

State Policies and Rules to Enable Beneficial Electrification in Buildings through Fuel Switching

JULY 2022

KEY FINDINGS

- While traditional utility energy efficiency policies have typically considered fuel types in isolation without actively promoting the benefits of fuel-switching measures, a small but growing number of states are updating policies to enable beneficial electrification and customer adoption of heat pumps, reducing dependence on fossil fuel heating in support of state climate goals.
- Since the first publication of this policy brief in 2020, several additional states have passed major new laws that promote clean heating through fuel switching. These include Minnesota’s Energy Conservation and Optimization (ECO) Act, Illinois’s Climate and Equitable Jobs Act (CEJA), and Colorado’s SB21-246, each signed in 2021 and directing regulators to update efficiency policies to encourage beneficial electrification through customer incentives.
- However, 23 states still have no relevant policy in place, and at least another 12 explicitly prohibit or discourage fuel-switching measures.

To meet ambitious state goals to reduce greenhouse gas (GHG) emissions, policymakers and program administrators in several states are promoting electrification of space and water heating as an important building decarbonization tool. Electrification can reduce buildings-sector emissions by displacing direct fossil fuel use with electricity use—specifically when the electricity is generated by lower-carbon sources than those used on-site. Technological advancements continue to improve the performance and affordability of both air- and ground-source heat pumps, strengthening their potential to reduce participant costs and meet comfort expectations. A barrier to deployment here is the concern over ensuring the benefits of electrification efforts; i.e., ensuring that they reduce emissions and energy costs and harmonize with existing energy efficiency policies aimed at reducing demand.¹

¹ Efficiency and electrification are often aligned; i.e., ACEEE views electrification as a form of energy efficiency when it saves energy (in total Btus), saves money, and reduces emissions. When electrification meets these criteria, energy efficiency programs are an important policy mechanism. Moreover, building shell and behavioral efficiency measures that reduce overall participant energy demand can reduce the size of the heating and cooling equipment needed to serve the building, which lowers costs to electrify. There may be additional fuel-switching offerings that reduce GHG emissions but do not yet reduce costs or total energy saved; in such cases, policy mechanisms that focus less on least-cost resource planning—such as GHG auction revenues or green bonds—may be more appropriate funding tools.

Efficiency policies have typically considered fuel types in isolation without examining the net societal and participant benefits of fuel-switching measures.² In some states, fuel-switching programs are sometimes directly or indirectly prohibited by rules; in other states, uncertainty or lack of state guidance has impeded electrification efforts. Given the opportunity that fuel switching creates to reduce emissions in a cost-effective manner, states are increasingly motivated to update policies to enable beneficial electrification, particularly as these policies relate to utility energy efficiency and demand-side management (DSM) programs.

This policy brief provides information on existing state policies in this rapidly changing area. Our goal is to assist regulators and program administrators seeking to design and deliver effective programs that enable fuel switching and meet their maximum potential to achieve net carbon reduction benefits. We gathered this information in part through data collection efforts associated with ACEEE's annual *State Energy Efficiency Scorecard* and supplemented it with additional interviews and correspondence with state utility regulators to verify policy descriptions and cited rules and guidance. This policy area is dynamic and rapidly evolving; the information provided here represents a snapshot of the policies in place as of early 2022.

Generally, we found that state policies fall into six categories:

- Fuel switching is addressed through guidelines or fuel-neutral goals. A state in this category may have set goals, but it may not yet have adjusted other factors such as cost-effectiveness testing and potential studies.
- Supportive policies are in place, with additional specific guidance/rules pending.
- Utility regulations limit use of ratepayer funds for energy-efficient fuel switching, but the state has funded such programs through the Regional Greenhouse Gas Initiative (RGGI).
- No policy is in place, but utilities or program administrators have received approval for fuel-switching or substitution programs in certain cases.
- Fuel switching or substitution is prohibited or discouraged.
- No fuel-switching or substitution policies or programs are in place.

Our findings show that policies to enable and support fuel-neutral savings have emerged in a small but growing number of states, but most are still in the early stages of development and refinement. Since the first publication of this policy brief in 2020, several additional states have passed major new laws that promote clean heating through fuel switching. These include Minnesota's Energy Conservation and Optimization (ECO) Act, Illinois's Climate and Equitable Jobs Act (CEJA), and Colorado's SB21-246, each signed in 2021 and directing regulators to

² Fuel switching refers to the practice of replacing a heating or cooling technology or appliance with one driven by a different energy source, e.g., displacing oil and propane by installing an electric air-source heat pump (ASHP). For the purposes of this policy brief, we researched the status of fuel-switching rules for energy efficiency programs to understand where states are evolving their fuel-switching rules to align with GHG reductions by encouraging beneficial electrification.

update efficiency policies to encourage beneficial electrification. However, 23 states still have no relevant policy in place, and at least another 12 explicitly prohibit or discourage fuel-switching measures. Even among states at the leading edge, new guidance and approaches continue to emerge as new research and data become available on the barriers to fuel switching and the savings potential of new technologies. These leading states—mostly located in the northeast—tend to prioritize strong goals to advance clean energy and energy efficiency; they are situated in climates where a high reliance on natural gas, fuel oil, and propane for home heating make electrification an increasingly opportune strategy for slashing emissions.

