



# Acadia Center

**Advancing the Clean Energy Future**

# Efficiency Procurement in New England

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# Why Efficiency Programs are Needed

- Correct market failures
  - Liquidity Constraints – inadequate access to capital
  - Split Incentives – EE investor does not receive savings benefits
  - Information Problems – uncertainty of future savings of today's investment
  - Behavioral Problems – complexity of decisions are beyond one's ability

# Additional Benefits of EE – Jobs and the Economy

Energy savings, lead to increased spending in local economy



# Summary of New England Economic Impacts

	<b>Electric</b>	<b>Natural Gas</b>	<b>Unregulated Fuels</b>
<b>Total Efficiency Program Costs (\$Billions)</b>	16.8	4.1	6.3
<b>Increase in GSP (\$Billions)</b>	99.4	30.6	53.1
Maximum annual GSP Increase (\$Billions)	5.6	1.8	2.9
Percent of GSP Increase Resulting from Efficiency Spending	12%	11%	9%
Percent of GSP Increase Resulting from Energy Savings	88%	89%	91%
Dollars of GSP Increase per \$1 of Program Spending	5.9	7.4	8.5
<b>Increase in Employment (Job Years)</b>	767,011	207,924	417,061
Maximum annual Employment Increase (Jobs)	43,193	12,907	24,036
Percent of Employment Increase from Efficiency Spending	16%	15%	12%
Percent of Employment Increase from Energy Savings	84%	85%	88%
Job-Years per \$Million of Program Spending	46	50	66

# Support From Business

“If National Grid can save electricity at a cost of 3 to 4 cents/kilowatt versus paying 12 cents/kilowatt from a power plant, this will translate into savings that will be passed on to Rhode Island businesses.”

- EERMC Small Commercial and Industrial Representative Daniel Justynski

“Every company in Massachusetts should now be thinking about how they can save energy by taking advantage of these new energy efficiency programs”

-Robert Rio, Senior Vice President of Government Affairs for Associated Industries of Massachusetts.

# Support From Low-Income Advocates

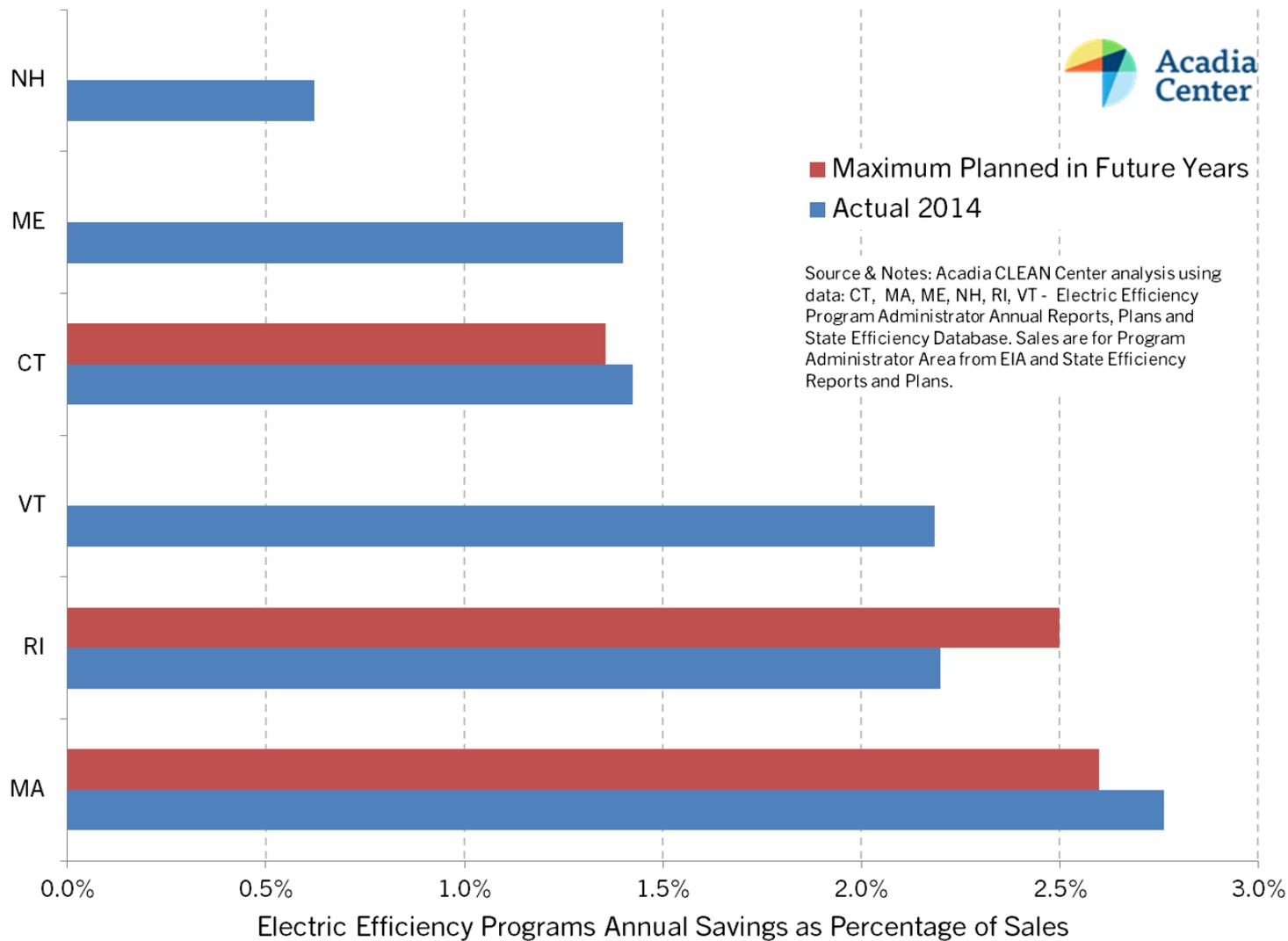
The efficiency procurement bill "will help more low- and middle-income residents better afford their energy bills, and current programs showing savings up to 30 percent."

