



Big State Public Benefits Programs Coming Our Way

ACI Home Performance Conference 2007

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Conservation Services Group



About CSG

- Founded in 1984; nonprofit corporation
- Nearly 300 staff, 12 offices nationwide
- More than 100 clients
- Design, develop, and deliver energy efficiency and clean energy programs and projects
- Over 1 million homes and facilities served
- Net Zero Greenhouse Gas and Climate Leader



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Energy Efficiency Program Funds

- Models and possibilities
- States have a variety of options to:
 - expand efforts
 - explore strategies
- Implications





Models and possibilities

- Procurement
 - CA utilities mandated to acquire 1% of load from EE
- Loading order strategies
- Expand/increase SBC funds
- Establish EE Portfolio Standard





States - options

- Rhode Island: passed 2006 legislation for “Least-Cost Procurement”
 - requires that all cost-effective efficiency, distributed generation, demand response, and renewable energy are utilized before more expensive energy sources
- New York: Governor will propose EE Portfolio Standard
- California: Energy Action Plan (2005) establishes EE as top priority procurement resource
- Massachusetts: Stakeholder teams rewriting legislation introduced in March 2007 to focus on SBC plus supplemental markets





Procurement

- Mandates that utilities procure or purchase a certain amount of energy efficiency
- Standards based on either:
 - % of load growth (Texas)
 - % of total load (California-1%)
- “All available cost effective efficiency” based on technical potential study and regulatory determination





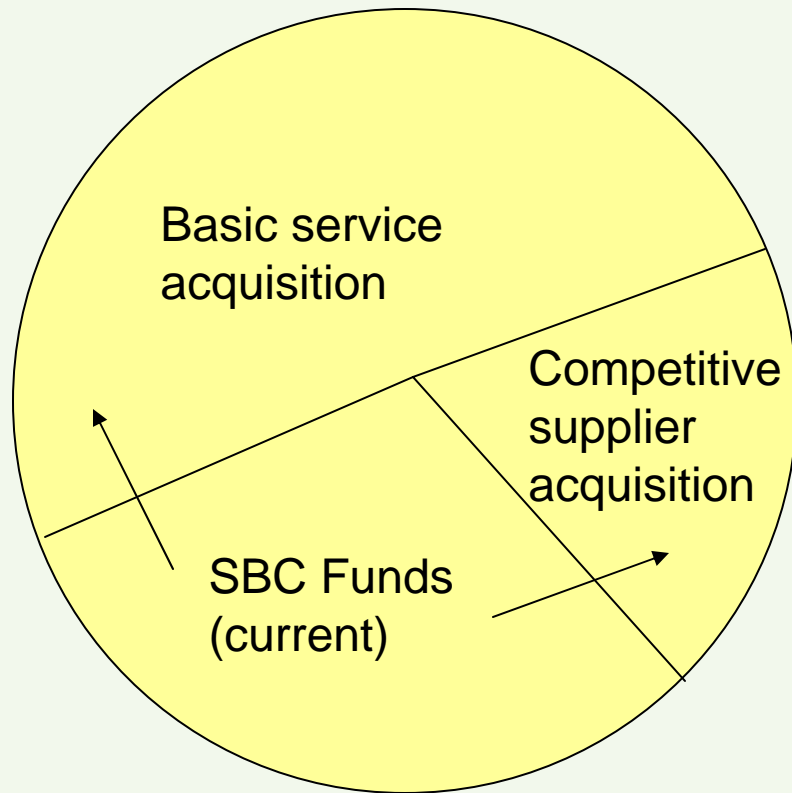
EE Portfolio Standard

- Similar to Procurement but tied to % of total load and included as part of an Renewable Portfolio Standard or Alternative Portfolio Standards
 - Example: Pennsylvania
 - Nevada
 - Connecticut
- Stand alone or as part of a collection of eligible resources





