

**Current Status of the
Energy Efficiency Programs
and
Issues in the 2012 IRP**

Jeff Schlegel

Energy Efficiency Board Consultant

DEEP IRP Stakeholder Meeting

September 19, 2011

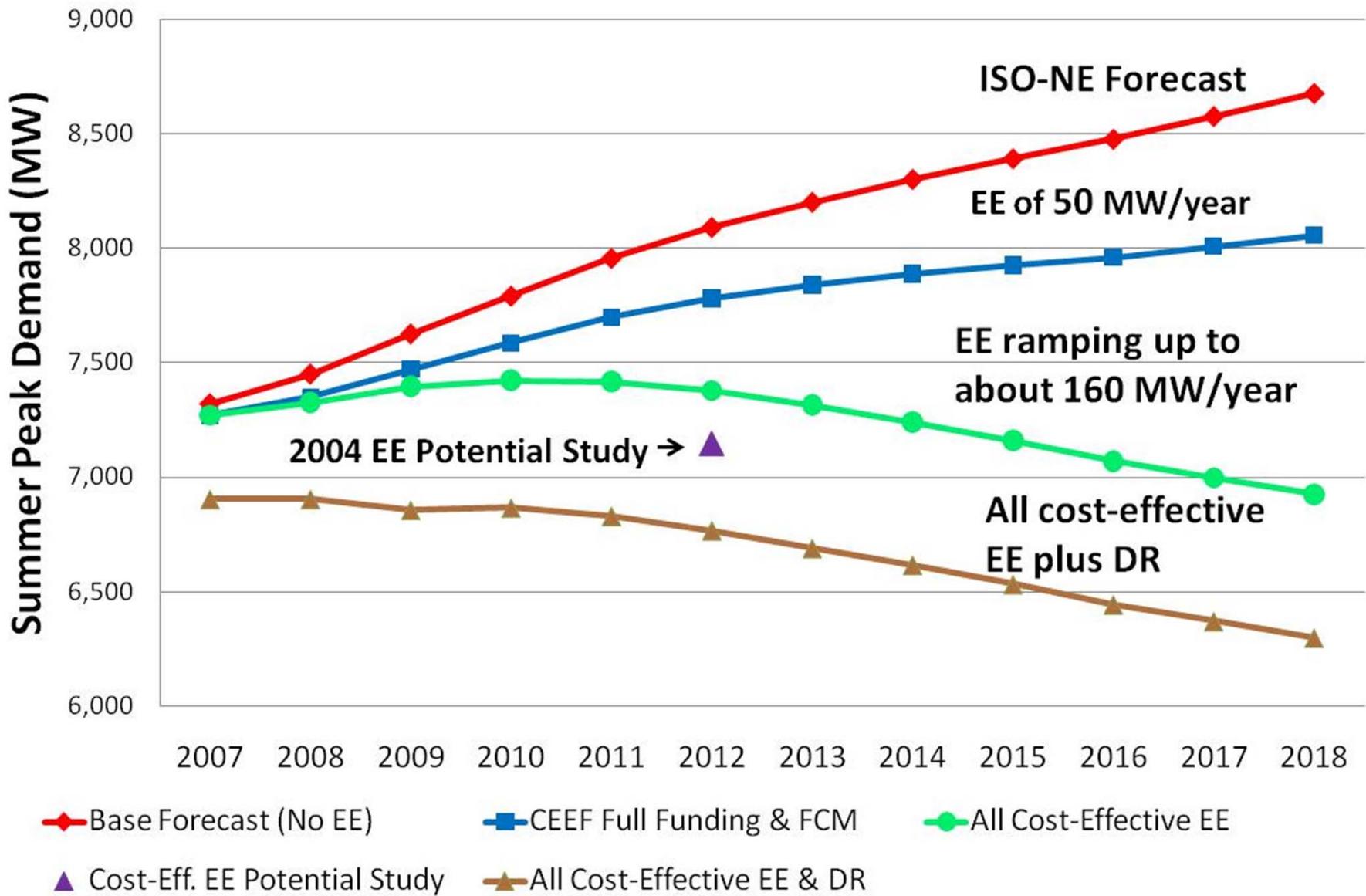
CT Administration and Legislature: High Goals and High Expectations

