

## Increased Efficiency

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### Proposal to double state investment still under evaluation

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The Connecticut Department of Energy and Environmental Protection (“DEEP”) announced its plan to nearly double the state’s investment in energy efficiency – from \$122 million per year to \$231 million a year for the next three years. In reaching this decision, the DEEP touted the savings that would accrue to businesses investing in efficiency measures and claimed that for every dollar a business invests in energy efficiency measures, the business should expect to see a three to four dollar savings in return.

The DEEP’s plan calls for the implementation of a Conservation Adjustment Mechanism (CAM) that will result in increased charges on customers’ electric and natural gas bills. The money collected under the CAM will then be used to fund various energy efficiency measures, including: rebates for energy efficient appliances, energy audits, increased insulation, installation of high efficiency furnaces, educational programs, energy efficient lighting and financing for upgraded commercial and industrial equipment. These programs will be undertaken through the oversight of the state’s Energy Efficiency Board.

Under the current efficiency programs, electricity and gas customers pay a conservation charge to the utilities based on the amount of energy consumed. Electricity customers currently pay a conservation fee of \$0.003 per kilowatt hour (kWh), which translates into approximately \$2.25 per month for an average household using 750 kWh per month. The proposed CAM will add an additional \$0.003 per kWh to customer bills, resulting in a conservation charge of approximately \$4.50 per month for the average household.

Gas customers can expect increased conservation charges as well. Currently, there is an efficiency charge placed on natural gas customers in the amount of \$0.017 per hundred cubic feet of natural gas consumed. This results in charges of approximately \$2.50 for an average residence during the colder months when the most natural gas is consumed. The DEEP’s proposal would result in an additional efficiency charge of \$0.046 per hundred cubic feet of gas, which would result in a total efficiency charge of \$6.90 per month for an average residence during the winter’s peak use of natural gas.

In proposing these increases, the DEEP is quick to point out that all of Connecticut’s ratepayers are anticipated to benefit from the proposed increases in efficiency funding. According to DEEP, the increases in efficiency funding will benefit not only the businesses and households who take advantage of enhanced efficiency programs, those programs will benefit all consumers as reduced energy consumption will reduce the need for transmission upgrades and will reduce the system operator’s need to use inefficient generation

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to provide power to the regional electricity grid. The proposed increases are still subject to further evaluation and discussion, and it is possible that the proposed increases will be changed before being finalized.

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