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# New Hampshire Independent Study of Energy Policy Issues





# Presentation for the NH EESE Board

## **Preview of our Findings**

**May 20, 2011**

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# Agenda

1. Purpose, Context, & Format Today - **Christine** (5 min)
  2. EE & SE Review & Assessment - **Jim** (15 min)
  3. Planning & Community Energy Assessment – **Jeff**  
(10 min)
  4. Funding Assessment – **Todd** (15 min)
- Break**
5. Policy & Regulatory Assessment – **Scudder** (10 min)
  6. Wrap Up & Next Steps – **Christine** (5 min)

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# 1. Purpose, Context, & Format Today



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# Desired End Result

An effective approach to transforming EE and SE markets that

- ... reflects what is unique about NH

- ... builds upon the progress and successes to date

- ... applies learning from other states & jurisdiction

- ... when helpful for achieving NH's goals.

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# Context

- NH 2008 Energy Bill - \$6 Billion (and rising)
- > \$1 Billion is heating oil, 78% leaves state immediately
- Economic drain = > \$800 M per year
- Efficient use of clean local, indigenous energy is:
  - Yankee independence and frugality at its best
  - Makes good economic and business sense for all!

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# Context

- Total estimated cost to retrofit NH housing to 20-30% efficiency = \$6 Billion
- SBC brings \$34.6M per year. Right now:
  - 45% allocated to EE
  - 55% allocated to low income assistance
- RPS / ACP / REF \$ declining over time < \$ 1M.
- Current RGGI allocation brings \$13.2M, future uncertain.
- ARRA brings \$60M EE & SE. Here today, gone tomorrow!
- Huge investment needed over many years.

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# Format Today

- A view into key findings and recommendations thus far
- Could spend a whole day on this
- Draft final report will provide specificity and detail

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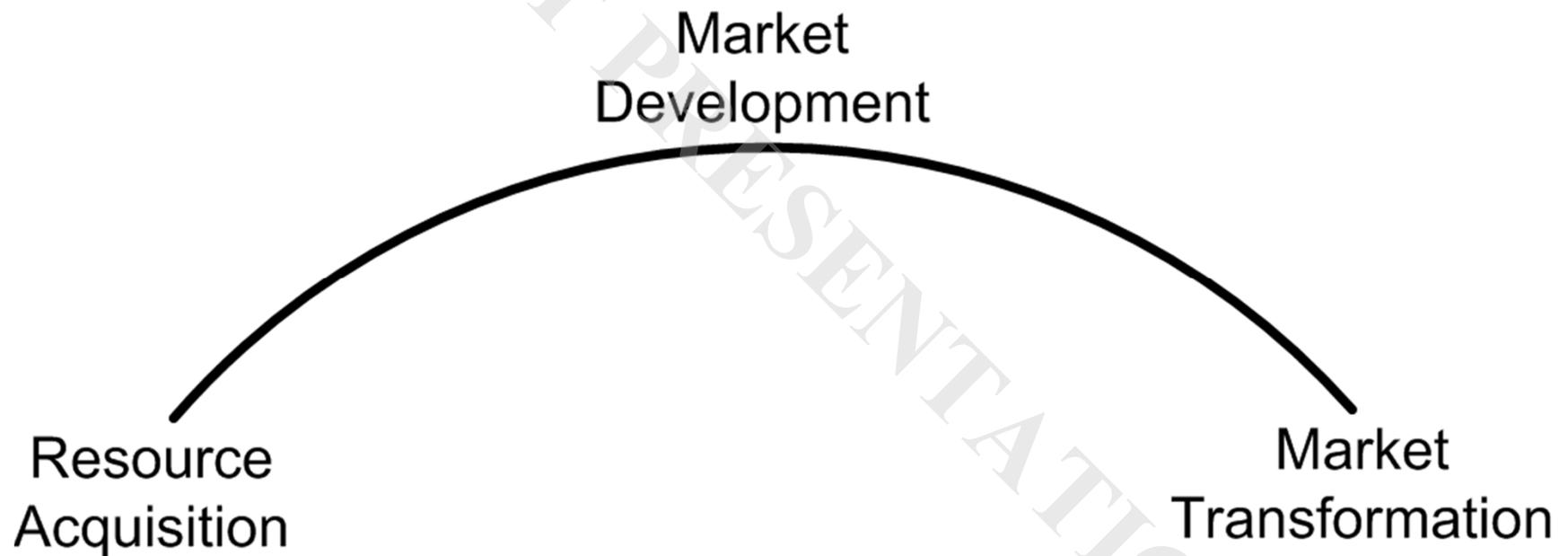
## 2. EE & SE Market Assessment



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# EE and SE Markets

What is the desired outcome?



