

## **COMMENTS OF THE NH UTILITIES ON THE PUBLIC UTILITIES COMMISSION'S REPORT ON ENERGY EFFICIENCY PLANNING, PROGRAMMING, & EVALUATION**

### **Introduction**

The NHSaves programs have delivered benefits to New Hampshire businesses and residents for more than two decades and they contain program offerings available to all customers across the state. Since 2002, the New Hampshire electric and natural gas utilities, including the New Hampshire Electric Cooperative (the “NH Utilities”) have partnered to deliver statewide energy efficiency programs that have reduced the amount of energy needed by 22 billion kWhs of electricity and 51.1 million MMBtus of natural gas, saving Granite Staters \$3.9 billion. The energy saved would provide enough electric energy to power approximately 2.6 million homes and enough natural gas to heat approximately 570,000 homes for an entire year. The statewide benefit cost ratio for the programs in 2021—using the peer reviewed, New Hampshire Public Utilities Commission (“Commission”) approved and legislatively mandated cost benefit Granite State Test (“GST”)—is 3.56, which means \$3.56 in benefits were generated from every dollar invested.

Energy efficiency in general, and the NHSaves programs specifically, are cost-effective energy resources that advance multiple state policy objectives, which have been thoroughly and consistently reviewed and upheld through years of rigorous study and scrutiny, stakeholder input, regulatory dockets and legislative review. These efforts include multiple working groups, each of which had specific areas of focus so that the programs would be optimized and the benefits of those programs maximized, and all of which generated voluminous work product to ensure those ends.<sup>1</sup> The Commission itself has steadfastly built upon the foundation of energy efficiency, beginning with the CORE programs, to bring NHSaves to where it is today. And of course, underlying all these efforts is the foundation laid by the legislature, which has long championed energy efficiency since the Electric Restructuring Act up until last year’s passage of House Bill (“HB”) 549. All of these efforts produced thoroughly vetted processes, program designs, and planning elements to deliver energy efficiency benefits to all New Hampshire customers—an undeniably complex determination and undertaking—and as a result, a number of these aspects are well-settled due to conclusive supporting data and subsequent consensus endorsement.

### **Comments**

On August 10, 2022, investigatory Docket No. IR 22-042 was opened. The NH Utilities have shared comprehensive and considerable information regarding the NHSaves programs through information requests in this docket and through reporting requirements from Order Nos. 26,621 and 26,642 in Docket No. DE 20-092. The NH Utilities agree that energy efficiency is a topic of great importance and significance to New Hampshire, and accordingly, have participated fully in the Docket No. IR 22-042, and appreciate opportunities to inform and educate a wide variety of stakeholders regarding the structure and impacts of the programs.

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<sup>1</sup> [https://www.puc.nh.gov/EESE%20Board/EERS\\_Working\\_Groups.html](https://www.puc.nh.gov/EESE%20Board/EERS_Working_Groups.html)

The NH Utilities have reviewed the Commission’s Report on Energy Efficiency Planning, Programming, & Evaluation issued by the Commission on Friday, January 13, 2023 (the “Report”), and note that the report does not contain critical context and information that was provided by the NH Utilities through reports and responses to information requests. The NH Utilities believe that if the Report is intended to “provide the Commission and the participants, including state policymakers, with increased clarity of key EE topics and the impact on Granite Staters”<sup>2</sup>, then clarification of the limited representations and framing of issues within the Report and an acknowledgement of the context and information omitted from the Report that give the Report’s contents meaning are critical for all those interested in the future of energy efficiency in New Hampshire. The NH Utilities caution stakeholders and policy makers from drawing conclusions based on the Report without review or discussion of the larger set of information provided. The planning process for the 2024-2026 Statewide Energy Efficiency Plan is underway and provides an opportunity for discussion and feedback to the NH Utilities regarding the programs.

As the Report addresses many of the considerations in Order No. 26,513 that were ultimately settled through bipartisan legislation, the Report itself should be contextualized both within the framework of Docket No. IR 22-042 as well as in relation to existing authorities that govern energy efficiency in New Hampshire, from longstanding statutory authority to the consistent development of Commission precedent and orders refining the programs over the last 20+ years, to the most recent legislative development of HB 549. All of these authorities together make some definitive determinations, the core of those being that the NHSaves programs are cost-effective energy resources that advance the public good.

## **Granite State Test**

As described in responses to Commission information requests in IR 22-042, the GST was developed through a lengthy stakeholder process that took into account New Hampshire specific policy and legislative direction. The test was subsequently approved by the Commission,<sup>3,4</sup> and enshrined in state law as the primary benefit cost test for energy efficiency in New Hampshire by HB 549. The Report’s assertion on page 1 that “tests used to determine cost-effectiveness of New Hampshire’s EE programming are unique to the State, do not appear to align with industry norms regarding symmetrical balancing of costs and benefits, and are primarily based on predictions, not observational data” does not take into account the history of how the GST was developed or the context in which it was developed. The GST was developed through a comprehensive stakeholder process, ordered by the Commission, and adopted by the legislature as it was specifically tailored to New Hampshire’s policy goals, priorities, and needs.

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<sup>2</sup> Report at 1.

