



**Comments of Natalie Hildt, Manager of Public Policy Outreach  
Northeast Energy Efficiency Partnerships (NEEP)  
To the Connecticut Energy Efficiency Board (EEB)  
Regarding the 2012 Conservation and Load Management Plan  
May 11, 2010**

Chairman Gaudiosi and members of the Board:

On behalf of Northeast Energy Efficiency Partnerships, I am pleased to offer input on the 2012 Conservation and Load Management (CL&M) plans being developed through the Connecticut Energy Efficiency Fund (CEEF).<sup>1</sup>

As you know, NEEP is a regional nonprofit organization whose mission is to accelerate energy efficiency in homes, buildings and industry in the Northeast and Mid-Atlantic regions of the United States. We do this through advocacy, collaboration, and education designed to accelerate energy efficiency and make visible its impacts on the region, economy, the planet, and future generations.

**Introduction**

The Connecticut Energy Efficiency Fund and its partners — the electric and gas utilities, the state and supporting non-profit organizations and vendors — should be commended for their success in delivering cost-effective programs that reach all sectors of the state. Despite last year’s distressing situation when the administration sought to raid more than a third of these funds to plug state budget gaps, the program administrators continued to deliver innovative solutions to help residents and businesses save energy.

NEEP believes that Connecticut is on the right track with statewide coordination of programs, integration of gas, electric and fuel-oil efficiency, support for complementary policies like appliance standards and building energy codes, and introduction of new financing programs to help customers over the initial hurdle of investing in efficiency. With greater flexibility from regulators to allow utilities to meet savings goals, and support for the programs to offer as much efficiency as the market demands, we believe the state as a whole will be in a stronger position, and customers better served.

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

**Don't stifle the market by limiting program budgets**

NEEP is encouraged that new leadership under the Malloy administration understands the value of efficiency and is determined to leverage it to help meet an array of the state's energy, economic and environmental challenges. Restoration of the Energy Efficiency Fund is an important step to delivering on the potential of efficiency. We hope that another change in 2011 will be that the Department of Public Utility Control (DPUC) will adhere to the mandate of Public Act 07-242, directing the utilities to procure all cost-effective energy efficiency before turning to costly and polluting generation sources.

Program starts and stops due to the state's fiscal issues, which have resulted in the utilities having to suspend programs when budgets are expended, are harmful to the commercial and residential customers who count on help to be there when they are ready to invest in efficiency. One unintended consequence of utilities being forced to shut down programs is that contractors and vendors focus their efforts to service territories where programs *are* still open for business. This happened in 2010, when United Illuminating ran out of program funds due to high demand, and energy service businesses flooded the Connecticut Light and Power territory, looking for projects.

A far better solution — one that many neighboring states are pursuing and that was the intent of Public Act 07-242 — is to eliminate this artificial cap. As long as there is customer demand for efficiency programs, utilities should be allowed to service them. That is the notion of capturing all cost-effective efficiency, and any "true-up" adjustments of ledgers can be made through the regulatory process to ensure that the interests of ratepayers and utility profits are balanced.

The DPUC has historically stated its contention that pursuing all cost-effective efficiency could increase costs for non-participants, while decreasing costs for program participants. While this may be true in the short-run in small increments, and to varying degree depending on rate class, NEEP would, as in past comments, urge the Department to look to neighboring states on the issue of bill impacts. With significantly increased investments in efficiency, overall energy costs would likely decline with substantial, permanent reductions in the state's and region's load curve.

Where analysis has been done on impact scenarios from increased surcharges to build efficiency funds in other states — specifically, the Rate Impact Working Group in Massachusetts convened by the Department of Public Utilities under the Green Communities Act — the conclusion has been that any rate impacts would be nominal compared to the significant savings realized through the capture of all cost-effective energy efficiency. The so-called Demand Reduction Induced Price Effect, or "DRIPE" has the potential to drive energy costs down for participants and non-participants alike. NEEP continues to monitor this working group and experiences of other states and would be happy to share this information.

**Step it up on codes and standards**

The DPUC, the Connecticut Energy Advisory Board and the utilities have all indicated in various past comments that they support integration of complementary policies to help drive efficient practices and products and transform markets. Improving energy code enforcement is a significant goal of these efforts. Per the DPUC:

“...enacting and ensuring compliance with energy efficient building codes provides another strategy to pursue additional cost-effective conservation and energy efficiency measures without increasing rates. However, energy-related building codes only achieve their savings potential when enforced and the degree to which code compliance is being achieved is unclear. The Department is aware of this issue and has directed the Energy Efficiency Board to study the matter and develop proposals to improve compliance and promote efficient building practices in Connecticut.”<sup>2</sup>

The utilities and the state have been actively partnering with our organization, as well as professional organizations like the state chapters of the American Institute of Architects and the Society of Professional engineers, to offer trainings to help building practitioners learn about how to ensure and document building energy code compliance, particularly with new changes to the IECC and ASHRAE codes forthcoming.

