

# Ramping Up Efficiency

## Procurement in the Northeast:

### *Connecticut and Rhode Island Examples*

**ACEEE: Energy Efficiency as a Resource**

Chicago, IL

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**ENE**



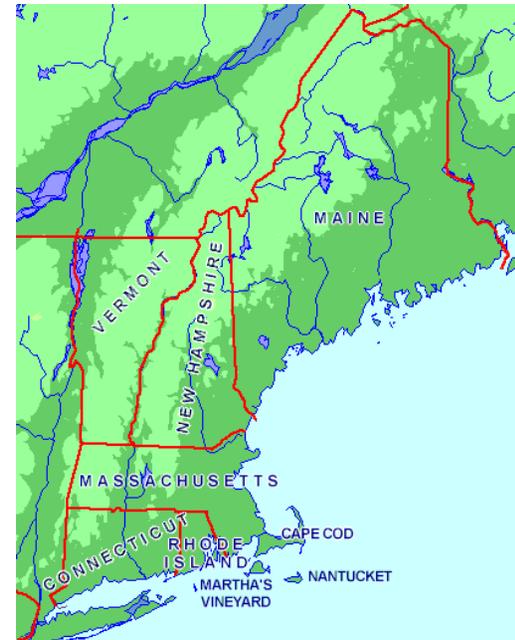
# ENE – About Us

- **Environmental Policy, Research, and Advocacy**
  - Non-profit NGO
  - Rockport, ME / Portland, ME / Boston, MA / Providence, RI / Hartford, CT / Charlottetown, PEI, Canada
  - Foundation funded
- **Program Areas**
  - Energy Policy
  - Climate Change
  - Transportation and Diesel
  - Forest and Land Use



# New England Energy Efficiency Trends

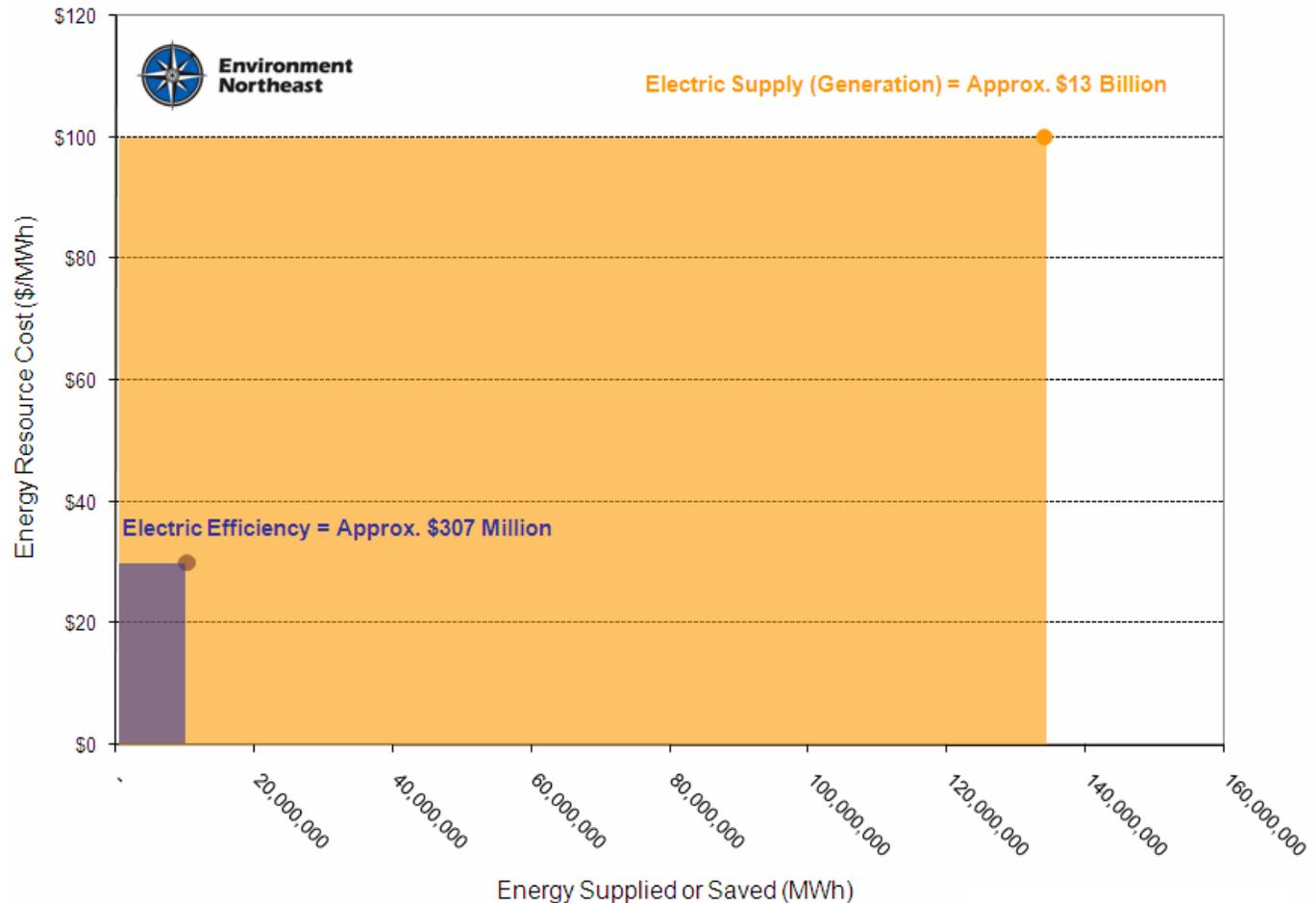
- **Efficiency as a Resource**
  - Procurement Models
  - Growing Targets and Budgets
  - Fuel integration
- **Stakeholder Councils**
  - Active guidance and oversight of EE programming
- **RGGI (Regional Greenhouse Gas Initiative)**
  - Reinvestment of Carbon Value into EE



