



**Energy Efficiency Board
Monthly Meeting**

Wednesday, January 29, 2014, 1:00 – 3:30 PM
Meriden Housing Authority, 22 Church Street, Meriden, CT

MINUTES¹

EEB Voting Members in Attendance: Taren O'Connor (Vice-Chair), Shirley Bergert, Eric Brown, William Dornbos (ENE Designee), Diane Duva, Katie Dykes (DEEP Deputy Commissioner Energy), Amanda Fargo-Johnson (phone), Joel Gordes, Amy Thompson

Utility Representatives: Ron Araujo, Chris Ehlert, Pat McDonnell

Not in Attendance: Neil Beup, Michael Cassella, Jamie Howland, Michael Wertheimer, Dale Williams

Other Attendees: Tim Cole, Chris Kramer (phone), Glenn Reed (phone), Jeff Schlegel, Les Tumidaj (phone) [Consultants]; Enoch Lenge, Pam Penna, Donna Wells [Utilities]; Paul Pizzo [Architect – MHA], Ricky Gratz, Adam Brzozowski, Lydia Johnson [Office of Energy Efficient Businesses], Kaitlyn Gregg [Opower], Theresa Lavoie

The Special Meeting of the Energy Efficiency Board began at 1:10 pm with Vice-Chair Taren O'Connor presiding.

1. Process

- A. Welcome and Introductions – On behalf of the board, Ms. O'Connor thanked the Meriden Housing Authority for the tour of the Yale Acres project they offered during the morning before the meeting. Ron Araujo noted that CL&P has provided incentives and support for the project and has connected the Authority with Kim Stephenson and Kerry O'Neill at CEFIA to explore the possibility of obtaining bridge funding to help keep the project moving.
- B. Agenda – The agenda was approved as presented.
- C. Public Comments –
 - Adam Brzozowski introduced Lydia Johnson and himself as representatives of the Office of Energy Efficient Businesses.
 - Paul Pizzo, speaking as the MHA architect for the Yale Acres project, communicated his excitement about the pathbreaking work the Authority is doing in the area of creating energy savings for affordable housing. He noted that the task now is to put together \$450,000 in bridge funding for the next phase.²

¹ Meeting Materials Available in Box.net Folder <https://app.box.com/s/ndml4vdhlrtejvl70fdk>

² MHA EEB Presentation 111313.ppt

D. Consultant Committee –

- Reporting for the Committee regarding the Consultant Workplans for 2014, Joel Gordes stated that the committee had decided to propose a one month authorization at 2013 levels, with the expectation that new full budgets will be ready to present for approval at the next meeting. He made a motion to this effect, which was seconded by Shirley Bergert and which passed with all in favor. Jeff Schlegel directed the board’s attention to the current working proposal included in the meeting packets.³ He noted that the package shows \$800,000 in funding for consultants approved for 2013 and proposed for 2014, whereas the authorization from DEEP allows for funding up to \$924,250. The total of the 2014 workplans now on the table is \$753,152.
- Eric Brown inquired whether the board will need its own financing consultants going forward, if this expertise is available at CEFIA. Ms. Bergert replied that the board still needs the ability to evaluate offerings coming from CEFIA, as is the case in the current discussions regarding an On-Bill Repayment program. Diane Duva commented that the question raised by Mr. Brown is a good one. However, she also felt that where consultants are concerned the board may have its own independent needs, especially with respect to very specific tasks. For example, in this case the consultants are being asked to provide specific assistance different from generalized financial expert support. Ms. Bergert noted that with respect to financing, the board is working in a dramatically changing landscape, with other entities playing important roles, such as for example CHIF.

E. Calendar update –

- Tim Cole reported that the Lyceum and the Institute for Technology and Business Development are both available for the board’s annual retreat in June. Pam Penna agreed to provide cost details on these options for the board’s consideration. Ms. Duva suggested that the Riverfront Boathouse in Hartford might also be a good venue. Ms. Penna agreed to explore that option as well.

