

# The Creation of an Energy Efficiency Resource Standard and the Process for Allowing Residential Aggregation

Connecticut's Class III Energy Efficiency Resource Standard  
June 2009



## INTRODUCTION

This document explains the progression of Connecticut's Energy Efficiency Resource Standard (EERS), known as the Class III [Renewable Portfolio Standard](#) (RPS), over time including both the regulatory rulings by a state agency (Connecticut Department of Public Utility Control – DPUC) and the legislative actions by elected officials (Connecticut General Assembly). It also covers how the standard evolved from one originally focused on the commercial and industrial sector to the current form now encompassing the aggregated savings from the residential sector.

## INNOVATIVE PUBLIC POLICY

*"Innovative government programs and incentives are needed to accelerate the diffusion of energy efficient products throughout American society and to gain potential energy, cost, and carbon emission savings."<sup>1</sup>*

Connecticut's Class III RPS represents such a government innovation that has the potential to advance residential energy efficiency through privately financed projects.

Reid Smith, a blogger for Energy Efficiency Markets, awards Connecticut's Class III RPS as the most innovative policy of 2008 as "Connecticut tends towards gutsy moves when it comes to energy policy...We like Connecticut's energy efficiency certificate market or "white tag" trading program..." The National Renewable Energy Lab (NREL) and Lawrence Berkeley National Lab (LBNL) both cite Connecticut as the market to watch "For U.S. EEPS [energy efficiency portfolio standard] policy makers and those seeking to understand the prospects for broader U.S. ESC [energy saving certificate] compliance trading, the ESC trading program in Connecticut merits attention."<sup>2</sup>

## REGULATION

The following is a breakdown of the regulatory process that deals with the implementation of Connecticut's energy efficiency resources standard – or more widely known in Connecticut as the Class III RPS. It begins with the docket that established that residential energy savings could be aggregated and traded in the Class III RPS (Docket No. 05-07-19RE01), then moves to the docket where the first private sector development project for residential aggregation was decided (Docket No. 09-01-18), and concludes with the latest docket to examine modifications to the Class III RPS (Docket No. 05-07-19RE02).

### Docket No. 05-07-19RE01

Docket No. 05-07-19RE01 is the docket where Earth Markets advocated on behalf of residential ratepayers and [Connecticut's Clean Energy Communities](#) to allow residential energy savings to be aggregated in order to create tradable renewable energy credits (RECs) so that residential ratepayers may participate in the Class III RPS. The significance of the DPUC's final decision in this docket is that privately financed projects can now receive 100% of

<sup>1</sup> *Saving Energy at Home and On the Road: A Survey of American's Energy Saving Behaviors, Intentions, Motivations and Barriers* by Yale University and George Mason University (January 2009).

<sup>2</sup> *Considerations for Emerging Markets for Energy Savings Certificates* by NREL and LBNL (October 2008).

the value of the RECs from the aggregation of residential energy savings projects. This decision has attracted several companies into Connecticut to support residential energy efficiency projects that are in addition to the programs offered by the state’s system benefit fund.

Date	Topic	Brief Description	Hyperlinks
07-29-05	Time Schedule for Docket No. 05-07-19RE01	DPUC proceeding to develop a new distributed resources portfolio standard (Class III) – 2007 Revisions based on revisions to P.A. 07-242 “An Act Concerning Electricity and Energy Efficiency.”	<a href="#">Click Here for Schedule</a> <a href="#">Click Here for Proceedings</a>
09-28-08	Final decision by the Connecticut DPUC	DPUC supports Earth Markets’ case to allow privately financed residential energy efficiency projects to be aggregated and receive 100% of the value of energy savings credits.	<a href="#">Click Here for Decision</a>
07-03-08	Brief filing by Earth Markets to the Connecticut DPUC	Earth Markets files a brief to the DPUC advocating for residential ratepayer participation in the energy efficiency resource standard.	<a href="#">Click Here for Brief</a>
06-19-08	Public comments by Earth Markets to the Connecticut DPUC	Earth Markets files public comments to the DPUC requesting that residential ratepayers be able to participate in the energy efficiency portfolio standard.	<a href="#">Click Here for Comments</a>
2007 Legislative Session	Passage of 07-242 “An Act Concerning Electricity and Energy Efficiency”	Connecticut General Assembly passes P.A. 07-242 “An Act Concerning Electricity and Energy Efficiency” that revises the Class III RPS.	<a href="#">Click Here for Act</a>

