



**Comments of Northeast Energy Efficiency Partnerships (NEEP)
New Hampshire Draft Energy Strategy**

July 24, 2014

Meredith Hatfield, Director
Office of Energy and Planning
Johnson Hall
107 Pleasant Street
Concord, NH 03301

Dear Ms. Hatfield,

On behalf of Northeast Energy Efficiency Partnerships (NEEP)¹, please accept these comments regarding the May 2014 draft of the New Hampshire Energy Strategy. Due to the nature of our work, these comments are focused on energy efficiency in buildings and grid modernization.

As you know, NEEP is a regional non-profit organization that works to accelerate energy efficiency in homes, buildings and industry across the Northeast and Mid-Atlantic states. Our Policy Outreach and Analysis group serves as an information resource for policymakers, advocates and program administrators to support the adoption and implementation of public policies and programs that advance energy efficiency.

NEEP has long encouraged New Hampshire to take concrete steps toward creating policies that will enable the state's businesses, communities, and residents to do far more to harness the power of cost-effective energy efficiency. Our organization has dedicated considerable time and resources over the past five years to work with state agencies, support the efforts of legislators, collaborate with advocacy partners and understand the perspectives of utility program administrators in order to expand efficiency as a first order resource in New Hampshire.

We have made no fewer than three presentations to the Energy Efficiency and Sustainable Energy Board on the value of efficiency, regional best practices, and why New Hampshire needs a policy platform putting efficiency first, and we are regular participants in the monthly EESE board meetings.

We have testified before the legislature a number of times to make this case, commenting in support of SB 323 in 2010, SB 65 in 2013, and HB 1129 this year. We have offered orientation on energy efficiency policy issues before the House Science Technology and Energy Committee.

NEEP worked to inform the energy policy review conducted by VEIC in 2012, and to support and inform VEIC's 2013 report on the feasibility of creating an energy efficiency resource standard — a move to put

¹ These comments are solely the views of NEEP staff, and do not represent the views of NEEP's sponsors or board of directors.

New Hampshire in line with some 22 other states. Further, we've spent considerable time with Public Utility Commission staff to provide input on how an EERS would look for New Hampshire, and what the barriers to implementation might be.

THE DRAFT ENERGY STRATEGY

In 2013, the legislature passed yet another study bill: this one to develop a state energy strategy,² pursuant to SB 191.³ Dedicated legislators, state employees, consultants and interested parties have devoted considerable time to this process in recent months. However, with a relatively modest budget and many similar studies recently completed, we wondered what new and groundbreaking would be found in the strategy.

While the Navigant report has presented useful information regarding cost-effective opportunities to reduce New Hampshire's reliance on fossil fuels for meeting its energy needs, we see little that is new, compelling, or specific enough on what the state needs to do to see this "Vision" become reality. Figure 5.5, Energy Efficiency Strategy Recommendations⁴ is extremely brief and does not begin to encompass the findings and recommendations of prior studies, such as those conducted by VEIC. These are limited strategies to meet the broad vision laid forth on page 41 on the report, with a passing mention of the lack of a clearly articulated energy policy.

We found the report lacking, especially compared to a broad and deep comprehensive analysis undertaken in Connecticut that some in New Hampshire held as a model.⁵ Not only did that state have more resources and a more robust stakeholder input process, it had the vision and support of Connecticut's governor, and it included firm policy recommendations building on efforts already underway across government and ratepayer-funded efficiency programs.

Further, the Connecticut Comprehensive Energy Strategy included next steps for implementation and performance development⁶ as a means of keeping the state on track. From what we see over the past year and a half, this has been a living document in Connecticut — used to keep agencies and program administrators accountable for progress. We have not seen this level of detail or planning in the New Hampshire draft strategy, and hope that the State Energy Council will work with Navigant to include such information in the final version.

We note that VEIC, in its two recent reports for New Hampshire, had already undertaken extensive work to layout the challenges and possible solutions for the state to move forward on the cleanest, least-cost energy resource. The final Strategy Energy Strategy should provide concrete recommendations regarding energy efficiency policy that the legislature, possibly through its EERS study pursuant to HB

² Draft NH Energy Strategy: <http://www.nh.gov/oep/energy/programs/SB191.htm>

³ <http://www.gencourt.state.nh.us/legislation/2013/SB0191.html>

⁴ Page 52 of the draft strategy

⁵ Connecticut Comprehensive Energy Strategy http://www.ct.gov/deep/cwp/view.asp?a=4405&q=500752&deepNav_GID=2121

⁶ An overview in the executive summary:

http://www.ct.gov/deep/lib/deep/energy/cep/2013_cep_executive_summary_final.pdf

1129 (if that bill is signed into law), and the Public Utilities Commission, using its own authority, can take to advance energy efficiency resources through rate redesign, building energy codes, building energy labelling, new private financing tools, and community engagement.

