

Hartford Business.com

Connecticut No. 1 In Promoting Energy Efficiency

By Brad Kane

bkane@HartfordBusiness.com

09/13/10

When it comes to getting the most out of our expensive power supply, Connecticut leads the nation, for now.

A September report by a new energy management company reveals Connecticut as the No. 1 state in the country for promoting energy efficiency. That title, though, may be hard to maintain once the state government raids the fund meant to help business and homeowners get the most energy use out of their buildings.

It is hard to stay No. 1 when the legislature takes all your money away, said Rich Steeves, chairman of the Connecticut Energy Conservation Management Board, which administers the Connecticut Energy Efficiency Fund. To plug state budget holes, the Connecticut legislature will appropriate \$30 million from the fund in 2012, a sum equal to 25 percent of the fund's spending on energy efficiency programs.



Rich Steeves, chairman, Connecticut Energy Conservation Management Board

The report by the Energy Resource Management Corp. and the Center for American Progress has Connecticut outpacing California, Maryland, Massachusetts and Pennsylvania among the top five energy efficient states. The Nutmeg State is set apart because of its relatively long history promoting energy efficiency, commitment to renewable resources, treatment of energy efficiency as a renewable resource, and fines for companies not meeting energy efficiency standards.

Connecticut started the Energy Efficiency Fund in 1998 after the energy industry was deregulated, separating the power generators from the utility distribution companies. Each year, the fund receives about \$90 million from ratepayers' bills and a little extra from a few minor sources of income.

The money is spent on initiatives such as the Small Business Energy Advantage Program and the Home Energy Solution Program. These programs pay for efficiency experts to come into these buildings at a nominal cost to the property owner, make some efficiency improvements such as switching out light bulbs and weather-stripping, and make recommendations on more energy efficiency appliances and improvements.

For the business program, some improvements are eligible for reimbursement.

Energy efficiency is the first agenda item that any business or residential customer should consider, said Ron Araujo, manager of construction and load management for Connecticut Light & Power.

Connecticut's commitment to energy efficiency is in response to its expensive electricity rates, which trail only Hawaii as the highest in the nation. States with cheap electricity care little for efficiency because customers don't worry about high bills, Steeves said.

Thanks to efficiency and other conservation measures, Connecticut uses far less electricity per person than the rest of the nation. The state ranks No. 35 in electricity usage per capita and No. 46 in total energy consumption per capita, according to the U.S. Department of Energy.

Despite being No. 2 in electricity rates, Connecticut's per person spending on energy ranks No. 26.

People don't pay rates. They pay bills, and they try to reduce their bills, Steeves said.

Beyond high rates, Connecticut's No. 1 energy efficiency ranking comes from the large Energy Efficiency Fund allowing for a variety of programs, and the electric utilities CL&P and United Illuminating excelling at administering the fund through strong promotion of its programs, Steeves said.

Steeves said Connecticut needs to maintain and expand its energy efficiency programs to remain a leader in the industry - such as providing financing for homeowners to make large improvements - but that will be next to impossible with a 25-percent loss in the fund's budget.

Connecticut leads the nation for the moment, but I wouldn't say Connecticut has realized the market as completely as it could, said Bill Campbell, chairman of Energy Resource Management Corp, which co-produced the report.

Energy Resource Management Corp. is a start-up power producer backed by the Oregon-based Equilibrium Capital Group, which invests in sustainability. The companies are trying to change the way governments think about energy efficiency.

Nearly all states, including Connecticut, force property owners to pay for all or most of the major energy efficiency improvements, leaving them to hope the energy savings offset the cost.

This system is flawed, Campbell said, because individual property owners seek the least expensive improvement, rather than the most energy efficient one.

Because energy efficiency helps power grids meet their needs by lowering demand - power plants help grids meet their needs by increasing supply - efficiency should be treated the same as a power generator, Campbell said. Customers should be incentivized to greater efficiency, rather than pay for improvements themselves.

Energy Resource Management Corp. thinks efficiency should be equal to renewable sources of energy such as solar and wind because it contributes to sustainability. Before a property owner installs solar panels or a wind turbine, the building should be made as energy efficient as possible to maximize the use of that renewable energy.

Connecticut is ahead of the curve when it comes to treating efficiency as an energy source. Utility companies are required to meet a portion of their demand through efficiency. They can meet some of their requirements for renewable sources of generation through efficiency.

Energy efficiency programs are more cost effective than other programs for renewables and energy reduction, Araujo said, making efficiency a simple way to reduce demand on fossil fuels. CL&P has performed 31,474 energy assessments last year.

These programs help keep energy bills low even though the electricity rates are high.

To attract business, you need reasonable energy costs, said Mitch Gross, CL&P spokesman. Without a strong, healthy business climate, Connecticut will be in trouble.

