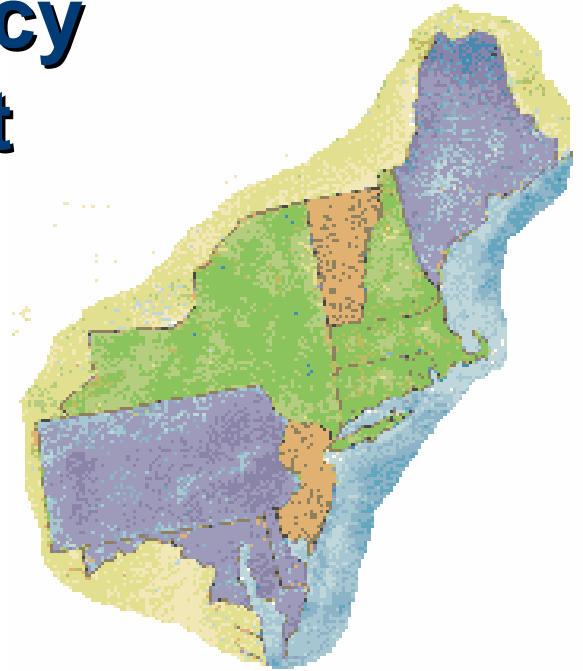


An Energy Efficiency Policy Overview of the Northeast

*Presented to the New Hampshire
Energy Efficiency and
Sustainable Energy Board*

*By Jim O'Reilly
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Northeast Energy Efficiency Partnerships*

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Northeast Energy Efficiency Partnerships

“Facilitating partnerships to advance energy efficiency”

- Regional non-profit organization since 1996
- Serving New England, New York, Mid-Atlantic

NEEP Mission:

Promote the efficient use of energy in homes, buildings and industry in the Northeast U.S. through regionally coordinated programs and policies to achieve a cleaner environment and a more reliable and affordable energy system.

Primary Audiences Served:

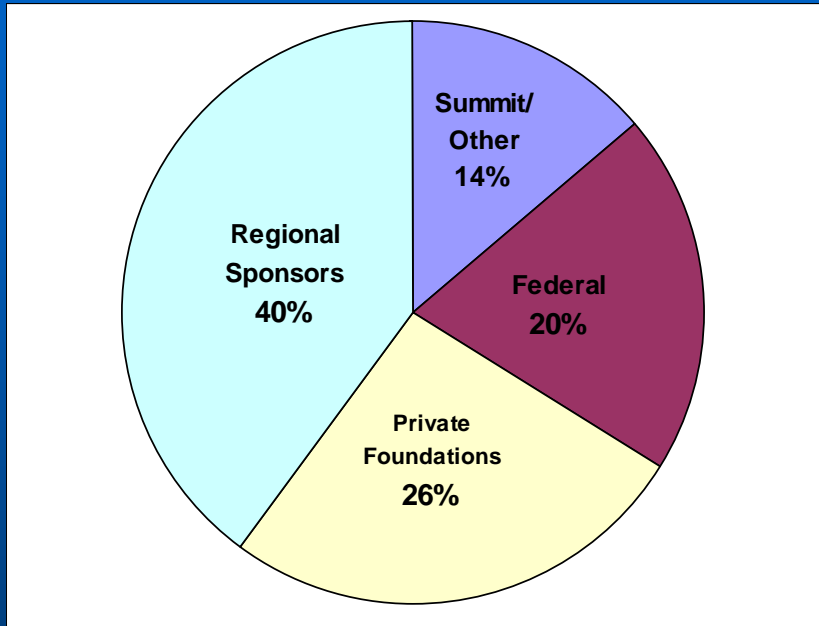
- State Policy Makers
- Efficiency Program Administrators

Approach:

Strategic regional collaboration to overcome barriers to efficiency – public policies and efficiency programs.

