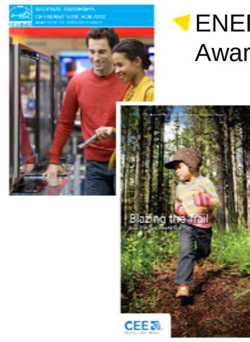
Regional Roundup

Transition and Transformation
Across the US and Canada

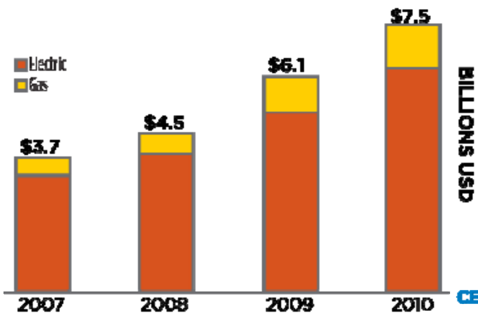
Marc Hoffman
Executive Director, CEE
April 12, 2011
Washington, DC

CEE Efficiency Program Industry Research



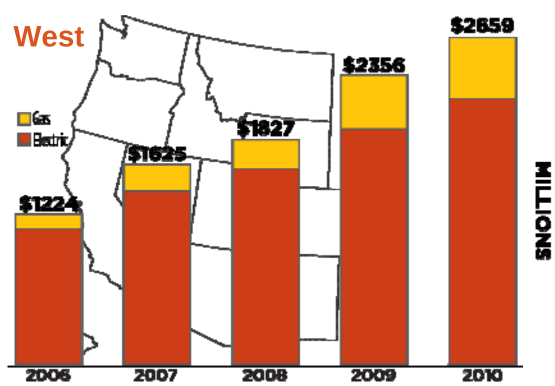
- ENERGY STAR Household Awareness Survey
- Annual Industry Report – 2010