Total EE with Portfolio Standard



= % of Sales
or
% of Growth





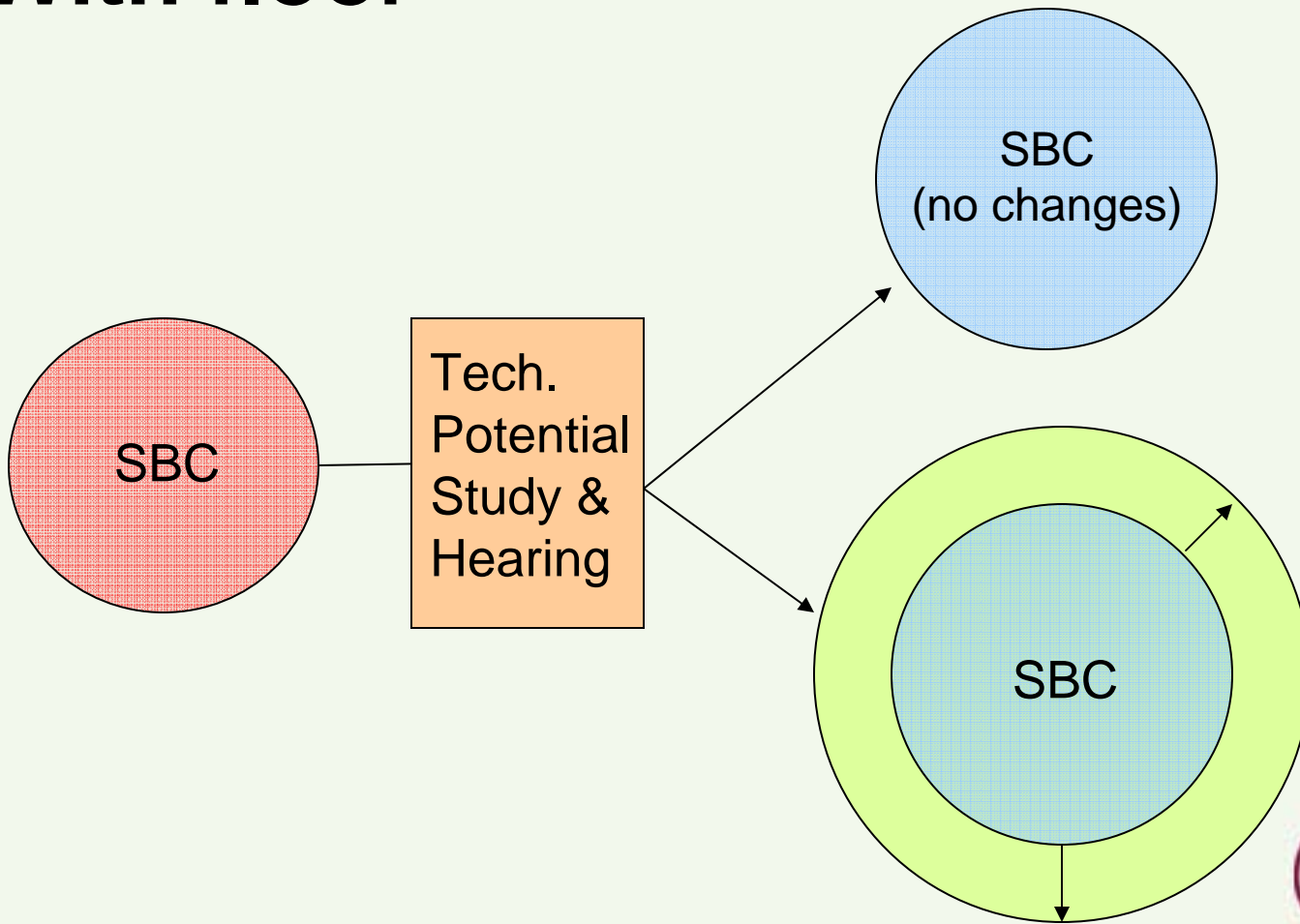
SBC + Procurement

- Some states already have System Benefit Programs and there is a desire to avoid disrupting current efforts
 - Examples: California added a 1% Procurement to the existing SBC
 - Massachusetts stakeholders are proposing to use SBC as a base and create opening for added procurement



