

## Historic DSM Spending in Vermont and New York

This document was prepared as part of an undertaking on Hydro One Networks Inc. by Jay Shepherd of Shibley Righton LLP representing the Schools Energy Coalition in cross-examination of Todd Williams as part of EB-2005-0523. The undertaking was to determine the level of DSM (or CDM) activity and spending in Vermont and Long Island prior to the 1999, the period referenced in Chris Neme’s affidavit and evidence for the Green Energy Coalition.

### Summary

Research undertaken by Todd Williams indicates that the Vermont Energy Investment Corporation and Long Island Power Authority had an established DSM infrastructure and DSM program base to draw from when they first began their DSM operations. Hence, the “ramp rates” highlighted in the Neme evidence are not directly relevant to Ontario’s LDCs, which do not have an established DSM infrastructure and DSM program base to draw from.

### Historic Energy Efficiency Spending

According to a report issued by the American Council for an Energy-Efficient Economy<sup>1</sup>, DSM spending in Vermont in the years 1993 through 2000 was as follows:

**Table 1: Vermont Energy Efficiency Spending (\$US millions)**

Year	1993	1996	1997	1998	1999	2000
Energy Efficiency Spending	\$11.3	\$4.1	\$3.9	\$4.2	\$5.2	\$6.3

This data clearly indicates that Vermont had a relatively significant level of energy efficiency program activity prior to the formation of the Vermont Energy Investment Corporation (VEIC) in 2000. Hence, it is likely that VEIC was able to draw on this experience and the programs being offered in “ramping-up” its own operations.

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<sup>1</sup> Appendix C. Time Series Data for Selected Variables, 1993 – 2000, *State Scorecard on Utility and Public Benefits Energy Efficiency Programs: An Update*, Report Number U023, American Council for an Energy-Efficient Economy, December 2002.

According to the same report, DSM spending in New York in the years 1993 through 2000 was as follows:

**Table 2: New York Energy Efficiency Spending (\$US millions)**

Year	1993	1996	1997	1998	1999	2000
Energy Efficiency Spending	\$339.6	\$159.6	\$132.0	\$98.8	\$118.0	\$162.8

This data indicates that New York also had a relatively significant level of energy efficiency program activity throughout the 1990's. It is likely that Long Island Power Authority (LIPA) was able to draw from this experience and activity.

### **Long Island Lighting Company DSM Experience**

It is also important to note that when LIPA was formed, it took over the former assets of Long Island Lighting Company (LILCO) as well as its DSM programs. LILCO offered DSM programs throughout the 1990's – starting at high levels in the early 1990's and then decreasing through the 1990's (similar to the overall pattern for New York State DSM spending shown in the previous table).

1999 was actually a transition year for LIPA, in which all active marketing of DSM was stopped for the first half of the year, as a revised portfolio of DSM programs were developed from the LILCO programs. As such, LIPA's 1999 DSM expenditures could be viewed as artificially low and the ramp up in LIPA's DSM spending through 2001, while significant, was not quite as significant as presented in the Neme evidence.

It is also important to note that many of LIPA's DSM staff were previously involved in DSM at LILCO.

In essence, LIPA started with access to LILCO's established DSM infrastructure, existing DSM programs, and experienced, knowledgeable DSM staff.

Finally, it is interesting to note that over 20% of LIPA's DSM expenditures over the period from 1999 through 2002 were on load management programs<sup>2</sup>

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<sup>2</sup> LIPA Biennial Report on Clean Energy, 2003