

4.03.000-P Fuel-switching Policy

History			
Source	Date	Action/Notes	Next Review Date
Board Decision	February 27, 2002; May 2005	Approved (R84; ---)	February 2008

Summary:

In energy efficiency programs, do not recommend one fossil fuel over another for end-use equipment.

Analysis:

FUEL-SWITCHING

Issue: To what extent and under what circumstances should the Energy Trust encourage customers to change non-renewable fuels for a particular end-use?

The Energy Trust is responsible for encouraging electric efficiency. Sometimes gas, oil or propane equipment uses less energy, especially if one considers the raw energy (BTUs) required at the power plant to deliver a kWh to the customer. Several factors complicate any policy decision to promote switching to fossil fuels.

- While high-efficiency fossil heating equipment is clearly more efficient than electric resistance for residential space and water heating, the relative efficiency difference is very small if one compares heat pumps to high efficiency gas.
- Economics do not always follow efficiency, and both electric and fossil prices are difficult to predict. This makes it less clear when fuel switching is the “best deal” for the customer, and whether today’s bargain may lead to regrets tomorrow.
- Electric utilities and fossil fuel suppliers are heavily engaged in competition, and this has resulted in both heavy promotion of fuel choices and many equipment innovations.
- Fuel switching programs are very capital-intensive, and can quickly deplete the funds of a group like the Energy Trust.

Still, long term trends indicate a stable electric fuel share in the region for residential space and water heat, the end uses most subject to fuel competition. While there are extenuating factors, the question remains of whether more support for high-efficiency fossil use might lead to more switching from electricity.

Policy:

- ***This policy applies only to energy efficiency measures, not to solar-thermal, geothermal or other renewable energy systems.***
 - ***Energy Trust should not advocate fuel-switching, but may provide technical information on efficiency options and comparative economics of efficient systems using different fuels.*** That is, Energy Trust may undertake technical studies to identify efficiency opportunities and make recommendations for making an application more efficient for a fuel specified by the energy user. If the energy user expresses interest in converting to another fuel type, Energy Trust may perform analysis showing the economics of alternative systems, including the savings and incentives for installing high-efficiency options for using that fuel. This type of assistance should help customers consider the relative merits of their options.
 - ***However, the Energy Trust should not provide financial incentives for converting electric equipment to or replacing it with other fuels.***
 - ***Energy Trust should work closely with fossil fuel suppliers*** who wish to provide efficiency information and/or incentives for conversion, to promote both fossil fuel efficiency and conversion where the customer deems that appropriate.
 - ***Energy Trust should revisit the Policy*** periodically to assess whether the Energy Trust is missing compelling opportunities.