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**Acadia Center and Sierra Club Comments on
Energy Efficiency Resource Standard: A Straw Proposal for New Hampshire
Docket IR 15-072, Energy Efficiency Investigation**

Acadia Center and Sierra Club support the establishment of an Energy Efficiency Resource Standard in New Hampshire, and commend the Public Utility Commission for its efforts in soliciting stakeholder input and seeking to make forward progress on this essential issue. We offer comments on the following areas:

1. Recommendation that the PUC establish an EERS in New Hampshire for electric and natural gas utilities at this time

Expanding energy efficiency for electric and natural gas customers will deliver multiple benefits to New Hampshire. Strategic investments in energy efficiency help reduce consumer and business energy costs while avoiding greenhouse gas emissions. In addition to lower energy bills, reduced energy demand means less money leaving the state to import carbon-intensive fossil fuels. Energy efficiency investments generate significant local economic benefits, including increased Gross State Product and thousands of new jobs. Currently New Hampshire is the only state in New England without a formal efficiency savings goal, which contributes to significantly lower efficiency savings.

Table 1. Net Incremental Savings from Electricity Efficiency (2013)¹

State	2013 electric Program savings (MWh)	Annual savings as % of Statewide Retail Sales
Connecticut	285,817	0.97%
Maine	92,313	0.78%
Massachusetts	1,116,442	2.05%
New Hampshire	58,774	0.56%
Rhode Island	161,831	2.09%
Vermont	99,074	1.78%

¹ Source: 2014 State Energy Efficiency Scorecard. Available at:
<http://database.aceee.org/sites/default/files/docs/spending-savings-tables.pdf>

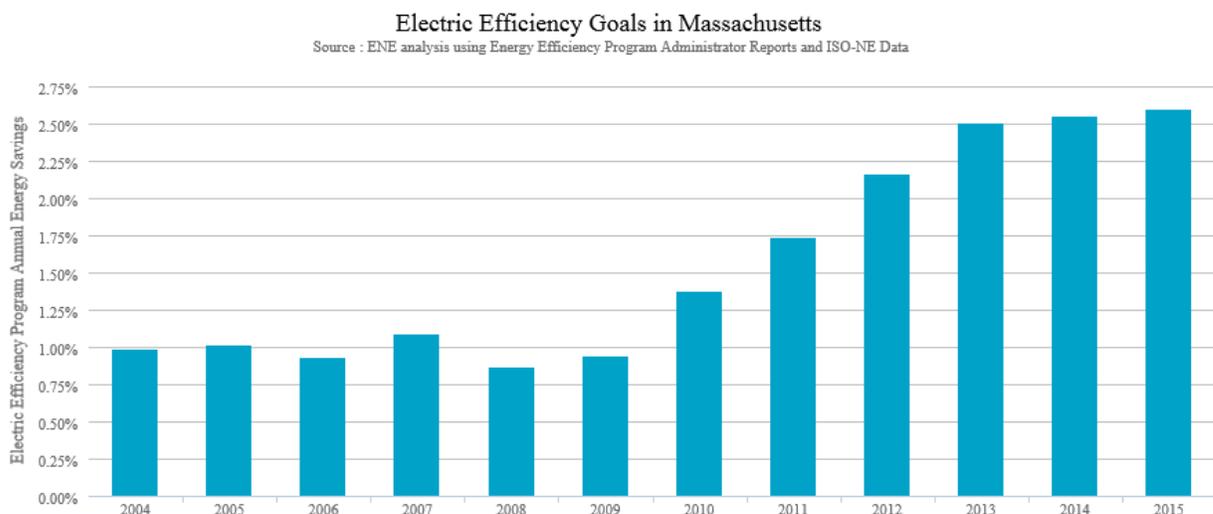
2. Recommendation that the Commission establish the EERS for an initial long-term period of ten years, with interim short-term goals approved by the Commission

We support setting a cumulative 10 year saving goals based on a potential study. Based on results in neighboring states, such a cumulative goal would likely be in the range of 20-30% for electricity and 10-20% for natural gas. Yearly goals should be set through energy efficiency plans developed every two or three years. Three year plans are what are currently used in Massachusetts and Connecticut and could provide for a more efficient planning process.