2010 Budgets Expand to $7.5 Billion

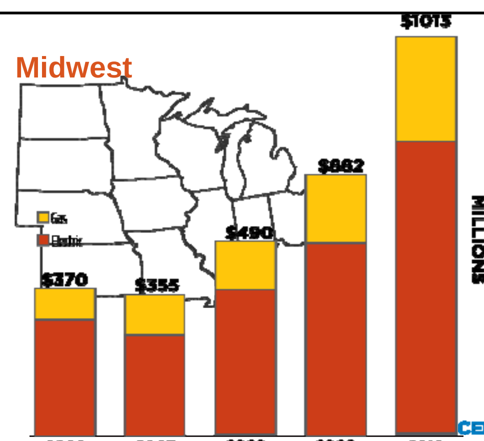


4 U.S. Census Regions and Canada

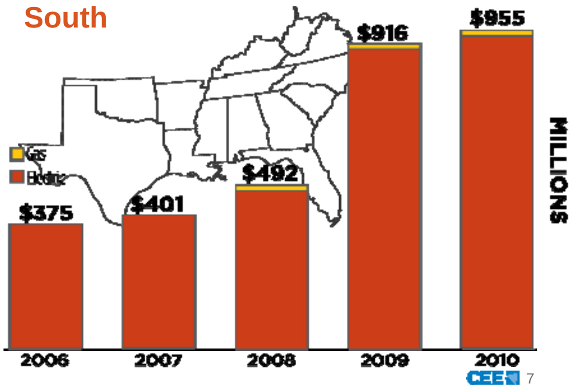
West



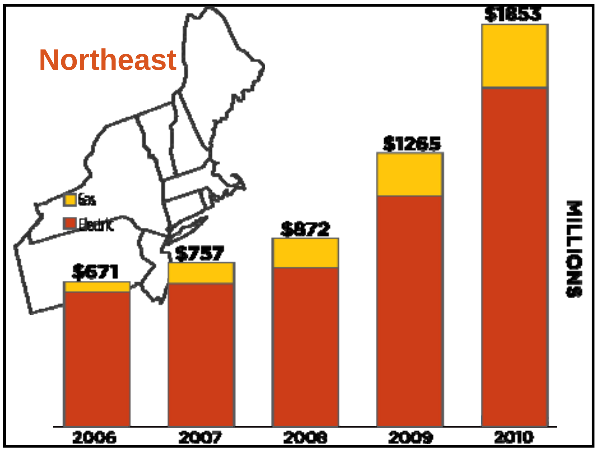
Midwest



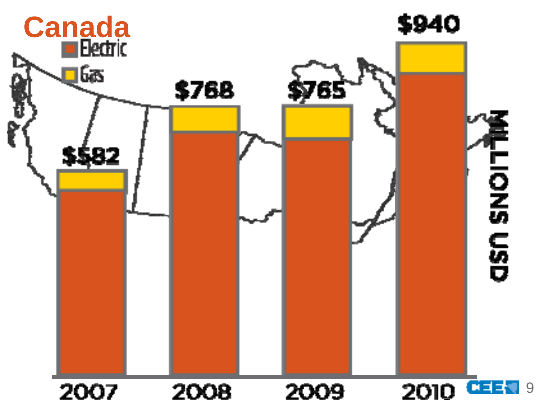
South



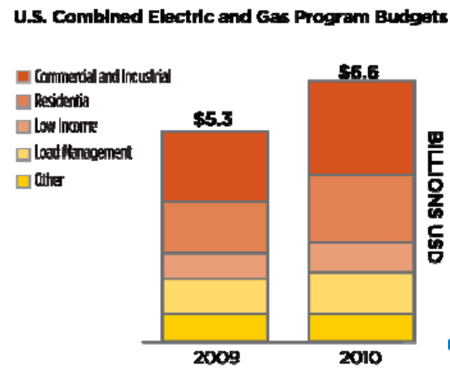
Northeast



Canada



Investments Consistent in All Sectors



National Program Data Center at CEE

Energy efficiency infrastructure:

- Data comparability
- Data context
- Connect disparate data
- Track incentives and participation for high efficiency products

A Possible Future Scenario

Current

Summaries by state & organization
- Budgets
- Expenditures

Program Summaries
- Products addressed
- Target audiences
- Rebate levels
- Program descriptions

National Efficiency Program Data Center

Future

Some possibilities to explore . . .
- Number of products rebated
- Rebate or other promotional $ spent per

  Program
  Product
  Product attribute (e.g. tier)

- More detailed & connected program information
- Clear caveats
- More responsible reporting
- Better picture of our industry

Questions for Our Regional Policy Advocates

- What is your policy environment today for transitioning to all cost effective efficiency?
- What are the biggest challenges in your region to sustaining this market transformation?

Regional Policy Panelists

- Northeast – Sue Coakley, NEEP
- Southwest – Howard Geller, SWEEP
- Midwest – Jay Worbel, MEEA
- Southeast – Jolyn Newton, SEEA
- California – Phillip Henderson, NRDC

NORTHEAST ENERGY EFFICIENCY PARTNERSHIPS

TRANSFORMING POLICY – THE NORTHEAST

Presented by
Sue Coakley
Northeast Energy Efficiency Partnerships (NEEP)

POLICY ENVIRONMENT – THE NORTHEAST

Region continues to lead nation - six of top ten states in ACEEE scorecard in Northeast

- All cost-effective efficiency mandates CT, RI, MA, ME, VT; aggressive EEPS in NY; new EERS in MD, PA
- Decoupling in MA, RI, CT, NH, NY, VT, MD – but slow
- Regional EM&V Forum – consistent EE measurement & reporting protocols → energy & air regulators
- Complementary policies, community roles:
  - ‘Stretch’ energy code (MA)
  - Building energy rating (MA pilots, VT legislation)
  - Third-party code inspection (ME, if…)
  - Heating fuel efficiency policies developing (MA, ME)

BIGGEST POLICY CHALLENGES – THE NORTHEAST

- Successes lead to rethinking program regulation
  - C/E screening (more, deeper savings cost more)
  - Rate impacts (political implications)
  - Codes & standards activities
- Struggling economy
  - Many still framing as economy vs. environment
  - Funding raids still a concern
- Emboldened anti-regulatory ideologies
  - RGGI under attack (NH, ME, NJ)
  - Energy codes threatened (ME, PA)
- Regional grids still not fully valuing EE
  - With policymaker push ISO-NE seeking to learn more

THANK YOU

NORTHEAST REGIONAL ROUND-UP

SUE COAKLEY
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ACEEE/CEE MT Symposium
April 12, 2011