# Efficiency: Investment Discrepancy

Are we buying sufficient quantities of the lower-cost resource?

**NO. NOT EVEN CLOSE.**



# Connecticut and Rhode Island

## *Leading the way*

### Early Adopters of Procurement Model

- RI: 2006 Energy Act
  - Least Cost Procurement
  - Stakeholder Council
  - 3 year planning process
  
- CT: 2007 Energy Act
  - All Cost-Effective EE Mandate
  - Broadened Stakeholder Council
  - Integrated Resource Planning
    - 3, 5 & 10 year planning horizons

# Rhode Island: Moving Ahead

- **3 Year Procurement Plan**
  - **Doubling of Savings—**
    - \$280M Net Benefits
    - 3.25M MWH saved
  - **Tripling of EE budgets**
    - \$14.8M (2008) to \$43.3M (2011)
  - **Avg. cost of 4.4¢/kWh**
- **2009 Budget Increase**
  - SBC from 2.0 mills to 3.2 mills
- **2010 program planning on-going**

# Connecticut: Growing, but with fits and starts

- **Integrated Resource Planning**
  - Commission skepticism
- **Savings increases**
- **Increase in budgets**
  - **Electric**
    - **Budget Increases from 2006 to 2008**
    - **Backslide in 2009**
    - **Proposed ramp ups for 2010 and beyond**
  - **Gas**
    - **Steady ramp-ups in programs**

