



June 19, 2013

The Honorable Harris B. McDowell III
Chairman, Senate Committee on Energy and Transit
Legislative Hall
411 Legislative Avenue
Dover, DE 19901

Dear Senator McDowell:

On behalf Northeast Energy Efficiency Partnerships (NEEP),¹ I am writing to urge your full support of [House Bill 179](#), “An Act to Amend Title 26 of the Delaware Code Relating to Energy Efficiency Resource Standards and Renewable Energy Portfolio Standards.”

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.

According to a new report commissioned by the Department of Natural Resources and Environmental Control (DNREC)², Delaware could cost-effectively reduce electric energy consumption by about 26 percent by 2025, shaving off about 1.6 percent of demand each year, saving customers about \$4 for every dollar invested in efficiency. Similar savings potential exists for natural gas and oil consumption.

We know you are a strong supporter of energy efficiency, because it can help Delaware to meet a range of economic, environmental and energy system goals. These include: reducing energy costs, increasing business competitiveness, keeping more energy dollars in state, reducing strain on the electric grid, creating good jobs, increasing comfort of building occupants, and curbing emissions. In addition, broad scale investment in energy efficiency can help drive down wholesale electric costs for all customers, not just those who participate in programs.

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 Report on Delaware’s Economic Energy Efficiency Potential, May 2013.

<http://www.dnrec.delaware.gov/energy/information/Documents/EERS/Potential%20Study%20Phase%20I.pdf>



Energy Efficiency Equals Jobs for Delaware

By investing in efficiency, Delaware can both attract and build homegrown jobs, rather than sending energy dollars out of state. This burgeoning field includes employment for electricians and carpenters; heating and cooling contractors and insulation workers; civil engineers, building inspectors, accountants, attorneys, customer service representatives and software engineers.

But in a broader economic sense, energy efficiency also frees up financial resources that can be used to bolster productivity and provide further opportunities for job creation. So there is a direct and an indirect job creation effect.

One recent study conducted in Vermont shows that total job benefits of energy efficiency investment is about 43 job-years per million dollars.³ For more on the job creation effect, please see the factsheet from the American Council on Energy Efficiency entitled "How Does Energy Efficiency Create Jobs?"⁴

Massachusetts is another example of how good policy leads to economic growth. With its consistently strong and supportive policies and program funding for efficiency and renewable energy, the Bay State saw 11 percent job growth in the clean energy from 2011 to 2012.

As for Delaware, the policy framework and funding mechanism set forth under the Energy Conservation and Efficiency Act of 2009, though well-intentioned, have thus far been woefully insufficient. Recently, many of the state's modest electric energy efficiency programs for residential and business customers were shut down, leaving millions of dollars in potential savings on the table.

HB 179 is an important step forward, as it would create a sustainable funding source for the utilities to deliver efficiency solutions to the state's business and residential customers in collaboration with the Sustainable Energy Utility, DNREC and other agencies. The bill would build on the recommendations of the Energy Efficiency Resource Standards (EERS) Workgroup, enabling and facilitating cooperative efforts to help the state meet its energy efficiency targets.

³ A job-year is one job that lasts one year. See the 2011 Report on the Economic Impacts of Energy Efficiency Investments in Vermont: http://legislature.idaho.gov/sessioninfo/2011/interim/energy_public_optimal.pdf.

⁴ See <http://aceee.org/files/pdf/fact-sheet/ee-job-creation.pdf>



Delaware Is Far behind Neighboring States on Energy Efficiency

As the following table and graph indicate, Delaware is far below what neighboring and leading states are investing in energy efficiency – spending only fraction in actual and per capita dollars, and therefore achieving negligible energy savings on the electric side.⁵ Of course there are currently no natural gas or oil efficiency programs available.

Choosing energy efficiency is not an “added cost” to ratepayers. It is about supplanting expensive new generation resources with a cheaper, cleaner alternative – not on top of, *but in place of* traditional supply-side options. And the benefits are enormous.

With energy efficiency as a resource costing only about a quarter of what generation resources cost to meet customer demand, this means that the state’s residential, business and institutional customers are essentially pouring money down the drain. It’s time to improve the system in what was a good start under the Energy Conservation and Efficiency Act of 2009.

A Comparison of State Investments in Energy Efficiency, 2011 Data

State	Electric Efficiency Program Expenditures (\$ millions)	Per Capita Expenditure	Electric Savings Achieved (% of Retail Sales)
Delaware*	\$3.3	\$3.73	--
Massachusetts	\$269.3	\$55.40	1.7%
Maryland	\$95.9	\$16.82	0.68%
Pennsylvania	\$252.2	\$20.00	1.20%
Rhode Island	\$34.8	\$33.08	1.26%
Vermont	\$42.3	\$67.95	1.97%