2. Programs and Planning

A. 2013 End of Year Reports – Companies

- Dashboard Update and Review of 2013 Program Performance – Mr. Araujo offered a preliminary review of the 2013 results.⁴ He noted that spending late in 2013 was affected by the change in funding available due to Decision. He pointed out that at Yankee Gas in particular the high level of performance in the HES-IE program was to be highlighted. For UI, Pat McDonnell directed the board’s attention to the results indicated in the charts in the packet. Ms. Duva thanked the companies for providing these numbers together in one document. Mr. Araujo emphasized that the companies feel they are in a good place now for moving forward. Mr. McDonnell concurred, with the caveat that the future of the HES program needs to be clarified

³ EEBConsultantWorkplans-Jan-Dec2014_010914d2; ConsultantBudgetSupportEEBAssignments120913fd; 2014JeffSchlegel_EEBWorkplanRev012414; 2014EllenZuckerman_EEBWorkplanRev

⁴ SummaryElectricGasSavingsandSpendingtoEEB-012814

as soon as possible given the current uncertainty in the vendor community. At this point, ramping up to a higher budget level is difficult to plan for until the pathway forward is clear. Ms. Bergert asked the companies to keep her fully informed about these concerns and how they are impacted by future developments. Mr. Schlegel also thanked the companies for providing this level of End of Year data so early and noted that it was much quicker than in other states. He noted that it was understood these are preliminary data and that final data will be ready for the March 1 Plan Update filing.

B. DEEP / PURA coordination

- 2013-2015 Multi-Year Plan
 - 2014 Plan Update –
 - Ms. Duva cited the materials distributed to the board on January 24 and noted that specific questions would be addressed at the February 19 meeting. Primary areas of focus included performance incentives and energy savings, with the goal of increasing savings continuously over time. Mr. Schlegel reviewed a PowerPoint summary on Plan Update development.⁵ The summary included reviews of the DEEP decision – what was approved, what was not, what conditions were set, and what their implications were; along with a review of the schedule for developing and completing the Update. Amanda Fargo-Johnson inquired about the fact that percentage savings appeared to be higher in 2012 than projected for 2014. Mr. Araujo commented that this was the result of higher sales in 2013, which increased the denominator in the calculation. In response to a question from Katie Dykes about the possibility of increases in savings occurring with level budgets, Mr. Schlegel indicated that this was in fact the case. He directed the board’s attention to the tables on slides 12-13 as well as slides 14-15. He noted that the growth in LED sales has been driving savings recently. With the adoption of upstream approaches costs will be coming down. Noting that this is a case of using the plan update process to zero in on areas where markets are evolving, Ms. Dykes noted that DEEP would like to see proposals to move funds from areas where savings are less to an area where a lot is going on. Ms. Bergert commented that statutes require efficiency and market transformation. This process allows the board to focus more intently on the market transformation piece. William Dornbos inquired whether it makes more sense to move C&I or Residential funds. Mr. McDonnell and Ms. Bergert responded that it is important to maintain parity, as well as being required by statute. Mr. Schlegel underscored that it is also a board policy approved in the past by the DPUC and now by DEEP.
 - Referencing Slide 18, Mr. Schlegel invited the board to consider whether it prefers to go with Option B, which would involve reallocating funds from some non-programmatic line items to programs where more customer energy savings can be achieved, as well as identifying potential sources for

⁵ EEB-ConsultantReport-2014PlanUpdate-D4

increasing funding. This would require development of revised budgets, which would need DEEP approval. If there is interest in Option B, the consultants and companies would come back to the board with revised budget tables to reflect such changes. Ms. Bergert noted that in the present dynamic situation she would welcome having the consultants come back with recommendations. Mr. Brown concurred, adding that it is not immediately clear which savings are associated with program subsidies and which with financing programs. He indicated his desire to see this comparison and stated his interest in pushing the ball over to the financing side. Mr. Schlegel responded that some of this analysis is available and more could be included, such as the savings associated with the C-PACE program. He noted as well that Strategic Energy Management is comparatively low cost and produces significant energy savings. In general he pointed out that the consultants are looking for bigger reallocations, in the \$1 million range. Smaller amounts are not worth the trouble in terms of savings likely to result.

