foregoing, the Commission, as Lead Agency, adopts a negative declaration pursuant to SEQRA.[127] Because no adverse environmental impacts were found, no public notice requesting comments is required or will be issued. A Notice of Determination of Significance concerning the unlisted action is attached. The completed EAF and determination of significance (negative declaration) will be retained in the Commission's files.

CONCLUSION

The collective actions the Commission takes today, within this Order and the contemporaneously issued LMI EE/BE Order, recognize the successes of the past and represent a substantial evolution of the Commission's EE/BE efforts to better align with the needs of the future. These actions ensure funds are spent in an efficient manner and on the highest priorities to provide meaningful benefits not only to participants of the programs but overall, to the State's ratepayers.

The Commission orders:

1. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall file revised tariff statements, on not less than 15 days' notice, to become

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[127] The Commission's finding that the proposed action will not result in a significant adverse environmental impact is consistent with, and supported by, its prior review, analysis, and findings made in its Order Authorizing Utility Energy Efficiency and Building Electrification Portfolios Through 2025, issued in Cases 18-M-0084 on January 16, 2020.

effective July 1, 2025, incorporating the revised 2025 collection schedules, as detailed in Appendix and discussed in the body of this Order.

2. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., KeySpan Gas East Corporation d/b/a National Grid, The Brooklyn Union Gas Company d/b/a National Grid NY, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall file tariff revisions to enable cost recovery for the Energy Efficiency and Building Electrification programs, via a component of the System Benefit Charge, to go into effect on a temporary basis on January 1, 2026, on not less than 15 days' notice, as discussed in the body of this Order and the Appendices.

3. National Fuel Gas Distribution Corporation shall file tariff revisions to enable cost recovery for the Energy Efficiency and Building Electrification programs, via the Conservation Incentive Program Cost Recovery Mechanism, to go into effect on a temporary basis on January 1, 2026, on not less than 15 days' notice, as discussed in the body of this Order and the Appendices.

4. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., KeySpan Gas East Corporation d/b/a National Grid, The Brooklyn Union Gas Company d/b/a National Grid NY, National Fuel Gas Distribution Corporation, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall file revised tariff statements, annually, regarding the surcharge rates for cost recovery for the Energy Efficiency and Building Electrification programs, via a

component of the System Benefit Charge or the Conservation Incentive Program Cost Recovery Mechanism, as appropriate, to go into effect on January 1st of each year, on not less than 15 days' notice, as discussed in the body of this Order and the Appendices.

5. The requirements of Public Service Law §66(12)(b) and 16 NYCRR §720-8.1, as to newspaper publication with respect to the tariff filings directed in Ordering Clause Nos. 1, 2, 3, and 4 above, are waived, as discussed in the body of this Order.

6. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., KeySpan Gas East Corporation d/b/a National Grid, The Brooklyn Union Gas Company d/b/a National Grid NY, National Fuel Gas Distribution Corporation, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall file, within 90 days of the issuance of this Order, a detailed report in Cases 25-M-0248 and 25-M-0249 identifying and quantifying utility-administered Energy Efficiency and Building Electrification program costs, including labor, that will be included in base rates beginning January 1, 2026, as discussed in the body of this Order.

7. Central Hudson Gas & Electric Corporation, National Fuel Gas Distribution Corporation, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall file in Case 25-M-0248, within 90 days of the date of issuance of this Order, a joint filing with respect to Regional Residential Weatherization Programs, as discussed in the body of this Order.

8. Consolidated Edison Company of New York, Inc., KeySpan Gas East Corporation d/b/a National Grid, and The

Brooklyn Union Gas Company d/b/a National Grid NY shall file in Case 25-M-0248, within 90 days of the date of issuance of this Order, a joint filing with respect to Regional Residential Weatherization Programs, as discussed in the body of this Order.

9. The New York State Energy Research and Development Authority, Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., KeySpan Gas East Corporation d/b/a National Grid, The Brooklyn Union Gas Company d/b/a National Grid NY, National Fuel Gas Distribution Corporation, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall file in Case 25-M-0248, within 60 days of the date of issuance of this Order, preliminary Non-Low- to Moderate-Income Energy Efficiency and Building Electrification Implementation Plans for the years 2026 through 2030, subject to approval by New York State Department of Public Service staff, as discussed in the body of this Order.

10. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., KeySpan Gas East Corporation d/b/a National Grid, The Brooklyn Union Gas Company d/b/a National Grid NY, National Fuel Gas Distribution Corporation, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation (collectively, the Utilities), and the New York State Energy Research and Development Authority (NYSERDA) shall file in Case 25-M-0248, no less than 45 days prior to the proposed effective date for a modification to the Non-Low- to Moderate-Income Energy Efficiency and Building Electrification Implementation Plans for the years 2026 through 2030 (Implementation Plans), such proposed modification(s) for

approval by New York State Department of Public Service staff, as discussed in the body of this Order and Appendices. The Utilities and NYSERDA shall otherwise update the Implementation Plans on an annual basis, subject to approval by New York State Department of Public Service staff, as discussed in the body of this Order.

11. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall file in Cases 18-M-0084 and 25-M-0248, by September 1, 2025, a New York State Clean Heat Implementation Plan, subject to approval by the New York State Department of Public Service Director of the Office of Markets and Innovation, as discussed in the body of this Order.

