



**Energy Efficiency Board
Special Meeting**

Wednesday, September 26, 2012, 1:00 – 3:00 PM

Department of Energy and Environmental Protection – Public Utilities Regulatory Authority
10 Franklin Square, New Britain, Connecticut

MINUTES¹

EEB Voting Members in Attendance: Jamie Howland, Shirley Bergert, Katie Dykes (designee), Joel Gordes, Taren O'Connor, Amy Thompson, Michael Wertheimer

Utilities Representatives: Ron Araujo, Joe Crocco, Pat McDonnell, Dale Williams

Not in Attendance: Neil Beup, Eric Brown, Michael Cassella, Daniel Esty

Other Attendees: Tim Cole, Jeff Schlegel [Consultants]; Kathryn Boucher, Cindy Jacobs, Art Marcelynas, Peter Mizejeski, Rick Rodrigue [DEEP]; Chris Bernard, Roy Haller, Tyra Peluso, Peter Ptak, Tilak Subrahmanian, Tim Simmonds, Marissa Westbrook [Utilities]; Bill Leahy [ECSU / ISE]

The officially noticed special meeting of the Energy Efficiency Board commenced at 1:15 pm with Vice Chairman Jamie Howland presiding.

1. Process

- A. Agenda – The agenda was reviewed and accepted as presented.
- B. Minutes – The minutes of the September 12, 2012 board meeting² were approved on a motion by Shirley Bergert seconded by Joel Gordes.
- C. Public Comments –
 - On behalf of the Center for Latino Progress, the organization's board chairman Luis Caban made a presentation about a new approach to outreach in the state's Latino communities called ¡Ahorre Ahora!³ The idea is to promote energy conservation with a "save now, save later" theme. Mr. Caban stressed the importance of the Center's familiarity with the nuances of cultural values in the state's many and diverse Latino communities and its network of trusted relationships statewide and nationally. In response to questions from EEB members, Mr. Caban indicated that there would be a focus on the low- to moderate income residents typically served by HES-IE, that certified vendors would be used to do the audits lined up by the program, and that the intent is to be able to serve 1000 consumers within the first 18 months, allowing time for start up and rollout.

¹ Meeting Materials Available in Box.net Folder <https://www.box.com/s/snwgkjp6rllkb0647802>

² 120912_EEB_Minutes_F.pdf

³ Ahorre Ahora Presentation 9-24-12.pdf

D. Consultant Committee

- Review and approve September – December 2012 workplans – Mr. Howland discussed the spreadsheet included in the board packet, which reflects both year-to-date and projected totals for the year.⁴ The revised totals come to \$778,000, out of the \$850,000 budgeted for the year. Rick Rodrigue commented that the committee is committed to going forward with the RFP cycle initiated earlier in the year. The goal is to determine what value is coming from each consultant position. The question has been raised at DEEP whether in the out years of the proposed 3 year plan will there be need for fewer hours or hours that could be assigned elsewhere. Mr. Howland asked for a motion to approve the presented workplan budgets to cover the balance of the year from September through December. Ms. Bergert moved adoption of the workplans as presented. Mr. Gordes seconded the motion. In response to a question about what percent of whole C&LM budget the consultant budget represents, Mr. Rodrigue indicated that it is well below the 5% of total base budget permitted. Responding to a question from Ron Araujo about where the financial consultant is included, Mr. Rodrigue stated that it is included under the residential consultant line. Responding to a question from Taren O'Connor about where the evaluation consultant is budgeted, Mr. Howland stated that it is included in the separate evaluation budget. Katie Dykes noted that with respect to the proposed multiyear plan DEEP would expect to see some economies of scale. For example a doubling of the expanded budget should not mean doubling of the consultant budget. Mr. Howland called the vote which passed with all in favor. He noted that the committee's goal is to have 1 or 2 RFPs out in early November, with selections completed by January next year.

E. EE Board Calendar and Schedule – Mr. Howland apologized for the scheduling of this meeting without recognizing the conflict with Yom Kippur.

- It was agreed to add an October 24 special meeting to the schedule. The steering call for the meeting will occur on October 17.
- The plan production timeline will be modified to show work on the gas and electric plans going forward together.

