



**UIL HOLDINGS CORPORATION**

157 Church Street, New Haven CT 06510-2100  
203-499-2000

January 15, 2014

Lisa Skumatz, Ph. D.  
Skumatz Economic Research Associates (SERA)  
762 Eldorado Drive  
Superior, CO80027

**Re: UIL Review of the Draft "Evaluation of the Energy Opportunities Program: Program Year 2011, Energy Markets Innovation Inc., December 2013"**

Dear Ms. Skumatz:

The United Illuminating Company ("UI"), Connecticut Natural Gas Corporation ("CNG") and The Southern Connecticut Gas Company ("SCG," and with UI and CNG, the "Companies"), hereby submits the following comments on the "Evaluation of the Energy Opportunities Program: Program Year 2011" Draft Report by Energy Markets Innovation Inc., and dated December 2013. The draft was submitted to UI on December 17, 2013 with a request for comments to be provided by January 15, 2014.

The Companies feel that the evaluation vendor has presented a draft report that is very organized, complete and provides results that the companies can incorporate into the future program savings documents (PSD's) and can use to improve future program performance towards improved goals.

In general the evaluator makes references to the size of the customer as being small, medium or large. For this study and future studies defining the size category such as annual average demand (kW) would be more helpful and meaningful as the service territories and customer base is so diverse.

Page ES-3, 2<sup>nd</sup> paragraph states "Finally, the evaluation team calculated forward looking realization rates using assumptions in the 2013 PSD as opposed to the 2011."

- Can the vendor add the forward looking realization rates to Table 1-1, 1-2 and 1-3, since all realization rates shown in this report appear to be 2011 realizations rates?
- What does the vendor recommend that the companies use for realization rates? Should we use the realization rates published in Table 1-1, 1-2 and 1-3 or some other forward looking realization rate?

Page 3, last paragraph states "Assess the accuracy of methods used by engineering firms in estimating savings for complex custom projects and recommend changes if needed."

- Is there a section in the report that addresses this assessment and recommendations?

Page 20, states "Most problematic, however, was that even though the quantity field was fully populated, every value was "1" regardless of how many of the measures were installed."

- The use of the quantity of the measure "1" is correct and the companies believe that the evaluators have misunderstood the meaning as the quantity of an installed measure. The current methodologies used allow the CLM representative maximum flexibility when the project data is being entered. The value of "1" is not the quantity of the energy saving items (i.e. light bulbs or fixtures), but the quantity of that measure. As an example, there could be 2 measures that were the standard lighting measure, and each of those measures could have a quantity of lamps installed as part of the measure with the appropriate savings. In this case, this allows the data to be broken up in a logical manner to ease data entry and field inspection. Another example of the measure's flexibility is having 1 standard lighting measure that captures a large volume and variety of technologies, operating hours and



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etc. which facilitates having a high degree of granularity with the data in both the before and after scenarios. In both cases quantities and savings are captured in the UI EnerNet Database either in the data or as attachments that is available to evaluators.

- It should be noted that Table 3-5 showing examples of EO Measure Data with quantities of “1” is somewhat misleading. Of the 25 examples, twelve (12) measures are classified as “CMB” under facility use. Our system defines “CMB” as a measure that is related to incentive bonuses or incentive caps. The purpose is to facilitate the proper incentive calculation and has no bearing on the energy or demand savings of the project. The “EOP – Incentive Cap is mandatory for all projects. While the EO – Comprehensive measure will appear in only these projects that are comprehensive per the defined criteria.

Section 4.1 of the report provides recommendations based on the process evaluation efforts of this study and is focused upon ways to improve program performance as it relates to the goals of the program.

### Comprehensive Projects

- **Recommendation 1 – Investigate the feasibility of limited energy audits.**  
One of the strategies in the 2014 plan was to broaden the vendor base that perform ASHRAE level 1,2,3 style audits in addition to custom analyses. This capability now exists and the Companies have begun implementing it. One example is a specific assessment for wastewater facilities.
- **Recommendation 2 – Restructure comprehensive incentive project terms**  
The Companies will take this recommendation under advisement. The approved multi-year plan offers more flexibility than in previous program years. Potential constraints may be, but not limited to, the database and accounting systems.
- **Recommendation 3 – Provide vendor education**  
The Companies will take this recommendation under advisement. However, for several years, the Companies have sponsored quarterly vendor meetings for both the Large C&I vendors, one in each service territory with high attendance levels (easily over 200 vendors). The primary messages are comprehensiveness and programmatic changes (if any).

