

History of the New Hampshire Energy Efficiency Working Group

For The Energy Efficiency and Sustainable Energy Board

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Long Before There Was a Core Program

- DSM programs started in late 80s
- Each electric utility offered its own set of programs
- Rates varied by utility as well as by class
 - Range of rates varied greatly
 - PSNH rates were often < 1 mil/kWh
 - GSEC rates exceeded 6 mils/kWh for C&I some years
- A shift in emphasis occurs in mid-90s as restructuring looms and NH's high rates cause concern

Effects of Electric Restructuring

- **Uncertainty Rules**

- Spending decreases across most parts of industry, including energy efficiency
- Focus is on market structure going forward
- Level of electric rates is key concern for NH
- What role will utilities have in restructured industry?
- Lost-fixed cost recovery becomes significant issue for some utilities

“Final Plan” for Restructuring New Hampshire’s Electric Utility Industry Order No. 22,514 (28 February 1997)

- Commission “examined whether distribution companies should continue to plan and administer ratepayer subsidized energy efficiency programs” after retail access
- Extensive comments were received
- In Final Plan, NHPUC stated its intention to phase out ratepayer-subsidized programs w/in two years of retail choice
- Numerous rehearing requests came in as well as comments on energy efficiency issues (i.e., market barriers, incentives, cost-effectiveness test, program admin, rate effects)
- NHPUC affirms in part, and vacates, in part, its order

NHPUC conclusions from Order on Requests for Rehearing, Reconsideration and Clarification (Order No. 22,875 issued 20 March 1998)

- Notes RSA 374-F:3,X that “[R]estructuring should be designed to reduce market barriers to investments in energy efficiency and provide incentives for appropriate DSM and not reduce cost-effective customer conservation.”
- NHPUC recognizes transition to market-based programs may take longer than two years
- Programs should be limited to “cost-effective opportunities that may be lost due to market barriers.”
- Directed a working group to address a number of issues

The New Hampshire Energy Efficiency Working Group

- RFP issued for a facilitator
- Raab Associates, Ltd. is hired
 - Dr. Jonathan Raab leads facilitation
- NHEEWG meets for over a year
- Report issued 8 July 1999

Report addresses the 8 questions posed by the PUC and provides recommendations for energy efficiency and the framework as well as fresh look at funding programs and services

NHPUC issues Order No. 23,574 on 01 November 2000

Order established guidelines, based primarily on the NHEEWG Report, for energy efficiency programs in a post-restructured industry

Guidelines included

- New cost-effectiveness test (TRC test)
- Strong preference to replace LFCR w/ alternative incentive mechanism
 - Adopts proposed new incentive mechanism of NHEEWG
- Preference for consistent program design
- Timeframe for utility involvement is extended to the end of PSNH's transition period
- Establishes interest in Pay-As-You-Save program
- Rejects proposal for energy efficiency committee
- Emphasizes the importance of monitoring and evaluation
 - Approves framework in Report for evaluating market transformation