

**ESEE BOARD WORK SESSIONS ON
HIGH LEVERAGE PROGRAM PRIORITIES
SEPTEMBER 15 AND 16, 2009**

PROGRAM PRIORITY #1:

ENHANCED DELIVERY SYSTEM FOR EE AND SE PROGRAMS

Initial description:

New Hampshire would benefit by significant expansion and enhancement of the primary delivery systems for EE and SE programs. The CORE utility programs should be strengthened and more effectively coordinated, measured, and integrated with other EE and SE initiatives that provides all New Hampshire customers and communities a flexible and responsive set of services. The ESEE Board recommends, and will help coordinate and advance, a comprehensive review of the potential for expanding and enhancing these programs, including exploring innovative models that could better meet changing needs, expectations, and demands.

Notes from work session:

DESIRED RESULTS

Achieve both the State RPS goal and the State GHG reduction goals in part through coordinated delivery of statewide EE and SE services in a way that:

Serves all customers (including low income) and addresses all fuels (not only regulated electricity and natural gas)

Is customer focused - not program or fuel-type focused

Ensures all measures and technologies deemed to be "cost effective" are implemented

Addresses the whole building, ideally through a minimum number of visits by multiple separate utilities and/or providers

Features an integrated suite of services, with integration/coordination of funding

Is delivered via a system of trusted source(s)

Using technology-neutral, non-vendor provider(s)

Builds upon existing programs, and integrate new initiatives in a way that is complimentary and not duplicative

Ensures performance, measurement, and verification over time

Focuses on and prioritizes those actions that offer the greatest carbon reduction opportunities

Identifies actions & develops timeline to meet state goals

Use the ambitious (yet broadly stated goals) in the existing Climate Action Plan already endorsed by many as a starting point for identifying more specific actions, initiatives, and timelines that will lead to achieving the State's RPS and GHG reduction goals.

With the specific actions and timelines (above) in mind, identify and quantify specific goals for the Core Programs offered by the utilities already (by energy use sector such as

Residential and C&I) with the intent of progressively achieving market segment transformation to aggressive private sector implementation.

Consideration of utility rate impacts and utility incentives, and disincentives for accomplishing the above.

KEY ELEMENTS

State regulations and/or legislation that create the regulatory and/or policy framework for the above.

For the existing Electric Utility Core Program:

There are approximately 625,000 residential electricity customers in NH.
EE Core Programs are regulatory driven and ratepayer funded through a Systems Benefit Charge (SBC) of: 1.8 mils/kWh for non LI and 1.5 mils/kWh for LI.
Electric Core Programs are statewide and are administered by the utilities
The annual plan for the Electric Core Programs is filed jointly with the NH PUC.
Quarterly meetings are held with intervenors, thru the PSC.

For the existing Natural Gas Core Programs:

There are approximately 100,000 residential natural gas customers in NH
EE Core Programs are regulatory driven and ratepayer funded. There is not a set fee or an SBC.
Natural Gas Core Programs are administered by the utilities and developed through separate dockets.
The 2008 purchase of Northern by Unitil is leading to increased coordination.
The Core Programs are offered by sector.

For non regulated fuel (oil, propane, kerosene, and wood):

There is not an "all fuels" approach in place and there is no SBC or other charge in place that can fund such an approach.

KNOWN OR LIKELY RESULTS (FROM CURRENT CORE PROGRAMS)

The Core Programs are designed and implemented based on \$ available from the SBC (for electricity) or proposed in dockets (for NG).

The Core Programs are not designed, budgeted, or implemented with an eye towards achieving the state RPS and/or GHG reduction goals.

Currently, out of 600,000 total buildings in NH:

About 80,000 residential customers are served per year (that includes customers served with CFLs as well as those served more comprehensively).

About 2,500 homes/year are weatherized.

About 1,300 C&I customers/year are served.

Cumulatively, about 5% reductions in electricity use has been saved over 7 years, = < 1% in load reduction/year

GAPS

The Core Programs predate current state goals and won't achieve them.

There is not a comprehensive or coordinated structure for customers to understand full range of EE and SE options.

NH is only addressing part of the total energy and carbon challenge by focusing on regulated fuels (electricity and natural gas) and by not taking a whole-buildings approach.

Customers need additional sources of funding and financing beyond what is available from utilities and other lending sources serving NH.

