



8 Summer Street  
P.O. Box 583  
Rockport, ME 04856-0583  
(207) 236-6470  
fax: (207) 236-6471  
[www.env-ne.org](http://www.env-ne.org)

September 19, 2012

Michael Stoddard  
Executive Director  
Efficiency Maine Trust  
151 Capitol Street  
Augusta, ME 04330

Rockport, ME  
Boston, MA  
Providence, RI  
Hartford, CT  
Ottawa, ON  
Canada

Dear Michael:

On behalf of ENE I am submitting the following comments on the Efficiency Maine Trust ("Trust") Triennial Plan II Draft for consideration by the Trust and Trust Board.

ENE appreciates the fact that the Trust not only held many full day workshops during the month of July to outline its programs and solicit public input on this Plan, but held two public meetings in early September (in Bangor and South Portland) to outline the draft Plan to the public. The Trust also presented an overview of the Draft Plan to the Joint Standing Committee on Energy and Utilities in early September. ENE appreciates the significant opportunity the Trust has provided the Legislature and public for its input.

ENE is pleased that the Trust has presented a Draft Plan that is designed to achieve the statutory objective of "capturing *all* cost-effective energy efficiency for electric and natural gas" customers. The Plan outlines what would be needed to invest in Maximum Achievable Cost-Effective ("MACE") Energy Efficiency Potential in Maine, according to an independent analysis done for the Trust by the Cadmus Group and GDS Associates.<sup>1</sup> The Trust has also presented a "base funding" Plan that assumes no increase in Trust revenues.

**1. The MACE funding plan is required by law and provides significant ratepayer benefits over the base funding plan.**

The MACE and the base funding plans contain significant differences. The MACE plan would capture 574,299,852 kWh's of savings over the 3 year period, or 7.13 billion lifetime kWh savings<sup>2</sup>, at a cost to the Trust of between \$174 and \$201 million. This equates to a cost of 4 cents per kWh, which is less than the cost of energy supply, and a benefit:cost ratio over 3.2. The base funding plan would capture just 408,057,657 kWh's annually, or 4.6 billion lifetime kWh savings. The MACE plan captures 55% more energy savings over the measures' lifetime, and could capture even more under a speedier ramp up.

The Efficiency Maine Trust Board is presented with at least two options: it can approve the MACE plan and fund all energy efficiency programs that cost less than supply, it can approve the base plan that significantly under-invests in energy efficiency, or it can choose a variation of these.

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<sup>1</sup> ENE believes that the Trust's MACE numbers may be understated given the fact that the ramp up to all cost-effective might be able to be accomplished more quickly in the early years of the Plan.

<sup>2</sup> This number would increase if the ramp-up were done more quickly.

However, there is only one option that is authorized by the statute that governs the Trust and this Triennial Plan. A vote for anything less than the MACE plan ignores the statutory charge to the Trust. And, there is only one plan that reduces ratepayers bills to the maximum possible extent and provides the greatest economic and jobs benefits to Maine. ENE has done an analysis of the benefits of a Plan that funds all cost-effective electric energy efficiency as compared to the base funding plan, which analysis is attached and discussed in section 3 below.

## **2. The Trust is statutorily required to adopt the MACE plan.**

The Trust is a creature of statute that was enacted and has been refined over the past several years. 35-A M.R.S.A. §10104(4) governs the Triennial Plan process and outlines what is to be in the plan. Paragraph F of that section lays out the statutory objectives of the Plan and the Board's decision-making criteria. This section provides that:

- ▶ The Board shall review and approve the triennial plan by an affirmative vote of 2/3 of the trustees upon a finding that the plan is consistent with the . . . state energy efficiency targets in paragraph F . . . 10104(4)(C).
- ▶ It is an objective of the triennial plan to design, coordinate and integrate sustained energy efficiency and weatherization programs . . . that advance the targets of: . . .
  - (1) Weatherizing 100% of residences and 50% of businesses by 2030;
  - (2) Reducing peak-load electric energy consumption by 100 megawatts by 2020;
  - (3) Reducing the State's consumption of liquid fossil fuels by at least 30% by 2030;
  - (4) By 2020, achieving electricity and natural gas savings of at least 30% and . . . ;
  - (5) **Capturing *all* cost-effective energy efficiency resources available for electric and natural gas utility ratepayers;** . . . (emphasis added)10104(4)(F)

Section 10110 describes electric efficiency and conservation programs that the trust shall consider, their implementation, and other related issues. It also sets funding levels and the base assessment. Section 10110(5) provides that:

- ▶ In accordance with the triennial plan, the commission shall assess each transmission and distribution utility . . . to realize *all* available energy efficiency and demand reduction resources in this State that are cost-effective, reliable and feasible . . . (emphasis added)

The statute is clear that an overriding objective of the plan must be to capture *all* cost-effective energy efficiency resources for electric and natural gas customers, as well as to work toward the weatherization goals and reduced use of fossil fuels. Many other New England states are pursuing all cost-effective efficiency programs and are realizing significantly higher consumer, energy savings and economic benefits than Maine.