Docket No. 09-01-18

Docket No. 09-01-18 is the docket for Earth Markets’ “Community Energy Savings Project – Lighting”. The significance of this docket is that it is the first request by a private sector developer to initiate a residential energy savings project in Connecticut. This project gives Earth Markets the opportunity to initiate a CFL lighting campaign in [Connecticut’s Clean Energy Communities](#) by working with local clean energy task force leaders and other community groups to engage their citizens in energy efficiency.

Date	Topic	Brief Description	Hyperlinks
01-16-09	Time Schedule for Docket No. 09-01-18	Request for declaratory ruling on eligibility for Class III status for “Community Energy Savings Project – Lighting” by Earth Markets.	<a href="#">Click Here for Schedule</a> <a href="#">Click Here for Proceedings</a>
06-24-09	Final Decision by Connecticut DPUC	Connecticut DPUC issues a favorable decision qualifying Earth Markets’ proposed “Community Energy Savings Project – Lighting” as eligible for Class III status.	<a href="#">Click Here for Decision</a>
04-28-09	Reply brief filing by Earth Markets to the Connecticut DPUC	Earth Markets files reply brief to the Connecticut DPUC about project eligibility, operational hours of usage, useful life of the light bulbs, and	<a href="#">Click Here for Reply Brief</a>

		electronic signatures.	
04-08-09	Late file exhibit filing by Earth Markets to the Connecticut DPUC	Earth Markets files additional late file exhibit to the Connecticut DPUC regarding a study called “Big Results – Bigger Potential: A CFL Market Profile” by the US DOE that shows that direct install and social marketing techniques demonstrate greater effectiveness of installation of CFLs.	<a href="#">Click Here for Late File</a>  <a href="#">Click Here for Study</a>
04-05-09	Late file exhibit filing by Earth Markets to the Connecticut DPUC	Earth Markets files late file exhibits to the Connecticut DPUC regarding a study called “Residential Lighting Measure Life Study” by Nexus Market Research.	<a href="#">Click Here for Late File</a>  <a href="#">Click Here for Study</a>
03-31-09	Opening Remarks by Earth Markets to the Connecticut DPUC	Earth Markets presents opening remarks to the Connecticut DPUC that includes updated information on increasing average residential electricity usage and costs in Connecticut and additional request to allow Connecticut Clean Energy Communities to participate in the “Community Energy Savings Project – Lighting” and for LED lighting to qualify for Class III eligibility.	<a href="#">Click Here for Opening Remarks</a>
01-16-09	Request for Declaratory Ruling filed to the Connecticut DPUC	Request for declaratory ruling on eligibility for Class III status for “Community Energy Savings Project – Lighting” by Earth Markets.	<a href="#">Click Here for Request</a>

*Docket No. 05-07-19RE02*

Docket No. 05-07-19RE02 is the docket where behavior based strategies for residential ratepayers and the trading practices of Class III RECs by CL&P and UI is currently being discussed. The significance of this docket is that it opens up a discussion on whether or not residential behavior-based projects with appropriate measurement & verification (M&V) will qualify for Class III status. This docket also focuses on the extent to which the trading practices of CL&P and UI, as administrators of the system benefit fund, are impacting the Class III RPS market. A final decision by the DPUC will have significant impacts on how the Class III RPS will function in Connecticut.

<b>Date</b>	<b>Topic</b>	<b>Brief Description</b>	<b>Hyperlinks</b>
07-29-05	Time Schedule for Docket No. 05-07-19RE02	DPUC proceeding to develop a new distributed resources portfolio standard (Class III) – 2009 Revisions.	<a href="#">Click Here for Schedule</a>  <a href="#">Click Here for Proceedings</a>
05-29-09	Reply comments by Earth Markets to the Connecticut DPUC	Earth Markets files reply comments on residential behavior strategies M&V, privacy issues, EDC administration of RECs, and ACP.	<a href="#">Click Here for Reply Comments</a>
05-20-09	Public comments by Earth Markets to the Connecticut DPUC	Earth Markets files written comments on residential behavior strategies, privacy issues, EDC administration of RECs, and the ACP.	<a href="#">Click Here for Comments</a>
2005	Passage of 05-01 “An Act	Connecticut General Assembly passes	<a href="#">Click Here for Act</a>