2. Programs and Planning

A. Special Presentation on C&I Strategic Thinking

- Tim Simmonds from CL&P and Yankee Gas and Marissa Westbrook from United Illuminating and SCG/CNG guided the board through a presentation which has been through several iterations in the C&I committee and reflects thinking that has been evolving over several years.⁵ They emphasized that the focus now is on involving more customers more deeply using tools such as Strategic Energy Management. The idea is to shift so people are thinking this way from the beginning, such as by combining building lifecycle analysis with a multiyear

⁴ EEBConsultantWorkplanTable-Jul-Aug2012_092612EEBapprov.xls

⁵ 2013-15 Plan C&I Highlights_to_EEB_092612.FINAL.ppt

process cycle and by stressing long-term sustainability. The new approaches include more behavioral programs and more creative financing strategies. Among other things, this involves a cultural shift at the companies away from a program focus to a customer focus. Responses to received to the recent customer engagement RFI have been highly informative. The companies are now working on segmenting specific incentive structures for different market sectors. This involves looking for strategies to reach underserved markets and ways to do pilots depending on whether the companies are working with base or expanded budgets. There is a recognized need to loosen some rules to allow more flexibility. Ms. Westbrook commented on the importance of coordination with Clean Energy Communities programs. Mr. Simmonds reported that the companies are piloting “Lean and Green”, essentially taking the PRIME program out of manufacturing environment and focusing on reducing all costs, not only energy costs. Successful implementation should be able to show all savings and residual benefits, such as reduced water use, paper recycling, and other waste reduction. Amy Thompson remarked that the C&I committee is excited about capturing these other savings, which will make EEF programs more saleable to industry, where people are interested not only in energy savings. Joe Crocco commented that getting a focus on ROI is very important. Energy savings constitute a first tier benefit. In his view, what is really critical to selling is the ROI component, which is a second tier benefit. He encouraged the program administrators to track all savings and create a database that can be shared with customers and investors. Ms. Westbrook concluded by noting that program vendors are already learning to translate savings into dollar values so customers can see the bottom line impact on business.

B. DEEP Performance Contracting and Lead By Example initiatives –

- Mr. Rodrigue reported that an RFQ for a program manager consultant went out last week, with response due in two weeks. Mr. Araujo noted that bidders are registering through the NU e-sourcing system. Mr. Rodrigue also reported that 23 ESCOs responded to the invitation to be vetted for listing as part of the state program.

C. DEEP coordination update and 2012 plans

- Referencing tables showing YTD results as of August⁶, Mr. Araujo noted that there is still work to do on the gas side. With respect to an end-of-year forecast, he commented that while it appears to be looking like 94% of budget now, he expects the gap to close and that the year will end at closer to 105% of budget. He also noted that mill rate revenue from sales is below expectations as is the yield from Class 3 RECs. Those shortfalls are being offset by greater than expected proceeds from the Forward Capacity Market auction and RGGI. Pat McDonnell expressed concern that by end of year UI may be approaching the 15% of 2013 forward spending now permitted. He observed that residential programs are doing well, at about 120% of budget. C&I is at about 105%, while HES-IE is “off the

⁶ EEB August 2012 Projection 9-24-12 CLP-YG.xlsx; EEB Financial Summary August 2012.xlsx

chart.” Gas sales collections are down because of mild winter. At Mr. Howland’s request Mr. Araujo and Mr. McDonnell agreed to provide updated numbers by October 3.

- 2012 C&LM Plan – DEEP and PURA Review
 - Mr. Schlegel introduced a discussion of the September 19 decision from PURA on the companies’ request to file a single combined gas and electric conservation and load management plan.⁷ Of particular concern was PURA’s decision to hold conservation adjustment mechanism (CAM) proceeds in abeyance pending approval of an expanded electric plan. He noted that between the time the request for a decision was filed on September 12 and this final decision no comments were solicited or received. As it stands, without the CAM collections during the winter, funding will be running behind. He inquired whether the companies had efforts underway to clarify the situation and whether an update might be available for the October 10 EEB meeting on how it looks. Mr. Araujo and Mr. McDonnell agreed to do this. Mr. Howland remarked that the board could then decide how to approach PURA and what its recommendations would be, considering that PURA seems not to have understood that path is already tracking beyond the base budget. Mr. McDonnell commented that there was no record created to support the PURA decision. Mr. Schlegel noted that ultimately both numerical clarifications and process clarifications are needed.
 - Mr. Schlegel then introduced a discussion of the companies’ September 20, 2012 request for approval from the EEB of a modification in HES co-pays to reflect different contributions to the CEEF by electric and gas customers and oil customers.⁸ Ms. Bergert asked the companies to modify request to correct the statutory citation and to limit the period so there is time to assess the impact. Mr. Araujo and Mr. McDonnell agreed to modify the letter as requested. It will call for a period from October 1, 2012 to April 1, 2013, followed by reassessment. Ms. Bergert noted that this will also allow the legislature to act on other revenue options for deliverable fuel contributions. Mr. McDonnell suggested that the board approve the language and include it in a letter to the Commissioner of DEEP for notification purposes. Ms. Dykes noted that PURA has jurisdiction over gas so it should be notified as well. She highlighted the importance of evaluating thoroughly with regard to contribution levels and levels of participation by fuel source. Mr. McDonnell mentioned that the companies are looking now especially for gas customers to participate in the program. Mr. Araujo mentioned that gas heats about 22% of the homes in Connecticut, while oil heats roughly 50%. The statute calls for a differential co-pay to reflect the different contributions.⁹ Out of concern that it would appear they were opposed to oil customers if the co-