## **3. ENE's analysis shows the significant ratepayer and other economic benefits of adopting the MACE plan.**

ENE has performed an economic analysis showing the bill and economic impacts of the Trust's base plan compared to a MACE plan. This analysis clearly shows that adoption of a MACE plan produces lower energy bills; more jobs; and higher Gross State Product (GSP) increases. MACE funding would result in an approximate 5% decrease in monthly bills by 2025 as compared to base funding, equaling annual ratepayer savings in the \$60 to \$65 range.

It would produce GSP benefits of nearly \$1.4 billion by 2025. And, it would result in 16,629 additional jobs by 2025. It will also produce greater reductions in CO2 emissions.

ENE's analysis and methodology are attached.

**4. The Plan must also include programs and measures to achieve the energy efficiency objectives for natural gas and heating oil.**

Section 10104(4)(F) subsections (1) and (3) clearly state that other objectives of the Plan are to advance the weatherization and fossil fuel reduction targets set forth in statute. Subsection 5 sets capture of all cost-effective natural gas efficiency resources as a target as well. Prior analyses would show that the Plan does not fund all cost-effective natural gas measures. Furthermore, ENE agrees that the Trust should consider suggesting amendments to the law that would allow it to implement natural gas saving programs in the service territories of smaller gas utilities.

Furthermore, for oil, kerosene and propane heating fuels, the Plan acknowledges that, without new funding, the Trust will be limited to provision of PACE and PowerSaver loans and Residential Direct Install air sealing measures. These programs will not likely result in achievement of the targets set forth in law. The Trust must present a Plan that is designed to achieve the statutory targets, and a projection of the costs of doing so, much like it did for the electricity savings.

Thank you for your consideration of these comments.

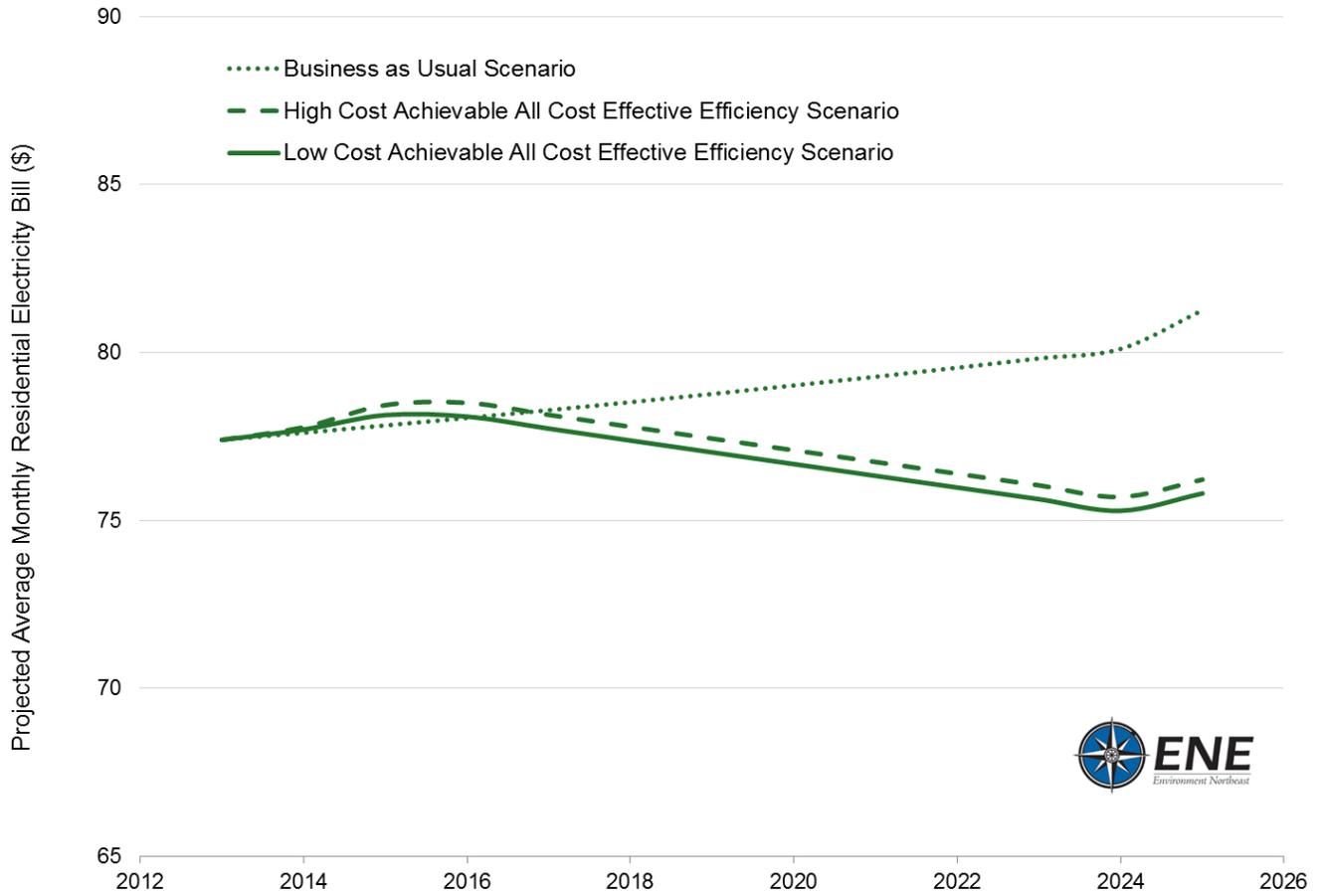
Sincerely,

A handwritten signature in black ink that reads "Beth Nagusky". The signature is written in a cursive style with a large, looping "y" at the end.

