



The silence of utilities is deafening

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We interrupt the endless argument about net metering in New Hampshire to bring you an important public service announcement. Energy efficiency is in trouble.

Residential utility customers have very little at stake in the fight over whether to raise the upper limit on net-metered solar arrays from 1 megawatt to 4.99 megawatts. Those are utility-scale systems, not to be found in backyards or home rooftops.

According to the 2018 update to the state's 10-Year Energy Strategy, "Energy efficiency is the cheapest and cleanest energy resource. New Hampshire should prioritize capturing cost-effective energy efficiency in all sectors, including buildings, manufacturing and transportation."

Literally at the same moment that Governor Sununu was vetoing the latest effort to raise the net metering cap, the Energy Efficiency Resource Standard (EERS) Committee of the state's Energy Efficiency and Sustainable Energy (EESE) Board was debating the future of New Hampshire's ratepayer-funded energy efficiency programs.

It is at this forum that the state's electric and natural gas utilities, which administer our ratepayer-funded energy efficiency programs, are supposed to reach agreement on a plan for energy efficiency covering 2021-23 that can be submitted to the Public Utilities Commission for approval.

So far, it's not happening.

On behalf of residential ratepayers, we are pressing for a more vigorous commitment to the EERS holy grail of "all cost-effective energy efficiency." By 2023, we want to see energy savings equal to 2% of the electric utilities' annual sales and 1% of the natural gas utilities' annual sales.

That would still put New Hampshire well behind Massachusetts, which is the nation's top state for energy efficiency, according to the American Council for an Energy Efficient Economy.

The utilities claim a more modest program — achieving 1% electric savings in 2023 and 0.87% for natural gas — would still require budget increases of 35% a year. The staff of the PUC called increases of that magnitude "alarming."

Now the utilities are talking about annual budget increases of just 11%, which would be a major step backward.

Given that any boosts to the energy efficiency budget are passed directly through to everyone's utility bills, you might be wondering why the state's ratepayer advocate is such a fan of big budget increases. The answer is simple.

Energy efficiency saves ratepayers money overall.

How do we know this? Our ratepayer-funded energy efficiency programs must survive a rigorous cost-benefit analysis under the newly developed and PUC-approved screening protocol known as the Granite State Test. In essence, we've ditched the touchy-feely stuff about the societal benefits of energy efficiency and focused on the costs and benefits to all ratepayers.

In these circumstances, there is simply no reason to avoid pushing the EERS as far as it can go. The energy-efficiency charges on our electric and natural gas bills will go up, but we will still save money on our utility bills overall.

This is the point at which the utilities should be stepping forward to explain to the public why there is nothing alarming about "all cost-effective energy efficiency." But they don't do it.

Particularly at the State House, New Hampshire's utilities are chronically unwilling to expend an ounce of their political capital on defending the energy-efficiency programs they are paid handsomely, through shareholder incentives and lost-revenue recovery, to deliver under the "NH Saves" brand name.

They are happy to use the money they collect in energy-efficiency charges to promote their own brands by tying them to the "NH Saves" logo. But they never oppose bills that limit the ability of the PUC to approve energy-efficiency charges.

It also leaves unanswered certain critical questions to which the utilities are uniquely qualified to respond. Here's one, posed last year by economist Kenneth Costello of the Cato Institute, a well-respected libertarian think tank: "Is it equitable and good public policy to compel utility customers to pay for EE initiatives?"

"Many of these initiatives benefit only a relatively few customers, most of whom can afford to pay for higher EE without any financial assistance," Costello added. "Besides, these consumers are quite capable of making rational decisions, just like they do when they invest in other activities. So, why should utilities offer these customers subsidies and why should other customers bear the costs?"

The answer is simple: Without those subsidies and inducements, energy efficiency just doesn't happen, and all of us bear the resulting costs. To those who want to live in a world where all consumers always behave rationally, I can only point out that the perfect should not become the enemy of the good.