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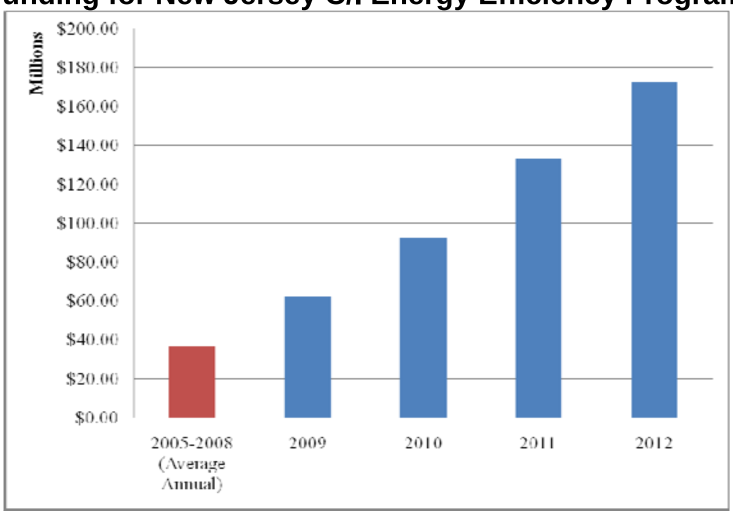
Substantial Increases in Efficiency and Renewable Funding in the Mid-Atlantic Region for 2009

The money available for energy efficiency programs is increasing by an unprecedented amount in the next few years. Several mid-Atlantic states have passed legislation that defines aggressive energy conservation targets and allows for increased funds to achieve these targets. Programs have been created and approved in New Jersey, Maryland, and the District of Columbia; it is expected that new and additional programs will be implemented in Pennsylvania, Delaware, and District of Columbia in 2009.

New Jersey

In 2008, Governor Corzine set a goal of reducing energy use 20% by 2020, as part of New Jersey's Energy Master Plan. As part of reaching that goal, the New Jersey Board of Public Utilities is increasing substantially the amount of funding for energy efficiency. **In particular, the approved funding for programs targeting commercial, institutional and industrial (C/I) customers over the next four years will increase nearly five-fold over the average funding between 2005 and 2008.**

Figure 1. Approved Funding for New Jersey C/I Energy Efficiency Programs, 2009-2012.

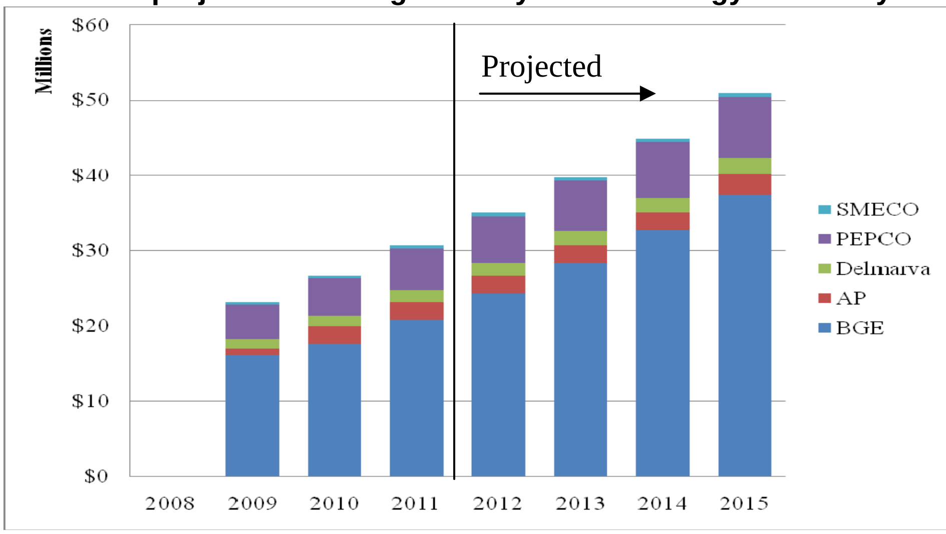


The increase in funding will go to support and expand existing programs, including SmartStart Buildings, which is open to federal customers. SmartStart Buildings provides incentives and technical support to new construction and existing buildings. Two new program elements open to C/I customers have been approved and are expected to be rolled out in 2009: Pay-for-Performance and Direct Install. Pay-for-Performance will focus on whole-building savings, and be introduced as a pilot program; participants in this program will be paid incentives for measurable energy consumption reductions (similar to performance contracting programs in other states). Under the Direct Install program, federal buildings may be eligible for incentives for replacing existing equipment—such as HVAC, refrigeration and lighting—with more energy efficient equipment. For more information on these programs, see the New Jersey Clean Energy Program (http://www.njcleanenergy.com/), created by the Board of Public Utilities in 2003 to oversee and coordinate energy efficiency and renewable energy programs.

