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THE STATE OF NEW HAMPSHIRE

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N.H. PUBLIC UTILITIES COMMISSION

December 17, 2008

Debra Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301

Re: DE 08-120, 2009 Core Energy Efficiency Programs

Dear Ms. Howland:

The Office of Consumer Advocate (OCA) appreciates the opportunity to file a response to the memorandum of law filed by Public Service Company of New Hampshire (PSNH) on December 1, 2008 concerning the use of the Systems Benefits Charge (SBC) revenue for a "fuel blind" pilot weatherization program to be offered by PSNH and Unitil. For several reasons, the OCA urges the Commission to decline at this time PSNH's request for approval of the proposed program.

The OCA strongly supports efforts to reduce electric consumption, as well as those to increase the availability of energy efficiency programs to residential customers. These are very important goals and deserve significant attention, particularly in a declining economy. We interpret RSA 374-F:3 as authorizing the use of the System Benefits Charge (SBC) revenue for innovative energy efficiency programs not limited to customers who heat with electricity. However, we do not support the utilities' "fuel blind" proposal because it is not sufficiently tailored to focus on reducing electric use, or to address market barriers to electric customers investing in energy efficiency.

Unlike the proposed pilot program, which proposes to serve any and all customers no matter how much electricity they use, any new energy efficiency programs funded by the SBC should have a close nexus to customers' electric consumption. In other words, such programs should include specific electric-related criteria for customers to qualify. Only then are there "public benefits" sufficiently "related to the provision of electricity." RSA 374-F:3, IV. An example of such a program might be one which targets and serves high-use electric customers who use a certain percentage more electricity each month than an average customer due to the use of electric heat, air conditioning, medical equipment or other circumstances.

In addition to the legal questions prompted by the pilot program proposal, the OCA has several other concerns about the proposal. First, the utilities have not properly proposed their program in this docket. Details of the program, including allocation of budgets among fuel types, specific measures included in the program, cost effectiveness data and other important details have not been provided to the Commission or to the parties. Some information was provided at the hearing on December 11, 2008, but the parties were not afforded a meaningful opportunity to review or scrutinize this information, and the limited information that was provided about the cost effectiveness of the proposed program, a benefit/cost ratio of .9, suggests that the program is not cost-effective.

The OCA is also concerned about the timing of the deployment of this program. In the current economic climate we wonder how realistic it is to assume that non-low income residential customers will avail themselves of additional efficiency services if a sizeable, up-front co-payment is required. Given the minimal detail about and scrutiny on the utilities proposal, the OCA is reticent to support a significant expansion to the authority of the utilities without more confidence that the proposed program will succeed.

Additionally, the OCA is concerned that the utilities did not consider any options other than the proposed pilot program. Had the utilities engaged the parties in a discussion about other options, the OCA would have suggested looking for ways to use SBC revenue to further the achievements of existing, authorized energy efficiency programs. For example, the utilities could increase the income eligibility cap for Home Energy Assistance, the highly successful low income weatherization program, which leverages several funding sources to benefit low income customers. Today the income cap is 185% of Federal Poverty Guidelines, but there are many customers above that level who could benefit greatly from energy efficiency but who can not afford the co-payments required in the non-low income residential programs.[1] The utilities could also expand the "Smart Start" program to increase the numbers of customers who can access the program which provides financing for energy efficiency measures. In light of the financial difficulties facing most customers these days, the Smart Start program, which allows customers to pay for improvements over time, may be a more viable alternative to a program, like the proposed pilot, which requires up-front co-payment required to participate.

Lastly, we note our significant concern with the utilities' proposal to serve natural gas customers with electric energy efficiency programs. Customers of National Grid and Northern Utilities (now Unitil) already fund and have access to energy efficiency programs. Therefore, programs funded by the SBC revenue should not be used to serve those customers unless such funding is part of a coordinated delivery strategy to leverage each source of funding as the existing low-income programs do. Instead, we should be working in a more focused way to coordinate the delivery of all energy efficiency in the state.

As the OCA stated at the hearing, if the utilities wish to expand into fuel-blind efficiency programs without limitation, they could participate in the competitive process to seek funding

[1] The Community Action Agencies may have information on many households in this category as Fuel Assistance Program eligibility limits for this winter have been raised to 60% of State Median Income, which roughly corresponds to 220% of Federal Poverty Guidelines.

from the Greenhouse Gas Emissions Reduction, or "RGGI" Fund which will be available in early 2009. Consideration of such program in that context is more appropriate than in this docket because of the clear legal authority for fuel-blind programs. The OCA expects that a competitive process would produce a more detailed proposal than the one presently before the Commission.

For all the reasons discussed above, the OCA does not agree that RSA 374-F can, or should, be interpreted by the Commission to authorize the specific "fuel blind" pilot program proposed by the utilities in this docket. We respectfully request that the Commission reject this proposal and direct the utilities to work with the parties to develop new and innovative efficiency programs that are narrowly-tailored to reduce electricity usage, and to addressing market barriers faced by electric customers.

Thank you for the opportunity to provide these comments.

Respectfully,

Meredith A. Hatfield
Consumer Advocate

cc: DE 08-120 service list via electronic mail