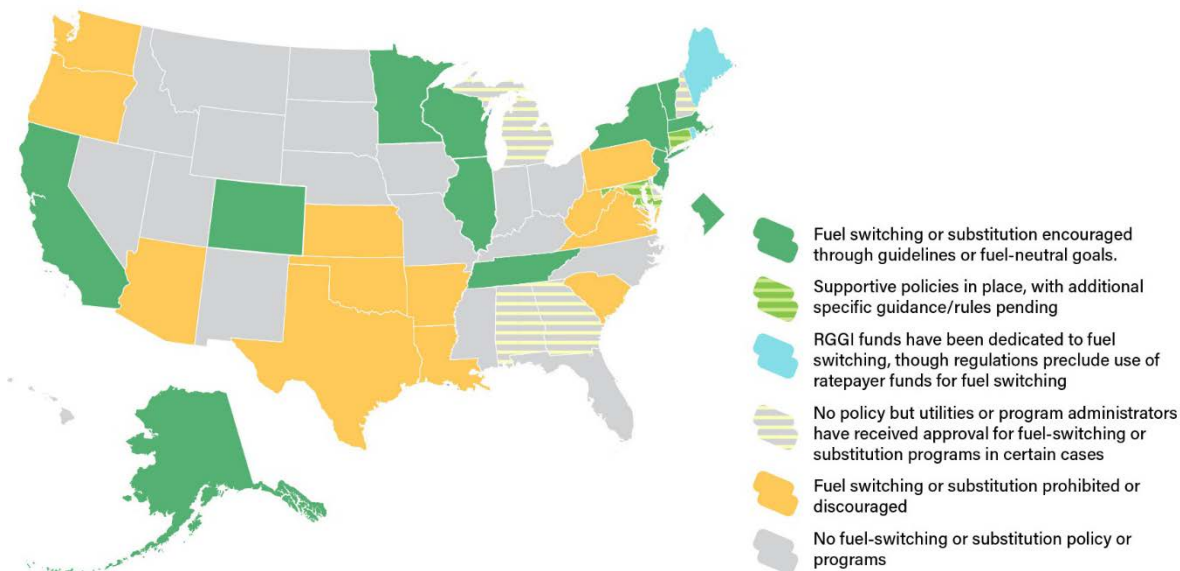


Figure 1. Fuel-switching policy status by state

In keeping with current naming conventions and for simplicity's sake, we use the term *fuel switching* universally in this brief to describe programs and measures that may address multiple kinds of fuel replacements, including those replacing one regulated fuel with another regulated fuel, and those in which a regulated fuel (electricity or natural gas) replaces an unregulated fuel (such as propane). However, while it is currently customary in some states to refer to these different types of measures broadly as *fuel switching*, we also understand that in California regulators differentiate between these measures, referring to fuel replacements involving two fuels regulated by the California Public Utilities Commission (CPUC) as *fuel substitution* and to replacement of non-utility fuels (e.g., fuel oil, propane, kerosene) as *fuel switching*.

Also, while this policy brief is specifically interested in fuel-switching measures in service of beneficial electrification, some state fuel-switching efforts or policies (e.g., in Oklahoma) allow electric-to-gas measures. In other cases, a state may permit fuel switching to electric devices from unregulated fuels, but not from natural gas. We have sought to highlight this distinction in most cases where possible; however, we will continue to gather data to help further clarify the different types of allowed fuel replacements in future versions of this brief.

Table 1 summarizes the status and types of fuel-switching rules currently in place among states, including those without a policy or program.

Table 1. Fuel-switching policy status by state

| State | Policy summary | Policy status |
|---------|--|--|
| Alabama | <p>Alabama has no policy on fuel switching. The Alabama Power Company promotes gas-to-electric conversions, and its energy efficiency program offers customer incentives for higher seasonal energy efficiency ratio (SEER) heat pumps. Alabama Power also offers incentives for standard electric storage water heaters.</p> <p>The Tennessee Valley Authority includes beneficial electrification programs for new and existing customers in the eScore platform offered to local distribution companies.</p> | No fuel-switching policy, but utilities have received approval for fuel substitution programs in certain cases |
| Alaska | <p>HB 374, signed into law in 2018, enables utilities to offer customers on-bill financing agreements to finance measures such as renewable energy, energy efficiency, and energy storage devices. Also eligible are fuel-switching systems, which the legislation defines as “the replacement of existing fuel-consuming equipment using a particular fuel with equipment that uses another fuel that does not increase greenhouse gas emissions and that (A) is more fuel efficient; or (B) results in lower fuel expenses.” The law’s implementation status is unknown.</p> <p>Reference: HB 374</p> | Provides guidelines for fuel substitution or fuel-neutral goals |
| Arizona | <p>Arizona Administrative Code (ACC) requires ratepayer-funded DSM to be developed and implemented in a “fuel-neutral manner,” meaning that a utility should not bias the customer’s fuel choice (such as electricity or gas) toward the fuel that the utility provides (R14-2-2414/R14-2-2514). The order states that “an affected utility shall use DSM funds collected from electric customers for electric DSM programs unless otherwise ordered by the Commission.” It also allows a utility to use DSM funds collected from electric customers for thermal envelope improvements. Similar language is in place for natural gas utilities.</p> <p>An exception is the gas efficiency rules in AAC R14-2-2504 (G), which allow natural gas utilities to propose renewable energy technology programs that displace gas. For example, as part of its efficiency programs, a natural gas utility could propose a solar water heater program as a renewable energy technology rather than a natural gas water heater program.</p> <p>References: Docket No. RE-00000C-9-0427: Rulemaking Adopting Energy Efficiency Standards; A.A.C. R14-2-2414, Fuel Neutrality; A.A.C. R14-2-2504: Energy Efficiency Standards</p> | Fuel switching prohibited or discouraged |

| State | Policy summary | Policy status |
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| Arkansas | <p>Fuel-switching and load-building programs not otherwise authorized under the <i>Commission Rules and Regulations Governing Promotional Practices of Electric and Gas Utilities</i> shall not be included as energy efficiency programs.</p> <p>Reference: Docket No. 10-101-R: Order No. 37 Rules for Conservation and Energy Efficiency Programs</p> | Fuel switching prohibited or discouraged |
| California | <p>The CPUC established the Fuel Substitution Test (an updated version of the Three Prong Test) in August 2019 (Decision 19-08-009). The test clarifies how to demonstrate that an existing building measure does not (1) increase total source consumption, or (2) adversely impact the environment when compared with the baseline measure using the original fuel. It applies cost effectiveness at the portfolio level, as with efficiency measures, and requires that the “new fuel” customers (typically electric) fund the programs. It does not address unregulated fuel switching from wood and propane. The decision directed the CPUC to issue the <i>Fuel Substitution Technical Guidance for Energy Efficiency</i>.³</p> <p>In September 2021, the CPUC set energy efficiency goals for 2022–32 that include new fuel substitution goals expressed in converted new fuel units, as well as in a new total system benefit (TSB) metric. The TSB reflects the life-cycle energy, capacity, and GHG benefits of a measure in dollar terms, and will become the primary basis for goal setting beginning with 2024–34.⁴</p> <p>CPUC Decision 18-12-015 approves pilot projects in the San Joaquin Valley meant to replace propane and wood burning appliances with either electric or natural gas alternatives.</p> <p>References: D. 21-09-037: Decision Adopting Energy Efficiency Goals for 2022–2032; Decision 19-08-009: Three Prong Test; Fuel Substitution Technical Guidance for Energy Efficiency (v1.1); D.18-12-015/R.15-03-010 San Joaquin Valley Disadvantaged Communities Pilot Projects</p> | Provides guidelines for fuel substitution or fuel-neutral goals |
| Colorado | <p>In a settlement agreement approved in early 2021 for Xcel Energy’s 2021–22 DSM Plan, parties agreed to the utility’s proposed beneficial electrification program, opening the door to expanded investment in programs supporting customer use of clean electricity. The plan included (1) increasing the amount dedicated to beneficial electrification offerings to \$1 million, (2) evaluating tiered incentives based on heating efficiency, (3) evaluating the expansion of current commercial</p> | Provides guidelines for fuel substitution or |

³ The CPUC distinguishes between “fuel substitution,” defined as measures switching between regulated fuels (electricity or gas), and “fuel switching,” defined as measures involving non-utility (unregulated) fuels such as propane and fuel oil. The latter are considered outside the scope of Decision 19-08-009.

