

Conservation Law Foundation
Northeast Energy Efficiency Partnerships
New Hampshire Office of Consumer Advocate
Connecticut Office of Consumer Counsel

New England is at a unique moment in history. The challenge of meeting unprecedented demand for electricity is colliding with the historic and daunting challenge of reducing our greenhouse gas emissions. At the same time, we must face the other environmental implications of our energy use from the impact of mercury deposition and acidification on our forests and water resources to the public health implications of rising temperatures and reduced air quality.

Last week, ISO New England released a much anticipated New England Electricity Scenario Analysis Report. The ISO Report provides useful data and some groundwork that begins to tell a story about possible futures – but, as the report itself acknowledges, it is only a small step towards envisioning and planning that future.

The ISO Report analyzed different resource options individually and compared them in terms of certain economic and environmental impact parameters. From the outset of its project, the ISO made clear that its exercise would not involve favoring one resource option or goal over another.

The attached *ISO-NE Scenario Analysis Companion Report*, prepared by Synapse Energy Economics on behalf of Conservation Law Foundation, Northeast Energy Efficiency Partnerships, the New Hampshire Office of Consumer Advocate, and the Connecticut Office of Consumer Counsel, takes the ISO's findings a step further to provide alternative scenarios that would meet two minimum criteria:

1. lower electricity costs for the region and
2. reduce carbon emissions to meet regional carbon emission reduction goals.

The ISO-NE Scenario Analysis Companion Report moves beyond the ISO Report with a thorough analysis of the data and an assessment of the strengths and weaknesses of the ISO report. It suggests additional analyses to develop a future scenario that will meet the region's economic and environmental needs. In particular, the following key limitations, findings, and current policy developments support our recommendations to policymakers in the region:

- The ISO analysis is a technical report that is overly focused on the price of energy on a “per kilowatt” or “per megawatt” basis. As a result, it does not directly address the more important question of what people and businesses will actually pay for energy and the critical role that resources, such as energy efficiency, which reduce demand, can play in reducing our energy bills.

- The ISO Report shows that "demand side resources" (such as efficiency) in combination with clean renewables (such as wind), and advanced co-generation projects (like combined heat and power, or CHP) will protect ratepayers from higher and volatile energy prices and move us towards the climate protection goals the states have adopted. However, the Report fails to report this "good news" message in a clear and concise manner.
- The ISO Report fails to consider that sophisticated "demand response" technologies can not only address and reduce peak demand on the very hottest hours of the hottest days of the year, but also can reduce demand and energy consumption during other times of the year, thereby reducing our overall need for costly new investments.
- States are stepping up with ambitious goals for accelerated demand side programs. Massachusetts has pledged to meet all growth in demand through energy efficiency, and Connecticut, Maine and Rhode Island have all recently passed legislation directing those states to capture all cost-effective energy efficiency. Elsewhere in the Northeast, New York plans to reduce demand by 15% by 2015, and New Jersey is considering a 20% reduction by 2020. The ISO Report could evaluate the implications of such goals and consider the impact on future power supply scenarios.
- The ISO Report does not mention one of the most notable benefits of demand resources: they keep our resources in our region. Money spent on fossil fuel generation is just money exported out of the region and money spent on Demand Resources (and efficiency in particular) is money that is returned to ratepayers and supports local businesses. We should pay ourselves to be more efficient instead of paying for coal and oil imports.

Meeting continued growth and meeting our climate protection goals through demand resources, such as efficiency, demand response, and clean local renewable energy will require substantial work by all stakeholders throughout our energy system. We have provided a realistic and achievable workplan for reaching those goals.

We recommend that ISO-NE provide the additional modeling for both the Modified and the Preferred Scenario and that policymakers around New England use the analysis provided in the Companion Report to move our energy system toward one that lowers costs and reduces greenhouse gas emissions.

We look forward to the continued opportunity to work with other stakeholders to achieve these important objectives.