Maryland

Announced in 2007, the EMPower Maryland initiative aims to reduce per-capita peak energy consumption in Maryland by 15% by 2015. To reach these goals, each utility has developed a suite of energy efficiency and demand response programs. The Maryland Public Service Commission (PSC) has approved the majority of these programs, which will either roll-out or ramp up in 2009. Funding for programs targeting C/I customers will ramp up rapidly from current levels; **$20 million has been approved for C/I sector programs in 2009.** Figure 1 shows funding that has been approved (2009-2011) and projected by utilities (2012-2015) to meet the 15% by 2015 goal.

Figure 2. Approved and projected Funding for Maryland C/I Energy Efficiency Programs.



Each utility has proposed its own set of C/I energy efficiency programs, but they fall generally into three categories: prescriptive incentive programs, custom incentive programs, and building commission or recommissioning (see Table 1). Prescriptive programs define specific incentive amounts for energy efficient equipment such as lighting, HVAC equipment, and motors. Custom programs target more complex energy efficiency solutions by providing discounts on energy audits that identify saving opportunities, and incentives and technical support for implementation. Building (re)commissioning programs provide technical help in tuning building controls and HVAC.

Table 1: MD efficiency programs targeted at Commercial/Industrial customers (2009-2011).

	Prescriptive Programs (in millions)	Custom Programs (in millions)	(Re)commissioning Programs (in millions)
BGE	$25.63	$7.01	$4.13
AP	$2.49	$1.25	—
Delmarva	$2.05 *	$0.44	$0.42
PEPCO	$6.03 *	$0.23	$2.26
SMECO	$0.59	—**	—

* Includes HVAC program
** SMECO has been directed to develop a custom program

Pennsylvania

Pennsylvania House Bill 2200, signed into law on October 2008 as Act 129 by Governor Rendell, calls for aggressive energy and peak demand reductions over the next few years. The Pennsylvania Public Utility Commission (PUC) developed a plan requiring electricity distribution companies in the state to meet these reduction targets. By July 1, 2009, all electricity distribution companies must file an energy efficiency and conservation plan with the PUC for approval. Once the utility plans are filed, the Commission has 120 days to approve these plans, **which means these new energy efficiency programs may be approved as early as November 2009**.
Pennsylvania's goals from HB 2200 are:

- decrease of at least 1% total annual consumption by May 31, 2011,

- decrease of at least 3% total annual consumption by May 31, 2013,
- decrease of at least 4.5% peak demand by May 31, 2013, and
- **at least 10% of each utilities savings must come from federal, state and/or local government customers.**

The Pennsylvania legislature also passed Act 1 (2008) that provides $92.5 million over the next eight years for grants, loans and rebates for energy conservation projects at small businesses, and $25 million over the next eight years for loans or grants for high performance buildings.

Delaware

In 2007, Delaware passed legislation establishing a Sustainable Energy Utility (SEU), intended to be the single point of contact for energy efficiency and renewable programming for energy consumers. Design and administration of the programs will be the responsibility of the SEU Contract Administrator, an independent entity chosen through a Request for Proposal (RFP). Two companies responded to the 2008 RFP, and the Delaware Energy Office is in the process of negotiating with one to serve as the first Contract Administrator, with contract finalization expected by spring and initial programs in place within a few months after that.

SEU programs will be funded by (up to) $30 million in special purpose bonds and a portion of auction revenues from the Regional Greenhouse Gas Initiative. Thus far auction revenues have totaled $1.7 million and could be as much as 5 times that for 2009. For more information, see the SEU website (http://www.seu-de.org).

District of Columbia

Energy efficiency programming in the District of Columbia will be developed and administered both by the District's electricity utility, PEPCO, and the soon-to-be established Sustainability Energy Utility.

In April 2007, PEPCO submitted its energy efficiency, demand response and advanced meter proposal to the Public Service Commission (PSC). In December 2008, the PSC approved five of the energy efficiency programs, four of which are open to non-residential customers: Non-Residential Prescriptive Rebate, Custom Incentive, HVAC Efficiency, and Building Commissioning. **A budget of $6 million per year, through 2012, for these programs has been approved**, with money to come from surcharge on electricity and natural gas sales deposited into the Sustainable Energy Trust Fund (SETF).

The DC City Council also passed an act that established a Sustainability Energy Utility charged with developing and administering sustainable energy programs for DC. The goals of the SEU include reducing per-capita energy consumption and demand growth of largest customers, and increasing renewable energy production. The SEU in DC will be a private company chosen through an RFP by the DC Energy Office to create and administer programs and will be funded through the Sustainable Energy Trust Fund.

Table 2. Washington, DC: Approved SEU Funding for Efficiency and Renewables Programs

Program Year	Approved SEU Funding
1st year	$7.5 million
2nd year	$15 million
3rd year	$17.5 million
4th and subsequent years	$20 million

The Council Act also approved $2 million for renewable energy installation rebates.