



**Energy Efficiency Board
Monthly Meeting**

Wednesday, May 8, 2013, 1:00 – 3:30 PM

Department of Energy and Environmental Protection – Phoenix Auditorium
79 Elm Street, 5th Floor, Hartford, Connecticut

MINUTES¹

EEB Voting Members in Attendance: Jamie Howland (Vice Chair), Tracy Babbidge (DEEP), Shirley Bergert, Neil Beup, Joel Gordes, Taren O'Connor, Amy Thompson, Michael Wertheimer

Utility Representatives: Ron Araujo, Joe Crocco, Pat McDonnell

Not in Attendance: Eric Brown, Michael Cassella, Dale Williams

Other Attendees: Kate Boucher, Alex Kragie, Rick Rodrigue, Lynn Stoddard (DEEP); Bryan Garcia, Kerry O'Neill (CEFIA); Kevin Porter, Cal Vinal (CHIF); Rebecca Meyer, Tyra Peluso, Pam Penna, Tilak Subramanian, Marissa Westbrook (Utilities); Matthew Cohen (ESPC Program Manager candidate); Tim Cole, Glenn Reed, Jeff Schlegel, Lisa Skumatz, Les Tumidaj (Consultants); Natalie Hildt, John Puc (NEEP); Steve Hambric, Ricky Gratz (Opower)

The officially noticed monthly meeting of the Energy Efficiency Board commenced at 1:08 pm with Vice Chair Jamie Howland presiding.

1. Process

- A. Agenda – The agenda was accepted as presented without change.
- B. Minutes – The minutes of the April 10, 2013 meeting of the Energy Efficiency Board were approved on a motion by Amy Thompson seconded by Taren O'Connor. All voting members present voted in favor, except Shirley Bergert who abstained.²
- C. Electronic Votes – The results of the electronic vote on 2013 Consultant Workplans which closed on April 15, 2013 were entered into the record. There were five votes for Option 2a, none for Option 2b, two votes against both options, and two abstentions. Option 2a was thereby adopted.³
- D. Public Comments - There were no public comments.
- E. Rules and Roadmap –
 - Mr. Howland asked the board to review two proposed amendments to the EEB by-laws included in the meeting packet.⁴ They concern a) established rules for a Voting Member Deliberation Session, when only voting members may speak; and

¹ Meeting Materials Available in Box.net Folder <https://www.box.com/s/pt6atpfdotmwv3f7wbf7>

² 130410_EEB_Meeting_Minutes_F

³ 130415 consultant workplan vote result

⁴ proposed_bylaws_additions

b) a rule for going into Executive Session and how it will be conducted. Michael Wertheimer expressed his view that restricting non-voting members from speaking is a bad idea and that it is important that the companies be able to participate. Ms. Bergert pointed out that the first option involves a public meeting in which only voting members will be recognized, while the second option involves an Executive Session in which all members could speak. Joel Gordes commented that even in cases where there may be conflicts of interest, such as in some cases concerning the companies, people may still have something of value to contribute to the deliberations. Mr. Howland stated his view that the Board should handle its business as openly and transparently as it we can. However, the point here is that it does not now have the ability to go into Executive Session. The statute sets very clear limits, such as matters involving vendor disputes and litigation. It is unlikely to be needed any time soon. Pat McDonnell noted that the Board received a presentation from the Freedom of Information Commission a few years ago. The basic assumption is that meetings of the Board and its Committees are open. Ms. Bergert suggested that the proposed language should refer to the Board and any of its Committees. Mr. Howland expressed his appreciation for the feedback and indicated he would bring the matter back for further review at a later date.