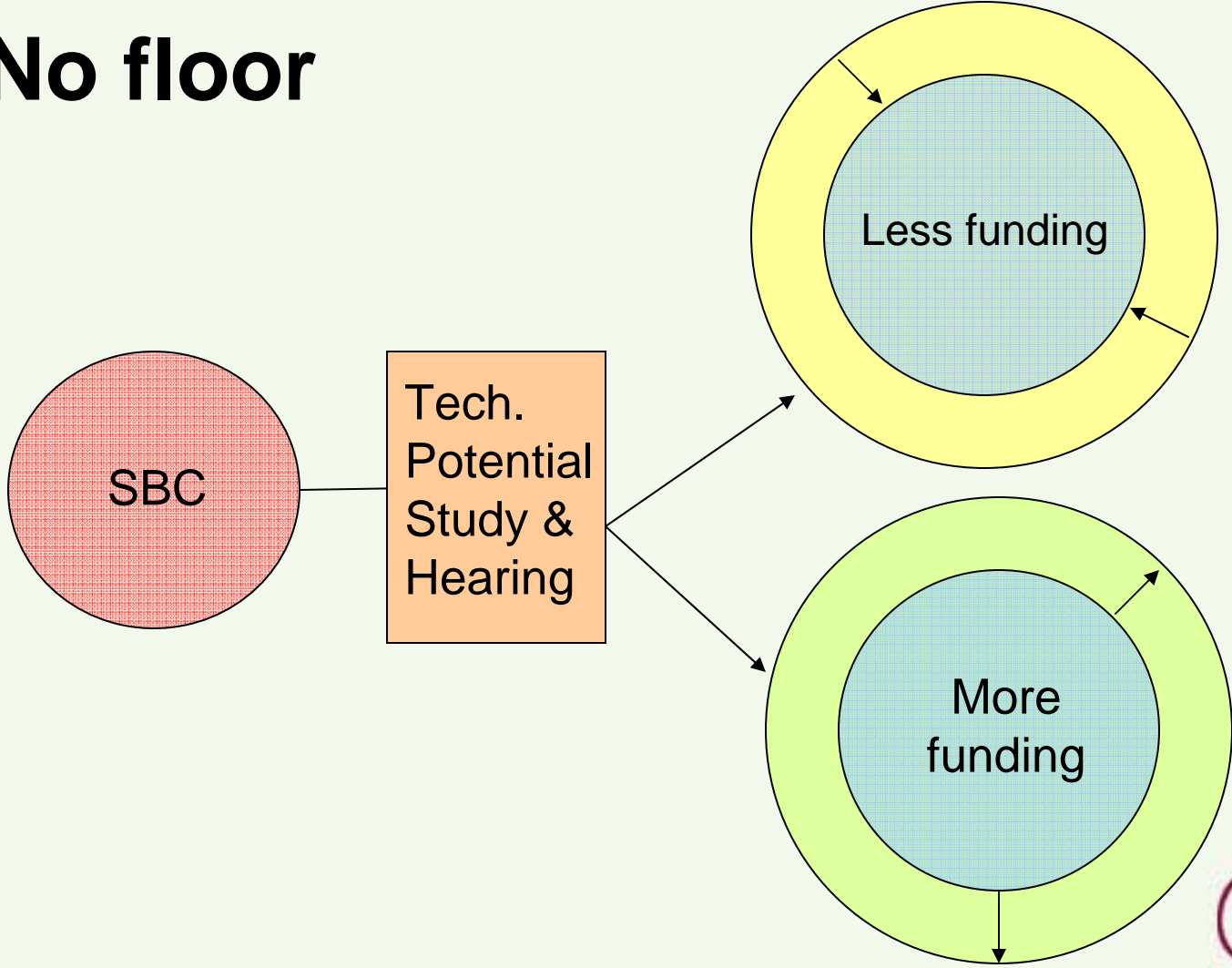


With floor





No floor





SBC + Supplemental Markets

- Some states have Supplemental Markets to integrate into existing SBC funds and administration
 - Example: New England states have the Forward Capacity Markets; RGGI allowance auctions and NOx Compliance Auctions.
 - Integrating in delivery of multiple funding sources into a coherent plan is a challenge