Similarly, the grid modernization section was very much a light touch, only outlining some of the challenges faced by the state and its neighbors in how to create a regulatory framework and power grid that will support the realities of the very near future. These include: increased distributed generation and the need to accommodate two-way power flow, building resiliency in the face of extreme weather and cyber-attacks, customer participation, use and sharing of more real-time data, technology compatibility, and how to leverage market actors to support this new framework.

We expect that New Hampshire has been looking at the work of Massachusetts in its recent Grid Modernization⁷ docket and New York's sweeping Reforming the Energy Vision proceeding, currently underway.⁸ NEEP has been participating in both of these proceedings, and would be happy to share our insights with OEP as New Hampshire considers how to modernize its own electricity distribution system.

NEED FOR STRONGER GOALS IN THE FINAL STRATEGY

NEEP concurs with this concluding statement in the comments submitted to your office by the EESE Board:

“The State Energy Strategy needs to move us forward with clear and specific recommendations that address the State’s critical energy issues. The current draft Strategy fails to successfully leverage prior analysis, previous studies and the consultant’s extensive knowledge of best practices and successful paradigms from other jurisdictions. The Strategy should clearly define a course of action, starting in 2015, which maximizes the State’s energy potential and ensures our competitiveness in the long run.”⁹

We also support the request of the New Hampshire Sustainable Energy Association for the state to include a goal in the final state energy strategy to reduce the export of energy dollars from 66 percent to 50 percent by 2023, which would add over \$1 billion to the state’s economy each year. This goal can be reached by pursuing the following three strategies, as outlined by NHSEA:

1. Significantly ramp up energy efficiency and conservation through system wide efficiency investments (customer-side and utility/supplier-side) to reduce overall energy use — [with a policy making efficiency a first order resource, NEEP would add];
2. Replace imported fossil fuel use with locally produced renewable energy, with an emphasis on:
 - a. distributed generation
 - b. utility-scale generation
 - c. thermal and electric fuel switching for heating, cooling, and transportation needs; and,

⁷ <http://www.mass.gov/eea/energy-utilities-clean-tech/electric-power/grid-mod/grid-modernization.html>

⁸ <http://www3.dps.ny.gov/W/PSCWeb.nsf/All/26BE8A93967E604785257CC40066B91A?OpenDocument>

⁹ ESSE Board letter on the draft strategy, pg. 6: <http://www.puc.nh.gov/EESE%20Board/Meetings/2014/20140718Mtg/07-21-14%20State%20Energy%20Strategy%20Final%20Letter.pdf>

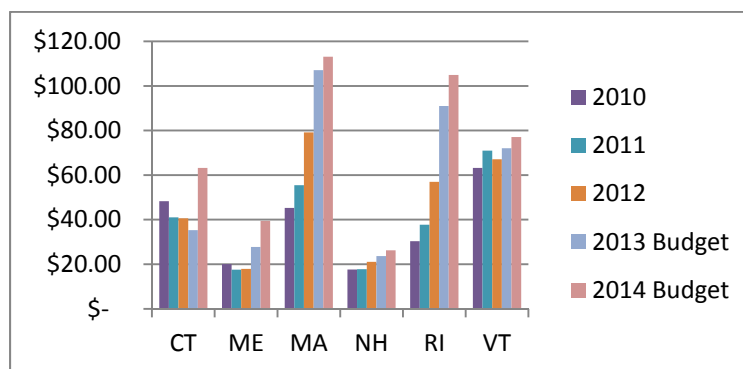
3. Unleash the private market to finance the infrastructure by minimizing policy risk, sending clear market signals, and better leveraging our minimal available public funds.

LACK OF POLICY FRAMEWORK HINDERS PROGRESS

Nine neighboring states have a policy that involves pursuing all cost-effective energy efficiency resources, which generally cost significantly less than traditional energy supply options.¹⁰ New Hampshire today has good but far too modest energy savings plans in terms of what is possible, and cost-effective. As the Strategy makes clear, meaningful energy savings are being left on the table under the existing CORE programs.

As we have said in the past, the greatest obstacle to capturing efficiency as a first-order resource is not technical potential or regulatory constraint, but the lack of a policy framework. Historically, New Hampshire has the lowest per capita investment level of any New England state — around a third or less of leading states like Rhode Island, Massachusetts, Vermont and now Connecticut. Maine has also committed to increase its energy efficiency investments this year.¹¹ Absent a policy framework that endorses greater investments in energy efficiency, New Hampshire ratepayers may be left spending more on electricity and natural gas that need be.

Comparison of Ratepayer Energy Efficiency Investments
Per capita gas & electric program spending¹²



¹⁰ These states include Connecticut, Delaware, Maine, Maryland, Massachusetts, New York, Pennsylvania, Rhode Island and Vermont. For an illustrative map, see Vermont Energy Investment Corporation, "Increasing Energy Efficiency in New Hampshire: Realizing Our Potential," November 15, 2013, p. 27, http://www.nh.gov/oep/resource-library/energy/documents/nh_eers_study2013-11-13.pdf.