Northeast Energy Efficiency Partnerships

2008 NEEP Funding:



Federal \$\$

US DOE
US EPA

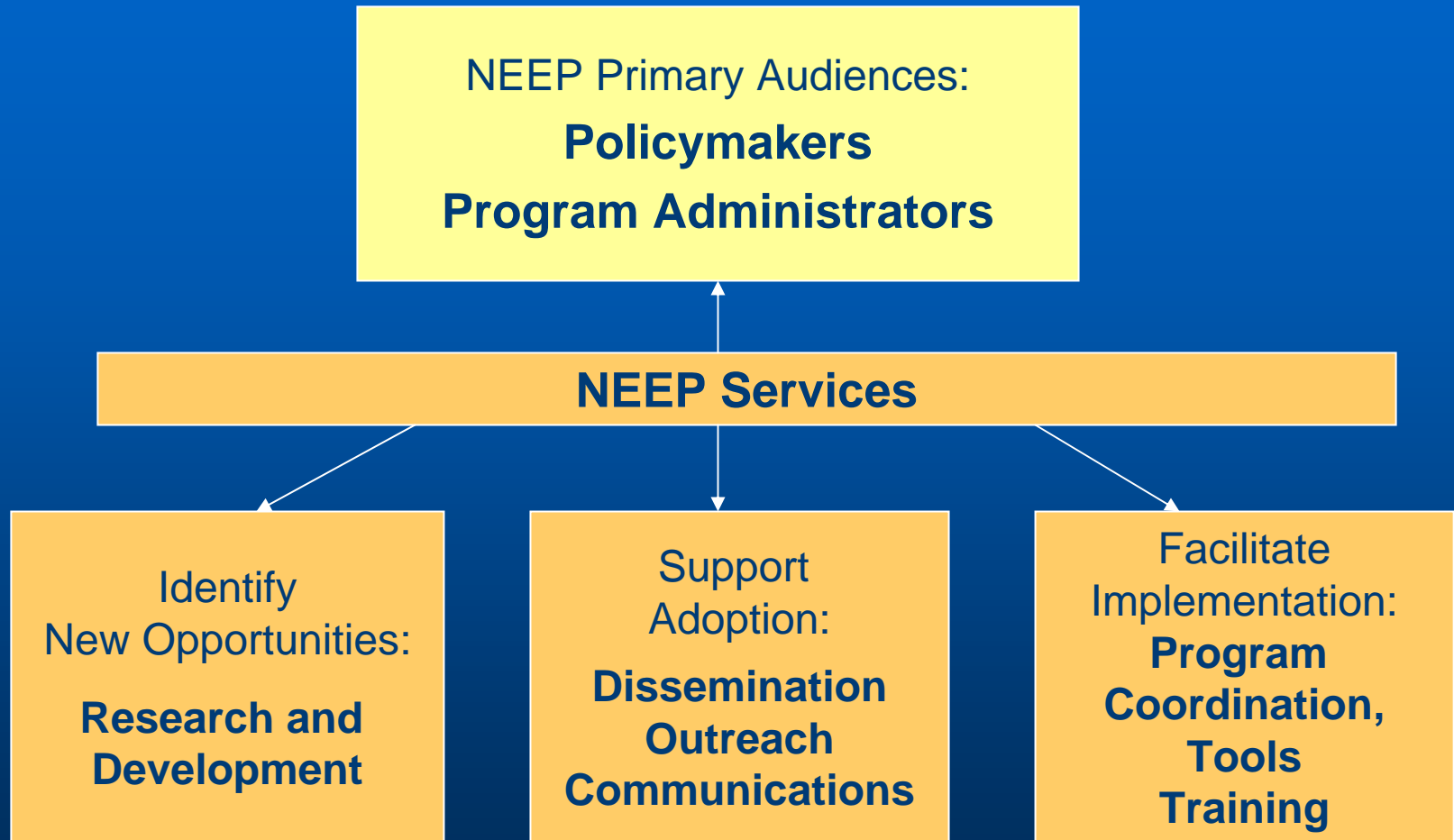
Foundations

Energy Foundation
Kendall Foundation
John Merck Fund
Merck Family Fund
Pew
Overbrook Foundation

2008 Regional Sponsors:

National Grid
NYSERDA
LIPA
NJ Board of Public Utilities
Efficiency Vermont
Efficiency Maine
CT Light and Power
WMECo
NSTAR Gas and Electric
United Illuminating
Public Service Co of NH
Cape Light Compact
CT Municipal Electric Co-op

NEEP Primary Audiences and Services



2009 NEEP Functional Areas and Projects

Policymakers	Program Administrators		Support Services
Public Policy Development & Implementation	Regional Evaluation, Measurement and Verification Forum	Regional Initiatives	Financial Services
Policy Outreach		Retail Products	Financial Management
Appliance Standards	Protocol Development	Residential Whole House Strategies	Grant Management
Building Codes	Research and Evaluation	Commercial Buildings and Technologies	Human Resources
High Performance Buildings	Public Information and Access	Solid State Lighting	Information Technology
		Workforce Development	Facilities Management
			Development & Strategic Marketing
			Strategic Positioning
			Grant & Development
			Summit & Events
			NEEP Notes
			Website
			Media Relations
			Annual Report