Supplemental Markets

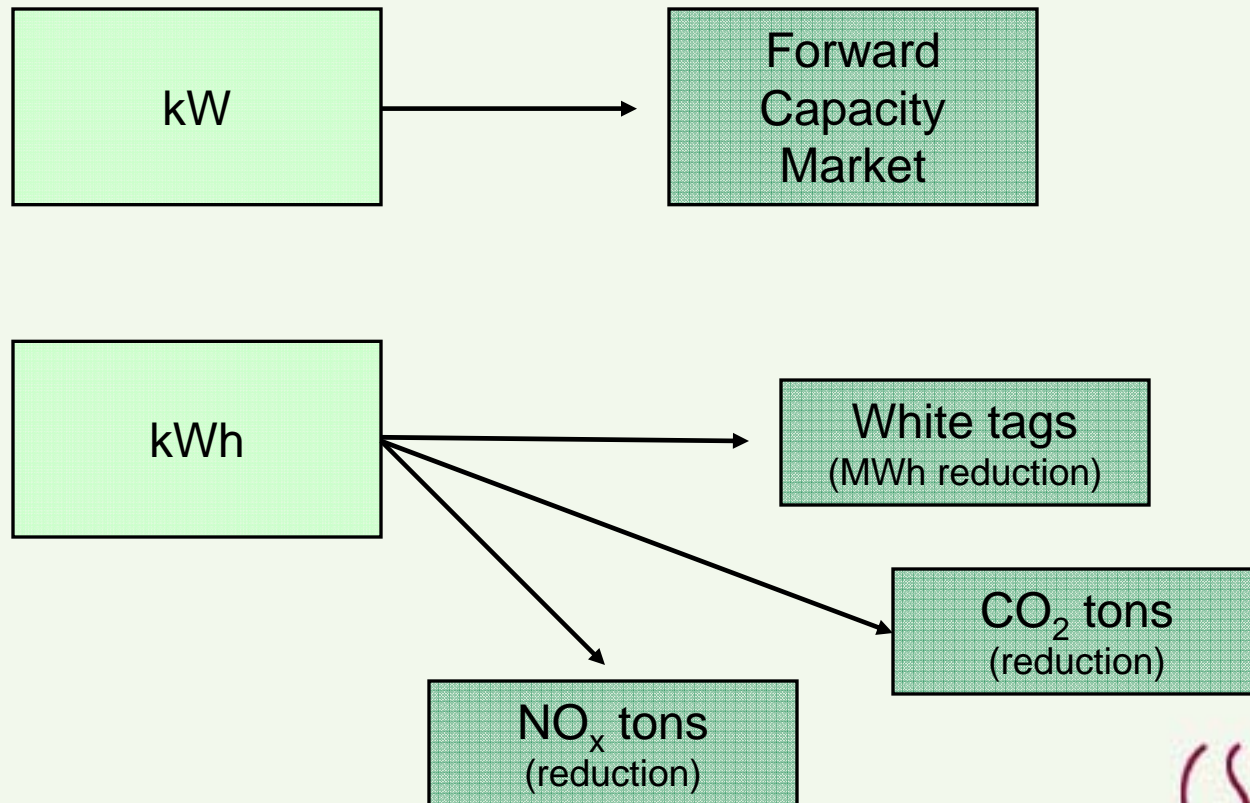
- FCM
- NO_x
- RGGI / GHG



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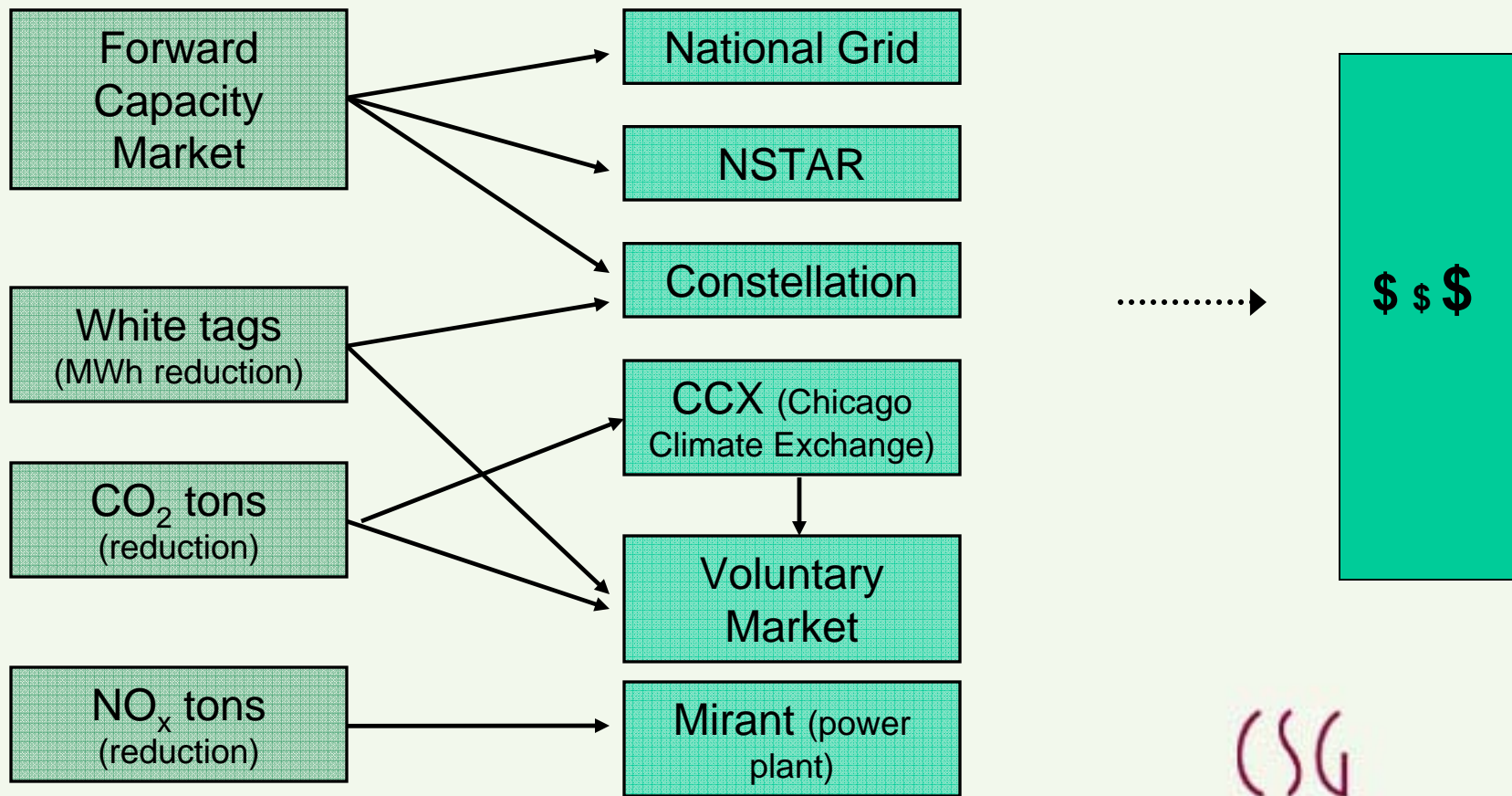