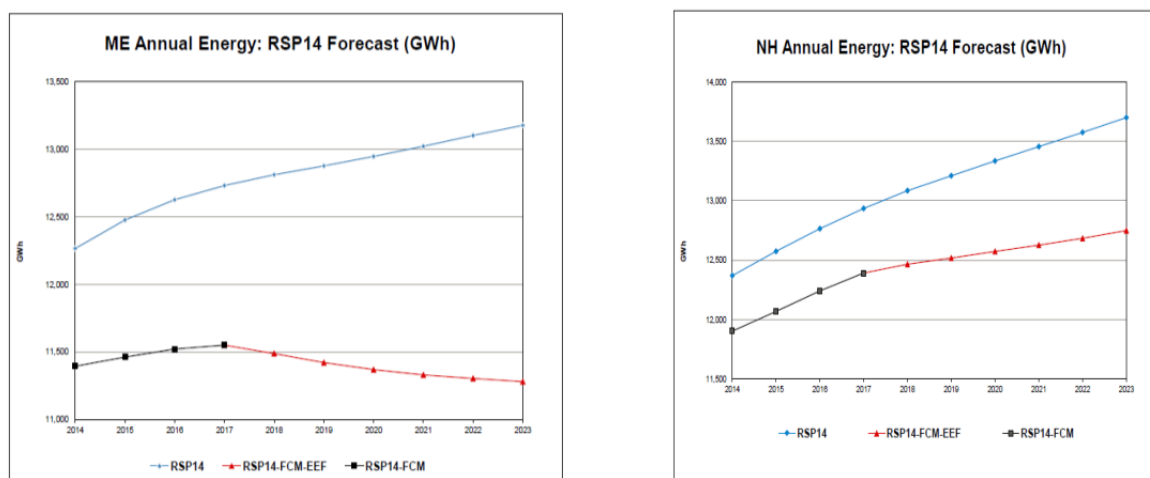
¹¹ Maine Omnibus Energy Bill, "An Act to Reduce Energy Costs, Increase Energy Efficiency, Promote Electric System Reliability and Protect the Environment," LD 1559. For a summary of the energy efficiency provisions, see Environment Northeast, "Maine Passes Omnibus Energy Bill," p. 1, http://www.env-ne.org/public/resources/ENEOmnibusbillsummary_06272013F.pdf.

¹² Expenditures include all electric and natural gas ratepayer funding and funding from RGGI and wholesale markets like the Forward Capacity Market. It does not include federal funding from the American Recovery and Reinvestment Act (ARRA) and the Weatherization Assistance Program (WAP) or any customer contributions. Data is taken from state annual efficiency reports available through [REED database](#). 2010 through 2012 is year-end reported data while 2013 and 2014 are budgeted figures that are subject to change.

We also think it is worth noting that these planned investments throughout the region will make a difference in future state energy requirements. According to ISO-New England, the planned energy efficiency investments in our region will significantly curb peak demand and keep electric load growth flat through 2023. These reductions have contributed to \$420 million savings from deferred transmission upgrades, which accrue to all electricity customers in New Hampshire.¹³

The final Energy Strategy should also note, however, that ISO-NE's forecast shows that New Hampshire will not see benefits of neighboring states with stronger energy efficiency programs. Maine, for example, should see their electricity loads fall significantly, while states with lower levels of investment, like New Hampshire, will see their energy load continue to rise (see the figures below).¹⁴

From the ISO New-England 2014 Energy-Efficiency Forecast



CONCLUSION

The draft energy strategy is a good start, and yet another study articulating the need to capture more energy efficiency as part of a forward-looking mix of renewable energy, distributed generation, electric cars and thermal alternatives.

From NEEP's vantage point, the most important next step for New Hampshire will be to find the political will to expand efficiency, grid modernization and clean energy investments, while maintaining economic viability of the regulated utilities to perform their core function of delivering affordable reliable energy, enhancing their role as energy solution providers, and welcoming ever more innovative market actors to offer complementary services and products.

¹³ ISO-New England, "2013 Regional System Plan: Executive Summary," February 25, 2014, p. 3, http://www.iso-ne.com/trans/rsp/2013/2013_rsp.pdf.

¹⁴ ISO-New England, "Final 2014 Energy Efficiency Forecast, 2018-2023," May 1, 2014, slides 62 and 68.

It seems it is only a matter of time until New Hampshire will shift more of its energy dollars to cleaner, more cost-effective energy efficiency. Unfortunately, each year that passes without the political leadership to change the state's energy mix means a greater percentage of home and business budgets being spent on heat and electricity, more energy dollars flowing out of state, and more needless waste and pollution— which is hardly the *New Hampshire Way*.

We hope that the legislature, the governor, and members of OEP and the PUC will use the opportunity provided by the State Energy Strategy to work together now to create a sustainable framework to greatly expand energy efficiency — for the benefit of the state's consumers, businesses, economy and environmental quality. As ever, NEEP stands ready to serve as a resource in any way we can.

Sincerely,



Natalie Hildt Treat
Senior Manager, Public Policy Outreach
Northeast Energy Efficiency Partnerships
781-860-9177 ext. 121 or ntreat@neep.org