

The Challenge of Funding for Energy Efficiency Services for Unregulated Fuels

In New Hampshire, an estimated 74% of homes are heated with fuels that are not regulated, and the unregulated fuels are not currently assessed a fee for the provision of energy efficiency services to their customers.²⁴ While a few fuel neutral pilot programs have been implemented recently in New Hampshire, they are funded by ARRA or RGGI funds, and the programs' futures are uncertain.

Energy efficiency programs can be difficult to establish for customers heating with unregulated fuels, due to the difficulty in securing funds for that purpose. The use of SBC funds for that purpose is not always welcomed because it raises the question of whether it is equitable to collect funds from electric and natural gas ratepayers to fund programs that serve oil, propane, and wood fuel customers. However, if efficiency programs are offered solely for regulated electric and gas customers, there is the potential to forego crucial cost effective energy savings for customers of unregulated fuels. Presented below is a sampling of what other jurisdictions are doing to address this challenge.

Vermont

Vermont is currently the only state with a direct charge on heating fuels. Vermont has had this system in place since 1990. A charge of 0.5% is collected from the distributors of oil and propane (for fuels not powering vehicles) who generate more than \$10,000 annually from the sale of these fuels. The charge is collected at the distribution level and is not visible at the consumer level. Funds collected are used to help fund the low income weatherization program. One advantage of this system is that when the price of fuel increases, the funds collected increase and the programs are able to deliver more services when they are needed the most. A more detailed case study is presented below.

Massachusetts and Rhode Island

In Massachusetts and Rhode Island, least cost procurement legislation mandates the funding of all cost-effective efficiency measures, regardless of fuel type.

Wisconsin

Wisconsin established a fuel neutral fund created through an SBC on electric and gas ratepayers.

Maine

Maine introduced legislation to create a goal to reduce oil consumption. To achieve the goal, Maine may put in place a funding mechanism such as an SBC on fuel oil.

²⁴ DOE EERE statistics <http://apps1.eere.energy.gov/states/residential.cfm/state=NH>