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# Sustained Orderly Market Development

- Captures cost-effective savings and supports EE and SE market penetration and growth:
  - Enhances market drivers that already exist
  - Stimulates private investment
  - Engages market players
  - Ensures no dead ends - allows for & encourages future market growth
    - Scale
    - Efficiency impact
  - Multi-year commitments

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# Key Ingredients

- **Clear, stable message to market players**
    - Ease of finding information and assistance
    - Contractors/installers, retailers, manufacturers, business and home owners all driving to one result
    - Consistent market presenceOptimized incentive structures
  - **Ease of participation**
  - **Consistent policy signals**
  - **Public funding stimulating - & even better leveraging - private investment**
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## EE & SE Assessment

- Are results in-line with leading programs?
- Are best-practice approaches used?
- Are there markets not addressed?
- Is there innovation that addresses market barriers?
- Is public funding stimulating and leveraging private investment?
- Is the process informed by continuous improvement (EM&V, etc)?

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# EE Findings

- Core programs are functioning and create a foundation for market development.
- Some coordination underway between electric & gas programs.
- Programs continuously exceed goals.
- Goals are set by utilities and approved by PUC.
- Customer satisfaction is high.
- Participating contractors express core programs have helped their businesses.
- Some programs are fully subscribed early in year.

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## EE Findings

- ACEEE 2010 Scorecard – NH slipped from 13 to 22.
- For retrofit programs, customer incentives may be higher than needed to drive participation.
- There may be enhancements to accelerate market development (e.g. the contractor pricing structure provides pros and cons, etc.).
- Markets for higher efficiency technologies and comprehensive retrofits could be better supported.

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## SE Findings

- Stated RPS target of 23.8% SE by 2025 noteworthy.
- Recent net metering & interconnection changes are good.
- ACP levels & REF structure a bit “peculiar.”
- Compliance payments fund REF & are in decline.  
(\$4.5M 2009                  \$1.3M 2010                  \$0.8M in 2011)
- NH policy framework not likely to stimulate substantial SE investment in state.

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## 3. Planning & Community Energy Assessment



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# Energy Implications of Growth

- Growth in New Hampshire:
  - ❑ A pattern of dispersed, agrarian development
  - ❑ Then concentration in/around mill economy
  - ❑ Then, since 1960s, dispersed, suburban development
  
- Concord:
  - ❑ 1820 – 17% of region
  - ❑ 1880 – 50% of region
  - ❑ 1930 – 69% of region
  - ❑ 1960 – 65% of region
  - ❑ Today – 47% of region

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# Sound, Energy Efficient Planning

## ■ State Level

- RSA 9-A, 9-B

## ■ Community Level

- Epping
- Keene
- Temple
- Dover

## ■ Regional Level

- PAREI, TINRAEI, SEAREI, etc.
- Looking for ways to foster these
- T/A is helpful, Networking is critical.
- Local energy committees a good start.

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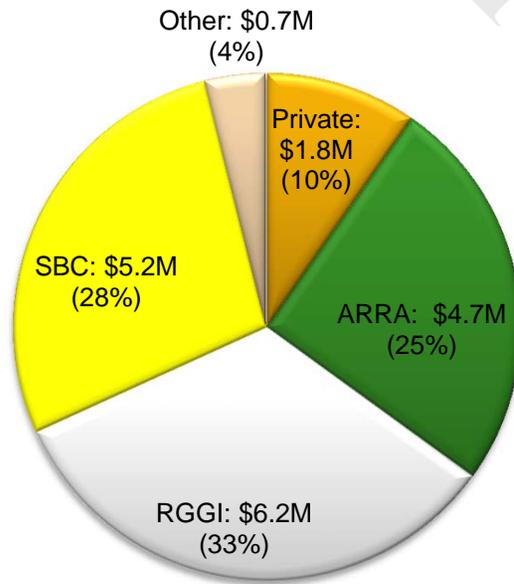
## 4. Funding Assessment