- Governor Malloy and Commissioner Esty
 - Reduce energy consumption by 15% or more
 - Make Connecticut No. 1 in energy efficiency
- State legislation (PA 11-80)
 - Resource needs must first be met through all available and cost-effective EE and DR measures
 - Goal to weatherize 80% of the state's residential units by 2030

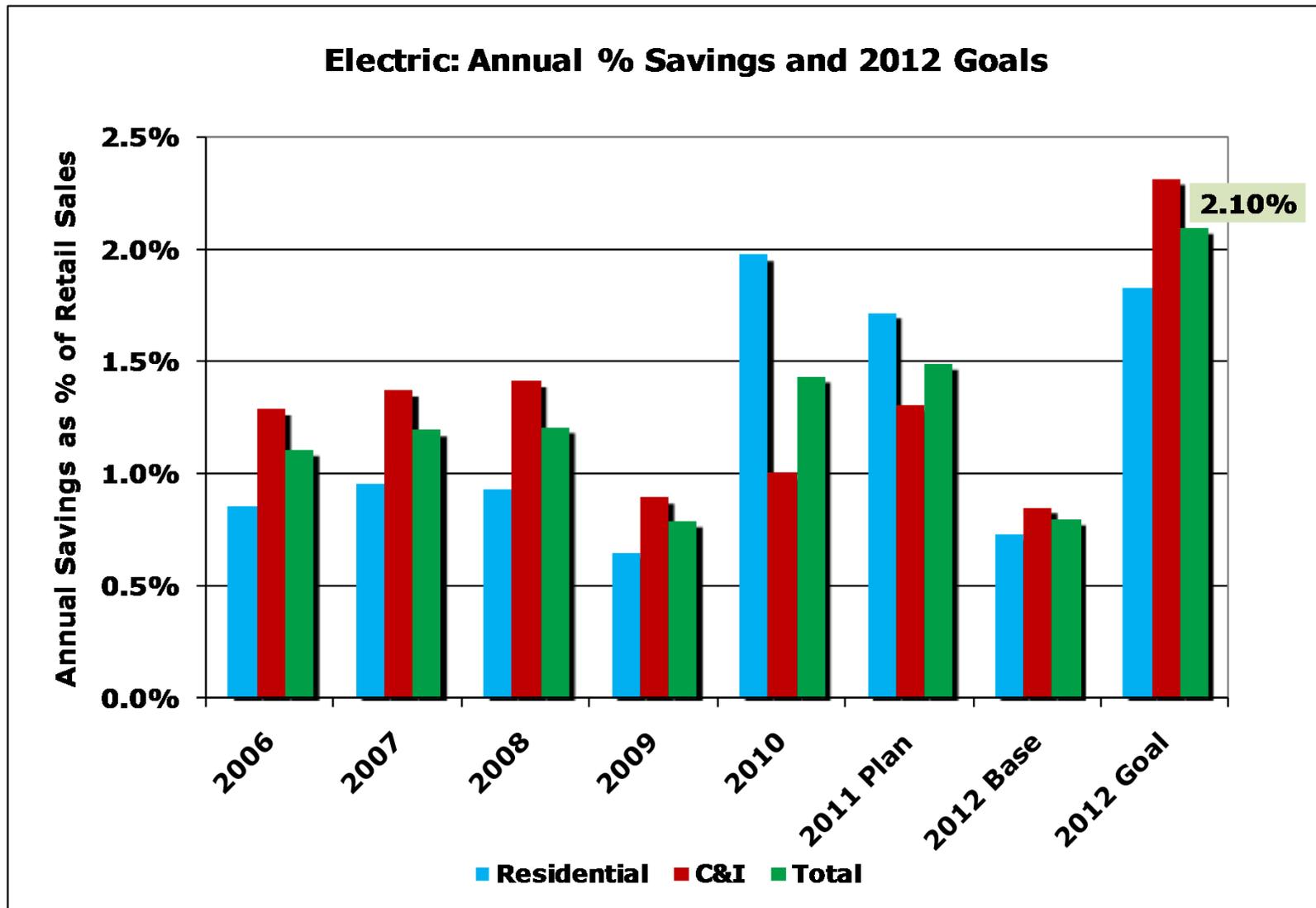
Strong Foundation to Build On

- Very good EE programs in Connecticut
 - Award-winning programs, many are best practices
 - New and enhanced programs or elements
- Commitment to acquire all cost-effective EE
- Prior efforts to achieve much higher savings
 - Developed several plans (IRPs and others) to achieve several times the historical level of EE savings
- EE Board is focused on performance and committed to continuous improvement

