

**Public Policy Regarding Energy Efficiency in New Hampshire and the
Delivery of Low Income Energy Efficiency in Particular**

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I. N.H. Statutes

A. RSA 374-F Electric Utility Restructuring.

1. RSA 374-F:3, V(a). Universal Service.

(a) Electric service is essential and should be available to all customers... Programs and mechanisms that enable residential customers with low incomes to manage and afford essential electricity requirements should be included as part of industry restructuring.

2. RSA 374-F:3, VI. Benefits for All Consumers.

Restructuring...should be implemented in a manner that benefits all consumers equitably and does not benefit one customer class to the detriment of another. Costs should not be shifted unfairly among customers. A nonbypassable and competitively neutral system benefits charge applied to the use of the distribution system may be used to fund public benefits related to the provision of electricity. Such benefits, as approved by regulators, may include, but not necessarily be limited to, programs for low income customers, energy efficiency programs...

3. RSA 374-F:3, X. Energy Efficiency.

Restructuring should be designed to reduce market barriers to investments in energy efficiency...Utility sponsored energy efficiency programs should target cost effective opportunities that may otherwise be lost due to market barriers.

4. RSA 374-F:4, VIII(a). Implementation.

(a) The Commission is authorized to order such charges and other service provisions and to take such other actions that are necessary to implement restructuring and that are substantially consistent with the principles established in this chapter.

B. RSA 369-B:1, XIII. Electric Rate Reduction Financing and Commission Action.

The Commission should 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.

C. RSA 378:37 through 378:40. Least Cost Planning.

1. RSA 378:37. NH Energy Policy.

...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.

2. RSA 378:39. Commission Evaluation of Plans.

When reviewing integrated least cost resource plans, the commission shall consider potential environmental, economic, and health-related impacts of each proposed option. 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.
RSA 378:39.

D. RSA 125-O:5-a. Energy Efficiency and Sustainable Energy Board.

1. RSA 125-O:5-a, I. An energy efficiency and sustainable energy board is hereby created to promote and coordinate energy efficiency, demand response, and sustainable energy programs in the state.

- 2. RSA 125-O:5-a, I. The board's duties shall include but not be limited to:...**
- i) Work with community action agencies and the office of energy and planning to explore ways to insure that all customers participating in programs for low-income customers and the Low Income Home Energy Assistance Program (LIHEAP) have access to energy efficiency improvements, and where appropriate, renewable energy resources, in order to reduce their energy bills.

II. PUC Orders.

1. Order No. 26,095, 1/2/18, DE 17-136.

1) P. 18. The three year plan will reduce market barriers to investment in cost-effective energy efficiency and provide incentives for appropriate demand-side management. The savings from the EE programs will benefit all customers, both participants and non-participants. The participants will enjoy the direct benefit of increased energy efficiency. Both participants and non-participants will benefit from on-peak and off peak load reduction and related system improvements. Accordingly, we find the Three Year Pan, as modified by the Settlement Agreement,

consistent with the public interest and we approve it. Page 18.
(copy attached).

2. **Order No. 25,932, 8/2/16, DE 15-137.**

1) P. 54. In approving the EERS as proposed, we are mindful of and do not take lightly the short term increases in customer rates. When considered in the context of the benefits of increased energy efficiency, participating gas and electric customers will spend less on energy usage and, in the long run, all customers will spend less on energy supply... The record and support by parties with diverse interests, along with the customer-protection measures built into the EERS framework...give us confidence that any short-term rate impacts will be outweighed by the benefits to customers, the grid, and the NH economy. In addition... the Commission will...ensure that the energy efficiency programs funded by customers are indeed the least-cost resource available to...customers. Page 54.

2) P. 56. The proposed costs of achieving the short-term goals recommended by the Settlement Agreement appear to be just and reasonable as well as consistent with the recent legislative mandate to consider energy efficiency a first priority resource. p. 56.

3) P. 56. We take note of the Settling Parties' proposal to increase the low-income program budget. At a time of uncertainty about the future of energy supply in the New England region and consistent with the legislative directive in RSA 374-F:3, V ("Commission shall enable residential customers with low incomes to manage and afford essential electricity requirements"), we find this proposal to be appropriate. Moreover, increasing low-income efficiency funding and activities should free up some of the low-income financial assistance also collected through the SBC and LDAC, because these customers' energy consumption will decrease. Pages 56, 57.

4) P. 57. While rates may increase slightly for all customers in the short term in order to recover the cost of an EERS, customer bills will decrease when their energy consumption decreases, as well as when the impact of consumption decreases are reflected in reduced grid and power procurement costs...While the cost benefit tests ensure benefits to all customers, it is true that those who participate in efficiency programs are likely to benefit most...Non-participating customers enjoy the benefits from load and system improvements...In addition, the efficiency programs will reduce emissions and may reduce utility revenue requirements through reduced operation and maintenance (O&M) expenses. Further, the availability of direct benefits from participation, coupled with broad-based programs, should send a signal to all customers and encourage broad

participation in the programs. Page 57.

