

How To Guide: Access Systems Benefit Charges to support energy programs managed through the State Energy Office

This activity encourages the development of new funding sources for State energy programs through participation in regulatory proceedings and partnering with other stakeholders. States are uniquely positioned to use key economic and environmental drivers to guide policy and to obtain funds to support energy efficiency and renewable energy. State Energy Offices have the opportunity to work with other State policy makers to shape the transition to utility restructuring.

Through active participation in regulatory proceedings, States may secure additional funding and new opportunities to manage energy efficiency and renewable energy initiatives. This is particularly important as traditional sources of funding, such as Petroleum Violation Escrow funds, are diminishing. Using these resources strategically to deliver immediate results and to create sustainable services will strengthen the Energy Offices and produce multiple energy, environmental, and economic benefits for the States.

Desired Outcome:

Secure funding through System Benefit Charges for energy efficiency and renewable energy programs that focus on the State's priorities and are managed through the State Energy Office.



Program Design

Steps

1. Conduct analysis to demonstrate the need for energy efficiency and renewable energy in the State's restructuring plans. Assess current energy costs to consumers, reliability of supply, environmental benefits of energy efficiency and renewable energy alternatives, and projected return on investment.
2. Develop proposal. Clearly identify energy efficiency and renewable energy programs to be funded by Systems Benefit Charges (SBC). Identify levels of SBC funding needed (give options).
3. Identify market segments served through proposed programs and benefits created for these customers.
4. Demonstrate competency skills of the State Energy Office as manager of proposed programs.
5. Assess political feasibility. Clearly identify supporters and potential opposition. Educate State decision-makers on proposal.
6. Contact Public Utility Commission and ask to be placed on notification list; specify what information you wish to receive.
7. Identify stakeholders (including members of public utility commission); refer to court docket for list of participants. Form stakeholder collaborative to develop legislative and/or regulatory support. Be clear on collaborative's goals and timeframe.
8. Find a strong, visible Champion to promote inclusion of energy efficiency and renewable energy programs in SBC and to promote State Energy Office as manager of these programs.
9. Participate in restructuring regulatory proceedings. Once the notice of hearings is published, participants have a set period of time to intervene. Become involved from outset to ensure right to participate and to be fully informed.
10. Develop legislation (include sunset provisions).
11. Present legislative package to legislature/decision-makers and market legislative proposal.
12. Establish and manage programs with SBC funding.



Partners and Possible Incentives

- **Legislative champion/legislators interested in energy efficiency and renewable energy issues:** Shared goals; aligning efforts will benefit all parties.
- **Public interest groups, environmental groups, low-income advocates:** May provide experience, technical information, and support for energy program funding. Demonstrate mutual benefits of proposed programs, such as a cleaner environment, increased economic independence for specific market segments, etc.
- **Solar/renewable industry:** Economic opportunity; may receive boost through specific renewable programs.
- **Utilities, public utility commissions, and their staffs**
- **Small business associations**
- **Universities**
- **Energy marketers**
- **Municipal utilities and rural cooperative utilities**



Resources Available

- DOE's Energy Information Administration (www.eia.doe.gov) Offers a one-stop shop to answer many questions posed by those interested in electric utility restructuring.
- Department of Energy's Office of Power Technologies (www.eren.doe.gov/power) Access building energy data, success stories, and building codes.
- National Association of Regulatory Utility Commissioners (www.naruc.org) Contains a variety of position papers, articles, documents, and other publications related to utility restructuring around the country. Provides links to all state public utility commissions.
- Regulatory Assistance Project (www.rapmaine.org) Direct link to Systems Benefit Charges information.
- National Conference of State Legislatures (www.ncsl.org) Guide to latest policy issues and State and federal legislation.
- National Association of State Energy Officials (www.naseo.org) Provides up-to-date information and publications on all energy types, incentives, and policies.
- LIHEAP Clearinghouse (www.ncat.org/liheap/toolkit/peer.htm) Tool-kit on intervention in utility restructuring and low-income issues.
- National Association of Energy Service Companies (www.naesco.org) Source for information about policy.
- The Utility Connection (www.utilityconnection.com) Refers to all public electric, gas, water, and financial resources sites.
- American Council for an Energy Efficient Economy (www.aceee.org/briefs/mktabl.htm) Summary of Public Benefit Programs listed by State.
- American Public Power Association (www.APPAnet.org) Provides information on local power issues, current legislative initiatives, and links to additional resources.
- Western Area Power Administration (www.citation.com/hpage/wapa.html) Large database of information for western states.
- Department of Energy Laboratories and Facilities (www.doe.gov/people/peopnl.htm) Quick link to all DOE labs, facilities, and special offices.
 - Argonne National Laboratory (ANL) (www.anl.gov)
 - E. O. Lawrence Berkeley National Laboratory (LBNL) (www.lbl.gov)
 - National Renewable Energy Laboratory (NREL) (www.nrel.gov)
 - Oak Ridge National Laboratory (ORNL) (www.ornl.gov)
 - Pacific Northwest National Laboratory (PNNL) (www.pnl.gov)
 - Sandia National Laboratories (SNL) (www.sandia.gov)