F. Consultant Committee – Jamie Howland and Amy Thompson

- Review historic consultant costs – Mr. Howland drew the board’s attention to the table showing historic consultant costs included in the packet.⁵ Ms. Thompson expressed her displeasure about how the deliberations about the 2013 consultant workplans occurred at the April 10 board meeting. Noting that previously the workplans were handled by the Consultant Committee, which then made its recommendation to the Board for approval, she noted that this year the Board was handed a spreadsheet at the last meeting and asked to respond. This did not allow for a full consideration of all the factors besides simple cost. To do a full cost-benefit analysis, other values besides cost must be factored in. She observed that the historic costs spreadsheet does break out different factors and normalizes them. Mr. Howland suggested that some time could be taken at the retreat to discuss how to handle this process better in the future. Tracy Babbidge inquired whether members had a chance to assess how effort and value match up when reviewing consultant workplans and performance. Ms. Thompson noted that this was missing. The Board needs to be able to assess the value of what the consultants are doing as well as their performance. Mr. Schlegel noted that the workplans included in the packet represent the revisions approved by the board’s decision in the recent electronic vote. They have been filed with PURA.

G. Scheduling and Calendar –

- Need for June 12 board meeting in light of the June 26 board retreat – Mr. Howland indicated that he was leaning toward not having a June 12 board meeting. If business requires there is the option of adding a short business meeting to the agenda for the June 26 annual retreat.

⁵ ConsultantCosts20130507-EEB-2

- Schedule of Evaluation results presentations – In light of the likelihood there would be no Board or Residential Committee meetings on June 12, it was proposed to move the scheduled HES Financing Focus Groups evaluation presentation to June 10, when it could be done in conjunction with the Evaluation Committee meeting. Ms. Bergert suggested it be done after the July Residential Committee, when attendees at the Committee could be invited to stay for it. Mr. Howland encouraged Ms. Bergert to coordinate with Lisa Skumatz on the details of this.
- Agenda for June 26 board retreat – Mr. Howland stated his preference that the agenda include fewer, but deeper discussions. He noted that C&I is planning for a 90 minute presentation on recent work on customer segmentation analysis, strategic energy management, and leveraging strategic partnerships.

2. Program Update/Highlights

A. Special Presentation – E-House Program⁶ – Rebecca Meyer from CL&P and Marissa Westbrook from UI offered an update. Highlighted points included:

- E-Houses are located at the technical schools around the state. They are effectively learning labs that allow students and instructors to build high energy efficiency structures, preparing students for the green workforce. Three are now open. One will open in Milford shortly. Thirteen more are in the works.
- They take a holistic approach, incorporating energy efficiency best practices together with renewable energy options and emerging energy efficiency technologies.
- Each E House is also a time capsule/museum – Inside people can see such things as the history of insulation and evolution of lighting.
- They provide training for educators on the latest technologies. Norwich will be the first to include geothermal, for instance.
- E-House has been demonstrated nationally, getting attention in other states and generating lots of good positive media coverage for the Energy Efficiency Fund.

Mr. McDonnell encouraged members to attend ribbon cuttings as new E-Houses come on line. He has found it very impressive to talk to students. He finds them very knowledgeable, and noted that seniors are often already employed. Mr. Howland suggested it would be good to offer an abridged version of the presentation at a Residential Committee meeting or arrange one for vendors who attend the meetings. In response to a question from Mr. Schlegel about funding, Ms. Meyer responded that the EEF contributes around \$400,000 and CEFIA also contributes approximately \$40,000 to each house along with providing support for curriculum, certification costs, etc. Ms. Bergert suggested it would be good to see how the program's placement rates stack up nationally, since these seem to be impressive results. Ron Araujo noted that besides preparing students for the trades, the program also helps prepare students for work in the design and marketing fields.

⁶ E-House Presentation(EEB 5-8-2013)

3. Programs and Planning

A. Performance Contracting and Lead By Example initiatives – DEEP

- Lynn Stoddard from DEEP introduced ESPC Program Manager candidate Matthew Cohen. She noted that he is a very strong candidate with exceptional references. Mr. Cohen provided some comments about his background. Most recently he has been working as a Senior Energy Analyst for the Navy's Pacific Fleet. He is a graduate of RPI with over 30 years of experience in the field. In his role as ESPC Program Manager, he sees this role as an advocate for state agencies and municipalities. He brings a strong background in remote utility and user monitoring. His goal is to provide a boardroom view of how projects are working. It should be possible to match performance in real time because Performance Contractors' data will be regularly accessible on line. Mr. Howland noted that it is not certain the board needs to vote to approve Mr. Cohen's selection, however to be sure he asked for a motion. Ms. Bergert moved approval. Ms. Babbidge seconded. All voted in favor.