⁷ PURA 111003RE01-091912.doc

⁸ HES copay modifications FINAL 09_20.docx

⁹ PA 12-2, sec. 154

pay for oil was increased, the companies prefer to lower the co-pay for gas and electric customers from \$75 to \$50. It will have some effect on the cost effectiveness of gas and electric programs, but the effect will be minor. Ms. Bergert offered to work with the companies to get an electronic version together which could be voted on the following Monday. Mr. Rodrigue expressed the view that altogether there should be more effort put into moving away from discounts by helping people see the value of what they are getting, even at a higher price. For this to happen, public education is crucial. He suggested that the board should move in this direction in the proposed 3-year plan. He would like to see customers should be banging on the doors. The aim should be to move HES to the marketplace. In response to a question from Mr. Gordes about whether an evaluation of savings with the modified co-pays was available, Mr. Rodrigue indicated that Steve Bruno at CL&P did an analysis¹⁰ and suggested it be circulated with the revised letter.¹¹

D. 2013-2015 Multi-Year Plan

- Status update and progress report
 - Mr. Araujo reported that the planning team is currently reviewing a plan reconciliation spread sheet. Instead of 2.1% budgeted savings, they are now projecting 1.5%. Mr. Schlegel stated that consultants are working with the companies on the details. For example, some savings, such as from Lead By Example, might happen next year, because they are contingent on timing. For now, the consultants believe that the companies' analysis is fair though it may be improved, perhaps up to 1.7%. They are looking now at how to get more oil savings, how to raise more financial capital, and at some of the other choices made in arriving at the projections. Mr. McDonnell reported that there are some differences at UI. Access to funding for oil customers is a bigger issue than anticipated. In January 2013 for example UI will likely be using RGGI money to help oil customers because of how the conservation adjustment mechanism is being calculated. He recommends that in 2013 the companies should use DEEP's approved CAM rate, take whatever savings can be obtained and then in 2014 strive for 2.1% savings. In 2015 the companies could strive to make up for the lag in 2013 savings by going for a higher goal, in order to net out for 2.1% over the three years. Ms. Dykes stated that as a procedural matter DEEP will issue a letter to the EDCs to provide guidance about savings goals for each of the three years in the plan. Mindful of the November 1 filing date, DEEP will do this as quickly as possible.
- Review schedule – Peter Ptak directed the board's attention to the 2013-15 Plan production timetable included in the packet and noted that it needs to be updated.¹² The first draft of text has not come out yet as many internal

¹⁰ HES_CoPayAnalysis&CostEffectImpactCL&P_100112f.xlsx

¹¹ For final letter as filed, see 121001HEScopaymodificationsRev101512.pdf

¹² EEB 2012 Milestone Schedule for 2013 - 2015 C&LM Plan Rev 09_11_2012 pwp .xls

discussions are still going on. He will send a revised version by the end of the week if not sooner.¹³

3. Outreach and Marketing

A. Joint DEEP/EEB/CEFIA statewide marketing project update

- Mr. Schlegel reported that the project continues to move forward. The Marketing Services Committee is now considering a Phase II workplan on website implementation. He will offer a presentation at the October 10 EEB meeting. He mentioned that negotiations with ClearResult have been delayed somewhat by changes in website design and scoping. Discussions now are about who does what in terms of content uploading. Current proposals call for ClearResult to do roughly two thirds of the work and the companies one third.

B. Update on current company program marketing efforts

- Smart Living Center update – Mr. McDonnell directed the board’s attention to materials in the packet regarding the proposed North Haven location.¹⁴ In negotiations with the owner, he is still hoping for a better price per square foot but noted that the site offers 50% more square feet. He currently projects a likely 40% increase in cost. On the table is a 7 year lease with a possible 5 year extension. Because of the mix of retailers in the area, he sees great cross promotional opportunities at the recommended location.

4. Other

A. Ms. Dykes noted that on October 5 the draft Comprehensive Energy Strategy will be released. The document includes a strong chapter on energy efficiency. DEEP welcomes feedback and recommendations that help highlight best practices. A Notice of a schedule of technical meetings will be published when the text is released. The comment period will last about two months.

B. Mr. McDonnell noted that the annual CBIA/CPES “What’s the Deal” Conference will be held on October 5.

5. Adjourn There being no further business to attend to, the meeting adjourned at 3:27 pm

Respectfully submitted,

Timothy Cole, Executive Secretary

¹³ EEB 2012 Milestone Schedule for 2013 - 2015 C&LM Plan Rev 09_27_2012 pwp .xls

¹⁴ Universal Drive Location 9 24 12.pdf; Photos.North.Haven.Location.pdf