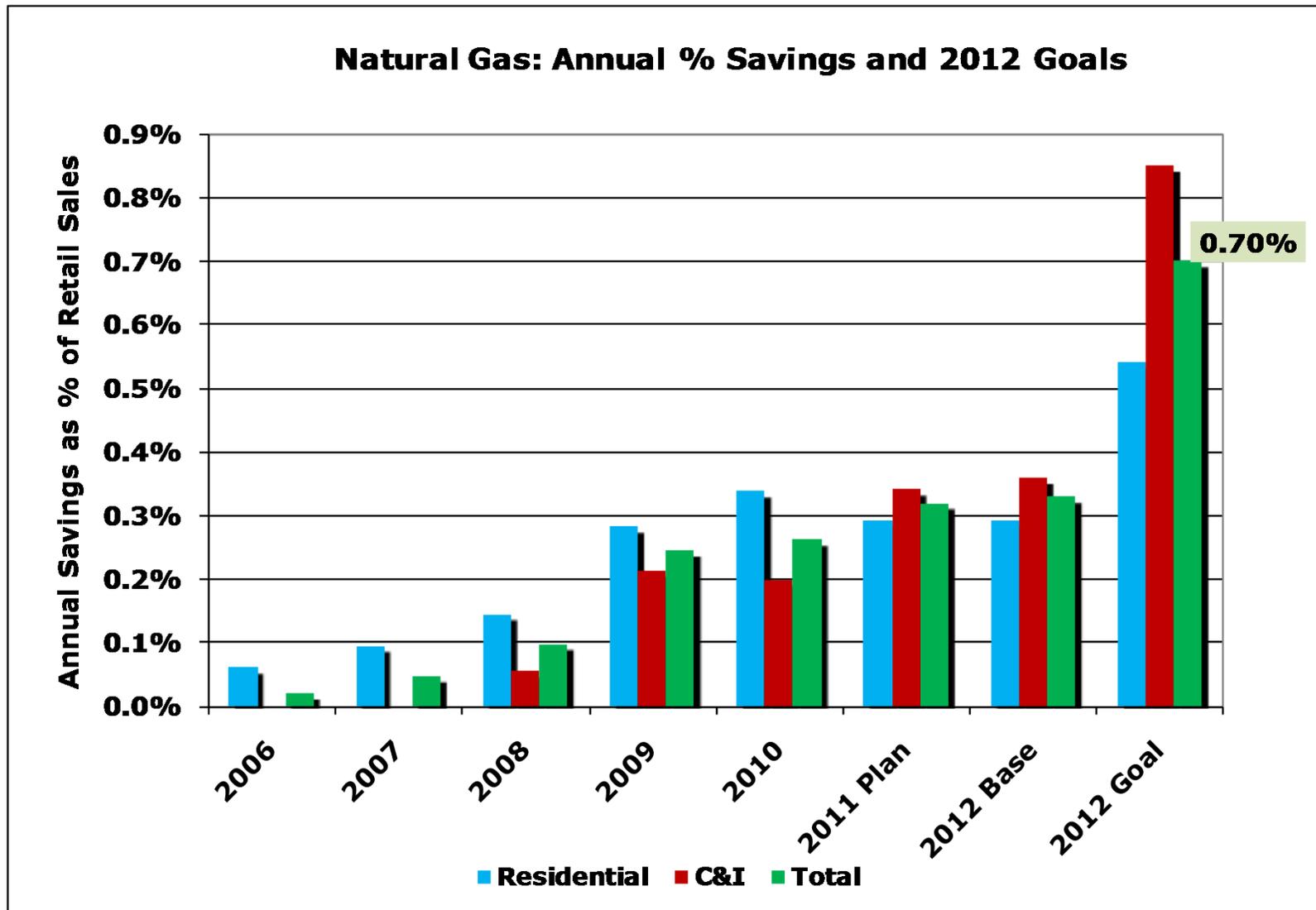
ECMB 2008 Energy Efficiency Planning Scenarios