Beth A. Nagusky  
ENE Maine Director

Attachment

### Benefits of Implementing Achievable All Cost Effective Efficiency



#### Results

Scenario 1 - Low Cost Achievable All Cost Effective Efficiency With First Year Cost of 300\$/Mwh						
Year	Additional Annual EE Savings (%) over Business As Usual Scenario (%)	Monthly Bills Change Over Business As Usual Scenario (\$)	Percentage Monthly Bills Change Over Business As Usual Scenario (%)	Annual Bills Change Over Business As Usual Scenario (\$)	Cumulative EE Economic Benefits Due to Additional Funding - GSP (Million \$)	Cumulative EE Job Impact Due to Additional Funding (job-years)
2015	0.5%	0.3	0.4%	4	115	1,357
2020	0.7%	-2.3	-3.0%	-28	760	8,993
2025	0.7%	-5.5	-6.7%	-65	1,405	16,629
Scenario 2 - High Cost Achievable All Cost Effective Efficiency With First Year Cost of 408\$/Mwh						
2015	0.5%	0.61	0.8%	7	115	1,357
2020	0.7%	-1.93	-2.4%	-23	760	8,993
2025	0.7%	-5.04	-6.2%	-60	1,405	16,629

Data	Assumptions and Data Source		
	Business As Usual (BAU)	Scenario 1: Low Cost	Scenario 2: High Cost
Annual ME Energy Consumption Forecast	ISO New England (ISO NE) CELT Report. Forecast is assumed to be not including existing efficiency savings.	Same as BAU.	Same as BAU.
Average Residential Energy Supply Price	ME Standard Offer Price from the PUC – Forecasted every year by assumed 0.5% factor.	Same as BAU.	Same as BAU.
Residential Energy Delivery Price	CMP Residential Pricing Schedule – Forecasted every year by assumed 0.5% factor.	Same as BAU.	Same as BAU.
Average Residential Electric Consumption	Energy Information Administration (EIA) – Forecasted by 0.9% every year based on the ISO-NE CELT report load projections.	Same as BAU.	Same as BAU.
Annual % Savings	2013 and on: 1.08% <sup>i</sup> . Assumed savings levels are based on EMT Triennial plan Base funding scenario.	2013: 1.08% 2014: 1.2% 2015: 1.6% 2016 and on: 1.8% <sup>i</sup> . Assumed savings levels are based on EMT Triennial plan MACE scenario.	2013: 1.08% 2014: 1.2% 2015: 1.6% 2016 and on: 1.8% <sup>i</sup> . Assumed savings levels are based on EMT Triennial plan MACE scenario.
EE Program Costs	Cost is assumed to be already included in the existing electricity rates.	First year cost of \$300/MWh, which translates to a levelized \$25/MWh, based on a 12 year average measure life <sup>ii</sup> . The cost assumed is equivalent to the amount used in EMT Triennial plan low cost MACE scenario <sup>i</sup> .	First year cost of \$408/MWh, which translates to a levelized \$34/MWh, based on a 12 year average measure life <sup>iii</sup> . Efficiency cost assumed is higher than the amount used in EMT Triennial Plan high cost MACE scenario <sup>i</sup> .
Energy Price Suppression	It is assumed to be already included in the existing electricity rates.	\$0.009/kWh <sup>iv</sup> .	Same as Scenario 1.
GSP Multiplier	-	\$4.9 per \$1 of incremental efficiency program investment <sup>v</sup> .	Same as Scenario 1.
Job-year Multiplier	-	58 job-years per \$millions of incremental efficiency program investment <sup>vi</sup> .	Same as Scenario 1.

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<sup>i</sup> EMT Draft 2014-16 Triennial Plan.

<sup>ii</sup> ACEEE, 2009. American Council for an Energy Efficient Economy. "Saving Energy Cost-Effectively: A National Review of the Cost of Energy Saved Through Utility-Sector Energy Efficiency Programs."

<sup>iii</sup> ACEEE, 2009. American Council for an Energy Efficient Economy. "Saving Energy Cost-Effectively: A National Review of the Cost of Energy Saved Through Utility-Sector Energy Efficiency Programs."

<sup>iv</sup> This is the energy price suppression (DRIPE) number being used by Efficiency Maine Trust

<sup>v</sup> Howland et al, 2009

<sup>vi</sup> Ibid