<sup>3</sup> [https://www.puc.nh.gov/Regulatory/Docketbk/2017/17-136/LETTERS-MEMOS-TARIFFS/17-136\\_2019-10-31\\_STAFF\\_FILING\\_WORKING\\_GROUP\\_REC.PDF](https://www.puc.nh.gov/Regulatory/Docketbk/2017/17-136/LETTERS-MEMOS-TARIFFS/17-136_2019-10-31_STAFF_FILING_WORKING_GROUP_REC.PDF)

<sup>4</sup> [https://www.puc.nh.gov/Regulatory/Docketbk/2017/17-136/ORDERS/17-136\\_2019-12-30\\_ORDER\\_26322.PDF](https://www.puc.nh.gov/Regulatory/Docketbk/2017/17-136/ORDERS/17-136_2019-12-30_ORDER_26322.PDF)

## Income-Eligible Programming

The purpose, context, and value of income-eligible programming is not appropriately prioritized within the Report. Energy Efficiency offerings for income-eligible customers have been and remain a critical pillar of New Hampshire's approach to energy efficiency. The Home Energy Assistance (HEA) program, like most ratepayer funded income-eligible programs throughout the country, covers the full cost of projects that address critical health and safety barriers within the homes of income-eligible customers. This work meets important needs that have been identified and supported by the legislature, as evidenced by the legislature's commitment to direct *at least* 20 percent of SBC funds collected to income-eligible programs.

The social policies advanced by the income-eligible energy efficiency programs are not appropriately captured by the Report's summary on page 1, that "[t]he Home Energy Assistance (HEA) program for income-eligible customers constitutes nearly 20% of program expenditures while generating 2.5% of the electric benefits." This statement does not account for the fact that other energy reductions and benefits are generated by the HEA program. The income-eligible programs are designed to reduce the energy burden on an economically vulnerable population, thereby enabling other public assistance funds from other programs to be used more efficiently and to serve more households. Moreover, these energy efficiency programs have also been shown to generate significant non-energy benefits, which have been deliberately and appropriately included in the cost-effectiveness analysis. Focusing solely on electric reduction benefits presents an incomplete picture of the total value provided by the programs. Maximizing and optimizing benefits cannot be reduced to a simple mathematical equation—20 percent of program expenditures for 2.5 percent of electric benefits tells an incomplete and insufficient story. All relevant factors laid out by the GST must be accounted for in any analysis of the low-income programs, and the legislative mandate for funding these programs should not be diminished.

## Market Barriers

The NH Utilities do not agree with the Report's statement that it "is not clear whether market barriers cause cost-effective opportunities to be lost or can be reduced by the State's EE programming." The well-documented existence of market barriers is the cornerstone for the creation of ratepayer-funded, utility-administered energy efficiency programs like NHSaves. Additionally, the Report does not accurately capture the manner in which the NHSaves programs address market barriers, and the role market barriers play in designing the programs. The NH Utilities provided significant narrative context and information regarding market barriers in both DE 20-092 and in responses to information requests in IR 22-042. However, that context and its implications are largely absent from the Report, and this raises a concern that future analysis of market barriers as they pertain to the NHSaves programs may be based on an incomplete set of facts and assumptions and a detriment to the future of the programs. The NH Utilities do, as the Report suggests is appropriate, "regularly provide opportunities to evaluate the prudence of current and future incentives and programs to transform the market and continuously reduce barriers." This ongoing analysis results in modifications to program incentive levels, qualifying

equipment lists, and even the elimination of support for measures entirely when appropriate (e.g., screw based light bulbs).

## **Economic Benefits**

The Report does not provide a complete picture of the economic benefits generated by the NH Saves Programs. The economic benefits delivered by the NH Saves programs are undeniable, and a driving force behind the need for the legislative intervention of HB 549. While there is potential for growth and increased focus on the economic benefits to the state and its businesses and residents, the Report underestimates the existing economic benefits the NHSaves programs create. The NH Utilities partner with a wide variety of expert installers, contractors and vendors to implement energy efficiency projects in businesses, non-profit organizations, municipal buildings and homes around the state, including those facing economic challenges. In many instances, these contractors are small New Hampshire companies and the NH Utilities are dedicated to fostering those relationships. Every energy efficiency project and its associated labor is performed within New Hampshire and for the benefit of New Hampshire residents and businesses. The incentives invested in NHSaves projects benefit New Hampshire customers by lowering project costs, thereby making a better business case for these customers to make needed energy improvements to their buildings. This results in monetary savings, as well as greater productivity, an improved quality of life and multiple proven health and environmental benefits.

## **Conclusion**

The priority of the NH Utilities is to ensure that cost-effective energy efficiency programming thrives in New Hampshire for the benefit of all who live and work here. If one were to use the Report as the foundation for an assessment of the NHSaves programs, such analysis would be based on incomplete information, which could set back the decades of work that has gone into bringing the programs and the workforce that supports them to where they are today. The Report standing alone does not increase clarity on energy efficiency issues because it does not provide a complete representation of the information and additional context provided in dockets IR 22-042 and DE 20-92. The NH Utilities urge policy makers and stakeholders to take into account the additional information and context provided in these proceedings when considering the statements and analyses contained in the Report. With proper context, the NH Utilities are confident that productive and insightful discussion of these issues will continue to advance the benefits that energy efficiency has been bringing to New Hampshire for over 20 years.