



**Comments of Natalie Hildt, Manager of Public Policy Outreach
Northeast Energy Efficiency Partnerships (NEEP)
Regarding the Draft Efficiency Maine Trust Triennial Plan
March 26, 2010**

Chairman Lee, Vice Chair Mermin and Trust Board Members:

On behalf of Northeast Energy Efficiency Partnerships (NEEP)¹, I thank you for the opportunity to provide input on the Efficiency Maine Trust's First Triennial Plan. As you know, NEEP is a regional nonprofit that promotes the efficient use of energy in homes, buildings and industry in the Northeast. We advance cutting-edge products and practices through coordinated, whole-building efficiency programs and policies. Saving energy creates a stronger economy, a cleaner environment and a more reliable and affordable energy system. Following are comments in addition to the brief remarks I made at Tuesday's workshop in Augusta:

General Support, Concerns over Funding

NEEP applauds the spirit and direction of the Triennial Plan. We see many good ideas on program design, and we appreciate what you've built in for flexibility, innovation and growth. The Trust and has drawn from Maine's own experiences together with some of the best practices in the region. This is evident in terms of program design as well as coordination of programs with policies such as building codes and appliance standards.

We are, however, disappointed at the funding level of \$188 million proposed in the draft Triennial Plan compared with what was laid forth in the Strawman, which, at \$320 million, was approximately 40 percent greater. By starting out so slowly, Maine will have significant difficulty reaching long term savings targets laid forth in the Efficiency Maine Trust Act, 35-A-MRSA §10103.

Other states in the region have recognized the need to significantly ramp-up funding at the outset of their three year plans to set precedent, capitalize on the momentum of setting policies to capture all cost-effective efficiency, and create greater understanding among ratepayers of the costs and benefits of the programs as they progress through subsequent planning cycles. In states with three year plans including Vermont, Rhode Island and Massachusetts, Maine is the only one where funding remains flat in all three years.² The others aim for a gradual increase in total program spending, including American Recovery and Reinvestment Act (ARRA) funds. Maine has the choice to meet its energy demands by investing much more in energy efficiency— which is cheaper, cleaner and an engine of economic growth³— or to invest in fossil fuel generation.

¹ These comments are offered by NEEP staff and do not necessarily represent the view of the NEEP Board of Directors, sponsors or partners.

² See Appendix A for analysis of efficiency funding ramp ups for states with three year plans.

³ See the Environment Northeast Report: [Energy Efficiency Engine of Economic Growth](#).

Jobs and the Economy

It is in Maine's economic interests to maintain and advance robust efficiency investment. To be competitive in the region looking to grow green jobs, Maine should strive for energy efficiency funding in parity with surrounding states, so that businesses in the energy efficiency sector will be confident of their work prospects rather than migrate to other states who have demonstrated a strong and prolonged investment in efficiency.

According to a [study](#) by the Pew Charitable Trusts, "clean economy" jobs in Maine grew by 22.7 percent from 1998 to 2007, while total jobs in the state grew by 3.3 percent. This growth rate reflects the tremendous potential of efficiency to both directly and indirectly contribute to the state's economy.

Investing in energy efficiency yields enormous net economic gains, on a micro level— by leaving money in people's pockets to spend on other goods and services - and on a macro level — by holding down wholesale electricity costs, creating jobs, and bringing in tax revenue from profitable businesses.

A Program "Loading Order" of Efficiency First

In terms of program strategies, the Triennial Plan should set a mantra of "efficiency first." That means that ideally a building is made as tight as it can be through air sealing and insulation *before* investments are made in heating and cooling equipment. Otherwise, the most efficient heating system will simply heat the outdoors. Likewise, renewable energy systems should not receive incentives before the much more cost-effective efficiency improvements are made. We are glad to see on page 35 of the Plan that the Trust is advocating for prioritization of energy measures, however we would suggest flipping the order of items two and three to reflect the reality that investing in efficiency is more cost-effective than renewable energy.

