

Energy Efficiency

A recent survey on energy issues sponsored by the New England Energy Alliance found New Englanders have strong opinions on how to best encourage greater energy efficiency and are willing to take action to reduce monthly electricity costs.

Increase efficiency through domestic actions

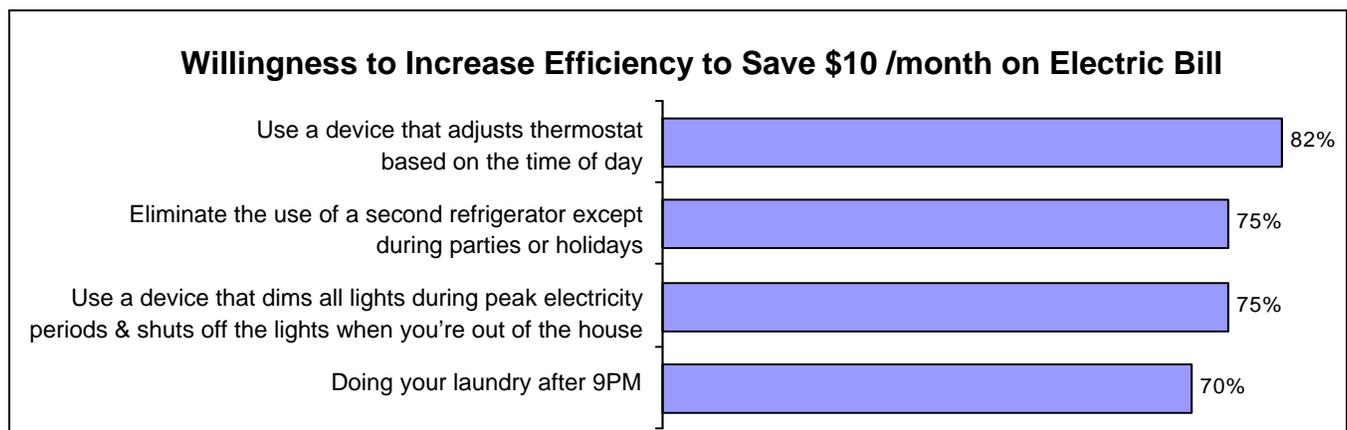
New England is a leader in electricity efficiency and outspends most other states on a per capita basis. As part of electric industry restructuring, each New England state legislatively mandated funding for efficiency programs administered by utility distribution companies through a ratepayer charge of between 0.15 and 0.30 cents per kWh – averaging between \$9 and \$18 a year for residential consumers.

Approximately \$240 million is collected from the region’s consumers each year for programs that produce electricity savings of about 750 million kWh annually (or enough to supply about 125,000 homes). This represents a 1.3% reduction in the region’s total consumption of electricity over the course of a year – reducing New England’s annual electricity growth rate by about half over the past decade.

Some states, including Massachusetts, for economic and environmental reasons have proposed aggressive goals to try to meet all growth in electricity demand by increasing efficiency, rather than through generating capacity – requiring significant expansion in efficiency program investment.

