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## COMMENTS OF ENE (ENVIRONMENT NORTHEAST) TO CONNECTICUT DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION

### SECOND SET OF COMMENTS ON CT INTEGRATED RESOURCES PLAN MODELING

October 19, 2011

ENE (Environment Northeast) appreciates the opportunity to provide further comments on the recent Integrated Resource Plan (IRP) stakeholder presentations conducted by DEEP to inform the IRP process. DEEP has made significant progress on the IRP in a very short amount of time, and we respect and appreciate DEEP's efforts thus far. While we are encouraged by the majority of the current proposed framework for the modeling and scenarios, we outline a few detailed concerns and suggestions below.

#### ❖ Demand Side Management

- We suggest clarification and modification of the three scenarios identified for assessment of rate impacts. As it is currently written, it appears that the high case is representative of the current program costs for energy efficiency investments and the low case will assume no program funding is necessary. We urge DEEP to use a middle case that accurately reflects current proven metrics. As such, the current program rates are most appropriate for the middle case. A state with higher program cost rates and savings goals, such as Massachusetts, would be an appropriate choice for the high case. With respect to the low case, **it is not appropriate to assume zero program costs when there is no evidence that this has been achieved elsewhere.** Efficiency programs correct a long list of market failures that prevent the adoption of cost-effective efficiency. Access to capital is only one of these. While improved financing will help this particular market failure, it will not address the remainder. Incentives and other components of comprehensive efficiency programs are needed in conjunction with financing and performance contracting. Thus, we recommend setting the low case equal to the lowest cost of efficiency being achieved through programs in other states.
- Several references are made to "All cost-effective" efficiency. Further clarification is needed as to whether this refers to the commonly used terms "Economic Potential," or "Achievable Economic Potential."
- One of the stated policy objectives is to become ACEEE's #1 ranked state. For the purposes of the IRP, we recommend the focus be narrowed to a #1 ACEEE ranking in the areas applicable to the IRP: Utility and Public Benefits Programs and Policies, Combined Heat and Power, and State Government Initiatives.
- We applaud DEEP's decision to include an analysis of economic and job impacts when assessing options. While the impacts on rates to different customer groups should be a consideration when analyzing options, customers pay overall bills—not rates—so bill analysis should be the primary emphasis.

#### ❖ Natural Gas

- Any electricity scenario that significantly increases or decreases the consumption of natural gas as compared to the baseline should have a corresponding analysis of the impacts on other consumers of natural gas due to price and capacity changes.

- We recommend an additional scenario to explore the price impacts of potential future compliance costs related to shale gas.
- ❖ **Environmental Policy**
  - We look forward to reviewing finalized details regarding the environmental assumptions to be incorporated.
  - We recommend an additional scenario be modeled to reflect the potential for a modified RGGI cap, with the cap reduced to current emissions levels and declining at a trajectory to reach 80% emissions reductions by 2050.
- ❖ **Transmission**
  - We suggest clarification of the criteria for specific non-transmission alternative (NTA) projects to be included in the modeling.

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