

# **Closing the Gap: Promoting Residential Energy Efficiency Investment in Rhode Island**

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## **Abstract**

Economic barriers that deter the provision of residential energy efficiency services in Rhode Island are analyzed in this thesis. A number of strategies and programs intended to address these barriers and increase the market's efficiency are evaluated. This paper concludes that, within Rhode Island, split incentives, awareness, and poor information presentation are the barriers that contribute the most to the inefficient functioning of the energy efficiency services market. While the passage of the Comprehensive Energy Conservation, Efficiency, and Affordability Act of 2006 promises to greatly increase quantity of residential energy efficiency services offered as a part of National Grid's demand side management program, it is unclear precisely what the long-term effects of this legislation will be. The paper highlights the need for increased collection and distribution of information relating to the performance of various efficiency measures. It is also recommended that National Grid offer meter-tied, on-bill financing for efficiency measures, the Office of Energy Resources take steps to better centralize and present efficiency information, and utility regulators consider adopting an inverted rate structure. Ultimately, the paper concludes that Rhode Island is currently in a transitional period, still adjusting to the new requirements set forth in the Comprehensive Energy Conservation, Efficiency, and Affordability Act of 2006. The performance of the energy efficiency market over the next several years will reveal the effectiveness of this legislation, and what additional efforts must be taken to ensure an efficient market for residential energy efficiency in Rhode Island.