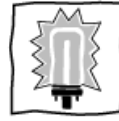


Northeast Energy Efficiency Partnerships, Inc.



Delivery via Email and U.S. Mail

November 18, 2008

Connecticut Energy Advisory Board
Gretchen Deans
Director of Administration
Connecticut Economic Resource Center
805 Brook Street, Bldg. 4
Rocky Hill, CT 06067

RE: Comments of Northeast Energy Efficiency Partnerships to CEAB Subcommittee

Dear Ms. Deans,

Enclosed please find written comments submitted by Northeast Energy Efficiency Partnership (NEEP) in response to the Connecticut Energy Advisory Board's ("CEAB"'s) request for comments on its draft recommendations prepared for the Connecticut Legislature under Section 58 of Public Act 07-242, *An Act Concerning Electricity and Energy Efficiency*. CEAB provided a due date of November 18, 2008, for submission of such comments. As requested, in addition to email submission to you at gdeans@CERC.com, one hard copy has been sent via U.S. Mail to: Connecticut Energy Advisory Board, c/o Gretchen Deans, Connecticut Economic Resource Center, 805 Brook Street, Building 4, Rocky Hill, CT 06067.

Should you have any questions, please contact me at (781) 860-9177, Ext. 121

Very truly yours,

Douglas Denny-Brown
Manager, Public Policy Outreach

Attachment

Introduction

Based in Lexington, Mass., Northeast Energy Efficiency Partnerships (NEEP) is a nonprofit organization founded in 1996 whose mission is to promote the efficient use of energy in homes, buildings, and industry in New England, New York, and the Mid-Atlantic states through regionally coordinated programs and policies that increase the use of energy efficient products, services and practices, and help achieve a cleaner environment and a more reliable and affordable energy system. NEEP supports government policies and coordinates regional initiatives that promote and build market adoption of quality, energy efficient products and services. Working in partnership with environmental and consumer groups, state and federal agencies, businesses, utilities and other non-profits, NEEP serves as a strategist, planner, facilitator, information and training resource, and project manager to help develop and implement regional programs for energy efficiency.

NEEP appreciates the opportunity to make comments¹ on the Connecticut Energy Advisory Board's (the "CEAB") draft legislative recommendation report ("Report"), submitted by the Various Energy Issues Subcommittee ("VEIS"), that attempts to improve interagency cooperation and make various regulatory processes more efficient. Improving the processes within and between state government agencies that deliver energy efficiency resources is an important goal, which is magnified as states increasingly turn to such demand resources to create a more diversified, stable, affordable and indigenous energy portfolio within New England, the Northeast, and the nation. With energy efficiency technologies and programs being the quickest, least expensive, and cleanest means of achieving a large portion of Connecticut's state energy goals, creating more efficient and effective government and market methods and procedures for getting that resource to market is crucial. With the concerted efforts being undertaken by the CEAB, ECMB, DPUC, and other Connecticut agencies, the state should be able to build on its existing energy efficiency successes, and keep pace with or potentially exceed other states in the region and in the nation as many of them seek to rapidly ramp-up their energy efficiency infrastructures to meet the market challenges they face.

Review of CEAB's VEIS Draft Plan

Regarding the CEAB's broad recommendations in its Report, NEEP generally agrees with many of them, including: (1) reinstating a statewide comprehensive energy plan, with broad input, and improved chances of implementation; (2) creating common legal and testing standards for cost, least cost, and cost effectiveness between various state agencies, especially the DPUC and DEP; (3) eliminating barriers to inter-agency communications and coordination; (4) enhancing opportunities for all state agencies to implement energy related goals, although instead of energy cost savings going into a general budget for the agency saving the energy, perhaps all or a significant percentage of the energy

¹ These comments are presented by NEEP staff, and do not necessarily reflect the views of NEEP's Board of Directors, sponsors, or underwriters.

cost savings should be put specifically towards future energy savings projects within the specific agency; (5) evaluating overlapping jurisdictions and criteria regarding project need determinations and alternatives analysis and eliminating where appropriate; and (6) sequencing regulatory reviews of projects and minimizing substantive and administrative overlap to facilitate project solicitation and implementation.