- Elliott Jacobson, chairman of the Low-Income Energy Affordability Network

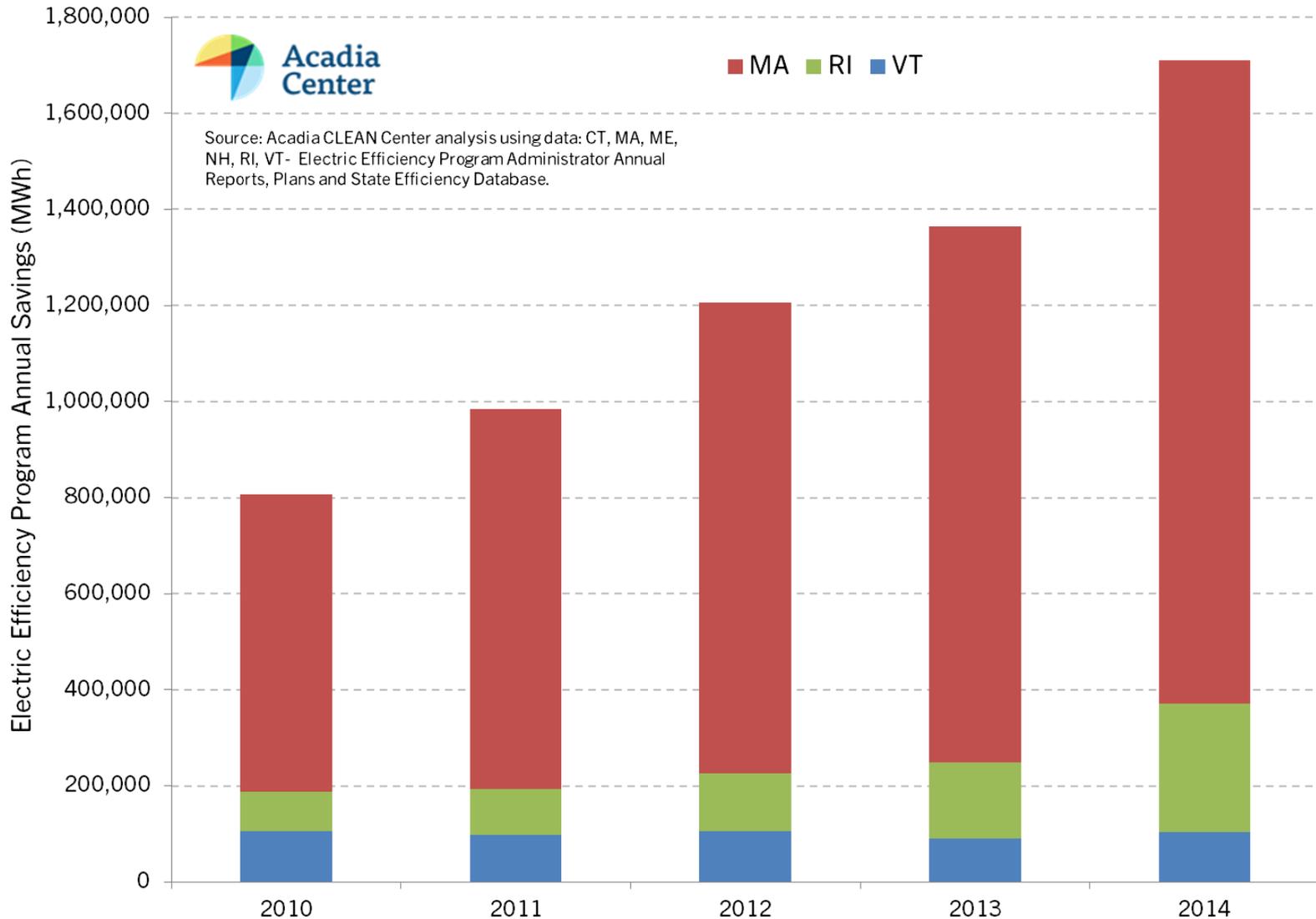
"We've been able to save energy costs both for ourselves and our tenants by replacing outdated equipment."

