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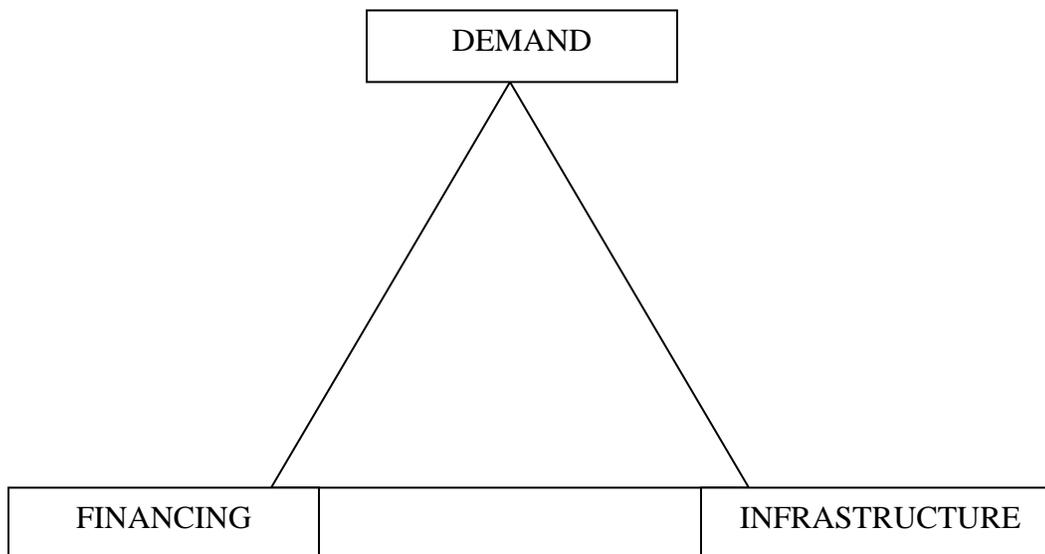
TO: EESE BOARD
FROM: DICK OBER
RE: REFLECTIONS -- ASSESSING WHERE WE ARE AND NEXT STEPS
DATE: 9/9/10

Introduction

October 2010 marks the two year anniversary of the creation of the EESE Board. In these two years, the EESE Board and its members have been integral to achieving meaningful progress in many areas central to the EESE Board's charge. Still, in many of these, and in other relevant areas, significant progress remains to be made. This is a good time to reflect on accomplishments to date, and to prioritize promising areas of focus for the EESE Board going into the coming legislative session and beyond into 2011.

The Challenge – An Overview

The EESE Board has identified three inter-related forces that will drive success in reaching the state's energy efficiency and sustainable energy goals, and targets set forth in the NH Climate Action Plan:



In previous discussions and planning sessions at the EESE Board, significant barriers to optimal EE and SE investment have been identified to include:

- Energy pricing variability and lack of transparency (e.g. does not always include the hidden costs of fossil fuel)
- High initial investment costs
- Access to capital
- Competing incentives and disincentives
- Complexity, and consumer uncertainty
- Inadequate access to information and technical assistance

Accomplishments – Some Highlights

We have begun to address some of these challenges through guiding investments of public funds, EESE Board committee work, the Beacon Communities/Better Buildings initiative, some legislative advances in 2010, and other approaches. The creation of the EESE Board reflected recognition that success in meeting enormously ambitious goals necessitates collaboration and a coordinated approach. Our EESE Board work to date has set the key players on the right course toward such collaboration and coordination.

On the financing side, the EESE Board has played a role as charged in guiding the Public Utilities Commission in its allocation of public funds – specifically RGGI dollars and Renewable Energy Funds. In round one, NH allocated \$17.6 million in RGGI funds to 30 programs that serve non-profits, businesses, residential customers, municipalities, schools, and more – supporting, among other things, roughly 500 efficiency projects that are either completed or underway.

The Green Launching Pad through UNH has provided funding and access to technical assistance for clean energy companies, including those promoting sustainable technologies, to bring their products and services to market more quickly and effectively.

The EESE Board has served as an informal sounding board to help the Office of Energy and Planning shape program priorities for about \$60 million in federal formula ARRA funds for EE and RE investments, and to integrate these programs with other initiatives, including those funded by RGGI. In addition, the EESE Board’s vision of a “Beacon Communities” approach to showcasing deep energy efficiency and clean energy investments and outcomes in selected municipalities has borne fruit in the receipt of an additional \$10 million Better Buildings grant from DOE. Much program development and roll-out work remain, but this program will enable targeted, deep work in three communities: Berlin, Plymouth and Nashua, and will serve to leverage substantial private financing and investment.

