

BEFORE THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

Docket: DE 10-188

CORE ENERGY EFFICIENCY PROGRAMS
Home Performance with EnergySTAR Fuel Neutral Program

Direct Prefiled Testimony

Of

Eric Steltzer
Energy Policy Analyst

Dated: March 23, 2012

1 **Introduction and Background**

2
3 **Q. Please state your name, business address and position.**

4 A. My name is Eric Steltzer. I am employed by the Office of Energy and Planning
5 (OEP) as an Energy Policy Analyst. Included in my testimony is attachment ES-1, a
6 statement of my education and work experience.

7
8 **Q. Mr. Steltzer, have you previously testified before the Commission?**

9 A. Yes. I have provided direct testimony in docket DE 10-188 pertaining to the Core
10 Energy Efficiency Programs for program year 2011-2012. Additionally, over the course
11 of the past four years, I have actively been involved in several matters before the
12 Commission, including past CORE proceedings, Unitil and National Grid's gas
13 efficiency program proceedings, Unitil's Demand Energy Response project in Exeter, and
14 several public hearings on matters within the PUC- Sustainable Energy Division.

15
16 **Q. Please briefly describe your experience and specific knowledge or skills that**
17 **relate to your testimony in this docket.**

18 A. In my current position as Energy Policy Analyst at OEP, I have coordinated the
19 implementation of several energy efficiency programs funded through the American
20 Recovery and Reinvestment Act. I have directly been involved in developing the
21 Betterbuildings Program, aimed to advance the State Beacon Communities Project. I
22 have attended national conferences focused on best practices for energy efficiency

1 policies and programs from across the country. Finally, I have been involved in
2 implementing Governor Lynch's 25x25' initiative.

3
4 **Testimony**

5
6 **Q. Please describe the purpose of your testimony.**

7 A. I will address the three issues identified on page 10 in Order No. 25,315:

8 1) Should the Home Performance with EnergySTAR (HPwES) program be continued
9 under the present funding sources;

10 2) Whether it is fair for the HPwES program, as designed, to be funded through the
11 System Benefits Charge (SBC).

12 3) Issues raised in Order No. 24,930, with exception to the legal authority.
13

14 **Q. Do you think that the fuel neutral HPwES program should be continued?**

15 A. Yes.
16

17 **Q. Why do you believe it should be continued?**

18 A. I believe the program should be continued for the following reasons:

19 1) PSNH has provided testimony that shows the number of customers that heat their
20 homes with electricity is around 8,500 customers. PSNH has mailed a direct marketing
21 piece in 2008 that resulted in a 4% response rate for people interested in participating in
22 the program. Despite expanding the program to a larger pool of customers, the

1 percentage of customers that use electric heat and are interested in participating in the
2 program, remains virtually the same. The expansion of HPwES has had no negative
3 effect on the level of participation from homes heated with electricity.

4 2) As a fuel neutral program, HPwES has a larger number of potential customers which
5 makes it more cost effective to conduct broader marketing efforts, such as bill inserts,
6 promotion at conferences, radio spots, and more... This broader marketing effort would
7 allow more customers that use electric heat to learn about the program and could have a
8 positive impact in the participation levels from customers who heat their homes with
9 electricity. If the program were limited to customers that use electric heat, PSNH and
10 Unitil would not be able to conduct as broad of marketing program and it would not have
11 as much impact on increasing the number of electric heat customers participating in the
12 program.

13 3) Continuing the fuel neutral HPwES program would be consistent with the
14 recommendations noted in the GDS Associates Inc. report, *Additional Opportunities for*
15 *Energy Efficiency*, that was prepared for the New Hampshire Public Utilities Commission
16 in 2009. On page 21-22 of the report, the Home Energy Solutions program is discussed
17 and it recommends “*Expanding the number and types of products and services available*
18 *through the existing residential energy efficiency programs, and promotion of those*
19 *programs to include a larger number of potential participants may lead to increased*
20 *overall energy savings.*”

21 4) A fuel neutral HPwES program accomplishes a number of State objectives including:

1 NH Climate Action Plan: Issued in 2009, the NH Climate Action Plan listed a number of
2 state goals toward reducing NH's effect on climate change and mitigating its effect. One
3 strategy highlighted in the plan is for the state to retrofit 30,000 household annually with
4 a 60% reduction in net energy consumption. The fuel neutral HPwES program is one
5 component towards assisting the state to meet this aggressive goal.

