



**Comments of Josh Craft, Manager of Public Policy Analysis
Northeast Energy Efficiency Partnerships (NEEP)
To the Connecticut Public Utilities Regulatory Authority (PURA)
Regarding Dockets 13-03-02, 12-11-05, and 12-08-11: PURA Consideration of the 2013-2015
Conservation and Load Management Plan & Applications of CL&P and UI for Approval of a
Conservation Adjustment Mechanism
May 1, 2013**

On behalf of Northeast Energy Efficiency Partnerships, thank you for the opportunity to comment on the 2013-2015 Conservation and Load Management (C&LM) Plan and the applications by Connecticut Light and Power (CL&P) and United Illuminating (UI) for approval of a conservation adjustment mechanism (CAM).¹ NEEP is a regional non-profit whose mission is to serve the Northeast and Mid-Atlantic to accelerate energy efficiency in the building sector through public policy, program strategies and education. Our vision is that the region will fully embrace energy efficiency as a cornerstone of sustainable energy policy to help achieve a cleaner environment and a more reliable and affordable energy system.

Our comments focus on PURA's consideration of a conservation adjustment mechanism (CAM) to expand its investments in cost-effective energy efficiency programs as part of the electric distribution companies (EDC)'s current C&LM plan. In its April 17 order on Dockets 12-11-05 and 12-08-11, PURA determined that the EDCs "must provide a legal basis, and a concise and explicit statement of the facts" before it can approve a CAM mechanism.² We offer facts and analysis based upon our own observations of energy efficiency policy and programs in this region in order to assist PURA with its fact-finding process.

First, energy efficiency continues to be Connecticut's least cost option to meet its electricity needs. In addition to recent analysis on the benefits of energy efficiency provided by the EDCs and the Department of Energy and Environmental Protection (DEEP), recent data on Connecticut's 2011 program plans included in NEEP's Regional Energy Efficiency Database (REED) shows that its portfolio of energy efficiency programs cost about \$0.039 per kWh on a lifetime basis. Preliminary results from the 2012 C&LM plan show lifetime costs to be roughly the same at \$0.038 per kWh.³ This is significantly below the average retail cost of electricity in Connecticut, currently over \$0.15 per kWh.⁴

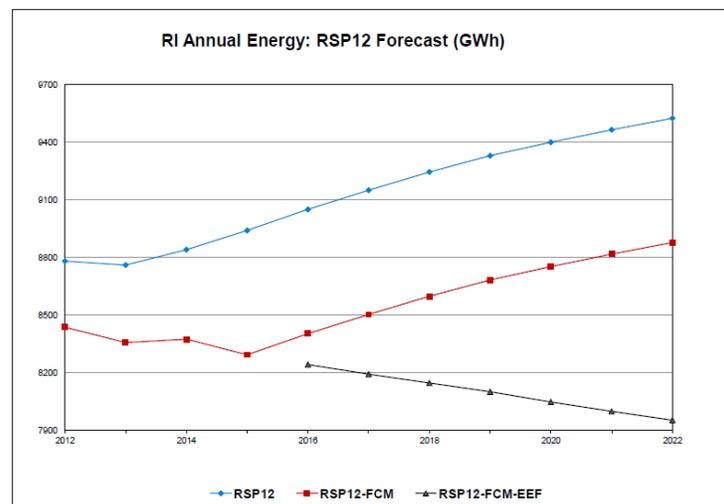
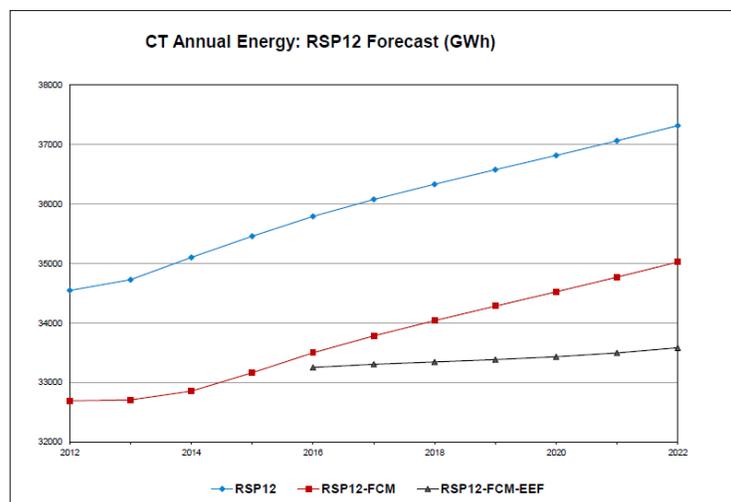
¹ These comments are offered by NEEP staff and do not necessarily represent the view of NEEP's Board of Directors, sponsors or underwriters.

² PURA, Docket Nos. 12-08-11 and 12-11-05, Decision on Procedure, April 17, 2013, p.1.

³ Data available from the REED website at <http://neep-reed.org/Focus.aspx>. See "Cost of Saved Energy." 2012 C&LM figures taken from the CT Energy Efficiency Board 2012 Annual Report, http://www.ctenergyinfo.com/FINAL%202012%20ALR%20Pages_2_18_13.pdf.

⁴ Retail electricity price data taken from U.S. Energy Information Agency (EIA) at http://www.eia.gov/electricity/monthly/epm_table_grapher.cfm?t=epmt_5_6_b.