EESE BOARD ROLE 2010

- **Embrace 4 - 5 Climate Action Plan goals.**
- **Create one EESE Board goal that blends the RPS and GHG goals, and that focuses on reducing reliance on fossil fuels.**
- **Identify annual actions and milestones needed to meet the fossil fuel/GHG reduction goal.**
- **Establish specific actions and milestones for the Core Programs, that link results of those programs to the broader State goals.**
- **Consider the following ideas when framing recommendations to the Governor, PUC, and/ or others:**
 - **Frame housing retrofit market needs within the context of the total renovation market.**
 - **Use analogies people are familiar and comfortable with.**
 - **Expand and build on core programs using principles noted in desired changes.**
 - **Consider an SBC or Thermal RPS approach for oil, etc.**
 - **Consider a revenue neutral carbon tax on all fuels.**
 - **Draw in fuel dealers, who may face declining sales already. Engage them in considering new business models for the future.**
 - **Consider establishing least cost procurement in all sectors.**
 - **Consider an approach that establishes targets for the Core Programs, and lets the participants figure out how to best meet the targets.**
 - **Remember decoupling is not required in NH but may be addressed in individual rate cases.**

PROGRAM PRIORITY #2:
COORDINATED MUNICIPAL ENERGY PROGRAM

Initial description:

There is a unique opportunity to make long lasting energy reductions within municipal government. The benefits of reducing municipal energy use would have far reaching financial and environmental benefits as well as increase the public's awareness on the need to reduce energy use. Given the limited resources and varying levels of expertise in municipal government, communities will be best served through a coordinated and integrated program that offers a logical path and easy way to access a multitude of services and programs and assistance. The EESE Board recommends, and will help coordinate and advance, a comprehensive program that is accessible and comprehensible to municipal staff, public boards and concerned citizens. This program will build upon existing efforts, making it easier for municipalities to access services and implement energy saving measures.

Notes from work session:

DESIRED RESULTS

Achievement of the state's long-term RPS and GHG reduction goals at the local level.

Development of specific annual milestones for achieving the state goals (above): X% savings by X% towns by X year

Municipal policies, regulations, and practices in place:

That weave EE and SE considerations throughout Town matters and into annual operating and capital budgeting processes, and
That create the knowledge and technical basis for towns to seek TA and \$ from others.

Creation of a trusted, well used, "first stop" information clearinghouse:

Linking towns to other local, regional, state, and national info, activities, and services and sharing results among towns (as they learn from each other).

Widespread availability of and familiarity with tools that assist municipalities in inventorying, prioritizing, auditing, implementing, measuring, and verifying performance of EE and SE measures and technologies.

The ability to document and share results building on the work already done within towns.

Creation of long-term, sustainable funding and financing mechanisms:

Building from and beyond public ARRA \$ and leveraging private \$ as well.

KEY ELEMENTS

The "IPAAM" process:

1. Inventory the baseline
2. Prioritize
3. Audit
4. Action
5. Measurement & Verification (M&V)

Tools and technologies:

Web-based tools providing helpful info and links to IPAAM

Database for sharing info from municipal inventories

Funding and financing

People/organizations - at multiple levels:

Towns

RPCs

(Statewide) Municipal Association

State OEP

EESE Board

WHAT IS HAPPENING ALREADY?

Multiple inventory, audit, and prioritization tools:

Thru ICLEI, Clean Air/Clean Planet, Portfolio Manager, etc.

New tools and outreach being planned by others:

EESE Board, OEP, Municipal Association, RPC's, etc.

Some towns active already with LECs, etc.:

Other towns not active, not focused on energy

GAPS

Lack of municipal resources:

\$, personnel, focus

Limited communication & coordination within and among LECs.

No single entity with ownership/leadership.

EESE BOARD ROLES 2010

- **Continue to support the work of the Public Sector Working Group: And its role facilitating development of a Coordinated Municipal Energy Program.**
- **Support the use of EECBG \$ (as administered by OEP) for the Coordinated Municipal Energy Program:**

Understanding multiple parties are continuing to work together to develop the program design and implementation approach, and that it is important that preliminary judgments not be made by the EESE Board (or others) on the roles and contributions of various state and/or local entities.

