Summary & Highlights

Of the Energy Efficiency and Sustainable Energy (EESE) Board Report

Pursuant to Senate Bill 323 (2010 Session)

Adopted on
November 16, 2012

By the

Energy Efficiency and Sustainable Energy (EESE) Board

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Introduction

The Energy Efficiency and Sustainable Energy (EESE) Board has completed its review of the independent energy policy study required by Senate Bill 323 (SB323) (2010 Session). The Independent Energy Study was conducted by the Vermont Energy Investment Corporation (VEIC) to provide a comprehensive and robust review of energy policy options and opportunities related to energy efficiency and sustainable energy for the state. The report submitted to the NH Public Utilities Commission (PUC) and Legislature contained fourteen chapters and more than 300 recommendations. The EESE Board created a Study Review Team, which organized the initial work effort into individual chapter teams and conducted a series of meetings and work sessions over the past ten months. The overarching finding of the study and review is that energy efficiency and renewable energy technologies provide significant economic and environmental benefits to residents, business owners and investors in New Hampshire and appropriate policies need to be developed.

Background

In addressing energy policy for the state of New Hampshire, it is important to recognize the critical role energy plays in the state's economy. In 2008, New Hampshire citizens, businesses, and industries spent over $6 billion on energy[1], two-thirds of which left the state entirely to pay for imported fuels[2]. This outflow of dollars is a significant drain on the state economy and equal to nearly 7 percent of annual Gross State Product. However, there are numerous opportunities to take greater control of our energy and economic future. For example, according to a study of energy efficiency opportunities in New Hampshire, cost-effective efficiency investments could keep over $500 million per year in the state[3]. And yet, there are reasons to believe that New Hampshire is falling behind other New England states in terms of energy policies and investments. We can turn that around and, in doing so, improve our competitive advantage and make up ground that we otherwise risk losing to our regional counterparts.

Key Themes Emerged from Review of the Study

In its review, the EESE Board identified several key themes that are highlighted here because they underlie most of the detailed recommendations of VEIC's Study and the EESE Board's resulting assessment.

1. Need for a Clear, Coordinated and Consistent Policy and Program Landscape

New Hampshire's current energy policy environment is fragmented and subject to frequent modifications. Consumers would benefit from a more comprehensive and consistent approach in state energy policy and energy program offerings, stability in program funding, and a single lead entity within state government to coordinate the implementation of policies and programs. Stable and predictable policies facilitate the ability of private businesses as well as individuals to plan for and invest in energy efficiency and sustainable energy.

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2. Need for a Market Development and Market Transformation Focus

Energy programs should encourage high-functioning markets that provide consumers and businesses with more options and better choices to achieve long-term energy priorities of efficiency, sustainability, and lower costs. Program design should foster responsiveness to changes in the marketplace to ensure that investments encourage adoption of new technologies and optimize strategic use of public dollars.

3. Need for Targeted Resources

The state has achieved significant positive results in energy efficiency and renewable energy with limited financial resources, supplemented recently by federal ARRA funding, and through positive collaboration and a commitment to cost-effectiveness. However, financial constraints impact the ability of many initiatives to achieve the full potential energy savings. Careful and judicious increases in funding and staff support in specific program areas would provide significant added benefits to meet the needs of the state and its consumers.

Three Priority Recommendations Will Support NH's Long-Term Growth and Prosperity

The following three recommendations form an umbrella of key priorities under which all New Hampshire energy programs and policies could be developed and aligned. These recommendations are highlighted in the *Summary Matrix on New Hampshire's Independent Energy Study* and in the thirteen Chapter Syntheses documents.

1. Clearly Articulate a Comprehensive Energy Policy

New Hampshire needs a clearly articulated comprehensive energy policy in support of energy efficiency and renewable resource development. A consistent overarching energy policy would be of significant long-term benefit guiding future decision-making by the state and other government entities, and provide greater stability to private residential, commercial, and industrial consumers.

2. Develop and Establish an Energy Efficiency Resource Standard (EERS)

New Hampshire should develop and establish an Energy Efficiency Resource Standard (EERS) as a means to promote cost-effective energy efficiency as the first-priority energy resource for our state. There are a variety of approaches for implementing EERS. The key requirement is to define an entity and a process for setting energy-efficiency goals and targets and a mechanism for coordinating and evaluating progress. The CORE utility programs could serve as a foundation and, while the PUC could move toward EERS under its current regulatory authority, enabling legislation would be a significantly more powerful tool.

3. Maintain and Strengthen the Renewable Portfolio Standard (RPS)

New Hampshire ought to maintain and strengthen the Renewable Portfolio Standard (RPS) through continuous assessment and careful refinement in response to changing market conditions. The responsibility for adjustments should be delegated to a regulatory process relying on quantitative

analysis and effective stakeholder representation. Efforts to prioritize development of in-state resources should continue and state policy should affirm that the RPS is a long-term market structure with stable rules and requirements that apply after 2025.

In addition, to these recommendations, the roles, responsibilities and resources of the EESE Board should be clearly articulated in the context of the development of an overarching energy policy. This is consistent with the findings in the VEIC Study and a subsequent Audit Report of the PUC by the Office of Legislative Budget Assistant[4]

Recommendations for Near-Term Action

The EESE Board also has a number of discrete recommendations that are more modest, but which provide excellent near-term opportunities for implementation, including:

1. **Improve Evaluation, Monitoring and Verification Practices (Chapters 1 & 3)**
2. **Maintain Momentum of Low-Income Weatherization Program (Chapter 6)**
3. **Develop Shared Information-Technology Resources and Common Reporting Standards (Chapter 6)**
4. **Coordinate Existing Energy Project Loan Programs (Chapter 10)**
5. **Secure the Resources to Complete a State Development Plan (Chapter 11)**
6. **Utilize the Extended Maximum Performance Contract Terms (Chapter 13)**

Conclusion

There are numerous opportunities to promote the state's strong and prosperous energy future. For additional information and more detail on these recommendations, please refer to the EESE Board's *Final Report on the New Hampshire Independent Energy Study*, as well as the accompanying *Summary Matrix on New Hampshire's Independent Energy Study* and the thirteen Chapter Syntheses. The EESE Board and its members look forward to working with the legislature and other interested parties as we work together to build New Hampshire's market for energy efficiency and sustainable energy.

Endnotes

1 - Energy Information Administration, State Energy Data System, "Table ET2 Total End-Use Energy Price and Expenditure Estimates, 1970-2009, New Hampshire," http://www.eia.gov/state/seds/hf.jsp?incfile=sep_prices/tx/pr_tx_NH.html&mstate=New%20Hampshire.

2 - Based on portion of spending that leaves the state, drawing upon information from the NH Office of Energy and Planning, "2007 New Hampshire Energy Facts," http://www.nh.gov/oep/programs/energy/nhenergyfacts/2007/introduction.htm.

3 - This represents energy savings of around 20%, as defined as cost-effective in the study *Additional Opportunities for Energy Efficiency in New Hampshire*, Final Report to the New Hampshire Public Utilities Commission, GDS Associates, Inc., 2009.

4 - On page 51 of the Performance Audit of the Public Utilities Commission filed by the LBA in April 2012, http://www.puc.nh.gov/EESE%20Board/LBA%20Audit/LBA%20Performance%20Audit%20Report%20April%202012.PDF.