Market Channel Coordination

Manufacturers and distributors want to have common programs and protocols— that is why we are glad that Maine coordinating their market approach and partnering with neighboring states, some of which is facilitated by NEEP. Through our Regional Deployment Initiatives, NEEP collaborates with efficiency program administrators and market actors to increase the availability and adoption of quality energy efficient practices, technologies, and whole building solutions that minimize energy use. We look forward to working with Maine in this area for both residential and commercial programs and technologies.

Residential Strategies

NEEP has some concern about the lack of contractor infrastructure that currently exists in Maine and believes this will hinder the Trust's ability to deliver programs such as Home Energy Retrofit. In order to capture savings, we believe that Efficiency Maine will need a direct install program with the program's own dedicated contractor for the first year or two while also investing in workforce development. We recommend that the Trust put more money into the program up front, both to market to trades people and to coordinate among them to optimize whole building approaches to energy savings.



If the Trust spends funds marketing to consumers too early, you risk building demand without having the real skilled workforce to deliver the programs effectively. Ultimately, NEEP believes that the Home Energy Retrofit budget is probably inadequate to get the front loaded savings that you would need in order to get to the ultimate savings targets.

Furthermore, rather than the current focus on early retirement of heating equipment, NEEP believes it would be more important and impactful to educate and incentivize contractors who work with customers on their heating equipment choices. As it is structured now, it appears the heating system program will compete with Home Energy Retrofit Program. We understand that the Trust has structured heating incentives to cover incremental costs on replacement of failed equipment. However, we encourage the Trust to discourage voluntary participation in the heating program until customers have addressed home performance concerns, or at least highlight the effectiveness of this “loading order” as mentioned above.

NEEP believes that the Lighting and Appliances Program offers a good approach overall. Again, we encourage the Trust to do more than focus just on rebates and work upstream through regional collaboratives. Maine is an immature market in terms of efficient lighting. The market can soak up as much money as the Trust put into it. Reallocating more money to lighting is one way help Maine get the energy savings you’ve targeted.

Page 41 of the Draft Plan discusses the Energy Star New Homes program, which NEEP sees as an outstanding way to get beyond code. We support the Trust in your attention to high performance and micro-load tiers and your development of a pilot program to move beyond code in 2012.

Business Strategies

Overall, NEEP supports the approach laid out in for the business programs. As the Board knows, there is lots of regional collaboration occurring already, including the Collaborative for High Performance Schools (CHPS) and work on lighting and retail products. Participating in these joint efforts will Maine stretch its ratepayer efficiency dollars. We are a little concerned about the role of the Solution Provider as described, and remind the Trust that they can provide tools in place throughout the region and learn from best practices of neighboring program administrators, rather than attempting to reinvent the wheel. Again, NEEP would be happy to help in this regard.

Coordinating with Codes, Standards and Building Energy Rating

Regarding building energy codes and appliance efficiency standards, the Plan provides a good blueprint for how policies can and should work hand-in-hand with programs to “lock in” savings and advance the hand in hand progress of energy efficient technologies and practices. The Plan’s emphasis on building energy labeling also notes appropriately how it’s a consistent strategy with building retrofits and that the savings will need to come from there, i.e., involving the market in a different way to help push a program strategy. We would emphasize that the Trust is in a unique position from which to advocate for these complementary policies because you can witness and testify to the effectiveness of having these work hand-in-hand with the programs to both “pull” and “push” markets. Although such work is outside of the Trust’s formal public policy bailiwick, we encourage you to use this platform to advance such co-evolution of programs and policies either legislatively or administratively.

Maximize Enabling Strategies and Coordination

NEEP is glad to see a strong emphasis on The Trust should use every opportunity at its disposal to advocate for the enabling strategies listed in the plan, because these will not only help solidify the savings those program can achieve, they will do so on very cost-effective terms.

We encourage the Trust and the legislature to find a way to go further and do more towards capturing all cost-effective efficiency— not only for electricity and natural gas, but for fuel oil as well. This will help drive the economy, build stronger businesses, put money back in people's pockets as well as curbing emissions.

Conclusion

We congratulate the Efficiency Maine staff, the Efficiency Maine Trustees and their expert consultants in Dunsky Energy Consulting and Optimal Energy for a well-conceived and cohesive strategy to deliver efficiency programs to residential and commercial customers.