12. The New York State Energy Research and Development Authority, Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., KeySpan Gas East Corporation d/b/a National Grid, The Brooklyn Union Gas Company d/b/a National Grid NY, National Fuel Gas Distribution Corporation, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall file in Case 25-M-0248, within six months of the issuance of this Order, a Joint Customer Platform Utility Integration Plan, as discussed in the body of this Order.

13. The New York State Energy Research and Development Authority, Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., KeySpan Gas East Corporation d/b/a National Grid, The Brooklyn Union Gas Company d/b/a National Grid NY, National Fuel Gas Distribution Corporation, New York State Electric & Gas Corporation, Niagara

Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall, within six months of the issuance of this Order, hold a stakeholder roundtable, as discussed in the body of this Order.

14. The New York State Energy Research and Development Authority, Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., KeySpan Gas East Corporation d/b/a National Grid, The Brooklyn Union Gas Company d/b/a National Grid NY, National Fuel Gas Distribution Corporation, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall incorporate the required information in their reports for the 2026 through 2030 period, to be filed in Case 25-M-0248, as discussed in the body of this Order.

15. The New York State Energy Research and Development Authority, Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., KeySpan Gas East Corporation d/b/a National Grid, The Brooklyn Union Gas Company d/b/a National Grid NY, National Fuel Gas Distribution Corporation, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall comply with the funding and budget allocations, as discussed in the body of this Order and the Appendices.

16. The New York State Energy Research and Development Authority, Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., KeySpan Gas East Corporation d/b/a National Grid, The Brooklyn Union Gas Company d/b/a National Grid NY, National Fuel Gas Distribution

Corporation, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall file in Cases 14-M-0094, 18-M-0084, 25-M-0248, and 25-M-0249, within 90 days of the date of issuance of this Order, an updated Technical Resource Manual Management Plan, as discussed in the body of this Order.

17. The New York State Energy Research and Development Authority shall file in Cases 25-M-0248 and 25-M-0249, within 90 days of the date of issuance of this Order, a singular Workforce Development Implementation Plan, as discussed in the body of this Order.

18. The New York State Energy Research and Development Authority shall file in Cases 25-M-0248 and 25-M-0249, by January 31, 2026, an assessment to inform the development of Energy Efficiency and Building Electrification workforce development strategies for 2026 through 2030, as discussed in the body of this Order.

19. The New York State Energy Research and Development Authority shall file in Cases 25-M-0248 and 25-M-0249, by June 30th of each year, an Uncommitted Funds Report reflecting data as of March 31st of each year, as discussed in the body of this Order.

20. The New York State Energy Research and Development Authority shall file in Cases 25-M-0248 and 25-M-0249, within 60 days of the date of issuance of this Order, an updated Clean Energy Fund Cash Flow Analysis, as described in the body of this Order.

21. New York State Department of Public Service staff shall, within 45 days of the date of issuance of this Order, convene one or more technical conferences related to residential weatherization, as discussed in the body of this Order.

22. New York State Department of Public Service staff shall, within one year of the date of issuance of this Order, file a report in Case 25-M-0248 regarding hybrid heating programs, as discussed in the body of this Order.

23. New York State Department of Public Service staff shall, by June 30, 2026, file a report in Case 25-M-0248 on the study results regarding electric panel and service upgrades, as discussed in the body of this Order.

24. New York State Department of Public Service staff shall update and issue guidance documents, as discussed in the body of this Order.

25. New York State Department of Public Service staff shall issue a revised Energy Efficiency and Building Electrification Collection Schedule, compiling data gathered on an annual basis, and file in Cases 25-M-0248 and 25-M-0249 by the end of the first quarter of each calendar year, as discussed in the body of this Order.

26. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., KeySpan Gas East Corporation d/b/a National Grid, The Brooklyn Union Gas Company d/b/a National Grid NY, National Fuel Gas Distribution Corporation, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation (collectively, the Utilities), and the New York State Energy Research and Development Authority (NYSERDA) shall, within 30 days of the date of issuance of this Order, file, in Case 18-M-0376, executed Data Security Agreements between NYSERDA and each of the Utilities, as discussed in the body of this Order.

27. Central Hudson Gas & Electric Corporation is authorized to expend up to an additional $5,900,000.00 to continue operation of its Clean Heat program through December

31, 2025, through the existing Continuity Funding Mechanism, as approved by the Public Service Commission in the Order Approving Funding for Clean Heat Program issued in Case 18-M-0084 on June 23, 2023, and consistent with the discussion in the body of this Order. Central Hudson Gas & Electric Corporation shall file, following consultation with Department of Public Service staff, an update to its System Energy Efficiency Plan and the New York State Clean Heat Program Joint Implementation Plan to reflect the adjusted budget and savings targets, as discussed in the body of this Order.

28. KeySpan Gas East Corporation d/b/a National Grid is authorized to expend up to an additional $9,300,000.00 to continue Energy Efficiency and Building electrification programs through December 31, 2025, through a deferral for future disposition, as discussed in the body of this Order. KeySpan Gas East Corporation d/b/a National Grid shall file, following consultation with Department of Public Service staff, an update to its System Energy Efficiency Plan to reflect the availability of the additional funds and the associated additional MMBtu savings, as discussed in the body of this Order.

29. In the Secretary's sole discretion, the deadlines set forth in this Order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least three days prior to the affected deadline.

