

Massachusetts Goes for the Gold on Energy Efficiency

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Governor Patrick's Groundbreaking Legislation

Green Communities Act (GCA) 2008

“The [DPU] shall ensure that... electric and natural gas resource needs shall first be met through all available energy efficiency and demand reduction resources that are cost effective or less expensive than supply.”

Legislate or Regulate?

Massachusetts does some of both:

- Legislation: Green Communities Act tells electric and gas utilities to do “all cost effective energy efficiency”
- Regulation: the utilities propose savings targets to meet the legislative requirement by April 30 of every 3rd year (2009, 2012, etc)
- Energy Efficiency Advisory Council (EEAC) has 3 months to review utility plans and submit comments to Program Administrators (PA’s). Then PA’s have 3 more months to possibly amend their plans, during which negotiations with EEAC might take place.
- By October 31 utilities submit plans to DPU, along with EEAC approval or recommendations and a statement of any unresolved issues.
- DPU has 90 days to review plans; can approve, amend, or reject them and require resubmission

Energy Efficiency

Green Communities Act of 2008

- **All Cost Effective Energy Efficiency**
 - Residential
 - Commercial
 - Industrial
- **Decoupling (begun by DPU prior to GCA)**
- **Standards and Codes**
Intrinsic market driver for energy efficiency
- **Green Communities Division**



Establishment of a New Infrastructure



There are actually 9 Program Administrators – 8 utilities and the Cape Light Compact

Pre – to Post-GCA Spending

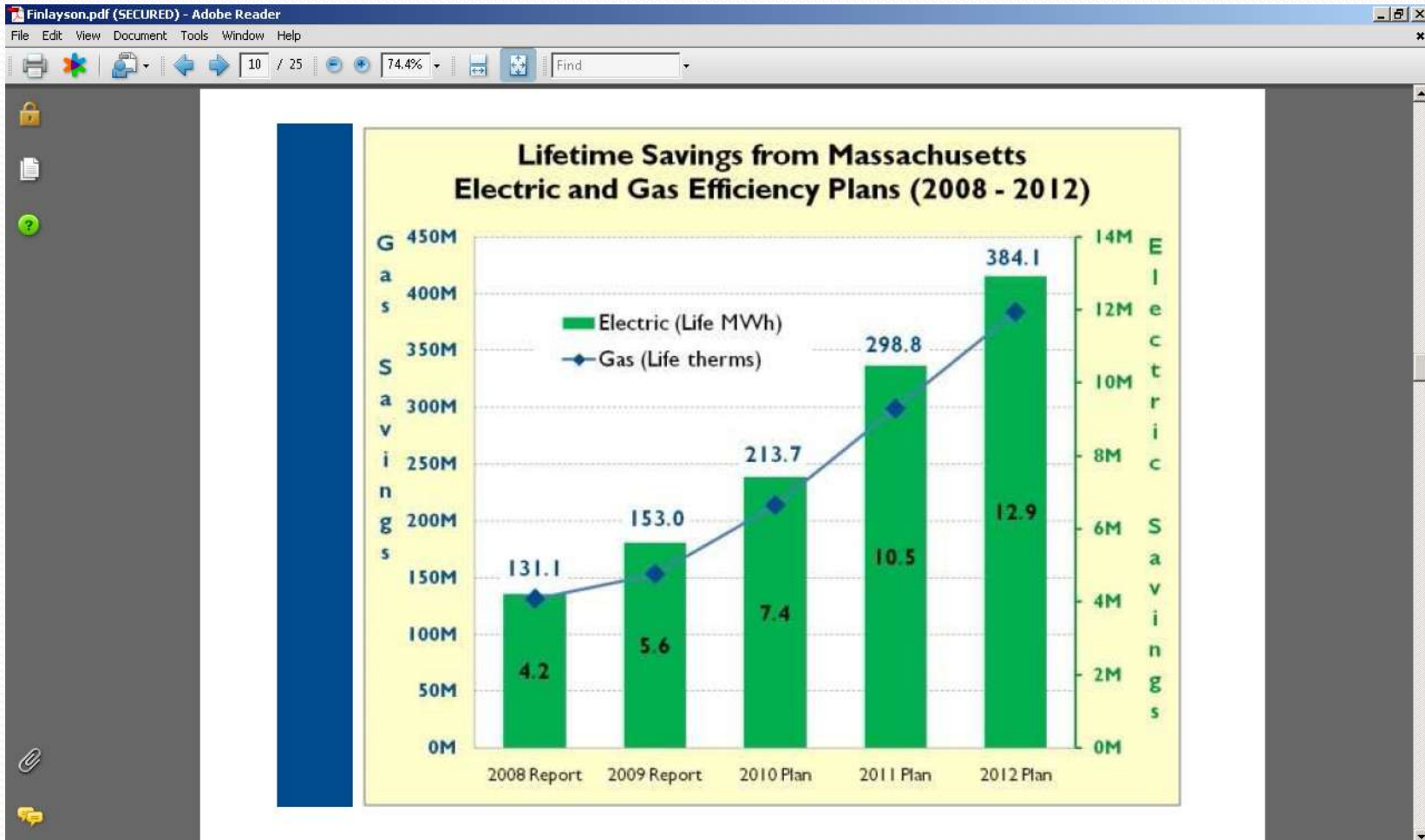
- Beginning with electric restructuring in 1997, electric utilities had legislative requirements to spend specific %'s of revenues on EE – currently remains at 2.5 mills - 0.25 cents/kwh.
- Also legislative requirement for fuel-neutral residential EE program, including no-cost audits.
- For gas utilities, there were negotiated \$ amounts for EE, earlier in rate cases and later in five year plans.
- Under GCA's “all cost effective “ mandate, spending on EE by both electric and gas utilities has increased by several times.

