

**BEFORE THE IDAHO LEGISLATIVE COUNCIL'S INTERIM COMMITTEE ON
ENERGY, ENVIRONMENT, AND TECHNOLOGY**

EnerNOC COMMENTS ON THE "2012 IDAHO ENERGY PLAN"

EnerNOC, Inc. ("EnerNOC") appreciates the opportunity to comment on the 2012 Idaho Energy Plan ("Plan"). EnerNOC commends the Interim Committee on Energy, Environment, and Technology ("Committee") for their hard work in drafting such a forward-thinking and well-constructed plan. The Committee deftly handled the challenge of drafting a plan that balances a variety of competing priorities.

In the following comments, EnerNOC offers its full support for some of the major provisions found in the plan. Our comments are focused on policies and actions relating to energy efficiency and demand response.

I. Introduction to EnerNOC

EnerNOC is a leading developer and provider of clean and intelligent power solutions to commercial, institutional, and industrial (C&I) end use customers, as well as electric power grid operators and utilities. EnerNOC's technology-enabled demand response and energy management solutions help both customers and grid operators optimize the balance of electric supply and demand.

EnerNOC currently manages over 6,600 MWs of demand response resources across 10,700 customer sites throughout North America, Australia and the United Kingdom,¹ and is the largest company of its kind in the world. EnerNOC actively manages aggregated demand response resources participating in a broad variety of reliability-based programs, economic price-response programs, and ancillary services markets.

¹ As of July 31, 2011

As an energy efficiency implementer EnerNOC has delivered more than 400 million kWh of industrial EE savings to date. EnerNOC delivers these demand response and energy efficiency programs through partnerships with more than 100 utilities and grid operators across North America and beyond. Recently EnerNOC added to these capabilities through acquisition of Boise-based M2M Communications. In addition to having a Boise office with nearly 40 employees, EnerNOC is proud of demand response partnerships with Idaho Power and PacifiCorp that have helped reduce peak demand in Idaho by hundreds of MWs.

EnerNOC's unified platform comprises:

- 1) C&I demand response implementation across emergency, peak shaving and ancillary services programs; with significant AutoDR and Agricultural DR expertise.
- 2) Energy Efficiency implementation, including industrial EE, continuous energy improvement(CEI), persistent commissioning (PCx) and energy services which includes retro-commissioning, audits, etc.
- 3) And finally our consulting services group, with engagements spanning from load analysis and potential assessments to program design and EM&V.

II. Demand-Side Management as Highest Priority Resource

EnerNOC enthusiastically endorses the Plan's unwavering commitment to Demand-Side Management (DSM). The Plan states:

*"The Committee intends that Idaho utilities should make cost-effective conservation, energy efficiency and demand response the highest priority resources in their IRPs."*²

EnerNOC supports this recommendation and agrees with the Committee's rationale for supporting DSM. Through reducing energy spend, creating local employment opportunities, limiting dependence on out-of-state energy resources, and protecting natural resources, DSM has

² Page 116

and continues to deliver significant economic and environmental benefits to Idahoans. As the Plan acknowledges:

“Conservation reduces the energy bills paid by consumers, freeing up dollars to be spent on other goods and services and representing, in economic terms, an increase in disposable income. Moreover, implementation of conservation measures requires a local labor force. Thus, increased investment in conservation not only reduces total energy expenditures but shifts a portion of the remaining expenditures from imported fuel to locally-provided goods and services.”³

Statistics in the plan demonstrate the cost-effectiveness of DSM. Idaho Power’s 2011 IRP indicates that additional demand-side resources to be acquired over the next 20 years will avoid over \$1.1 billion in power supply costs.⁴ While the cost to acquire energy efficiency will vary between an average of 3.6 and 5.1 cents per kilowatt hour (kWh) for Idaho Power, energy only from new generation from natural gas plants is at 10.9 cents, wind at 8.9 cents, coal at 18.3 cents, and nuclear at 22.9 cents. Rocky Mountain Power’s DSM programs range from 1.6 cents to 5.7 cents, compared to energy only from new generation from natural gas plants from 6.7 and 13.4 cents, wind from 6 to 7.6 cents, coal from 7.4 to 11.5, and nuclear at 8.8 cents.⁵

EnerNOC respectfully requests that the Committee maintain its support for cost-effective conservation, energy efficiency, and demand response as the *highest* priority resource in the final Plan.

