U.S. DOE – IEA – RAP
PEPDEE – NORTH AMERICA

ENERGY EFFICIENCY – SUSTAINING THE MOMENTUM

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MARYLAND OFFICE OF PEOPLE'S COUNSEL

- Who We Are
  - Independent State Agency
  - Residential Ratepayer Advocate
- What We Do
  - Represent the interests of all residential ratepayers in Maryland
  - Electricity, gas, telecommunications, private water companies
- Where We Do It
  - Maryland Public Service Commission (utility regulatory agency)
  - Federal Agencies (FERC, FCC)
  - Maryland and federal courts (appeals)
  - Maryland General Assembly (legislation)
- NASUCA (National Association of State Utility Consumer Advocates)
  - President
  - Committee Representation: Electric, Gas, Telecommunications, Consumer Protection, Water

Consumer Advocate Perspective on Value of Energy Efficiency

- National Association of State Utility Consumer Advocates (NASUCA):
  - *"has long supported cost-effective energy efficiency programs as a way of conserving valuable energy resources, reducing demand, and reducing customers' utility bills"*
  - *"the value and need for cost-effective energy efficiency efforts . . .are increasing . . .it is necessary to ensure that the interests and needs of all consumers . . . are protected"*
    - NASUCA Resolution 2008-05
  - When energy efficiency is the least cost resource, "*it should be the preferred resource in a prudent resource planning and acquisition practice"*
  - *"energy efficiency can achieve tangible and measurable economic and societal benefits and produce reliable and quantifiable results to benefit ratepayers"*
    - NASUCA Resolution 2009-02

A Little History

- Past State experience with energy efficiency programs
  - 1990's: Recognition of value of cost-effective utility-based programs
    - Customer: Lower usage → Lower bill
      - Affordability: Low-income customers
    - Delay or avoid plant and/or transmission construction
      - Lower system cost
      - Reliability
      - Environmental benefits – climate; public health
  - 2000's: Adoption of electric retail competition in higher cost states
    - States with vertically-integrated utilities: Progressive adoption of EE programs
    - Some restructured states adopted SBCs and continued utility-based EE programs
      - Continued ramp-up of EE programs
    - Some states terminated utility-based EE programs
      - Reliance on competitive energy markets to delivery EE programs – Limited effect
  - 2008-2012+: New Federal funding, state policies to support EE; new EE/DR role in wholesale energy markets
    - ARRA funds (and then none)
    - State EE targets and programs
    - NE ISO/PJM

Maryland Experience

- 1990's:
  - Maryland Law required gas and electric companies to establish programs to encourage and promote the "efficient use and conservation of energy" (PUA § 7-211(formerly Art. 78, § 28(g)))
  - Maryland PSC approved portfolios of energy efficiency programs for electric and gas companies
    - Main drivers
      - Lower utility usage → lower bills
      - Lower overall costs by avoidance of plant construction (electric)
- 2000's
  - Adoption of electric retail competition
    - PSC approved shut-down of utility-based electric EE programs
    - Gas utility programs gradually disappeared (cost-effectiveness a problem)
  - No entry of competitive EE or energy management companies
  - Large-scale EE disappeared for a decade

Maryland Experience

- 2008-2012+
  - Legislation
    - Healthy Air Act (reduce emissions from coal-fired plants)(2006)
    - Regional Greenhouse Gas Initiative (RGGI)(2008) - SEIF
    - EmPOWER Maryland Energy Efficiency Act (2008)
    - High Performance Buildings Act (2008)
    - Greenhouse Gas Emissions Reduction Act (2009)
  - State and Regulatory Action
    - PSC has approved electric utility EE and DR Programs (5 utilities)
      - ARRA-funded programs
      - SEIF (RGGI funds)
    - State energy office (MEA) administers numerous clean energy programs
    - State DHCD administers WAP (and now Utility low-income EE programs) and other efficiency-based programs

Future Challenges

- Lack of clear national energy policy
  - No expectation of national energy standards and incentives
- Reduced federal funding, tax credits and other EE program supports
  - ARRA
  - WAP (low-income weatherization chronically under-funded)
- Effect of “declining” energy prices
  - Will cost-effectiveness of utility EE be impacted?
- The slowwwww economic recovery
  - Customer financing of EE measures (home retrofits)
    - Income stagnations
    - Reduced home equity
    - Reduced access to credit

How to Maintain Momentum on Energy Efficiency

- Institute, re-invigorate and expand state-based programs
  - Cost-effective utility-based programs can provide long-term stability
    - Ratepayer Funding
      - Challenge: The “pancaking” of utility surcharges and
      - Program targets
    - Challenge: Utility-based programs typically must be “cost-effective (TRC or other tests); there can be some reduced flexibility in program design
- Replace ARRA-funded programs with utility-based programs
  - Maryland experience: Utility low-income EE programs transferred to state DCHD for single administration of federal WAP and utility EE programs
    - Maintain cadre of recently trained contractors and program network
- Integrate and leverage programs for greater efficiency and penetration
  - Baltimore City Partnership programs
- Customer and community-based (neighborhood and social media) programs can be used to reach consumers
  - Americorps and other public/private partners
  - Opower – neighbor to neighbor comparisons
  - Facebook and other social media exchanges

Conclusion

- The availability of ARRA funding for 3 years was:
  - A good thing: It jump-started a lot of activity
  - But: It was not sustainable, and contributed to a “start-stop” approach to programs that can be costly and ineffective in the long run

- We are in a better position than a decade ago to maintain and enhance EE and DR programs
  - Promote activity at the state level
    - State laws: EE targets, building codes
      - Utility provided (including 3rd party contractors) programs
      - Utility (i.e. ratepayer) funded – 3rd party administration
      - EE or sustainable utilities
      - Hybrids
    - Utility-based programs
    - Growth in local, community and 3rd party activities