Rise in Energy Efficiency Efforts

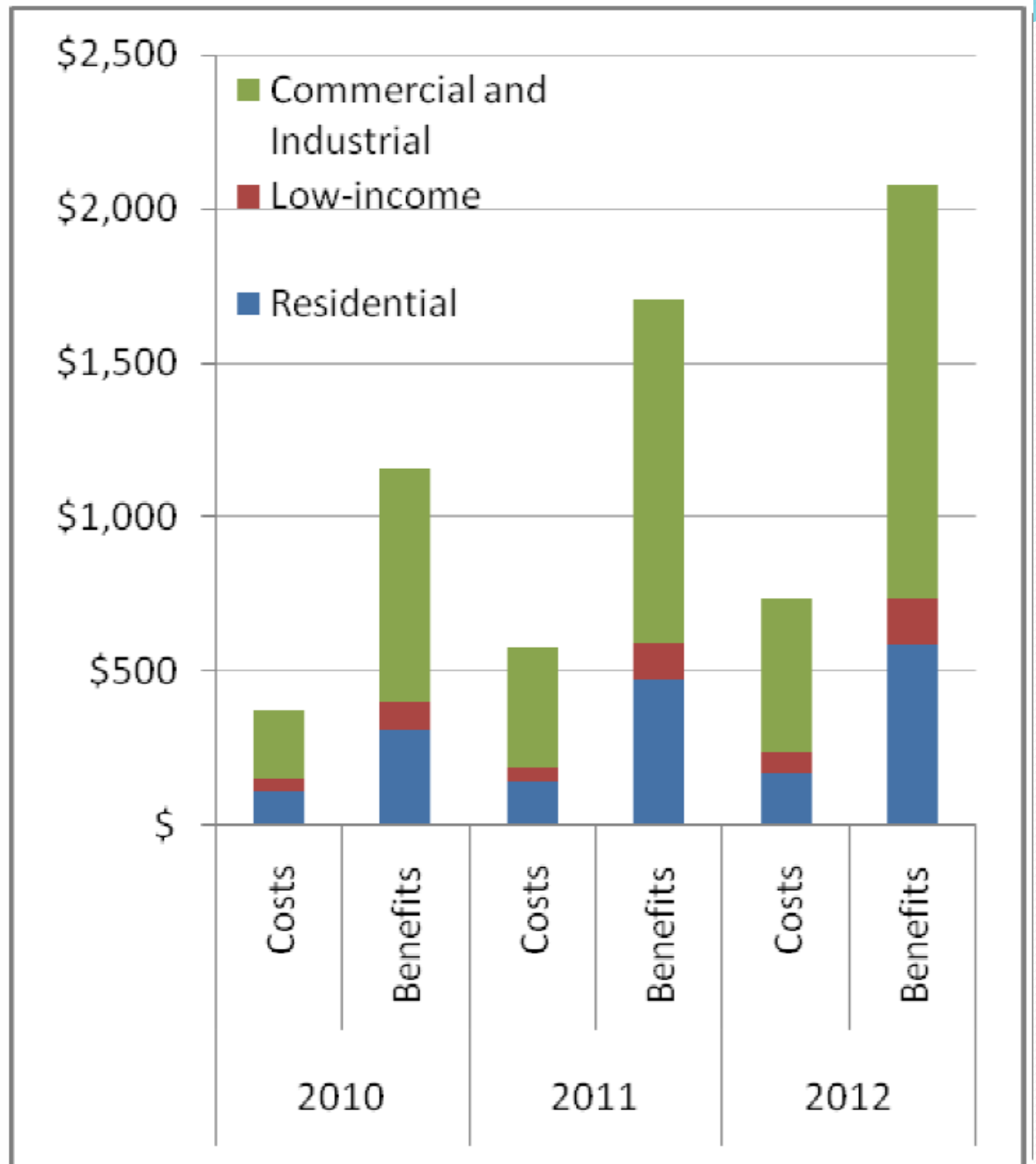
All

Available
Cost
Effective
Efficiency
during
2010-
2012

\$1.4B in
utility
