

Energy Efficiency on the East Coast: Rhode Island's Leadership

- **Cost Effectiveness:** In 2011, RI's electric energy efficiency programs served over 258,000 participants, saving customers more than \$122 million over the lifetime of those measures.¹
- **Economic Vitality:** Every \$1 invested in Rhode Island energy efficiency has already provided more than \$3 of electric and natural gas benefits.²

Background

Rhode Island has the third lowest per capita electricity consumption in the country and for the past four years has ranked in the top ten on the American Council for an Energy-Efficient Economy (ACEEE) state energy efficiency scorecard. Since the late 1990s, Rhode Island has implemented aggressive demand side management (DSM) programs, establishing the nation's first public benefits fund for such a program. In 2006 Rhode Island recognized energy efficiency a resource by enacting the Comprehensive Energy Conservation, Efficiency and Affordability Act, which established a new strategy for investing in energy efficiency on an economic basis.

Energy Efficiency Strategies

Four key strategies developed from the Comprehensive Energy Conservation and Affordability Act drive the success of the Rhode Island energy efficiency model. The first is **Least Cost Procurement**, which requires distribution utilities to invest in all cost-effective energy efficiency first, before more expensive new supply, creating an economics-driven strategy for investing in energy efficiency. The second strategy is an independent and diverse stakeholder council, the **Energy Efficiency and Resources Management Council (EERMC)**. This group is responsible for overseeing the development and implementation of the utility's energy efficiency plans and programs.

Rhode Island's Energy Efficiency Policies

- Least Cost Procurement
- Energy Efficiency and Resources Management Council
- Efficiency Procurement Plans
- Financial incentives, such as utility rate reform, to remove investment barriers

Energy Efficiency Leader

- Leading energy savings goals, 2.5% electric, 1.2% natural gas by 2014.
- The 2009-2011 Energy Efficiency Procurement Plan delivered over \$450 million in total benefits to Rhode Islanders.

Sources: Rhode Island Energy Efficiency and Resource Management Council Annual Report 2012.

EERMC enables broad input and ensures maximum benefits for customers. Third, Rhode Island's electricity and natural gas utilities are required to submit **Efficiency Procurement Plans** to integrate the delivery of electric and natural gas energy efficiency, increasing cost-effectiveness and delivering greater energy and cost savings to customers.

Finally, Rhode Island introduced utility rate reform and other **financial incentives that remove barriers** to investing in energy efficiency and align the utility's incentives with customers' benefits. Notably in 2010, Rhode Island implemented **decoupling**, a policy that

removes the incentive for utilities to sell more electricity by decoupling rate-recovery for electricity costs from the amount of electricity sold to customers. Rhode Island's model has made the state a national leader for developing energy efficiency, and its approach has been used as best-practices that have been replicated by states around the country, including Massachusetts, Connecticut, Vermont, and Washington.

¹ Rhode Island Energy Efficiency and Resource Management Council, "Annual Report to the General Assembly" (online), p.8, April 2012, http://www.env-ne.org/public/resources/pdf/EERMC_2012AnnualReport_FINAL.pdf.

² Ibid, p. 3.