Legislative Session	Concerning Energy Independence”	P.A. 05-01 “An Act Concerning Energy Independence” that creates the Class III RPS.	
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## PUBLIC POLICY

The following is a breakdown of the legislative process that deals with the creation and revisions of Connecticut’s Class III RPS. This energy efficiency resource standard is the first-of-its-kind in the nation that allows tradable energy savings certificates, or renewable energy credits (RECs), to help in the finance of energy efficiency and combined heat and power (CHP) projects in the state. This market-based public policy is intended to attract private sector developers to Connecticut to develop and finance energy efficiency and CHP projects.

Date	Topic	Brief Description	Hyperlinks
04-06-09	HB 6603 “An Act Concerning the Class III Renewable Portfolio Standard” receives a favorable report from the House	Earth Markets’ policy proposal to support behavior-based strategies and privately financed residential energy efficiency projects receives a favorable ruling. Only part of the policy proposed by Earth Markets is included in the bill.	<a href="#">Click Here for Proposed Legislation</a>
03-03-09	Testimony before the Connecticut General Assembly	Earth Markets President and CEO and Chief Community Officer testify before the Energy & Technology Committee on the energy efficiency portfolio standard bill HB 6603 ““An Act Concerning the Class III Renewable Portfolio Standard”.	<a href="#">Click Here for Testimony</a> <a href="#">Click Here for Policy Proposal</a>
2007 Legislative Session	Passage of 07-242 “An Act Concerning Electricity and Energy Efficiency”	Connecticut General Assembly passes P.A. 07-242 “An Act Concerning Electricity and Energy Efficiency” that revises the Class III RPS.	<a href="#">Click Here for Act</a>
2005 Legislative Session	Passage of 05-01 “An Act Concerning Energy Independence”	Connecticut General Assembly passes P.A. 05-01 “An Act Concerning Energy Independence” that creates the Class III RPS for energy efficiency and combined heat and power (CHP).	<a href="#">Click Here for Act</a>
2005 Climate Change Action Plan	Recommended Action 30 “Clean Combined Heat and Power” released in the Connecticut Climate Change Action Plan –2005.	Connecticut Climate Change Action Plan recommends that a 3 <sup>rd</sup> RPS class be created focused on CHP. The recommendation demonstrates significant GHG emissions reduction potential from CHP.	<a href="#">Click Here for Recommended Action</a>

The following is a breakdown of recent legislative activities relating to the broader topic of innovative financing models for residential energy efficiency. Earth Markets continues to monitor the policy landscape and bring interesting models to the attention of state policy makers.

Date	Topic	Brief Description	Hyperlinks
05-04-09	Testimony before the Connecticut General Assembly	Earth Markets President and CEO testifies before the Appropriations and Energy & Technology Committee	<a href="#">Click Here for Testimony</a>

		about EECBG Grants and innovative energy efficiency financing models such as municipal property tax financing.	
03-05-09	Public information session with the Connecticut General Assembly	Earth Markets works with the Clean Energy and Energy Efficiency Subcommittee of the Energy & Technology Committee to organize an event called “Advancing Energy Efficiency and Conservation in Our Homes and Communities.”	<a href="#">Click Here for Event Documents</a>

**Earth Markets**

Earth Markets is a social venture that develops and finances residential energy efficiency projects that provide cost savings to consumers, reduce energy usage, and reduce greenhouse gas emissions. Earth Markets marries a consumer-focused community marketing and social networking approach on the front-end with an environmental markets and project finance approach on the back-end.

We make it affordable to bring energy efficiency technologies into the homes of a community. Our goal is to start a conversation with households in a community and build a relationship with them around sustainable energy usage, moving them up the “food chain” of smart energy behaviors and purchases over time.

Our services in the residential energy efficiency space include:

- Program design and implementation;
- Community-based marketing program development;
- Innovative financing strategies;
- Aggregation of residential energy and demand savings; and
- Policy development.

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