



MEMBER SPOTLIGHT



MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY

Westfield energy efficiency initiative a first for munis

WESTFIELD, Mass. - Westfield Gas & Electric (WG&E) has launched an innovative pilot program for commercial and industrial customers that gives the utility a comprehensive package of energy efficiency, conservation, renewable and demand response services.

Coupled with existing services, the new program makes WG&E the first municipal utility in Massachusetts to offer a full complement of locally funded and managed efficiency services for all of its customers.

"We're breaking new ground with this initiative, based on the fact that energy efficiency is the most cost-effective resource available to our customers," said WG&E Manager Daniel J. Howard. "We've worked with MMWEC to design the program specifically for municipal utilities," Howard said. There is local control over implementation and all of the program's benefits accrue to the local community, he said.

In fact, the WG&E program is serving as a template for municipal utilities and could be the basis for Green Communities Act certification of an efficiency plan for municipal utilities. Such certification would open access to energy efficiency and renewable funding opportunities not currently available to municipal utilities.

"We're working to make the program successful in Westfield, and our lessons learned will help other public power systems going forward," Howard said.

MMWEC administers certain program activities and pre-qualified vendors provide energy audits, implementation services, measurement and verification, renewable energy assessments and demand response services.

"We know that energy efficiency is the most cost-effective resource available to our customers ..."

*Daniel J. Howard
Westfield G&E General Manager*

New C&I Program Services

Services under the new pilot program include co-funded technical energy audits and incentives to implement cost-effective audit recommendations for commercial and industrial (C&I) customers. There are different program components for small C&I customers and medium/large C&I customers (more than 4,000 kilowatt hours/month). Services are available to all C&I customers for new construction, building renovations and installation of premium efficiency equipment.

Recommended audit measures for small C&I customers can be implemented immediately and are eligible for rebates to fund up to 50 percent of project costs, up to a maximum of \$5,000 per project.

Measures recommended in medium/large C&I audit reports will be entered into a program database that will analyze energy efficiency opportunities, projected savings, installation costs, simple project economics and other factors. Based on the number of applications and cost-effectiveness of improvements identified, WG&E will award incentives of up to 50 percent of project costs, consistent with available funding. Projects not selected for funding in the first year are eligible in subsequent years.

Eligible improvements include but are not limited to building envelope upgrades, lighting and lighting controls, motors and drives, HVAC equipment, energy management systems, compressed air, furnaces and boilers, unique industrial processes as well as site-specific customer measures.

Massachusetts Municipal Wholesale Electric Company, P.O. Box 426, Ludlow, MA 01056

Residential

A new service for residential customers is the ENERGY STAR Homes program, which provides technical services and rebates for homeowners and builders to construct ENERGY STAR qualified homes. The primary benefits of such homes include lower utility costs, increased comfort and improved indoor air quality.

Since 1988, WG&E's residential customers have had access to MMWEC's Home Energy Loss Prevention Services (HELPS) program, which provides residential energy audits, audit implementation services, ENERGY STAR appliance rebates and assessment of a home's solar potential, among other services.

Technical Assistance

Customers have access to a broad range of technical services, beginning with assistance in completing program applications. WG&E programs include comprehensive energy audits, review of audit recommendations with customers, analysis of audit recommendations and installation of selected measures by qualified vendors.

Importantly, the WG&E programs include services to measure, verify and track energy savings resulting from implemented efficiency measures.

As part of the pilot program, WG&E is offering targeted technical assistance for customers interested in renewable energy and demand response options. Customers can have preliminary assessments conducted to evaluate the opportunities and economic considerations associated with potential renewable energy projects. Customers interested in evaluating demand response options, through which customers are paid to curtail their loads in certain circumstances, will work with a program partner specializing in demand response.

Program Economics & Funding

The program structure enables WG&E to control the number and type of energy efficiency measures that receive funding. It also enables the utility to measure and verify the energy and dollar savings resulting from implemented measures.

"We will know the savings potential before providing incentives to specific projects, and that will allow us to estimate benefits for the system as a whole," Howard said. "In addition to the benefits for individual customers, this initiative will provide significant benefits for all of our customers," he said.

Those system-wide benefits stem from reductions in demand that reduce WG&E's power supply requirements. A reduction in peak load and energy use will reduce WG&E's energy and capacity purchase requirements, resulting in significant savings for all customers.

"The challenge has been raising the capital required to provide incentives for the energy efficiency upgrades needed to realize these benefits," Howard said. "We know that energy efficiency is the most cost-effective resource available to our customers, so this initiative is an investment in new resources for our customers," he said.

In the first year of the three-year pilot program, WG&E has committed to spend approximately \$900,000 to fund the co-payments, rebates, technical services and other aspects of the program. How that money is spent will be a local decision, an important factor in the WG&E's decision to move forward with the program.

Customers of investor-owned utilities (IOUs) have a mandatory and specific surcharge on their bills to fund energy efficiency programs. At the same time, IOUs are moving to include additional energy efficiency costs in customer bills as they start to "decouple" their revenue from sales of electricity.

IOU customers are eligible for energy efficiency program benefits, such as rebates, but there is no mechanism to ensure that money collected from customers in Boston, for example, is returned to Boston customers in the form of program benefits.

"The model we've established in Westfield ensures that program benefits flow exclusively to WG&E customers, which is what makes this an attractive structure for consumer-owned utilities," Howard said.

WG&E launched its new program on July 1. The utility is planning to conduct audits through Nov. 1, 2010, after which audit recommendations will be analyzed and incentives will be offered for selected projects.

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