



Home Performance Coalition

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October 16, 2017

Hon. Michael A. Albert
Chairman, Public Service
Commission
201 Brooks Street
Charleston WV 25301

Dear Chairman Albert,

We are writing to respectfully request that the West Virginia Public Service Commission continue with the implementation of existing Energy Efficiency/Demand Response (EE/DR) programs to create jobs in West Virginia, help expand the market for small business home performance contractors, save energy for homeowners and small businesses and reduce the costs of all West Virginia ratepayers and customers in the long term. These comments are submitted in response to the September 15, 2017 Direct Testimony of Randall Short in Case No. 17-0401-E-P (Short Testimony), which reaches the extraordinary and unsupported conclusion that with the proposed EE/DR programs “from an economic perspective, customers are better off if the proposed programs are denied.” (Short Testimony, Page 7).

The short reason for our comments is that Energy Efficiency/Demand Response programs have been demonstrated in numerous state and national studies to be lowest cost, most predictable and most immediate method to reduce energy demand while at the same time creating local jobs and providing health and comfort benefits to consumers. The economic conclusions presented in the Short Testimony cite no study or analysis that contradicts this generally accepted and recognized principle of energy supply and demand. All 50 states implement a suite of Energy Efficiency/Demand Response programs citing research supporting the economic case for demand response and energy efficiency.

In addition, according to research performed by the Building Performance Institute (BPI), West Virginia is the home of over 886,640 housing units, at least one third of which is over 25 years old and another one-third of which is over 45 years old. This means that nearly two-thirds of West Virginia homes pre-date modern energy codes, are leaky and under insulated, and are excellent candidates for cost effective retrofits that will significantly increase the overall energy performance of these homes while improving the health and safety conditions for their West Virginian occupants. Perhaps equally important, these cost-effective retrofits cannot be exported overseas and almost certainly will be performed by West Virginian contractors using locally sourced materials and supplies. Energy Efficiency/Demand Response programs present a win-win opportunity for utilities (to reduce overall power supply costs, particularly at peak demand times), homeowners (to reduce energy bills) and small businesses and contractors to create and sustain construction jobs.

The most encouraging portion of the Short Testimony is that it does not recommend permanently ending the utilization of Energy Efficiency/Demand Response programs. Instead it recommends “placing the EE/DR programs on hiatus until the situation improves and becomes clearer from a rate perspective” (Short Testimony, Page 13). This would suggest that further analysis and evaluation would be a positive development, and although we do not agree with the “hiatus,” we wholeheartedly agree with a thorough re-examination of EE/DR programs on the impact on customers’ rates.

We fully support an examination of the cost effectiveness testing of Energy Efficiency/Demand Response programs in West Virginia and respectfully request that the Public Service Commission staff apply the fundamental principles of the May 2017 National Standard Practices Manual (NSPM). The NSPM provides a comprehensive framework for cost-effectiveness assessment of energy resources, with a focus on energy efficiency. The NSPM describes the principles, concepts, and methodologies for sound, balanced assessment of resource cost-effectiveness. The NSPM is applicable to all types of electric and gas utilities and jurisdictions where energy efficiency resources are funded by – and implemented on behalf of – electric or gas utility customers. The manual is intended for use by parties involved in identifying the full range of efficiency resources whose benefits exceed their costs, to inform which resources to acquire to meet a jurisdiction’s specific goals, standards, and/or targets. In short, NSPM framework allows each state to “test their tests” for cost effectiveness to see if it reflects its own energy efficiency policies and program goals by applying the following principles:

National Standard Practice Manual Principles

Efficiency as a Resource	EE is one of many resources that can be deployed to meet customers’ needs, and therefore should be compared with other energy resources (both supply-side and demand-side) in a consistent and comprehensive manner.
Policy Goals	A jurisdiction’s primary cost-effectiveness test should account for its energy and other applicable policy goals and objectives. These goals and objectives may be articulated in legislation, commission orders, regulations, advisory board decisions, guidelines, etc., and are often dynamic and evolving.
Hard-to-Quantify Impacts	Cost-effectiveness practices should account for all relevant, substantive impacts (as identified based on policy goals,) even those that are difficult to quantify and monetize. Using best-available information, proxies, alternative thresholds, or qualitative considerations to approximate hard-to-monetize impacts is preferable to assuming those costs and benefits do not exist or have no value.
Symmetry	Cost-effectiveness practices should be symmetrical, where both costs and benefits are included for each relevant type of impact.
Forward-Looking Analysis	Analysis of the impacts of resource investments should be forward-looking, capturing the difference between costs and benefits that would occur over the life of the subject resources as compared to the costs and benefits that would occur absent the resource investments.
Transparency	Cost-effectiveness practices should be completely transparent, and should fully document all relevant inputs, assumptions, methodologies, and results.

Assessing the cost-effectiveness of energy resources such as efficiency involves comparing the costs and benefits of such resources with other resources that meet energy and other applicable objectives. We believe that applying these NSPM principles to cost effectiveness testing in West Virginia will help lower ratepayer costs in the long term. We also believe that a thorough analysis of the proposed Energy Efficiency/Demand Response programs will conclude that they are cost effective and should be implemented to lower customer rates in the long term.

Background on the Home Performance Coalition

The Home Performance Coalition (HPC) is a leading advocate for residential energy efficiency in Washington, DC and the states. We are closely engaged with key decision makers in the Congress, state agencies and public utility commissions. We work to educate stakeholders on the importance of home performance, the obstacles facing the home performance industry, and the policies that can break down barriers and advance home performance at the federal, state and local levels.

Conclusion

Thank you for this opportunity to comment on the Direct Testimony of Randall Short in Case No. 17-0401-E-P. HPC hopes to work with the Commission and industry stakeholders on the further examination of cost effectiveness testing in West Virginia. Please feel free to contact Joseph Cullen, HPC's Director of Policy and State Outreach at (202) 759-9612 or JCullen@Homeperformance.org should you have any questions about the NSPM and the research and policy issues described in this letter or require additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Castelli". The signature is fluid and cursive, with a large initial "B" and "C".

Brian T. Castelli President & CEO