Historical & Projected Electric Savings



Historical & Projected Gas Savings



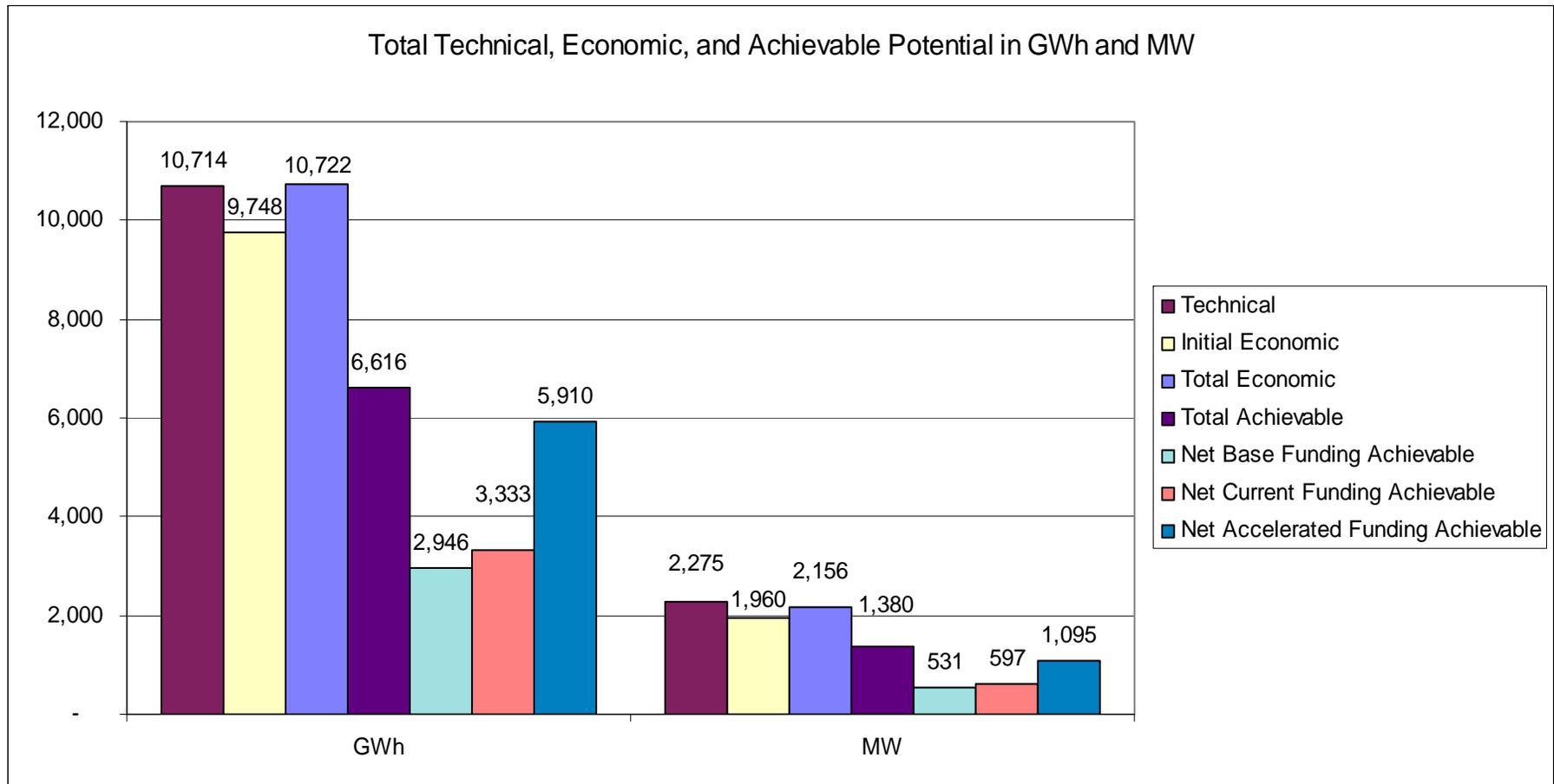
Summary of Results of the Electric and Gas Potential Studies

