

# Natural Gas & Heating Oil Efficiency Programs

## Recent Connecticut Information & Legislation

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Rhode Island Greenhouse Gas Process

Building and Facilities Working Group

March 31, 2005

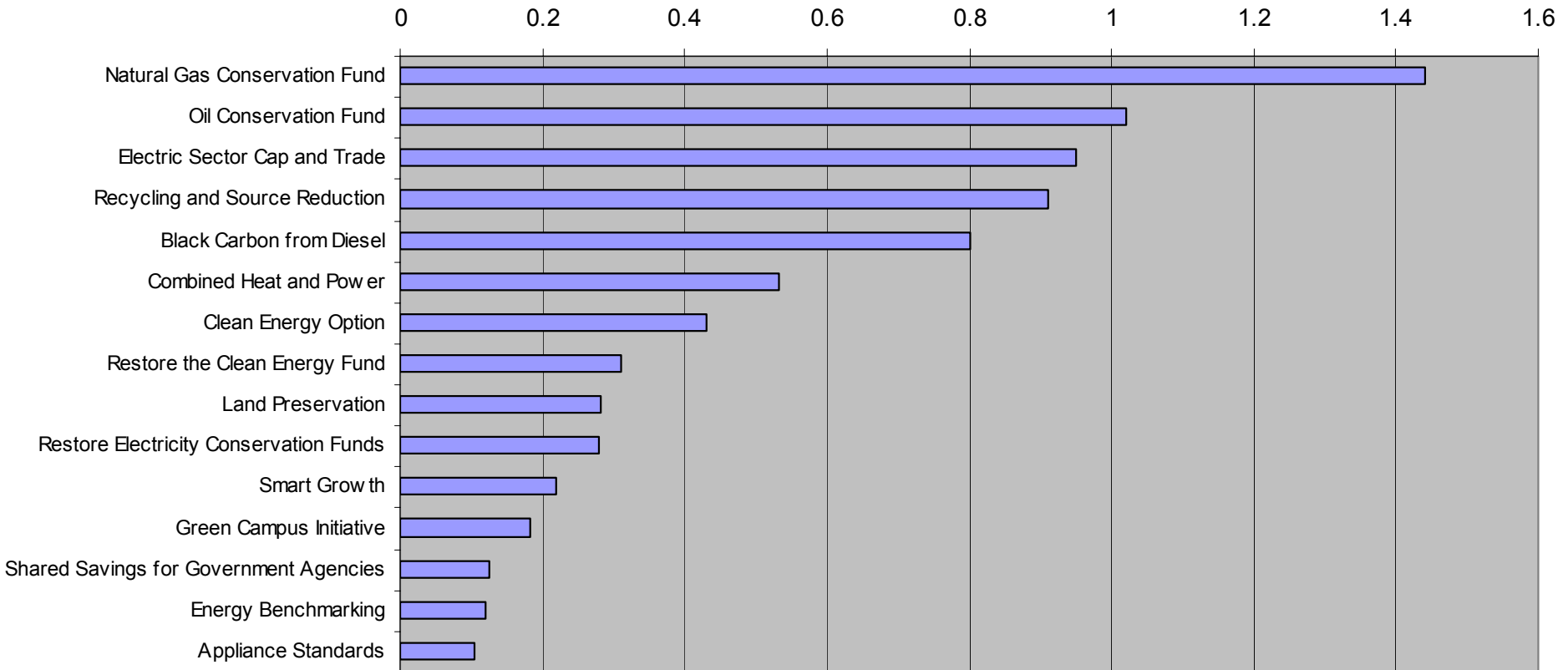


# Context for Action in Connecticut

- **2001** – Connecticut is a signatory on the New England Governor’s and Eastern Canadian Premier’s (NEG/ECP) Climate Action Plan
- **2002** – The CT Governor’s Steering Committee on Climate Change is established to develop a state climate action plan
- **2003** – ENE releases the *Climate Change Roadmap for Connecticut* & a stakeholder process is held over the course of the year to develop a list of policy options (ENE was a stakeholder)
- **2004** – The Governor embraces 38 of 55 recommendations for immediate action and instructs the Steering Committee to continue developing information on the other measures
- **2004** – P.A. 04-252, AAC Climate Change passes unanimously in the Senate and by a vote of 133 to 14 in the house (112 co-sponsors), which commits the states to the NEG/ECP emissions reduction targets, to the development of the Climate Change Action Plan 2005, and to ongoing planning and reporting to the legislature on an annual basis
- **2004/2005** – The Governor’s Steering Committee with additional input from stakeholders and an opportunity for public comment develops the final CT Climate Change Action Plan 2005 (endorsed by the legislature)