3. Recommendation that the Commission set the first two-year EERS goals that are consistent with the goals established for the 2015 and 2016 Core programs, in DE 14-216

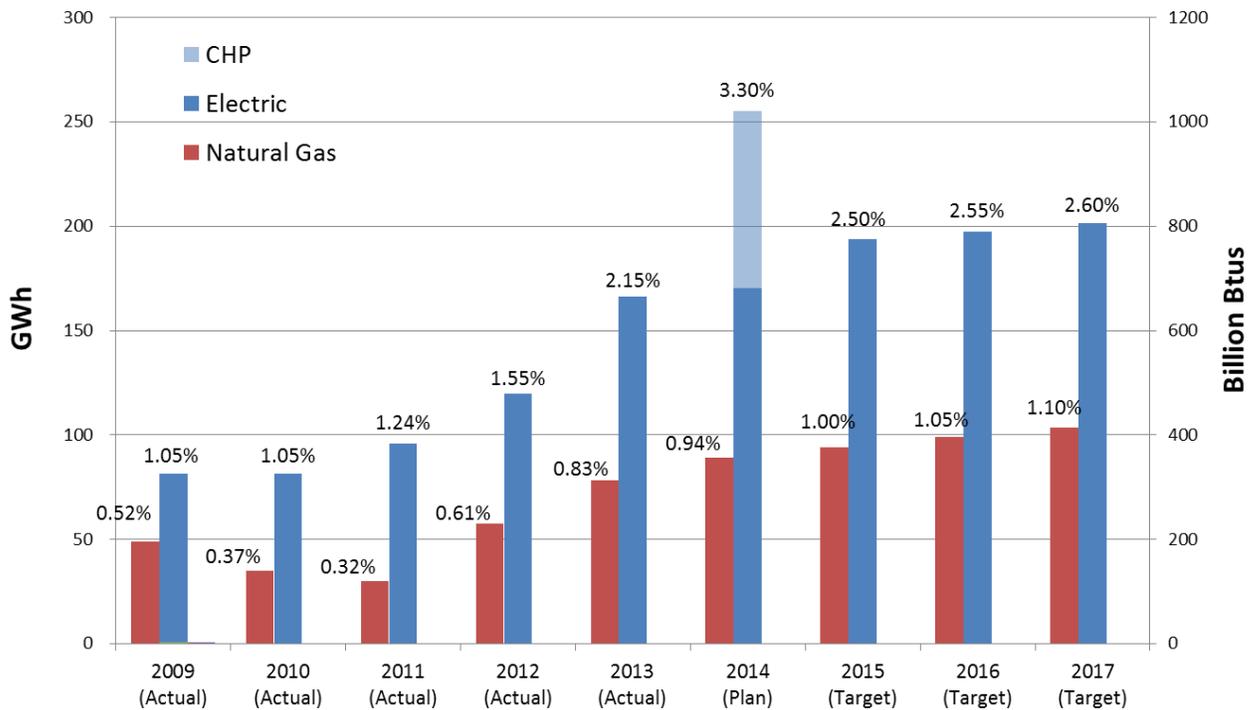
Relying on savings rates achieved from the existing Core program budget will leave a large amount of potential cost-effective efficiency savings on the table in the first two years. The Commission’s analysis of the existing Core programs finds they are currently achieving efficiency at a rate of 0.68% of retail electric sales, while in gas the level is 0.62%, and recommends initial targets of .65% and .68% respectively. The proposal then ramps electric savings targets up to only 1.31% by 2025. We believe that these rates are low and based on recent experience in other states, it would be achievable to ramp electric savings up to 2.5% in the service territories under the PUC’s authority in a three year period, similar to targets in Massachusetts and Rhode Island (see Figure 1 and Figure 2 for savings in investor-owned utility service territories).

