

Heating Energy Efficiency for Tomorrow – HEET

Rhode Island

Fact Sheet



Sky-Rocketing Energy Bills

Increasing national and international energy demand and major hurricanes that interrupted energy supplies from the Gulf Coast have dramatically increased energy prices throughout the U.S. and the world. These price increases are completely outside of Rhode Island's control since we have no major developed local energy sources and are located at the end of the delivery pipeline for imported resources.

What Rhode Island Can Do!

Adopt a **Heating Energy Efficiency for Tomorrow (HEET) policy** to lower the energy bills of all consumers -- homeowners, small business owners, schools and other municipal and government buildings, industrial facilities, office buildings, and apartment buildings.

- Oil and natural gas efficiency programs developed through HEET would offer consumers incentives to help them purchase more energy efficient appliances, furnaces, boilers and other heating and cooling equipment, and weatherize existing buildings.
- Financial and design assistance would be provided to architects and builders to better design and insulate homes, schools and office buildings to make them cheaper to heat and cool.
- Programs would also help homeowners tune up older furnaces and boilers.
- Low or zero interest loans and/or direct rebates would be used as incentives to cover some or all of the increased cost of more efficient equipment to help consumers achieve large energy savings.

Why is This Important for Consumers?

- **Heating Oil Prices:** Heating oil costs have increased 40% since last year to \$2.61 per gallon. This equates to a \$550 annual increase or a total bill of \$1,900 this winter for an average household (EIA).
- **Residential Natural Gas Prices:** The price of natural gas has increased 80% from last year to more than \$12 per thousand cubic feet (Mcf), which translates into a \$500 annual increase in spending for an average household (EIA).

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- **Electric Generation Prices:** Rising natural-gas prices also increase the cost of electricity largely generated by natural gas. Average spot-market prices for electric generation have increase around 80%, from \$50-60 range per megawatt hour last year to \$80-120 over the past few months (ISO New England). Natural gas is a critical fuel for the region and must be used wisely.

Why is This Important to the State?

These rising oil and gas prices represent a huge drain on the state's economy since almost all of these dollars leave the state and are therefore not available for other in-state investment opportunities – this rapidly increasing trade deficit threatens Rhode Island's economy.

- State spending on natural gas for residential, commercial, and industrial customers has risen from \$250 million in 2003 & 2004 to around \$370 million in 2005 and could hit \$490 million in 2006 (EIA and NYMEX).
- State spending on residential, commercial, and industrial fuel oil use has risen from \$164 million in 2003 to approximately \$216 million in 2004 and could hit \$367 million in 2005 & 2006 (EIA and NYMEX).
- Conversely, the dollars invested in efficiency support entrepreneurs, retailers, and service workers within Rhode Island.

Two Choices to Meet Energy Demand

The state and the energy companies that serve the state's residences and businesses have two options for meeting consumers' needs:

- Continue to buy increasingly expensive fossil fuels from other parts of the country and the world;
- or*
- Invest in energy efficiency that costs less and leads to long term savings for consumers and increased job and economic growth for Rhode Island.

The state can – and must – choose to mitigate the negative impact on consumers and the state's economy by implementing policies that help customers lower their bills by using energy more efficiently.

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Other States Are Doing More and Rhode Island Should Become a Leader as Well:

- Most other states in the region have existing natural gas efficiency programs, with Massachusetts, New Jersey, and Vermont programs leading the way and Connecticut considering aggressive new options today. Rhode Island has no significant activities.
- Vermont's natural gas efficiency programs have reduced total consumption by 4.7%, reduced peak demand by 5%, and for every \$1 spent, \$4 has been saved (VT Gas and ACEEE).
- New investments in natural gas and fuel oil efficiency will save consumers money, keep energy dollars at home, grow the state's economy, and reduce air emissions. An analysis by Regional Economic Models, Inc. and NESCAUM for Connecticut reports the following benefits of efficiency investments (Rhode Island Programs would have similar benefits but scaled down by approximately 1/3rd):
 - **Lower Bills for Customers:** \$4 to \$7 in savings for every \$1 dollar spent.
 - **Jobs & Economic Growth:** Because consumers have more money to spend on other parts of the economy and energy service jobs increase, an additional 2,000 jobs could be created and the gross state product could increase by \$2 billion over 15 years.
 - **Environmental Benefits:** Natural gas and oil efficiency are the top policies in the state's Climate Change Action Plan, which will avoid millions of tons of carbon dioxide pollution and reduce smog and acid rain pollutants by thousands of tons

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