30. These proceedings are continued.

By the Commission,

(SIGNED) MICHELLE L. PHILLIPS
Secretary

APPENDICES

Strategic Framework

"Strategic Measures/Programs" are measures and programs that: 1) permanently reduce and/or eliminate electricity or natural gas usage on an annual basis, which would not occur absent the program's intervention; 2) permanently reduce and/or eliminate electricity or natural gas usage on a peak-hour or peak-day basis, respectively (in areas of current or anticipated near-term supply constraints), which would not occur absent the program's intervention; 3) improve the building envelope resulting in near-term reduction in electricity or fossil fuel usage that will also serve to mitigate future winter peaking on the electric grid in the event the buildings heating system is electrified; or, 4) permanently reduce and/or eliminate on-site combustion of fossil fuel usage on an annual basis, through the installation of efficient space heating or hot water electrification, which would not occur absent the program's intervention.

"Non-Strategic Measures/Programs" are those that either: 1) jeopardize the advancement of Strategic energy efficiency and/or building electrification programs or measures; 2) increase the use of fossil fuels; 3) have an Effective Useful Life of six years or less; 4) do not promote conservation behaviors and result in use of more energy through increased operation of a measure; or 5) are naturally occurring energy efficiency that results from codes and standards, or through routine market adoption which typically occurs without targeted financing options, rebates, or incentives.

Lastly, "Neutral Measures/Programs" are those that neither advance nor jeopardize Strategic programs or measures, but produce overall reductions in annual energy consumption and do not have any characteristics considered Non-Strategic.

Strategic Framework: Proposed Modifications and Determinations

Proposed modifications for the Non-LMI portfolio are discussed in the Non-LMI EE/BE Order. Proposed modifications for the LMI portfolio are discussed in the LMI EE/BE Order. Both are included in the following table.

Proposed Deviation from Strategic Framework	**Determination: Non-LMI**	**Determination: LMI**
Allow lighting measures as Neutral or Strategic	Denied	Neutral when part of comprehensive work scope; Non-Strategic after 2027.
Allow efficient streetlighting and horticulture lighting as Strategic	Denied	N/A
Allow some plug-in electric appliances as Strategic (e.g., heat pump pool heaters and clothes dryers, induction cooktops, air purifiers, dehumidifiers, and smart strips. LMI only: allow refrigerators when they provide an affordability benefit.	Denied	Refrigerators considered Neutral when replacement of existing refrigerator improves energy affordability for the household.
LMI only: Allow Direct Install measures including low-flow shower heads, advanced power strips, thermostats, and pipe insulation as Neutral.	N/A	Neutral if installed directly by a contractor as part of a package of measures intended to reduce energy consumption.
Allow gas efficiency measures with effective useful lives of less than 6 years, such as hot-water spray valves, steam traps, heating equipment tune-ups, and setback controls, as Neutral.	Denied	Neutral when packaged as part of a comprehensive work scope.

Allow gas combustion devices as Neutral.	Conditionally approved for hard-to-electrify C&I/multifamily applications, within budgetary limits and acceptable criteria to be established in Implementation Plans.	Conditionally approved for hard-to-electrify multifamily applications, within budgetary limits and acceptable criteria to be established in Implementation Plan. Neutral for 1-4 family only in some emergency no-heat circumstances.
LMI only: Allow all multifamily comprehensive work scopes as Strategic.	N/A	Conditionally approved, provided limited portion of costs attributed to lighting and subject to gas combustion equipment restrictions outlined above.
Allow remediation of health and safety and structural deficiency barriers as Neutral.	Denied	Allow up to 10% of program budget as part of pre-weatherization work scopes.
Allow customer-side electrical upgrades as Strategic.	T.B.D. following assessment of costs and needs.	T.B.D. following assessment of costs and needs.
Allow investments or incentives supporting phased or partial electrification as Strategic.	Denied for partial electrification. Conditionally approved for phased electrification for residential buildings with more than one unit.	Denied for partial electrification. Conditionally approved for phased electrification for residential buildings with more than one unit.
Allow residential hybrid heating systems as Strategic.	Denied	Denied

Program Administrators shall allocate a minimum of 85 percent of portfolio budgets to Strategic measures or programs, up to 15 percent of portfolio budgets to Neutral measures or programs, and no funding to Non-Strategic measures or programs.

Public Commenters

- Alliance for Clean Energy New York and Advanced Energy United
- Alliance for a Green Economy
- Alliance for a Green Economy, WE ACT for Environmental Justice, Climate Solutions Accelerator of the Genesee-Finger Lakes Region, Building Decarbonization Coalition, Urban Homesteading Assistance Board, PUSH Buffalo, Urbecon LLC, NYC 2030 District, Network for a Sustainable Tomorrow, Fossil Free Tompkins, Frack Action, Pratt Center for Community Development, Long Island Progressive Coalition, Rewiring America, Association for Energy Affordability, Inc., New Yorkers for Clean Power
- American Council for an Energy Efficient Economy
- Association for Energy Affordability Inc.
- Bedford 2030
- Bright Power
- Building Decarbonization Coalition
- City of New York
- Cycle Retrotech
- Enervee
- Franklin Energy
- Garrison Associates
- Greater New York Hospital Association
- J Ray Community Development
- Kinetic Communities Consulting, Association for Neighborhood & Housing Development, and Urban Homesteading Assistance Board
- Multiple Intervenors
- Natural Resources Defense Council, Association for Energy Affordability, New Yorkers for Clean Power, Regional Plan Association, Urban Green Council
- New York Geothermal Energy Organization
- New York State Homes and Community Renewal
- Opower
- PowerMarket
- Pratt Center for Community Development
- Public Utility Law Project
- Real Estate Board of New York
- Renew Home
- Rewiring America
- RMI

