

OPPOSE

LD 431 – An Act To Require the Efficiency Maine Trust to More Effectively Administer Funds

Sponsor: Senator THIBODEAU of Waldo

Cosponsors: Representatives CRAY of Palmyra; CURTIS of Madison; CUSHING of Hampden; DAVIS of Sangerville; McKANE of Newcastle, and Senators ROSEN of Hancock, SAVIELLO of Franklin; SHERMAN of Aroostook; THOMAS of Somerset

Summary: This bill prohibits the Efficiency Maine Trust from funding any program or project for a consumer that will result in any greater costs to that consumer, either in the short term or long term, regardless of the cost-effectiveness of the program or project.

Explanation: Efficiency Maine provides an array of programs to help homeowners, businesses, municipalities and industrial facilities reduce their energy costs through investments in energy efficiency. Cost-effective energy efficiency investments reduce total costs for consumers, but require an upfront investment. Putting in a more efficient light bulb, weatherizing a house, or installing a more efficient industrial pump or motor are all examples of energy efficiency investments that Efficiency Maine programs support. A *cost-effective* efficiency investment is one that reduces energy costs over the life of the equipment by *more* than the additional upfront cost.

Efficiency Maine programs are very cost-effective. Since 2004, the overall savings from its programs have outweighed costs (including both public and private costs) by 3:1. Total lifetime energy savings for Maine consumers from Efficiency Maine to-date are more than \$487 million. It also fosters major investments in the Maine economy. In 2010, Efficiency Maine distributed \$20 million in public energy efficiency incentives to leverage \$75 million in private investment.

The intent of this legislation may have been obscured in the drafting. As written, this legislation would probably prohibit just about any spending by Efficiency Maine. This would completely undermine our energy efficiency efforts and limit Maine consumers' access to the cheapest energy resource available in the state: energy efficiency costs the equivalent of 3 - 4 cents/kwh. The law already requires Efficiency Maine core programs to be measurably cost-effective. Under existing law Efficiency Maine must strive to administer funds effectively and efficiently because it is accountable for actual results (i.e. energy savings and cost-effectiveness) to the Public Utilities Commission, which must periodically approve the 3-year plan and track performance in other ways as well.

The law *may* have been aimed at prohibiting customers from switching types of heating fuels when receiving an Efficiency Maine incentive for a high-efficiency piece of equipment (e.g. switching from an oil furnace to a high-efficiency natural gas furnace, or from a propane boiler to a renewable—solar or wood pellet—system.) Limiting fuel switching puts an arbitrary limit on customer choice. Efficiency Maine is generally fuel neutral, with goals focused on reducing overall energy use in electricity and heating fuels. Because Efficiency Maine also currently has almost no ongoing funding sources for heating fuel efficiency efforts (compared to electricity), the issue of fuel switching should not be a major concern.

NRCM opposes LD 431.