



**Energy Efficiency Board
Monthly Meeting**

Wednesday, February 8, 2012, 1:00 – 3:30 PM

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

MINUTES¹

EEB Voting Members in Attendance: Rich Steeves, First Vice Chair; Jeff Gaudiosi, Second Vice Chair; Shirley Bergert; Eric Brown; Jamie Howland; Rick Rodrigue [for Commissioner Esty]; Amy Thompson; Michael Wertheimer.

Utilities Representatives: Ron Araujo, Michael Cassella, Joe Crocco, Pat McDonnell

Not in Attendance: Daniel Esty, Chair; Neil Beup

Other Attendees: Tim Cole, Kim Oswald, Jeff Schlegel, Les Tumidaj, Ellen Zuckerman [consultants]; Tracy Babbidge, Art Marcelynas, Jonathan Schrag (phone) [DEEP]; Chris Bernard, Sheri Borrelli, Chris Ehlert, Rick Mascoli, Rebecca Meyer, Peter Ptak [companies]; Bill Leahy [ISE]; Taren O'Connor [OCC].

The officially noticed February monthly meeting of the Energy Efficiency Board commenced at 1:05 pm with First Vice Chairman Rich Steeves presiding.

1. Process

- A. Agenda – The agenda was reviewed and accepted as presented with no changes.²
- B. Minutes – The minutes of the January 11, 2012 board meeting were approved as presented on a motion by Jeff Gaudiosi seconded by Rick Rodrigue.³
- C. Public Comments – There were no public comments.
- D. Consultant Committee – Jeff Gaudiosi reported that the committee had decided as an interim measure to peg for six months the consultant budget to the \$850,000 annualized figure in the base budget, agreeing on a half-year budget of \$425,000. The committee will revisit the matter in before June, once final decisions have been made by DEEP and PURA regarding the expanded plan budget. In response to a question from Ron Araujo regarding the idea of paying consultants on a flat monthly rate, Mr. Gaudiosi indicated the committee still had the idea under consideration as an option for the second half year. Mr. Araujo noted that the companies would therefore continue to pay on the basis of submitted monthly invoices as customary.

¹ Meeting Materials Available in Box.net Folder <http://www.box.com/s/587bdockypd1hl4jgvfx>

² 120208 EEB Agenda F.pdf

³ 120111 EEB Minutes F.pdf

E. EE Board Calendar and Schedule

- Review 2012 EEB work schedule – Jeff Schlegel noted that he was working on a 12 month look-ahead calendar for discussion. Mr. Araujo commented that the draft base plan decision calls for a September 1 C&LM plan submittal and suggested it would be preferable to make it October 1. Mr. Steeves noted that the board would submit a comment asking that the date be moved accordingly. It was agreed that quarterly reports will be provided to the board at the meeting one full month after the quarter ends – specifically May, August, November, and February.
- There was discussion of the impact of the NEEP Summit scheduled for June 13-14 on June meeting schedules. Mr. Araujo reported that NEEP agreed to provide a meeting room at the hotel for the board to conduct its meeting. The exact time of the meeting will be confirmed after coordinating with NEEP on the details of the summit agenda. Shirley Bergert suggested that the Residential Committee meeting could be rescheduled for the morning of June 20th.
- Mr. Rodrigue noted that a follow-up technical meeting on Integrated Resource Plan had been scheduled for February 10, 2012 at 9 AM at PURA in New Britain.

2. Issues and Tasks

- Outstanding Issues⁴ – The board accepted the revised and condensed form of the Outstanding Issues list as presented by Tim Cole. Mr. Araujo noted that he had compiled numbers on the Connecticut Retail Merchants Association outreach activities as requested.

3. Programs and Planning

- A. 2011 Budget, preliminary year-end updates – Companies – Mr. Araujo reviewed the summaries of 2011 results for Connecticut Light and Power and Yankee Gas.⁵ Regarding the approximately \$18 million surplus due to a combination of underspending and greater than budgeted revenues, Mr. Araujo recommended the matter be addressed in comments to the pending draft decision. He noted that PURA will need to approve a revised 2012 budget that includes the \$18 M carry-over. In response to a question from Jamie Howland about whether the Energy Opportunities program was having a particular impact on Commercial and Industrial results, Mr. Araujo commented that all programs underspent, because of the down-throttling that happened earlier in the year due to fund availability concerns. He also noted that 18% of prospective agreements with customers were cancelled. In response to a question from Mr. Rodrigue about Forward Capacity Market revenues, Mr. Araujo commented that if the expanded plan is approved, the companies will be able to bid more EE capacity into the FCM and generate more revenue that way. On behalf of United Illuminating, Pat McDonnell discussed UI's year end results.⁶ In response to a question from Mr. Steeves about how electricity sales and yield from the 3 mill charge compared to budget, Mr. McDonnell noted that both held quite even. Mr. Araujo concurred for CL&P. Both stated that sales have been flat over the last several years

⁴ 120208 Outstanding Issues F.pdf

⁵ CL&P CLM QTR Report 2011 Q4.ppt

⁶ UI CLM 4th qtr 2011.ppt

and are not expected to grow unless there is a significant increase in overall load. Joe Crocco offered year end results for Connecticut Natural Gas and Southern Connecticut Gas companies.⁷ He highlighted the overall strong results, especially in the area of the HES-Income Eligible programs. He attributed the results to program administrators' effective follow-through on any identified opportunities. Mr. Rodrigue noted that the Energy Opportunities results seemed weaker. Mr. Crocco agreed to investigate and get back with more information.