Potential energy savings over a ten year period, 2009-2018

	Electric (GWh)	Natural Gas (Dth)
Technical Potential	10,714	11,568,192
(technically feasible)	36%	29%
Total Economic	10,722	10,100,924
(cost-effective)	36%	25%
Total Achievable	9,114	8,585,785
(achievable from all policies)	31%	22%
Program Achievable	6,616	6,626,397
(achievable from programs)	23%	17%

Connecticut Energy Efficiency Potential Study, KEMA, April 2010

Summary of Electric EE Potential



CT Rankings in Energy Efficiency

	2007	2008	2009	2010
Overall EE Rank	1st (tied)	3rd	3rd	8th
Rank on Utility & Public Benefits Programs/Policies	4th (1 st in targets)	2nd	3rd	14th

Source: ACEEE State Scorecard Reports, 2007-2010

Why did the rankings for Connecticut decline in the 2010 ACEEE State Scorecard?

- Lower EE program spending in 2009 (spending was constrained); CT fell from 5th to 14th in electric EE program spending (as % of revenues), and was 13th in gas EE program spending
- CT has statute to acquire “all cost-effective EE” but the higher savings goals (about 20% savings over 10 years) proposed in the two IRPs were not approved, and the budgets to ramp-up to and support the higher savings necessary to comply with the “all cost-effective EE” statute were not approved (therefore, not viewed as a real target); CT fell from 8th to 27th in savings targets
- Decoupling was not implemented (even though authorized by legislation); CT fell from 1st to 20th
- State Government Initiatives, fewer points and lower ranking; CT fell from 4th to 27th
- Small reductions in other areas (e.g., building energy codes, appliance efficiency standards)

Returning CT to a Number 1 Ranking

ACEEE 2010 Top Ten

1. California
2. Massachusetts
3. Oregon
4. New York
5. Vermont
6. Washington
7. Rhode Island
8. *Connecticut*
9. Minnesota
10. Maine

- Returning to a No. 1 ranking will require significant efforts
- Other states have continued their progress and have leapfrogged ahead
- CT will need to get back on the path it was on earlier (i.e., all cost-effective EE), set ambitious goals, accelerate its efforts, & implement policies that support higher EE savings

Deeper and Broader Savings

- **Deeper:** Capture all the cost-effective opportunities and maximize energy cost savings for each customer
- **Broader:** Reach more customers
- **To achieve high savings consistently across years:**
 - Each customer needs to *save more energy* (20% to 50% energy savings or more, rather than 5-10% savings)
 - EE programs need to *reach more customers*
 - Energy savings *must exceed 2% of retail sales*
- **Must leverage ratepayer funds**

Key Themes for Enhancing the EE Programs

- Increase emphasis on achieving deeper energy savings in homes, commercial buildings, and industrial processes, beyond equipment upgrades and single-measure installations
- Broaden reach of programs to reach under-served market segments
- Leverage EE funds through innovative financing and project brokering
- Identify and secure other sources of funding (including fuel oil funding)
- Continue the strong commitment to EE as a cost-effective resource...
- ...while emphasizing a strategic focus on market transformation in many markets; i.e., raising the performance level of the "natural" market (vendors, service providers, designers, owners, managers, and occupants) to high performance/sustainability levels (not solely code compliance)
- Provide comprehensive business energy solutions to enhance business competitiveness
- Promote sustainable energy management as a core consumer and business value through behavior and culture change

Key Challenges and Issues Ahead

1. Multi-year and multi-faceted program strategies focused on changing markets over time vs. a one-year plan and single-year regulatory framework
2. Policy framework to count all of the benefits
3. Funding support – stable and adequate EE funding
4. Acquiring all cost-effective EE (per the statute) vs. a narrower focus on the most cost-effective measures (those with the highest benefit/cost ratio)
5. Conflicting statutes that limit the achievement of goals and top priorities (weatherize 80% of homes)
6. Lower avoided costs for electric and gas