- **Assist in coordination of further applications for ARRA \$.**
- **Support the use of RGGI \$ in coordination with this effort.**

PROGRAM PRIORITY #3:
MARKETING AND EDUCATION

Initial description:

A substantial information gap undermines our ability to transform the way we use energy in New Hampshire. Far too many consumers and businesses lack basic information regarding: the urgent need for energy efficiency and conservation, renewable energy and distributed generation; the link between investments in clean energy and job creation/economic development; the environmental and public health benefits associated with such investments; the cost-effectiveness of investments in energy efficiency across all sectors. The EESE Board recommends, and will help coordinate and advance, a comprehensive and coordinated public education campaign on EE and RE. This should include a robust and flexible “portal” as the go-to place for consumers and decision makers to access information on incentives and public programs, education programs, trusted vendor information, technical advice from neutral entities, accurate and independent assessments of energy and carbon savings from various EE and RE investments through easy-to-understand data models to show paybacks, et al. This effort has begun through a GHGRF grant to the NH Carbon Challenge, but needs to be expanded. IT also requires aggressive marketing to drive consumers to the portal.

Notes from work session:

DESIRED RESULTS

All NH citizens better understand their energy use and their ability to modify and change it.

Energy considerations become a permanent component of decision making all the time, reflecting a cultural change (eg wearing seat belts).

Accurate and trusted EE and SE information is available to all via multiple sources and media (including but not limited to the web).

Message and marketing strategies are clearly linked to and supportive of evolving implementation efforts in NH (e.g. Core Programs, RGGI funded efforts, Weatherization, private contractors, RE installers).

Branding is developed by marketing experts and jointly shared and used by key stakeholders (government, utilities, Trade Partners, etc).

Messaging that is consistent for all audiences, emphasizes ownership and personal responsibility, and leads to the desired results.

An integrated system is in place (for information, education, and delivery of services) that can be accessed by all people statewide.

Education and marketing techniques that are known to work are used, and those that are proven ineffective are dropped (eg pamphlets).

KEY ELEMENTS

A mechanism/locus for collaborating and coordinating on development of a marketing and education structure, that identifies what is already going, identifies the gaps, and allocates ownership for filling the gaps.

Core principles developed and shared by collaborators and partners (which helps create a trusted message and voice).

Branding used/shared by all (e.g., the affiliation with and use of the phrase "A Touchstone Energy Cooperative" by the NH Elec. Coop.

Clear messaging used in a clear coordinated structure/approach which includes multiple components (Janice's verbal structure).

Examples of key elements for marketing and education:

- Web-based portal - as a key component but not the sole component since not everyone has access to the internet or is "web savvy."

- Training

- Speakers bureau

- Energy kiosks in store(s) in each NH community - part museum, part one stop shopping

Easy access to information, services, and funds by all, recognizing that currently too many people are not reached effectively.

WHAT IS HAPPENING ALREADY?

The use of "NH Saves" by all utilities, but is it too broad and is it already branded and therefore not sufficient to build upon further?

Ongoing education and outreach about Core EE programs offered by the utilities.

The excellent OEP website.

Ongoing education, outreach, and advocacy by numerous energy, environmental, and climate change organizations and groups in NH.

GAPS

No state energy policy.

No single locus within state government responsible for EE and SE.

OEP is doing a great job, but they are within the Executive Branch and are subject to change due to political cycles.

SED is also doing a great job, but they are within the PUC whose jurisdiction is limited to only regulated fuels (electricity and NG).

No clearly identified coordinating mechanism or structure to bring collaborators and Partners together, identify the next steps, and to keep things moving.

Lack of branding and marketing expertise available to the multiple activists and organizations doing marketing and education.

EESE BOARD ROLES IN 2010

- **Recommend and advance a clear and specific state energy policy (from the Governor and/or the Legislature).**
- **Support the development of a coordinated marketing and outreach initiative that:**
 - **Facilitates the efficient use of energy by favorably impacting consumer behavior;**
 - **Builds upon marketing and outreach already underway by OEP, LEC's, utilities, state and local carbon challenges, etc.**
 - **Tracks and shares information on EE and RE programs and projects to date and demonstrates their success; and**
 - **Involves multiple key Partners in its development and implementation.**
- **Ensure the coordinated marketing and outreach initiative includes development of:**
 - **Core principles shared by key Partners**
 - **Branding shared among the Partners**
 - **Messaging used consistently and in a coordinated manner by the Partners**

PROGRAM PRIORITY #4:
BEACON COMMUNITIES

Initial description:

Even as the Coordinated Municipal Energy Program above achieves steady and incremental improvements throughout the state, it would be beneficial if certain communities could demonstrate dramatic improvements. This could be accomplished by geographically concentrating certain investments and services to achieve deep reductions in fossil fuel use and sharp increases in economic activity. Services could include data collection, education and marketing, installations of distributed generation facilities, smart metering, fast tracking of various EE and RE programs, and incentives to drive competition. The EESE Board recommends, and will coordinate and advance, a "Beacon Communities" program to accomplish this goal. Through an open and competitive process, a limited number of communities would be selected. Criteria for selection would ensure that communities of all sizes and resources would be competitive. One criterion might be presence of an overloaded circuit; through increases in EE and RE, the cost of upgrade could be avoided.