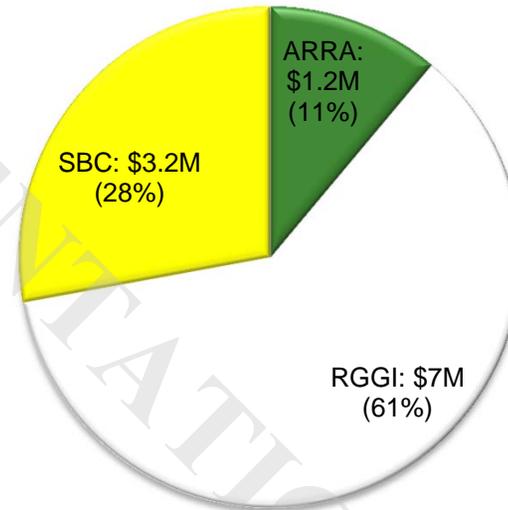
# Funding Overview

Aggregate dollars committed by currently available loan and grant programs<sup>(1)(2)</sup>: \$30M

Loans: \$18.6 M  
Loan Composition



Grants: \$11.4M  
Grant Composition

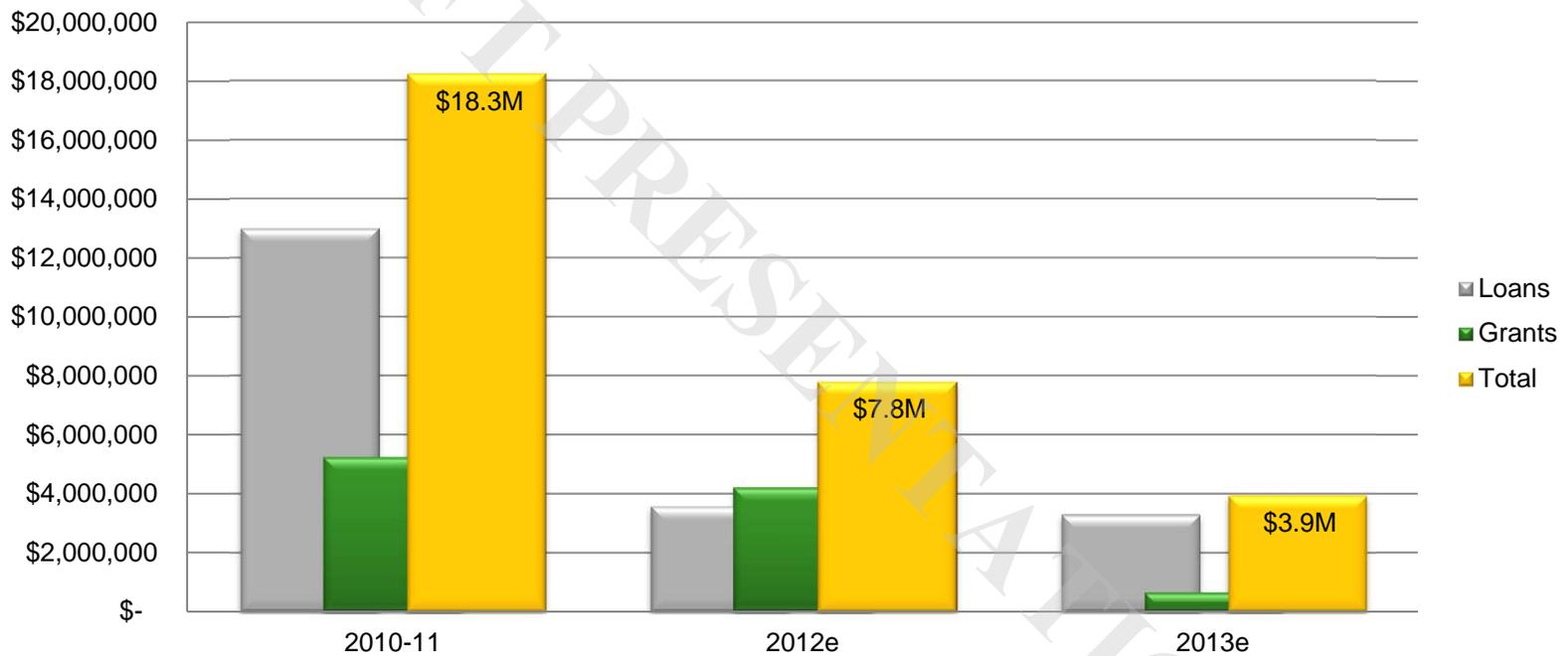


<sup>1</sup> – Does not include low-income, rebate, or audit only programs.