⁴ This CPUC decision notes that the current fuel conversion approach for accounting for fuel substitution savings is temporary. This approach involves converting gas savings to electric savings goals (i.e., converted from therms to kWh) for those fuel substitution measures that displace gas usage, and vice versa. This conversion approach, as specified in D.19-08-009, will apply only to 2022–23 goals for this goal-setting period; the CPUC will set goals based on total system benefit beginning with 2024–34 goals.

| State | Policy summary | Policy status |
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| | <p>heat pump offerings, (4) offering cold climate heat pumps with tiered incentives, (5) offering trade partner or distributor incentives, and (6) offering substantial market transformation and workforce training activities and an associated budget.</p> <p>SB 21-246, signed in 2021, further directed the state PUC to create a beneficial electrification program based on the DSM model, and updated the definition of energy efficiency to include any measure that “reduces the amount of energy derived from fossil fuels,” including heat pumps.</p> <p>SB 21-246 also updates the state’s definition of beneficial electrification as “converting the energy source of a customer’s end use from a nonelectric fuel source to a high-efficiency electric source, or avoiding the use of nonelectric fuel sources in new construction or industrial applications if the result of the conversion or avoidance is to: (1) reduce net greenhouse gas emissions over the lifetime of the conversion or avoidance; and (2) reduce societal costs or provide for more efficient utilization of grid resources.”</p> <p>The legislation also includes a list of minimum requirements for beneficial electrification plans, including directing at least 20% of program funding toward low-income and disproportionately impacted communities, and inclusion of an outreach plan for engaging those communities. Also included are a list of required plan metrics, such as budgets, a targeted number of installations, and projected reductions in GHG emissions. SB 21-246 specifies cost-benefit analysis requirements for such plans, including incorporating the social costs of carbon dioxide (CO₂) and methane emissions avoided from conversion to electricity.</p> <p>SB 21-246 also permits utility performance incentives for exceeding beneficial electrification targets or emission-reduction targets.</p> <p>Furthermore, SB21-264, also enacted in 2021, requires gas distribution utilities to file with the PUC a clean heat plan that delivers a 4% reduction in GHG emissions by 2025 and a 22% reduction by 2030. Eligible clean energy resources under the plan include energy efficiency, biomethane, green hydrogen, recovered methane, and beneficial electrification.</p> <p>References: Xcel 2021/2022 Demand-Side Management Plan; SB21-246; SB21-264</p> | fuel-neutral goals |
| Connecticut | <p>Existing statutes support fuel-neutral efficiency upgrades, though work is ongoing to remove programmatic barriers to heat pump adoption. Public Act No. 18–50, passed in October 2018, set a state energy savings goal for the years 2020–25 in MMBtus and revised section 16-245m of the state statute to require energy utilities to be fuel blind in their delivery of energy efficiency services. It requires the state’s Energy Conservation Management Board to “examine opportunities to offer joint programs providing similar efficiency measures that save more than one fuel resource or otherwise to coordinate programs targeted at saving more than one fuel resource.” Costs for joint programs must be allocated equitably among the conservation programs.</p> <p>Additionally, in 2018 Conn. Gen. Stat. § 16-245m(d)(3) was changed to provide that the Conservation & Load Management (C&LM) Plan’s cost-effectiveness analysis must include “the value and payback period of program benefits for all energy savings,” not just savings of electricity and natural gas. However, a 2022 Draft</p> | Supportive policies in place, with additional specific guidance/rules pending |

| State | Policy summary | Policy status |
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| | <p>Determination by the state’s Department of Energy and Environmental Protection (DEEP) noted that this statute has not been fully implemented and that the current incentive structure does not fully align with state decarbonization goals. The Draft Determination calls for changes to cost-effectiveness testing practices that would allow for increased incentives to make energy-efficient heat pumps more attractive for customers. DEEP also said it would explore strategies to bring down the operating cost of heat pumps for customers, including pathways to advocate for aligned rate design.</p> <p>Eversource and United Illuminating Company—both dual-fuel utilities—have historically allowed for fuel switching without actively promoting it. DEEP’s 2022–24 C&LM Plan identifies decarbonization as a portfolio priority, including efforts to expand active demand response to support electrification, and educating consumers and contractors on heat pump technologies and benefits.</p> <p>Previously, in the 2019–21 C&LM Plan, the utilities included a pilot outreach and incentive program to increase adoption of heat pumps with additional incentives for customers switching from fuel oil or propane to electric. This heat pump pilot has been extended into the 2022–24 term to ensure that all units are installed and their performance during the 2021–22 heating season analyzed. The companies are studying the effectiveness of the heat pump pilot to understand energy savings during the heating and cooling seasons as well as customer satisfaction. The state Energy Efficiency Board’s (EEB) third-party evaluator may conduct additional evaluation needed to assess the pilot’s results. This analysis could help determine modifications that might be required to transition the pilot to a full-fledged program.</p> <p>References: Public Act 18-50; Draft Determination: Approval with Conditions of the 2022-2024 Conservation and Load Management Plan (2022); 2022–2024 Conservation & Load Management Plan; 2019–2021 Conservation & Load Management Plan; Connecticut’s 2021 Program Savings Document; CT DEEP Comprehensive Energy Strategy (2018)</p> | |
| Delaware | <p>There are currently no explicit fuel-switching policies in Delaware’s enabling efficiency legislation (the Delaware Energy Act and the EERS Act of 2009). However, the Delaware Energy Act does indicate that, "The [energy efficiency] advisory council will assist affected energy providers in the development of energy efficiency, peak demand reduction, and emission-reducing fuel switching programs."</p> <p>Some programs are in place to enable fuel-switching measures to help reduce customer use of fossil fuels. For example, the State of Delaware offers grants for Delmarva Power customers who install geothermal heat pumps and solar thermal projects through the Green Energy Program.</p> <p>Some co-ops and localities also provide incentives for geothermal heat pumps. These programs are most popular with Delaware customers who currently use propane or fuel oil HVAC systems. For example, the Delaware Electric Cooperative has partnered with the Delaware Weatherization Assistance Program to offer members the Heater Replacement Program. The program replaces aging,</p> | No fuel-switching policy, but utilities have received approval for fuel substitution programs in certain cases |

