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To: RGGI State Commissioners and Staff (electronic submission - info@rggi.org)

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Northeast Energy Efficiency Partnerships (NEEP)

Northeast Energy Efficiency Partnerships (NEEP) appreciates the opportunity to provide comment as the Regional Greenhouse Gas Initiative (RGGI) states undertake the 2012 Program Review.

NEEP is a regional non-profit organization that advances the efficient use of energy in homes, buildings, and industry in New England, New York, and the Mid-Atlantic states. We accomplish this through regionally coordinated programs and policies that increase the use of energy efficient products, services and practices, and help achieve a cleaner environment and a more reliable and affordable energy system.¹

RGGI is the only carbon cap and trade program in the United States and has been successful in creating a working carbon market, driving millions of dollars of investment into energy efficiency to the benefit of consumers, and reducing carbon pollution. The 2012 Program Review is an excellent opportunity to make adjustments to the program that best reflect economic and environmental realities. In particular, stakeholders and market observers have recognized that the current carbon emissions budget significantly exceeds actual emissions and should be adjusted based upon current emissions levels.

One way to ensure that an adjusted carbon emissions budget accurately reflects current market and public policy conditions is to better account for state directives for and investments in energy efficiency. As the leading energy efficiency organization in the region, we encourage the RGGI states to fully incorporate the future impacts of energy efficiency programs into the RGGI reference case.

In the last four years there have been unprecedented commitments by states in the RGGI region to capture for their residents and businesses "all cost-effective" energy efficiency as a means of both controlling rising energy costs and addressing greenhouse gas emissions. Annual investment in state energy efficiency programs is likely to reach \$2.5 billion this year and is expected to rise further in future years.² Moreover, and perhaps more significantly, these programs have, and are poised to continue to have a significant impact on reducing load growth in the region. Past RGGI modeling, however, has been based on forecasting of energy load from ISO New England, the New York ISO, and the PJM Interconnection, which in those runs underestimated the impacts of energy efficiency on electric load. In the ISO New England service territory, for example, only energy efficiency program savings that clear the ISO's forward capacity market are reflected in the forecasting that ISO New England

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 NEEP's Energy Efficiency Policy Snapshot for spending figures for the New England states at <http://neep.org/uploads/policy/New%20England%20Policy%20Snapshot%204.22.11.pdf>.



performs for purposes of transmission, energy and load planning. It is these ISO load forecasts which informed the original RGGI carbon emissions budget. Yet five of the six New England states have adopted public policy mandates to procure all cost-effective energy efficiency, which have already resulted in significant reductions in load growth. New York, Maryland, and Washington D.C. also are implementing aggressive, multi-year energy efficiency programs. Based on the comprehensive plans in place in these states, those electricity and load savings will continue to accrue into the foreseeable future. Continuing to use forecasts based on limited savings from energy efficiency will clearly underestimate the amount of carbon savings that will therefore accrue under these new energy efficiency program frameworks.

Importantly, efforts are currently underway by ISO New England, NECPUC, and NESCOE to more comprehensively incorporate energy efficiency investments into ISO-NE's long-term plan through their 2012 Regional System Planning process. This effort is considering the method (production cost model) used by New York ISO, which recently incorporated efficiency investments to meet the state's 15% by 2015 Energy Efficiency Portfolio Standard (EEPS) goal.³ In the mid-Atlantic region, PJM has informally conducted scenario analyses to consider the impact of state policies on efficiency. In general, all regions will be considering the issue of incorporating state policies into their transmission planning in the context of FERC Order 1000. The three regional ISOs/RTOs will be discussing their respective forecasting efforts at the upcoming Regional Evaluation, Measurement and Verification (EM&V) Forum on October 12 in Albany NY.⁴ The EM&V Forum, represented largely by RGGI states (New England, New York, Maryland, and Delaware) is also developing a Regional Energy Efficiency Database (REED) to support the consistent reporting of energy efficiency savings and associated avoided emissions.⁵ Such a database (to be launched in 2012) is intended to help support energy efficiency forecasting data needs.

RGGI is a program that works, and has already made significant progress toward the goals articulated in the original memorandum of understanding. NEEP respectfully suggests that those goals cannot be fully realized unless a full and more accurate accounting of the energy efficiency savings being achieved in the RGGI states is incorporated into the carbon emissions budget. We look forward to assisting with the effort and working with the RGGI states to ensure that that this important program remains vital and effective into the future.

³ See http://www.iso-ne.com/committees/comm_wkgrps/othr/ipsac/mtrls/2011/mar302011/nyiso_ee_forecasting.pdf

⁴ See <http://neep.org/emv-forum/meetings-events/2011-annual-public-meeting>

⁵ NEEP's EM&V Forum has worked with stakeholders in the Northeast states to create common regional protocols for measuring and reporting energy savings. An overview of the Forum's "Common Statewide Energy Efficiency Reporting Guidelines" is available at http://neep.org/uploads/EMV%20Forum/EMV%20Products/Common_Reporting_Guidelines_Overview.pdf