6 25x25' Initiative: In August 2006 Governor Lynch announced New Hampshire's 25x25'
7 Renewable Energy Initiative. The goal of the initiative is for 25% of all of New
8 Hampshire's energy use to be derived from renewable energy sources by the year 2025.
9 This includes thermal energy uses as well as electricity and transportation. Innovative
10 Natural Resource Solutions presented recommendation to OEP in 2009 and cite the
11 importance energy efficiency and conservation have in making it easier to attain the 25%
12 renewable energy use goal by reducing the overall amount of energy used. A fuel neutral
13 HPwES program will assist the state to accomplish the goals for the 25x25' Initiative.

14 BetterBuildings Program: In 2009 the Energy Efficiency and Sustainable Energy Board
15 began conversations to develop a Beacon Communities Program that showcases
16 community efforts to address energy efficiency and renewable energy. With help from a
17 diverse group of nonprofits, private and public organizations, OEP was successful in
18 receiving \$10 million dollars in competitive American Recovery and Reinvestment Act
19 funding to advance the EESE boards efforts through a program known as the
20 BetterBuildings Program. The Community Development Finance Authority is
21 implementing the program and they are working closely with the electric and gas utilities

1 to achieve shared goals of increasing the adoption of energy efficiency. A fuel neutral
2 HPwES program will assist the sustainability and quality of the Betterbuildings Program.

3

4 **Q. Do you believe it is fair for the fuel neutral HPwES program to be funded**
5 **through the SBC?**

6 A. Yes.

7

8 **Q. Why do you believe it is fair to continue the HPwES program as a fuel neutral**
9 **program with SBC funds?**

10 A. I believe it is fair for to continue a fuel neutral HPwES program, funded with SBC
11 funds, for the following reasons:

12 1) The vast majority of homes heated by oil, propane, kerosene or wood are also electric
13 utility customers. Participants receiving electric and non-electric thermal savings from
14 the fuel neutral HPwES program are the same customers that are contributing to the SBC.
15 It has been widely accepted that it is fair for all ratepayers to contribute to the SBC, even
16 though there is not enough funding for all ratepayers to receive a direct benefit by
17 participating in the Core programs. If it has been determined that the above is fair, I
18 would suggest that it is certainly fair for an SBC paying electric ratepayer to receive
19 direct energy savings, no matter the form, under a fuel neutral HPwES program because
20 they are the very ones who have contributed to the fund.

21 2) Currently New Hampshire has no thermal SBC charge on heating fuels. With rising
22 prices of fossil fuel heating fuels, there is an immediate need for residents to receive

1 relief from their heating bills sooner rather than later. It is unlikely in the foreseeable
2 future that New Hampshire will adopt a thermal SBC. Therefore it would be fair to use
3 SBC funds for the fuel neutral HPwES program because it would continue to provide
4 immediate relief to electric ratepayer's that is so desperately needed.

5 3) For over 10 years, the Commission has a precedent of permitting SBC funds for fuel-
6 neutral programs, such as the Home Energy Assistance Program. If the Commission
7 were to rule that it is unfair for SBC funds to go towards fuel neutral programs, I
8 respectively suggest that it will be contradicting previous decisions made by the
9 Commission. Additionally, if the Commission determines it is unfair to use SBC funds
10 for a fuel neutral program, OEP is concerned about the ramifications this decision could
11 have on providing much needed weatherization assistance to the low income sector
12 through the Home Energy Assistance Program.

13 4) As mentioned earlier, a fuel neutral HPwES program helps to advance a number of
14 statewide policies such as NH Climate Action Plan, 25x25' Renewable Energy Initiative
15 and the Beacon Communities Program through Betterbuildings effort. It is clearly fair
16 for SBC funds to be used to fund a fuel neutral HPwES program based on the sheer
17 number of public policies that would be advanced.

