

Connecticut Energy Advisory Board

Review of “A Plan for Energy Management in State Facilities” – Preliminary Evaluation

Individual Involvement in Review

➤ **CEAB – ASWG Oversight**

- Joaquina Borges-King, OCC
- Paul Farrel, DEP

➤ **Consultant Team**

- John Athas – Project Manager - Procurement Review, La Capra Associates
- Dick Spellman – Project Manager - Energy Efficiency, Demand Response and Distributed Generation Review, GDS Associates

➤ **OPM Energy Division Support in Review**

- Ray Wilson
- David Kalafa

Discussion Items Today

- **Review Legislative Requirements regarding the Strategic Plan for Energy Management**
- **Discuss the Process employed by La Capra Associates and GDS Associates in the review**
- **Discuss the format of the final CEAB Review and Amendments to The Plan**
- **Discuss Preliminary Observations**
 - Overall Approach
 - Energy Efficiency, Demand Response and Distributed Generation
 - Power Procurement
 - Required Additions
- **Q & A, Items for Team follow-up**

Legislative Requirements of The Plan

Section 101 of Public Act No. 07-242 An Act Concerning Electricity and Energy Efficiency

- **Office of Policy and Management, in consultation with the Department of Public Works, shall develop a strategic plan to improve the management of energy use in state facilities**
- **Such Plan shall include, but not be limited to:**
 1. A detailed description of the manner in which initiatives that make investments in energy efficiency, demand and load response , distributed energy, renewable energy, and combined heat and power will be implemented
 2. Options for having state agencies and institutions pursue competitive electric supply options through an integrated energy purchasing Program
 3. An outline of the potential near-term budgetary savings targets that can be achieved through the implementation of the plan
- **The Plan shall be filed with the CEAB on or before September 1, 2007 and annually thereafter**
- **On or before January 1, 2008, and annually thereafter, the CEAB shall approve or modify and approve the plan**
- **On or before March 15, 2008, and annually thereafter, the Board shall measure the success of the implementation of the Plan.**

Legislative Requirements of the Review

Section 101 Public Act No. 07-242 An Act Concerning Electricity and Energy Efficiency

- **CEAB shall determine the actual benefits that have been derived by the overall electric system, including but not limited to state facilities**
- **Any savings shall be allocated in the following manner:**
 1. Seventy-Five percent shall be retained by the electric ratepayers
 2. Twenty-Five percent shall be divided equally among
 - A. Reinvestment in energy efficiency in state buildings
 - B. Investment in energy efficiency programs and technologies on behalf of participants in energy assistance programs administered by the department of Social Services
- **Any reinvestment or investment made above shall be paid through the system benefits charge**

Process Employed in Conducting the Review

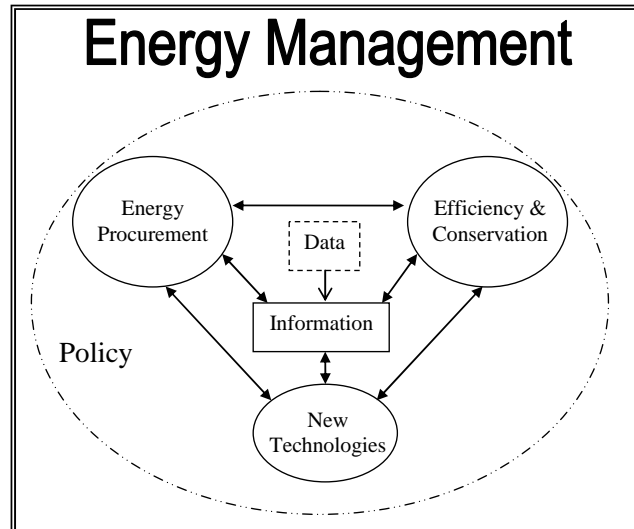
1. *The Consultants developed work plans to formally review The Plan in terms of energy procurement and energy efficiency, as submitted by the OPM Energy Division*
2. *Work plans reviewed by assigned members of the ASWG*
3. **Conduct several discussions with the OPM Energy Division**
4. **Suggest revisions to The Plan as submitted**
5. **OPM incorporating suggestions and other information into revisions**
6. **Review The Plan, including revisions, for compliance with requirements of legislation. Use Benchmarking where appropriate to evaluate its potential**
7. **Discuss findings with ASWG**
8. **Develop Outline for CEAB Addendum to OPM filed Plan**
9. **Report preliminary observations to CEAB and ASWG**
10. **Refine findings and observations, including additional discussions with the OPM Energy Division**
11. *Secure ASWG agreement on final findings*
12. *Draft the Addendum*
13. *Review Addendum with ASWG Oversight Members, revise if necessary*
14. *Discuss Addendum with OPM Energy Division*
15. *Distribute Addendum to full ASWG*
16. *Present Addendum for approval to CEAB at the January, 2008 meeting*

