Rapporteur Report – Group A

Energy Savings Targets:

Legislate vs. Regulate

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Topics

- Group Composition
- Summary of Presentations
- Summary of Interventions
- Group Discussion Highlights
- Areas of Agreement
- Areas of Disagreement
- Areas for Further Policy Research
- Conlusions

Group Composition

- Total number -- 16
- Energy Providers – 4 (includes AGA & EEI)
- Government (non-regulators) -- 2
- Regulators -- 2
- Consumer advocates -- 0
- Energy efficiency industry – 5 (includes consultants)
- Academics and NGOs -- 4

Summary of Presentations

Sciortino (ACEEE)

- 25 states with EERS, 18 at pace to save 10% by 2020
- Of 19 states implementing >2 years, only 2 falling significantly short
- Benefits exceed costs
- Achieving targets requires good programs, time for ramp-up and clear and fair regulation (e.g. EM&V guidance, rewards and/or penalties)

Breslow (Mass. Dept. of Public Utilities)

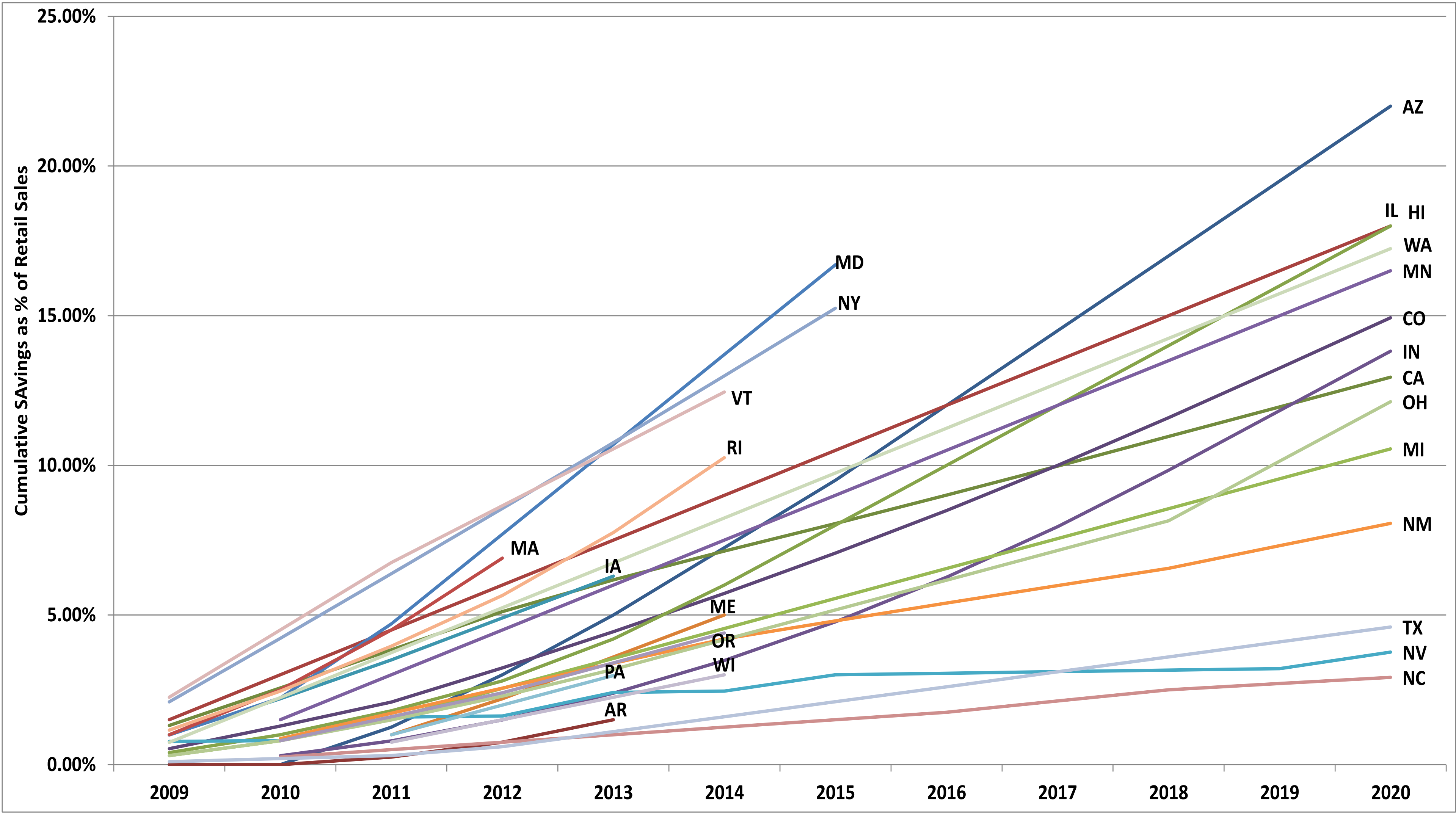
- Legislation calls for “all cost effective energy efficiency”
- 3 year targets set by regulation, ramping up to 2.4% electric savings in 2012, approximately 3X savings prior to legislation
- “Go deeper then broader”
- Ramping up financing, labeling, etc. to control rate impacts

Summary of Presentations

Auburn (Maryland Energy Administration)

- Nation's most aggressive EERS; enacted following 50-90% rate hike in one year
- Meeting peak demand goal
- Falling short of kWh savings goal but taking steps to catch up
  - Adding new programs
  - Higher rebates
  - Sector-focused marketing
  - Considering changes to cost-effectiveness tests (now TRC but with free-riders only in costs, not benefits)

State EERS Targets



Eleven geographically dispersed states have committed to long-term targets to achieve over 10% cumulative annual savings by 2020

Legislate

- Statewide coverage
  - Can even cover public utilities
- Generally have longer-term targets
- Can start more quickly without long IRP process
- Harder/less likely to be changed

- Ignores variation in utilities
- Legislators not experts in EE
- Still need regulators to follow-thru

Regulate

- More flexibility in target-setting process – by utility, changes to targets
- More rooted in analysis
- Regulators generally have more expertise in EE

- Less coverage
- Lacks visibility

Leadership is Key

Group Discussion Highlights

- What about remaining states?
  - Do some do well without targets?
    - Some do, many don't.
    - Utilities need to buy in in order to succeed without targets
  - Are targets possible in additional states?
    - Maybe some but many resistant.
  - What can be done in these states?
    - Collaboration (e.g. Arkansas)
- Public utilities be covered
  - Increasing number of states including/prodding large public utilities

Areas of Agreement

- Buy-in and leadership important (PUCs, utilities, etc.)
- Set rules and stick to them until next phase
- Incentives and lost revenue can be helpful but not too generous; should be factored into cost-effectiveness
- EM&V must be robust and transparent to comfort regulators

Areas of Disagreement

- Degree of specificity in legislation
  - Need more specificity where parties lack experience or don’t trust PUC

Areas for Further Policy Research

- Additional research on rate and bill impacts
- Additional work to develop best strategies for deep savings and minimizing cream skimming
- Continue to evaluate existing efforts

Areas for Further Discussion

- Treating EE as a resource – pay costs upfront vs. financing
- Other fuels (propane, fuel oil) – how are the captured in targets? How can they be captured?
- How synch other state goals (i.e. climate action plans) with targets?

Conclusions and Next Steps

- Targets can motivate action
- Both legislative and regulatory can work
  - Both include a regulatory component
- Leadership important
- Continue to evaluate and refine approaches