funded
programs;
\$2.2B in
total
costs; \$6B
in total
benefits

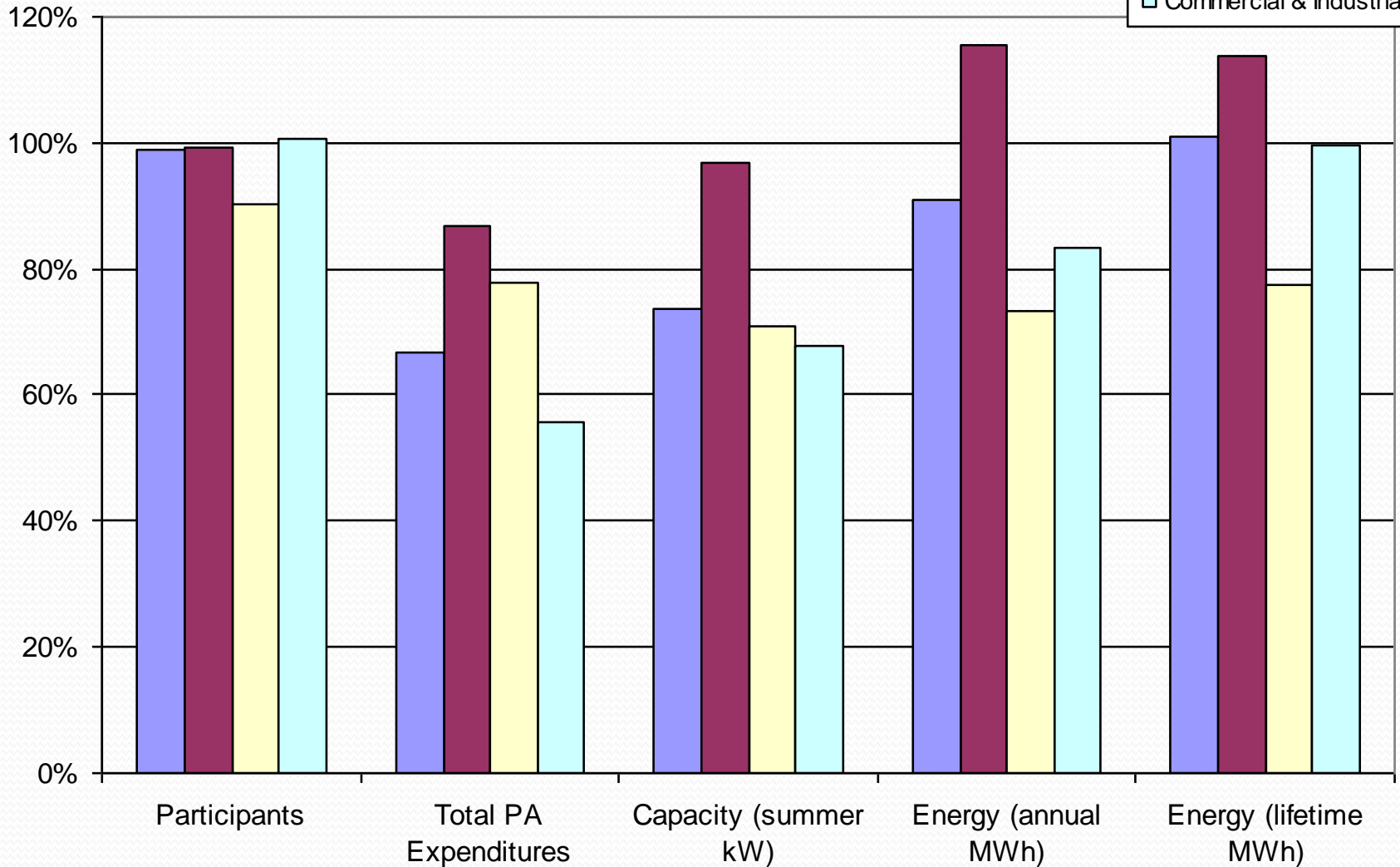
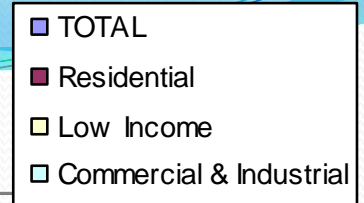


