Natural Gas Efficiency Programs/2020 Program Year: American Gas Association Report

Walter Wright, Jr.
wwright@mwlaw.com
(501) 688.8839

10/12/2023

The American Gas Association ("AGA") issued a report titled:

Natural Gas Efficiency Programs Report

2020 Program Year ("Report")

The *Report* Is authored by Miles Vondar and Morgan Hoy.

The AGA describes itself as an organization representing more than 200 energy companies that provide natural gas service to 180 million Americans.

The *Report* is stated to have been derived from a survey conducted in 2021 by the AGA and the Consortium for Energy Efficiency. The organizations surveyed their United States and Canadian members and efficiency program administrators on the status of their 2020 ratepayer-funded natural gas efficiency programs, which included:

- Expenditures
- Savings Impacts
- Carbon dioxide emissions reductions
- Budgets for 2021

By way of summary, the *Report* describes natural gas efficiency program funding and impacts as:

- Expenditure of $1.57 billion on energy efficiency related expenditures in 2020.
- Budgeted $1.6 billion for the 2021 program year.
- Increased spending on energy efficiency programs by natural gas utilities is stated to have increased by 391 percent since 2007.
- $1.7 million metric tons of greenhouse gas emissions through energy efficiency programs in 2020 are stated to have been saved.
- 42 percent of expenditures went toward single-family residential programs and 22 percent toward low-income programs.

As to natural gas efficiency program characteristics, the program summary states:

- Customers are stated to have been assisted in reducing energy costs through efficiency programs offering:
- Rebates
- Incentives

- Low-income schemes
- Partnerships
- Joint utility programs
- Loans
- Education
- Marketing
- Energy audits
- Facility retrofit
- 85 percent of energy efficiency programs are stated to have been in place for over 10 years and the medium program age is 12 years old
- 2020 program year data is stated to have determined that over six million residential customers participated in at least one energy efficiency program
- Average residential efficiency programs reached nearly 89,000 residential households
- 78 percent of respondents to the survey offered low-income energy efficiency programs

The *Report* discussed natural gas efficiency program regulatory requirements and costs to cover treatment by referencing:

- Many states mandate utility investment in natural gas efficiency programs via regulatory order or legislation
- 74 percent of respondents to the survey reported having one of the above-referenced requirements
- Main goals driving efficiency program funding included energy conservation and reducing costs for customer segments – but especially low-income
- Direct costs associated with energy efficiency programs can be recovered through:
- Base rates
- Trackers
- Deferral accounts
- Performance targets are often set for utilities to earn on efficiency investments (referencing 25 gas efficiency programs having utility performance-based incentives)
- 29 percent of respondents to the survey encouraged fuel switching to natural gas through financial incentives

Components of the *Report* include:

- Methodology and Survey Sample
- Natural Gas Efficiency Program Characteristics
- Program Structure & Administration
- Customer Segments & Participants
- Energy Efficiency Program Activities & Components
- Natural Gas Efficiency Program Funding & Impacts
- Natural Gas Efficiency Program Savings Impact
- Natural Gas Efficiency Regulatory Requirements & Cost Recovery Treatment
- Rate Structures & Regulatory Treatment Aligned with Utility & Energy Efficiency Goals
- Recovery of Energy Efficiency Costs
- Direct Program Cost Recovery
- Lost Margin Recovery
- Utility Performance-Based Incentives
- Fuel Switching
- Green House Gas or Carbon Emissions Targets & Credits

A copy of the *Report* can be downloaded here.