As the DPUC stated in their review of the 2010 IRP, “the Department will pursue greater efficiency through strategies it has encouraged for many years; specifically, expanding financing options and market mechanisms, and by supporting energy efficient codes and product standards, as a way to complement and expand current initiatives in order to leverage the energy-related cultural shift Connecticut and the nation are experiencing.”<sup>3</sup>

While supporting greater code awareness and enforcement is important, our impression is that insufficient guidance has been issued as to how the state or utilities should undertake activities to advance more progressive codes and standards, as has been mentioned as a priority by the DPUC. NEEP would like to see the state provide specific examples of ways that the electric and gas distribution companies should be more involved with codes and standards, beyond their role in offering professional training and development.

Building off of a number of efforts across the region to determine how to effectively engage program administrators in complementary policies, NEEP organized and hosted a [regional workshop](#) on the topic last fall. Figuring out how to reward utilities for their contributions to energy savings and where savings attribution should lie are topics with which states continue to grapple, but there has been much consideration to the topic. NEEP is prepared to assist the utilities, this Board and the DPUC in reaching consensus on which activities can be undertaken, and how savings from those activities may be claimed.

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<sup>2</sup> Docket No. 10-02-07: DPUC review of the 2010 Integrated Resource Plan. September 15, 2010. Pg. 57.

<sup>3</sup> Docket No. 10-02-07: DPUC review of the 2010 Integrated Resource Plan. September 15, 2010. Pg. 49.

Similarly, on the issue of appliance standards, NEEP and its partners are working to develop a comprehensive list of activities that program administrators could undertake to impact the development, revision, adoption and implementation of appliance efficiency standards. This guidance will include things like:

- Appliance standards research, development and support
- Advocacy to advance state and federal standards
- Informing federal priorities and engaging on technical rulemaking

Utilities are uniquely positioned to promote and advance codes and standards to achieve greater energy savings, and these policies can work hand-in-hand with ratepayer-funded programs. The state should take a more active role in determining how best to utilize the companies — for their expertise, their relationships with building professionals and their customer rapport — to deliver lasting efficiency gains.

### **Continue regional collaboration**

We appreciate Connecticut's participation in and funding of the Regional Evaluation Measurement and Verification (EM&V) Forum<sup>4</sup> over the past three years and encourage Connecticut's continued participation in 2012. Since 2009, the EM&V Forum has worked to increase the credibility of energy efficiency demand resources by developing common statewide reporting and EM&V methods guidelines, conducting joint research and evaluation projects, and serving as an EM&V information resource.

Connecticut stakeholders participated actively in completed EM&V Forum projects that move the region towards consistent and transparent energy efficiency data and EM&V methods, including the [EM&V Glossary](#), [Regional EM&V Methods and Savings Assumptions Guidelines](#), and [Common Statewide Energy Efficiency Reporting Guidelines](#). Connecticut stakeholders are currently participating in several large EM&V Forum research and evaluation projects that reduce Connecticut's evaluation and research costs by leveraging funding from numerous states. These studies will be completed later this spring. We look forward to Connecticut stakeholders' continued participation in the EM&V Forum this summer as we begin the planning process to determine 2012 projects and activities. For more information about the EM&V Forum's activities and accomplishments, please view the latest [EM&V Forum Quarterly Newsletter](#).

### **Regulatory flexibility for new programs and products**

While there is still plenty of efficiency to be gained using tried-and-true technologies and programs, to get to the kind of market transformation envisioned by the state, the DPUC needs to look beyond the low-hanging fruit. Program administrators should have leeway to innovate, knowing that while not everything will be a success, but knowing there are valuable lessons to be drawn from anything tried. There should be room for new technologies to be tested, innovative customer outreach and education, and deeper retrofits that are all worthwhile even if they don't have the highest benefit-cost ratios. For example, new lighting products —such as

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<sup>4</sup> <http://neep.org/emv-forum>

those utilizing light-emitting diode (LED) technology — are clearly the technology of the future, but will need assistance in overcoming market obstacles in order to compete.

### **In Closing**

Connecticut remains one of the leading states in the nation for efficiency, remaining in the top ten of the ACEEE State Scorecard<sup>5</sup> for 2010. We applaud the electric distribution company's work to bring Home Energy Services to customers regardless of fuel type, with Recovery Act funding making it possible for oil heat customers to take advantage of these programs in the last year. We are likewise pleased to see that the successful on-bill financing program will soon be extended to residential customers as well, helping to put investing in efficiency within reach for many more people across the state.

Recent funding concerns and a lack of true support for all cost-effective efficiency by some regulators has held back the state from reaching its true potential. We hope that the new administration and changes still to come at the state will build upon all the strengths of program administrators, the private sector and state agencies to deliver even stronger and better integrated programs.

Thank you for the opportunity to comment on the 2012 C&LM Plan. NEEP stands ready to provide advice and support to the state as you pursue clean, efficient energy solutions for Connecticut's long-term future.



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<sup>5</sup> American Council for an Energy-Efficient Economy, <http://www.aceee.org/sector/state-policy/Connecticut>