Planned benefits, costs of 1st MA 3-year EE plan under law requiring all cost-effective EE- \$millions



Statewide Electric Programs - YTD 2011

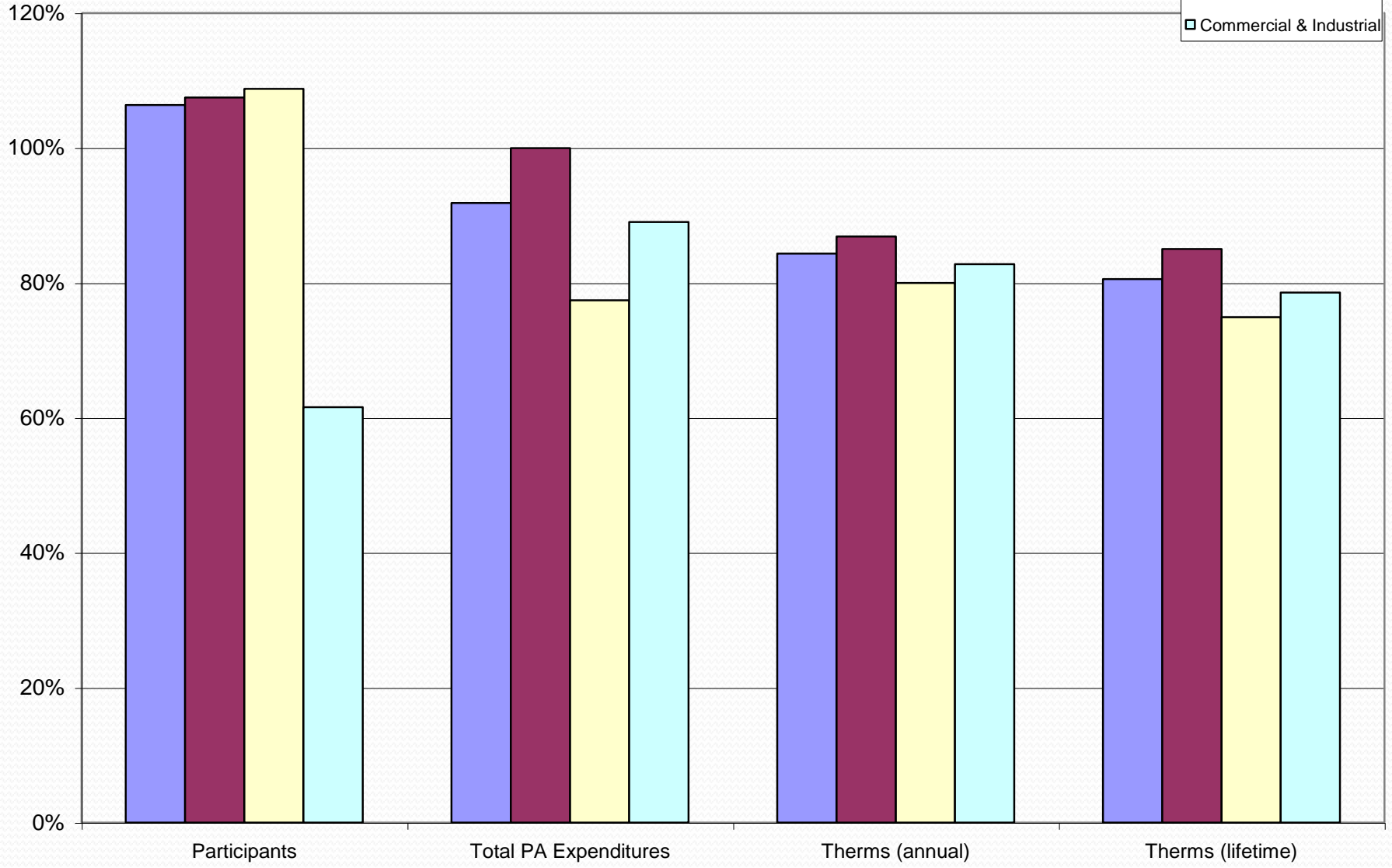
Preliminary Actuals as a Percent of Plan Goal