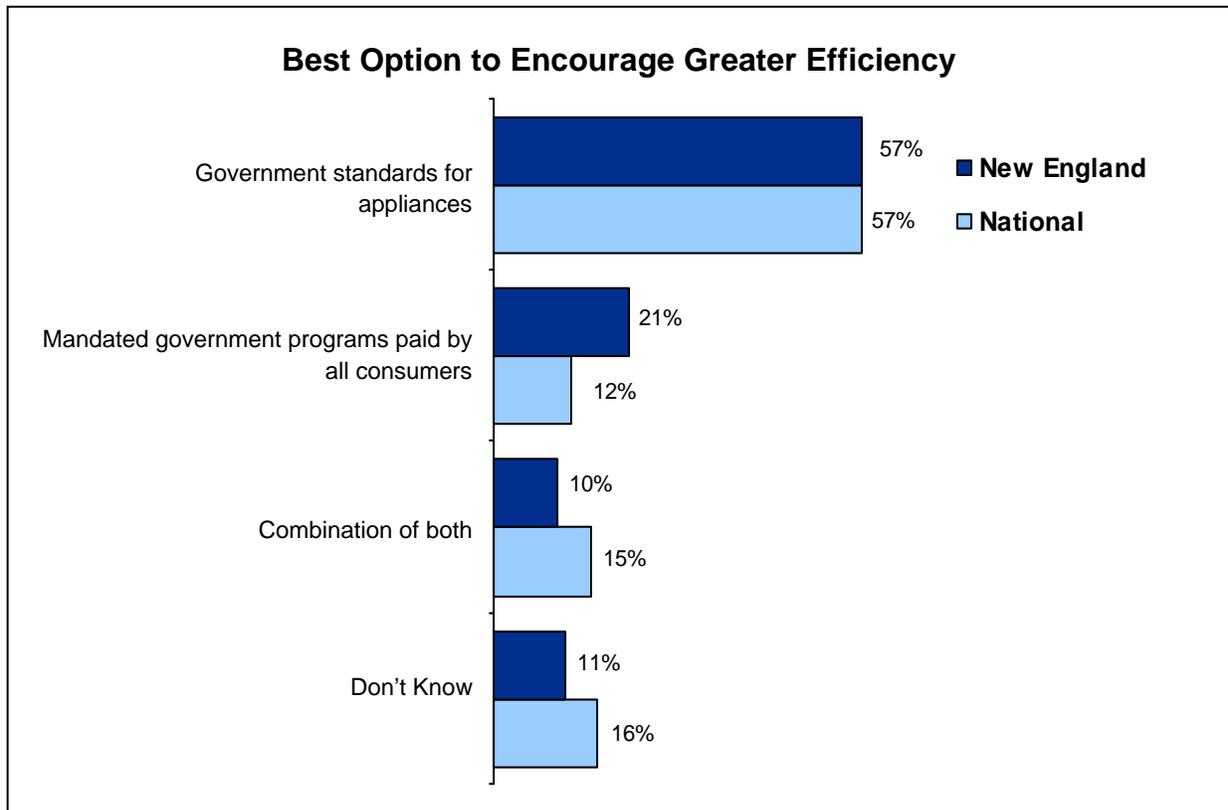
While desirable, this approach raises concerns. In fact, the survey showed that more than 60% of New Englanders surveyed are uneasy about this approach. Their apparent unease is supported by a recent study by the Associated Industries of Massachusetts Foundation that found the benefits of electricity efficiency programs – while cost-effective – to be significantly overstated. The study also concluded that meeting all growth in electricity demand through increased efficiency would result in “potentially devastating consequences to the economy and quality of life”.

Nevertheless, an overwhelming majority of New Englanders are willing to take actions to reduce electricity consumption as shown below in the bar graphs:



Encouraging efficiency should be based on consumer choice

Expanding government mandated programs paid for by consumers is one approach to encourage greater efficiency and to help finance measures by homeowners and businesses. Adopting government mandated appliance standards – like for washing machines – is another option that could have the same effect in reducing electricity consumption. Although the appliance would be more expensive, the decision making would be in the hands of the individual consumer.



Fifty-seven percent of New Englanders surveyed are in favor of instituting government standards for appliances as a method to increase energy efficiency – the same percentage as nationally. Only twenty-one percent are in favor of expanding mandated consumer funded government programs – higher than the national average of 12%. A small portion thought a combination of each option is needed. Clearly, consumers want choices left in their own hands and not dictated by government programs.

Looking forward, significantly improving electricity efficiency will be necessary to meet environmental goals required by the region’s participation in the Regional Greenhouse Gas Initiative (RGGI). Significant new infrastructure will also be required. Even with optimistic assumptions about efficiency, the region will need thousands of megawatts of renewable generation including wind and solar as well as from other sources like natural gas and nuclear power. New transmission will have to be built to connect these renewable resources to electricity demand centers.

New England Energy Alliance

All potential contributors to reducing electricity demand and increasing supply must be considered in parallel to maintain reliability and mitigate price increases within the region.

The annual telephone survey was performed by Opinion Dynamics for the New England Energy Alliance in April 2008 and included 600 registered voters proportionately distributed throughout New England. The margin of error is +/-4%. The complete results are available at www.newenglandenergyalliance.org. For more information contact:

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The New England Energy Alliance is a coalition of energy providers and business and trade organizations concerned about future energy supplies.