B. Residential Financing Transition – Marketing/Co-Branding of Financing Offerings

- Kerry O'Neill, Director of CEFIA's Residential Programs, and Cal Vinal, CEO of the Connecticut Housing Investment Fund, offered a joint presentation, updating the board on the two agencies' efforts to effort an integrated package of financing options for the residential markets.⁷ Key points included:
 - CEFIA's Smart E Loans program targets consumers with FICO scores of 680 or higher. CHIF's offerings are for the lower income markets, such as HES-IE participants, certain multi-families, elderly people on limited incomes, and the like.
 - Lenders in the Smart E program like being able to refer customers who don't meet their credit guidelines to another program. CEFIA is exploring modifying its underwriting criteria to broaden the credit spectrum. This will mean taking on more risk but it opens the door to get more customers involved in energy efficiency.
 - The near term goal is to develop an integrated message for the customers, using regional funders and contractors to sell the products. Once coverage is statewide, Smart E will serve as the lead with CHIF serving as a special program under it. Energize CT will be the focus of the marketing effort.

In response to a question from Mr. McDonnell about how the web portal will work, Ms. O'Neill stated that many customers will in fact go through their local banks or contractors, while others use the Energize CT platform. She noted that community banks and credit unions care a lot about local perceptions and favor high-touch relationships. Therefore regular training of contractors is planned to help banks interact with contractors directly.

In response to questions from Mr. Araujo, Ms. O'Neill reported that statewide coverage for the Smart E program is estimated to be about 3-4 months away, and that while there will be a common intake form lenders are not equipped to

⁷ CEFIA_CHIF_MarketProduct_Segmentation; EEB CEFIA_CHIF Presentation 050813

support a common application form. Customers will choose which lender to apply to. If lower interest rates or promotions are available the program can help provide information through contractors. Currently the pool of contractors who are on board or in negotiations include HES vendors, Home Performance with Energy Star vendors, gas company contractors, and CEFIA-approved solar installation contractors.

Mr. Araujo expressed concern about the transition time frame and the risk of confusing vendors and consumers. Noting that Smart E has a higher interest rate, it is important that customers not be confused about what rates they can get and how. Mr. Schlegel suggested a more detailed transition plan would be helpful, one that takes into account the document on financing approved by the board in March.

Mr. Gordes inquired whether any lenders have considered energy savings on the income side, to affect their calculation of the debt-to-income ratio. Ms. O'Neill stated that lenders are not yet ready to go there. She hopes that with some years experience, data would support revised underwriting criteria. Mr. Gordes noted another possibility could be if lower insurance rates for upgraded homes could be secured. Savings on insurance would also affect DTI calculations. Bryan Garcia stated that CEFIA is currently in discussions with insurers about options like this.

Ms. Bergert commented that she likes the market segmentation approach. However she is concerned we may develop capital resources without developing demand to match. In her view, outreach is still an issue, as shown by Neighbor to Neighbor's experience. Mr. McDonnell noted that he shared these concerns, especially considering that PURA approval of Expanded Plan budgets has not yet happened. Mr. Vinal observed that effective marketing is key. Educating people comes first, financing comes later. He has not yet seen really creative marketing deployed. Mr. Schlegel responded that the Joint Marketing Services Committee is currently we working on all the components. Energize CT will help with both financing and marketing.

Mr. Howland inquired whether the package of products will get us to a loan volume of \$25 million by the end of 2014. Mr. Vinal stated that he could not yet be sure it will. First, we will have to see what happens when Smart E fully launches, using 3rd party lenders. We won't know for sure for a while. Mr. Schlegel commented that achieving the goals set out in the IRP and the Expanded C&LM Plan depends on our success getting consumers to go for deeper measures and in turn on the availability of financing to support them. Therefore, steps need to be taken to increase loan volume, but also the uptake of deeper measures.

C. 2013 Progress and Quarterly Reports –

- Mr. Araujo reviewed the quarterly results from CL&P.⁸ He noted that the programs had expended \$29 million in the first quarter. Generally, the programs are looking good. Residential retail has been going particularly well, especially in

⁸ CL&P CLM QTR Report 2013 Q1

the area of LED activity. 73,000 LEDs were sold in the first quarter. HES has a substantial number of projects in the pipeline.

