



**Energy Efficiency Board  
Special Meeting**

Wednesday, August 28, 2013, 1:00 – 3:00 PM

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

**MINUTES<sup>1</sup>**

EEB Voting Members in Attendance: Jamie Howland (Chair), Shirley Bergert, Neil Beup, Eric Brown, Diane Duva (DEEP), Joel Gordes, Taren O’Connor, Amy Thompson, Michael Wertheimer

Utility Representatives: Ron Araujo, Marissa Westbrook (for Pat McDonnell)

Not in Attendance: Amanda Fargo-Johnson, Michael Cassella, Joe Crocco, Dale Williams

Other Attendees: Tim Cole, Chris Kramer and Glenn Reed (phone), Jeff Schlegel, Lisa Skumatz (phone), Les Tumidaj (phone) [Consultants]; Steve Bruno, Mark Grindell (phone), Tyra Peluso, Pam Penna, Donna Wells [Utilities]; Kate Boucher, Art Marcelynas [DEEP]; Bill Dornbos [ENE]; Karen O’Neill [Next Step Living – phone]; Ricky Gratz, Jim Kapsis, Irene Scher, Stacey Sivak [Opower]

The special meeting of the Energy Efficiency Board began at 1:07 pm with Chairman Jamie Howland presiding.

**1. Process**

- A. Agenda – The agenda was reviewed and accepted as presented.
- B. Minutes – The minutes of the August 14, 2013 board meeting were approved on a motion by Shirley Bergert seconded by Diane Duva. All voted in favor.
- C. Public Comments – There were no comments from the public.

**2. Programs and Planning**

A. DEEP / PURA coordination

- 2013-2015 Multi-Year Plan
  - DEEP Draft Decision on 2013-2015 Plan, Board Review

Jeff Schlegel introduced the discussion by drawing the Board’s attention to the summary of the Draft Decision prepared by the consultants.<sup>2</sup> Referencing the Notice from DEEP that accompanied the Decision, he pointed out that a public meeting is scheduled for 9:00 September 10 and the deadline for written comments is September 23.<sup>3</sup>

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<sup>1</sup> Meeting Materials Available in Box.net Folder <https://app.box.com/s/31cfs5n2fcwra2b0v12f>

<sup>2</sup> DEEP Draft Decision-Initial Consultant Comments-08\_28\_13D1

<sup>3</sup> Notice of Tentative Decision to Approve and Notice of Public Meeting and Request for Written Comments

Among others, the following points were highlighted in the consultants' comments:

- The new legislation reaffirms the all cost-effective policy goal and allows for increased surcharges to achieve it. The draft decision is designed to implement this.
- Because of the lateness of the proceeding, the filed expanded budget will be reduced by about one third.
- The decision reallocates the gas share in the overall budgets.
- The HES program will be maintained at the current level for the time being, with potential additional resources reserved until the results of the evaluation now underway are in. \$14M will be authorized now, \$8.9M held in reserve.
- Regarding performance incentives, an 80% threshold is set. Some funds will be allocated specifically to the savings and benefits achieved by reaching deeper savings targets.
- Regarding the compliance schedule, the Plan Update filing date will be March 1, 2014, and will include the 2013 end-of-year reconciliation.
- Up to 15% of the budget may be spent forward with EEB review and approval. Above 15% will require authorization from DEEP.
- For C&I the self-funding financing option is supported, calling for use of \$5M for a revolving loan fund which will save on servicing costs by using of utility capital as in the existing lending programs.
- Regarding marketing, program marketing needs to be distinguished from general statewide marketing, including specifically the Energize CT initiative undertaken jointly with DEEP and CEFIA. More funds are earmarked for such statewide outreach with the intent of helping bring more customers to the programs in support of the expanded programming goals.
- Eric Brown expressed his concern that more attention be paid to how programs are marketed, and not just to how much they are marketed, in order to ensure effectiveness. He noted that in many markets there is still a lot of confusion about what options are available. He noted that he finds based on conversations that customers who are using the new website and who have contacts with the utilities are often still not in the clear. He proposed a model comparable to TurboTax be offered, where customers would enter data and the system would generate an array of suitable options. Ms. Bergert suggested it would be helpful to have more information about what types of customers are having what types of problems. Amy Thompson noted that the C&I Committee's work on market segmentation may be helpful. Mr. Howland commented that it is indeed a problem for the EEB if such experiences reflect badly on the programs. Given the nature of the statewide marketing efforts, solutions may require involvement by the other parties – CEFIA and DEEP. Ms. Duva noted that the intent in the decision is to get world-class market specialists to do the assessment and create a marketing strategy that works in an effective segmented way. This would build on the work the C&I Committee is already doing.
- Regarding the total budget, Mr. Schlegel pointed out that the bottom line shows \$183.6M authorized for electric programs and \$43.6M for gas programs, with a total

