

Significant Opportunity for Increased Energy Efficiency in New England

A survey conducted by Opinion Dynamics for the New England Energy Alliance found that a significant opportunity exists for implementing energy efficiency improvements (and in particular electricity) in the residential sector. A very surprising seventy-one percent (71%) said they have not had an energy audit conducted in their home. Moreover, a vast majority expressed a willingness to undertake measures to reduce energy consumption such as: car pool or take public transportation, physically “unplug” appliances when not in use, contact their energy delivery company for an energy audit, and replace light bulbs with compact fluorescents.

Concern about rising energy prices is key motivator

The New England states have had, and continue to have, some of the highest electricity costs in the country for several reasons. First, regions with substantially lower electricity costs rely almost exclusively on coal and nuclear generating plants. These facilities have become difficult, if not impossible to site in New England. Instead, the competitive markets have predominantly built natural gas-fired generating plants which, while highly efficient, are dependent on a fuel with high price volatility that must be delivered by pipeline into the region from distant fields.

Second, lagging infrastructure development in the region has driven electricity prices higher in some areas. Transmission congestion in Connecticut, for example, has been responsible for hundreds of millions of dollars in electricity costs each year. However, these congestion costs should begin decreasing as several new transmission infrastructure projects have been recently completed.

Eighty-four percent (84%) of survey respondents said fluctuating energy prices and their impact on family budgets and businesses are key concerns – with 62% “extremely concerned”. Concerns were highest in Rhode Island— where 90% of survey respondents said they were concerned.

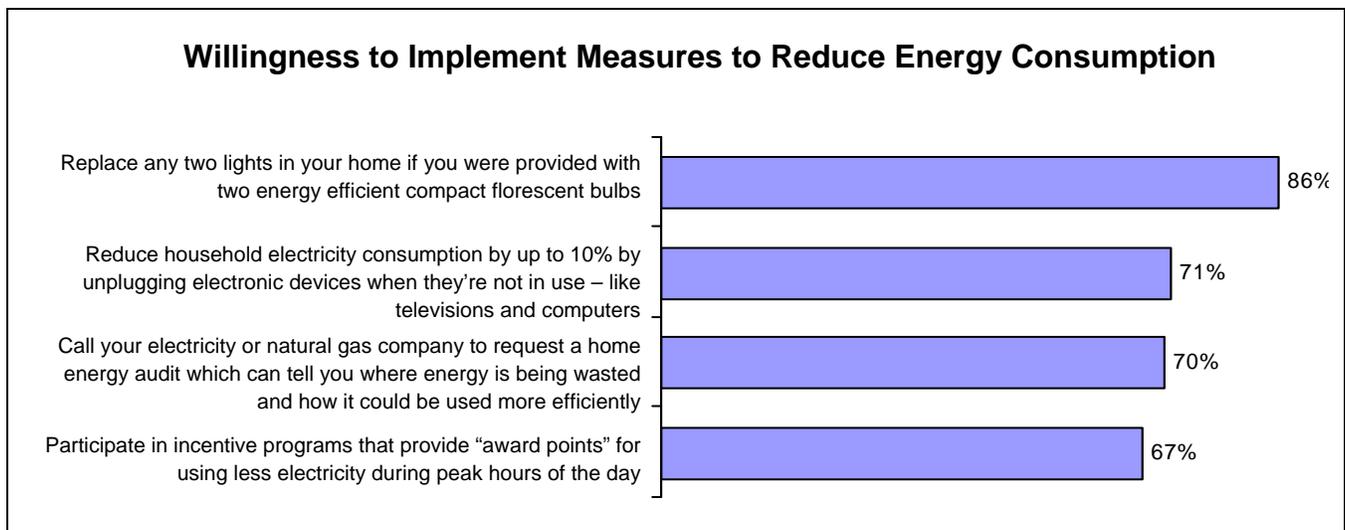
And in another red flag for policymakers, a super majority of seventy-six percent (76%) are concerned that businesses in the region pay 60% more for electricity than the national average – placing them at a competitive disadvantage. Fifty-one percent (51%) are “extremely concerned” that many businesses will expand and create jobs elsewhere – outside of New England.

Majority willing to undertake further efficiency measures

The region’s high electricity prices have led New Englanders to become national leaders in electricity efficiency. As part of electric industry restructuring, each New England state legislatively mandates 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 \$250 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). As a result of these and other efficiency initiatives, the region’s per person consumption of electricity is among the lowest in the nation. Even so, there is a clear and compelling willingness among consumers to take additional, reasonable steps to further reduce energy consumption:

- A super majority of 71% expressed a willingness to reduce household electricity consumption of up to 10% by physically unplugging electronic devices when not in use to reduce phantom load. More women than men seemed willing to take this action – 77% versus 63%.
- 67% of consumers would be willing to participate in a type of “awards points” program for using less electricity during peak hours of the day – which, for example, could be redeemed to buy items in popular stores. Again, not surprisingly, women seemed more inclined to participate in such a program – as 57% were “strongly willing” to participate compared to just 38% of men.
- A super majority of 81% would be willing to replace any two lights in their homes with two energy efficiency compact fluorescent bulbs.



It is also clear that there is significant potential for home energy audits. About 70% of survey respondents expressed a willingness to call their energy delivery company for an audit to find out ways to reduce household energy consumption – a similar percentage stated that their home has never had an efficiency audit. And, a little more than half of the respondents also said they were concerned that the region has been slow to install “smart meters” which would provide valuable information to small business owners and families regarding electricity consumption and provide opportunities to save money during peak demand periods.

Many favor market-based approaches to increasing efficiency

New Englanders were also asked which of the following three approaches would be the best option to decrease the amount of electricity we use:

- Mandate government programs to encourage efficiency
- Rely on the marketplace to introduce more energy efficient appliances and products
- Institute government standards for appliances

Government mandated programs were weakly supported by just 15% of the respondents. The other two choices were even at about 34%. Interestingly, when they are added together, these two choices (which could as a practical matter be easily implemented together) come close to the super majority that favors consumer choice and competition in the purchase of electricity. This suggests that consumers favor government efficiency standards (which have been in place for decades) but want them implemented by the marketplace so that they have a choice on how to best increase energy efficiency in their own homes.

The annual telephone survey was performed by Opinion Dynamics Corp for the New England Energy Alliance in January 2009 and included 600 registered voters proportionately distributed throughout New England. The margin of error is +/-4%. The complete results on a variety of energy issues are available at www.newenglandenergyalliance.org

The New England Energy Alliance is a coalition of energy providers and trade organizations that advocates for action to ensure the availability, reliability, and affordability of future energy supplies.