Notes from work session:

DESIRED RESULTS

A coordinated, comprehensive, initiative focused on a defined geographic location (such as a town, village, or neighborhood) that results in efficient use of clean, sustainable energy (thereby reducing GHG emissions) which:

Incorporates a full range of EE and SE measures and technologies

Features a suite of offerings that is multi-leveled and incorporates multiple approaches

Builds on capacity, information, etc already available and empowers those already involved in EE and SE work

Creates an intensity of enthusiasm, knowledge, commitment to action, and follow through beyond what is typical through traditional offerings

Results in deeper savings than are being achieved in the marketplace absent such efforts

Leads to measurable, verified, and documented results within a 5-year time

Addresses all energy use - electricity, building heating and cooling, and transportation

Serves as a learning laboratory for other communities and

Excites others to want this for themselves in their community

Is able to be replicated in other settings over time

Informs policy, regulatory, education, outreach and technical assistance work of the EESE Board and others

KEY ELEMENTS

"Community" is defined broadly to include a municipality, village, neighborhood, development, or more.

Features a broad approach to reducing GHG emissions thru efficiency improvements, clean energy use, recycling, etc.

Addresses all energy use - electricity, building heating and cooling, and transportation.

Approaches encouraged that are able to segment key components and measure, verify, and report savings and results,

Results in knowledge and tools that can be replicated, transferred to, and enable other communities to move forward.

Builds upon activities already contemplated or underway thru other funding sources: Core Programs, EECBG \$, etc.

Could require communities to recruit a partner community to mentor and nurture as a condition of initial funding

Uses short-term funding sources (such as ARRA \$) and combines with other public and private \$ to create funding sources that will be sustainable over time.

Competitive process open to a wide range of situations and constituencies throughout the state.

Selections that are representative of a wide range of situations and constituencies throughout the state.

Selections that are geographically diverse and located throughout the state within a 30 minute drive.

WHAT IS HAPPENING ALREADY

NH is receiving \$17.3 M in federal ARRA EECBG \$. Of this:

\$2.9 M has been issued to the "Top 10" municipalities.

\$4.7M has been issued to the State's 10 counties.

In addition, OEP has 2 RFPs out right now for ARRA monies which seek:

An entity to administer \$3.5 M of loans and grants to commercial, industrial, and non-profits for EE and RE.

An entity to award and manage \$6.6 M of sub grants to NH municipalities for EE and emissions-reductions measures

for the 224 non-formula EECBG towns.

SED within the PUC will issue an RFP in January seeking RE projects eligible for Regional Greenhouse Gas Initiative (RGGI) funds.

SED also manages the Greenhouse Gas Reduction Fund (GGRF)

GAPS

No entity currently identified with the administrative capacity to create and launch new initiatives, such as Beacon Communities.

No entity or source of funds clearly identified as a source (or sources) of financial support to implement Beacon Communities.

Lack of information sharing and coordination among existing community based EE and RE initiatives and projects.

EESE BOARD ROLES IN 2010

- **Support the continued work of the Beacon Communities sub-work group, and formalize its stature within the EESE Board.**
- **Encourage those with funding already from various ARRA and other sources to support communities that are thinking broadly and seek staff/consultant support to go out and search for such communities.**
- **Strengthen capacity within the State to compete for federal funds for energy, etc.**
- **Identify and select a Working Group of the EESE Board to develop a BC-focused proposal in response to the DOE \$454 M "Open Solicitation: RFI responses are due 9/?/09. The RFP is expected soon thereafter.**
- **Work with the Congressional Delegation to identify potential federal sources of funds for Beacon Communities, and initiate a process that identifies top priority approaches to recommend to the delegation.**

PARKING LOT -- UNRESOLVED ISSUES

Dilemma: Should the EESE Board and/or its Working Groups be seeking to create new initiatives for project, OR instead be focused on supporting and enabling what is already going on thru existing entities and market forces?