budget of approximately \$227M. He directed the Board's attention to the revised budget Table A2.<sup>4</sup> Mr. Araujo noted that what is shown in the Table is a summary of revenue projections discussed at previous EEB meetings. Additional RGGI funding allocations are included in the revised budgets for 2013 in accord with past practice. In the 2014 and 2014 budgets \$5M in RGGI funding is shown, per the new legislative mandates. He pointed out that the Commissioner of DEEP will in the future have discretion about providing support for the Energy Efficiency Fund above this level, within established guidelines. However, for planning purposes \$5M is considered firm for 2014-15. Mr. Wertheimer inquired whether the revised budget tables include calculations of what the additional surcharges now authorized amount to. Mr. Araujo responded that both the new additional 3mill rate and the Conservation Adjustment Mechanism are included. Mr. Schlegel confirmed that the companies' numbers on the revised Table 2a have been checked and are sound. The numbers included in the draft decision numbers appear to require correction. Ms. O'Connor inquired whether the budgets in 2014-15 do not exceed the allowed caps. Mr. Schlegel responded that because the CAM increases will not appear on customers' bills before December at the earliest and collections will not begin until January, the 2014-15 numbers may be considered sound once the collections are in place. Ms. Duva stressed that what is under discussion is indeed a draft decision and that issues needing correction or clarification should be pointed out to the Department in submitted comments. She emphasized that while there is little that can be done in 2013, because it is so late in the year, this is nevertheless a three-year plan and the focus remains on ramping up along the lines spelled out in the expanded plan. The total budget remains essentially the same and increasing expenditures will be seen as implementation progresses.

B. Revenue / spending update for program year 2013

- Marissa Westbrook initiated the discussion by raising the question what the companies are expected to do through the end of 2013, in light of the fact that current funding will not allow for sustained programming at the desired levels. Mr. Schlegel concurred, indicating that the companies need to know from DEEP what they should be doing in the next few months. Ms. Duva underscored that DEEP wants to move forward with the implementation of the all-cost-effective strategy. 2013 has to be viewed as a unique situation. She urged the companies to focus on program enhancements now underway. Mr. Araujo commented that based on the revised revenue projections they will be about 6% over the 15% forward spending authorization. The companies are therefore looking for a signal that cost recovery will be authorized.
- Ms. Bergert expressed her appreciation for the fact that a three-year plan is now reality. An important issue remains of achieving an approximate match between revenues from subgroups and program expenditures for the various market segments, regions, etc. This requires sophisticated tracking and noted that it is need both because it is right in principle and because reflects awareness of elected

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<sup>4</sup> Table A2 Draft.2013.08.27 combined

- officials' expectations and concerns. Mr. Brown agreed, observing that a ramp up in dollars budgeted will lead to a ramp up in public scrutiny. Questions will be asked about who benefits and where. Ms. Bergert stated her wish to see some proposals on how program participation will be measured along these lines. Mr. Howland noted that the companies may in fact be collecting such data already, but the information needs to be shared with the Board along with the metrics. Mr. Brown expressed his appreciation for the market segmentation analysis the companies are doing, underscoring simply that more needs to be done and more deeply.
- Regarding the budgets, Ms. Thompson asked the companies to show the Board what a smooth ramp up curve looks like, without dips due to overspending without sufficient revenue. Being able to ensure the ramp up is smooth will have a big impact on both customers and vendors. Mr. Araujo agreed that it would be bad to have to pull back on the reins now when the programs do have momentum. Ms. Thompson indicated she would like to see authorization of an additional 5%, if that is the amount needed for a smooth ramp-up.
  - Ms. Westbrook inquired what process should be followed to request such an authorization. Mr. Schlegel suggested a confirmation letter expressing the specific need should be prepared, in keeping with established practice. The letter would provide documentation of the amount needed. It appears that 15% of next year's expanded budget would in fact cover it. Mr. Araujo proposed a two-step approach. First, approval of 15% forward spending from the 2014 expanded budget would buy time. Secondly, the current proceeding will allow the companies to look more closely at the exact amounts needed and to then make adjustments. Ms. O'Connor stated that she would prefer to see the numbers first to determine exactly what is needed. Mr. Araujo responded that CL&P is forecasting a total of \$102M need for this year. Mr. Schlegel noted that UI will need roughly an additional \$4M to maintain programs at the current level. In fact there might be two proposals, one indicating how much is needed to maintain programs at current levels, another to allow for a smooth curve upward as programs are enhanced. He reaffirmed that the three-year budget allows for set funding based on revenues including the 3 mill surcharge and the CAM.
  - Mr. Howland proposed that an electronic vote be held once the companies draft a joint letter including the correct numbers. The Board will be asked to indicate whether it approves and recommends the companies' requests as stated in the letter. Mr. Wertheimer stated that he would like to see a sufficient statement of context and explanations for the exact numbers included in the letter. Mr. Howland agreed the letter needs to convey to the Board and DEEP what exactly the requested increases will accomplish. Ms. Duva urged the companies to make sure the numbers align with maintaining the trajectory laid out in the draft decision and the Comprehensive Energy Strategy. Mr. Araujo agreed to have a draft ready by tomorrow afternoon, with the understanding the electronic vote would be completed by the close of business on Tuesday, September 3.

