



NORTHEAST ENERGY EFFICIENCY PARTNERSHIPS

THE NEW POLICY LANDSCAPE FOR SUCCESSFUL ENERGY EFFICIENCY PROGRAMS: VIEWS FROM THE NORTHEAST

JIM O'REILLY

NORTHEAST ENERGY EFFICIENCY PARTNERSHIPS (NEEP)

ACEEE Market Transformation Symposium

April 2, 2012

NORTHEAST ENERGY EFFICIENCY PARTNERSHIPS

“Accelerating Energy Efficiency”



MISSION

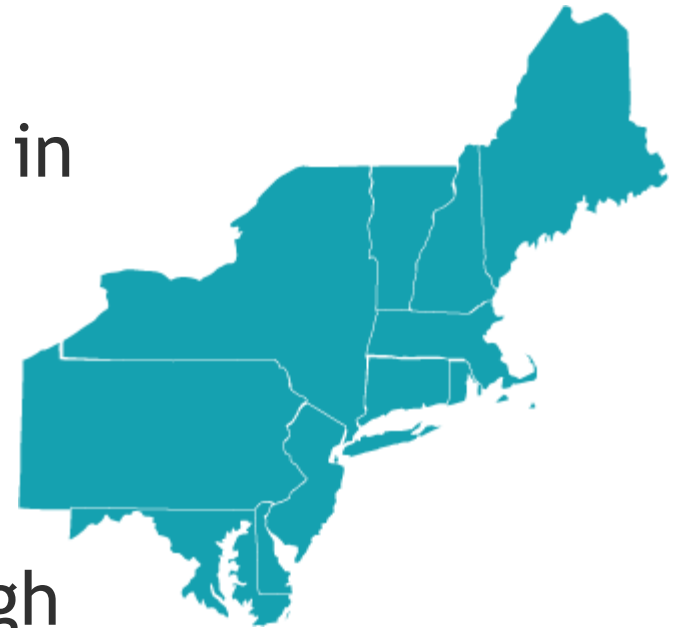
Accelerate the efficient use of energy in the Northeast and Mid-Atlantic Regions