We do, however, differ with from CEAB in its recommendation that utilities be removed from their role as developers of annual Integrated Resource Plans (“IRP” or “IRPs”), and that the consultants that are integral to the creation of these plans be replaced with internal resources. NEEP believes, if implemented efficiently, that including various relevant state agencies in the IRP review process is warranted, as today’s energy efficiency plans and programs cut across and influence numerous areas of government. But, in terms of creating the plan, Connecticut’s two distribution utilities – Connecticut Light and Power and The United Illuminating Company – are not only uniquely equipped to draft the IRP plans, but have experiences to draw upon, not only from this year’s IRP process, but from years of related resources planning and energy efficiency program planning that would be difficult, if not impossible, to replicate as in-house resources within the CEAB. In addition, the utilities’ expertise gives them the capability to create effective strategic plans in a time-sensitive fashion. Given the speed with which Connecticut’s energy efficiency programs need to be implemented, and the loss of savings associated with any potential delay, efficiency in processes is a major consideration, as has been duly noted by the CEAB itself in introducing its Report.

The current IRP process, while experiencing some difficulties in its initial iteration, has shown that the process at its core – the utilities’ role in drafting the plans, with coordinated support and input from the Energy Conservation Management Board and the CEAB itself – will, in all likelihood, result in a considered portfolio of programs that will meet the goals of Act 07-242 and provide considerable additional savings to the residents and businesses of Connecticut. We are confident that all parties, after having learned from this initial process, will engage in an even more streamlined and effective process in subsequent years. Alternatively, should the CEAB be given the authority to shift the creation of IRPs to itself, the time it will take to hire staff and bring such staff up to speed would create delay, to the point of significantly harming the state’s ability to meet its energy savings goals.

One other possibility the CEAB raises in its report is for the state to create a new power authority to “acquire and manage energy resources.” NEEP would warn against this idea, for many of the reasons the CEAB itself raises in the report. First, the state would need to devote significant resources to creating a power authority, and may also require, as the report notes, “the state as a credit backstop ...” which, “depending on the level of current state debt obligations and desired level of project financing ...,” may have “a financial impact (such as credit downgrades and/or higher borrowing costs) for the state.” Ultimately, as the report notes, it is the state’s taxpayers who will be “responsible if the authority makes poor purchasing or contracting choices.” Given the current economic circumstances being experienced by Connecticut, and, in fact, the whole nation, where credit availability has become significantly limited and lending options are onerous, NEEP would argue that now is a particularly ill-advised time to consider such a substantial undertaking as the creation of a state power authority.

Those points made, NEEP does, as noted, support the concepts of greater coordination and consistency among the various state agencies with a hand in state energy policy. In our view, the CEAB would be a body uniquely equipped to provide the high level, strategic vision the state needs to regularly maintain regarding coordinated, comprehensive state energy policy. By contrast, an IRP is just one element of the strategic implementation of such a vision, and should be left to those entities most capable and experienced in delivery of such implementation, namely: the distribution utilities, in coordination with the ECMB and CEAB.

Conclusion

NEEP reiterates that the CEAB's attempts to make the process of energy efficiency planning and implementation more streamlined and effective are foresighted, and will be key to keeping Connecticut at the forefront of energy efficiency policies and programs. As energy efficiency is now the first and best option, and often a mandate, for New England and other states in meeting generation requirements, environmental goals, and improving economic conditions, states like Connecticut that take steps to implement effective, strategic energy plans and successful programs will be serving their citizens, and putting their states in an advantageous position to best survive the current economic downturn, and thrive in the future.

However, whereas the CEAB should and can have a significant role in helping to coordinate and guide high-level direction and objectives for the various policies the state will need to meet its energy and environmental goals, we would warn against creating new levels of bureaucracy, while shifting authority for some of the processes that have already, and should continue to serve well the state and its residents.

We thank you for the opportunity to provide our comments on this Report, and look forward to continuing to work with all of the entities involved in the delivery of energy efficiency in the state of Connecticut as a mean of helping the state meet the challenges it faces.