- Mr. Schlegel urged Board members to send him ideas they wished to see considered in the draft of comments on the decision itself he will be preparing for review at the September 11 Board meeting.

C. Customer Engagement –

- Mr. Schlegel introduced the discussion by noting that there are currently several areas of activity flowing from the 2012 RFI process, the two Home Energy Report pilots conducted by the companies, and other efforts. The bottom line now is that there are proposals under consideration by CL&P as well as a proposal undergoing revision at UI, both of which would eventually come before the Board for review and approval. The Board would be expected to look at the scope of the proposals and funding allocations to support them, including co-funding by other entities for those aspects of customer engagement programs that do not have to do with energy efficiency specifically. To date the consultants have only reviewed the scope of the proposed projects. It is important to note the multi-year, phase-in nature of the proposed initiatives, which would go beyond the three-year C&LM planning cycle. Mr. Howland underscored that it is important that Energy Efficiency Fund dollars be spent only on energy efficiency efforts. He also emphasized his view that so far as possible the companies need to have a common approach as seen from the customer's point of view so as not to confuse marketing and communications efforts.
- Mr. Araujo then offered a presentation on the proposal under development at NU.<sup>5</sup> He noted that for NU what is contemplated is a multi-state offering. The company is looking at using third party resources to make this a more comfortable experience for customers, able to present different offerings for different market segments. It would be essentially an integrated system designed to meet all customer needs. Ms. Bergert requested that the company make sure that the existing connections with social service providers for access to billing data not be lost or jeopardized, noting that these connections are essential to involving low-income customers in energy efficiency programs. Mr. Araujo observed that the model in development would include both residential and business platforms, and noted that funding will be needed from both sectors. Particular attention is being paid to finding new ways to include micro-businesses, which typically fall between the two sectors. One possibility would be to road test the model with marginal market segments, such as non-English speakers.
- Mr. Schlegel noted that a brief update might be made at the September Board meeting, with a more substantial presentation at the October meeting. He noted that the proposals will have an impact on future budgets, for which work will be underway before the end of the year. Mr. Araujo commented that it is not yet clear what share of the project the Energy Efficiency Fund might be asked to contribute and that it is premature to say how the new model might work with existing systems.

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<sup>5</sup> NUCTEEBoardPresentationCustomerEngagementrev1

D. Financing Update: 2013-2015 Plan, Legislation, and CEFIA Product Offerings –

- Mr. Schlegel drew the Board’s attention to the comprehensive table of financing offerings currently under development.<sup>6</sup> Ms. Bergert remarked on the important progress evident in the chart and expressed a wish to see regular updates as offerings evolve and change. Mr. Schlegel noted that this document is to be understood as “behind the curtain” and not “customer facing.” Customers should see only the options of specific interest to them when they look for financing options.

**3. Other**

- Ms. Bergert asked members of the Board Operations Committee to gather after the meeting to set a time for the Committee’s next meeting.
- Mr. Gordes put the question to the Board what input it wished to have into the 2014 Integrated Resource Plan process now getting underway. Mr. Schlegel commented that some work on this has already started. He will provide an update at the October meeting of the Board.
- Mr. Brown expressed his gratitude to Mr. Schlegel, Mr. Reed, and Mr. Tumidaj for the effort they put into the summary of the draft decision provided to the Board.

**4. Adjourn** – With no further business to conduct, the meeting adjourned at 3:12 pm.

Respectfully submitted,

Timothy Cole, Executive Secretary

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<sup>6</sup> Financing Comparison Chart - 8 28 13