The CEAB Addendum

- **We recommend an Addendum rather than editing the report for this first cycle**
- **A plan that meets all the requirements of the legislation will likely take at least another cycle, perhaps two.**
- **An addendum will identify specific types of information that CEAB believes need to be included in future Plans**
- **Addendum will discuss**
 - Compliance with legislation
 - Critique and suggestions for The Plan and the Programs discussed in it
 - Outline, including templates, of information required to substantiate the implementation activities of The Plan
 - Outline, including templates, of information required to substantiate the benefits and measurement criteria of The Plan
- **Future cycles should not use an addendum but rather incorporate CEAB changes into the main report.**

Preliminary Observations – General Approach

- The Plan developed by the OPM Energy Division addresses three main activities below, as well as the overall state administrative processes that can hinder or facilitate the activities.
- Approach will make for a good Plan as future cycles fill out information gaps
- The Plan provides for an interagency working group on energy, chaired by the OPM Energy Division, to facilitate open dialog among agencies. The goal of this working group is to identify barriers to implementation of energy management programs, and recommend changes to eliminate them.



Preliminary Observations – Energy Efficiency, etc.

- 1. The Plan is a good first draft. More work remains to be done, as OPM notes in the Plan in several places.**
- 2. The Governor’s Energy Plan for CT states a goal of saving 20% of electric demand by 2020. The OPM plan has adopted this goal for State facilities.**
- 3. The Plan states that “The Plan requires state government to take a proactive role and “Lead by Example.”**
- 4. Making the Goal more prominent in the Plan will help drive progress toward the goals**

Preliminary Observations – Energy Efficiency - Continued

- 5. The Plan does not currently present a detailed description of the manner in which initiatives that make investments in energy efficiency, demand and load response, distributed generation, renewable energy and combined heat and power will be implemented in order to achieve this 20% energy savings goal, or any alternative goal.**
- 6. The Plan should provide a table listing the “new” alternative energy efficiency technologies that OPM is currently assessing**

Preliminary Observations – Energy Efficiency - continued

- 7.** The “Renewable Energy” section of the Plan should include a table listing the “new” alternative renewable energy technologies that OPM is currently assessing.
- 8.** The “New Technologies” section of the Plan should include a table listing the new technologies that OPM is currently assessing.
- 9.** The “Summary of the Plan” in Section VI states the following: “Section 101 of Public Act 07-242, “An Act Concerning Electricity and Energy Efficiency,” requires OPM to engage in an annual planning process, outlining both short- and long-term goals for energy management in state facilities, and mapping a path to achieve the short term goals. This is the first of these annual plans.” The major element missing from the OPM plan is the short term goal for energy savings goal.

Preliminary Observations – Energy Efficiency - continued

- 10.** A table should be added to the Plan showing actual annual energy savings (in energy units as well as dollar units) for all completed energy efficiency and demand response projects for State government facilities for the year 2007.
- 11.** A table should be added to the Plan showing projected annual energy savings (in energy units as well as dollar units) for all planned energy efficiency and demand response projects for State government facilities for the year 2008.

Preliminary Observations – Power Procurement

- 1. The Plan now outlines the process OPM used to ultimately obtain electric power contracts from competitive suppliers**
- 2. Process began in the months proceeding the filing of The Plan, utilizing a specialized third party to conduct a reverse auction supplier bidding process on September 18th that will provide the state approximately \$18 million savings over the next 20 months, or \$7-10 million annually**
- 3. The process secured a power supply that included higher percentages of ‘green power’, derived from renewable energy generation facilities, than the state regulations require.**
- 4. Addition auctions can be expanded to include additional agencies and facilities.**
- 5. Additional auctions may be able to include ‘energy assistance’ customers and lower state costs for their electricity**
- 6. The Plan discusses that the OPM Energy Division is evaluating whether a similar process can be employed for natural gas purchasing**
- 7. Fuel Oil, including gasoline purchasing, processes are also being evaluated in the next cycle**

Preliminary Observations – Required Additions to The Plan

- **The Plan does not present data for actual budgetary savings of energy efficiency, demand response, renewable energy, or distributed generation projects.**
- **The plan needs more data on the rationale for technology pilot programs, such as the scope of potential application across state facilities**
- **The Plan needs estimates, even if they are working hypotheses, of the potential aggregate benefits of the planned energy management programs**
- **Where the plan doesn't present data, or requires more data, the addendum will provide more specifics or suggestions as for gathering this information, sources of data?**
- **A sense of context as to how this effort in energy management compares with prior legislative initiatives.**

Q & A, Next Steps