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| | <p>inefficient gas, propane, and fuel oil heating systems with high-efficiency electric heating systems.</p> <p>References: Delaware Energy Act (29 Del.C. §8051); Energy Efficiency Resource Standards Act of 2009 (26 Del.C. §1500); Delaware Green Energy Program</p> | |
| District of Columbia | <p>The Clean Energy DC Omnibus Amendment Act of 2018 amended the original law establishing the District of Columbia Sustainable Energy Utility (DCSEU) to remove restrictions on previous requirements for how funds are allocated between electric and gas measures in DCSEU-offered programs.</p> <p>The DCSEU supports fuel switching if it passes the societal cost test; i.e., the avoided costs of reducing natural gas consumption outweigh the costs associated with increased electrical consumption. The DCSEU also claims energy savings from fuel switching: if the technology's societal benefits outweigh the costs, the utility claims the fossil fuel savings and claims an electric penalty. For example, replacing a working gas boiler with heat pumps would result in claimable MMBtu savings for the DCSEU and an electric penalty in the District's savings database. The Societal Cost Test (SCT) also accounts for the benefit of reduced CO₂ associated with electric generation and fossil fuel burning.</p> <p>The DCSEU's new contract for FY2022–26 sustainable energy programs continues to include annual benchmarks to reduce energy consumption of electricity, natural gas, or fuel oil users, measured in Btus (using modified gross source energy savings when converting natural gas and electricity savings). The new contract also includes benchmarks to reduce GHG emissions, measured in metric tons of CO₂ equivalent, as well as a percentage of the District's GHG emissions in 2006, using an approved GHG emissions calculator based on marginal emission rates.</p> <p>There will be more opportunities to achieve further savings through electrification in the future contract period; with new construction baselines being very stringent for gas technologies, electric technology adoption will increase.</p> <p>References: Clean Energy DC Omnibus Amendment Act of 2018; Clean and Affordable Energy Act of 2008; Modification No. 14 to Contract No. DOEE-2016-C-0002</p> | Provides guidelines for fuel substitution or fuel-neutral goals |
| Florida | <p>No fuel-switching policy is established. The Florida Public Service Commission's controlling statutory authority for energy efficiency programs, Section 366.82, F.S., does not address allowing, promoting, or restricting fuel-switching measures in support of building electrification efforts.</p> <p>Reference: Florida Statutes 366.82</p> | No fuel-switching policy in place |
| Georgia | <p>No fuel-switching policy is in place. However, several utility programs offer measures that could replace equipment that uses nonelectric fuel sources with high-efficiency electric equipment. These programs include the residential Home Energy Improvement program, the Commercial Custom program, and the Small Commercial Direct Install program.</p> <p>Reference: Docket #42311 (Georgia Power Company's DSM Program)</p> | No fuel-switching policy, but utilities have received approval for fuel substitution |

| State | Policy summary | Policy status |
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| Hawaii | <p>The state's Energy Efficiency Portfolio Standards statute does not explicitly address fuel switching. Fuel substitution is not included as an eligible DSM measure, except for in a program targeting solar water heating.</p> <p>While the energy efficiency program rules do not recommend fuel switching as a means to reduce fossil fuel use, the overall efforts to achieve the Hawaii Renewable Energy Portfolio Standard of 100% by 2045 do address the reduction (elimination) of fossil fuel dependence, which is a source of electricity generation in the state, as a main objective of the target.</p> <p>Reference: Docket No. 2010-0037, Decision and Order No. 30089: Approving a Framework for Energy Efficiency Portfolio Standards</p> | <p>programs in certain cases</p> <p>No fuel-switching policy in place</p> |
| Idaho | No fuel-switching policies or programs established | No fuel-switching policy in place |
| Illinois | <p>The Future Energy Jobs Act (SB2814) updated the state's definition of energy efficiency to include "measures that reduce total Btus of electricity, natural gas, and other fuels needed to meet the end use or uses." A 2014 Illinois Commerce Commission ruling that approved combined heat and power (CHP) measures in utility energy efficiency portfolios served as the primary enabling regulation under which fuel-switching measures were deployed. In 2021, however, Illinois passed the Climate and Equitable Jobs Act (CEJA).</p> <p>CEJA enables electric utilities to incorporate electrification (fuel-switching) programs into energy efficiency portfolio plans. Beginning in 2022, Ameren and ComEd "may offer and promote measures that electrify space heating, water heating, cooling, drying, cooking, industrial processes, and other building and industrial end uses that would otherwise be served by combustion of fossil fuel at the premises, provided that the electrification measures reduce total energy consumption at the premises." Electrification-derived savings can be counted toward cumulative persisting annual savings targets, subject to the following caps:</p> <ul style="list-style-type: none"> • 5% per year 2022–25 • 10% per year 2026–29 • 15% per year 2030 and beyond <p>This language provides utilities and stakeholders with guidance on fuel conversion as a method of reducing total energy consumption at a particular premises, which shall be calculated as the difference between (1) the reduction in Btu consumption of fossil fuels as a result of electrification, converted to kilowatt-hour equivalents by dividing by 3,412 Btus per kilowatt hour; and (2) the increase in kilowatt hours of electricity consumption resulting from the displacement of fossil fuel consumption as a result of electrification.</p> <p>In addition, a minimum of 25% of all electrification savings counted toward a utility's applicable annual total savings requirement must be from electrification of end uses in low-income housing.</p> | Provides guidelines for fuel substitution or fuel-neutral goals |

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| | <p>The Stakeholder Advisory Group’s Fuel Conversion Working Group will discuss further implementation details.</p> <p>References: Public Act 099-0906 (SB2814); Future Energy Jobs Act (2016); Climate and Equitable Jobs Act (SB 2408); Illinois Statewide Technical Reference Manual; ILSAG Fuel Conversion Working Group</p> | |
| Indiana | No fuel-switching policies or programs established | No fuel-switching policy or programs |
| Iowa | <p>Iowa’s existing policy establishing energy efficiency planning does not address fuel switching.</p> <p>Reference: 199 Iowa Administrative Code Chapter 35, Energy Efficiency Planning and Cost Review</p> | No fuel-switching policy or programs |
| Kansas | <p>Fuel switching is prohibited per state code. Demand-side programs may not include “any measures to incent fuel switching for residential heating systems...” (§ 66-1283).</p> <p>Reference: § 66-1283(3)</p> | Fuel switching prohibited or discouraged |
| Kentucky | No fuel-switching policies or programs established | No fuel-switching policy or programs |
| Louisiana | <p>Fuel switching is prohibited per regulatory order:</p> <p>“During the Quick Start Phase, LPSC regulated utilities shall be prohibited from offering energy efficiency programs that encourage customers to switch from electric to natural gas or from natural gas to electric appliances and services. This shall be reexamined in Phase II as part of the Collaborative process...” (LPSC General Order R-31106, 2017)</p> <p>Reference: XI. LPSC General Order (R-31106), Attachment “A”</p> | Fuel switching prohibited or discouraged |
| Maine | <p>LD 1766, signed in 2019, establishes the goal of installing 100,000 heat pumps in Maine by 2025. The state started counting fuel-switching savings from unregulated fuels in 2020.</p> <p>The Efficiency Maine Trust (EMT) does not use ratepayer funds from electric and natural utilities to directly incentivize fuel-switching measures. It does, however, use RGGI funds for this purpose; EMT can leverage these funds to promote fuel switching away from both regulated (natural gas) and unregulated fuels.</p> <p>Additionally, LD 1766—An Act To Transform Maine’s Heat Pump Market To Advance Economic Security and Climate Objectives—was enacted, directing EMT to use forward capacity market (FCM) revenues to supplement its heat pump incentive programs. This will help reach the goal of installing 100,000 new high-efficiency heat pumps over five years (by 2025) and facilitate beneficial electrification. This statutory change allows EMT to leverage FCM funds for retrofit (i.e., fuel-switching) heat pump installations. EMT’s electric ratepayer-funded heat</p> | Utility regulations limit use of ratepayer funds for energy-efficient fuel switching, but RGGI-funded programs have been established |