Again, NEEP's overarching concern is that the programs are underfunded relative to both the goals set forth in the enabling legislation, and the potential to save ratepayers money by helping them make their homes and buildings more efficient. Every year Maine waits to aggressively ramp-up efficiency, it will be harder to meet ambitious goals such as reducing electric and gas consumption 30 percent by 2030, weatherizing all homes and half of businesses by 2030, and reducing oil heat use 20 percent in the next ten years.

With insufficient funding, the state may have to shut down programs early if demand outstrips budgets. This would leave customers stranded, and leave savings on the table. We urge the Trust and the legislature to work together to find solutions to invest in all cost-effective efficiency, truly harnessing the potential of efficiency to deliver benefits to ratepayers, the economy and the environment. We thank the Efficiency Maine Trustees again for the opportunity to provide comment on this important Draft Plan, and we stand ready to support Maine in its efforts to deliver on the promise of energy efficiency.

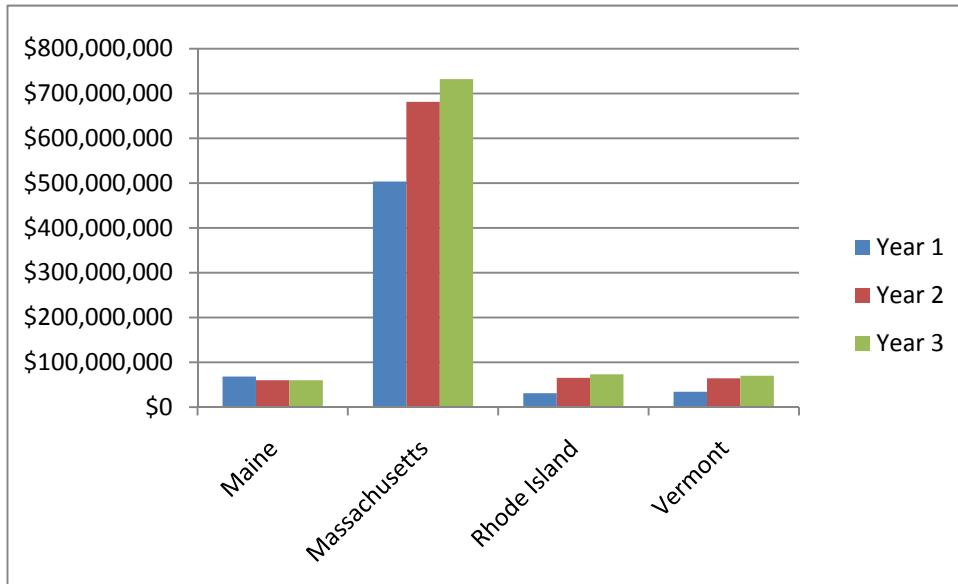


Appendix A: Program Funding Summaries and Analysis

Comparison of Per Capita Energy Efficiency Spending for States with Three Year Plans:

- Maine: \$48
- Massachusetts: \$90
- Rhode Island: \$51
- Vermont: \$89

Ramping up to All Cost-Effective Efficiency: 3 Year Plans in Neighboring States



Most states aim for a gradual increase in total program spending over their three years, including ARRA funds:

- Maine: Currently no ramp up
- Massachusetts: increase from \$503.4 million in Year 1 to \$732.3 million in Year 3
- Rhode Island: \$31.1 million in Year 1 to \$73 million in Year 3
- Vermont: \$34.4 million in Year 1 to \$69.8 million in Year 3

While these are generous figures because of ARRA money, each of the states still ramps up independent of federal funding. Massachusetts' year three budget continues to grow even after ARRA funds have run out.

The Massachusetts and Rhode Island Three-Year Plans, which are similar to Maine in that they use a collaborative stakeholder process and input from technical consultants, feature significant increases in ratepayer contributions in first year:

- Massachusetts: \$126.3 million in EERF funds, or 42 percent of total funding
- Rhode Island: \$9.45 million in new SBC charges, or 30 percent of total funding