Electric EE Funding in the Region

State	Expenditures (\$M)		Preliminary	Budget	Mills per
	2005	2006	2007	2008	kWh (2006)
CT	\$80.3	\$71.0	\$98.2	\$98.1	3.0
ME	\$8.2	\$9.2	\$13.2	\$16.1	1.5
MA	\$124.1	\$127.7	\$126.2	\$131.4	2.5
NH	\$18.4	\$16.6	\$16.8	\$17.3	1.8
NJ	\$58.9	\$58.8	\$91.9	\$116.7	1.2
NY	\$208.5	\$315.4	\$306.1	\$337.4	1.8
RI	\$17.6	\$19.4	\$22.5	\$14.7	2.0
VT	\$15.1	\$14.8	\$19.3	\$30.8	3.0
Totals	\$531.1	\$633.0	\$694.2	\$762.5	2.1

Gas EE Funding in the Region

State	Expenditures (\$M)		Preliminary	Budget
	2005	2006	2007	2008
CT	\$1.0	\$1.5	\$2.7	\$6.8
ME	\$0.05	\$0.1	\$0.7	\$1.0
MA	\$13.9	\$25.6	\$26.8	\$35.4
NH	\$2.4	\$2.5	\$2.4	\$3.4
NJ	\$26.5	\$26.4	\$45.6	\$52.4
NY	\$0.8	\$2.8	\$15.0	\$16.9
RI	\$0	\$0	\$2.8	\$4.7
VT	\$0	\$1.3	\$1.5	\$1.7
Totals	\$44.6	\$60.3	\$97.4	\$122.4

The New Paradigm – Energy Efficiency as a First Order Resource

“Every 3 years, on or before April 30, the electric distribution companies and municipal aggregators with certified efficiency plans shall jointly prepare an electric efficiency investment plan and the natural gas distribution companies shall jointly prepare a natural gas efficiency investment plan. Each plan shall provide for the acquisition of all available energy efficiency and demand reduction resources that are cost effective or less expensive than supply and shall be prepared in coordination with the energy efficiency advisory council established by section 22.”

- Green Communities Act, Massachusetts

Public Funding and Policy Growth for Energy Efficiency

New England, New York, New Jersey	Highly Likely by 2010 46% increase	Possible by 2010 300%+ increase
2008 Ratepayer Funding: Gas + Electric	\$762 million	\$762 million
Potential RGGI auction proceeds	\$300 million	\$500 million
Potential FCM proceeds (New England)	\$2 million	\$400 million
<i>New</i> Electric Efficiency Ratepayer Funding	\$30 million	\$800 million
<i>New</i> Gas Efficiency Ratepayer Funding	\$10 million	\$100 million
Private Capital Sources	??	??
Total	\$1,077 million	\$2,535 million

EE Funding, Administration and Oversight

State	EE Funding Source(s)	Administration
ME	SBC RGGI (up to 88% of auction proceeds)	RGGI \$ placed in Energy and Carbon Savings Trust for programs; SBC programs through PUC's "Efficiency Maine"
VT	Energy efficiency charge included in rates RGGI (100 %)	Third-party contractor runs state's "efficiency utility," Efficiency Vermont, under performance-based contract
MA	SBC RGGI (not less than 80 %) FCM All cost effective procurement mandate	Distribution utilities and one municipal aggregator (Cape Light Compact)
RI	SBC RGGI (approx. 99 %) All cost effective procurement mandate	Distribution utilities

EE Funding, Administration and Oversight

State	EE Funding Source(s)	Administration
CT	SBC RGGI (approx. 70 %) All cost effective procurement mandate Class III resource standard (EE and CHP)	Distribution utilities / Conn. Energy Efficiency Fund Municipal electric departments (lesser SBC)
NY	SBC RGGI (100 %) EE Portfolio Standard (“15 by 15”) in development	NYSERDA (public energy R&D authority) LIPA (public power authority, NYC) NYPA (public power authority, Long Island)
NJ	SBC RGGI (up to 80 %) Energy Master Plan resource standard in development	Board of Public Utilities “Clean Energy Program,” though return to utility role is eminent

Advisory Boards and Their Roles

State	EESE-Style Board?	Role
ME	Yes - Maine Energy Conservation Board	Assist PUC & Carbon Trust to develop, coordinate and integrate energy conservation efforts; and provide advice & counsel to PUC and Carbon Trust on energy conservation and CO2 reduction matters
RI	Yes - Energy Efficiency and Resources Management Council	Evaluate and make recommendations regarding the optimization of energy efficiency and development of least-cost procurement plans; provide stakeholder Involvement; monitor and evaluate programs' effectiveness; and promote public understanding of energy issues and of ways efficiency can be effectuated. Funded to retain own experts.

