DE 17-136

Statewide 2018-20 Energy Efficiency Plan
Benefit-Cost Work Group

Supplement to Section V of NHLA Memo Dated February 14, 2018 on Adopting a Separate Low-Income Adder in New Hampshire

Submitted by NH Legal Assistance
on Behalf of the Way Home
June 13, 2018

V. New Hampshire Public Policy Supports Using a Low Income Adder to Capture the Non-Energy Benefits that Accrue to Low-Income Participants.

The general court has declared that "it shall be the energy policy of this state . . . to maximize the use of cost effective energy efficiency . . . and to protect the safety and health of the citizens, the physical environment of the state, and the future supplies of resources." RSA § 378:37. When reviewing the integrated least-cost resource plans, "the commission shall consider potential environmental, economic, and health-related impacts of each proposed option." RSA § 378:39. If "the options have equivalent financial costs, equivalent reliability, and equivalent environmental, economic, and health-related impacts" then the commission shall prioritize energy efficiency and other demand-side management resources over other energy sources. *Id*.; *see also* DE 17-136, Order No. 26,095 dated January 2, 2018 at 17.

The general court has recognized that the benefits of restructuring the electric utility industry should be equitably distributed and that it is important to serve low-income households. *See* RSA § 374-F:3(V), (VI); *see also* DE 15-137, Order No. 25,932 dated August 2, 2016 at 56-57, 64. Furthermore, "[u]tility sponsored energy efficiency programs should target cost-effective opportunities that may otherwise be lost due to market barriers." RSA § 374-F:3(X); *see also* DE 15-137, Order No. 25,932 dated August 2, 2016 at 64.

The New Hampshire Public Utilities Commission (PUC) has long acknowledged the importance of the low-income energy efficiency program and "that separate consideration [is] appropriate for programs targeting low-income customers." *See* DG 02-106, Order No. 24,109 dated December 31, 2002, 87 NH PUC 892 at 897-99. Recently, the PUC approved an increase in the budget for the low-income program because "low income customers face greater hurdles to investment in energy efficiency than other customer [sic]." DE 15-137, Order No. 25,932 dated August 2, 2016 at 64. The PUC found that the increase in the budget was "appropriate in order to comply with legislative directives and to reduce energy consumption for those customers who need it most." *Id.* The PUC has also granted special protection to the low-income program by prohibiting the transfer of funds from the low-income program without prior Commission approval. *See e.g.,* DG 02-106, Order No. 24,109 dated December 31, 2002, 87 NH PUC 892 at 899 ("low income program budgets are dedicated and those budgets cannot be siphoned away to other programs"). The PUC has stated that "this provision safeguards its interest in seeing low income customers are not left out of energy efficiency programs due to the

pressure that each program meet a cost effectiveness threshold." *Id*. The low-income program also does not have to meet the 1.0 benefit cost ratio. *See e.g.,* DE 17-136, 2018-2020 Statewide Energy Efficiency Plan at 139. The PUC has also recognized that the low-income energy efficiency program is crucial because it helps reduce the need for the Electric Assistance Program and the Residential Low Income Gas Assistance Program. *See* DE 15-137, Order No. 25,932 dated August 2, 2016 at 56-57; *see also* RSA § 369-B:1(XIII) (the general court has directed the PUC to "design low income programs in a manner that targets assistance and has high operating efficiency, so as to maximize the benefits that go to the intended beneficiaries of the low income program").

The 10-Year State Energy Strategy also highlights the importance of energy efficiency and states that New Hampshire's modest energy efficiency programming "should prioritize capturing more efficiency in all sectors." New Hampshire 10-Year State Energy Strategy dated April 2018 at 14, 39.

New Hampshire public policy recognizes that the benefits of energy efficiency extend beyond bill savings and should be pursued to benefit all New Hampshire ratepayers. The PUC has specifically stated that it is appropriate to recover the costs associated with the low-income program from all customers since the "benefits from the low income program can be ascribed to all customer classes." DG 02-106, Order No. 24,109 dated December 31, 2002, 87 NH PUC 892 at 897. A low-income adder would enable New Hampshire to be more comprehensive in its cost effectiveness analysis by capturing NEIs in the low-income program that are unique and often of greater value than those in other sectors. *Non-Energy Impacts Approaches and Values: An Examination of the Northeast, Mid-Atlantic, and Beyond*, Northeast Energy Efficiency Partnerships, Inc., June 2017 at 1, 44.

Respectfully submitted by
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on behalf of The Way Home

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