



Comments of Northeast Energy Efficiency Partnerships (NEEP)
To the New Hampshire Public Utility Commission
At the Public Forum on CORE Energy Efficiency Programs

October 7, 2013

Debra A. Howland, Executive Director
New Hampshire Public Utility Commission
21 S. Fruit Street, Suite 10
Concord, N.H. 03301-2429

Dear Ms. Howland,

On behalf of Northeast Energy Efficiency Partnerships, ¹ thank you for the opportunity to provide comments on the CORE Energy Efficiency Programs, pursuant to Public Utility Commission (PUC) Order No. 25,569 (September 6, 2013).

NEEP is a regional non-profit whose mission is to serve the Northeast and Mid-Atlantic to accelerate energy efficiency in the building sector through public policy, program strategies and education. Our vision is that the region will fully embrace energy efficiency as a cornerstone of sustainable energy policy to help achieve a cleaner environment and a more reliable and affordable energy system.

Northeast Energy Efficiency Partnerships is home to a number of subject experts on energy efficiency policies, programs and technologies. Per the questions posed in the Order, following is input for the Commission on behalf of our team:

1) Whether the goals of the utility-sponsored CORE energy efficiency (EE) programs are appropriate:

As the Commission is well aware, New Hampshire state officials, its electric and gas utilities, and stakeholders from the business and environmental community have been deeply engaged on in discussion on the future of energy efficiency through the Energy Efficiency and Sustainable Energy (EESE) Board and other venues.

NEEP has been a participant in this process and believes that the resulting Independent Study of Energy Policy Issues, written by Vermont Energy Investment Corporation, would create a foundation to help the state's ratepayers and its economy through prudent investments in energy efficiency.² We commend the Commission for opening up this opportunity to examine New Hampshire's current energy savings goals and CORE program process.

¹ These comments are offered by NEEP staff and do not necessarily represent the view of NEEP's Board of Directors, sponsors or underwriters.

² http://www.puc.nh.gov/Sustainable%20Energy/Reports/New%20Hampshire%20Independent%20Study%20of%20Energy%20Policy%20Issues%20Final%20Report_9-30-2011.pdf

We note that New Hampshire has been slow to move forward with the central recommendation of the Independent Study of Energy Policy Issues: to adopt a comprehensive policy that values energy efficiency as its least cost, first order energy resource. As the New Hampshire Energy Efficiency Resource (EERS) study is soon to be complete, we look forward to the PUC implementing the strategies included in these studies – in as much as it has the authority – including directing the efficiency program administrators to create program plans with the goal of capturing all cost-effective efficiency. We remind the Commission that:

- **New Hampshire is only state in New England without mandated savings goals.** The program administrators set their own goals and budgets, which they routinely overachieve. This would indicate that there are still great savings available at a cost a fraction of new energy supply. Any efficiency that can be captured at less than a unit of new energy is cost effective.³
- **New Hampshire has the lowest investments in efficiency in the Northeast and Mid-Atlantic region.** As such, energy savings are the lowest. Following are 2012 achieved electric savings as a percentage of retail sales, by state. CT: 1.16 percent, MA: 2.08 percent, ME: 1.52 percent NH: 0.63 percent, RI: 1.54 percent, VT: 2.16 percent.⁴ While New Hampshire fares better in natural gas, its performance is still well behind other neighboring states.
- **By standing still, New Hampshire is falling behind other states,** putting it at an economic disadvantage in terms of the amount of *inefficiency*, the money going out of state and “up the chimney,” and the comparatively smaller amount of job creation or jobs that could migrate across state borders.
- It is worth noting that Connecticut is on track to double efficiency funding with the creation of a new Conservation Adjustment Mechanism, Maine no longer has legislative restrictions on funding and is headed toward what is deemed Maximum Achievable Cost Effective Efficiency (MACE), and Massachusetts and Vermont also continue to climb towards unprecedented savings levels.

NEEP recommends that New Hampshire increase electric and gas savings goals over time, in tandem with developing a funding mechanism to do so. Among the reasons for increasing investment and goals for energy efficiency:

- ✓ **It serves both as a strategy to reduce transmission and delivery costs.** ISO-New England recently announced that EE is deferring \$330 million in transmission investments, an increase from its earlier estimate of \$260 million;
- ✓ **It helps suppress prices in wholesale energy and capacity markets** by reducing overall demand, a benefit that accrues to all ratepayers (also known as the demand reduction induced price effect (DRIPE));⁵

³ The lifetime cost of saved energy was 2.8 cents per kWh in 2011, the most recent data available. See <http://neep-reed.org>

⁴ See NEEP’s Policy Snapshot: <http://www.neep.org/Assets/uploads/files/public-policy/outreach-and-analysis/EE%20Policy%20Snapshot%20Update%2019.13.pdf>. See also ISO-New England’s 2013 Energy Efficiency Forecast, p. 23 http://www.iso-ne.com/committees/comm_wkgtps/othr/engry_effncy_frct/2013frct/iso_ne_final_ee_forecast_2016_2022.pdf. Figures are expressed in 2012 savings as a percent of 2011 electricity sales.

