

Memo to the Next Governor of Connecticut

*Ensure a Cleaner, Lower Cost Energy Future by
Maximizing Investments in Energy Efficiency*



Connecticut's high energy costs hurt our economy by making our businesses less competitive and by reducing the amount of money residents have to spend on other in-state goods and services. Pollution from burning fossil fuels to generate electricity and heat our homes, businesses and institutions causes significant health problems and contributes to climate change that threatens our coastline, valuable natural resources, health, and economy. The simplest, most cost-effective way to advance Connecticut's human, environmental and economic health is to make our energy use as efficient as possible:

- Energy efficiency is the lowest cost, cleanest energy resource we can buy.
- Energy efficiency provides greater job creation than any other energy resource.
- Energy efficiency increases state economic productivity faster than any other energy resource

First. The new governor should act immediately to prevent the ill-advised, eight-year \$28.7 million-per-year raid on existing energy efficiency funding included in Governor Rell's and the legislature's recent deficit mitigation plan. If allowed to stand, this decision will divert \$229.6 million of utility ratepayer funds targeted to efficiency assistance, requiring Connecticut consumers to pay \$800 million more for energy, shrink the state's economy by \$1.3 billion and lose over 1,100 jobs.

Second. The new governor should commit to implement high value, common sense policies to put Connecticut back on track by maximizing investment in low-cost, clean energy efficiency.

- Provide the leadership needed to fully implement Connecticut's critically important yet unmet requirement that all efficiency investments that are cost-effective and cheaper than buying electric generation be funded by the Department of Public Utility Control (DPUC) in accordance with Connecticut's current energy law, Public Act 07-242.
- Extend this commitment to natural gas and require that the gas utilities invest in all cost-effective efficiency if available at lower cost than additional supply.
- Work with state and federal policy makers to deliver a stable and meaningful funding source for efficiency programs for oil and propane customers.

Electric Consumer Benefits. The benefits of investing in efficiency for the state are enormous. For every \$1 invested in electric energy efficiency measures, consumers save \$3-4. As a result, money saved on electric bills can be spent on other goods and services in Connecticut, translating into economic and job growth. Specifically, every dollar spent on efficiency measures rather than on buying electricity, results in \$5-6 supporting non-energy related jobs because money not spent on energy is available to grow other businesses. That growth adds more than \$5 in Gross State Product (GSP) for \$1 spent on efficiency. Doubling the roughly \$100 million annual investment Connecticut currently makes in electric efficiency would save consumers an additional \$350 million on their bills and contribute over \$500 million to the GSP each year and support more than 4,000 additional jobs. For this reason, Maine, Massachusetts, Rhode Island, and Vermont have each recently committed to significantly increase efficiency investments. Connecticut should be a leader – not a follower.

Natural Gas and Heating Oil Consumer Benefits. Instituting comparable efficiency programs for natural gas and oil heat consumers has even greater economic, job and environmental benefit because there has been relatively little investment in efficiency for these fuels. Existing natural gas programs can easily be ramped up and funded within the current regulatory structure. Since oil dealers are unregulated, a specific funding stream needs to be established so that consumers can get the enormous potential

health and economic benefits of reducing their fuel oil consumption. Funding options include advocating for federal authorization to collect a fee or adoption of a small state fee to fund programs.

Innovative Consumer Financing Options. In order to maximize utilization of all of these programs, the governor should advance development of innovative funding and repayment mechanisms such as on-bill and possibly property assessed financing, consistent with provisions of 2010 SB494, to make it easier for homeowners to take advantage of energy savings that come from upgrading equipment and building components. The Connecticut Energy Efficiency Fund (CEEF) programs provide the cash incentives or rebates that are needed to get consumers to actually make use of the programs. The CEEF programs are currently piloting residential finance programs, but a reliable source of low-interest capital is needed in order to assist customers in financing their portion of the upgrades and minimize the use of CEEF funds. Widely-available, low-interest financing would provide consumers with ways to help cover the up-front costs of larger efficiency upgrades.