- Sealed Inc.
- Uplight
- Nkeiru Campbell-Ubadike
- Steve Couture, Right Light Energy Services
- Kris Granger, Eastern Energy Solutions
- Jack Kerby-Miller, Perl Street
- Klaus Meissner
- Aaron Miller, SHARC Energy
- James Newman, NOCO Energy
- Josh Randall, Niagara Cornell Cooperative Extension
- Kelley Raymond, Daikin U.S. Corporation
- Mark Thielking, Logical Efficiency LLC
- Kevin W Traut, ITEC Training & Education Center

In addition, the Commission received 147 comments representing more than 150 New York towns, villages, local organizations, and individuals on the topic of NYSERDA's Clean Energy Communities program.

Non-LMI Regional Residential Weatherization Program For Proposal Development: Minimum Budgets for 2026-2030

Downstate Region	Average Annual Electric	Average Annual Gas	Average Annual Electric & Gas
Con Edison	$60,955,603	$28,069,266	$89,024,869
KEDLI	$ -	$11,764,911	$11,764,911
KEDNY	$ -	$14,729,551	$14,729,551
Total	$60,955,603	$54,563,729	$115,519,331

Upstate Region	Average Annual Electric	Average Annual Gas	Average Annual Electric & Gas
Central Hudson	$6,503,360	$623,834	$7,127,194
NFG	$ -	$6,485,843	$6,485,843
NMPC	$19,459,973	$7,602,958	$27,062,931
NYSEG	$13,274,617	$1,897,951	$15,172,568
O&R	$3,344,270	$1,405,454	$4,749,724
RGE	$5,634,488	$2,291,523	$7,926,010
Total	$48,216,707	$20,307,563	$68,524,270

Downstate Region	Total Electric	Total Gas	Total Electric & Gas
Con Edison	$304,778,014	$140,346,332	$445,124,346
KEDLI	$ -	$58,824,554	$58,824,554
KEDNY	$ -	$73,647,757	$73,647,757
Total	$304,778,014	$272,818,643	$577,596,657

Upstate Region	Total Electric	Total Gas	Total Electric & Gas
Central Hudson	$32,516,799	$3,119,171	$35,635,970
NFG	$ -	$32,429,213	$32,429,213
NMPC	$97,299,867	$38,014,789	$135,314,655
NYSEG	$66,373,085	$9,489,755	$75,862,840
O&R	$16,721,349	$7,027,272	$23,748,620
RGE	$28,172,438	$11,457,614	$39,630,051
Total	$241,083,537	$101,537,813	$342,621,350

Notes: These budgets represent Program Costs only. Other costs, such as EM&V, Non-Labor Admin and Labor, are not included here. These budgets represent a minimum level of program costs to be reflected in the Residential Wx Program Proposals. Budget may be reallocated from the remainder of the Utilities Non-LMI Electric and/or Gas program budgets to support the Residential Regional Wx Program.

Non-LMI Regional Residential Weatherization Program For Proposal Development: Estimated Savings Targets (LMMBtu-e)

Downstate Region	Non-LMI Electric	Non-LMI Gas	Total
Con Edison	5,904,850	2,926,299	8,831,149
KEDLI	-	2,251,120	2,251,120
KEDNY	-	1,816,143	1,816,143
Total	5,904,850	6,993,562	12,898,412

Upstate Region	Non-LMI Electric	Non-LMI Gas	Total
Central Hudson	665,241	81,236	746,477
NFG	-	1,038,619	1,038,619
NMPC	3,740,681	1,567,314	5,307,995
NYSEG	2,551,705	539,181	3,090,886
O&R	561,909	236,145	798,054
RGE	1,083,086	541,048	1,624,134
Total	8,602,622	4,003,543	12,606,165

Note: The annual lifetime MMBtu equivalent (LMMBtu-e) savings shown in this appendix are estimates based on unit cost projections derived from the Utilities' proposals. The Regional Residential Weatherization Program Proposals must include, and support, more refined projected savings targets for the programs.

Non-LMI EE/BE Budgets by Program Administrators
Average Annual and Total for 2026-2030

Electric	Average Annual	Total
Central Hudson	$ 28,366,076	$ 141,830,380
Con Edison	$ 277,786,994	$ 1,388,934,971
NMPC	$ 92,706,080	$ 463,530,400
NYSEG	$ 53,530,059	$ 267,650,295
O&R	$ 18,747,229	$ 93,736,144
RG&E	$ 21,569,597	$ 107,847,985
Total	$ 492,706,035	$ 2,463,530,175

Gas	Average Annual	Total
Central Hudson	$ 1,377,206	$ 6,886,030
Con Edison	$ 58,420,534	$ 292,102,670
KEDLI	$ 27,383,065	$ 136,915,325
KEDNY	$ 36,437,173	$ 182,185,865
NFG	$ 9,766,572	$ 48,832,858
NMPC	$ 19,368,043	$ 96,840,216
NYSEG	$ 3,879,169	$ 19,395,845
O&R	$ 3,250,686	$ 16,253,431
RG&E	$ 4,379,989	$ 21,899,945
Total	$ 164,262,437	$ 821,312,184