- Regarding Yankee Gas results⁹, Mr. Araujo highlighted that in the first quarter the programs had expended 28% of the budget, more than 50% more than was expended in the first quarter of 2012. Energy Savings are averaging about 18% of plan.
- For UI, Mr. McDonnell reported that there are no big changes from recent trends.¹⁰ He mentioned that the new Android app for contractors' use in the field has now been deployed statewide.
- For SCG and CNG, Joe Crocco noted that they have seen a good ramp up in the first quarter.¹¹ The programs are tracking well relative to targets. The financial numbers reflect some delay in HES invoice processing. The companies are also seeing good uptake on the small business front.

D. DEEP / PURA coordination

- 2013-2015 Multi-Year Plan
- DEEP and PURA Proceeding – Mr. Schlegel reported that Late File Exhibits have been filed by the EEB and the companies as required by DEEP and PURA in the proceeding on dockets 12-08-11, 12-11-05, and 13-03-02. He noted that at the recent hearing questions were raised about the history of consultant workplans and costs.
- Letter on Evaluation Consultant cost location in budget tables – Mr. Schlegel led off the discussion of the draft letter included in the board packet.¹² He noted that the draft is consistent with the requirements of PA 11-80. There needs to be a separate line item in the C&LM plan budget for the evaluation consultant. The next time the budget tables are revised this change should be implemented. It is also important that there be consistency in how the utilities are handling the personnel budgeting. Mr. Wertheimer observed that it is important to ensure that all consultant costs are clear and clearly delineated. He suggested it would be appropriate for the tables to show all consultant costs including and excluding the evaluation consultant cost. Ms. Babbidge indicated that DEEP wants to be able to identify the total evaluation cost, but is less concerned about which line it comes on. Ms. Bergert moved approval of the letter as presented. Mr. Wertheimer seconded. All voted in favor.

E. Regional Avoided Costs Study Update –

- Mr. Schlegel noted that the AESC Regional Avoided Costs Study in which six New England states participate is a big deal this time around, because avoided costs have been dropping significantly due to low gas prices. This will have implications for how program cost/benefit ratios and energy savings are calculated, so it is important that the reported numbers be right. He noted that Mr. Rodrigue has

⁹ YGS_CLM QTR Report Q1 2013

¹⁰ UI CLM 1st qtr 2013

¹¹ SCG_CNG 2013 CLM.2013.04

¹² LocationEEBEvalConsultBudget050313d2

been involved in the work as DEEP's representative. At this stage it appears that while gas costs will be low, electric capacity costs will be up.

F. Committee Reports

- Commercial & Industrial – Les Tumidaj reported that the Committee had received a presentation from Michaels Energy on their evaluation of the Retrocommissioning, Operations and Maintenance, and Business Sustainability Challenge programs. The results of the evaluation reflected positively on the quality of the programs. The Committee is currently discussing the overall role of evaluation in C&I program planning, with the intent of seeing how evaluation can support the achievement of goals set by legislative mandate and regulatory action.
- Evaluation – Ms. Thompson reviewed the list of recently conducted and upcoming presentations and technical meetings. She noted that the SERA team is taking a number of steps to improve the evaluation process. The team will be offering a series of monthly webinars on key topics for board members and other stakeholders, beginning on May 15. Documents are available from team leader Lisa Skumatz and from Tim Cole. The Committee is also working on improving the collaboration with the NEEP EM & V Forum, to ensure both sides are aware of what each other are planning and doing so they can leverage the results of each other's efforts. She finally noted that the draft of the weatherization baseline study report is expected to be ready in August, with the final report released in September.
- Residential – There was no additional report from the Committee
- Marketing – Mr. Schlegel noted that the EEB website is now in the process of transitioning to the Energize CT website.

4. **Other** – No other business was brought forward.

5. **Adjourn** – With no further business to attend to, the meeting adjourned at 3:46 pm.

Respectfully submitted,

Timothy Cole, Executive Secretary