



By electronic mail - info@efficiencymaine.com
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**Comments of Natalie Hildt, Manager of Public Policy Outreach
Northeast Energy Efficiency Partnerships (NEEP)
on the Draft Efficiency Maine Triennial Plan 2014-2016**

On behalf of Northeast Energy Efficiency Partnerships (NEEP)¹, I am pleased to provide comments on the draft Efficiency Maine Trust Second Triennial Plan (FY 2014-2016). These comments follow overarching recommendations and more detailed programmatic comments submitted in response to the Straw Proposal on July 27.²

While the Trust board, staff and associated partners have made great strides in delivering efficiency to customers across the state, the programs remain woefully underfunded compared to what they could be doing, and the level needed to reach Maine's ambitious goals.

NEEP urges the board of the Efficiency Maine Trust to approve the draft plan, with the recommendation for the Public Utilities Commission (PUC) to call for funding consistent with the Maximum Achievable Cost-effective Efficiency (MACE) level it outlines. We remind the PUC that it has the authority and directive to supplement the Base Assessment for energy efficiency to procure these resources that are cost-effective, reliable and feasible.³ Further, we remind the legislature that it has the power to create additional funding streams for electric, gas and oil heat programs that could greatly benefit citizens, businesses and municipalities across Maine.

In our estimation, the perception that efficiency is simply an extra line-item on a utility bill and not as *the most cost-effective* capacity resource is hindering the state greatly. While only the legislature can approve efficiency budgets, policymakers at all levels should understand that efficiency is not a feel-good fad that adds to customer costs, but a source of multiple and enduring customer benefits and a real energy resource – valued and understood as such in regional transmission planning by ISO-New England.⁴

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

² NEEP's recent comments on Maine are available at: <http://neep.org/public-policy/poc-states/poc-states-me>

³ <http://www.efficiencymaine.com/docs/other/EMT%20Law.pdf>, pg. 20.

⁴ ISO-NE develops efficiency forecasts to understand how it will factor into the region's energy capacity: http://www.iso-ne.com/committees/comm_wkgrps/othr/engry_effncy_frcst/mtrls/2012/iso_ne_ee_forecast_final.pdf



In our prior comments, we highlighted how the current restrictive funding environment does harm to Mainers and fails to meet state regulation⁵ in several ways, and that with federal Recovery Act money drying up, Efficiency Maine budgets face a steep decline. Again, we remind the Trust's board of directors, Public Utilities Commissioners and members of the legislature of these realities:

- By falling far short of the cost-effective savings potential identified in recent opportunity studies,⁶ **residents and businesses are paying too much for their energy.** The average cost to meet electric demand through efficiency resources is about 4¢/kWh, while new supply is closer to 11¢/kWh.⁷
- **Energy efficiency is not being treated as a first-order capacity resource**, which could help meet the state's energy demands at far less than the cost of a new kWh of electricity, therm of gas or gallon of heating oil.
- **Maine businesses are losing a competitive advantage** to states that invest heavily in efficiency as a resource, including Vermont, Massachusetts, Connecticut, Rhode Island, New York and an increasing number of states around the nation.⁸
- **Neighboring states with much higher per capita efficiency budgets are adding more jobs and building a clean energy economy**, while wringing out waste at commercial and industrial facilities, as well as homes and other buildings.⁹
- Not only program participants stand to benefit from aggressive efficiency programs; **all customers benefit when electric demand is reduced**, causing wholesale price suppression, known as "DRIPE."¹⁰
- By not directing additional ratepayer funds towards efficiency resources that are far less expensive than new generation, **Maine will have significant difficulty reaching long-term energy savings goals envisioned in The Efficiency Maine Trust Act.**

How Maine Stacks up against the Region:

- In 2012, Maine is projected to have the lowest per capita efficiency spending in the region, at \$21.59 for gas and electric programs.¹¹

⁵ The Efficiency Maine Trust Act, 35-A-MRSA Chapter 97§ 10103 (1)

⁶ Energy Efficiency Baseline and Opportunities Study, Cadmus & GDS Associates, 2012

<http://www.efficiencymaine.com/docs/Events/Base-and-Ops-v2.pptx>

⁷ "From Potential to Action, An Analysis of the Region's Economically Achievable Electric Efficiency Potential," NEEP, 2010.

<http://neep.org/public-policy/policy-outreach-and-analysis/potential-study>, pg. 4

⁸ See ACEEE's State Efficiency Scorecard, with 2012 release set for October: <http://aceee.org/sector/state-policy/scorecard>

⁹ In Massachusetts, clean energy jobs are up 11% over 2011: <http://masscec.com/index.cfm/page/2012-Massachusetts-Clean-Energy-Industry-Report/cdid/13909/pid/11170>

¹⁰ 13 Massachusetts D.P.U. Order 08-50-A, pg 59 describes the Demand Reduction Induced Price Effect, (DRIPE).



