Energy Efficiency – Maine in the National and New England Context

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Today:

- Energy Efficiency as a resource - US & New England
- Where Maine is in that context
- *Why* Maine is where it is
- Where from here
A Brief History of Efficiency as a Resource

1980: Northwest Power Planning & Conservation Act
- Bonneville Power must treat ee as resource

- EE is New England’s cheapest resource

1987: CLF/Mass Electric agreement:
- Collaborative design of programs
- Utilities should earn return on ee investment
- This model spread to much of the region
Energy Efficiency in 2013

- 46 states have public energy efficiency programs
- Electric and gas utilities run them in 41.5 states
- Almost all programs are administered by utilities: 2 by “efficiency utilities”, 2 – Maine and New Jersey – by public agencies. New York is both.
- Energy Efficiency accepted as the least cost resource: <3.0¢ kWh on average
"(Our plan) “...turns the traditional utility business model on its head. Rather than being rewarded to sell more electricity, Duke Energy will be rewarded to promote energy efficiency. That will lower customers’ bills and reduce the need to build new power plants. The company will encourage customers to buy less of its ... traditional product. That sounds odd, but the company will replace lost sales with new revenue linked to the value delivered to customers through energy efficiency. The winners: customers and shareholders.”

Keith Trent, Chief Strategy, Policy and Regulatory Officer, Duke Energy, 2008

“Our company stands with many energy providers...in recognizing that energy efficiency uniquely addresses many of our nation’s core energy issues – it is more cost-effective than building new power plants, has the potential to dramatically lower greenhouse gas emissions and provides consumers with long-term savings on their energy bills.”

- Tom King, President National Grid, before Congress - 2008
The Region, and Maine’s Place in It:

- Our neighbors have the most mature and amongst the best energy efficiency programs in the country.

- ACEEE ranks state energy policies: MA #1, VT #5, CT#6, RI #7
  (Maine fell from 12th to 25th in 2012 - steepest decline of any state)

- In the 2000’s VT, MA, RI, CT expanded programs with bipartisan legislative support and under Republican governors (VT, RI, CT)

- While in Maine, debates around energy efficiency have been heated and partisan: “Conservation is just another word for a Ponzi scheme” – Governor LePage

- Maine’s efficiency budgets are the lowest in the region.
EE Budgets Per Capita

<table>
<thead>
<tr>
<th>State</th>
<th>Budget Per Capita</th>
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<tbody>
<tr>
<td>MA</td>
<td>$61</td>
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<tr>
<td>VT</td>
<td>$58</td>
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<tr>
<td>RI</td>
<td>$45</td>
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<td>CT</td>
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<td>NH</td>
<td>$14</td>
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<td>ME</td>
<td>$10</td>
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In Case You Think I’m Cherry-picking

- ME - $10
- OK - $12
- OH - $12
- FL - $19
- AR - $22
- IA - $37
CMP energy efficiency budget in 1989 vs. collections from CMP to support EMaine in 2012

CMP customers had access to more than twice as much energy efficiency programming 24 years ago.
Why is Maine the way it is?

- In late 80’s, CMP changed course on efficiency
- CMP and Bangor Hydro strongly opposed continued funding for efficiency during the restructuring debates of the ‘90s
- Both rejected the opportunity to operate programs as distribution utilities
- No other utilities in the US or Canada made that choice
As a result...

- Maine had no programs for fifteen years while other states were growing and maturing theirs – and a robust energy services industries grew to deliver them.

- Gap of an institutional memory of why ee programs exist; no continuing public policy framework, resident technical expertise, or supportive infrastructure.
While in the other states....

- Utilities continue to manage and deliver programs and now fully integrate ee into their overall operations;
- They measure and value the efficiency resource in supply and T&D planning;
- They earn a financial incentive for meeting savings goals and program targets;
- NSTAR calls it “part of their core business”
Maine defaulted to gov’t administration, meaning:

• The link between programs and benefits to the electric system are less clear
• Utilities range from modestly supportive to hostile
• Policymakers tend to view programs as subsidies to businesses and homeowners and not as acquisition of a resource, which leads to:
  • An impulse to design programs through legislation
Hazards of gov’t managed energy programs - generally:

- Are pressured to bend to the political trendy energy fad of the day
- Every decision is politicized
- Spread the “benefits” thinly over the many
- Operate program as cheaply as possible, not as wisely as possible
- Vulnerable to “raids” for other purposes
- Result: Constant instability and turmoil
What I’d do, if they let me

- Confirm PUC’s funding recommendation
- Vest final authority for resource acquisition plan and budget approval with the PUC – as with any other utility decision
- Strengthen Efficiency Maine’s charter as a regulated efficiency utility
- With the above in place: insist on best practices programs
“I’ve been a proponent of energy efficiency for nearly 26 years as a CEO in this industry. I started at (Utility A) where we promoted energy efficiency. I took customer tours with legislators to show them customers who took advantage of efficiency programs.

At (Utility B) we had one of the first major collaborations with the environmental community. It created profit incentives for utilities to promote energy efficiency – and recognized the need to recover costs and investments. That remains as good a model as any.

At (Utility C), our economic model analyzes how to abate our greenhouse gas emissions at the lowest cost. All options are ordered on a price curve. It gives us a roadmap to eliminate our footprint by doing the cheapest things first. Not a surprise that the steps we took first – the cheapest and best options – were related to energy efficiency.
John Rowe

- CEO, Central Maine Power (Utility A), 1984-1989
- CEO, Exelon Corp (Utility C), 1998-2012

During the Rowe years, CMP’s energy efficiency programs were recognized as amongst the best in the nation