



**Testimony of Environment Northeast
On L.D. 1931
Before the Utilities and Energy Committee
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Environment Northeast is a non-profit organization that researches and promotes sustainable energy policies in New England and the Eastern Canadian Provinces.

LD 1931, An Act To Encourage Energy Independence for Maine, recognizes many virtues of energy efficiency. As Maine policymakers review this bill, and other policy options like it, it may help to consider the following summary observations:

1. The Maine economy is hemorrhaging money spent on energy. (See Attachment A.)
In 2005:
 - Nearly \$1 billion was spent on fuel oil (e.g., home heating oil);
 - More than \$100 million was spent on natural gas for residential and C&I customers;
 - Another \$800 million plus was spent on natural gas for electric power generation.
2. Among the portfolio of energy supply choices we have, conventional supply costs a lot more than Energy Efficiency. (See Attachment B and C.)

	Cost of Conventional Commodity Supply	Cost of Equivalent Resource Achieved through Energy Efficiency
Electric Resources	\$60-80 / MWh	\$10 - 40 / MWh
Natural Gas Resources	\$6-10 / Mcf	\$1 - 2.50 / Mcf

3. Efficiency programs in Maine save more than \$2 for every \$1 spent. Some of the money saved stays in the consumer's pocket; other ratepayers on the system also share in the savings.
4. A variety of old and new strategies are at Maine's fingertips to significantly increase the use of Energy Efficiency as a resource. The appropriate blend of these strategies will lower the cost of energy paid by consumers and help achieve other policy objectives, including more economic development, better grid reliability, energy independence, cleaner air, and reduced greenhouse gas emissions.

The remainder of Environment Northeast's comments highlight ways in which provisions of LD 1931 could take advantage of Maine's Energy Efficiency opportunity outlined above. Specifically:

- **Sec. 1, Building Operator Training** – Industry experts estimate that improved building O&M in commercial and industrial/institutional buildings can reduce energy bills by 5-20 % without any significant capital investment. In the Pacific Northwest states, a program to distribute BOC training has experienced a benefit-cost ratio of 7.8 and over 90% of trainees reporting substantial energy savings, financial savings, and improved building occupancy comfort. This program is on pace to reach 40% of eligible



building operators in the Northwest by 2010. A study of the sister-program for the Northeast states indicates that already 240,000 MMBTu and 118,000 MWh per year have been saved through BOC training.

- **Sec. 2, Model Code** -- Enhancing the implementation of minimum energy efficiency standards for new construction and major renovations is an important next step that would catch Maine up with basic Best Practices in the region. At present, Maine is the only state in New England that does not have a uniform, mandatory residential building code. One of the more important features of an effective building energy code is that it be updated periodically to reflect new technologies and best practices. Maine, along with New Hampshire, is the only state that does not have a provision to periodically update its model code.
- **Sec. 3, Minimum Investment in Efficiency** -- At least two very promising Potential New Programs were recently rejected or only funded at a fraction of the proposed levels in the PUC's Order reviewing Efficiency Maine's Conservation Program in whole or in part because of insufficient funding. (PUC Order Revising Goals, Jan. 18, 2006). Other valuable proposals, such as increased BOC training or code enforcement, are a challenge due to funding requirements. By comparison, other efficiency programs in New England funded at the 2 and 3 mil levels are able to help their businesses and residents capture these opportunities.

The 2002 Optimal Energy study found that Maine could achieve annual cumulative energy savings of more than 1.6 million MWh if there were adequate marketing, training and incentives. But, Optimal concluded "Maine's maximum funding level precludes it from pursuing all the savings associated with the maximum achievable potential." (Optimal, p. 5). Assuming a fund of \$15 million, Optimal found that Maine's energy efficiency programs would capture only 16.4% of the maximum achievable potential, but that "If funding were available, Maine could cut its electric energy service costs by over half a billion dollars from programs deployed over the next decade." (Optimal, p.15). We are mindful that energy costs have roughly doubled since Optimal conducted its study.

As Maine policymakers consider all angles to increase energy efficiency, an increased SBC charge has the ability to ensure a minimum level of efficiency investment in the state economy.

- **Sec. 8, Efficiency Standards for Furnaces and Boilers** – Last year Massachusetts passed a law raising minimum efficiency standards for the sale of new furnaces and boilers and directing the state to seek a waiver from the current federal standards. The current federal standards were designed to accommodate average usage across all states in the US, which means Maine uses the same standard as Mississippi. The federal standards have not been updated in nearly 20 years.

Were Maine to be granted a waiver and to set new standards consistent with other New England states, the Northeast Energy Efficiency Partnerships, Inc. (NEEP) has projected that the annual benefits to Maine by 2014 would include reduced consumption of 12,800 MWh and 231,000 MMBtu. (See Attachment D.) By 2020, these reductions would more than triple, and translate to an annual reduction of carbon dioxide emissions of more than 15,000 metric tons. The Net Present Value to Maine's customers of the cost savings is estimated at \$117.5 million.