

Exemplary Energy Efficiency Initiatives: Tales from the Road

ACEEE 2006 Summer Study

Richard Sedano

August 14, 2006



The Regulatory Assistance Project

*50 State Street, Suite 3
Montpelier, Vermont USA 05602
Tel: 802.223.8199
Fax: 802.223.8172*

*177 Water St.
Gardiner, Maine USA 04345
Tel: 207.582.1135
Fax: 207.582.1176*

Website:

<http://www.raponline.org>



RAP Perspective: PUC Activity Everywhere!

- Pacific Northwest and Hawaii
- Southwest
- Midwest
- Southeast
- Northeast
- National Action Plan for Energy Efficiency



Regional Initiatives

- New England Demand Response Initiative
- Mid-Atlantic Distributed Resource Initiative
- Midwest Natural Gas Initiative
- A possible 2007 Pacific Northwest Project
- A possible 2007-08 Midwest Project



Can You Remember As Many Opportunities?

- Progress in energy efficiency in every region (if not in every state)
 - ❖ Consumer funded programs
 - ❖ New revenue streams from more EE attributes
 - ❖ Supply dilemmas, price spikes
 - ❖ Risk management
- Utilities and regulators want to talk incentives



New Opportunities

- Energy Efficiency Performance Standard
- Energy Efficiency in Capacity Markets
- Regional Greenhouse Gas Initiative
- Northeast Ozone Mitigation
- Energy Efficiency in Default Service
- Some individual state innovation

Energy Efficiency

Performance/Portfolio Standard

- Energy efficiency performance requirement of load serving entity (Texas)
 - ❖ It's savings that count!
- Augmented with tradable credits (white tags)
 - ❖ Requiring attention to M&V for a new purpose
- CT, PA, NV



Spotlight on CT Performance Standard

- Requirement goes into effect in 2007
 - ❖ 1% of sales matched by credits
 - ❖ Increase 1% p.y. through 2010 (4% in 2010)
 - ❖ Qualifying C&I efficiency and clean DG
 - ❖ Stiff “Compliance payment”

<http://www.cga.ct.gov/2005/ACT/PA/2005PA-00001-R00HB-07501SS1-PA.htm>

- Latest intelligence: PUC congestion appears to delay implementation *Docket # 05-07-19*



Energy Efficiency Capacity Credit

- ISO – New England settlement on capacity
 - ❖ Includes EE, DG and DR
 - ❖ Kudos to states for insisting
 - ❖ Transition implementation in 2007
 - ❖ M&V consistency is key
- Significant new revenues to state EE programs and ESCOs
 - ❖ Will state programs use money to do more programs, or to reduce the rate effect of what they already do?



Regional Greenhouse Gas Initiative

- Northeast states collaborating on a carbon cap and trade system
 - ❖ Model state rule includes an allocation of at least 25% of allowances set aside for consumer benefit (Vermont law sets 100%)
- State PUCs or DEC's will determine how consumer benefit is interpreted.
 - ❖ Revenue for energy efficiency
- RAP in a conduit to west coast initiative



Ozone Transport Commission and NO_x Attainment

- 2010 NO_x requirements will be tough to meet in the northeast US
 - ❖ Back end controls may not be enough
- Environment commissioners approach PUCs: “We need help. We need a reduction in electric load growth.”
- Potential significant upgrade to SIP set aside potential for energy efficiency >> revenue



Energy Efficiency in Default Service

- Default provider in retail competition state must provide energy efficiency
 - ❖ Maine, RI, Delaware
 - ❖ Rules being written
 - ❖ More revenue for energy efficiency



Addressing the Throughput Incentive

- Decoupling – the idea everyone is still talking about
 - ❖ Suggestions for a new name?
 - ❖ Other options to engage utilities and consumer advocates
- Affirmative performance incentives
 - ❖ Make the least cost resource the most profitable resource



Connecticut's Energy Independence Act

Motivated by reliability and a state-federal impasse on solutions...

➤ Connecticut takes action

- ❖ Energy efficiency performance standard
- ❖ At least a dozen dockets



Vermont's SPEED Program

- Sustainably Priced Energy Enterprise Development Program (30 VSA 8005)
 - ❖ Designed to task the utilities or a designee with causing clean energy development in Vermont
 - ❖ Rulemaking underway
- If $EE + SPEED = \text{load growth}$, an RPS that would go into effect in 2012 would be waived



Vermont Integrates EE in Transmission Planning

In response to a controversial transmission proposal that was approved...

- A 2005 statute directs the transmission owners to engage in transparent planning that factors in energy efficiency as a resource



Arkansas Energy Efficiency Collaborative

- Arkansas?
- Doubling or tripling energy efficiency in the US requires significant action from states that are current quiet.
- Leadership signals action is inevitable
 - ❖ See Arkansas PSC website for good order language



Common Themes

- Commitment AND Innovation
- Legislation matters
- Leadership matters
- Incentives matter
- Urgency is growing



Thanks for your attention

- ❖ rapsedano@aol.com
- ❖ <http://www.raponline.org>
- ❖ RAP Mission: *RAP is committed to fostering regulatory policies for the electric industry that encourage economic efficiency, protect environmental quality, assure system reliability, and allocate system benefits fairly to all customers.*