Resources Needed

- Staff and funds for stakeholder collaborative
- Funds for initial economic analysis
- Access to data (taxes, etc.)
- Expertise on issues, either in-house or contract
- Commitment from collaborative members - this is a long process
- Commitment to support staff participation in collaborative, regulatory process



Key Conditions/ Factors

- Intent to restructure, or rate cases before PUC
- Common vision within the stakeholder collaborative



Special Opportunities for Success

- Restructuring
- States with higher pollution
- Loss of other funding



Success Boosters

- Solid economic analysis to promote need for energy efficiency and renewable energy programs
- Strong, credible champion(s)
- Favorable political climate



Barriers and Potential Solutions

- **Anti-tax climate:** Highlight return on investment and comprehensive benefits produced through proposed programs.
- **Unwillingness to compromise:** Look for opportunities to attach to existing programs, legislation.
- **Utility opposition:** Enlist as ally by demonstrating benefits of energy efficiency and renewable energy to utility.



Technology Transfer Plan

- Share results with other States through conferences, peer exchange
- Post results on web site
- Provide information to NASEO
- Encourage technology companies that will utilize the funds
- Provide information on results to ratepayers



Metrics

Primary:

- Legislation passed which commits to funding for energy efficiency and renewable energy programs
- Dollars committed to energy efficiency and renewable energy programs through the SBC
- Number of programs funded by SBC that are managed through the State Energy Office

Other Indicators:

- Public interest standard for SBC program performance
- Energy saved as a result of programs implemented
- Number of people served



Case Studies/Examples

California

California's public benefits program was enacted in September 1996 and began March 31, 1998. The program provides annual funding of about \$496 million, including \$218 million for energy efficiency, \$62 million for public interest research, development, and demonstration, \$135 million for renewable energy sources, and \$81 million for low-income services. The program will continue at least through 2001.

The California Energy Commission (CEC) is the administering agency for the research, development, and demonstration, and renewable energy programs. The CEC developed a strategic plan for implementing the research, development, and demonstration funds and a market-based distribution plan for the renewables fund is being implemented.

New York

The New York State Energy Research and Development Authority was designated as the fund administrator for a SBC fund established in 1998. The New York SBC provides funding over three years for the following programs: energy efficiency (\$161.6 million); research and development (\$40.4 million); low-income assistance (\$29.3 million); and environmental disclosure (\$3.0 million).

For a summary of public benefit provisions in State laws see:
(www.appanet.org/general/issues/publicbenefits.htm)

States Currently Implementing Systems Benefit Charges

- California (www.cpuc.ca.gov/divisions/energy/index.htm)
- Connecticut (www.state.ct.us/dpuc)
- Delaware (www.state.de.us)
- Illinois (www.state.il.us)
- Maine (www.state.me.us)
- Maryland (www.energy.state.md.us)
- Massachusetts (www.magnet.state.ma.us)
- Montana (www.psc.state.mt.us)
- New Hampshire (www.puc.state.nh.us)
- New Jersey (www.njin.net/njbpu)
- New York (www.dps.state.ny.us)
- Ohio (www.puc.state.oh.us and www.pwc.state.oh.us)
- Oregon (www.puc.state.or.us)
- Pennsylvania (www.puc.paonline.com)
- Rhode Island (www.ripuc.org)
- Texas (www.puc.state.tx.us)
- Vermont (www.state.vt.us/psb)
- Wisconsin (www.psc.state.wi.us)