Combined Electric and Gas	Average Annual	Total
Central Hudson	$ 29,743,282	$ 148,716,410
Con Edison	$ 336,207,528	$ 1,681,037,641
KEDLI	$ 27,383,065	$ 136,915,325
KEDNY	$ 36,437,173	$ 182,185,865
NFG	$ 9,766,572	$ 48,832,858
NMPC	$ 112,074,123	$ 560,370,616
NYSEG	$ 57,409,228	$ 287,046,140
O&R	$ 21,997,915	$ 109,989,575
RG&E	$ 25,949,586	$ 129,747,930
Total	$ 656,968,472	$ 3,284,842,359

NYSERDA	Average Annual	Total
NYSERDA	$ 71,428,571	$ 500,000,000
DPS Directed Activities	$ 1,600,000	$ 8,000,000
NYSERDA Total Non-LMI	$ 73,028,571	$ 508,000,000

Note: The budgets shown in this appendix include labor for NYSERDA and the Utilities, with the exception of NFG. Utility average annual budgets are calculated over five years; NYSERDA average annual budgets are calculated over seven years. Utility budgets include the minimum program costs of the Regional Residential Wx Program budgets

Non-LMI EE/BE Targets by Program Administrator
Average Annual and Total Lifetime MMBtu-e (LMMBtu-e) for 2026-2030

Electric	Average Annual	Total
Central Hudson	6,665,386	33,326,928
Con Edison	22,234,705	111,173,525
NMPC	12,812,944	64,064,719
NYSEG	7,093,985	35,469,923
O&R	2,082,283	10,411,417
RG&E	2,713,026	13,565,129
Total	53,602,328	268,011,641

Gas	Average Annual	Total
Central Hudson	566,439	2,832,196
Con Edison	8,548,441	42,742,207
KEDLI	2,915,347	14,576,733
KEDNY	3,064,549	15,322,747
NFG	1,951,429	9,757,147
NMPC	2,189,481	10,947,404
NYSEG	1,140,717	5,703,587
O&R	829,397	4,146,983
RG&E	1,870,226	9,351,129
Total	23,076,027	115,380,133

Combined Electric and Gas	Average Annual	Total
Central Hudson	7,231,825	36,159,124
Con Edison	30,783,146	153,915,731
KEDLI	2,915,347	14,576,733
KEDNY	3,064,549	15,322,747
NFG	1,951,429	9,757,147
NMPC	15,002,425	75,012,123
NYSEG	8,234,702	41,173,510
O&R	2,911,680	14,558,400
RG&E	4,583,252	22,916,258
Total	76,678,355	383,391,774

NYSERDA	Average Annual	Total
NYSERDA	18,750,849	131,255,945

Note: The targets shown in this appendix are expressed in lifetime MMBtu equivalent (LMMBtu-e). Targets do not net out increased MWh usage from building electrification, however, the increased MWh usage resulting from such building electrification programs and measures is an important data point and shall be tracked and reported separately. Average annual targets are calculated over five years for Utilities and seven years for NYSERDA. Utility targets shown include the estimated savings of the Residential Wx Program.

NYSERDA Budget Reallocations

NYSERDA Non-LMI Portfolio Budget Allocations (2026-2030) (in millions)			
	NYSERDA Proposal	**Commission Authorized**	**Net Change**
Programmatic Totals	$411.4	$422.0	$ 10.60
Technical Services	*$121.0*	$125.0	$ 4.00
Purposeful Demos	*$135.0*	$124.4	$(10.60)
Comfort Home	*$ 30.0*	$ 30.0	$ -
General Awareness & Education	*$ 58.9*	$ 49.6	$ (9.30)
Disadvantaged Community Engagement	*$ -*	*$21.6*	$ 21.60
Local Govt Engagement	*$ 18.0*	*$18.0*	$ -
General Marketing	*$ 15.6*	*$ 5.0*	$(10.60)
Program Marketing	*$ 8.8*	*$ -*	$ (8.80)
Mkt Insights, Vendor Tools, Systems	*$ 16.5*	*$ 5.0*	$(11.50)
Codes & Standards	*$ 50.0*	*$40.0*	$(10.00)
Workforce Development	*$ 16.5*	*$53.0*	$ 36.50
Administration	$ 71.0	$ 60.0	$(11.00)
EM&V	$ 12.0	$ 12.0	$ -
Cost Recovery Fee	$ 6.0	$ 6.0	$ -
Total	**$500.4**	**$500.0**	**$ (0.40)**

NYSERDA LMI Portfolio Budget Allocations (2026-2030) (in millions)			
	NYSERDA Proposal	**Commission Authorized**	**Net Change**
Programmatic Totals	$ 822.7	$ 844.0	$ 21.30
1-4 Residential	*$ 386.0*	$ 445.5	$ 59.50
Multifamily Residential	*$ 278.0*	$ 316.2	$ 38.20
General Awareness & Education	*$ 109.1*	$ 52.3	$(56.80)
Disadvantaged Community Engagement	*$ 73.3*	*$ 44.0*	$(29.30)
			$ -
General Marketing	*$ 19.2*	*$ 8.3*	$(10.90)
Program Marketing (1-4)	*$ 7.4*	*$ -*	$ (7.40)
Program Marketing (MF)	*$ 9.2*	*$ -*	$ (9.20)
			$ -
Workforce Development	*$ 49.6*	$ 30.0	$(19.60)
Administration	$ 142.0	$ 120.0	$(22.00)
EM&V	$ 24.0	$ 24.0	$ -
Cost Recovery Fee	$ 12.0	$ 12.0	$ -
Total	**$1,000.7**	**$ 1,000.0**	$ (0.70)