# The CT Climate Plan

**Top 15 Emission Reduction Policies by 2010 (MMTCO<sub>2</sub>)**



Source: CT Climate Change Action Plan 2005

# CT House Bill No. 6777

## Natural Gas Efficiency Section

- A program would be established to cost effectively implement energy efficiency programs and market transformation activities among residential, commercial, and industrial customers
- The program would be overseen by the existing Energy Conservation Management Board with the addition of gas company representation
- The programs would be funded through annual expenditures by the gas companies equivalent to 2.1 cents per hundred cubic feet of projected gas sales, with program costs recovered through an adjustment to the gas company's rate schedule
- The DPUC would revise the purchased gas adjustment clause to “decouple” the recovery of fixed costs from sales volumes

# CT House Bill No. 6777

## Fuel Oil Efficiency Section

- A program would be established to cost effectively implement energy efficiency programs and market transformation activities among residential, commercial, and industrial customers
- The program would be overseen by the existing Energy Conservation Management Board (ECMB) with the addition of heating oil company representation
- The heating oil conservation program would be managed by a an experienced third-party entity with all program activities reviewed and approved by the ECMB
- The heating oil conservation program would be funded by a two and one-half cent per gallon charge on all heating oil sold in the State of Connecticut. The funding for gas and oil conservation would be equivalent on a btu basis

# Natural Gas & Fuel Oil Efficiency Programs

## ■ Environmental Benefits

### □ Natural Gas – GHG Emissions Reductions

- 2010: 1.44 Million Metric Tons (MMT) CO<sub>2</sub> (25% of target)
- 2020: 2.07 MMTCO<sub>2</sub> (12% of target)

### □ Fuel Oil – GHG Emissions Reductions

- 2010: 1.02 MMTCO<sub>2</sub> (18% of target)
- 2020: 1.89 MMTCO<sub>2</sub>

<b>Combined Natural Gas &amp; Fuel Oil Program</b>	<b>2010</b>	<b>2020</b>
Reduction in Greenhouse Gas Emissions (CO <sub>2</sub> )	2.46 Million MTons	3.96 Million MTons
Reduction in Nitrogen Oxide Emissions	1,848 tons	3,025 tons
Reduction in Sulfur Dioxide Emissions	2,554 tons	4,562 tons
Reduction in Particulate Matter Emissions	137 tons	207 tons

# Natural Gas & Fuel Oil Efficiency Programs

## ■ Economic Benefits

<b>Natural Gas Program</b>	<b>2010</b>	<b>2020</b>
Cumulative Program Costs	\$205 Million	\$462 Million
Cumulative Program <b>Savings</b> (Energy Only)	<b>\$979 Million</b>	<b>\$3,483 Million</b>
Benefit – Cost Ratio	4.8	7.5
Increase in Employment		1,668
Increase in Gross State Product		<b>\$1.8 Billion</b>

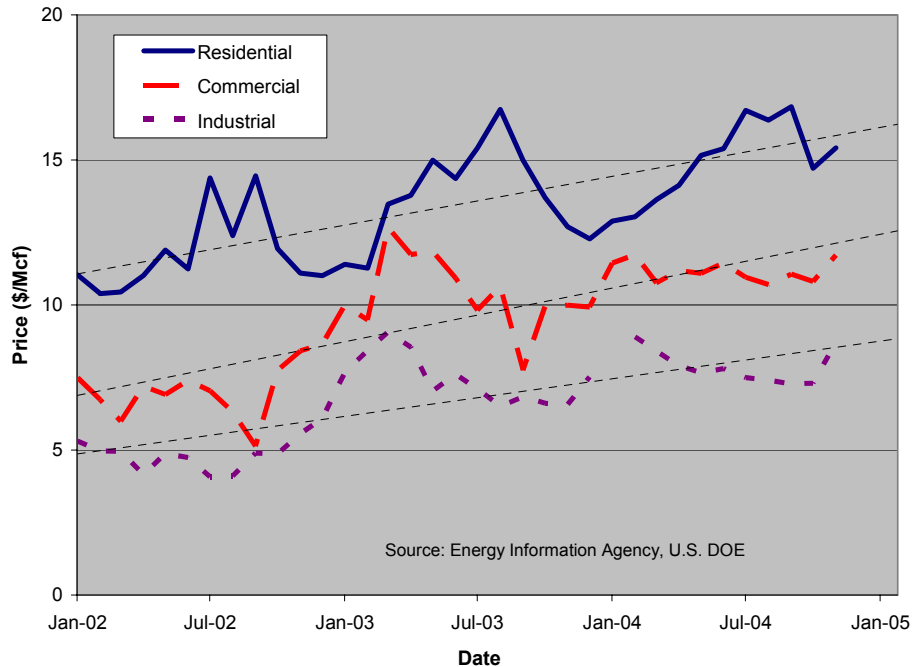
<b>Fuel Oil Program</b>	<b>2010</b>	<b>2020</b>
Cumulative Program Costs	\$131 Million	\$320 Million
Cumulative Program <b>Savings</b> (Energy Only)	<b>\$319 Million</b>	<b>\$1,715 Million</b>
Benefit – Cost Ratio	2.4	5.4
Increase in Employment		430
Increase in Gross State Product		\$266 Million