5) P. 64. Energy prices have been the subject of public discussion and debate for many years. The EERS is a significant step toward addressing the business community's concerns about remaining competitive in today's economy. Page 64.

6) P. 64. We recognize that low income customers face greater hurdles to investment in energy efficiency than other customer.(sic) We have therefore approved increased funding for low income energy efficiency programs as recommended by the settling parties. We agree that these changes are appropriate in order to comply with legislative directives and to reduce energy consumption for those customers who need it most. Page 64.

7) P. 50. The record supports a finding that cost-effective energy efficiency is a lower cost resource than other energy supply. (copy attached).

3. Order No. 25,976, dated 12/23/16 in DE 14-216.

1) P. 13. Based on the record, the 2017 Plan appears to be consistent with applicable law, including the least cost integrated planning requirements promoting energy efficiency. The 2017 Plan will reduce market barriers to investment in cost-effective energy efficiency and provide incentives for appropriate demand side management. The savings from the 2017 programs will benefit all customers, both participants and non-participants. The participants enjoy the direct benefit of increased energy efficiency. Both participants and non-participants benefit from on-peak and off peak load reduction and related system improvements. Consequently, we find the 2017 Plan, as modified by the Settlement Agreement, consistent with the public interest, and we approve it. Page. 13. (copy attached)

4. Order No. 25,747, dated 12/31/14 in DE 14-216.

1) Pages 11, 12. RSA 378:38 empowers the Commission to make energy efficiency a high priority resource:

“It shall be the energy policy of this state to meet the energy needs of the citizens and businesses of the state at the lowest reasonable cost while providing for the reliability and diversity of energy sources; to maximize the use of cost effective energy efficiency and other demand side resources; and to protect the safety and health of the citizens, the physical environment of the state, and the future supplies of

resources, with consideration of the fiscal stability of the state's utilities" [emphasis original]. Pages 11,12.

"Where the Commission determines [a utility's supply or resource] options have equivalent financial costs, equivalent reliability, and equivalent environmental, economic, and health-related impacts" it shall prioritize "energy efficiency and other demand-side management resources." RSA 378:39.

Energy efficiency programs provided to customers constitute "public benefits" appropriately supported by the SBC. RSA 374-F:3, VI. Page 12.

2) P. 14. We commend the Settling Parties for the proposal to increase the budget for the residential Home Energy Assistance Program, which provides weatherization services to income-qualified households. At a time of increasing electricity and natural gas rates and uncertainty about the future of energy supply in the New England region, we find this modification of the Core programs to be timely and appropriate. Page. 14.
(copy attached).

5. **Order No. 24,109 dated 12/31/2002, in DG 02-106, 87 NH PUC 892 (2002).**

1) P. 897...Costs associated with the residential Low Income Program will be recovered from all firm customers since benefits from the low income program can be ascribed to all customer classes. 87 PUC at 897.

2) P. 898. The Staff and Parties answered in the affirmative the following ten threshold issues for the natural gas energy efficiency programs:...

6) that separate consideration was appropriate for programs targeting low-income customers. 87 PUC at 898.

3) P. 899. Low Income Energy Efficiency Programs. Key Span and Northern's low income program budgets are dedicated and those budgets cannot be siphoned away to other programs. Section E.1 of the Agreement states Key Span and Northern have no discretion to transfer funds to or from the low income programs without prior Commission approval. We believe this provision safeguards our 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. 87 PUC at 899.

4) P. 899. We expect the companies to continue their collaboration with CAAs, the GOECS, and SOHO as described in section C of the Agreement to ensure the needs of the low income community are met and that these programs are fully implemented. (Emphasis added). 87 PUC at 899.
(copy attached).

6. **Order No. 23,982 dated 5/31/2002 in DE 01-057, 2002 NH PUC LEXIS 67; 218 P.U.R. 4th 421 (2002).**

1) In an effort to advance and implement these legislative determinations of public policy [RSA 374-F; 374-F:1, I; 374-F:1, III; 374-F:3, X] the Commission entered Order No. 23, 574 on Nov. 1, 2000, adopting with certain modifications, the recommendations of the NH Energy Efficiency Working Group (see 85 NH PUC 684 (2000)), to develop a series of Core Energy Efficiency Programs, to be funded by ratepayers via the System Benefits Charge authorized by RSA 374-F:3, VI (Pages 1-3).

2) Provisions from the Restructuring Act discussed above make clear that energy efficiency is a crucial and key element of the electric industry transformation contemplated and mandated by the Act.
(Page 18).

3) Accordingly, we find that it is consistent with the public good to make the Core Energy Efficiency Programs available to NH electric customers as soon as practicable (Page 18).