On the demand side, the Outreach and public education work group of the EESE Board has done substantial work to begin to identify communication strategies to raise awareness and increase demand for EE and SE. Most recently, earlier this week the work group held a daylong facilitated strategic planning session, about which we will get a report on September 10.

Among important legislative action informed by the EESE Board’s work was passage last session of SB 323, setting in motion an independent study, by means of a broad collaborative process, regarding legislative, regulatory, and market-based policy options to address a comprehensive range of energy policy issues that are central to the EESE Board’s charge. The EESE Board will have several major roles to play in facilitating this study process, including participating via work group in consultation with the PUC to choose the consultant and manage development of the study, providing a forum for the investigation of issues and coordination of public input to inform the study, and providing recommendations to the legislature upon review of the completed study.

Next Steps

As we move forward, the EESE Board's ability to focus our efforts strategically will help to foster our success. EESE Board members have been invited to identify the "big questions," as well as possible near term action items. A number of these questions and proposed areas of focus raised in earlier sessions are listed below, and we can use a portion of our time on the 10th to add to this list as needed. As we aim to assess and prioritize among this list, a helpful approach may be to sort identified questions, issues and possible strategies for action into one of the four following categories:

1. Well Underway
Whether through RGGI, or Better Buildings, or other ARRA funded programs, etc. folks are working meaningfully on the issue already. Since there is progress and an existing program (or programs) already in place where concerted and effective efforts are being made, the EESE Board's attention may not be needed, at least for now.
2. Addressed by SB323 Study
As noted, many issues that are critical to the state's progress are the subject of the comprehensive energy study mandated by the legislature. During the progress of this work, some areas may need to be deferred, pending our review of the study's analysis and recommendations.
3. Beyond the EESE Board's Scope
Whether because some issues require national rather than state-level action, or because they would require a different charge from the legislature and enormous resources that are not presently available to us, some issues are too big for the EESE Board to meaningfully tackle at this time.
4. Near Term Opportunities
Here is our sweet spot: the areas where the EESE Board maybe able to foster the dialogue and consensus needed to advance legislative or other policy solutions in 2011. Which key issues belong in this "basket" and how might we prioritize these to identify a few to which we will agree to devote our primary time and effort?

Big Questions

Individual EESE Board members have framed the following questions as among those relevant to our charge:

- While quantitative NH Climate Action Plan targets have been more clearly defined by the EESE Board for the various sectors (residential, commercial, industrial, municipal), the strategic implementation (order, priority, timing, magnitude) of the recommended actions has not been as clearly articulated. What recommendations would the EESE Board make regarding the building sector in order to transform the Climate Action Plan into a strategy that clearly identifies the order/phases in which the recommendation actions should be implemented?

- What are the resource requirements (e.g. financial capital, workforce, etc.) that are projected to be necessary in order to achieve the Climate Action Plan targets for each sector within the building sector? What are the implications of these projections re dollars and workers needed for resource development, job creation and other strategies essential to achieve the targeted fossil fuel reductions?
- How do we sustain the gains that we are making after ARRA federal funding ends?
- How do we employ market transformation strategies to engage the private sector in driving significant investments in EE and SE?
- How will we track progress over time? Thanks to the sub-committee chaired by Gil Gelineau and Chris Skoglund, we established clear and quantifiable metrics in the building sector with annual targets from now to 2025. How will we measure progress against these goals?
- There may be a serious setback to PACE as a funding mechanism. What other self-sustaining funding mechanisms are viable?
- How can we make NH attractive and competitive in drawing renewable developers?

Areas of possible action:

The following additional topics are among those which individual EESE Board members have identified for possible concerted policy change:

- Feed in tariff
- Ratemaking approach to encourage EE and SE
- Energy building codes – higher performance/third-party inspectors to enhance enforcement of existing codes
- All state/municipal buildings support Net Zero for new construction, or 50% reduction for retrofits
- Assessment of thermal SBC on fossil fuels, or other mechanism for incorporating thermal funding
- Giving RECs to thermal output from biomass combined clean power in revised RPS
- Certification of energy efficiency contractors
- Solar panel installation – relaxed contractor installation law
- Loan loss reserve to attract private capital
- Create an Energy Corps of trained and mobilized volunteers
- Get maintenance and facilities people trained to maintain equipment and use new technologies
- Transform Class II RPS requirements to support solar in NH
- Other approaches to encouraging installation and use of small scale renewable energy resources by homeowners and businesses

What else belongs here, and which issues should be on the EESE Board’s short list?