

# Heating Energy Efficiency for Tomorrow – HEET

Rhode Island

## *Policy Proposal*

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### ***Create Efficiency Programs to Assist All Consumers & All Fuels***

Rhode Island should seize the opportunity to address the energy cost crises its business and residents face through energy efficiency investments proven to save gas, oil, and propane customers \$4 to \$7 for every \$1 dollar spent. This will save consumers money, keep energy dollars at home, create jobs, grow the economy and reduce environmental impacts. These programs should be teamed with the existing electric conservation and efficiency programs to maximize benefits by treating all energy sources in a building at one time.

### ***Natural Gas Efficiency Program***

Natural gas distribution companies are regulated monopolies that exist to provide a public service and deliver this critical and clean fuel to the state. Efficiency programs should be created and expanded that are paid for through distribution rates (no money collected by the state) and maintain parity among customers.

- Natural gas distribution companies and competitive suppliers should be required to:
  - 1) Invest a *minimum* of 0.7 percent of customer gas costs in energy efficiency programs in 2007 (approximately \$4 million), 1.5 percent in 2008, and 2.0 percent in 2009 and thereafter (approximately \$11 million); and
  - 2) Procure additional efficiency investments for default customers when those investments are cheaper than supply on a life-cycle cost basis.
- Utility Programs should be designed with and approved by a state stakeholder board with broad consumer and environmental representation.
- Natural gas distribution companies should have their existing incentives to increase sales of natural gas removed by decoupling earnings from sales through a sales adjustment mechanism.

### ***Fuel Oil & Propane Efficiency Program***

Fuel oil and propane distributors are not regulated industries and have to be treated somewhat differently than public-service natural gas and electric distributors. However, the state should create programs to assist fuel oil and propane customers use energy more efficiently. This will deliver economic and environmental benefits for users of these fuels similar to those of users of natural gas and electricity.

- The fuel oil and propane efficiency programs should be developed and overseen by a state stakeholder board, which will ensure that they are run and reported on to the Legislature in coordination with the natural gas and electric conservation programs.
- The efficiency programs for fuel oil and propane should be contracted to vendor(s) of energy efficiency services by the state stakeholder board.
- The programs should be paid for through the state's existing gross receipts tax on petroleum products and funded at a level of \$1 million in 2007, \$2 million in 2008, and \$3 million in 2009 and beyond.

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