



## Peoples Gas & North Shore Gas Fuel Switching Policy Proposal: Proposed Language

In order to ensure that the benefits to the ratepayers are justly prioritized, fuel switching measures must:

1. Reduce greenhouse gas emissions
2. Reduce ratepayers' energy costs
3. Be cost beneficial, considering the costs and benefits from the perspective of the ratepayers, the utility, and society.

Is this coming from a legislative or other policy mandate or is this simply PG's statement?

Yes, reduce energy costs both in rates and on the customer bill.

The SAG facilitator will convene a series of working groups where Program Administrators and interested stakeholders will work together, with the goal of achieving consensus, on how best to assess and track the above criteria.

### Rationale

The above criteria ensure that ratepayer energy efficiency funds that are spent on fuel switching meet the objectives of sections 8-103B (Energy efficiency and demand-response measures) and 8-104 (Natural gas energy efficiency programs), which govern the use of ratepayer energy efficiency funds.

To determine when fuel switching is energy efficiency, we reference the American Council for an Energy Efficient Economy (ACEEE) which defines electrification as a form of energy efficiency when it saves energy, saves money, and reduces emissions<sup>1</sup>.

We also want to consider best practices for executing fuel switching for energy efficiency. Common practice in the states that allow fuel switching is to implement safeguards that ensure ratepayer energy efficiency funds are only spent on beneficial fuel switching. The method for implementing these safeguards/screening criteria varies by state and often includes one or more of the following:

- State legislation
- Technical reference manuals (TRMs)
- Policy manuals

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<sup>1</sup> ACEEE State Policies and Rules to Enable Beneficial Electrification in Buildings through Fuel Switching (July 2022) [https://www.aceee.org/sites/default/files/pdfs/state\\_fuel-switching\\_policies\\_and\\_rules\\_7-21-22.pdf](https://www.aceee.org/sites/default/files/pdfs/state_fuel-switching_policies_and_rules_7-21-22.pdf)



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- Integrated resource plan requirements

Yes, that's a good thing and "beneficial" needs to be defined and from the point of view of the customer, in addition to the society, the utility and actors in the transitioning energy markets.

Common fuel switch criteria and the states implementing the criteria are included in the table below.

<b>Fuel Switch Requirement</b>	Reduce greenhouse gas emissions	Reduce source energy	Reduce ratepayers' costs	Be cost effective
<b>States Implementing Requirement</b>	AK, CA, CO, MS, NY, RI, VT, MN, Washington D.C.	CA, MN	CO, ME, MS, NY, MN	CA, CO, MS, NY, MN, Washington D.C.

Source: ACEEE State Policies and Rules to Enable Beneficial Electrification in Buildings through Fuel Switching (July 2022). [https://www.aceee.org/sites/default/files/pdfs/state\\_fuel-switching\\_policies\\_and\\_rules\\_7-21-22.pdf](https://www.aceee.org/sites/default/files/pdfs/state_fuel-switching_policies_and_rules_7-21-22.pdf)