



John H. Lynch
Governor

STATE OF NEW HAMPSHIRE
OFFICE OF ENERGY AND PLANNING

107 Pleasant Street
Johnson Hall
Concord, NH 03301
Telephone: (603) 271-2155
Fax (603) 271-2615



July 9, 2012

Debra A. Howland, Executive Director
Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301

Re: DE 10-188
CORE ENERGY EFFICIENCY PROGRAMS- Home Performance with EnergySTAR Fuel-Neutral Program
Office of Energy and Planning's Closing Brief

Dear Commissioners:

Please accept this letter as OEP's closing statements regarding the fairness to use SBC funds for a fuel-neutral HPwES program. OEP would like to thank the Commission and the other parties in the proceeding for the time that they have devoted towards this issue. We believe the time is ripe for a decision on the matter and it will greatly aid the utilities and stakeholder's to develop new energy efficiency programs for 2013-14 program years.

As we testified, OEP wholly supports the use of SBC funds for a fuel-neutral HPwES program. We believe it is fair because it is legal and there is more than 10 years of precedence where the Commission has approved of SBC funds to capture non-electric energy savings that are related to the provision of electricity. In addition, such actions also support state policies, reduce administrative cost of residential weatherization programs and ensure the program supports market transformation, a requirement under state law.

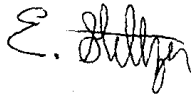
There are a few topics raised over the course of the hearing that I would like to address. Regarding Staff's assertions that it is unfair from a customer class perspective, I believe the hearing presented strong evidence that staff's analysis in Schedule 1 fell short in providing an accurate depiction of the benefits and costs to ratepayers. Even if the analysis was sound, the utilities testified that there is no definition of customer classes within the restructuring statute but guidance does exist in PUC rule 308, where there is no mention of an intra-class within the residential market. The Core dockets have categorized classes based on *commercial* and *residential*, and the practice for equitable distribution of resources is based on these distinctions rather than more refined intra-class definitions. OEP believes that establishing new intra-class criteria as suggested by Staff would be inappropriate, costly and counter to market development. It would also institute a distinction that would be challenging to future Core program design, implementation, measurement and verification.

The topic of using RGGI funds to cover the costs of non-electric energy efficiency measures came up in testimony. I would like to clearly articulate OEP's position on the use of RGGI funds for CORE programs, in light of HB1490 becoming a law. We believe that RGGI funds should be used in a fuel-neutral capacity to expand the Core programs through new program offerings. The funds should not be used to fill in gaps in existing program, such as funding non-electric savings in HPwES. Examples of new directions could include development of credit enhancement mechanisms to support private capital investment through on-bill financing, opportunities for thermal renewable energy, support for the building energy code roadmap, development of a energy labeling program for homes and businesses, and marketing support to centralize the messaging of energy efficiency awareness. Given that the amount of RGGI funds available on an annual basis is unpredictable, accurate program planning will be especially challenging if those funds are intended to maintain a fuel-neutral HPwES program.

During the hearing, there were a number of solutions that were brought forward by the utilities and the Commissioners. OEP is amenable to prioritizing high electric use customers in a fuel-neutral HPwES program, to ensure that funds are devoted to those customers first. However to be effective, the utilities must have the flexibility to devote HPwES program funds to other electric ratepayers that heat with non-electric fuel sources and qualify under the home heating index. We also support the utilities stated commitment that they will work to direct-market high electric use customers to gain greater level of participation in the HPwES program from this small group of residential ratepayers. OEP also supports the utilities' efforts to gain a better understanding of the ancillary electric savings that occur from the weatherization of homes not heated with electricity. Capturing the value of these indirect savings will help to improve planning and implementation of the programs.

There is much work that needs to be done to address the energy issues of New Hampshire. Particular attention should be devoted to the improved alignment of program offerings, making it easier for consumers to take advantage of energy saving opportunities. A determination from the Commission to continue its support for fuel-neutral programs funded with the SBC is a vitally important step towards this goal, and it will further efforts to reduce energy usage, provide reliable energy at the least cost, and align the programs with market conditions to bolster New Hampshire's economy. Thank you for allowing OEP the opportunity to share our perspective on this very important issue and we look forward to your response.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Steltzer". The signature is fluid and cursive, with a large initial "E" and a stylized "Steltzer".

Eric Steltzer
Energy Policy Analyst