

NEEA Strategic Planning Outreach: Key Issue Brief

Should NEEA Adopt A “Fuel-Neutral” Mission?

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NEEA 2010-2014 Strategic Plan
Key Issues Brief:
Should NEEA Adopt a “Fuel-Neutral” Mission?

Recommendation: In order to align with market perspectives NEEA’s mission should be inclusive of all forms of energy including but not limited to electricity and natural gas. In so doing, NEEA should:

- Keep a consumer/market perspective focused on improving energy efficiency, regardless of fuel;
- Avoid any activities that might be perceived as “fuel switching” or otherwise directly seeking to influence fuel choice;
- Pursue equitable funding of NEEA efficiency efforts from all fuels; and
- Develop an action plan with stakeholders to implement any new efforts to work with other fuels.

Current Context:

- Market: Currently, most Northwest residential, business and industrial markets have multiple fuel choices and many already have energy service provided by multiple fuels.
- Mission: NEEA’s current mission statement references “electric energy efficiency” only. If interpreted strictly, this mission restricts NEEA from pursuing activities and/or funding from non-electric energy providers.

What we heard from the Region in our initial outreach:

- NEEA should maintain a consumer/market perspective and therefore must include multiple fuels in its efforts.
- Natural gas and electricity are interconnected for both energy supply and at the end-use.
- If NEEA were to actively pursue projects that conserve other fuels/resources, it would be essential to secure funding from the providers of those resources; electric utilities believe they are already getting benefits for free.
- NEEA should not engage in activities that would be viewed as “fuel switching” and would need to have policies and procedures in place to guard against “fuel-switching”.
- NEEA must be careful not to lose focus on electric efficiency while pursuing efficiency of other fuels or resources.
- Electric-only utilities are concerned that they will lose value if NEEA expands its scope to include gas energy efficiency

Questions and Answers:

1. ***Does this change in NEEA’s proposed mission mean that NEEA will engage in fuel switching activities?***

No. The change in mission simply means that NEEA would take an “end-customer” point of view about energy efficiency. It would allow NEEA to work more effectively with customers who already have multiple fuels and need to make good decisions about how to improve their overall energy efficiency regardless of fuel source.

2. *Would electric utilities be paying for natural gas energy savings?*

No. Electric utilities would be paying for energy efficiency efforts that target electric energy efficiency. However, due to the mixed-fuel nature of some markets, natural gas ends up being saved as a by-product of an effort targeted at electric efficiency. For example, high-efficiency residential clothes washers save hot water that may be produced using electricity or natural gas, but consumers are making choices about the efficiency of the washer; not what fuel is used for hot water.

The change in mission statement opens the door for discussions with natural gas utilities about supporting overall energy efficiency improvements in mixed fuel markets. Under the current NEEA mission, since these gas savings are simply a by-product of the overall market effort they are not paid for by the natural gas providers.

3. *Wouldn't adding other fuels dilute NEEA's focus on electric energy efficiency?*

No. The main purpose for opening the mission to be fuel neutral is to align with the end-customer point of view. Our experience has shown that markets are more likely to respond to efforts that align with their own needs and perspectives. In many cases, the overall energy efficiency efforts will be much more effective as fuel-neutral and should ultimately increase electric efficiency results.