To: Debra Howland, Executive Director, New Hampshire Public Utilities Commission

From: Tom Rooney, Vice President, TRC Energy Services

RE: Public Forum on Core Efficiency Programs

RSA 374-F:3, X states that *"[r]estructuring should be designed to reduce market barriers to investments in energy efficiency and provide incentives for appropriate demand-side management and not reduce cost-effective customer conservation. Utility sponsored energy efficiency programs should target cost-effective opportunities that may otherwise be lost due to market barriers."*

The reference in this statute to "not reduce cost-effective customer conservation" is interesting in that a focus on equipment-based programs, such as those administered by the Core Programs, may in fact be reducing cost-effective customer conservation by missing non-equipment based efficiency opportunities and/or providing incentives for measures that are less cost effective. This was well stated in DES' comments to the 2013-2014 Core Program filing in Order 25,462 as: *"DES expressed concern that by including only the most cost-effective measures, rather than a holistic approach that blends measures with a shorter payback period with those that have a longer payback, the deeper whole building energy efficiency measures necessary to increase efficiency of homes to levels recommended in the State's Climate Action Plan will no longer be considered viable due to the longer payback period.".* I would add that this applies to commercial and industrial buildings as well.

In keeping with the intent of the language included in RSA 374-F:3, the following points are made concerning suggested improvement to the Core Programs, particularly for programs funded by RGGI proceeds.

<u>Strengths of the Core Programs</u>

- Straightforward approach, easy to understand
- Consistently administered for the past 10+ years and the market is familiar with programs
- Meeting savings goals cost effectively
- Utilities have relationship with their customers and direct access through utility bills

Weaknesses of Core Programs to Address Fuel Blind Efficiency

- Fractured delivery system, multiple sets of requirements, incentives and staff – relationship with customers via the electric bill does not address thermal use
- Very limited experience in providing comprehensive, fuel blind programs, especially for C&I
- Disincentive for achieving high non-electric savings
- No incentive to innovate or maximize greenhouse gas emissions

Attributes of PUC-Funded Statewide Programs (RMA, BFA, and P4P)

- Nearly five year track record of delivering successful all fuels efficiency programs statewide that focus on reducing greenhouse gases
- Ability to offer programs statewide, one set of requirements and one set of Program staff
- Central statewide administrator allows for quick adaptation to changing market conditions
- Central statewide administrator reduces program administration fees
- Market awareness of non-utility programs is expanding

Summary

The Core Programs are good at providing equipment-based incentives to consumers but may not be well suited for delivering comprehensive, fuel neutral programs on a statewide basis. The PUC should review the successes of the non-Core Programs that continue to run under PUC jurisdiction and apply this valuable set of data and lessons learned to improving Core Programs. In order for the Core Programs to address greenhouse gas emissions in meaningful, comprehensive manner, there will need to be a departure from the equipment-based approach of the current offerings. The PUC can address this through guidance on program design components and goals that reflect success in greenhouse gas emissions.

For a very relevant example of a similar statewide efficiency Program re-evaluation, the State of New York Public Service Commission (PSC) recently released the Energy Efficiency Portfolio Standard (EEPS) Restructuring Proposal[1]. In describing the issues in the current delivery of energy efficiency programs in New York State, the document states: "Duplicative programs administered by NYSERDA and the

[1] Case 07-M-0548, State of New York Public Service Commission, Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard, Energy Efficiency Portfolio Standard (EEPS) Restructuring Proposal, September 13, 2013.

investor-owned utilities have resulted in programs that are often in direct competition with each other. ... The EEPS program should be redesigned around complementary programs (e.g., introductory rebate programs that channel interested customers into whole building comprehensive programs), rather than competitive ones." On a smaller scale, this issue exists in New Hampshire where non-utility RGGI-funded programs are sometimes in competition with the Core Programs.

The NY PSC proposal stresses that the redesigned EEPS program will "Advance a customer-centric program model that provides easy access to information and services that help customers choose the energy efficiency services appropriate for them and ensure a high quality delivery of the services they choose." The proposal suggests that "Introductory" programs (rebate and educational offerings) should be delivered by the utilities and "Comprehensive" programs should be delivered by NYSERDA with a high degree of collaboration between the two parties.

The 28-page document is very relevant and timely to this discussion and I would suggest that interested parties obtain a copy for review and reference.

Sincerely,

Tom Rooney
Vice President, TRC Energy Services
104 Congress Street, Suite 401
Portsmouth, NH 03801
trooney@trcsolutions.com
603-766-0781