### Energy Saving Performance Contracting (ESPC)

- **Recommendation 1 – Reconsider whether increasing uptake in ESPC should be a goal in its own right**  
UI agrees with the evaluation team’s comments that “driving demand for increased energy efficiency should remain the target goal and that ESPC is one type of financing tool that can help meet the savings goals”. Therefore, the Company remains open to promoting ESPC to its customer, whether through the Lead by Example ESPC program, or not.
- **Recommendation 2 – Continue to support Lead by Example ESPC program**  
The Companies will continue to support the Lead by Example ESPC program in 2014 with a significant increase in activity. It should also be noted that after developing the “Best Practices Guide for Energy Savings Performance Contracting”, the Companies suspended developing an ESPC initiative in favor of supporting the Lead by Example program.

### Project Financing

- **Recommendation 1 – Reconsider objective of financing goal**  
The Companies agree with the evaluation team’s comments that “driving demand for increased energy efficiency should remain the target goal and that project financing tools be reviewed as one way to help meet the savings goals”. The Companies will take the evaluation team’s thoughts under advisement. However, the Companies have been working with CEFIA to improve availability of the financing tools such as but not limited to C-PACE.



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- **Recommendation 2 – Develop marketing materials that demonstrate the benefits of available financing to smaller customers**  
The Companies will take this recommendation under advisement. However, the Companies do utilize a “sell sheet” that identifies the types of available financing, including one on C-PACE. In addition, the Companies are waiting for the results of the market research that explores the barriers to financing in customers that have annual average demands from 75 kW to 750kW.
- **Recommendation 3 – Educate and support vendors regarding financing benefits**  
The Companies will take this recommendation under advisement. However, the Companies have offered training on how to sell energy efficiency to both internal personnel and the vendors.

### Strategic Energy Plans

- **Recommendation 1 – Educate smaller customers on the value of strategic energy planning**  
The Companies will take this recommendation under advisement. The Companies agree that strategic energy planning is important for all customer sizes, but for the small customer this represents a behavioral change. The market research previously mentioned may also offer information on how to address this recommendation.
- **Recommendation 2 – Link proposed energy audits to action plans**  
The Companies will take this recommendation under advisement. In 2014, the Companies re-defined the performance metric for Strategic Energy Management. In general, the Companies agree that some if not all of the results from an audit should create the basis for the action plan.
- **Recommendation 3 – Consider providing an incentive for developing an approved plan**  
The Companies will take this recommendation under further advisement. Currently, the Companies work with their Municipalities and the Clean Energy Communities Initiative in developing an action plan to reduce consumption “x % by a future year”. This effort awards the Town a bonus incentive that can be used to further energy efficiency in the community. The Companies are exploring options for addressing the private sector.

### Building Benchmarking

- **Recommendation 1 – Raise awareness regarding value of benchmarking**  
The Companies will take this recommendation under advisement. This recommendation is valid and the Companies will be building awareness of the value of benchmarking into each of the action plans that are developed.
- **Recommendation 2 – Incorporate benchmarking education on bill**  
The Companies will take this recommendation under advisement.
- **Recommendation 3 – Provide benchmarking support as a service with limited input from customer**  
The Companies will take this recommendation under further advisement.

### Program Awareness and Satisfaction

- **Recommendation 1 – Increase awareness to program customer representatives**  
The Companies will take this recommendation under advisement.
- **Recommendation 2 – Offer energy audits that directly result in an energy plan**  
The Companies will take this recommendation under advisement. The Companies agree that any energy audit needs to be acted on to maximize the customer benefits.



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Section 4.1 of the report provides recommendations based on the impact evaluation efforts of this study and is focused upon ways to improve program performance and savings as it relates to the goals of the program.

- **Recommendation 1 – Set clear guidance on when vendors should use the PSD and what inquiries and assumptions should be use in different circumstances.**  
The Companies will take this recommendation under advisement.
- **Recommendation 2 – Require sufficient project documentation from vendor as a condition of payment.**  
The Companies will take this recommendation under advisement and re-examine the documentation that is submitted with each project.
- **Recommendation 3 - Consider improvements to program processes for application review mitigating documentation errors**  
The Companies will take this recommendation under advisement.
- **Recommendation 4 - Consider “Pay for Performance” for at least part of incentive on larger complex projects**  
The Companies will take this recommendation under advisement.
- **Recommendation 5 - Require documentation on EMS projects that includes the programming of controls and implementation.**  
The Companies will take this recommendation under advisement and re-examine the documentation that is submitted with each EMS project.

Thanks you for the opportunity to provide these comments.

Very truly yours,

A handwritten signature in blue ink that reads "Paul M. Gray". The signature is fluid and cursive, with the first name being the most prominent.

Paul M. Gray, CEM  
Senior Business Development Professional  
UIL Holdings Corporation