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| | <p>pump incentives, on the other hand, target lost-opportunity installations (incentivizing an upgrade from a standard to a high-efficiency heat pump).</p> <p>References: H.P. 1128-L.D. 1559, A-3. 35-A MRSA §10103, sub-§1; Sec. A-15. 35-A MRSA §10109, sub-§4; Efficiency Maine Triennial Plan IV (Fiscal Years 2020-2022); LD 1766; MPUC Rules c. 380, 95-648</p> | |
| Maryland | <p>In April 2022 Maryland enacted the Climate Solutions Now Act (SB 528) with a requirement to reach net-zero emissions by 2045, including an interim goal to reduce emissions 60% below a 2006 baseline by 2031. The legislation includes a variety of climate and energy efficiency provisions, including a net-zero Building Energy Performance Standard and equity-focused measures.</p> <p>The law also establishes a Building Energy Transition Implementation Task Force to develop a plan for funding building retrofits and requires the Public Service Commission and Building Codes Administration to study and make recommendations on the electrification of buildings, including recommendations for an all-electric building code and for cost-effectiveness measures for electrification of new and existing buildings.</p> <p>The law calls for the task force to include a diverse set of stakeholders, including members representing tenants' rights and organized labor. The task force is also charged with making recommendations on targeting incentives to electrification projects that would not otherwise result in strong returns on investment for building owners, as well as development of a plan that may include establishing low-income household holistic retrofit targets and heat pump sales targets.</p> <p>Reference: Climate Solutions Now Act (SB 528)</p> | Supportive policies in place; additional specific guidance/rules are pending |
| Massachusetts | <p>In 2018 the state's Act to Advance Clean Energy expanded the scope of electric energy efficiency to include measures designed to reduce GHG emissions through expanded electricity consumption while minimizing ratepayer costs. It also included programs that result in customers switching to renewable energy sources or other clean energy technologies. Starting in 2019, program administrators' efficiency plans began to fully account for overall energy savings and emissions reductions from fuel-switching measures.</p> <p>In 2021, S.9 (An Act Creating a Next-Generation Roadmap for Massachusetts Climate Policy) adopted a new 2050 net-zero emission target (including new 2030 and 2040 reduction mandates) with incremental five-year targets and subsector performance goals. The law also introduced additional technology adoption benchmarks for electric vehicles, charging stations, solar technology, and energy storage, as well as air-source and ground-source heat pumps. The climate act also requires calculation of program benefits, including calculation of the social value of GHG emissions reductions, and allows three-year plans to prioritize projects that will result in substantial GHG reductions. In the 2022–24 term, natural gas heating customers will be eligible for fuel-switching incentives when they transition to heat pumps.</p> <p>Per S.9 climate legislation, the state also established explicit three-year GHG reduction goals for the 2022–24 Mass Save Energy Efficiency Plan alongside an expanded emphasis on building decarbonization through weatherization and</p> | Provides guidelines for fuel substitution or fuel-neutral goals |

| State | Policy summary | Policy status |
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| | <p>efficient electrification. The plan’s GHG goals directly align with statewide GHG emissions targets in the climate act and include specific 2030 GHG reduction goals for electric and gas utility companies.</p> <p>The Term Sheet for 2022–24 Savings Programs summarizes the state’s electrification goals, which include specific heat pump installation targets for residential new construction, full and partial displacement of delivered fuels, conversion from electric resistance, and heat pump water heaters (HPWHs). To qualify for rebates on heat pumps that partially displace existing heating systems, integrated controls must be installed to coordinate the operation of the primary and back-up units.</p> <p>Pages 11–17 of the 2022–24 Plan describe the latest utility priorities and strategies for promoting electrification, including a specific emphasis on cases in which customer economics and building characteristics favor the use of such technologies. Strategies include enhanced incentives for natural gas to electric conversions, increased technical assistance, introduction of a heat pump contractor network, introduction of bundled weatherization and heat pump incentives, and market transformation efforts such as workforce development investments.</p> <p>The Mass Save 2022–24 Statewide Energy Efficiency Strategic Evaluation Plan also describes strategic electrification as a key priority for the new term. Evaluation, measurement, and verification (EM&V) research will examine barriers to fuel switching, baseline assessments of saturation, and updates to impact factors. This will include a large metering study for all heat pump types and a process evaluation to identify optimal situations for incentivizing heat pump installation.</p> <p>References: Acts of 2018, Ch 227: An Act to Advance Clean Energy §4; S.9: An Act Creating a Next-Generation Roadmap for Massachusetts Climate Policy (2021); MA Energy Efficiency Advisory Council: Three-Year Electric & Gas Energy Efficiency Plans</p> | |
| Michigan | <p>There is no explicit rule prohibiting fuel switching. However, Public Act 295, as amended by Public Act 342, requires utility providers to actively reduce their annual usage as a percentage of the previous year's sales, which is understood to preclude adding load through electrification. As such, utilities have generally avoided using ratepayer-funded energy efficiency collections for fuel switching, particularly for gas to electric.</p> <p>An exception has been conversions from sources such as wood and propane to electric, which utilities have promoted with incentives. Savings generated from these programs are calculated as the difference between the less-efficient option and the more-efficient option of the new fuel source.</p> | No policy, but utilities have received approval for fuel substitution programs in certain cases |
| Minnesota | <p>The Energy Conservation and Optimization Act (ECO) was signed into law during the 2021 legislative session and contains many changes and updates to the state’s Conservation Improvement Program (CIP). The legislation provides utilities with the opportunity to optimize energy use and delivery by including load management and efficient fuel-switching programs, in combination with the state’s demand-side energy efficiency programs.</p> | Provides guidelines for fuel substitution or fuel-neutral goals |