# Efficiency and RGGI

## Regional Greenhouse Gas Initiative

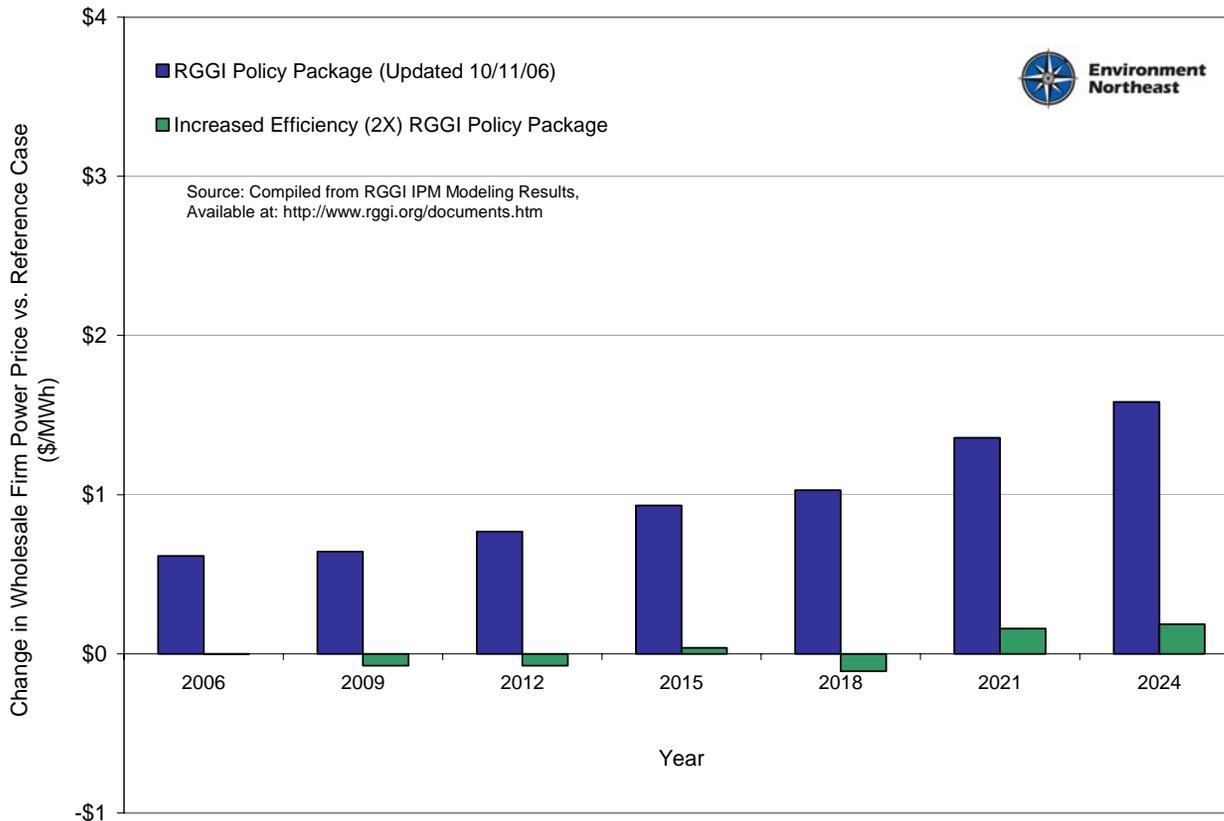
- 10 states from Maine to Maryland
- Cap on CO<sub>2</sub> Emissions from 25MW+ power plants

## Key RGGI Policy Choices

- Auction (nearly) all allowances
- Reinvest allowance proceeds into Efficiency
  - CT: \$22.7M total to date; \$15.8M to EE (projected)
  - RI: \$6.9M total; all projected to go to efficiency

