

February 28, 2017

Commissioner Rob Klee
Dept. of Energy and Environmental Protection
79 Elm Street
Hartford, CT 06106-3000

RE: Written Comments on Draft 2016 Status Report on Lead by Example Program

Dear Commissioner Klee:

The CT Roundtable on Climate & Jobs and the Acadia Center first want to thank the Department of Energy and Environmental Protection (“DEEP”) for providing a voluntary status update to the public on the progress of the Lead by Example (“LBE”) program.¹ The release of a draft legislative report for 2016 for public review and comment, both through a public meeting and through written comment, is an invaluable and commendable practice that will only help the program expand and evolve over time. We appreciate DEEP’s willingness to seek stakeholder input regarding the program’s design, administration, and performance.

We also commend DEEP for the progress made so far with the LBE program, including the projects completed to date, the exploration of integrating renewables with project work, and the important work done on determining energy consumption at the account and/or meter level. While there have been previous estimates of total energy consumption at the sector level for Connecticut’s state buildings² – information that helps set long-term, sector-level targets and overall strategy – having available the more detailed account and/or meter level data should help ensure that annual project work will build towards the LBE program’s cumulative energy savings targets.

Correctly identified by DEEP and the legislature in 2011 as a foundational piece of any state clean energy strategy, the LBE program continues to present a tremendous economic and environmental opportunity for Connecticut.³ Each completed LBE project creates jobs in Connecticut, helps grow the state’s economy, saves money for Connecticut taxpayers, eliminates costly energy waste in the state building sector, and helps protect our air and climate by reducing pollution emissions.⁴

¹ These comments pertain to the draft status report released earlier this year by DEEP entitled, “Leading by Example: Reducing Energy Use in State Facilities”.

² See, for example, DEEP’s estimate in its first legislative report on the LBE program in 2012: Connecticut Department of Energy & Environmental Protection and Connecticut Department of Administrative Services, *Lead by Example: Energy Efficiency in State and Municipal Buildings*, Legislative Report, July 2, 2012, p. 1 (estimating total energy consumption in FY 2011 at 4.1 trillion BTUs); see also CT Green Bank’s *Comprehensive Plan: Fiscal Years 2017 and 2018*, p. 69, Table 18 (estimating total energy consumption in 2016 at 5.0 trillion BTUs).

³ For more background information on the LBE program, including a copy of the governing statute, see Acadia Center’s *Policy Progress Report: Status of Connecticut’s ‘Lead by Example’ Energy Efficiency Program for State Buildings* (October 14, 2016).

⁴ Emissions reductions through energy savings encompass not only greenhouse gas emissions, but also other polluting byproducts of fossil fuel combustion, such as NOx, SOx, and particulate matter. Ramping up the LBE program now would help Connecticut reverse the state’s recent 7.5% increase in greenhouse gas emissions and also help ensure the state achieves its mandatory greenhouse gas emissions target for 2020. See Acadia Center’s report,

While we are encouraged by the information contained in the draft status report for 2016, we do have recommendations for modifications to the final version:

1. The status report should track LBE performance against the statutory target for energy savings. This should only require a simple modification: a sum of completed project energy savings to date (likely in a common unit of measurement across fuels, such as BTUs) compared to the 2018 target of a 20% reduction against baseline. While future reports will benefit from having more accurate baseline information derived from the recent effort to establish electronic data collection and web-based analysis, there are baseline estimates currently available that could be used to determine a range of likely performance.⁵ Reporting the total energy savings from completed projects⁶ will help track the LBE program's performance against its core goal of a significant and lasting cut in energy consumption in the state building sector.⁷
2. Provide a preliminary identification of LBE projects that would be feasible to undertake each year and include information on the potential projects, their projected energy savings by fuel, estimated project start and completion dates, estimated retrofit cost, and any other relevant project characteristics that might facilitate program planning. This project forecast, or description of the project pipeline by year, could also employ different scenarios based on different program funding levels.
3. Provide an estimate of revenue needs for the LBE program in future years and also identify possible revenue sources. This will help clarify for stakeholders whether the LBE program has sufficient revenue to meet its statutory goals and thus how changes in policy, statute, and/or financing approaches could help address anticipated revenue shortfalls.
4. Report out not only the monetary savings for each project, but also the annual and lifetime energy savings for each project for each major fuel – electricity, natural gas, oil heat, and propane.⁸ The statutory goals are based on reduced consumption rather than cost savings, which depend on fluctuating fuel prices. Reporting energy savings for each project will help make total and cumulative energy savings easier to calculate and track, and will also facilitate a more precise calculation of emissions reductions in the state building sector.