⁵ See the Avoided Energy Supply Cost (AESC) Study for New England, 2013, <http://www.synapse-energy.com/Downloads/SynapseReport.2013-07.AESC.AESC-2013.13-029-Report.pdf>. New Hampshire does not currently include DRIPE as part of its avoided energy costs, but all other states using the total resource cost (TRC) test in the region do so.

- ✓ It can help New Hampshire meet its air quality goals by incorporating energy efficiency into State Implementation Plans (SIPs); and,
- ✓ It serves as a mitigation strategy for greenhouse gases. It's expected that forthcoming U.S. EPA Clean Air Act 111d regulations for existing generation sources will include efficiency as a strategy.

2) Whether the influx of RGGI funds should impact the preference for electric savings pursuant to RSA 374-F:3, VI:

- We support use of funds that also help reduce CO₂ generated from heating fuel and allowing integrated programs. All states in the Northeast are struggling with how to help people save energy from unregulated fossil heating fuels. While NEEP believes a separate funding source is preferable, we do not oppose the use of RGGI proceeds for fuel-blind efficiency programs.

3) Whether the administrative process of reviewing the utilities' proposed CORE energy efficiency programs should be changed:

- We believe the PUC should move to a non-adjudicated format with stakeholder input and expert guidance. The Energy Efficiency and Sustainable Energy Board was originally conceived to fill this role, but it is a body with almost no authority to affect programmatic or policy change in the state, and no operating budget to employ technical consultants. Creating a true stakeholder advisory board to help guide the CORE programs is something that NEEP has been urging for many years, pointing to the successful models in other states, including Massachusetts, Rhode Island and Connecticut. Again, we refer to the VEIC study, where our prior comments on this topic are cited.
- Best practices for energy efficiency programs include hiring independent consultants to help set reasonable goals and conduct program evaluation. New Hampshire is at a disadvantage based on the level of resources that other states have to help oversee the planning and evaluation of their efficiency programs. This means that there is a greater burden on interveners, and there is less certainty about the effectiveness of how ratepayer dollars are invested.
- The issue is not solely that New Hampshire is spending more on new generation resources and less on the cheapest resource – energy efficiency. We believe the state could be using the CORE electric and gas funds and using them more smartly – reaching more customers through better marketing, leveraging these funds to attract supplemental financing from capital markets, and wringing more savings out of the funds you do have.

4) A few other ideas on ways to improve the CORE programs:

- Greater collaboration with the rest of the region would be beneficial to New Hampshire's programs, especially through participation in NEEP's Market Strategies processes. Between the Northeast/Mid-Atlantic Retail Products Working Group and the various topical projects on Residential Lighting, Business and Consumer Electronics and Emerging Technologies (Heat pump water heaters and Air-Source Heat Pumps), New Hampshire programs would benefit greatly from leveraging the wealth of resources that the region's program administrators have to offer.

- **Likewise, we urge continued participation in the Regional EM&V Forum**, working with the other New England states, New York and Mid-Atlantic states to develop a common platform for states to evaluate and report energy efficiency savings to support both state and regional energy and environmental policies. These efforts collectively will help states to advance energy efficiency and build the credibility of the resource. Again, we point to the recommendations of the Independent Policy Study⁶ that encourage developing consistent transparent, consistent protocols to evaluate, measure and verify savings. New Hampshire still falls short in this area.
- **Improve marketing and education materials.** It appears that the New Hampshire Saves website has not been significantly updated in a number of years, while other states continue to make strides in such resources for customers. We would be interested to hear what the program administrator are doing to try and reach more customers and go deeper with potential savings, but would urge greater outreach via all means practicable, including electronic and social media.

Thank you for the opportunity to comment on the CORE Energy Efficiency Programs. NEEP stands ready to provide advice and support to the state as you pursue clean, efficient energy solutions for New Hampshire's long-term future. Please do not hesitate to contact me or other NEEP staff members with any questions.

Sincerely,



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⁶http://www.puc.nh.gov/Sustainable%20Energy/Reports/New%20Hampshire%20Independent%20Study%20of%20Energy%20Policy%20Issues%20Final%20Report_9-30-2011.pdf