# Reinvesting RGGI \$\$ in Efficiency

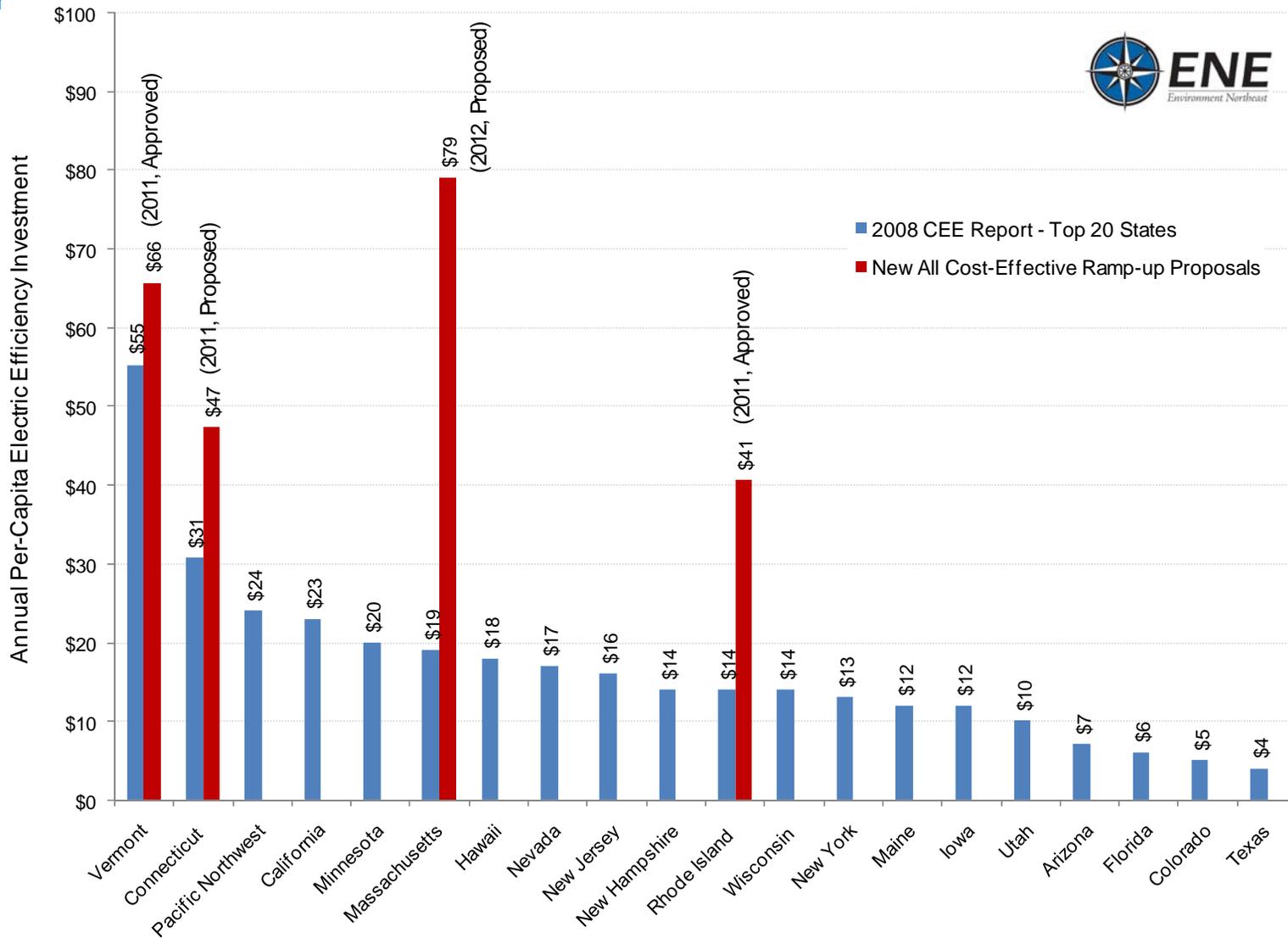
- \$3 savings for every \$1 invested in Energy Efficiency
- \$283 million (65% of auction proceeds) to projected to go to EE



← Estimated cost without new efficiency

← Estimated allowance cost with expanded efficiency

# Per Capita Efficiency Spending



# CHALLENGES THAT LIE AHEAD

- Decoupling: the Need to Align Incentives
- Establishing Durable Funding Streams
  - Outside Capital
  - Carbon Allowance \$\$
  - Rates
- The Politics of “Found Money” in Tough Times
  - Connecticut Raid on Efficiency Budgets

# Conclusions

- Opening Energy and Capacity Markets to EE Greatly Expands Capital for Efficiency Resources
- Efficiency First – Offers an Economic Solution Embraceable by Business
- Process Matters – Buy-in through Stakeholder Councils
- Replicable -- EE as an Economic and Climate Solution Offers Opportunity to Apply Procurement Approach Throughout U.S.
- Federal Climate Legislation Should Support Leading EE States and Encourage Others to Invest in EE.

# Contact Information

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