- By comparison, New Hampshire will be at \$22.10, Connecticut at \$35.50, Rhode Island at \$71.30 and Massachusetts at a nation-leading \$94.70 per capita.
- This means that in those states, more energy dollars are directed to affordable energy efficiency resources instead of into traditional and expensive generation and transmission.
- Maine’s own energy savings goals should put the state at 1.4 percent electric savings annually, yet it is funded to only about half that level. Other states are setting – and achieving – goals to save greater than 2 percent of retail electric sales and levels approaching 1 percent of retail sales for natural gas efficiency.¹²
- Without legislative approval raising the base assessment as originally planned for, Maine’s efficiency budgets are over \$24 million less than the level necessary to fulfill Maine’s goal of acquiring all potential cost-effective energy efficiency opportunities.
- There are options to attain the necessary funding without raising the SBC. In states that are serious about implementing their “all cost-effective efficiency mandates,” they are actually building efficiency into the rates as an energy resource.¹³

STATE ELECTRIC ENERGY EFFICIENCY SPENDING AND SAVINGS, 2012 AND 2014¹⁴

State	Per Capita Expenditure	Annual Savings Achieved (% of 2009 Retail Sales)
Maine FY 2012	\$27.50 ¹⁵	1.84%
Maine-FY 2014 Base	\$18.96	1.20%
Maine-FY 2014 MACE	\$32.61	1.30%
Massachusetts 2012	\$74.30	2.40%
Massachusetts 2014	\$79.17	2.50%
Rhode Island 2012	\$58.30	1.70%
Rhode Island 2014	\$83.77	2.50%
Vermont 2012	\$66.30	1.90%
Vermont 2014	\$73.82	1.90%

¹¹ Figure doesn’t include Regional Greenhouse Gas Initiative Proceeds. See NEEP’s Policy Snapshot for more on trends in efficiency across the region. <http://neep.org/uploads/policy/EE%20Policy%20Snapshot%20Updated-5.2.12.pdf>

¹² See NEEP’s Policy Snapshot.

¹³ Connecticut has recently adopted a “Conservation Adjustment Mechanism,” Mass. and R.I. have similar structures.

¹⁴ Data compiled by NEEP from state regulatory proceedings. Incomplete data available for the 2013 program year.

¹⁵ This more recent figure is an estimate, as 2012 actuals are not yet compiled. This is higher than the figure NEEP cites in our Policy Snapshot due to the inclusion of \$13.5M in RGGI proceeds for one year (\$4.2M are encumbered from the prior fiscal year).



Low Funding Short-changes Maine

While the 2009 Summit Blue potential study said that Maine could be cost-effectively spending \$68.3 million annually on all demand side management programs as of next year, it appears that budgets will fall to around \$27 million in each of the next fiscal years.

The result of a constrained funding environment is that Efficiency Maine has less room to innovate and try new program delivery models, thus leaving many savings opportunities by the wayside – particularly in commercial and industrial programs.

With restricted budgets, Efficiency Maine is forced to find ways to drive down costs, which has translated into the simplification of the programs, reduction in customer service and a focus on the quickest payback measures to the exclusion of other cost-effective measures. As all of the low-hanging fruit of things like lighting measures are captured, it will be harder to convince customers to participate, and more expensive to complete projects.

Enormous Opportunities to Save on Heating

Perhaps the greatest harm – and cost – to Mainers comes due to the lack of funding for thermal efficiency projects to weatherize and upgrade old, inefficient heating equipment. With more than two-thirds of the state's residents depending on delivered fuels like oil, we urge the legislature to work with the Trust and create a funding mechanism to help Mainers save on heating and begin to address the ambitious goals set forth in LD 886, An Act to Secure Maine's Energy Future.

The good news: Every \$1 dollar invested in energy efficiency pays a customer back up to \$6.80 for heating oil in direct energy savings. Investments in oil heat efficiency would lead to 70 job years¹⁶ per million dollars of program spending, both within and independent of the energy efficiency sector.¹⁷

We applaud the approach that the Trust is exploring to try and help more Mainers do some weatherization using U.S. Department of Energy monies to create a revolving loan fund, but acknowledge that many people are reluctant to take on more debt. With an expanded budget scenario, the Trust could offer cost-sharing in addition to loans, making it much more palatable for consumers to invest in weatherization.

Fund Programs to MACE Level

Again, the Efficiency Maine staff and program delivery partners should be commended for their efforts to help residents and businesses reduce energy waste, improve comfort and productivity, and lower energy costs – while achieving myriad other economic and environmental benefits. We understand that the Trust is in a difficult position, and trying to

¹⁶ A job year is an economic measure of one job that lasts one year.

¹⁷ See the report by Environment Northeast, <http://www.env-ne.org/resources/open/p/id/965>



get the greatest possible benefit from limited funding while leveraging private funding. Yet we remind the Trust board members and the PUC that it focuses on the easy measures and quick-paybacks to the detriment of long-term success. Savings are being left on the table, and customers continue wasting energy.

