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FOR IMMEDIATE RELEASE

Date: October 7, 2009

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Council Ratifies Patrick Administration, Attorney General Coakley Agreement on Energy Efficiency Programs

*Three year plan would give deeper energy savings to more customers, make
Massachusetts a national leader in energy efficiency*

BOSTON – The Energy Efficiency Advisory Council has given its approval to an agreement between the Patrick Administration and Attorney General Martha Coakley to set nation-leading targets for electricity savings from energy efficiency investments. The targets will serve as the cornerstone of three-year energy efficiency plans that will be presented to the Department of Public Utilities for approval this fall.

“This historic agreement will ensure energy cost savings for consumers for years to come, and make Massachusetts the most energy efficient economy in the nation,” said Governor Deval Patrick. “This is what the Green Communities Act promised, and I am pleased to see all parties come together to deliver on that promise.”

“Energy Efficiency represents the most cost effective way of addressing our energy needs in Massachusetts,” said Attorney General Coakley. “The approval of unprecedented, yet attainable, electric savings goals and energy efficiency plans will provide customers with the opportunity to reduce consumption resulting in savings and corresponding reductions in emissions by power plants.”

The plan agreed to by the state's Department of Energy Resources and Attorney General Coakley and approved yesterday by the Council will set nation-leading targets for savings from energy efficiency, which will reduce electricity costs for consumers and greenhouse gas emissions from power plants. The four investor-owned utilities would be required to scale up their energy efficiency programs to reach greater numbers of customers and provide them more significant energy savings through improved energy assessments and incentives for investments in high efficiency lighting, appliances, heating and air conditioning, and insulation and air sealing. Participation is projected to triple, from 15,000 electric customers per year in 2008 to 45,000 per year in 2012.

The plan sets an energy savings target of 2.4 percent of electricity sales in 2012, which would reverse the overall electricity usage trend from growing roughly 1 percent per year to declining 1.4 percent per year. The utility energy efficiency programs have traditionally produced savings of 0.8 percent to 0.9 percent annually. Energy efficiency investments to reach the 2012 target will save 2,648 gigawatt-hours of electricity – enough to power more than 350,000 households, or 15 percent of the utilities' residential customers, for one year. With energy savings of 2.4 percent per year going forward, Massachusetts would meet 30 percent of its electricity needs through improved energy efficiency, rather than additional generation, by 2020.

“On energy efficiency, we are making the leap from the rotary phone to the cell phone – and fundamentally changing how energy is delivered to consumers in the Commonwealth,” said Energy and Environmental Affairs Secretary Ian Bowles. “This nation-leading plan will produce big savings on energy bills, big reductions in pollution and strong new incentives to spur the growth of the clean energy sector in our state.”

The Green Communities Act of 2008, the comprehensive energy reform legislation that became law last year, required the state's electric utilities – National Grid, NSTAR, Unitil/Fitchburg Gas & Electric Co., and Western Massachusetts Electric Co. – to jointly prepare an energy efficiency plan that will “provide for the acquisition of all available energy efficiency and demand reduction resources that are cost effective or less expensive than supply.” The Energy Efficiency Advisory Council – a group of stakeholders appointed by the Department of Public Utilities – is charged with approving or commenting on the utilities' plans, with the goal of “maximiz[ing] net economic benefits through energy efficiency and load management resources,” before those plans are submitted to the DPU. Energy efficiency plans proposed by the electric utilities have been under scrutiny by the Council since April. The Council also has before it similar efficiency ramp-up plans by the natural gas utilities, which will provide additional savings for consumers.

“I applaud the members of the Council for pushing all of us to work harder and reach higher to get greater energy savings for consumers,” said Department of Energy Resources Commissioner Phil Giudice. “We could not have developed this plan without their help, and I appreciate their endorsement.”

“These are very ambitious goals and we look forward to partnering with the electric and gas utilities to realize these goals and deliver energy efficiency solutions to our members statewide,” said Robert Rio, Senior Vice President of Associated Industries of Massachusetts, who serves on the Energy Efficiency Advisory Council as its industrial energy users representative.

“This kicks off a new utility business model – where efficiency investments save customers billions, create thousands of new jobs, and slash the state’s carbon pollution,” said Environment Northeast Policy Advocate and Attorney Sam Krasnow, the Council’s environmental community representative.

The plan is expected to cost \$1.1 billion over three years, funded primarily by distribution charges on electricity bills, the proceeds of Regional Greenhouse Gas Initiative allowance auctions and third-party capital. Savings for consumers under the plan are expected to exceed \$5 billion.

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