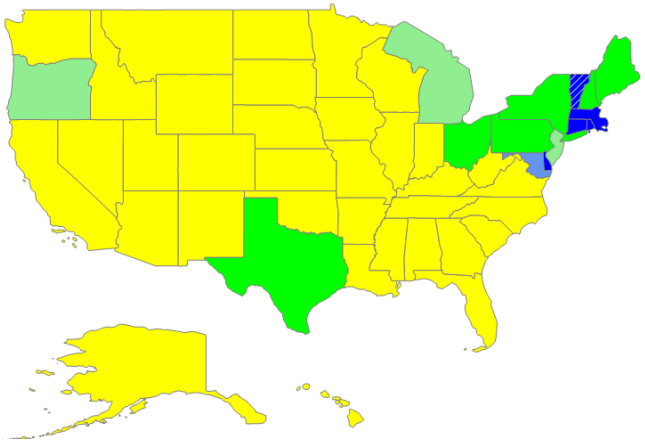
DRIPE – Around the Country

DRIPE States

- Massachusetts
- Delaware
- Rhode Island
- Connecticut
- Maryland
- Vermont



Non-Dripe States

- New York
  - Staff report determined that DRIPE is a transfer payment
- Pennsylvania
  - PA PUC considered DRIPE effect of DR, chose not to pursue further study
- Texas
- Michigan
- Oregon
- Maine
- New Hampshire
- New Jersey
- Ohio

Avec-DRIPE States

- Massachusetts
  - No statutory cost-effectiveness test exists for EE programs. In 2008, the Green Communities Act requires programs to be cost-effective, without explicitly prescribing a test method Chapter 129, Section 21 (b)(3).
  - The Dept of Public Utilities was first presented with DRIPE in 2006 as part of the utilities' EE plan filings. At that time, the DPU noted that there is "considerable uncertainty regarding the DRIPE values", but that it has theoretical merits and is "likely to represent positive benefits to Massachusetts electricity customers" and would be accorded due weight when considering cost-effectiveness of programs. In the plan order I reviewed (WMECo), TRC values were provided with and without DRIPE and all programs approved had non-DRIPE TRC greater than 1.0. One program did not pass TRC without DRIPE; it was not submitted for approval.
- Rhode Island
  - The statute does not prescribe a cost-effectiveness test. It charges the Public Utilities Commission with establishing standards and guidelines for least-cost procurement of supply and energy efficiency (Sec 39-1-27.7(a)(2). The PUC elected to use the TRC test as its determinant of cost effectiveness for programs. DRIPE has been included in the TRC test since 2006.
- Vermont
  - Title 30 does not prescribe a specific test; however, in setting the amount of the system benefit charge to all customers, the DPS Board shall consider multiple objectives with an emphasis on the following: reducing the size of future power purchases; reducing the generation of greenhouse gases; limiting the need to upgrade the State's transmission and distribution infrastructure; minimizing the costs of electricity.
- Connecticut
  - Programs included in the plan developed under subdivision (1) of this subsection shall be screened through cost-effectiveness testing that compares the value and payback period of program benefits to program costs to ensure that programs are designed to obtain energy savings and system benefits, including mitigation of federally mandated congestion charges, whose value is greater than the costs of the programs.(Sec. 16-245m(d)(3))
- Maryland
  - Section 131 (Maryland Energy Efficiency Act of 2008) requires cost-effective programs (The Commission shall: …require each gas company and electric company to establish any program or service that the Commission deems appropriate and cost effective to encourage and promote the efficient use and conservation of energy…); however, it does not define cost-effective nor prescribe a test.

Sans-DRIPE States

- New York
  - PSC Staff whitepaper addressed wholesale market price effects: “Actions that lower wholesale market prices yield valuable benefits to consumers… Changes in market prices involve offsetting benefits and costs: for every dollar of benefits that a market price reduction creates for consumers, an equal amount of losses are incurred by generation owners. From the overall viewpoint of an economy, a market price reduction, especially if it is just a temporary one, is not necessarily a net benefit. Rather it is a rearranging of monies from one set of market players – generators – to another set if market players – consumers. For the above reason, the total resource cost test, in assessing the cost effectiveness of energy efficiency measures, does not consider the effect of energy efficiency programs on wholesale market prices.”
- Pennsylvania
  - The PA PUC investigated price suppression due to DR; while the PUC has not dismissed the existence of price suppression effects, it noted that any attempt to value this effect is speculative at best and requires a number of assumptions regarding markets and market behavior, and investing ratepayer funds toward a study of such speculative value would not be a prudent investment of ratepayer funds. It also noted that any study of price suppression effects for DR programs should be expanded to include EE programs; this would entail developing suppression estimates at least 15 years into the future, which would be even more speculative and uncertain.
- Michigan
  - PA 295 was enacted in 2008 to require Michigan utilities to submit Energy Optimization plans. The MPSC issued an order in December, 2008 authorizing the use of the Utility Cost Test and its components. Price suppression was not considered within the context of the order.
- Texas
  - S.B. 1125, enacted in 2011, established the most recent EE targets for Texas utilities. In 2010 the PUCT established Substantive Rule Sec 25.181, which defines the cost-effectiveness test to be the Utility Cost Test and prescribes the avoided capacity and energy costs to be used by most utilities as well as the cost update process effective in 2013.
- Oregon
  - Cost-effectiveness requirements were established in 1994 (OPUC Order 94-590), and pre-dated market restructuring activities. Market Price suppression is not part of this Order. Discussion of changes to cost-effectiveness were raised by parties in Docket UM 1622 in 2014; however, those comments were not addressed in the Order.