APPROACH

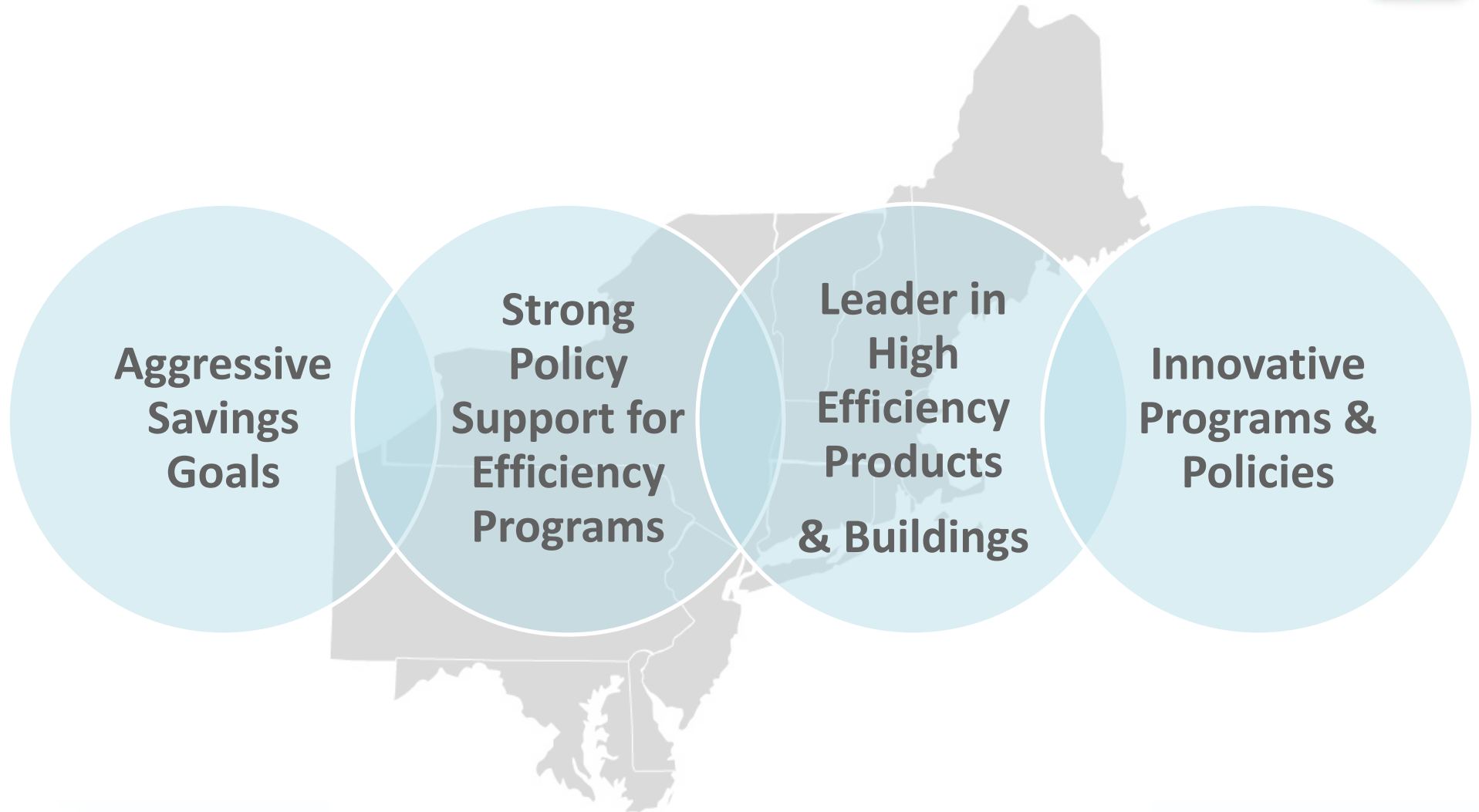
Overcome barriers to efficiency through *Collaboration, Education & Advocacy*

VISION

Transform the way we think about and use energy in the world around us.



THE NORTHEAST AS AN EFFICIENCY LEADER



RECENT TRENDS



- ❑ Northeast remains a leader in setting efficiency as a first order resource
 - Over **\$2.7 billion** committed in New England 2007-2011
 - \$843.6 million for 2011 = **\$521 million increase from 2007**
 - Multiple funding sources: SBC, RGGI, FCM, rate factors
- ❑ Overall, budgets are up ... but gaps are developing
- ❑ Significant expansion in:
 - Massachusetts, Rhode Island, Vermont
- ❑ New, renewed commitments to growth in:
 - Connecticut, New York
- ❑ Less growth and/or backsliding in:
 - New Hampshire, Maine, New Jersey
- ❑ New programs emerging in:
 - Maryland, Penn., D.C.... Delaware?

THE GOOD...



- 2011 ACEEE Policy Scorecard:
 - # 1 - Massachusetts
 - # 3 - New York
 - # 5 - Rhode Island & Vermont (w/Washington)
 - # 8 - Connecticut (w/Minnesota)
 - #10 - Maryland
- All cost effective legislative mandates in place in:
 - Massachusetts
 - Rhode Island
 - Connecticut
 - Vermont
 - Maine
- Portfolio standards in:
 - New York
 - Maryland
 - Pennsylvania

THE NOT SO GOOD...



- Maine
 - Program funding capped by legislature
 - Governor calls efficiency ‘Ponzi scheme’
 - Bill pushes electric heat, give governor more power
- Connecticut
 - Still dependent upon IRP proceeding, regulatory approval
- Maryland
 - Missed first EmPOWER Maryland targets
- Pennsylvania
 - Funding capped, some targets missed
- New Hampshire
 - Conservative, anti-regulatory legislature, exec. council
- Massachusetts
 - #1 status threatened by business opponents, focused on costs - not benefits; rates - not bills

THE NOT SO GOOD (CONT.)...