NYSERDA Non-LMI EE/BE Portfolio Cost Allocations by Utility

NYSERDA Non-LMI EE/BE Portfolio
- Allocations for Electric Collections

	2023 Annual Delivery Service Load (MWh)	MWh Load Ratio Share
Central Hudson	4,605,511	4.79%
Con Edison	42,309,735	44.04%
KEDLI	-	0.00%
KEDNY	-	0.00%
NFG	-	0.00%
NMPC	25,386,204	26.43%
NYSEG	13,313,797	13.86%
O&R	3,845,513	4.00%
RGE	6,607,076	6.88%
Total	96,067,836	100.0%

Note: Excludes NYPA Sales by service territory to maintain current exemptions.

Accumulated Interest on CEF Collections Held at Utilities
As of December 31, 2024

	Electric	Gas	Total
Central Hudson	$0	$0	$0
Con Edison	$44,808,978	$616,973	$45,425,951
National Grid	$55,530,299	$1,149,321	$56,679,621
NYSEG	$22,005,275	$0	$22,005,275
RGE	$11,889,279	$0	$11,889,279
O&R	$4,024,384	$0	$4,024,384
NFG	n/a	$0	$0
KEDLI	n/a	$212,187	$212,187
KEDNY	n/a	$1,606,533	$1,606,533
Total	$138,258,214	$3,585,014	$141,843,228

Notes: Figures are as reported by Utilities between March 1 and March 20, 2025 in the 2024 Bill-as-you-Go (BAYG) Accumulated Interest Reports, within Case 14-M-0094, with the exception of Central Hudson and Con Edison. Central Hudson's figures have been withheld pending Case 24-E-0461 Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Central Hudson Gas & Electric Corporation for Electric Service. Con Edison's figures have been updated to reflect the Commission's authorization to use $27,577,246 of accrued BAYG Interest to provide additional funding towards its Clean Heat NY Program, within 18-M-0084 In the Matter of a Comprehensive Energy Efficiency Initiative, in its Order Approving Funding for Clean Heat Program issued August 11, 2022.

Collection Schedules for NYSERDA Programs

Incremental NYSERDA Non-LMI EE/BE Portfolio - Electric Collections Only *(Note: Includes $8 million total of DPS Directed Activities being collected over 2026-2030)*

	2025	2026	2027	2028	2029	2030	2031	2032	Total
Central Hudson		$ 1,538,880	$ 2,166,897	$ 2,914,764	$ 4,098,887	$ 5,007,833	$ 4,340,505	$ 4,285,854	$ 24,353,620
Con Edison		$ 14,137,328	$ 19,906,767	$ 26,777,244	$ 37,655,499	$ 46,005,771	$ 39,875,192	$ 39,373,119	$ 223,730,920
KEDLI		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
KEDNY		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NFG		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NMPC		$ 8,482,518	$ 11,944,231	$ 16,066,576	$ 22,593,623	$ 27,603,858	$ 23,925,457	$ 23,624,209	$ 134,240,471
NYSEG		$ 4,448,657	$ 6,264,153	$ 8,426,118	$ 11,849,228	$ 14,476,846	$ 12,547,709	$ 12,389,719	$ 70,402,430
O&R		$ 1,284,935	$ 1,809,317	$ 2,433,772	$ 3,422,492	$ 4,181,444	$ 3,624,238	$ 3,578,605	$ 20,334,804
RGE		$ 2,207,681	$ 3,108,635	$ 4,181,527	$ 5,880,272	$ 7,184,248	$ 6,226,898	$ 6,148,495	$ 34,937,755
Total	$ -	$ 32,100,000	$ 45,200,000	$ 60,800,000	$ 85,500,000	$104,460,000	$ 90,540,000	$ 89,400,000	$ 508,000,000

NYSERDA Non-LMI Offsets (NYSun Surplus) - Electric Collections Only

	2025	2026	2027	2028	2029	2030	2031	2032	Total
Central Hudson	$ -	$ -	$ -	$ -	$ (1,438,206)	$ (1,438,206)	$ (431,462)	$ (119,850)	$ (3,427,724)
Con Edison	$ -	$ -	$ -	$ -	$(13,212,456)	$(13,212,456)	$ (3,963,737)	$ (1,101,038)	$ (31,489,687)
KEDLI	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
KEDNY	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NFG	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NMPC	$ -	$ -	$ -	$ -	$ (7,927,587)	$ (7,927,587)	$ (2,378,276)	$ (660,632)	$ (18,894,082)
NYSEG	$ -	$ -	$ -	$ -	$ (4,157,624)	$ (4,157,624)	$ (1,247,287)	$ (346,469)	$ (9,909,003)
O&R	$ -	$ -	$ -	$ -	$ (1,200,874)	$ (1,200,874)	$ (360,262)	$ (100,073)	$ (2,862,084)
RGE	$ -	$ -	$ -	$ -	$ (2,063,253)	$ (2,063,253)	$ (618,976)	$ (171,938)	$ (4,917,420)
Total	$ -	$ -	$ -	$ -	$(30,000,000)	$(30,000,000)	$ (9,000,000)	$ (2,500,000)	$ (71,500,000)