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Update on Utility Energy Efficiency Policy in the Southwest

Howard Geller

SWEEP

Presentation at the 2011 National Symposium on Market Transformation

April 11-12, 2011

Policy Environment

- Mostly positive—all major electric utilities in the region above or close to 1% savings per year!
- Electric efficiency standards adopted in Arizona – IOUs required to achieve 12% energy savings by 2016, 22% savings by 2020
- Energy savings goals during 2012-2020 increased by 30% for Xcel Energy in Colorado
- Decoupling endorsed by PUC in Arizona, in place for gas utilities in Utah and Wyoming
- Net lost revenue mechanism to be implemented soon in Nevada
- Disincentives/incentives of growing concern

Key Challenges

- Can electric utilities reach and sustain 1.5% or greater savings per year, year after year?
- How do we replace energy savings from CFLs after the federal lamp standards kick in?
- What are reasonable shareholder incentives, balancing utility and customer concerns?
- Potential push back from Commissions, PUC staff, or consumer advocates as DSM budgets, plus disincentive removal and/or shareholder incentives, reach 4-5% of sales revenue and rates

SWEEP:

Dedicated to More Efficient Energy Use in the Southwest

Resources available online at:

www.swenergy.org

Howard Geller, Executive Director

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The Continued Growth of Efficiency in the Midwest:

No longer the fly-over efficiency states

Jay Wrobel

April 11-12, 2011

The Source On Energy Efficiency

MEEA Midwest Energy Efficiency Alliance

Policy Environment

- Efficiency Investment Growing
  - Rate Payer Efficiency Spending Exceeded $1B in 2010
  - Expected to be $1.6+B annually by 2015
- EERS in 7 states (highest 2% in IL, IA, WI and IN)
  - Electric – IA, IN, IL, MI, MN, MO, OH and WI
  - Natural Gas – IA, IL, MI, MN, WI
- Decoupling pilots in 6 states
  - Natural Gas – IA, IL, MI, MN, OH and WI
  - Electric – Ohio
- Building Energy Codes
  - Interest in Claimed Savings for Utility Investment with Increased Compliance
  - Increasing adoption of IECC 2009

The Source On Energy Efficiency

MEEA Midwest Energy Efficiency Alliance

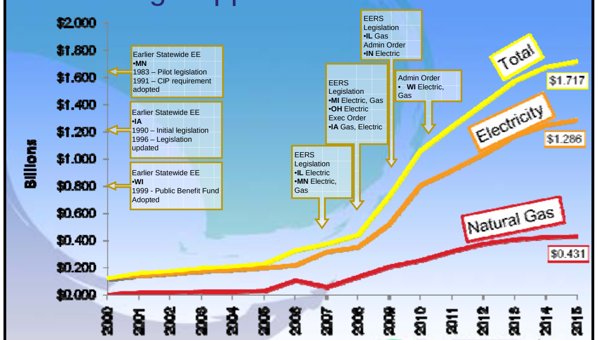
Key Challenges

- Impact of November 2010 Elections
  - Need to Educate on EE – What is EE & What are the current statutes and regulations
    - 9 new Governors (8 Republican/1 Democrat)
    - State Senates (11 Republican Majorities)
    - State Houses (10 Republican Majorities)
    - 519 New Legislators out of 1595
  - New PSC Chairs and change to Commissioners and staff
    - Delays with program review and approval
    - Need to educate on value of energy efficiency
    - Need consistency of EM&V
- EEPS requirements continue to increase
- Difficult Economic Climate – state budgets tight
  - Very little $ for trainings and enforcement

The Source On Energy Efficiency

MEEA Midwest Energy Efficiency Alliance

Growing Support for EE in Midwest



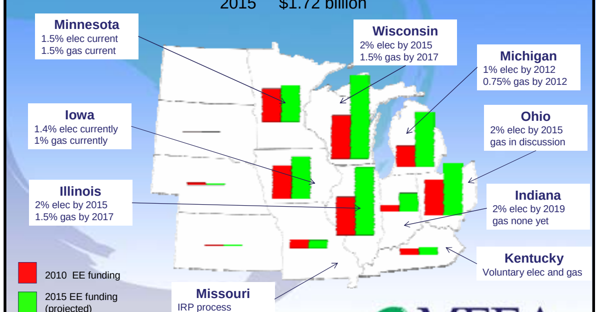
The Source On Energy Efficiency

MEEA Midwest Energy Efficiency Alliance

January 2011

Future Midwest Efficiency Targets and Funding

2010 $1.06 billion
2015 $1.72 billion



The Source On Energy Efficiency

MEEA Midwest Energy Efficiency Alliance

January 2011

Contact Info

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The Source On Energy Efficiency