- Chris Bilotti, Riviera Apartments

# Outcome: Electric Savings Goals



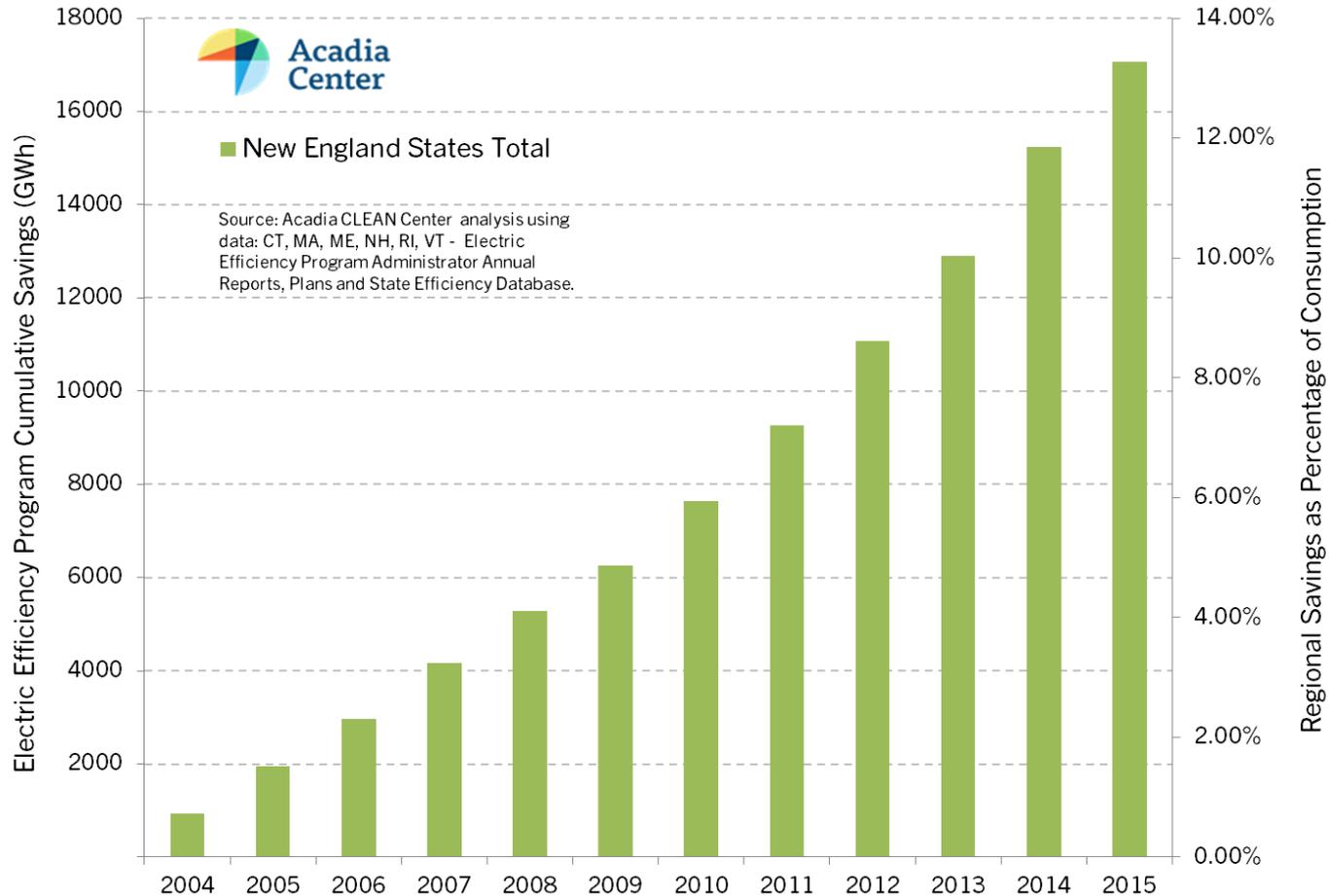
# Outcome: Electric Savings Goals



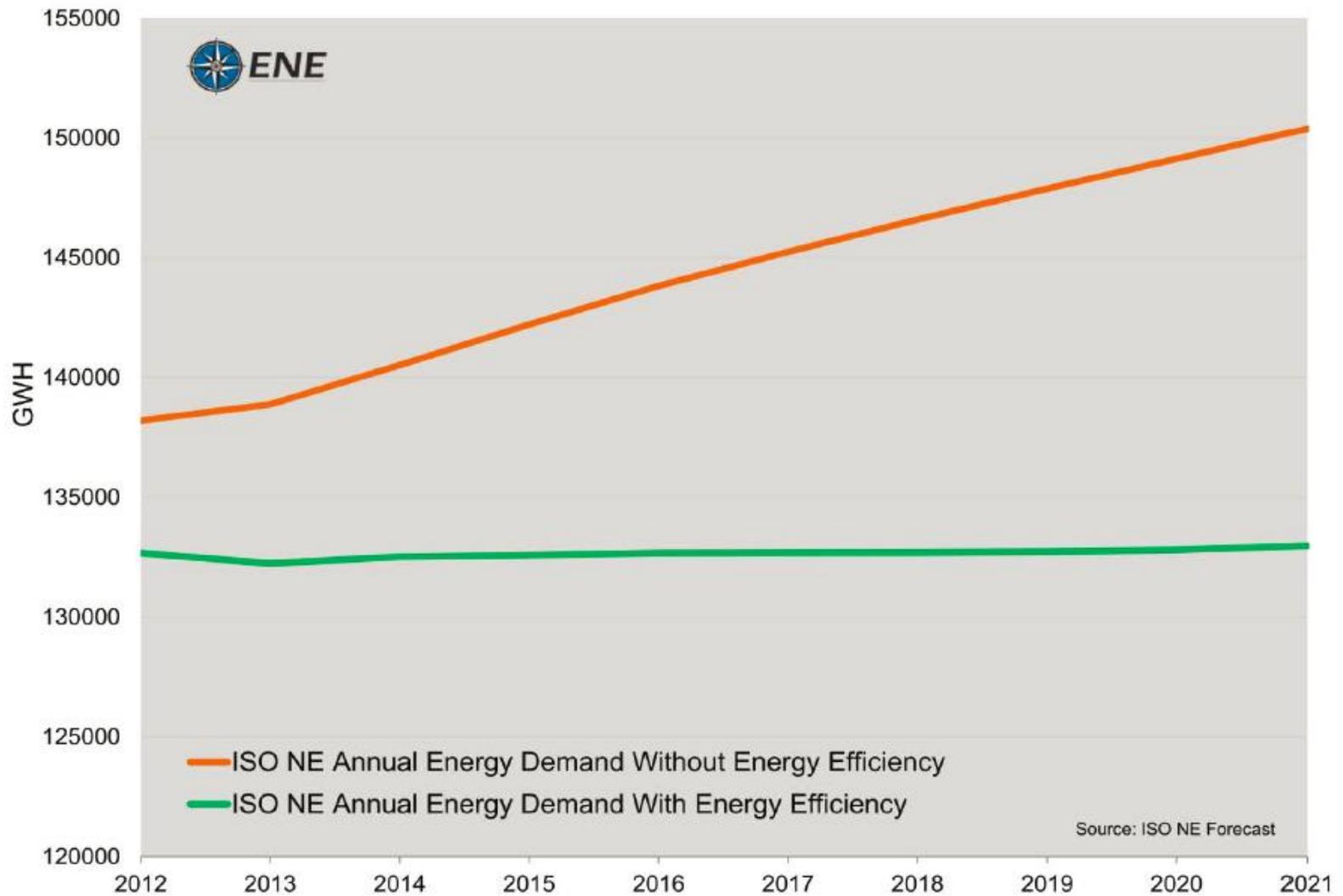
■ MA ■ RI ■ VT

Source: Acadia CLEAN Center analysis using data: CT, MA, ME, NH, RI, VT- Electric Efficiency Program Administrator Annual Reports, Plans and State Efficiency Database.

# Results



# Results



# Appropriate Role of Financing

- Financing programs are a complement to, not replacement for comprehensive EE programs
- Only address a few of the market failures related to efficiency
- No demonstrated success of financing-only EE

# Contact Information

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# Dollars of GSP per Program Dollar

	Electric		Natural Gas		Unregulated Fuels	