Statewide Gas Programs - YTD 2011

Preliminary Actuals as a Percent of Plan Goal

- Total
- Residential
- Low Income
- Commercial & Industrial



New Approach to Efficiency

- **Statewide programs**
 - Integrated gas & electric programs
 - 9 Program Administrators collaborating, effort to have uniform programs across all utilities
- **Statewide Evaluation, Measurement & Verification**
- **Financing Tools for commercial and residential customers**
- **Pilots: tests of new approaches to increasing savings**
 - Behavior (residential/commercial)
 - Deep Energy Retrofit
 - Community Mobilization
- **Overseen by Energy Efficiency Advisory Council**
 - 11 voting members, includes Attorney General, 3 other state agencies, DOER as Chair.
Stakeholders: business groups, unions, environmental groups, consumer advocates
 - Council consultants provide 3rd party expertise and review

Some Issues/Complications

- Regulatory burden on utilities, state agencies – 3 year plan, annual DPU legal proceedings for cost recovery, cost-effectiveness, modifications to plan
- Too much focus in past on low hanging fruit? EEAC told utilities to “go deeper, then broader”
- Municipally-owned utilities not part of the system – about 15% of statewide electric sales
- High % rebates to achieve savings create rate impact. Other methods with lower costs are now in use & being developed – loans, codes, labeling

Energy Efficiency Financing Options

- Mass Save offers 0% loans up to \$100,000
- Clean Energy Investment Program for state facilities
- PACE program under development

Commercial & Industrial Financing (Incl. Multi-Family and Non-Profit)	Federal	State	MUSH*	Industrial/Large C&I	Commercial Properties	Small C&I
Loans						
Mass Save [®] Financing	○	●	●	●	●	●
Commercial PACE/Equity Investment	○	○	●	●	●	●
Construction Loan	○	○	●	●	●	●
Commercial Loan/Line of Credit	○	○	●	●	●	●
Vendor Financing	○	○	●	●	●	●
Consumer Lending (Personal loan, HELOC, etc.)	○	○	○	○	○	●
Energy Performance Contracts						
Energy Service Agreement	●	●	●	●	●	●
Shared Savings Agreement	●	●	●	●	●	●
Guaranteed Savings Agreement	●	●	●	●	●	●
Leases						
Capital/Operating/Seasonal/True Lease	○	○	●	●	●	●
Tax Exempt Lease-Purchase Agreement	○	●	●	○	○	○
Commercial Equipment Lease	○	○	●	●	●	●
Federal Alternative Finance Contract	●	○	○	○	○	○
State Sponsored Financing for Private & Non-Profit Industry						
Boston Local Development Corporation (BLDC)	○	○	○	●	●	●
Boston Industrial Development Financing Authority (BIDFA)	○	○	●	●	●	○
Massachusetts Development Corporation	○	○	●	●	●	○

● Applicable

● Somewhat Applicable

○ Not Applicable

* Municipal, University, School, Hospital

For further information

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