With an expanded budget to the Maximum Achievable Cost-Effective level (MACE), Efficiency Maine could go deeper and conduct more integrated projects, particularly with commercial and industrial customers. We recommend that the final plan outline which programs would be added or expanded under a MACE funding scenario, so that the PUC and legislature has a clear idea of the smart, cost-effective opportunities that are merit funding.

Further Suggestions

We encourage the final draft of the Second Triennial Plan to more clearly outline why there are differences in projected savings levels when moving from Base to MACE budgets. Namely, that in the Base funding scenario most of the savings are coming from lighting, while MACE includes other measures that have a longer payback but are still very cost-effective and produce greater long-term benefits.

The Base plan keeps the bones of the programs, the most cost-effective and popular measures and demonstrates creativity in how the Trust plans to realize savings. Yet it also cuts out a number of programs such as incentives on some key residential measures like replacement heating equipment and refrigerators, and is restricted on offering a comprehensive, strategic approach for business customers.

There were several elements that we saw listed under “Program Evolution” at the September 6 public meeting that we think should be at the top of the list if Maine finds a way to pursue something closer to a MACE scenario. In general, we would support the more comprehensive and strategic approach that the Trust has outlined, affording deeper savings and including more measures.

Other strong elements include:

Account management, especially for larger C&I and municipal customers, more comprehensive audits for business and residential customers with a focus on turn-key service and follow-up to bring projects to completion, inclusion of more advanced lighting measures, including LEDs and controls, more consumer products, and a greater focus on upstream market opportunities – including regional collaboration. In addition, we would advocate for budgets to be spent on further education and cross-training of program partners and building design professionals, as well as greater incentives when they “up-sell” to energy efficiency.

We would also encourage the Trust board and staff as well as policymakers who have the ability to augment the funding stream, to re-examine what some of the leading states in the region are doing with their efficiency programs. Nearby Vermont is well-known for having



“bent down” the state’s electric demand curve with efficiency, and is also making great strides with its thermal initiatives – in part due to RGGI and Recovery Act funding. For the most robust program examples, we would point to the nation-leading efforts of Massachusetts, about to come out with its second three-year gas and electric efficiency plan¹⁸. Massachusetts and Connecticut¹⁹ both have a substantial amount of information on their stakeholder advisory board web pages, the EEAC²⁰ and EEB,²¹ respectively.

Following are a few other examples of the types of programs we would recommend a new or enhanced focus on, should more funding be allocated to the programs. Several of these ideas come from other state plans, available online.

- Reintroduce incentives for heating equipment and refrigerator replacement, enhance offers for weatherization, and expand consumer products incentives to include things like advanced power strips and clothes washers and Top Ten USA products.²²
- Offer multi-year Memoranda of Understanding “MOUs” with large end-users in managed accounts, as Massachusetts is doing to great results.
- Incentivize combined heat and power studies and installations at appropriate sites.
- Target specific high-use sectors like health care, identifying sector-specific technologies and savings opportunities, including behavioral initiatives and working with product manufacturers.
- Look at what Massachusetts is doing with its Technical Advisory Committee²³ to review and develop incentives for new residential and commercial products.
- Look at what Rhode Island is doing to study oil heat efficiency options.
- Streamline program participation by developing online rebating, and make other improvements to program administration.
- Work to raise closure rates on customers who undertake preliminary savings assessments, and move existing participants on to more and more complex energy savings projects at their homes or businesses.
- Target outreach to municipalities, which saves energy and taxpayer dollars while freeing up budgets for other pressing needs. Look at Green Communities program in Massachusetts, or “leading by example” programs for state and local governments in a number of surrounding states.
- Expand marketing and education efforts, including behavioral initiatives.
- Lastly, increase data collection and evaluation, measurement and verification.

¹⁸ July 2012 is the most recent plan version, with an update due Sept 27. <http://www.ma-eeac.org/2012%20Minutes.htm>

¹⁹ Connecticut is planning a major increase in efficiency program spending. Most recent program documents are here: <http://www.ctenergyinfo.com/eeb/plans-draft.htm>

²⁰ The Massachusetts Energy Advisory Council, <http://www.ma-eeac.org>

²¹ The Connecticut Energy Efficiency Board: <http://www.ctenergyinfo.com/>

²² <http://toptenusa.org/> lists the most efficient consumer products in an array of categories.

²³ <http://www.ma-eeac.org/docs/3.13.12/MTAC%20Presentation%20Candl%20031312.pdf>



In Closing

Maine could be doing a great deal more to reduce energy bills over the long-term, increase comfort, and slash the percentage of out-of-state fossil fuel energy resources that it requires, while growing local jobs and curbing emissions. We urge the Trust's board of directors, PUC and legislature to support the MACE funding scenario, and work together to provide Efficiency Maine with the resources it needs to deliver even higher value to the state's residential and business customers.

Thank you again for the opportunity to provide comments, and please do not hesitate to follow up with me with any questions – in particular with regards to some of the programmatic ideas from neighboring states. As always, NEEP is pleased to support Maine in your efforts to harness the maximum power of energy efficiency, and we congratulate you for all your progress to date.

A handwritten signature in blue ink that reads "Natalie Hildt".

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