<sup>2</sup> – Does not include Better Buildings/Beacon Communities program info yet, will be added next!.

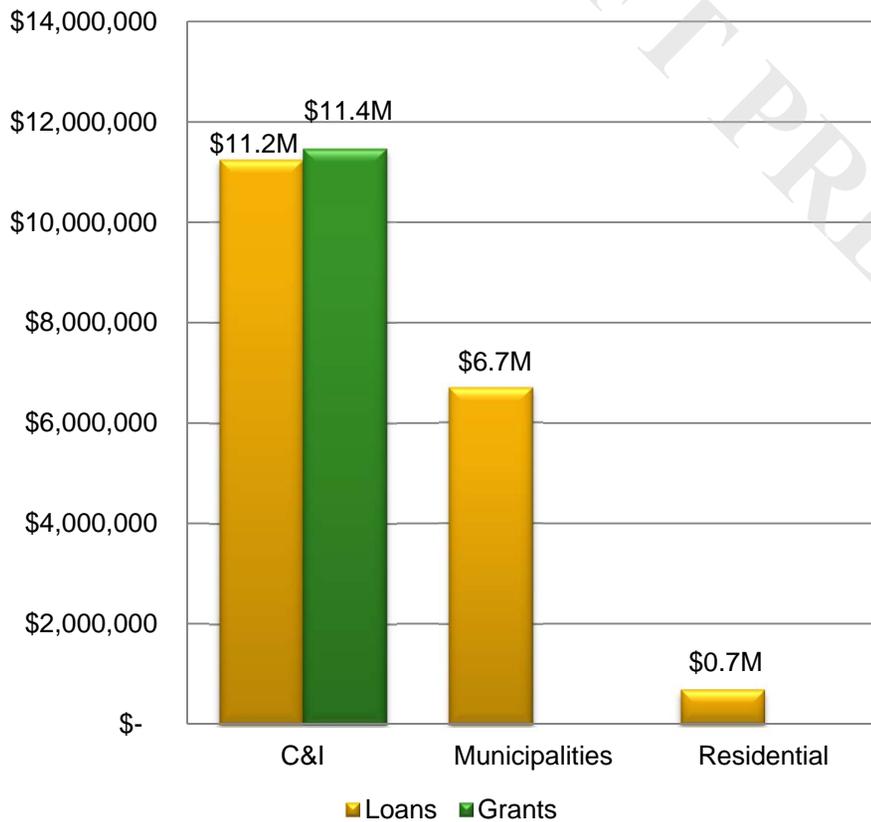
# Current & Projected Annual Funding Availability

Assuming no program recapitalization with RGGI or ARRA funds, or changes to SBC funded programs

