

# PAYS

## Preliminary Results of New Hampshire Pilots

A presentation to the  
ACEEE National Conference on Energy Efficiency as a Resource  
Berkeley, CA

Nancy Brockway, Commissioner  
New Hampshire Public Utilities Commission  
June 2003

1

## Enormous untapped potential...

- 15-16% of total electrical consumption by 2010
  - [1997 - Five Labs Study]
- 64K mW displaceable in a decade
  - [ACEEE 2000]
- Lighting = 25% peak commercial demand -- lighting energy needs could be cut 30 - 50%
  - [Environmental Media Services 2000]
- Over 30 % of present electricity needs could be replaced by efficiency
  - VEIC report, summer 2002]
- 11% C/I/Gov savings possible in Maine, 2003 - 2012
  - ME OPA Technical Potential Study prepared by Exeter Associates, 9/25/02
- 1,600 mW savings possible in CA commercial sectors
  - Xenergy, July 1, 2002 (for PG&E)

2

## Huge savings are left on the table...

- Rebates can't do it all:
  - The same market barriers persist:
    - lack of customer information/trust
    - hassle factors
    - first-cost factor/lack of access to capital
    - split incentives
    - tragedy of commons
    - volatility vs. “price signals”
- The “iron ceiling” of SBCs limits funding

3

## The PAYS Alternative

### How it works...

- Customer selects (qualifying) measure
- Customer signs up for PAYS treatment of cost
- Measure and installation fully funded upfront
  - Customer pays over time on DISCO bill
  - Measures are certified to provide savings right away
  - Payment never more than savings
  - DNP for non-pay just like other DISCO charge
- Portable measures
  - when customer leaves, take and pay balance
- Permanent measures
  - when customer leaves, pay off or “run with meter”

4

## **PAYS at work in New Hampshire**

- **Two Pilot Programs in operation today**
  - PSNH - - municipal customers
  - NHEC - - allcustomers, with focus on smaller customers
- **Utilities run program/arranges installation** (for pilot only?)
  - Utility fronts costs, “owns” measures until paid off
  - NH PUC Orders ok DNP and “run with meter”
    - Order No. 23,751, 8/1/01; Order No. 23,751, 8/1/01
  - Revolving fund and low overhead
    - started with 10% of overall SBC budget
    - Utility overheads low - about 11% so far (including start-up)
- **In tandem w/ Core Energy Efficiency programs**
  - Some projects compete with 30 - 50% rebates

5

## **PSNH & Local Governments**

- “With 2/3 savings, within 3/4 life” rule
  - Very conservative from Participant risk perspective
  - No TRC applied in pilot
  - PSNH offering 30-50% rebates in parallel rebate programs
  - PSNH offering partial rebates to bring within 2/3 & 3/4 rule
- @ 4Q 02:
  - 84 projects submitted, from 25+ municipalities
  - 66 qualified to date (\$734K); 6 more awaiting vendor info
  - Mostly lighting so far
  - Est. lifetime savings 15,881,340 kWh
  - Est. lifetime dollar savings \$2,145,932
  - 2003 budget subscribed by mid-year
- “We could not have done it without PAYS.”
  - Not a loan, but a utility bill - not require voter approval

6

## NHEC - a service for members

- “Why pay now when you can pay as you save?”
- Differences from PSNH pilot:
  - Fuel neutral - not just electric savings
  - May average measure savings to qualify project package
- Bill stuffer targets audit/no action customers
  - 52K+ sent, 1000 positive responses, 66 projects proposed
  - 4 completed or contracted, 8 open
  - 59 rejected
    - 38 declined, 21 elected rebates instead
- PAYS Point of Purchase lighting promotion.
  - Delivered 3X CFLs vs. rebate, for \$0/CFL vs. \$3/CFL

7

## PAYS Lessons So Far

- PAYS is working largely as expected.
  - Vendors can be interested in offering.
  - Utilities can handle bill payment issues.
  - All PDCs paid on time so far - guarantee fund not tapped yet
- PAYS *does* overcome barriers.
  - Local government “gets it” and likes it!
  - Required payback and DNP does not “scare off” customers.
- Pilot experience surfacing issues/information
  - If rebates are big enough (30-50%), PAYS can’t compete
  - It is possible to incorporate rebates as added incentive
  - Running program by IOUs can add issues of priorities
  - “It’s not a mortgage, not a loan, it’s a PAYS product!”
  - How to attract commercial/residential tenants?

8

## Future Directions for PAYS?

- Expand to more measures
  - relax strict “with 2/3 within 3/4” NH pilot rule
- Pilot without competition from huge rebates
- Incorporate more vendor-driven aspects
  - POS promotions (with enviro message)
- PAYS and distributed generation

9

## Will we ever reach our technical potential on 1% to 3% of revenues/year?

- PAYS might help bust this \$ ceiling
- Design program to optimize SBC use
  - ID all measures that pass TRC
  - Offer all as PAYS
    - Use “with 3/4 within 3/4” instead of “with 2/3 within 3/4”
    - Incentivize enough that all pass “with 3/4 within 3/4” rule
    - Use SBC to pay for guarantee fund, transaction costs
- **We can** make it attractive for customers
  - to save energy, money, and the earth

10

## Thanks...

- for more information contact
  - Nancy Brockway, NH Public Utilities Commission, 603-271-2443
    - » nbrockway@aol.com
  - Harlan Lachman or Paul Cillo, Energy Efficiency Institute, 802-879-8895
    - » hlachman@earthlink.net
    - » cpaulvt@aol.com
  - Gil Gelineau, Public Service Company of New Hampshire
    - » gelinge@nu.com
  - Carl Woods, New Hampshire Electric Coop, 603-536-1800
    - » www.nhec.com
  - <http://www.puc.state.nh.us/orders/2001eord.htm> (then click on 23,851)