Updated Greenhouse Gas Emissions Inventory for Connecticut: Recent Increases and Underlying Factors (June 13, 2016).

⁵ See footnote 2, above.

⁶ Completed projects are those that are installed and in service – meaning the energy savings are actually accruing.

⁷ The LBE statute requires the program to reduce total energy consumption in state buildings by 20% by January 1, 2018. See Conn. Gen. Stat. § 16a-37u(b).

⁸ Reductions in greenhouse gas emissions should also be estimated for each LBE project to help calculate the program's impact on the state's carbon profile. Table 2 of the draft status report, which addresses the Connecticut Valley Hospital project, is a good example of conveying both energy savings and emissions information, although it should also provide both annual and lifetime estimates.

5. Consider reporting on the jobs and economic benefits of each completed project. Ideally, such reports would be based on actual work-hours data compiled by the ESCO during construction, but they could also be estimated based on state economic methodology or through some combination of actual and estimated information. Providing a breakdown of work hours performed by in-state versus out-of-state contractors and workers would also be advantageous. Demonstrating the substantial economic benefits of LBE project activity for Connecticut's workers and communities would help not only to justify the continued work of the LBE but also to strengthen the case for increased and sustained investments in the LBE program in future years.

Thank you for this opportunity to provide comments on the draft status report for 2016. We are committed to working with DEEP and a broad spectrum of allies to strengthen and accelerate the LBE program, and we have initiated a legislative advocacy campaign to help achieve that goal. The attached handout articulates the key objectives of the campaign and includes the list of more than thirty supporting organizations. The diversity of these groups reflects the recognition of LBE as a "win-win-win" opportunity to foster in-state job creation and economic development while reducing the state's substantial energy costs and helping to meet its climate goals.

Sincerely,



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Grow Good-Paying Green Jobs in CT by Tackling Energy Waste in State Buildings

Expand and accelerate the existing “Lead by Example” program to:

- foster in-state job creation and economic development;
- reduce the state’s substantial energy costs;
- increase budgetary savings for taxpayers;
- improve the energy efficiency and weatherization of state facilities; and
- help achieve the state’s climate goals.

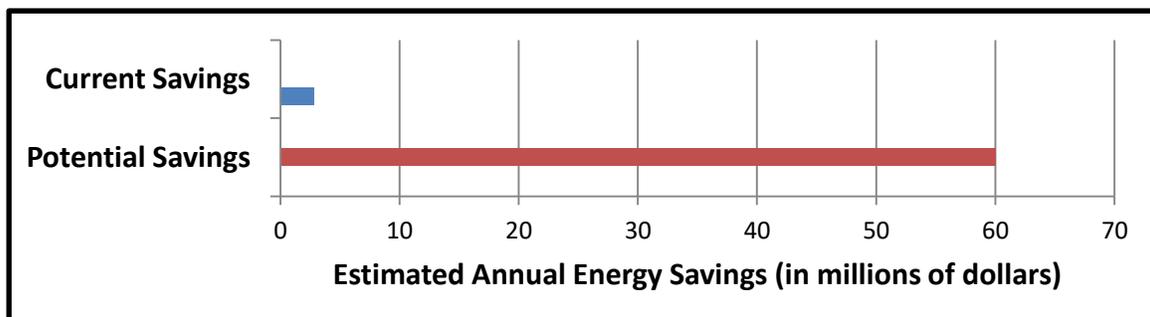
Energy Waste in State Buildings:

Enormous Opportunity for CT Jobs and Taxpayer Savings

- CT state government facilities:
 - > 65 million sq ft of floor space in nearly 4,000 buildings
 - account for 15% of the energy consumed by the state’s commercial & industrial sector
- Total annual energy costs = \$150 million to \$200 million.
- A potential 30% reduction in energy use = **\$45 million to \$60 million savings EVERY YEAR.**
- Investing in efficiency upgrades will create hundreds of new construction jobs.

CT’s “Lead by Example” Program: A Good Start But Much More To Do

- Created by legislation in 2011, this program enables state agencies to use future energy savings to finance upgrades to aging facilities.
- Energy Savings Performance Contracts (ESPCs) **guarantee that savings on utility bills will exceed the cost of payments for the energy efficiency upgrades.**
- 50+ completed projects already save about \$2.8 million every year in avoided energy costs.
- The CT Valley Hospital renovation project, launched in December 2016, will be the first large-scale project under the Lead By Example program: a 30-month construction project that has guaranteed savings of \$31.9 million over the 15-year performance period.



We can strengthen CT’s “Lead by Example” program with these legislative reforms:

1. **Stronger Energy Savings Target for State Buildings:** Extend and update the current Lead by Example (LBE) program with an energy savings target of a 30% reduction from the state’s current energy consumption baseline by the year 2022.
2. **New Commitment to Hiring Connecticut Workers:** Require renovations to state buildings under the LBE program to include scoring preferences for contractors that commit to hiring in-state workers under a negotiated community workforce agreement.
3. **New Commitment to Protect Funding:** Require that any incentive funds contributed to LBE projects by the Connecticut Energy Efficiency Fund can only be invested in energy efficiency measures.
4. **New Funding Stream and Debt Treatment:** Ensure a predictable funding stream for LBE projects, with an annual investment commitment that is treated differently from other debt obligations since these performance contracts are guaranteed to pay for themselves over time.
5. **New Updated Plan with Additional Oversight:** Develop a detailed plan for achieving the 2022 target in consultation with relevant agencies and stakeholders, who will also participate in an annual review of program performance.

An improved Lead by Example program will produce more local jobs, save taxpayers more money, and help us achieve the state’s climate goals!

Supporting Organizations (as of 2/27/17)

Acadia Center	Energy Efficiencies Solutions (EES)
CT Roundtable on Climate & Jobs	Enviro Energy Connections
CT AFL-CIO	GEU-UAW Local 6950
Interreligious Eco-Justice Network	Green Eco Warriors, Inc.
Citizens Campaign for the Environment	Hartford Climate Stewardship Council
Clean Water Action Connecticut	Labor Network for Sustainability
Coginchaug Area Transition	The Nature Conservancy
CT Alliance for Retired Americans	New Haven Climate Movement
Connecticut Center for a New Economy	New Haven Energy Task Force
Connecticut Citizens Action Group	New Haven Leon Sister Cities Project
Connecticut Conference, United Church of Christ	PACE (People’s Action for Clean Energy)
CT Employees Union Independent, SEIU Local 511	Sierra Club – Connecticut Chapter
Connecticut Fund for the Environment	SolarConnecticut, Inc.
Connecticut League of Conservation Voters	UCC Northeast Environmental Justice Center
CT State Building and Construction Trades Council	350 CT
Connecticut State Council of Machinists	Unitarian Society of Hartford (Green Sanctuary)
Eastern Connecticut Green Action	United Auto Workers Region 9A
	Working Families Organization

Prepared by Acadia Center and CT Roundtable on Climate & Jobs

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