Energy Efficiency and Sustainable Energy ("EESE") Board
Independent Energy Study ("SB 323") Final Report
Summary

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) and submits the following as its recommendations;

Introduction

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, equal to nearly 7% of annual Gross State Product (GSP). 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].

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 for the state. The report submitted to the PUC and Legislature contained fourteen chapters and more than 300 recommendations. The EESE Board created a Study Review Team, which broke down the initial work effort into individual chapter teams and conducted a series of meetings and work sessions over the past ten months.

The overarching result of the study and review is that residents and business owners in New Hampshire could benefit significantly from increased investment in energy efficiency and sustainable energy measures that reduce or stabilize future energy bills, increase reliance on local energy resources and stimulate the state economy.

Findings

In its review, the EESE Board identified several key themes that frame the recommendations.

- **The current energy policy environment, while generally positive, is fragmented and subject to frequent modifications.** Consumers would benefit from a more comprehensive

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 New Hampshire Office of Energy and Planning, "2007 New Hampshire Energy Facts," http://www.nh.gov/oep/programs/energy/nhenergyfacts/2007/introduction.htm

3 Ibid.

and consistent approach in program offerings, stability in program funding and a single lead entity within state government.

- **Policy and program choices should consistently focus on supporting market infrastructure and development.** The goal is for policies and programs to encourage functioning market structures that provide consumers and businesses with more options and better choices that achieve the long-term energy priorities of efficiency, sustainability, lower costs and reduced uncertainty. Stable and predictable market structures facilitate the ability of private entities to plan for and invest in energy efficiency and sustainable energy.
- **Judicious increases in funding and staff support in some areas would provide significant added benefits to the state and its consumers.** The state has achieved significant positive results in energy efficiency and renewable resource development with limited direct financial resources largely as a result of positive collaboration and commitment to cost-effectiveness. However, financial constraints also impact the ability of many initiatives, such as the state's Interagency Energy Task Force, Low-Income Weatherization and the CORE-utility programs, to achieve the full potential energy savings.
- **Energy policies and programs would benefit from increased coordination and some degree of centralization to improve efficiency and effectiveness.** State energy policy should support and expand collaborative efforts already underway, such as the utility CORE energy-efficiency program and the NH Energy Code Collaborative, and create a more stable and sustained regulatory and administrative framework to allow continued evolution.

<u>Recommendations</u>

On the basis of its detailed review and assessment, the EESE Board offers the following recommendations as key priorities for implementation:

- First, **clearly articulate a comprehensive energy policy in support of energy efficiency and renewable resource development.** A consistent overarching energy policy would be of significant long-term benefit to the state by guiding future decision-making by the state, other government entities and the broader marketplace;
- Second, **move toward the development of an Energy Efficiency Resource Standard** (EERS) as a means to promote cost-effective energy efficiency as the first-priority energy resource for New Hampshire. 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 evaluation progress. The CORE utility programs could serve as a foundation and, while the NH PUC could potentially move toward

EERS under its current regulatory authority, enabling legislation would be a significantly more powerful tool: and

- Third, **sustain and continue to improve** the **Renewable Portfolio Standard (RPS)** through incremental changes in the statutory and regulatory framework. The RPS **is a key policy supporting renewable resource development**. Continued assessment and refinement of compliance standards and alternative compliance payment levels will be necessary 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 EESE Board also notes that the roles, responsibilities and resources of the EESE Board or any successor 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's (LBA)*[4].

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

- For the NH Low Income Energy Efficiency Programs, complete the implementation of Shared IT Resources and Common Reporting Standards to the extent possible consistent with funding agency requirements (Ch. 6);
- Improve the coordination of Existing Energy Efficiency Loan Programs as the ARRA-funded programs begin winding down by continuing to pursue collaborative efforts among program administrators (Ch. 10);
- Provide the Resources Necessary to Complete the Statewide Growth Plan mandated by RSA 9-A (Ch. 11); and
- With the passage of SB 252 extending the maximum length of Performance Contract Terms for state agencies, identify high-value projects to advance on an expedited basis (Ch. 13).

For additional information and more detail on these recommendations the EESE Board suggests referring to the Independent Energy Study Final Report, the Recommendation Matrix and the individual Chapter Syntheses all attached to this summary.

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