4) We intend to open a docket to consider the role of the gas utilities in making energy efficiency a reality for all NH energy consumers, regardless of heating method employed (Page 24).
(copy attached).

7. **Order No. 23,574 dated Nov. 1, 2000 in DR 96-150.**

1) Pages 13, 14. We will accept the cost-effectiveness test as proposed in the Working Group's Report...Although the Commission has not previously authorized the use of adders, we will do so here and permit such a mechanism until some material change occurs that would warrant our reconsideration of the [15%] adder or its magnitude (Pages 13, 14).

2) Low income energy efficiency programs will be funded out of the general energy efficiency budget of the electric utilities. Low income energy efficiency programs should reflect an agreed-upon set of Core programs. This is an area where we believe well-designed statewide programs could help to alleviate the apparent persistence of "undesirable market conditions..." (Page 17).

3) It is hereby ordered...that except as specifically noted above, the Commission adopts the recommendations of the [1999] NH Energy Efficiency Working Group Report...(Page 26).
(copy attached.)

III. Other References to and Discussions of NH Public Policy Regarding Energy Efficiency.

1. NH PUC Annual Report on Results and Effectiveness of the System Benefits Charge, October 1, 2018.

1) Page 1. The EERS is the framework within which the Commission's energy efficiency programs will be implemented, and it consists of three-year planning periods and savings goals as well as a long-term goal of achieving all cost-effective energy efficiency.

(emphasis added) Page 1.
(copy attached)

2. New Hampshire 2018 Ten Year Energy Strategy Dated April 2018.

1) Energy Efficiency (EE) is the cheapest and cleanest energy resource. Investing in efficiency boosts the state's economy by creating jobs and reduces energy costs for consumers and businesses. New Hampshire should prioritize capturing cost-effective energy efficiency in all sectors, including buildings, manufacturing and transportation. Page 14.

2) On August 2, 2016 NH PUC issued Order No. 25,932 approving an Energy Efficiency Resource Standard (EERS). The primary goal of the Order is to achieve all cost-effective energy efficiency. Page 39.

3) The legislature created the Energy Efficiency and Sustainable Energy (EESE) Board to promote and coordinate energy efficiency, demand response, and sustainable energy programs in the state. RSA 125-O:5-a (2008). Page 40.

4) Reducing our energy use, especially during expensive peak times saves money for everyone on our energy systems. Pages 14 and 39.
(copy attached).

3. Northeast Energy Efficiency Partnerships, Inc. (NEEP) 2017 Report. Non-Energy Impacts Approaches and Values: an Examination of the Northeast, Mid-Atlantic, and Beyond.

1) Page 1, 3d paragraph.

The use of adders or combined approaches in which adders and monetized NEIs are included have enabled states to be more

comprehensive in terms of the types of NEIs included in cost-effectiveness analysis.

Recent guidance from the National Standard Practice Manual provides important direction for states developing or revising cost-effectiveness practices because it defines core principles that avoid biased, asymmetrical application of cost-effectiveness tests and it recommends that states make their energy efficiency policy context a key element in deciding about what to include in NEIs.

2) Pages 2, 3 (last paragraph on p. 2; top of p. 3)

The 2009 New Hampshire Climate Action Plan connects energy efficiency, greenhouse gas reductions, and long term economic benefits. “The most significant reductions in both emissions and costs will come from substantially increasing energy efficiency in all sectors of our economy, continuing to increase sources of renewable energy, and designing our communities to reduce reliance on automobiles for transportation...”

3) Page 3, first paragraph.

The 2014 New Hampshire Ten-Year Energy Strategy, at page iii, called for the PUC to open a proceeding that directs the utilities in collaboration with other interested parties “to develop energy savings goals...aimed at achieving all cost effective efficiency over a reasonable timeframe.”

4) Page 44, last paragraph, last sentence.

Looking ahead, development of a cost-effectiveness framework starting from the Rhode Island template...and taking key policy goals into account would also help guide the development of unbiased, comprehensive, forward-looking energy efficiency cost-effectiveness assessment.

(copy attached)

4. **NHLA Presentations and Testimony of R. Colton Regarding Public Policy.**

1) See NHLA 6/13/18 Supplement to Section V of NHLA Memo dated 2/14/18 entitled Adopting a Low Income Adder in New Hampshire (copy attached).

2) See Direct Testimony of Roger Colton dated 11/2/18 in DR 17-136, page 45 (copy attached).

3) See Direct Testimony of Roger Colton dated 11/1/17 in DR 17-136, page 35.

The use of a separate low income adder would allow the Commission to incorporate NH public policy favoring the delivery

of energy efficiency to low income households into the NEI determination. Page 35 (Bates page 037). See also the following pages of Roger Colton's testimony in which he discusses N.H. public policy with respect to energy efficiency, including low income energy efficiency, at pages 12-14 (Bates pages 014-016), 25 (Bates page 027), and 35 (Bates page 037) (copies attached)