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Testimony of Natalie Hildt, Manager of Public Policy Outreach
Northeast Energy Efficiency Partnerships (NEEP)
Before the Connecticut General Assembly Committee on Commerce
Regarding HB 6650, an Act Concerning Energy Efficiency Programs
March 19, 2013

Senator LeBeau, Representative Perone and members of the Committee,

On behalf of Northeast Energy Efficiency Partnerships (NEEP),[1] thank you for the opportunity to provide testimony in support of HB 6650, an Act Concerning Energy Efficiency Programs. NEEP is a regional nonprofit organization that works to accelerate the efficient use of energy in homes, buildings and industry in the Northeast and Mid-Atlantic. We are committed to this work because saving energy creates a stronger economy, a cleaner environment and a more reliable and affordable energy system.

One of NEEP's foremost objectives over the last sixteen years has been to support the development and implementation of whole-building, all-fuel efficiency programs. That is why we strongly support HB 6650, though we do believe the language in the legislation could be improved upon as described further in these comments.

Ensuring consistent funding to achieve all cost-effective efficiency measures for all fuels was laid forth as a priority of the recent Comprehensive Energy Strategy. The Strategy noted that *"Policymakers need to consider establishing a dedicated fund supported by fuel oil and propane customers to provide robust efficiency programs to fuel oil customers."* [2] And while the Strategy places a heavy bet on the promise of natural gas, in acknowledged that it is not possible to convert all customers.

This bill is the legislature's chance to carry out the Strategy's directive, and develop a policy framework that will help customers of all types save energy, reduce costs, and increase comfort – while also working towards the state's ambitious weatherization and climate goals, fostering job creation, and keeping more of Connecticut's energy dollars in-state.

Suffering is Uneven for Oil and Propane Customers

The price of heating oil has jumped about 27 percent in the last two years. While the Northeast as a region is much more heavily reliant on delivered fuels than other parts of the country, Connecticut's residents and businesses are particularly vulnerable to the record-high heating oil prices of more than $4/gallon of oil; about half of all homes and 10 percent of businesses depend on oil or propane.

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[1] These comments are offered by NEEP staff and do not necessarily represent the view of the NEEP Board of Directors, sponsors or partners.
[2] See page 13, http://www.ct.gov/deep/lib/deep/energy/cep/2013_ces_final.pdf

Residents who heat with oil will have spent nearly 20 percent more on oil this winter compared to last, or about $407 annually.[3] While energy technicians have upgraded thousands of aging heating systems, there are still many older, inefficient systems in homes and other buildings statewide, with limited options for assistance to upgrade and weatherize.

Unlike gas and electric customers, homes and businesses in Connecticut that rely on oil or propane currently have limited access to energy-saving programs, collectively spending around $2.5 million a year on heating oil[4]. For many customers, delivered fuel is their only heating option, with natural gas infrastructure out of reach and renewable energy systems not yet viable. We believe it is time to give these customers the same benefits that natural gas customers enjoy, by helping them insulate their homes and buildings and upgrade to efficient new oil or propane-fired heating equipment.

Among the reasons we support this bill are as follows:

- The legislation will enable oilheat and propane retailers to offer broad energy efficiency solutions to their customers in tandem with existing electric utility programs.

- This is not a tax flowing to the state general fund, but a regulated fund that participants can directly access to help control their energy costs – entirely consistent with what natural gas customers have available.

- Every $1 dollar invested in energy efficiency pays the customer back over $7.60 in direct oilheat savings.[5]

- As described in the bill, the Oilheat and Propane Energy Efficiency Fund will be closely coordinated with existing electric and gas programs offered statewide under the Energize CT banner. So regardless of fuel type, a customer could get an energy assessment and seamless delivery of weatherization services and efficiency rebates.

- The Fund will be administered with transparency, accountability and independence through this process to ensure that consumers get real savings.

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[3] According to the U.S. Energy Information Agency, http://www.eia.gov/forecasts/steo/

[4] According to the Comprehensive Energy Strategy, pg. 10 http://www.ct.gov/deep/lib/deep/energy/cep/2013_ces_final.pdf

[5] Based on the recent price of $3.90/gallon of heating oil.

Following are some of the ways that we believe that HB 6650 could be strengthened:

- To be more equitable and serve all customers, the language should refer to residential and business customers. There are countless businesses, municipal buildings, schools, houses of worship and other organizations that should be included in these programs.

- The bill should stipulate that funds should not be used for fuel switching.

- The cost-effectiveness screening tool should be clarified.

- Language should describe the types of measures included for incentives, including heating equipment, weatherization and controls, while we believe the items listed under Section 5 are perhaps too broad.

- The bill should delineate a stronger role for the Energy Efficiency Board in developing and overseeing the programs and it should clarify how the programs will be administered.

- The planning process should align with the existing gas and electric programs, as well as the program administration and reporting of program successes.

- Finally, we believe that the role of stakeholder input is very important, and we encourage a final version of the bill to elaborate on this matter.

In Conclusion

Connecticut is not alone in its realization that the *all* customers deserve comprehensive energy efficiency programs, regardless of fuel type. The state has the opportunity to be among the first in the nation to develop a structure that allows for truly all-fuel programs. NEEP is currently working with a broad range of stakeholders – including oil dealers, plumbing and heating contractors, low-income advocates, energy and environmental groups – for passage of similar legislation to create an oilheat efficiency fund in neighboring states like Massachusetts and Rhode Island.

We thank the Committee for this opportunity to provide our perspective on HB 6650. Please do not hesitate to contact me with any questions regarding this testimony or other matters related to energy efficiency policies in Connecticut and throughout the region.

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