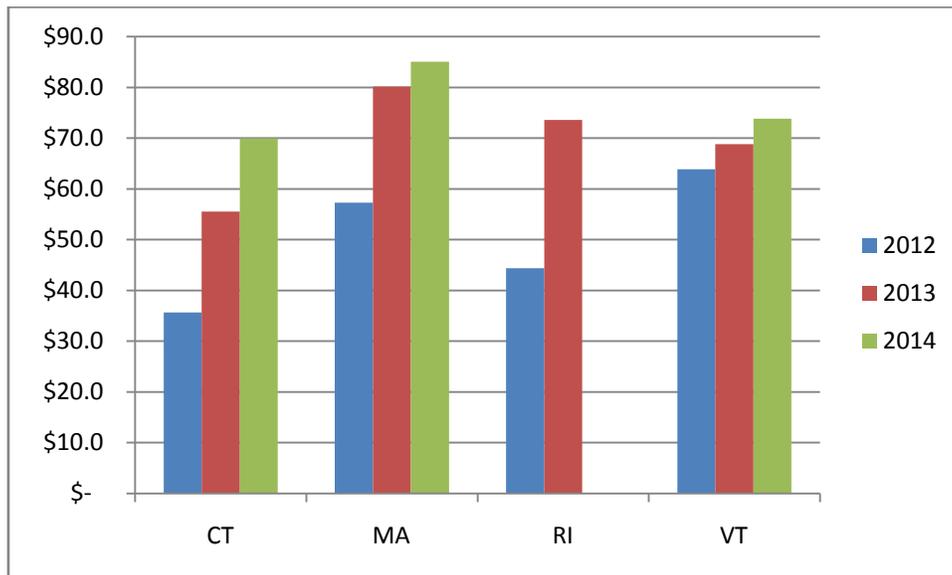
Second, multiple sources confirm the tangible benefit of greater investment in energy efficiency to Connecticut ratepayers. ISO-New England’s latest regional energy efficiency forecast shows that the planned investments by states in energy efficiency will offset all growth in electricity consumption through 2021, helping to defer costly new transmission and distribution (T&D) investments.⁵ Moreover, ISO-NE expects states with more aggressive energy savings programs to achieve greater reductions in electricity consumption and peak demand. Thus, ISO is forecasting that a state such as Rhode Island, which has invested in all cost-effective energy efficiency, will see greater reductions to energy consumption - and subsequent energy dollar savings - than will Connecticut, absent a greater capture of energy efficiency resources. We include a comparison of the forecast for Connecticut with that of Rhode Island for illustrative purposes:



⁵ See ISO-New England, “Final 2013 Energy Efficiency Forecast 2016-2022, February 22, 2013, http://www.iso-ne.com/committees/comm_wkgrps/otr/engry_effncy_frcst/2013frcst/iso_ne_final_ee_forecast_2016_2022.pdf.

Third, the level of spending proposed by the EDCs and DEEP is consistent with those of other state with statutes requiring investment in “all cost-effective energy efficiency.”⁶ Under the expanded C&LM budget, electric energy efficiency program budgets would rise to roughly \$158.4 million this year and \$220 million in 2014, or about \$55.5 and \$70 per capita. As the graph below shows, this level of expenditure is in line with those of electric efficiency investments in Massachusetts, Rhode Island, and Vermont.⁷ We note that despite the ramp up in efficiency spending in these states, none has seen significant increases in the cost of electricity as a result.

Electric Energy Efficiency Program Budgets and Investments, 2012-2014



Finally, PURA has determined that an energy adjustment clause under Conn. Gen. Stat. §16-19(c) is the appropriate mechanism to implement a CAM. We note that commissions in neighboring states have used similar ratemaking authority to fund cost-effective investments in energy efficiency. The Massachusetts Department of Public Utilities (DPU) created an energy efficiency reconciliation factor (EERF) to fund energy efficiency investments above its statutorily-fixed system benefit charge (SBC). The New York Public Service Commission (PSC) made a similar determination to collect ratepayer funds as part of its Energy Efficiency Portfolio Standard (EEPS) to meet the state’s energy policy objectives.⁸ We applaud this type of innovative public policy and believe it can contribute to Connecticut’s continued leadership in energy policy and consumer protection.

⁶ Conn. Gen. Stat. §16a-3(c)

⁷ NEEP analysis of 2012 electric energy efficiency program expenditures and proposed 2013 and 2014 program budgets based upon approved and proposed EDC plans.

⁸ The Massachusetts DPU cites Mass. G.L. c. 25, sec. 19(a) as its authority to create an EERF as part of the utilities’ energy efficiency surcharges. For a recent example, see DPU 12-134, Petition of NSTAR Electric Company for approval by the DPU of its Energy Efficiency Reconciliation Factors for effect July 1, 2012, <http://www.env.state.ma.us/dpu/docs/electric/12-34/62812dpuord.pdf>. The NY PSC original EEPS Order, June 23, 2008, is available at <http://www3.dps.ny.gov/W/PSCWeb.nsf/0/06F2FEE55575BD8A852576E4006F9AF7?OpenDocument>.

Thank you again for the opportunity to comment in this important proceeding. NEEP looks forward to discussing our ideas on the programmatic aspects of the 2014 update to the 2013-15 C&LM in the near future. Please do not hesitate to call upon us if you have questions in this or future proceedings.

Contact Information:

Josh Craft
Manager of Public Policy Analysis
Northeast Energy Efficiency Partnerships
781-860-9177 ext. 109 or jcraft@neep.org