EERS Guiding Principles
Meeting Results

1. Establish long term electric kilowatt-hour and natural gas MMBtu savings goals; with ultimate objective of achieving all cost effective energy efficiency over time
2. Establish short term electric kilowatt-hour and natural gas MMBtu savings goals based upon demonstrated performance and the level of energy efficiency funding available to the electric and natural gas utilities with the intent of meeting long-term savings goals over
3. Provide a portfolio of cost-effective and comprehensive electric and natural gas programs with a secondary focus on fuel-neutral savings available to all ***customers*** served by New Hampshire electric and natural gas utilities
4. The EERS will maximize energy efficiency as a priority resource (i.e. IRP statute)
5. Jointly coordinate the program plans and delivery of electric and natural gas programs in order to provide a consistent and seamless customer experience
6. Encourage the adoption of evolving and innovative energy efficiency strategies, measures and services
7. Leverage the private financing market in New Hampshire to support customer investment in energy efficiency
8. Enhance statewide public awareness of the benefits of energy efficiency and available opportunities
9. Support and fund programs using sustainable funding sources

*** Numbered list for reference purposes; not priority*

Definitions:

Customers = New Hampshire home owners, renters and low incomes residences; businesses; and municipalities served by the NH electric and natural gas utilities

Program Guiding Principles	NEEP	Utilities	Preliminary Recommendations
Definition of Target Customer Base	•	• Providing a portfolio of electric and natural gas programs that are available to all NH residents, businesses and municipalities; excluding municipal utilities.	• Preliminary stakeholder agreement with Utility statement • **Customers** = New Hampshire home owners, renters and low incomes residences; businesses; and municipalities served by the NH electric and natural gas utilities
Building on the Success of the CORE Programs	• The successful joint administration of the CORE programs position New Hampshire well to reach for greater targets. • Coordination across gas and electric portfolios for all customer classes • Leading utilities, an adequate and stable funding source, as well as incentives that align with the state's policy goals will be key to program ramp up	• Provide a portfolio of cost-effective and comprehensive electric and natural gas programs with a secondary focus on fuel-neutral savings available to all NH residents, businesses and municipalities served by the electric and natural gas utilities • Jointly coordinate program delivery of electric and natural gas programs in order to provide a seamless customer experience • Incorporate evolving and innovative energy efficiency strategies, measures and services • • Integrating the electric and natural gas programs and jointly coordinating program delivery in order to provide a seamless delivery of energy efficiency services and improve our customers experience • Delivering programs with a focus on comprehensive, energy savings; (i.e. whole building, outdoor lighting,	• Continue to build on Core programs • Establishing short term targets for only regulated fuels, but allow fuel blind program savings to count towards targets • Include low income programs • To the degree possible, develop consistent programs statewide • To Do (address during targets discussion): o Define energy efficiency o Should fuel switching be considered? o Determine whether the following should be considered in an EERS in the short term or long term: ▪ demand side management ▪ geo-targeting ▪ CHP ▪ Greenhouse gas reductions ▪ Peak demand reductions

		business processing operations, fuel neutral...) • Incorporate <u>evolving</u> and <u>innovative</u> energy efficiency <u>measures and services</u>	
Non-EE Opportunities	• Local Distribution Grid Opportunities: o Maine, Vermont, New York, and Rhode Island have implemented successful programs targeting constrained portions of the transmission and distribution grid. • NEEP Report on Energy Efficiency as a T&D Resource • **RAP** o Reduced risk o Avoided line loss and reserve requirements o Reduce peak usage and reduce infrastructure costs (capacity cost savings)	•	• Least cost planning addresses of these non-energy efficiency opportunities • Short term – do <u>not</u> consider these opportunities as part of an EERS
Program Evaluation	• Independent third-party evaluation, funded by and in consultation with energy efficiency program administrators, but reporting to the Public Utility Commission. • Consider establishing a stakeholder review process	• Program Administrator EM&V	• Independent EM&V (consider this a guiding principle; not a rule)
Participant Outreach and Marketing	• Continued program outreach in a coordinated manner will ensure that the greatest number of participants receive benefits, achieving state	• Enhance statewide public awareness of the benefits of energy efficiency • <u>Enhancing</u> our statewide energy efficiency and sustainability <u>education</u>	• Continue and enhance education and outreach

	policy goals. • Many states are focusing on the importance of community groups as conduits for program outreach.	and marketing to build public awareness of the benefits of energy efficiency	

Draft Guiding Principle:

Programs should be cost-effective ~~equitable~~ available across customer classes and encourage market transformation.