- **RGGI** - provided + \$720 M for consumer benefit/clean energy in 10-state region; EE gets ~ 65 % of investments, with \$3-\$4 in savings for every \$1 invested, but...
 - ✓ New Jersey - governor pulling state out
 - ✓ New Hampshire - defeated in 2011, but back again this session
 - ✓ Delaware - defeated legislatively in 2011
 - ✓ Maine - defeated legislatively 2011
 - ✓ New York - lawsuit pending
 - ✓ Politics of cap-and-trade growing even more heated with elections
- **Low natural gas prices**
 - ✓ Suddenly, measures becoming less cost-effective
 - ✓ Shale negates national security arguments
- **Conservative, anti-regulatory politics**
- **Waning public interest in climate change**
- **Economy**
 - ✓ Issue framed as environment vs. jobs

WHAT WILL DETERMINE EFFICIENCY'S FUTURE?



- ❑ Regulatory follow-through
 - ✓ Bill vs. rate impact
 - ✓ Cost-effectiveness decisions
 - ✓ Decoupling
- ❑ Leveraging of complementary public policies (*more on that in a minute*)
- ❑ Economic messaging
 - ✓ Costs of going deeper with efficiency programs
 - ✓ Convincing customers of need to spend a little more now to save a lot more later
- ❑ Political messaging
 - ✓ ***Not a choice*** between clean energy/environment and jobs/economy - ***choice*** between old, dirty, fossil fuel economy vs. new, innovative, clean energy economy
 - ✓ Codes/standards & history of public benefit regulation

