

VEIC Study Review Synthesis
Chapter 5 –C&I Energy Efficiency CORE Programs Review and Assessment
June 6, 2012

Summary of Chapter Intent

Chapter 5 provides an overview and an assessment of the energy efficiency programs available to New Hampshire’s commercial and industrial (C&I) customers and administered by the state’s electric and gas utilities. The material is organized by the different market segments the programs are designed to serve:

- C&I existing facilities – Small Businesses
- C&I existing facilities – Large Businesses
- C&I new equipment and construction
- Specialty retrofit programs

The chapter describes the characteristics of the programs that are working well in meeting policies and goals and makes recommendations for enhancements. The overview includes a discussion of funding sources, program funding levels, energy savings, and benchmarking of New Hampshire results to those of other programs across the country.

Chapter Team Findings

The Chapter Review Team conducted an independent assessment of each recommendation presented in the VEIC Report using the screening tool developed by the VEIC Study Review Committee. Within the chapter there were 26 discrete recommendations and of those 6 made it into VEIC’s chapter conclusion.

The team agreed in principle to many of the recommendations but believe they can be most appropriately addressed programmatically, with the exception of increasing funding for energy efficiency programs, which may call for legislative action.

Recommendations – Near Term Actions

- **Better Alignment and Coordination**
Several of the recommendations addressed coordination between the utilities and alignment of efficiency programs. Recommendations included: coordination of how savings are calculated and claimed; coordination of account management between utilities; and completion of the alignment between gas and electric energy efficiency programs.
- There has been movement in this direction already within NH . Differences between the programs offered by the gas utilities will be eliminated in 2013, and all utility Account Executives will be trained on the full suite of electric and gas programs. Each utility’s Account Executives provide a range of services in addition to energy efficiency and are the single point of contact between the utility and the customer within that utilities boundaries or franchise. Rather than assigning a single Account Executive to customers with facilities in multiple franchise areas, as was suggested in the report, the assigned Account Executives from the affected utilities will coordinate with each other when working with cross-franchise customers in order to serve their needs and eliminate duplication.

➤ Reduce inspections

The recommendation in the report suggested a reduction in the number of pre and post installation inspections. The team generally felt that this could be implemented in the near term and reduce program costs. Once a utility is comfortable with a vendor then they can begin doing spot checks. However, any reduction in inspections will be tempered by the knowledge that these also serve as an opportunity to educate the customer and up-sell the next energy efficiency project

Recommendations – Medium or Long Term Actions

➤ Increase Funding

In Chapter 5 there are three separate recommendations to increase funding: (1) for New Construction, (2) for Smart Start, and (3) for the CORE Programs overall. Similar recommendations to increase funding appeared in Chapter 3. One avenue for exploration, not mentioned in the report, may be to investigate the use of Municipal Leasing as an alternative or supplement to the recommendation to increase Smart Start funding, which has been a significant financing tool for municipal and governmental customers.

➤ *[add the current level of funding, and how long it has remained at this level]*

Recommendations –In Progress

➤ Set Higher Performance Goals

One recommendation highlighted by the VEIC Study was to set more aggressive program goals. Team members note that a new energy savings goal setting process has been established by the NH Public Utilities Commission. The process was intended to more closely align goals with past results, and it was used for the first time in development of the 2012 CORE Program savings goals. The process uses historical kilowatt-hour savings trends as a baseline. This baseline is then adjusted for relevant factors including: available funding, changes in measure costs, measure life, measure mix, and energy codes. The baseline and all adjustments are documented, reviewed by the Commission Staff and any interested parties, and then presented to the Commission for final review and approval.

➤ Increase Maximum Length of an Energy Performance Contract

Under current law, state agencies or municipalities may not enter into an energy performance contract with a term exceeding 10 years. In the 2012 legislative session, SB 252 increases the maximum term to 20 years. SB 252 has passed both the House and Senate and awaits approval by the Governor.

Background

In New Hampshire commercial and industrial (C&I) customers use approximately 57% of all electricity, 68% of the natural gas, and 22% of the fuel oil. There are an estimated 36,000 C&I electric customers, and the largest 1,400 of these account for around two-thirds of the electric usage in the C&I sector. These so-called Large C&I customers have electric demand greater than 200 kW; the remaining customers whose demand is 200 kW or less are referred to as Small C&I. On the gas side there are 15,700 C&I customers, and they consume two-thirds of the natural gas used in the state.

There are three CORE Energy Efficiency Programs designed to help C&I customers reduce electric usage: (1) the New Equipment & Construction Program provides technical assistance and incentives for customers purchasing new equipment or building new facilities; (2) the

Large C&I Retrofit Program serves the needs of large customers improve existing equipment and facilities, and (3) the Small Business Energy Solutions Program provides turnkey audits and installation of electric efficiency measures to small businesses. Overall the C&I programs serve around 1,000 customers annually and offer both prescriptive and custom incentives for commonly used efficiency measures and for specialty items respectively. The programs are saving approximately 550 million kWhs annually at a cost of 1.6 cents per lifetime kWh as compared to an average of 2.8 cents in a recent national benchmarking study. Account Executives are assigned to larger customers to raise awareness and simplify efficiency program participation among this group of high energy users. Sixty percent of small and 86% of large business customers are aware of the programs. Participants found the programs easy to access, the Account Executives responsive, and given the chance, 94-98% would participate again.

The gas programs currently offer efficiency services targeted to both small and large businesses purchasing new equipment or undertaking new construction or retrofit projects. Between 2006 and 2010, on average the programs have served 450 customers annually, and on average the programs saved 16.2 million therms annually during this same period. This is enough energy to meet the annual heating needs of more than 31,000 homes. Each therm saved is costing 19 cents as compared to a national benchmarking study which found that the cost to save a therm ranged between 27 and 55 cents and averaged 37 cents. Efforts are underway to better align the gas programs with the CORE electric programs, and these initiatives need to continue to move towards seamless integration from a customer's perspective.