Figure 1. Massachusetts Electric Energy Savings Targets²



² <http://climatevision.acadiacenter.org/policy-successes/energy-efficiency-investments>

Figure 2. Rhode Island Electric, Natural Gas, and CHP Energy Savings Targets³



The Straw Proposal recommends that “embracing transmission and distribution improvements, distributed generation and combined heat and power projects could allow for more ambitious EERS targets while ensuring that funding be allocated between customer groups and programs in an equitable manner”. While we fully support broader efficiency measures, we also believe ambitious goals for utility-funded programs can be set and that energy efficiency dollars should only be spent on cost-effective end-use efficiency, which could include customer-sited combined heat and power but not the other items.

4. Other topics covered in the Straw Proposal

EERS Funding –The Straw Proposal concludes that meeting the savings targets solely with traditional ratepayer funding sources would result in higher rates, and therefore, it will be vital that institutionalized private funding be pursued if targets are to be met. We believe that financing mechanisms can play an important role in expanded

³ “2015-2017 Savings Targets Recommendations” presentation by the Rhode Island Energy Efficiency & Resource Management Council, Rhode Island Public Utilities Commission Technical Session, February 25, 2014.

efficiency efforts, but should not be considered standalone alternatives to comprehensive energy efficiency programming. Property Assessed Clean Energy (PACE) funding, revolving loan programs, and other financing vehicles are a complementary element of comprehensive energy efficiency programs, and generally will not have substantial uptake in the absence of the other program elements. Financing alone will not capture all cost-effective energy efficiency, and will not deliver the same results as well-designed energy efficiency programs with the necessary increases in SBC revenue. If RGGI auction proceeds increase as they are forecast to, the SBC increase may be offset somewhat.

New Hampshire may be able to leverage existing efficiency loan programs in Massachusetts if participating banks operate in both states. The Straw Proposal also references the Warehouse for Energy Efficiency Loans (WHEEL). WHEEL generally requires a large amount of capital to get started and has had mixed success reselling. Acadia Center believes it may be more effective for the efficiency program administrators to work directly with local banks and credit unions, as Eversource has successfully done in Massachusetts.

EERS Administration – We support the recommendation to further strengthen to role of the stakeholders as a consultative body. We recommend establishing a stakeholder council, with the ability to retain efficiency expert advisors, to oversee and guide the development of statewide energy savings targets, and ensure the program administrators are pursuing all cost-effective energy efficiency that is cheaper than supply. The stakeholder council would serve as an advisory body throughout the planning and implementation phases and include key parties who are engaged in energy policy in the state. Ideally, council decisions would be consensus-based and informed by objective analysis and would lead to efficiency plans, with recommended yearly savings targets, presented to the NHPUC with substantive differences resolved prior to the docket process. Three states at the top of the American Council for an Energy-Efficient Economy’s *2013 State Energy Efficiency Scorecard* – Massachusetts (#1), Connecticut (#5), and Rhode Island (#6) – have efficiency stakeholder councils in place that could serve as a model.

Evaluation, Monitoring and Verification of the EERS – The Straw Proposal concludes that “through the use of third-party evaluators, selected and reporting directly to state counterparts, appropriate tracking and evaluation of utility programs can be accomplished.” We concur that utilities should not have sole responsibility for program evaluation. As a smaller state, New Hampshire could seek joint evaluation with neighboring states to minimize costs wherever possible, with oversight from the PUC. Alternatively, the utilities could have some oversight of programs in consultation with the stakeholder board, as is done in Connecticut and Rhode Island, or some combination of the two.

In conclusion, the Commission has proposed a strong framework for creating an Energy Efficiency Resource Standard in the state. We look forward to working with the Commission and other stakeholders in strengthening the proposal in order to achieve the greatest benefits for New Hampshire.

Sincerely,

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