THE 'NO SILVER BULLET' POLICY SOLUTIONS



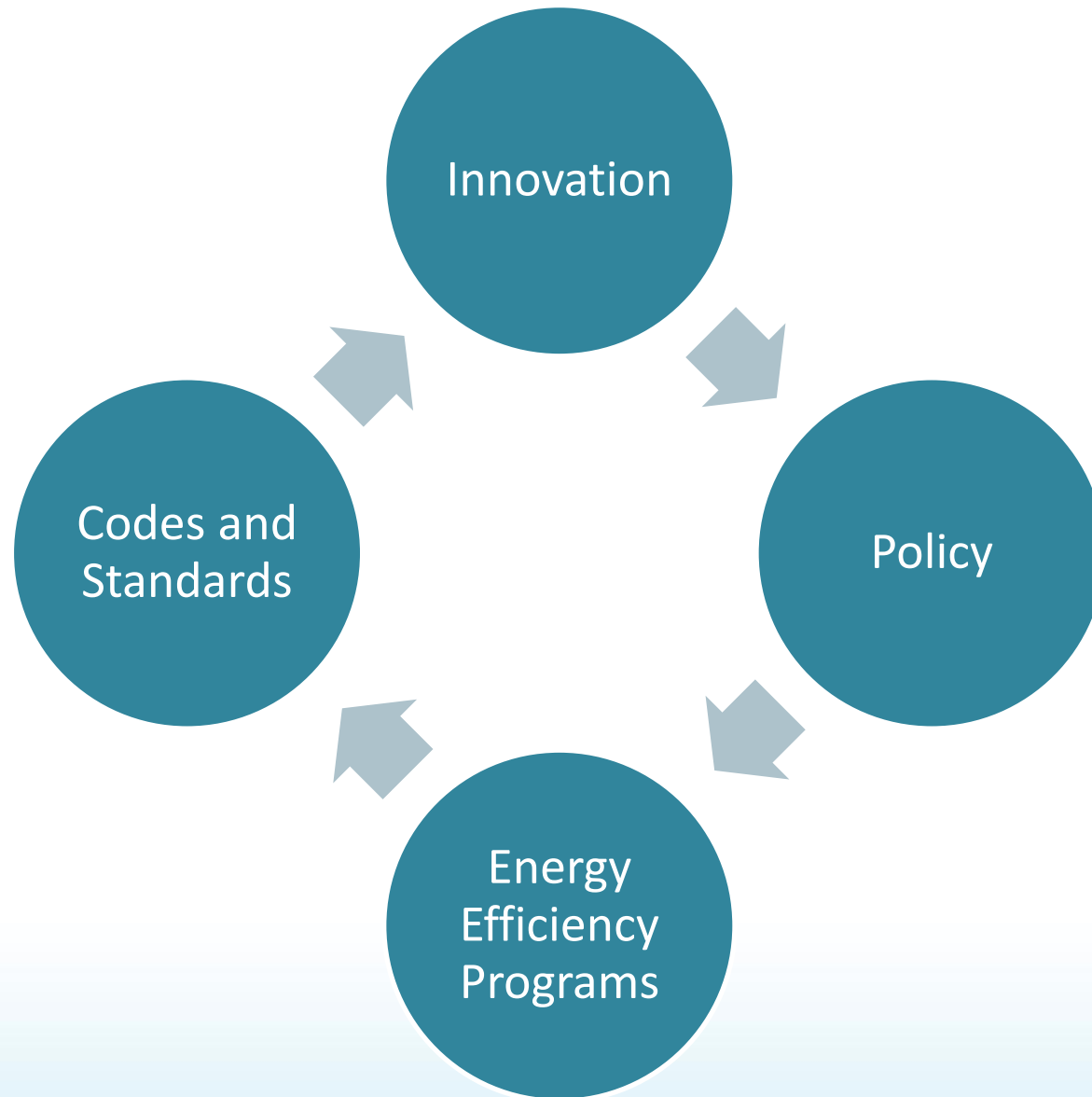
- ❑ Better integration of EE into system planning
 - ✓ ISO-NE predicting NO growth in annual net energy for load over next 10 years if EE investments continue
- ❑ Recognized need/benefit of program links to codes & standards development, adoption, enforcement
 - ✓ Concepts being explored in MA, CT, NY, VT
 - ✓ Need to allow programs to claim savings when those savings are hard to quantify
 - ✓ Recognize relation of changing baselines, evolving goals
- ❑ Valuing building energy performance
 - ✓ Need an MPG-like guide for properties
 - ✓ More/better information drives informed decisions
 - ✓ Markets value energy performance
 - ✓ Financing should follow

THE 'NO SILVER BULLET' POLICY SOLUTIONS



- ❑ Support for common EM&V
 - ✓ Consistent methods = greater validity of the resource
 - ✓ Allow efficiency to compete in markets
- ❑ Links to environmental compliance - climate change, air regulation
- ❑ Taking on unregulated heating fuels
 - ✓ Northeast particularly dependent on heating oil, propane
 - ✓ Need funding mechanisms, seamless program delivery
- ❑ Financing
 - ✓ New devices in development
 - ✓ PACE holds great promise, link to building performance