MEEA Midwest Energy Efficiency Alliance

seea SOUTHEAST ENERGY EFFICIENCY ALLIANCE

Regional Round Up

Regional Roundup: Southeast Policy Update

Presented by

Jolyn Newton

seea

Policy Environment - Southeast

- Amendment 4 to GA Constitution
  - allows state agencies to use ESPC *prohibition dated to the early constitution of Georgia*
- "Diet Pace", Passage of House Bill 1388 by State of Georgia
  - modified the statutory authority of local development agencies to enable bond sales to fund clean energy projects in all market segments.
- Nashville Electric Service
  - enabled on-bill rebates through BetterBuildings
- Code adoption progressing
  - 2009 IECC (or equivalent): FL, GA, VA, KY & AL (commercial)
  - Carolinas: legislative activity underway
  - Arkansas: bill passage for rule making process

Utility Policies Adopted

•Arkansas - head of the class
  - best practices for EM&V
  - Adoption of EE model

•Georgia
  - IRP process offered expanded EE programs launched in 2011
  - Hired a 3rd party program administrator for first time

•Mississippi
  - Rulemaking docket in process
  - Moving toward 1% annual EE goal over next three years

•Louisiana
  - Rulemaking docket in process for first ever EE rule in state

seea

Biggest Policy Challenges - Southeast

- Implementation of the IRP process in a way that truly values EE as a system resources
- Self-regulated utility presence in significant portion of the region
- Engrained attitudes, anti-regulatory
- Economic challenges
- High growth rate
- Historically low rates & below average expenditures on EE programs

Thank-You!

Jolyn Newton
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Regional Roundup

Market Transformation In California

Philip Henderson
Natural Resources Defense Council

ACEEE/CEE National Symposium on Market Transformation
Washington, DC
April 12, 2011

Key elements are in place for *Market Transformation* in California

- **Cost-effective EE is top priority resource by law.**
  - CPUC sets energy saving targets for IOUs.
  - POUs set own targets with feedback from CEC.
- **Utility incentives are largely aligned with efficiency.**
  - Utility recovers costs devoted to efficiency through Public Goods Charge (PGC) and procurement funding.
  - IOUs are decoupled – revenue disconnected from amount of energy sold.
  - PUC implementing performance-based shared-savings incentives for IOUs
- **EM&V overseen by CPUC for IOUs.**
- ***Strategic Plan* provides state-wide, long-term vision.**
- **RD&D integrated into programs and state codes and standards.**

Specific Challenges

1. **Improve EM&V at both CPUC and POUs.**
   - Ensure transparent and collaborative process to align program design with EM&V methodology.
     - Indicate progress toward goals where appropriate.
     - POUs increase EM&V capacity.
2. **Extend Public Goods Charge**. Expires at end of 2011.
3. **Better align CPUC rules with strategic goals**.
   - Update cost-effectiveness inputs used in program design.
   - Define market transformation goals and indicators.
   - Set targets consistent with vision established in *Strategic Plan*.
4. **Expand EE programs at POUs, and integrate EE into procurement.**
5. **More statewide coordination among all utilities**. California has 40 POUs and 4 very large IOUs.

Summary: Great Strides in Regional Policy

- Better alignment of utility incentives
- Seeing higher goals/budgets, more widespread adoption and greater coordination, but there’s some concern these gains may be lost
- Evaluating innovative approaches remains a challenge

Questions for Our Program Administrators

- What new approaches are you pursuing to capture all cost effective efficiency?
- What policies are required for the long term success of these program approaches?