Advisory Boards and Their Roles

State	EESE-Style Board?	Role
MA	Yes – Energy Efficiency Advisory Council	Reviewing utilities' efficiency plans and budgets, work with utilities to evaluate short- and long-term availability, reliability, cost-saving and environmental benefits of demand resource programs. Funded to retain own experts.
CT	Yes – Energy Conservation Management Board	Advise and assist utility companies in development and implementation of comprehensive and cost-effective energy conservation and market transformation plans. Funded to retain own experts.
VT	No	
NY	No	
NJ	Proposed	TBD

Key Issues

Decoupling – Mass. DPU order issued in July calls for transition to new set of rate structures for electric and gas utilities, eliminating economic disincentives to investments in EE and DG; first case likely in mid-2009

Relevance for N.H. – Pending decoupling docket, need to address both incentives and disincentives to greater utility investments in EE

Energy efficiency as first order resource – All cost effective procurement mandates in place in Mass., R.I., Conn., and effectively in Vermont, N.Y. and N.J. Priority ‘loading order’ in Maine, but this paradigm shift raises issues of...

- Rate vs. bill impacts as kWh sales drop
- Defining “all cost effective”
- When going broader and deeper, new kinds of programs need to be tried and evaluated

Relevance for N.H. – Will N.H. be next? And, regardless of how it occurs, if new revenue streams result in significant reductions in kWh sales, how will rate increases be viewed?

Key Issues

Other fuels – Connecticut has created the first home heating oil efficiency program, managed by a board reporting to the ECMB; Mass. came close, and will try again soon.

Relevance for N.H. – Increasing pressure to address home heating oil, But how? By whom? Coordination issues?

Whole building approaches – Evolution of EE programs is away from individual installations and toward comprehensive, whole building strategies, including integration with on-site renewables. But such approaches raise issues of measurement and coordination integrating different funds.

Relevance for N.H. – Separate funds for thermal and electric efficiency currently exist. How can these best be coordinated? Measured?

Workforce development – Northeast states starting to compete for qualified personnel

Relevance for N.H. – As other states ramp up quickly, how will N.H. keep up?

Key Issues

Integration with codes and standards – Not a substitute, but complementary, requiring adjustments to baselines, and new cost-effectiveness approaches

Relevance for N.H. – Increasing interest from communities in setting “beyond code” standards. Need to boost compliance, possibly through SBC programs?

Measurement, evaluation and verification issues – FCM has highlighted need for consistency in M&V across the region

Relevance for N.H. – As part of the New England regional electric market, RGGI participant and FCM participant, N.H. should become fully involved, leverage common efforts to reduce evaluation costs, and gain from best practices

Program administration – As new programs launch and new models emerge, some states – CT, ME – examining alternative administration

Relevance for N.H. – Hopefully none, but be prepared.

Some thoughts on proceeding from here...

- 'First principles' for an EE stakeholder board:
 - Coordination: with new players and efforts, overlap and customer confusion are real risks
 - Comprehensiveness: establish the vision for New Hampshire's efficiency and sustainable energy future
 - Push for funding for technical consultants to assist your work
 - Be an educational outreach agent through and with the various constituencies represented here
 - All hands on deck: involve many players
 - Be guided by the upper end of what's possible, i.e. potential study
 - Don't settle for business as usual, but push for the new, the bold, the innovative – represent the new paradigm
 - New technologies – like solid state lighting – are evolving daily

Some thoughts on proceeding from here...

- Resources available to you:
 - NEEP
 - And particularly the EM&V Forum
 - Updated New England potential study (once completed)
 - NECPUC – access experiences and best practices from elsewhere in the region
 - And other regulators, principally air regulators
 - Preceding regulatory experiences
 - E.g., California methodology for claiming savings due to utility support of administrators' support of codes and standards programs
 - Energy efficiency organizations – ACEEE, AESP
 - Your stakeholder council counterparts in ME, MA, RI, CT
 - ESCOs – market actors can provide keen insights

Questions? And Thank You...

Northeast Energy Efficiency Partnerships, Inc.



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