B. DEEP coordination update and plans –

- 2012 C&LM Plan, DEEP and PURA Review –
 - Base Plan and Increased Savings Scenario – Referencing the timeline⁸ developed by the Bureau of Energy and Technology Policy, Mr. Schlegel provided an update on the series of technical meetings now underway. He noted that a final decision on the gas C&LM plan had been issued. Regarding the electric plan, a draft decision has been released by BETP and comments were due in, with a final decision expected in late February or early March. The expanded plan's increased savings scenario is currently included in the IRP proceeding for which the next technical meeting will be held on February 10 at 9 AM.
 - DEEP Draft Approval of the Electric Base Plan – Mr. Schlegel led the board through a detailed review of the BETP draft approval of the base electric plan. In order to match 2011 levels, a budget of approximately \$125 M is required. In line with a longstanding goal of the EEB, a rolling budgeting process is now envisioned. The department is also clearly on board with the concept of statewide data collection and reporting. The EEB will be looking to DEEP for clarification of its expectations and opportunities for stakeholder input. He noted that there is already a draft RFP on a statewide reporting tool that seems ready to go forward. The RFP for an enhanced field service tool still needs more discussion. Shirley Bergert highlighted the issue about vendors not being able to capture later savings from measures customers adopt after they leave. There is a need to figure out how to link HES-generated results for measures that happen outside of HES. Mr. Araujo noted that the field service tool could capture upfront input that can be tied back to for later measures. Mr. Schlegel turned the board's attention to the disposition of the approximately \$20 M in carry-over funds and broached the idea of putting some of it into a revolving loan fund. Mr. Araujo recommended allocating the funds to the programs at this stage in order to get the ramp up going. After the expanded plan's increased savings scenario has been reviewed there will an opportunity to direct resources into a revolving loan fund. There is currently \$5 M on hand in the existing loan fund, which can be used to fund \$1000 – 2500 small loans for insulation and other measures. Mr. Steeves stated that he agreed with Mr. Araujo on this point at this time. In response to a question from Ms. Bergert about what would happen if demand grew to the point that the \$5 M in the loan fund was fully extended, Mr. Araujo commented that at that point it would be appropriate to transfer funds into the loan fund. Eric Brown expressed in interest in seeing signals of flexibility and responsiveness coming from the companies and the board. Ms. Bergert proposed

⁷ CNG_SCG CLM QTR Report 2011 Q4.ppt

⁸ DEEP_IRP-CLMApprovalProcessOneSlideJan2012.ppt

that review of the revolving loan fund issue should be included in the expanded plan review. Mr. Schlegel agreed to draft comments on this. The key point is that the board is working on other enhancements. For now there will be no additional set aside for the loan fund, pending review of the increased savings scenario.

- Options for Funding the 2012 C&LM Increased Savings Scenario – Mr. Schlegel next led a discussion of funding options for the expanded plan. One option is a conservation adjustment mechanism (CAM), which falls explicitly in PURA’s purview. By comparison, a change in the systems benefit charge would require legislation. Another option is to implement capitalization and amortization strategies. The advantages are that they spread expenditures over time and are easier on the up-front rate impact. The down side is that the associated carrying charges increase total cost overall. A third option is to have beneficiaries pay more through financing tools, such as revolving loans. Programs could be designed so customers finance for instance 70%, while rebates cover 30%. Mr. Schlegel offered his recommendation that the EEB support the CAM option as it has previously discussed. This would include full decoupling for the utilities, which would be authorized to recover program costs. Amy Thompson inquired why small business programs appear still to underperform despite access to 35% rebates and 0% financing. Mr. McDonnell responded that it program performance problems are mostly a consequence of interruptions in funding. Participating vendors for instance turned their attention elsewhere, and were not available to support customers and move projects forward. Mr. Rodrigue suggested that the current cap on C&I projects should be removed to alleviate this. Mr. Araujo noted that if the increased funding is approved, the 750K new cap can be removed. Mr. Rodrigue also noted for the record that the Office of the Consumer Counsel and the Attorney General traditionally have been wary of financing approaches. Mr. Brown noted that he therefore expects that ultimately the answer will be a combination of the three options. He raised the question if the board recommends one of the options, what does it mean in terms of impact on perceptions of the board’s role? Mr. Steeves remarked that from the ratepayer advocates’ perspective, the goal is to find the least costly way for ratepayers. Mr. Brown queried how the options pay off for customers. Ms. Bergert noted that option 3 allows for more skin in the game by customers. The challenge is to capture the nuances regarding how ratepayers are affected. The objective could be to find ways to bring more money into the fund from the ratepayers who have really benefitted from it than from those who haven’t. Mr. Steeves agreed there is basically a program design issue here. A CAM could be used to raise a certain amount of money, with other financing tools then used as well. Mr. Schlegel summarized the tradeoff between two approaches: raise and expend, or borrow and amortize, noting that in either case ratepayer funds are involved. Option 3 can reduce what you need to raise through the first two options. Ms. Bergert conveyed her sense that what is needed is a long haul approach, involving borrowing with co-pays. Ms. Thompson remarked that in present circumstances, when it is a priority to get more people participating in the programs, charging them more is not the best idea. Mr. Araujo noted that a CAM, because it involves funds that can be raised now, will have impact on FCM and on other sources. It would also help us with the ACEEE ranking challenge in the nearer