In addition to the top priority commitments to maximizing investments in efficiency above, a new governor can take other, immediate steps directing our state agencies to take the following actions:

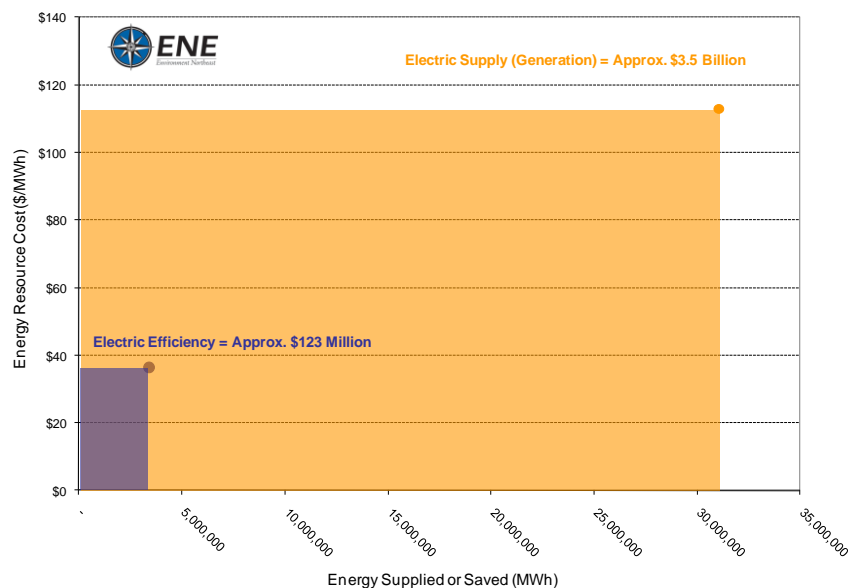
- Immediately direct the Department of Economic and Community Development to **commit to the weatherization work in government-owned housing** that is completely funded by federal American Recovery and Reinvestment Act dollars and which was abruptly canceled by the Rell administration. Failure to do so will likely mean returning the money to the Department of Energy. The Office of Policy and Management should be directed to work with the Department of Social Services to ensure that the remaining weatherization funds are fully and effectively expended to benefit state residents and require an ongoing public accounting of their expenditure;
- Ensure that the Department of Public Safety promptly **adopts strong energy efficient building codes** including the requirements of PA 09-192, provides specific advanced training pertaining to the efficiency portion of the code, and institutes measures to ensure current low levels of compliance; ;
- **Promptly adopt the latest efficiency standards for appliances and equipment** in accordance with the 2010 HB 5217 (later incorporated into the vetoed SB 493). To date, the Office of Public Management has failed to carry out the mandate previously adopted PA 07-242, which has necessitated additional legislation to ensure that Connecticut residents are purchasing the most efficient equipment and appliances;
- Lead by example by **requiring the Department of Public Works to contract for efficiency upgrades and retrofits, including combined heat and power (CHP)**, for all state facilities, with priority given to those under the Department of Administrative Services' oversight, and provide incentives to all other state facilities by enabling such agencies or sub-entities to retain a majority of savings for use toward specifically designated agency initiatives; and
- **Invigorate the Governor's Steering Committee on Climate Change** by requiring regular meetings that include agency heads and adoption of a timetable for state agencies to develop specific legislation or regulations consistent with the Global Warming Solutions Act's mandates, and require agencies to include an evaluation of the climate impact of their actions and major proposals.

Building Efficiency. Within the broader energy efficiency and greenhouse gas reduction strategies, a specific focus on increasing the energy efficiency of new and existing buildings in the State could yield significant benefits to all classes of Connecticut consumers. A new governor's specific legislative initiatives in this area could include:

- Requiring the use of the National Home Energy Label currently under development on information provided at the time of sale of all properties;

- Requiring energy use disclosure at the time of lease or rental when such is paid by the tenant;
- Authorizing municipalities to incentivize or adopt higher building efficiency standards than the State code; many other states have municipal, county or state “stretch” code options;
- Amending the State Building Code to prepare Connecticut for new technologies by requiring that new construction include rough plumbing and wiring to facilitate the simple and economical installation of solar hot water and charging of electric vehicles; and,
- Expanding incentives and support for additional cost-effective combined heat and power in the state—particularly for small to mid-size applications.

The new governor will have a unique opportunity to set Connecticut on a course that can significantly benefit the State’s economic and environmental future. As the chart below illustrates, not only is maximizing efficiency far cheaper than purchasing energy, but also the potential for increasing the amount of efficiency versus generation is enormous.



For further analysis of the economic benefits of efficiency investments, please see ENE’s *Energy Efficiency: Engine of Economic Growth* report at http://env-ne.org/mod_program/resource/edit/id/964. The Connecticut summary of that New England wide report is attached as Appendix A.

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