Funding Guiding Principles	NEEP	Utilities	Preliminary Recommendations
Funding Opportunities Beyond RGGI/FCM/SBC/LDAC	• Several other states maintain cost trackers or other similar tariff-based mechanisms to fund energy efficiency through the rates. • New York will utilize a cost tracker placed within rates • Rhode Island & Mass: EERF, Connecticut: CAM	•	• Tariff • Leverage existing programs (funding match)
Private Financing	• Private financing presents potential to supplement & not supplant ratepayer-funded energy efficiency programming. • Successful Green Banks, PACE programs, and on-bill financing mechanisms are all built on base of existing EE programs	• Leverage the private financing market in New Hampshire to support customer investment in energy efficiency • Leveraging the private financing market in New Hampshire for increased customer investment in energy efficiency • low cost financing mechanisms that support customer investment in energy efficiency and leverage the capital of local financing institutions	• utility on-bill financing • local financing institutions - loans • RLF • LLR • Social impact bonds

Draft Guiding Principle:

EERS should be driven by short term and long term targets that are commensurate with sustainable program funding; including public and private sources.

Topics for Discussion	NEEP	Utilities	Preliminary Discussion Notes
Cost-Effectiveness Screening	• An Order supporting "all cost-effective energy efficiency" would carry out the intent of RSA 378:39. This places emphasis on proper inputs for cost-effectiveness screening, which many states are now pursuing at the portfolio or sub-portfolio level, rather than the measure level. • NEEP Report on Cost Effectiveness Screening Principles and Guidelines	• Implementing <u>cost-effective programs</u>; Define cost effectiveness - all costs and benefits should be taken into account in analysis	• Define cost effectiveness – o Technical potential o Technical potential with all economically feasible o Apply participant filters to get to "achievable" • short-term vs. Long-term • Define screening tests (TRC, societal cost test …) • Low income program consideration • Raab report • <u>Discuss during target & funding sessions</u>
Cost Recovery and Performance Incentives (PI)	• Performance incentives that provide for a rate of return on energy efficiency similar to that of other assets will be vital. • The NY Public Service Commission recently granted a return on equity equal to Con Edison's overall rate of return for their BQDM project. • RI regulators recently focused 1/3 of shareholder incentives on peak demand targets • Use PI to focus priorities	• program cost recovery coincident with spending • rate structures to address lower sales and result in greater regulatory efficiency • performance incentives that drive energy savings • clear objectives and goals	• Decoupling and rate of returns • <u>Discuss during ?? sessions</u> •
Targets	• A deliberate ramp-up of targets toward goals comparable to	• Establish long term electric kilowatt-hour and natural	• Definitions: o Short term – 2 – 3 years (2 years consistent

	those within the region will allow for economies of scale and drive down administrative costs as a percentage of program costs • Enable Economies of Scale (drive down administrative costs)	gas MMBtu savings goals; with ultimate objective of achieving all cost effective energy efficiency over time • Establish short term electric kilowatt-hour and natural gas MMBtu savings goals based upon demonstrated performance and the level of energy efficiency funding available to the electric and natural gas utilities with the intent of meeting long-term savings goals over • Overtime increasing goals based on demonstrated performance – incremental approach	with Core; 3 years used by ACEEE, MA, CTR and VT) o Long term – 10 years • Possible target definitions: o % of sales o % reduction of peak demand o % reduction of kWh o Intensity measure • Develop Gas and Electric Savings Targets • Fuel neutral – don't set targets, but track and include in saving targets? • Consider building codes and compliance standards but do not include savings towards meeting targets • Pre-defined targets or targets that adjust and adapt to the changing market? • Establishing short term targets for only regulated fuels • Should fuel blind program savings count towards targets? • Should fuel switching count towards targets? • Include low income program savings in targets • To the degree possible, develop consistent programs statewide • To Do: o Define energy efficiency o Should fuel switching be considered? o Determine whether the following should be considered in an EERS in the short term or long term: ▪ demand side management ▪ geo-targeting ▪ CHP ▪ Greenhouse gas reductions

			▪ Peak demand reductions
Benefits	• **RAP** – Recognizing the Value of EE: o Health Benefits o Property Values o Air & Water quality o Employment o Economic Development o Societal Risk and Energy Security o Reduction of Effects of termination of Service o Avoidance of Uncollectible Bills for Utilities o Electricity/Water Nexus o Utility avoided costs	•	•
Messaging	•	•	• Preliminary Messaging Points: o Bill impact versus rate impact : Lowering rate payer bills vs. lower rates o Reduces costs long term o Spur economic development o EE As a transmission and distribution resource o Environmental goals with Clean Air Act (RGGI)