	Individual	Simultaneous	Individual	Simultaneous	Individual	Simultaneous
Connecticut	5.6	5.7	6.3	7.0	6.3	7.1
Massachusetts	5.5	6.4	6.7	7.5	8.0	10.9
Maine	4.3	4.9	8.4	12.4	6.6	7.0
New Hampshire	3.9	5.9	6.7	10.8	6.2	8.5
Rhode Island	4.0	5.4	4.4	5.7	6.2	7.6
Vermont	3.7	4.3	4.5	6.5	6.6	7.4
Six State Region	5.1*	5.9	6.4*	7.4	6.9*	8.5

# Job Years per Million Program Dollars

	Electric		Natural Gas		Unregulated Fuels	
	Individual	Simultaneous	Individual	Simultaneous	Individual	Simultaneous
Connecticut	40.4	41.2	40.7	44.9	43.1	47.9
Massachusetts	37.0	43.4	41.8	46.5	52.7	69.9
Maine	51.5	58.1	92.1	133.4	74.7	78.9
New Hampshire	35.7	52.7	55.6	88.7	53.7	72.0
Rhode Island	36.2	48.7	38.5	48.2	58.3	64.9
Vermont	43.4	49.6	48.4	66.3	73.7	81.8
Six State Region	39.3*	45.5	42.9*	50.4	56.0*	66.5

# Components of Economic Impacts

<b>New England (Simultaneous)</b>	<b>Electric</b>	<b>Natural Gas</b>	<b>Unregulated Fuels</b>
<b>Output</b>			
Percent of Output Resulting from Efficiency Spending	12%	10%	9%
Percent of Output Resulting from Energy Savings	88%	90%	91%
<b>GSP</b>			
Percent of GSP Resulting from Efficiency Spending	12%	11%	9%
Percent of GSP Resulting from Energy Savings	88%	89%	91%
<b>Income</b>			
Percent of Income Resulting from Efficiency Spending	19%	18%	16%
Percent of Income Resulting from Energy Savings	81%	82%	84%
<b>Employment</b>			
Percent of Employment Resulting from Eff. Spending	16%	15%	12%
Percent of Employment Resulting from Energy Savings	84%	85%	88%



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