term. Mr. McDonnell concurred, while also noting that there is a lost opportunity cost to ratepayers. This gives some merit to the amortization concept. He commented that the 3 mil charge hasn't changed since 1998. Mr. Steeves concluded the discussion by asking Mr. Schlegel to draft language for presentation at the February 10 technical meeting. The language will be circulated for board comment and approval before then.

C. Special reports –

- Home Energy Reports and Behavior/Feedback Programs – Rick Mascoli and Rebecca Meyer from CL&P and Sheri Borrelli from UI provided an update on the Home Energy Reports pilots.⁹ Results from 2011 were reviewed, together with follow-on plans for 2012. It was noted that the programs are funded under the Clean Energy Communities budget. Promising results suggest that there may be opportunities to grow the programs. Kim Oswald noted that an evaluation study of the CL&P billings is circulating in draft form and has been filed on the EEB website. Responses to the draft should be sent to the Executive Secretary within 14 days.

D. Evaluation Committee – Ms. Oswald noted again that the HERs draft report has been filed and offered a summary review of her monthly evaluation report.¹⁰

E. Commercial & Industrial Committee – For the committee Les Tumidaj reported on the previous day's very productive meeting. The committee reviewed 2011 results, discussed approaches to assessing market potentials, including tracking of non-energy benefits. With respect to 2012 activities, the committee is in the process of prioritizing ideas that are actionable now, with an eye to ramp up opportunities, while awaiting decisions on the base and expanded plans. Mr. Rodrigue commented on the large turnout and expressed appreciation for the list of options developed by the CL&P team. He and Ms. Thompson commented on the well-attended C&I rollout meetings held in late January and on the interest shown by attendees in the ramp up message.¹¹

F. Residential Committee – Ms. Bergert reported on the deep concern about money for oil measures running out because of the legislated cap. She noted that legislative action in time is unlikely and that the summer months will not see substantial receipts from an oil sales surcharge if one is mandated. She further commented that a wide range of stakeholders care about the issue, so the key is to arrive at a combined effort. The department now has until September to expend its DOE weatherization funds. Noting that the HES, HES-IE, and DOE weatherization programs all have vendor networks, she remarked that there is interest in bringing them together into one pool so vendors can work wherever there currently is money.

G. EEF-CEFIA Coordination – Mr. Rodrigue reported that the two bodies are working closely together on the joint marketing effort they are undertaking with DEEP.

H. Fuel Oil Conservation Board – Ms. Bergert reported that she and Mr. Howland are on the reconstituted FOCB. To date it has not met.

⁹ FINAL HER Pilot Updates (2-08-12).pdf

¹⁰ EEB Evaluation Report 2-2012.docx

¹¹ C&I Rollout 2012 Final Presentation.pdf

4. Outreach and Marketing

- A. Marketing Committee – Ellen Zuckerman provided an update on the joint marketing project. Bidder interviews are underway. There is a spirit of good collaboration with CEFIA and DEEP. Decisions are expected within the next week.
- B. Updates on current marketing events and initiatives – On behalf of the companies Mr. Araujo and Mr. McDonnell reviewed their respective events calendars.¹² Mr. McDonnell passed around samples of a new CEEF marketing pamphlet and the eeSmarts Student Contest poster.

5. Other

- A. It was agreed to take up discussion of the funding request from CRMA at the March EEB meeting.
- B. Jeff Gaudiosi recognition – In recognition of his over 12 years of service to the EEB, the EEB provided Mr. Gaudiosi with a plaque and wished him well as he leaves the board to assume new responsibilities as Connecticut's first Power Procurement manager.



- 5. **Adjourn** – With no further business to attend to, the meeting adjourned at 3:05 pm.

Respectfully submitted,

Tim Cole
Executive Secretary

¹² CLP Events Calendar as of 20120206.xls; UI EEB Calendar for February.docx