\$ → **Projects** → **M&V** → **Ingredients** → **Products** → **Buyers**



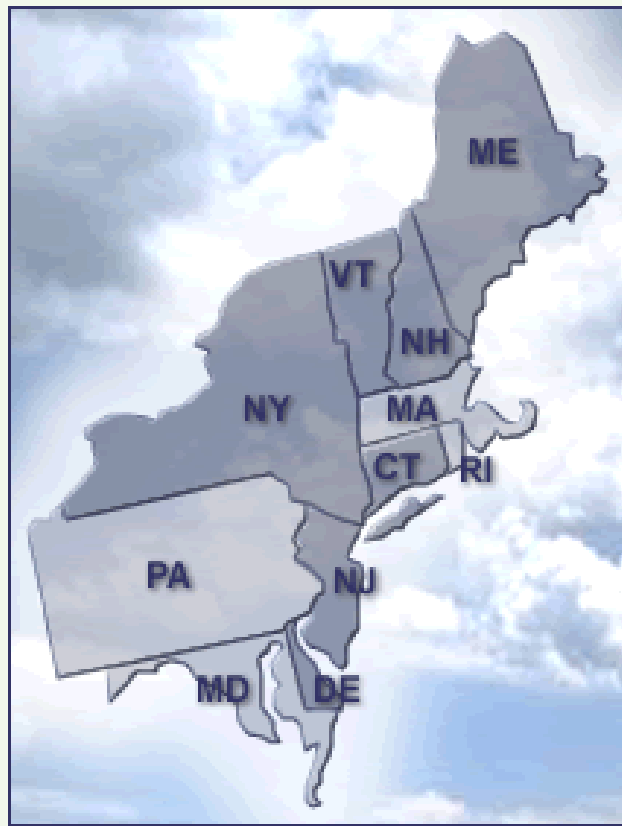


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Regional Greenhouse Gas Initiative