Program Administrator Panelists

- California - Duane Larsen, PG&E
- British Columbia - Jillian Mallory, BC Hydro
- Northwest – Scot Davidson, NEEA
- Northeast - Carol White, National Grid

ACEEE Market Transformation Symposium
Regional Roundup

Duane Larson
Pacific Gas and Electric Company
Director, Mass Market Energy Solutions and Service

PG&E | SOUTHERN CALIFORNIA EDISON An EDISON INTERNATIONAL Company | Sempra Energy

Regional Roundup - California

What has been started to capture all cost effective efficiency – for both policies and programs?

- Consistent policy for 35+ years
  - Voluntary and Standards
- Decoupling
- Market Engagement
- Automated Metering and Dynamic Rates
- Finance Options and Benchmarking Tools

Regional Roundup - California

What policies will be needed to sustain these efforts to make this a market transformation?

- Long-term vision
- Sustainable business model
- Personalization

Regional Round Up

BC HYDRO

Jillian Mallory
Power Smart, Strategic Planning
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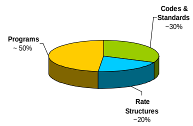
April 2011

BChydro powersmart

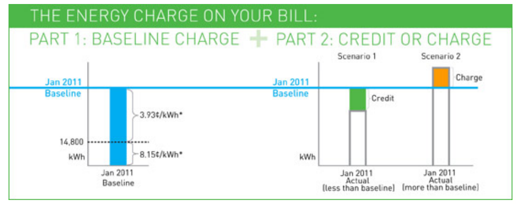
BC's Comprehensive Approach to Larger Targets

- BC Hydro mandated to **meet at least 66%** of future load growth with DSM by 2020.
- Current plan targets over 75% of future load growth.
- Most innovative approach is in Conservation rate structures which make up **~ 20%** of savings in 2020.



Conservation Rate Structures
- Residential rate
- Large Commercial/small industrial rate
- Large Industrial rate

Large Commercial Rate



Planning and Policy Considerations:
- Integration between estimates of Program and Rate structure savings in DSM planning
- Attribution of savings between Rate and Program

Thank you

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neea

Implementing the Transition

Scot Davidson
Director of Market Strategies
April 11, 2011

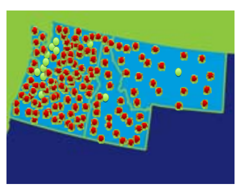
NORTHWEST ENERGY EFFICIENCY ALLIANCE

pac northwest – how to achieve more

the contemplation of coordination

- regional leverage
- a place between acquisition and market transformation
- seeking points of cooperation among utilities
- widows and orphans

pac northwest –programs and policy



- how do 150 utilities work together?
- many potential program intersections
- many opportunities for collaboration
- faster, deeper, more cost effective adoption
- cost effective small measures

- Region has launched "The NW Coordination Project"
- First projects
  - Coordination Potential Assessment
  - Commercial Lighting Solutions
  - Regional Connections Conference
  - LED Lighting Checklist
- Sustaining Policy Implications
  - Longer term perspectives
  - Regional policy approach

Transition to All Cost-Effective Efficiency

Voluntary efficiency programs are successful on market transformation
Taking advantage of
Automated metering
Innovative Rate Design
Greater coordination across programs

Great Strides in Regional Policy

Better alignment of utility incentives
Seeing higher goals, more widespread adoption and greater coordination, but there's some concern these gains may be lost
Evaluating innovative approaches remains a challenge

Regional Round Up – Implementing the Transition with Programs – Deep Energy Retrofit

Carol White
Director, Policy & Evaluation
ACEEE MT Conference
April 12, 2011

Deep Energy Retrofit – EE and Home Remodeling

- Focused on super insulation, high efficiency HVAC, lighting, appliances, and renewable energy
- Energy reductions of 50% - 90% compared to baseline – Builds energy independence
- Reduces greenhouse gas emissions
- Increases the impact of investment in renewables
- Increases long term affordability
- Creates good jobs that cannot be outsourced
- Stimulates product development
- Improves durability, indoor air quality, comfort, health and safety

Policy Considerations

- Efforts support the Massachusetts Clean Energy and Climate Plan
- Regulatory support for pilot efforts
- Cost-effectiveness concerns – MA TRC test doesn't include the full range of DER benefits
  - Strong focus on evaluation – proving benefits
  - Exploiting opportunities to share findings about all benefits
  - Developing alliances in support of regulatory changes needed to support a long-term focus on programs like DER

Discussion
Questions for Panelists?

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