| State | Policy summary | Policy status |
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| | <p>The ECO Act specifies four primary criteria for efficient fuel-switching improvements to be eligible for CIP incentives. That is, a fuel-switching improvement is deemed efficient if, relative to the fuel being displaced, the improvement</p> <ol style="list-style-type: none"> (1) Results in a net reduction in the amount of source energy consumed for a particular use, measured on a fuel-neutral basis (2) Results in a net reduction of statewide GHG emissions, as defined in section Minn. Stat. 216H.01, subdivision 2, over the lifetime of the improvement (3) Is cost effective, considering the costs and benefits from the perspectives of the consumer-owned utility, participants, and society (4) Is installed and operated in a manner that improves the consumer-owned utility's system load factor (Minn. Stat. 216B.2403 Subd. 8) <p>The law also limits the degree to which fuel switching can count toward savings goals in the near term. For municipal and cooperative utilities, fuel-switching measures may contribute 0.55% savings toward their 1.5% goal; however, these utilities cannot spend more than 0.55% of gross retail energy sales each year on fuel switching until 2026 (Minn. Stat. 216B.2403 Subd. 2). For investor-owned utilities, this spending limit is 0.35% of energy sales through 2026 (Minn. Stat. 216B.241 Subd. 1c).</p> <p>In March 2022 the Department of Commerce issued technical guidance to determine if a fuel-switching improvement meets required statutory criteria and to calculate energy savings associated with such an improvement. The guidance is intended as a “starting point for utilities” and acknowledges that components of the proposed methodologies will require further development and refinement through the Technical Reference Manual Advisory Committee and the Cost-Effectiveness Advisory Committee (Docket No. E,G999/CIP-21-837).</p> <p>References: Energy Conservation and Optimization Act of 2021; Docket No. E,G999/CIP-21-837; Decision: In the Matter of Technical Guidance for the Inclusion of Efficient Fuel-Switching, Load Management, and Pre-Weatherization Measures in CIP (March 15, 2022)</p> | |
| Mississippi | No fuel-switching policies or programs established | No fuel-switching policy or programs |
| Missouri | No fuel-switching policies or programs established | No fuel-switching policy or programs |
| Montana | No fuel-switching policies or programs established | No fuel-switching policy or programs |

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| Nebraska | No fuel-switching policies or programs established | No fuel-switching policy or programs |
| Nevada | No fuel-switching policies or programs established | No fuel-switching policy or programs |
| New Hampshire | <p>The New Hampshire Public Utilities Commission (PUC) has not approved fuel switching under its energy efficiency rules. As such, utilities can support heat pumps, but they can only claim electric savings from heat pump installations. While fuel-neutral savings such as reduced use of oil, propane, kerosene, and wood contribute to program cost effectiveness, they do not currently contribute to savings goals.</p> <p>In 2019, the PUC’s EM&V Working Group undertook an energy optimization through fuel-switching study to evaluate how energy optimization activities should be treated in cost-effectiveness practices.</p> <p>The proposed 2021–23 New Hampshire Statewide Energy Efficiency Plan included a proposed Energy Optimization pilot focused on displacing residential delivered fossil fuel through the adoption of cold climate air-source heat pumps (ASHPs), including central and mini-split systems. This plan also would include an EM&V Working Group process to guide future decisions on expanding to a full-scale program and to assess benefits to customers and the electric grid.</p> <p>The future of these plans is currently uncertain following the proposed plan’s rejection in a November 2021 Order by the PUC that also reduced energy efficiency funding to 2018 levels. However, funding levels were later reinstated to 2021 levels when the state legislature enacted HB 549 in February 2022 to protect and restore program structures. As of May 2022, a proceeding is ongoing to determine future efficiency plans.</p> <p>References: NH PUC Order No. 25932, Docket DE 15-137 (Energy Efficiency Resource Standard); Energy Optimization through Fuel Switching Study—Navigant (2019); HB 549 (2022)</p> | No policy, but utilities have received approval for fuel substitution programs in certain cases |
| New Jersey | <p>The 2019 New Jersey Energy Master Plan: Pathway to 2050 established a goal to reduce energy consumption and emissions from the building sector; it calls for an array of decarbonization strategies to achieve this, including incentives for electrified heat pumps and development of a transition plan to a fully electrified building sector.</p> <p>New Jersey’s Clean Energy Program allows for fuel switching and accounts for oil/propane savings achieved. Utility efficient product programs provide incentives for measures such as induction cooktop stoves, HPWHs, and other types of heat pumps.</p> <p>New Jersey’s energy efficiency transition, set forth by the Clean Energy Act of 2018, resulted in many programs being transferred to utility administration from the NJ</p> | Provides guidelines for fuel substitution or fuel-neutral goals |

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| | <p>Clean Energy Program. The new utility programs operate in three-year cycles, with the first beginning on July 1, 2021. Current utility efficient product programs offer incentives for fuel-switching measures across all customer classes, including heat pumps, HPWHs, and others.</p> <p>The new program framework established a triennial review process to evaluate both state- and utility-administered efficiency programs. Opportunities to further support building electrification efforts and fuel switching through energy efficiency programs will be explored during the first triennial review period.</p> <p>In addition, New Jersey is conducting a study of payback periods for electrification and on-site electric generation measures with the aim of incorporating cost-effective measures into building and energy codes. The state is also exploring how best to incentivize electric new construction and fuel switching from oil- and propane-heated buildings to electrification.</p> <p>References: Docket No. Q019050645; Docket No. Q019040471: Fiscal Year 2020 Protocols to Measure Resource Savings; New Jersey's Clean Energy Program Fiscal Year 2020 Program Descriptions and Budget; A3723/S2314; NJ Clean Energy Program—Heat Pumps; 2019 New Jersey Energy Master Plan: Pathway to 2050</p> | |
| New Mexico | No fuel-switching policies or programs established | No fuel-switching policy or programs |
| New York | <p>A January 2020 Public Service Commission order established a target to save 3.6 TBtus by 2025 through a statewide heat pump initiative (in a collaboration between utilities and NYSERDA). There is no regulatory directive that existing equipment be a certain type. The order directed staff to finalize revisions to heat pump savings estimation approaches for inclusion in the state technical resource manual (TRM), and also called for a statewide heat pump EM&V study to be completed by June 2022 to further refine savings estimation approaches.</p> <p>Fuel-switching policies and programs have been established through the adoption of fuel neutrality for NYSERDA's Clean Energy Fund, which administers programs statewide. A December 2018 PSC order also specified that to take full advantage of cost-effective opportunities and reduce program costs, utility programs may be extended to customers whose primary heating fuel is a delivered fuel, with certain restrictions designed to ensure measurable savings.</p> <p>In April 2018 NYSERDA's <i>New Efficiency: New York</i> white paper and subsequent December 2018 Commission order established a fuel-neutral 2025 energy efficiency target of 185 TBtus of cumulative site energy savings, aggregating efficiency achievements across electricity, natural gas, and delivered fuels such as oil and propane. The order also called for a minimum TBtu heat pump savings target, and it clarified that electric sales increases from heat pumps and other forms of beneficial electrification would be netted against electric efficiency achievements so that they do not count against the achievement of targets.</p> <p>In 2021 NYSERDA also held public engagement sessions on a draft Carbon Neutral Buildings Roadmap that will provide a long-term planning document and action</p> | Provides guidelines for fuel substitution or fuel-neutral goals |