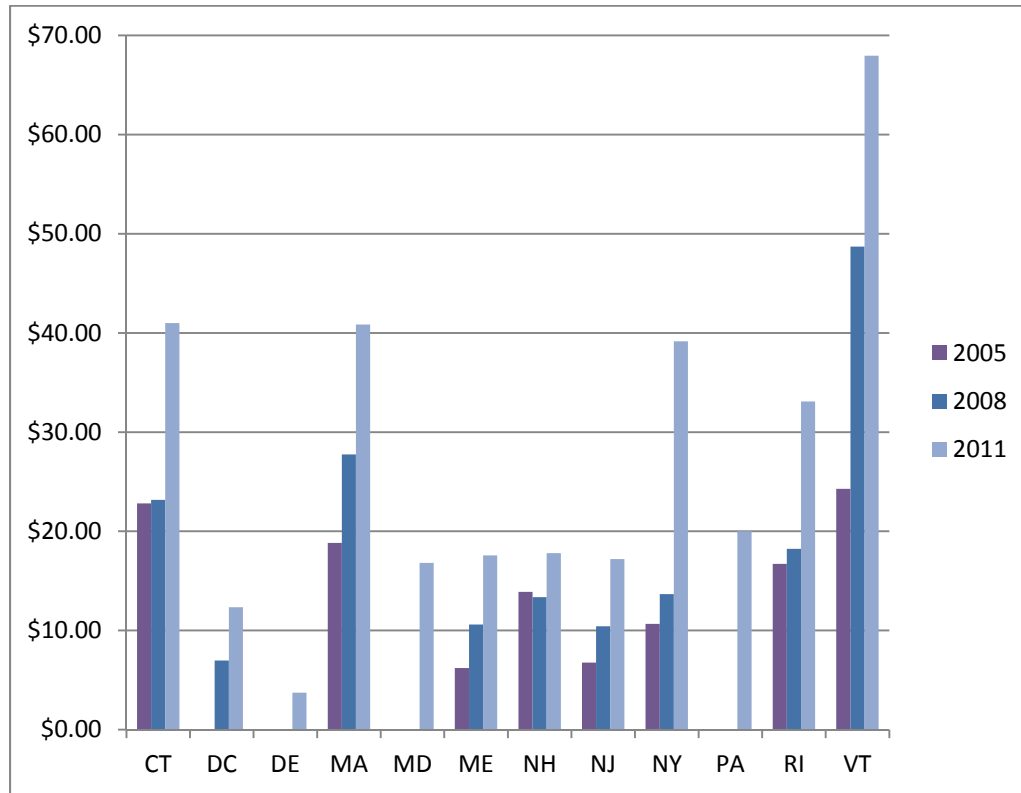
States Are Increasing Investments in Energy Efficiency

As the following graph illustrates, states across the Northeast have been steadily ramping up their investments in efficiency, with great success. While programs in several Mid-Atlantic states are relatively new, Delaware’s spending levels are anemic compared with Pennsylvania, Maryland and the District of Columbia.

⁵ Based upon proposed 2011 energy efficiency budget as included in the 2012 ACEEE State Policy Scorecard: <http://aceee.org/research-report/e12c>. Delaware did not have savings figures available for 2011 for its programs. Data sources: Publicly available state and utility annual energy efficiency program reports. More info at www.neep.org.



Delaware Lags in Per Capita Investments in Electric Efficiency



As a regional energy efficiency group that works closely with state agencies, legislators, utilities and other energy efficiency market actors, NEEP sees many of the provisions in HB 179 to be modeled on best practices from states across the Northeast and Mid-Atlantic.

We support the bill’s provision for a rate-recovery mechanism as a way of buying efficiency through the rates. It is very important to allow the utilities to recover lost costs as they put resources toward helping customers realize efficiency opportunities. Aligning the interest of for-profit energy delivery companies with larger policy goals will help the energy companies better serve their customers and be champions of efficiency. Oversight by the Public Service Commission with help from DNREC and the SEU will ensure these dollars are well-spent.

In addition, the provision to create a stakeholder advisory council to help develop and oversee the programs has been noted as a best practice in states across the region, and will help bring diverse perspectives and maintain support for efficiency as a resource from the various customer sectors served, notably the business community, environmental and low-income advocates.



The bill would strengthen processes to measure and count the impacts of energy-saving programs through better-funded evaluation, measurement and verification programs. We are concerned, however, with the proposed inclusion of EM&V costs in program cost-benefit analysis.

The three-year planning and budget cycle will help the state and program administrators take a longer term view of energy efficiency. This is another best practice seen across the region.

We urge you and your fellow senators to join your house colleagues who recently voted in favor of the bill 38-0. Your leadership is needed now to move Delaware forward.

NEEP stands ready to work with the state, utilities and other interested parties to maximize the potential of efficiency to deliver economic, environmental and broader public benefits. Thank you for the opportunity to provide comment on this important legislation.

Sincerely,

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

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

CC:

Senator Catherine Cloutier
Senator F. Gary Simpson
Senator David P. Sokola
Senator Robert L. Venables Sr.
Representative Darryl M. Scott
Representative Paul S. Baumbach
Representative John A. Kowalko Jr.
Senator Karen E. Peterson