18
19 **Q. What would be wrong if HPwES program did not continue as a fuel neutral**
20 **program?**

21 A. In Order No. 24,930, the commission cited RSA 374-F:3, X "*Energy Efficiency.*
22 *Restructuring should be designed to reduce market barriers to investments in energy*

1 *efficiency and provide incentives for appropriate demand-side management and not*
2 *reduce cost-effective customer conservation. Utility sponsored energy efficiency*
3 *programs should target cost-effective opportunities that may otherwise be lost due to*
4 *market barriers.”* Two recent studies provide some guidance on the market barriers
5 facing residential energy efficiency efforts. In *Driving Demand for Home Energy*
6 *Improvements* issued in September 2010, Lawrence Berkeley National Lab identified that
7 effective energy efficiency programs need to be easy for customers to participate and
8 understand. Aspects of this concept were also identified in the New Hampshire
9 *Independent Study of Energy Policy Issues*, also known as the SB323 study. A fuel
10 neutral HPwES program funded through the SBC helps to achieve this by centralizing
11 weatherization services into one program. In Order No. 24,930 the commission states on
12 page 20 that “*Running programs that attempt to isolate and target energy efficiency to a*
13 *single fuel source, such as electricity, **may** in itself be a market barrier...*”(emphasis
14 added). By limiting the HPwES program to customers that use electric heat, or requiring
15 two separate programs for the respective fuel sources, it is my belief that this would cause
16 a market barrier by complicating the delivery of energy efficiency programs and it would
17 make it administratively more expensive to achieve the same level of energy savings.

1 **Conclusion**

2

3 **Q. Do you have any closing remarks?**

4 A. I believe that a fuel neutral HPwES program that is both legal and supportive of
5 statewide policy goals, is a fair use for the SBC funded programs. We fully support the
6 use of SBC funds for a fuel blind HPwES program and we reserve our right to suggest
7 modification to the program in future program years subject to the commission's decision
8 in this proceeding.

1 **Qualifications of Eric Steltzer**

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3 My name is Eric Steltzer. I am employed by the Office of Energy and Planning (OEP) as
4 an Energy Policy Analyst, where I have worked since 2008. My business address is 107
5 Pleasant Street, Johnson Hall, Concord, New Hampshire 03301.

6 I earned a B.S. degree in Natural Resource Recreation and Tourism from
7 Colorado State University in 1998 and a M.S. in Resource Administration Management
8 from University of New Hampshire in 2006.

9 After receiving my M.S., I was employed by Rockingham Planning Commission
10 as a Regional Planner where I advised municipalities on land use policies, renewable
11 energy opportunities, and energy efficiency services. In 2008, I left Rockingham
12 Planning Commission for my current position at OEP where I represent the Governor's
13 office on matters pertaining to energy policy. In this capacity I have intervened on behalf
14 of OEP in following proceedings before the Commission:

- 15 - DE 10-261: Public Service Company of New Hampshire- 2011 Least Cost
16 Integrated Resource Plan
- 17 - DE 10-212: Establishing a Commercial and Industrial Renewable Energy Rebate
18 Program
- 19 - DE 10-024: Notice of Opportunity to Comment on Additional Energy Incentive
20 Programs
- 21 - DE 09-170: 2010 CORE Energy Efficiency Programs

- 1 - DE 09-137: Petition for Approval of Distributed Energy Resources Investment
- 2 Proposal and Proposed Tariff
- 3 - DG 09-049: National Grid's Proposed Energy Efficiency Plan May 1, 2009
- 4 through December 31, 2010
- 5 - DG 09-053: Unitil's Proposed Gas Energy Efficiency Program Proposal for the
- 6 period beginning May1, 2009 through December 31, 2010
- 7 - DE 08-120: 2009 CORE Energy Efficiency Programs

8

9 I have testified before the New Hampshire Legislature on issues related to

10 renewable energy and energy efficiency efforts, and I am a member of the Energy

11 Efficiency and Sustainable Energy Board, a legislatively created committee tasked to

12 advise the state on energy efficiency and renewable energy efforts. Over the course of

13 the past several years, a large portion of my responsibilities has been to coordinate the

14 implementation of energy programs funded under the American Recovery and

15 Reinvestment Act. Additionally in my role as the Energy Policy Analyst, I collaborate

16 with other state's efforts to implement effective energy efficiency programs utilizing a

17 variety of funding sources including federal, state, and private.