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| | <p>plan for the state’s buildings sector to reach carbon neutrality by 2050. Once finalized, the Climate Action Council will share the roadmap’s recommendations and consider them in its development of recommendations for implementing New York’s economy-wide plan to reach the goals set in the Climate Leadership and Community Protection Act. The roadmap will also inform a community-based outreach campaign to raise awareness and build support for a decarbonized built environment.</p> <p>The state’s TRM, <i>New York Standard Approach for Estimating Energy Savings from Energy Efficiency Programs</i>, includes prescribed heating values (Btu/gal) and conversion factors (gal/therm) to use for Propane, #2 Fuel Oil, and #6 Fuel Oil in its “Ancillary Non-Gas Fossil Fuel Impact” section. Utilities are considering cost effectiveness in the statewide heat pump program, NYS Clean Heat, to target oil/propane to heat pump conversions.</p> <p>References: New Efficiency: New York (April 2018); NY PSC, Order Adopting Accelerated Energy Efficiency Targets, Case 18-M-0084 (December 2018); NY PSC, Order Authorizing Utility Energy Efficiency and Building Electrification Portfolios Through 2025 (January 2020); Carbon Neutral Buildings Roadmap: New York Standard Approach for Estimating Energy Savings from Energy Efficiency Programs—Version 9 (2021)</p> | |
| North Carolina | <p>North Carolina has no specific rules approving or prohibiting fuel-switching measures. However, R8-68 of the North Carolina Utilities Commission (NCUC) rules requires utilities to apply for commission approval before implementing a measure or program that either “directly or indirectly alters or influences the decision to use the electric public utility’s or electric membership corporation’s service for a particular end use or that directly or indirectly encourages the installation of equipment that uses the electric public utility’s or electric membership corporation’s service.” Similar language is in place for natural gas utility programs.</p> <p>Per R8-68(e), the factors to be considered by the NCUC in approving such a program include whether the proposed measure/programs are in the public interest and benefit the utility’s overall customer body, the impact of the proposed measure/programs on peak loads, and whether they encourage energy efficiency. It is unclear whether the NCUC has previously disapproved fuel-switching programs under the terms of the rulemaking.</p> <p>State climate legislation HB 951 (Energy Solutions for North Carolina), enacted in October 2021, directs electric utilities to reduce carbon emissions 70% by 2030 and achieve carbon neutrality by 2050. HB 951 also authorizes electric utilities to submit an application for performance-based regulation (PBR), including a decoupling ratemaking mechanism and performance incentive mechanisms. In reviewing a PBR application, HB 951 allows the NCUC to consider its contributions to a variety of state priorities, including energy efficiency and beneficial electrification.</p> <p>References: NCUC Rule R8-68; Energy Solutions for North Carolina (HB 951)</p> | No fuel-switching policy or programs |

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| North Dakota | No fuel-switching policy or program established Reference: Empower North Dakota Comprehensive State Energy Policy 2010–25 | No fuel-switching policy or programs |
| Ohio | No fuel-switching policy or program established Reference: S.B. 221, ORC 4928.66 et seq. (Implementing Energy Efficiency Programs) | No fuel-switching policy or programs |
| Oklahoma | Under Oklahoma Administrative Code (OAC) 165:35-41-4, electric DSM portfolios are prohibited from including fuel switching to electricity. However, in its natural gas rules, OAC does allow the substitution of natural gas equipment for electric equipment. References: O.A.C. 165:35-41-4: Electric Rules ; O.A.C. 165:45-23-4: Natural Gas Rules | Fuel switching prohibited/discouraged (except for electric to natural gas) |
| Oregon | According to Energy Trust of Oregon’s fuel-switching policy (4.03.000-P), fuel choice is a consumer decision. Although fuel-switching measures that improve efficiency are eligible for incentives, Energy Trust does not intend its incentives to affect fuel choice. Energy Trust will not advocate fuel switching to nonrenewable options, but it provides fuel-neutral technical information on efficiency options. In keeping with direction from the Public Utilities Commission (OPUC), Energy Trust ensures that its marketing materials do not promote fuel switching. Reference: 4.03.000-P Fuel-switching Policy | Fuel switching prohibited or discouraged |
| Pennsylvania | Act 129, the state’s energy efficiency law, requires efficiency programs to reduce electric consumption, such that electrification of fossil fuel end uses have not been permitted. In Phases I, II, and III of Act 129, utilities have been allowed to convert equipment from electricity to fossil fuel, though it is a small percentage of the available electric energy efficiency measures and is not widely adopted by customers. No policies or guidance are in place to support replacement of propane, fuel oil, or natural gas with electrification measures. Reference: Energy 66 Pa C.S. § 2806.1. Energy efficiency and conservation program | Fuel switching prohibited or discouraged |
| Rhode Island | Although National Grid’s draft 2019 Annual Energy Efficiency Plan (Docket 4888) supported the conversion of electric resistance, oil, and propane customers to cold climate heat pumps (natural gas to electric conversions were not included), the PUC ruled in late 2019 that it was not proper to deploy a heat pump program to incentivize fuel switching using the electric efficiency systems benefit charge because it does not benefit the electric system (Docket 4979). The PUC disallowed the incentive for fuel switching, but it did allow it for non-fuel-switching applications of heat pumps (such as for customers who were using electric resistance heating). However, expanding promotion and installation of ASHPs remains a strategic theme of the utility’s portfolio—to the extent possible within regulatory guidelines. | Utility regulations limit use of ratepayer funds for energy-efficient fuel switching, but RGGI-funded programs have |

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| | <p>The utility continues to pursue other opportunities, including replacement of electric resistance heating systems, with the intent of developing the heat pump market and providing customers with opportunities to participate in demand response.</p> <p>The utility has also partnered with the Rhode Island Office of Energy Resources on the Enhanced Heat Pump Rebates for Residential Oil or Propane Heating Customers. The program, launched in March 2022, combines the utility's delivery pathways and standard ASHP incentives with RGGI-fund-supported incentives for delivered fuel displacement in the near term until a more permanent mechanism to support these offerings is possible.</p> <p>National Grid's 2021–23 plan also states that it will coordinate efforts with state agencies to realize other opportunities related to heat pumps identified in the <i>Heating Sector Transformation</i> report and in the Northeast Pathway study.</p> <p>References: PUC Order No. 23937 National Grid's Energy Efficiency Program Plan for 2020 with modifications; National Grid 2021-2023 Energy Efficiency Program Plan & 2021 Annual Energy Efficiency Program Plan; 2021 Rhode Island Enhanced Heat Pump Rebates for Residential Oil or Propane Heating Customers</p> | been established |
| South Carolina | <p>South Carolina code does not allow efficiency programs to replace natural gas appliances with electric appliances, or vice versa, "... unless (1) the customer who seeks to install the energy efficiency or conservation measure is being provided electric and natural gas service by the same provider, or (2) an electric appliance used for home heating is being replaced by an appliance that operates primarily on electricity but which has the capability of also operating on a secondary fuel source" (§58-37-50).</p> <p>Reference: S.C. Law §58-37-50</p> | Fuel switching prohibited or discouraged |
| South Dakota | <p>No fuel-switching policies or programs established</p> <p>Reference: Chapter 49-34A (Gas and Electric Utilities Regulation)</p> | No fuel-switching policy or programs |
| Tennessee | <p>The Tennessee Valley Authority (TVA), in partnership with local power companies, actively promotes electrification and fuel switching through its EnergyRight programs. Certain local power companies have the option to offer their customers additional incentives as well.</p> <p>TVA's Commercial Energy Solutions organization, in partnership with DNV GL, has also created a measure level net carbon emissions calculator for the electrification portfolio that estimates the carbon impact of specific measures. In calculating agency CO₂ emissions inventories, TVA uses the World Resources Institute (WRI) corporate GHG accounting protocols to calculate agency CO₂ emissions inventories. Carbon emissions savings from fuel switching are tracked and reported based on Energy Information Administration fuel conversion ratios, Environmental Protection Agency equivalency calculations, and TVA's annual carbon intensity. Generally, if the fuel switching results in actual, measurable efficiency improvements, TVA also claims energy savings.</p> | Provides guidelines for fuel substitution or fuel-neutral goals |