Source: CT Climate Change Action Plan 2005

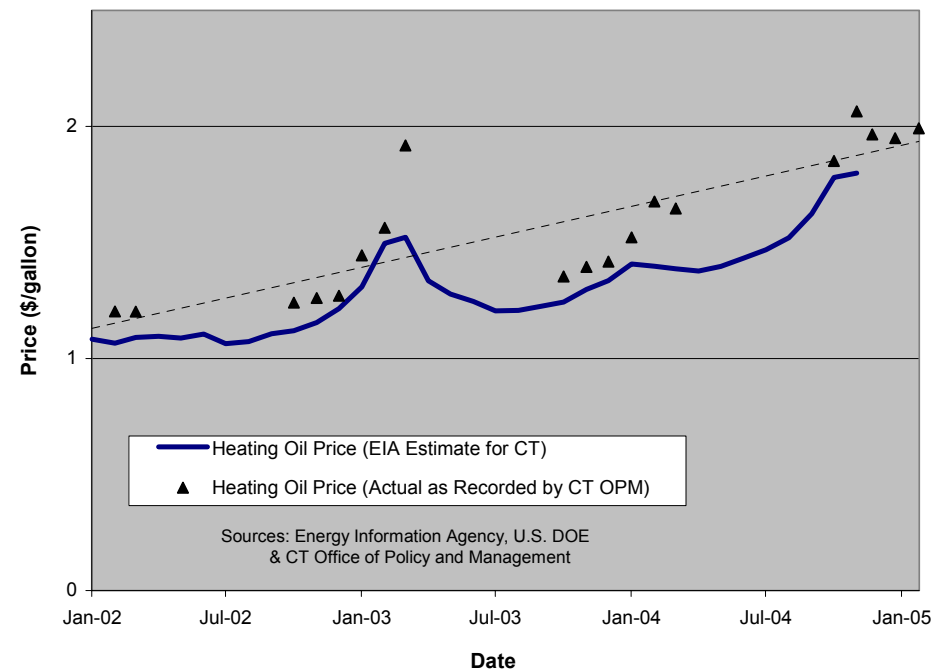


# Context for Action – Control Over Demand but Not Supply

CT Delivered Natural Gas Prices



CT Heating Oil Prices







# The Kinds of Programs Likely to be Created for Gas and Oil Efficiency

- Residential weatherization
- High-efficiency residential furnaces
- Residential new construction
- Low-income usage reduction
- Multifamily efficiency improvements
- Energy Star appliances
- Commercial/industrial building and equipment retrofits
- Commercial/industrial boiler efficiency
- Commercial/industrial new construction
- Custom industrial process rebates
- Joint Programs (Electric and Gas or Oil)

# CT House Bill No. 6777

- Strong Support from Environmental Advocates, Government Regulators (DEP, DPUC, Consumer Counsel), and Low Income Advocates
- Bill Sponsored by Energy Committee leadership
- Bill died in energy committee this month due to tied vote on the last day of committee's session
- Opposition – primarily heating oil distributors – persuaded some Democrats to switch their vote at the last minute
- Opposition – a new tax that consumers can't afford (Note: they talked about price, but **Cost = Price x Consumption**)
- Mistake by Advocates – Assuming the committee chairs would prevail as they normally do

# Contact Information

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