NYSERDA Non-LMI Offsets (BAYG Interest) - Electric Collections Only

	2025	2026	2027	2028	2029	2030	2031	2032	Total
Central Hudson		$ -	$ -	$ -					$ -
Con Edison		$ (4,928,988)	$ (4,928,988)	$ (4,928,988)					$ (14,786,963)
KEDLI		$ -	$ -	$ -					$ -
KEDNY		$ -	$ -	$ -					$ -
NFG		$ -	$ -	$ -					$ -
NMPC		$ (6,108,333)	$ (6,108,333)	$ (6,108,333)					$ (18,324,999)
NYSEG		$ (3,630,870)	$ (3,630,870)	$ -					$ (7,261,741)
O&R		$ (664,023)	$ (664,023)	$ -					$ (1,328,047)
RGE		$ (1,961,731)	$ (1,961,731)	$ -					$ (3,923,462)
Total	$ -	$ (17,293,945)	$ (17,293,945)	$ (11,037,320)	$ -	$ -	$ -	$ -	$ (45,625,211)

Resulting Net NYSERDA Non-LMI EE/BE Portfolio Collections (after Offsets) - Electric Collections Only									
	2025	2026	2027	2028	2029	2030	2031	2032	Total
Central Hudson	$ -	$ 1,538,880	$ 2,166,897	$ 2,914,764	$ 2,660,681	$ 3,569,627	$ 3,909,044	$ 4,166,003	$ 20,925,896
Con Edison	$ -	$ 9,208,340	$ 14,977,779	$ 21,848,256	$ 24,443,043	$ 32,793,316	$ 35,911,455	$ 38,272,081	$ 177,454,271
KEDLI	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
KEDNY	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NFG	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NMPC	$ -	$ 2,374,185	$ 5,835,898	$ 9,958,243	$ 14,666,036	$ 19,676,271	$ 21,547,181	$ 22,963,577	$ 97,021,391
NYSEG	$ -	$ 817,787	$ 2,633,283	$ 8,426,118	$ 7,691,604	$ 10,319,222	$ 11,300,422	$ 12,043,250	$ 53,231,686
O&R	$ -	$ 620,912	$ 1,145,294	$ 2,433,772	$ 2,221,617	$ 2,980,570	$ 3,263,976	$ 3,478,532	$ 16,144,673
RGE	$ -	$ 245,950	$ 1,146,904	$ 4,181,527	$ 3,817,018	$ 5,120,995	$ 5,607,922	$ 5,976,557	$ 26,096,873
Total	$ -	$ 14,806,055	$ 27,906,055	$ 49,762,680	$ 55,500,000	$ 74,460,000	$ 81,540,000	$ 86,900,000	$ 390,874,789

NYSERDA Previously Authorized Program Collections - Electric Collections Only (Note: Does not include Enegy Storage - 6GW Roadmap or IEDR)									
	2025	2026	2027	2028	2029	2030	2031	2032	Total
Central Hudson	$ 35,130,337	$ 24,393,410	$ 18,132,660	$ 13,555,906	$ 11,885,573	$ 8,645,679	$ 1,646,314	$ 855,349	$ 114,245,229
Con Edison	$ 322,734,054	$ 224,096,465	$ 166,580,442	$ 124,534,884	$109,189,938	$ 79,425,798	$ 15,124,298	$ 7,857,888	$ 1,049,543,767
KEDLI	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
KEDNY	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NFG	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NMPC	$ 193,643,201	$ 134,459,801	$ 99,949,694	$ 74,721,999	$ 65,514,899	$ 47,656,160	$ 9,074,709	$ 4,714,800	$ 629,735,264
NYSEG	$ 101,556,198	$ 70,517,457	$ 52,418,628	$ 39,187,960	$ 34,359,296	$ 24,993,278	$ 4,759,232	$ 2,472,677	$ 330,264,727
O&R	$ 29,333,155	$ 20,368,028	$ 15,140,422	$ 11,318,920	$ 9,924,225	$ 7,218,975	$ 1,374,641	$ 714,200	$ 95,392,566
RGE	$ 50,398,055	$ 34,994,838	$ 26,013,153	$ 19,447,331	$ 17,051,069	$ 12,403,109	$ 2,361,806	$ 1,227,085	$ 163,896,446
Total	$ 732,795,000	$ 508,830,000	$ 378,235,000	$ 282,767,000	$247,925,000	$180,343,000	$ 34,341,000	$ 17,842,000	$ 2,383,078,000

NYSERDA Adjustments to Previously Authorized (Cash Balance Adjustments*) - Electric Collections Only									
	2025	2026	2027	2028	2029	2030	2031	2032	Total
Central Hudson	$ (7,191,030)	$ (9,108,637)	$ -	$ 9,108,637	$ 7,191,030	$ -	$ -	$ -	$ 0
Con Edison	$ (66,062,280)	$ (83,678,887)	$ -	$ 83,678,887	$ 66,062,280	$ -	$ -	$ -	$ 0
KEDLI	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
KEDNY	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NFG	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NMPC	$ (39,637,934)	$ (50,208,050)	$ -	$ 50,208,050	$ 39,637,934	$ -	$ -	$ -	$ -
NYSEG	$ (20,788,119)	$ (26,331,617)	$ -	$ 26,331,617	$ 20,788,119	$ -	$ -	$ -	$ (0)
O&R	$ (6,004,371)	$ (7,605,537)	$ -	$ 7,605,537	$ 6,004,371	$ -	$ -	$ -	$ -
RGE	$ (10,316,266)	$ (13,067,270)	$ -	$ 13,067,270	$ 10,316,266	$ -	$ -	$ -	$ (0)
Total	$ (150,000,000)	$ (190,000,000)	$ -	$ 190,000,000	$150,000,000	$ -	$ -	$ -	$ 0