III. Removal of Disincentives and Barriers to Demand-Side Management

Idaho utilities should be applauded for their role in delivering successful DSM programming that has reaped tremendous benefits for their customers. The Plan points out that

³ Page 46

⁴ Page 77

⁵ Page 77

since 2004 energy savings have increased by a staggering 3100% in Idaho Power's territory, 1600% in PacifiCorp's territory, and 100% at Avista.⁶

However, Investor Owned Utilities (IOUs) should not be forced to choose between delivering successful DSM programs and losing revenue. EnerNOC's experience in dozens of states suggests that utilities require adequate fixed cost revenue recovery or partial decoupling mechanisms and financial incentives in order to capture the full potential of demand side resources.

EnerNOC fully supports similar policies being permanently implemented in Idaho. According to the 2011 ACEEE scorecard, 36 states have authorized some form of performance incentive for utilities, including Washington and Montana.⁷ All but ten states have some mechanism in place that allows utilities to recover revenues lost due to energy efficiency.⁸ Indeed, nearly every state that finished at the top of the ACEEE Scorecard had such a policy. Without implementing such policies Idahoans will not realize the full benefits of DSM.

IV. Demand-Side Management in State Facilities

EnerNOC applauds the "lead by example" mentality embraced in the Plan regarding DSM in state facilities. The Plan recommends that State Government will:

*"Demonstrate leadership by promoting energy efficiency, energy efficient products, use of renewable energy and fostering emerging technologies by increasing energy efficiency in State government..."*⁹

EnerNOC notes Idaho's current requirement that state buildings be 10%-30% more energy efficient than Idaho law requires,¹⁰ and has two suggestions for enhancing the State's energy efficiency plans:

⁶ Page 59

⁷ ACEEE 2011 Scorecard: <http://www.aceee.org/sites/default/files/publications/researchreports/e115.pdf> P. 39-40.

⁸ ACEEE 2011 Scorecard: <http://www.aceee.org/sites/default/files/publications/researchreports/e115.pdf> P. 103-107.

⁹ Page 11

¹⁰ <http://www.aceee.org/energy-efficiency-sector/state-policy/Idaho/185/all/202>

- ***Set a reduction goal for state facilities:*** Currently 27 states have a requirement or goal to reduce consumption in state facilities (table of policies attached). For example, Arkansas has a requirement to reduce consumption in state facilities by 30% by 2017.¹¹ Nevada has a requirement to reduce grid-based energy purchases by 20% by 2015 for Executive Branch agencies and Departments.¹² While not all states are as aggressive as Arkansas, their logic is similar. Energy costs millions of dollars in taxpayer money with most of the dollars flowing outside of the state and creating few if any in-state jobs. By setting a goal or requirement, the state is sending a signal to state agencies that they will be measured against the goal, and to private companies that there is a robust market for their energy efficiency services.
- ***Require commissioning in large state facilities:*** Several states have required that large state facilities, usually those exceeding 50,000 square feet, be regularly retro-commissioned (RCx). Similar to how a car needs to be occasionally “tuned-up” to operate at peak performance, office-type buildings can lose efficiency if they are not similarly tuned-up every three to five years. RCx is the process of systematically inspecting existing building systems and equipment to identify areas of inefficient operation and opportunities for savings. The savings opportunities typically identified through the RCx process are not capital measures such as lighting or chiller upgrades, rather they are no cost/low cost measures such as ensuring programmed schedules align with the building’s operation and that heating and cooling systems are not fighting each other. In addition, RCx can also improve the quality of the indoor environment by correcting building systems that are out of alignment such as offices that are too cold on one side of a building while too hot on the other. While

¹¹ http://www.dsireusa.org/incentives/incentive.cfm?Incentive_Code=AR07R&re=1&ee=1

¹² http://www.leg.state.nv.us/Session/22nd2005Special/bills/AB/AB3_EN.pdf

RCx often uncovers simple and “common sense” fixes, unless there is a process to regularly identify and correct such deficiencies, they can persist unnoticed and waste energy for long periods of time.

A 2004 Lawrence Berkeley National Laboratory study revealed that commissioning is one of the most cost-effective means of improving energy efficiency, with average whole-building energy savings of 15 percent and a simple payback of 0.7 years for building owners.¹³ Simply put, by not doing RCx and allowing state buildings to continue to operate inefficiently, the State could be ignoring a significant opportunity to save taxpayer dollars and create well-paying jobs for Idaho residents.

V. Conclusion

EnerNOC thanks the Committee for their diligence in authoring the Plan, and for considering EnerNOC’s comments. Please do not hesitate to contact me if there are questions.

Respectfully Submitted,



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¹³ Evan Mills et al., “The Cost-Effectiveness of Commercial-Buildings Commissioning” (2004), Lawrence Berkeley National Laboratory, <http://eetd.lbl.gov/emills/pubs/cx-costs-benefits.html>.