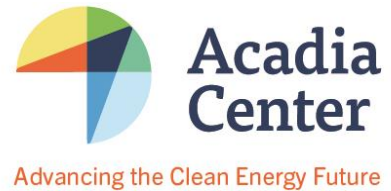


# Least Cost Procurement

## Summary of Legislation

April, 2015



## Rhode Island House and Senate Bills

### HB- 5904

- House Corporations
- Introduced by Representatives Handy, Ruggiero, Carson, Gallison, and McKiernan
- Bill text available from: <http://webserver.rilin.state.ri.us/BillText15/HouseText15/H5904.pdf>

### SB-733

- Senate Commerce
- Introduced by Senators Miller, Sosnowski, Walaska, Conley, and DiPalma
- Bill text available from: <http://webserver.rilin.state.ri.us/BillText15/SenateText15/S0733.pdf>

## Summary

- Both bills extend Rhode Island's Least Cost Procurement policy for energy efficiency until 2029. Least Cost Procurement was set to expire in 2017.
- The bills also extend the funding mechanism for RI's investments in all cost-effective energy efficiency. In the legislation, this is referred to as "charges per kilowatt hour delivered to fund demand side management programs." This shows up as the "Energy Efficiency Program Charge" on all electric and natural gas customers' bills.
- The bills also call for an even split of administrative funding between the Energy Efficiency and Resource Management Council (EERMC) and the Office of Energy Resources (OER). The EERMC uses this funding to hire expert technical consultants that allow the Council to fully represent the best interests of ratepayers and levels the playing field with the utility. The OER uses the funding to support energy efficiency and least cost procurement implementation.

## Budget Article 24 Relating to Infrastructure Bank

- The Rhode Island Infrastructure Bank legislation proposes extending Least Cost Procurement until 2038.
- Similar funding extension as above.

## Benefits of Least Cost Procurement

Over the past 8 years, it has been proven and documented that Least Cost Procurement is paying off. The efficiency plans and investments ushered in by this strategy have vaulted Rhode Island to the top of the national rankings. Rhode Island and Massachusetts were recently ranked the #1 states in the country for utility-sector

energy efficiency programs and policies in the American Council for an Energy Efficiency Economy's 2014 State Scorecard.

In addition to enabling nation-leading levels of energy savings, Rhode Island's investments in cost-effective, low cost energy efficiency are creating jobs and boosting economic activity. Energy efficiency reduces the cost of doing business in Rhode Island and lowers residents' energy bills, leaving them with more disposable income to spend on other goods and services. These two effects lead to job creation and economic growth. Every \$1 million invested in energy efficiency leads to the creation of 45 job-years of employment, and every \$1 invested boosts Gross State Product by \$4.20.<sup>1</sup> The results speak for themselves:

- Since 2008, Rhode Island has invested \$558 million in energy efficiency and consumers have realized \$1.99 billion in economic benefits.<sup>2</sup>
- Without savings from electric efficiency programs, during the Winter of 2014 region-wide electric demand would have been 13.7% higher, wholesale electricity prices would have been 24% higher, and electricity costs would have been \$1.46 billion higher.<sup>3</sup>
- Rhode Island currently meets 12% of its electric needs through low cost efficiency and is on track to meet 17% of its electricity consumption through efficiency by 2017.<sup>4</sup>
- The state's energy efficiency investments will create over 25,000 job-years of employment economy-wide and add \$2.34 billion to Gross State Product.

Rhode Island's 2014 Energy Efficiency investments alone will generate the following benefits over a 13 year period:

- Create 3,607 job-years of employment
- Boost Gross State Product by \$331 million<sup>5</sup>
- Increase personal income by \$244 million<sup>6</sup>
- Increase state tax revenue by \$15 million<sup>7</sup>
- In 2014, 618 full-time equivalent jobs were directly related to the delivery of the state's energy efficiency programs, a 15.7% increase from 2013.<sup>8</sup>
- 899 companies were involved with delivering Rhode Island's energy efficiency programs, with 77% of those companies located in Rhode Island.<sup>9</sup>

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<sup>1</sup> Macroeconomic Impacts of Rhode Island Energy Efficiency Investments: REMI Analysis of National Grid's Energy Efficiency Programs, August 2014.

<sup>2</sup> Data from National Grid Energy Efficiency Program Year-End Reports.

<sup>3</sup> Acadia Center, Winter Impacts of Energy Efficiency in New England, April 15, 2015. Available from: <http://acadiacenter.org/document/winter-impact-electric-efficiency/>

<sup>4</sup> Rhode Island Energy Efficiency and Resource Management Council, 2015 Annual Report to the Governor and General Assembly.

<sup>5</sup> Macroeconomic Impacts of Rhode Island Energy Efficiency Investments: REMI Analysis of National Grid's Energy Efficiency Programs, August 2014.

<sup>6</sup> Id.

<sup>7</sup> Id.

<sup>8</sup> Peregrine Energy Group, National Grid Energy Efficiency Jobs Study. Results available in the Energy Efficiency and Resource Management Council's 2015 Annual Report to the Governor and General Assembly.

<sup>9</sup> Id.

The Rhode Island Infrastructure Bank is a thoughtful and creative proposal that will improve Rhode Island cities' and towns' ability to benefit from cost-saving energy efficiency upgrades. This proposal identifies and seeks to address the unique challenges for municipalities to finance energy efficiency upgrades. This proposal is supported by the recommendations and conclusions of the recent study prepared by Dunsky Energy Consulting, *A Review of Energy Efficiency Financing in Rhode Island: Memo on Findings*. This report was commissioned by the Energy Efficiency and Resource Management Council and a large group of diverse stakeholders were involved in the report development

Energy efficiency is the best strategy for reducing Rhode Islanders' energy bills, lowering the cost of doing business in the state, and putting money back in the wallets of all consumers.

### For more information:

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