THE VIRTUOUS CYCLE



THE VIRTUOUS CYCLE



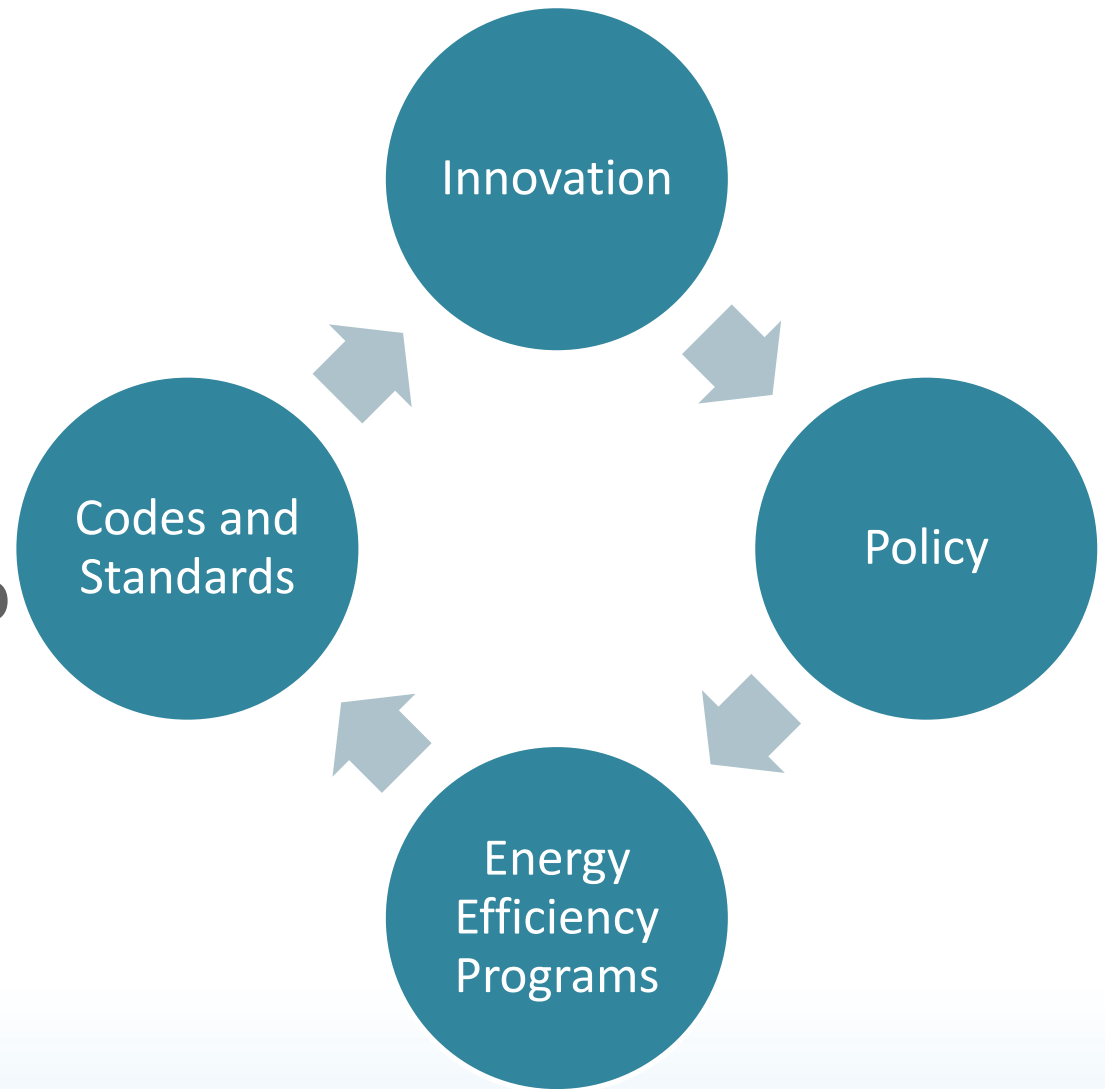
- ❑ To foster innovation, SBC programs and codes/standards need to become more integrated
- ❑ Programs have expertise, market relationships and funding
- ❑ However, savings from program involvement with codes/standards are hard to measure
 - ✓ Must address attribution/claimed savings for this to occur
 - ✓ California, Arizona have methods in place
- ❑ NEEP EM&V Forum project (2012) to highlight best practices, recommended pathways forward: stay tuned

THE VIRTUOUS CYCLE



This Cycle usually takes 10 years.

How can we get this to 3-5 years?





THANK YOU

Jim O'Reilly
Director of Public Policy
joreilly@neep.org, ext. 118

Northeast Energy Efficiency Partnerships
91 Hartwell Avenue Lexington, MA 02421

P: 781.860.9177

www.neep.org