



Energy Efficiency Target Setting

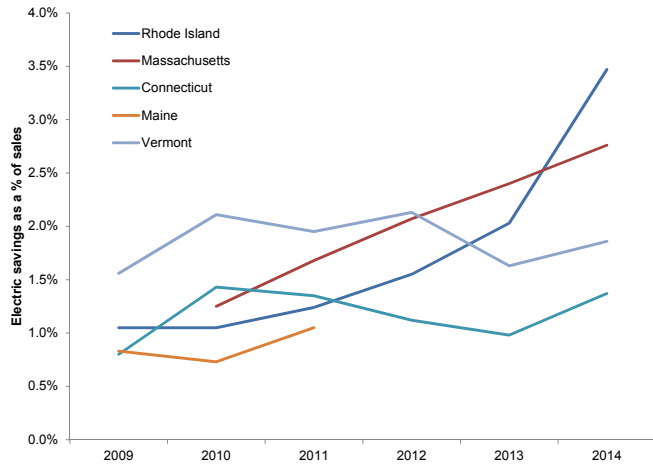
NH PUC EERS Working Group Session
13 August 2015

Presentation Overview

- ▶ Regional context
- ▶ What are we aiming for?
- ▶ Where can we start?
- ▶ Where do we go next?

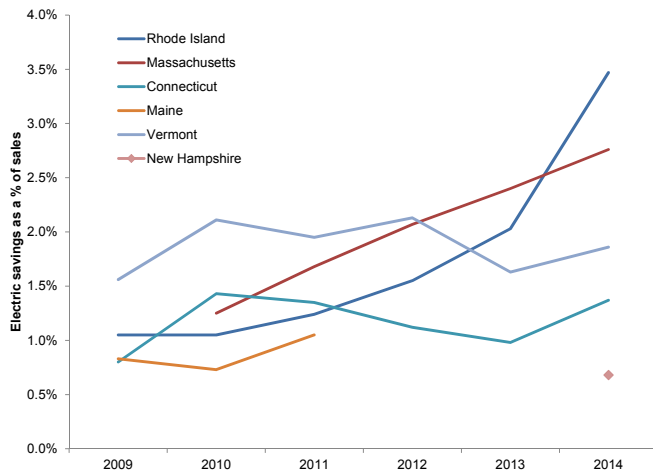


New England leads the nation in EE...



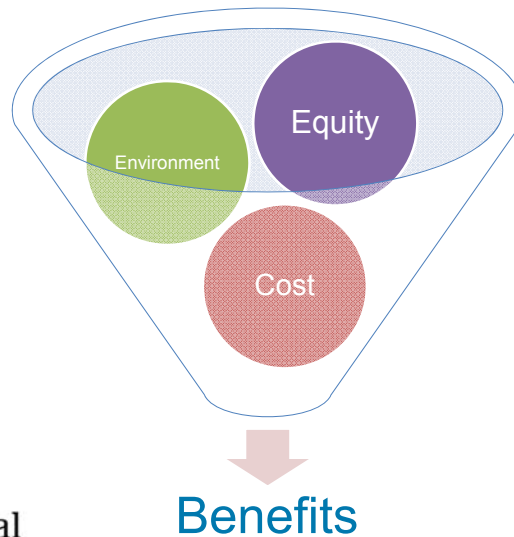
3

...but New Hampshire is an outlier



4

Good policy balances the needs of stakeholders



Beginning with a common understanding

- ▶ Much of NH load served by utilities achieving high savings
- ▶ Funding constraints \neq all cost-effective efficiency
- ▶ EE is cheapest supply, particularly in light of...
- ▶ A changing landscape
 - Clean Power Plan
 - Inexpensive but constrained gas supply
 - Distributed and customer-owned/sited generation
 - “Naturally-occurring” efficiency

Suggested target-setting process

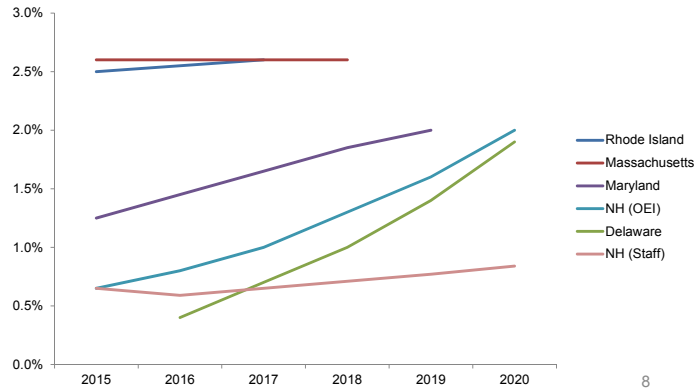
- ▶ Set targets
- ▶ Allow PAs to develop portfolio and budgets
 - Encourage, but don't require, multiple sources
- ▶ PUC reviews, approves, and establishes necessary funding, considering all factors



7

Targets higher than Staff proposal are possible

- ▶ “Mature” incremental annual savings of 2% electric, 1% of gas
- ▶ Five year “ramp-up” is feasible



8

Other considerations in target-setting

- ▶ Long-term targets are good
 - Potential is already established
 - Consider update in mid-term
- ▶ Short-term targets should be at least 3 years
 - More certainty, advantages of multi-year contracts and planning
 - Consider cumulative targets as benchmark
- ▶ Up-front agreement on what “counts”
 - Minimum average measure life or other “floor”
 - “Before-the-meter” savings (e.g., CVR/Volt-VAR)
 - Fuel-switching, CHP, other DG, codes and standard

Other considerations, continued

- ▶ Consider mandatory targets with penalties and incentives
 - Beware of perverse incentives
 - Consider non-financial “penalties”
- ▶ Decoupling to address lost revenue
 - Provides other ratepayer and utility benefits
 - Reduction in PI may be needed if decoupled

What is cost-effective?

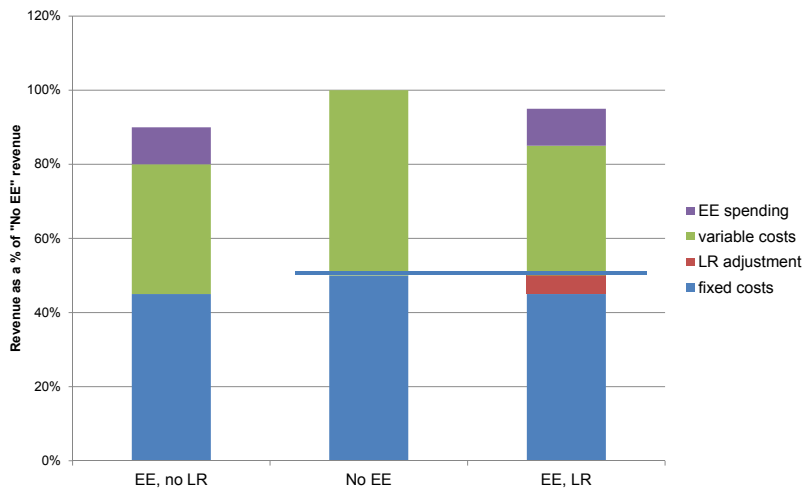
- ▶ Total Resource Cost (TRC) test best reflects overall economic impact
 - Include all reasonably-quantifiable costs and benefits (NEBs, DRIPE)
 - Lost revenue is not a cost
 - Focus on program and portfolio
 - Flexibility for measures and for LI programs

- ▶ ...and you don't need a potential study!



11

Lost revenue is not a cost



12



Thanks, we hope this has been helpful!

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