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| | <p>DNV develops technical resource manuals for TVA's electrification, energy efficiency, and low-income programs. Included in the electrification TRM are carbon savings from fuel switching.</p> <p>References: Tennessee Valley Authority 2019 Integrated Resource Plan; TVA: EnergyRight</p> | |
| Texas | <p>Commission rules 25.181 call for programs to be neutral “with respect to specific technologies, equipment, or fuels. Energy efficiency projects may lead to switching from electricity to another energy source, provided that the . . . project results in overall lower energy costs, lower energy consumption, and the installation of high efficiency equipment.</p> <p>Utilities may not pay incentives for a customer to switch from gas appliances to electric appliances except in connection with the installation of high efficiency combined heating and air conditioning systems.”</p> <p>Reference: Texas PUC c. 25 §25.181</p> | Prohibits fuel switching (except for high-efficiency combined heating and air-conditioning systems) |
| Utah | <p>No fuel-switching policy or program is established, although the state’s Public Service Commission has approved some fuel-switching programs.</p> | No fuel-switching policy or programs |
| Vermont | <p>Given the restrictions on Efficiency Vermont’s use of system benefit charge funding on fuel-switching incentives, fuel switching in the state has generally been led by individual electric distribution utilities (DUs).</p> <p>DU fuel-switching efforts have been driven by the state’s 2015 Renewable Energy Standard (Act 56), which addresses building electrification and comprises three tiers. While Tier I and II of the RES address renewable energy requirements, Tier III requires DUs to reduce customers’ fossil fuel use through electrification, efficiency, fuel switching, or storage. This requirement is 2% of a DU’s annual sales starting in 2017, increasing by 0.67% annually to reach 12% in 2032. While Efficiency Vermont claims electric savings from heat pump installations, DUs claim the fossil fuel savings under Tier III.</p> <p>Additionally, Public Service Board Docket 8550 provides rules and eligibility criteria for allowable programs under Tier III. These include (1) a net reduction in fossil fuel and GHG emissions, (2) lowest present value life-cycle cost, and (3) utility cost less than applicable RPS alternative compliance payment (see pg. 70 of the Order Implementing the RES, pursuant to Section 8005(a)(3)(C) of state code).</p> <p>The state continues to explore new ways to expand investment in electrification and heat pumps. In 2020, it enacted the Energy Efficiency Modernization Act (S. 337), allowing Efficiency Vermont to use up to \$2 million per year of its existing funding on a three-year pilot of offerings that reduce GHG in the thermal and transportation sectors.</p> <p>References: The Energy Transformation (Tier III) provision of Act 56; Docket 8550: Order Implementing the Renewable Energy Standard (6/28/2016); Energy Efficiency Modernization Act (S.337)</p> | Provides guidelines for fuel substitution or fuel-neutral goals |

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| Virginia | <p>Virginia state code indirectly precludes fuel-switching programs by defining an energy efficiency program as one that “reduces the total amount of electricity that is required for the same process or activity implemented after the expiration of capped rates” (Chapter 23–Virginia Electric Utility Regulation Act § 56-576).</p> <p>In 2015 the Virginia Energy Efficiency Roadmap team specified terms and conditions under which the state’s energy efficiency savings goal should be measured. The state’s first Energy Plan, published in 2007, established a voluntary goal to reduce FY2022 electricity consumption in commercial and residential buildings by an amount equal to 10% of 2006 consumption. It also determined that no credit would be given for CHP, demand reductions, or fuel switching.</p> <p>In March 2020 Virginia passed the Clean Economy Act, establishing a mandatory EERS for investor-owned utilities as part of the bill’s goal to reach 100% clean energy by 2050. The legislation includes CHP as an eligible energy efficiency measure, but it does not address fuel switching.</p> <p>References: Virginia Energy Efficiency Roadmap, Dec. 31, 2017; Virginia Clean Economy Act, Chapter 23—Virginia Electric Utility Regulation Act § 56-576</p> | Prohibits fuel switching |
| Washington | <p>Article 8, Section 10 of the Washington State Constitution, addressing conservation assistance programs offered by county, city, and town governments and municipal utilities, prohibits financing to be used for any purposes that result in “a conversion from one energy source to another.” In the Revised Code of Washington (RCW), state statute 35.92.360 further clarifies that this prohibition pertains specifically to “substitution of one commercial energy supplier for another commercial energy supplier”—i.e., incentives for renewable energy projects are not prohibited.</p> <p>While these prohibitions do not apply to co-ops and investor-owned utilities, fuel-switching programs are rare among these entities. One exception has been electric to natural gas fuel conversion programs, which have historically been permitted. However, in an April 2018 order, the Washington Utilities and Transportation Commission determined that it is not appropriate for electric ratepayers to subsidize conversion from electric to gas. The commission therefore ordered the funding obligation to be shifted to the natural gas conservation rider.</p> <p>References: UE-170485, et al. - Order 07 Final Order; Washington State Constitution; Revised Code of Washington (RCW) 35.92.360</p> | Fuel switching prohibited or discouraged |
| West Virginia | <p>Fuel switching is prohibited.</p> <p>Reference: Case No. 94-0682-EG-GI: General Investigation into appropriate promotional practices of electric and gas utilities</p> | Fuel switching prohibited or discouraged |
| Wisconsin | <p>As of July 1, 2021, the <i>Focus on Energy Policy Manual</i> includes language that allows fuel switching: “Fuel switching projects may qualify for incentives provided the project results in a decrease in overall MMBTU at the customer’s site, is cost-effective, and that the fuel to which the customer is switching is purchased from a participating Focus on Energy utility.” This includes natural gas to electric conversions.</p> <p>Multiple pilot projects and voluntary utility programs are in development to address fuel-switching opportunities throughout the state.</p> | Provides guidelines for fuel substitution or fuel-neutral goals |

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| Wyoming | Reference: PSCW Decision, Docket 5-FE-101 (6/18): Quadrennial planning period goals for 2019-2022 | No fuel-switching policy or programs |