NYSERDA Revised Previously Authorized Program Collections (after Cash Balance Adjustments*) - Electric Collections Only									
	2025	2026	2027	2028	2029	2030	2031	2032	Total
Central Hudson	$ 27,939,307	$ 15,284,773	$ 18,132,660	$ 22,664,543	$ 19,076,603	$ 8,645,679	$ 1,646,314	$ 855,349	$ 114,245,229
Con Edison	$ 256,671,775	$ 140,417,577	$ 166,580,442	$ 208,213,771	$175,252,217	$ 79,425,798	$ 15,124,298	$ 7,857,888	$ 1,049,543,767
KEDLI	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
KEDNY	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NFG	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NMPC	$ 154,005,267	$ 84,251,751	$ 99,949,694	$ 124,930,049	$105,152,834	$ 47,656,160	$ 9,074,709	$ 4,714,800	$ 629,735,264
NYSEG	$ 80,768,079	$ 44,185,840	$ 52,418,628	$ 65,519,578	$ 55,147,415	$ 24,993,278	$ 4,759,232	$ 2,472,677	$ 330,264,727
O&R	$ 23,328,783	$ 12,762,491	$ 15,140,422	$ 18,924,457	$ 15,928,596	$ 7,218,975	$ 1,374,641	$ 714,200	$ 95,392,566
RGE	$ 40,081,789	$ 21,927,568	$ 26,013,153	$ 32,514,601	$ 27,367,335	$ 12,403,109	$ 2,361,806	$ 1,227,085	$ 163,896,446
Total	$ 582,795,000	$ 318,830,000	$ 378,235,000	$ 472,767,000	$397,925,000	$180,343,000	$ 34,341,000	$ 17,842,000	$ 2,383,078,000
*Reflects estimate of cash balance at each utility and will be reconciled as needed.									

Money Out the Door (MOTD) Analysis

Program Administrator	Combined Electric/Gas and LMI/Non-LMI 2021 MOTD %	Combined Electric/Gas and LMI/Non-LMI 2022 MOTD %	Combined Electric/Gas and LMI/Non-LMI 2023 MOTD %	Combined Electric/Gas and LMI/Non-LMI 3-Year Average MOTD %
Central Hudson	86%	81%	79%	82%
Con Edison	74%	88%	80%	82%
KEDLI	56%	70%	85%	77%
KEDNY	56%	62%	80%	72%
National Fuel Gas	83%	83%	68%	78%
Niagara Mohawk	76%	73%	73%	74%
NYSEG	86%	82%	81%	83%
NYSERDA	75%	74%	71%	73%
Orange & Rockland	57%	75%	70%	69%
RGE	73%	73%	72%	73%
Weighted Average:	75%	81%	77%	78%

Money Out the Door (MOTD) = Incentives and Services + Business Support expenditures + Tools, Training and Replication expenditures as a % of total EE/BE expenditures, including administrative costs such as labor.

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 14-M-0094 - Proceeding on Motion of the Commission to Consider a Clean Energy Fund.

CASE 18-M-0084 – In the Matter of a Comprehensive Energy Efficiency Initiative.

CASE 25-M-0248 - In the Matter of the 2026-2030 Non-Low- to Moderate-Income Energy Efficiency and Building Electrification Portfolios.

NOTICE OF DETERMINATION OF SIGNIFICANCE
(NEGATIVE DECLARATION)

NOTICE is hereby given that an Environmental Impact Statement will not be prepared in connection with the Public Service Commission's (Commission) authorization of energy efficiency and building electrification programs for the period 2026 through 2030. The action taken in these cases constitutes an "unlisted" action, as is defined in 6 NYCRR §617.

Based on the Commission's review of the record, the Commission finds that the actions taken herein will not have a significant adverse impact on the environment, under the criteria set forth in 6 NYCRR §617.7. The record demonstrates that approval of energy efficiency (EE) and building electrification (BE) programs for 2026 through 2030 will result in numerous public benefits, including, but not limited to, reducing carbon and other pollutant emissions, improving grid reliability, reducing fossil fuel dependence, and increasing customer choice and opportunity. The Commission further finds that, overall, the EE/BE programs are anticipated to yield overall positive environmental impacts, primarily by reducing the State's use of, and dependence on, fossil fuels, among other benefits. The Commission's EE efforts are designed to reduce the adverse economic, social, and environmental impacts of fossil fuel energy resources by increasing the use of clean energy resources and technologies. While ordinary construction-related impacts are expected on a case-by-case basis, they do not outweigh the anticipated overall positive environmental impact.

The address of the Public Service Commission, the Lead Agency for the purposes of the environmental quality review of this project, is Three Empire State Plaza, Albany, New York 12223-1350. Questions may be directed to Kevin Manz at (518) 474-8222 or at the address above.

MICHELLE L. PHILLIPS
Secretary