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**TESTIMONY OF ENE (ENVIRONMENT NORTHEAST)
TO THE ENERGY AND TECHNOLOGY COMMITTEE**

**S.B. No. 450 (RAISED) AN ACT CONCERNING ENERGY CONSERVATION AND
RENEWABLE ENERGY**

March 20, 2012

Good morning Senator Fonfara, Representative Nardello and members of the committee. My name is Jamie Howland and I am the Director of the Climate and Energy Analysis Center at ENE (Environment Northeast), a non-profit research and advocacy organization that focuses on energy, air quality and climate change solutions for New England and Eastern Canada. I serve as the designee for ENE's seat on the Energy Conservation Management Board (ECMB) and on the Fuel Oil Conservation Board. ENE appreciates the opportunity to provide testimony to the Energy and Technology Committee on *S.B. No. 450 (RAISED) AN ACT CONCERNING ENERGY CONSERVATION AND RENEWABLE ENERGY*.

ENE has been a member of the Energy Efficiency Board in Connecticut since its inception over a decade ago. Efficiency programs in this state are highly ranked nationally and have saved electric and natural gas customers millions of dollars over time on their utility bills. However, approximately half of our residents are currently left in the cold when it comes to efficiency programs because—absent proceeds from the Regional Greenhouse Gas Initiative and a maximum annual subsidy of \$500,000—oil and propane heat customers have little to no ability to participate in our award winning programs. This results in families overspending on average \$760 each winter on their oil and propane bills. ENE therefore supports the proposed removal of the statutory \$500,000 limit on electric conservation funds that can be used for heating oil efficiency.

We believe that the creation of substantial and effective efficiency programs to reduce the consumption of heating oil and propane is vital to advancing the economic, energy and environmental well-being of the citizens of Connecticut. Currently, the state faces challenges in each of these areas. Further, economic development is threatened by relatively high energy costs.

Connecticut has very limited control over the price of most fuels in the state and the Northeast region. However, we do have control over our consumption, and by lowering consumption during winters and throughout the year, we can save hundreds of dollars each year on our heating bills. As has been demonstrated in the electric sector, the state can have a significant impact on the demand side of the equation by developing a comprehensive program to reduce consumption. ENE strongly recommends that the General Assembly establish strong and stable oil and propane efficiency program funding that can follow this model to the benefit of the state and its citizens.

Some will argue that prices are so high that we can't afford to invest in programs that will reduce consumption. ENE believes this is exactly the wrong conclusion. The only way the State can improve its situation is by taking significant steps to control the demand for these fuels by improving the efficiency of their use. A key element of any conservation program is that it must be cost-effective—that is, that the economic value of the energy savings must exceed the total program costs. If the program is managed according to this principle, as the bill would require, consumers will necessarily realize economic benefits.

In 2009, ENE conducted a study and issued a report, *Energy Efficiency: Engine of Economic Growth*,¹ that quantified the macroeconomic impacts of increased energy efficiency investments in New England. Annual efficiency program budgets were modeled for various fuel types, and the results demonstrated significant benefits. Not only did these investments create direct install jobs, they resulted in net savings for residents and businesses that were then spent in the local economy, thereby creating jobs in other industries, boosting the gross state product (GSP), and making the state more competitive. The increased GSP, over seven dollars for every program dollar invested, was higher for oil and propane than for electricity or natural gas efficiency. At today's higher oil prices, the benefits of oil efficiency programs are even greater.

Significant heating oil and propane conservation programs would provide large economic, energy security, and environmental benefits to Connecticut energy consumers and to the state. ENE urges the Committee to modify this bill in order to provide the stable funding needed for these important programs.

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¹ Howland, J. *Energy Efficiency: Engine of Economic Growth* (2009). Available at <http://www.env-ne.org/resources/open/p/id/964>