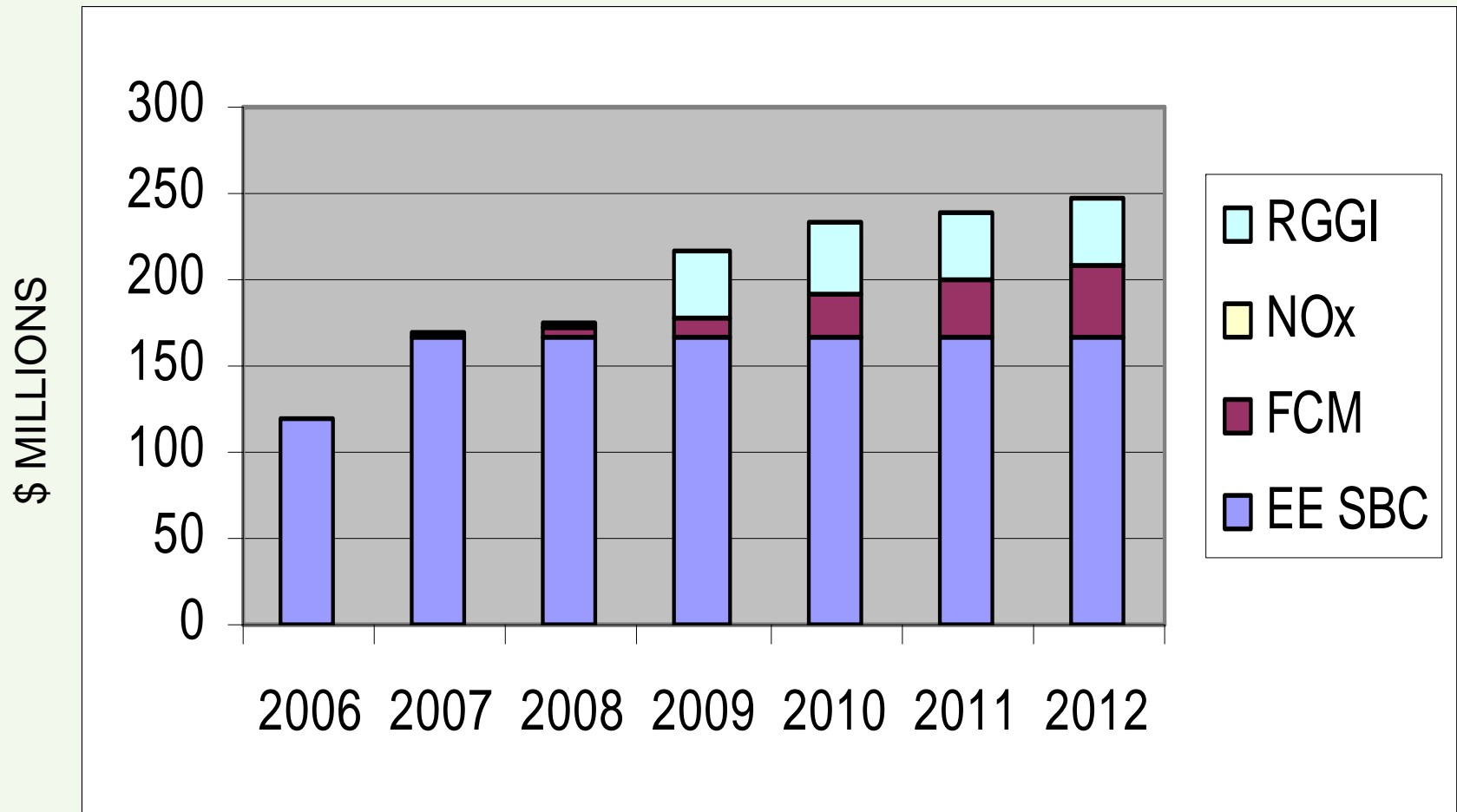


- First mandatory Cap and Trade in U.S.
 - How many allowances will be controlled by RGGI?
 - MA share = 26 million tons
 - Expected price per allowance: \$1 to \$5 per ton
\$26-130 million
 - SBC in MA currently = \$120+ million





Example: Massachusetts proposed combination of sources





Implications

- Infrastructure
 - Integrate demand response
 - Other?
- Broaden scope to include next tier of technologies
 - not as cost-effective as current efforts
 - worth consideration due to long term benefit





Thank you!

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