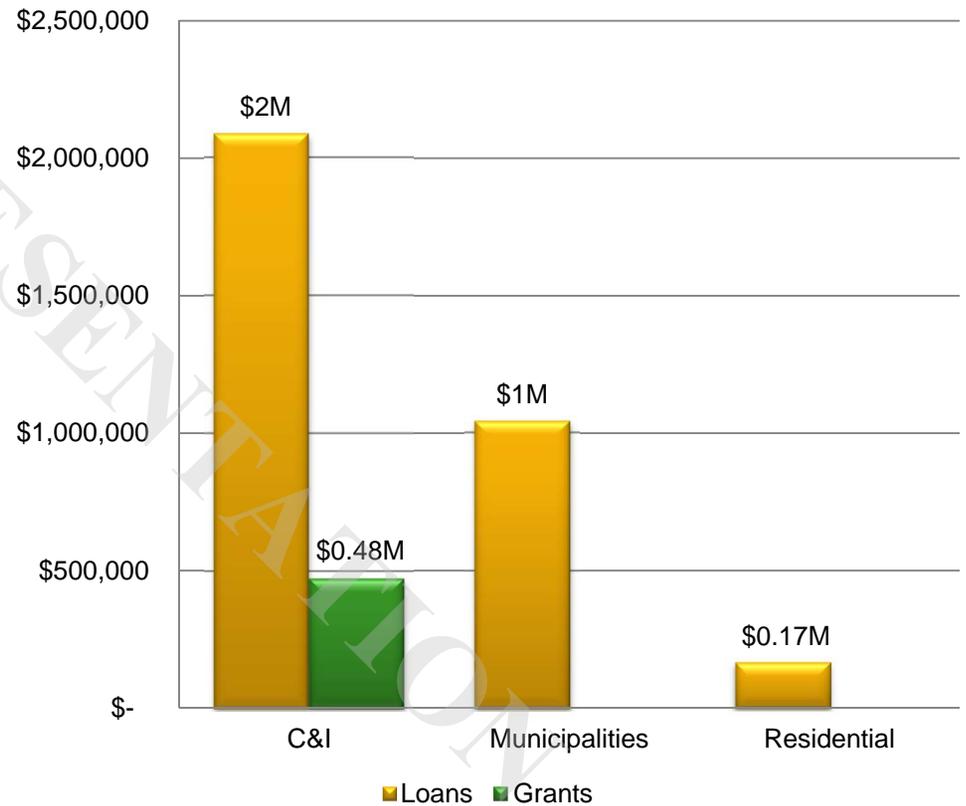


# Grant and Loan Funding by Sector<sup>1</sup>

## Aggregate Dollars Committed by Current Finance Programs



## 2013 Projected Fund Availability



# 2012 Estimated Recurring Funding Breakdown

## Revolving Loan Funds

Administrator	Annual Loan Payments <sup>3</sup>	Annual Projects <sup>4</sup>
CDFA (ARRA)	\$1,000,000	10-20
CDFA (RGGI)	\$325,000	1-3
BFA (RGGI)	\$420,000	1
NHEC (RGGI)	\$67,000	2
PSNH (RGGI)	\$100,000	17
PSNH (SBC)	\$720,000	15-20
<b>Total</b>	<b>\$2,632,000</b>	<b>46-63</b>

## Other Funding

- PSNH annual grant pool: \$475,000 (2-3 projects)
- NHEC credit line: \$850,000

## Private Funding

- Peoples' United Bank: \$360,000 (8 projects)

<sup>3</sup> – Annual loan payment estimate based on total capital committed, average repayment term, and interest rates

<sup>4</sup> – Annual project estimate based on average project size, and estimated annual available budget

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# Possible Enhancements

- State-wide coordinated program
  - Program consistency
  - Project aggregation through pooled capital structure
  - Greater focus on residential loans
- Use RGGI or SBC funds separately or in combination to establish loan loss reserve fund
  - Isolates lenders from risk, attracts private capital, leverages NH dollars
- Consider advancing PACE models
  - ME & VT developed junior-lien residential programs supported by ARRA or RGGI funds
  - Several commercial programs are active, with more in development – unaffected by FHFA concerns

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## 5. Policy & Regulatory Assessment



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We have numerous observations,  
suggestions, and recommendations ...

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## 7 are Foundational

### 1. **Lead by example -**

State government EE and SE commitment with “teeth”

Strong state energy & planning entity with leadership & consistency

### 2. **Efficiency first -**

Least cost procurement

### 3. **Motivate utilities to invest in EE and SE -**

Decoupling

Modified performance incentives

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## 7 are Foundational (con't)

- 4. Improve the regulatory environment -**  
Planning & collaboration, not litigation  
Strengthened EM&V, 3<sup>rd</sup> party review
- 5. Coordinate programs & streamline administration**  
Common branding with one stop shopping  
Comprehensive fuel blind services w/ single point of contact

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## 7 are Foundational (con't)

### **6. Use public funding to stimulate & leverage private investment**

Statewide, coordinated financing, targeted to markets

Fuel neutral fund, pooling SBC monies, RGGI monies, new EE charge on wholesale oil and propane (for retrofits), etc.

Loan loss reserve fund to leverage private investment

### **7. Continued Multi-Disciplinary Stakeholder Group**

Advisory to the PUC and Legislature

For coordination & information sharing

With standing & resources

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## 6. Future EESE Board Engagement



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# Next Steps

- EESE Board Presentation & Draft Report – June
- EESE Board Presentation - Final Report - August/September
- 2 Public Presentation Days - Fall 2011 & Winter 2012

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## For More Information

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# We welcome your insights and ideas!