- Ms. Dykes suggested it would helpful to have board consensus on Option B, but encouraged the board and companies to present both Options A and B to DEEP so there is a yardstick. Mr. Schlegel agreed to provide the needed documentation to support both, and further noted that there is now no option on the table now that directly complies with the budget in DEEP's decision. Ms. Duva commented that the Option B choices appear to be compatible with the direction DEEP set in the decision and affirmed that the board has latitude about how it works toward promoting market transformation. Ms. Dykes stated her preference that the Marketing Plan allocation not be cut. Mr. Dornbos stated his willingness to go on the record supporting Option B. Ms. Bergert pointed out that under the statute the companies administer, this board oversees planning, DEEP decides. Therefore it is okay for the board to be ahead of the game even if DEEP is not yet ready to go there.
- Ms. O'Connor as for a sense of the board about whether a vote was needed at this point. Mr. Schlegel commented that people who have other ideas, preferences, or priorities about the categories listed should please present them by early next week. Mr. McDonnell indicated that there is a process question, given that Option B will need to be voted on by February 19. Mr. Schlegel responded that a matrix would go out well ahead of that date. Ms. Fargo-Johnson indicated her agreement that energy savings is a priority. She asked the consultants to clarify the implications when the recommendations are sent out. Mr. Schlegel agreed to do this.
- Update on PURA proceedings – With reference to the current CAM proceeding, Mr. Araujo highlighted the fact that a key issue for which late filings had been requested is the question how to address the fact that budgets never get spent exactly. In the nature of things there are always either over- or under-expenditures. A procedure needs to be arrived at for balancing out over time.

C. Financing

- Joint EEB – CEFIA Meeting Report – Ms. Duva reported that a number of topics covered. Commissioner Esty attended and used the opportunity to convey his sense of excitement about the headway that had been made in developing financing approaches to support market transformation. Mr. Brown agreed that it was a good meeting, hopefully the first of many. He felt that both sides learned from each other and that Commissioner Esty laid out the issues in a helpful way. Ms. Bergert inquired whether there was discussion of initiatives involving CHIF and CHFA. Mr. Brown responded that there had been no discussion of them. Mr. Schlegel noted that there was some discussion of multi-families and CHIF was mentioned in that context.
- Financing and Leveraging Ratepayer Funding – On-Bill Repayment Program – Ms. Bergert reported on the joint efforts involving representatives of the board and CEFIA to create an on-bill repayment program as required by a provision in PA 13-298. The statute mandates the creation of a joint program, managed by CEFIA. Together with OCC and the Attorney General’s office, she noted that she has concerns about possibility of cut-off for non-payment, a condition lenders would like to see included. She noted that people’s inability to pay may arise from circumstances beyond their control. At this stage in the negotiations, they have asked for more information. Included in the packet is a document presenting a charge to the board’s consultant, who may be asked to research and develop recommendations for the board about how best to address its concerns.⁶ The full board will have to vote on Phase I of the CEFIA proposal at its February meeting. Consultant Chris Kramer has indicated that he will be available to research and advise for phase 2 after the vote on a plan for phase 1. Mr. McDonnell suggested it would be helpful to look at the cost-benefit relationship between including a cut-off feature and how it affects interest rates and risk assessment. Ms. Bergert noted that this issue is included in the charge to the consultant. Mr. Gordes expressed concern that CEFIA would have the authority to authorize shutoffs as a legally independent 501(c)(3), which is not a state agency, as well as concern about the marketing consequences if this is allowed. Ms. Thompson stated her desire to see the process for ordering a shut-off spelled out. Ms. Duva commented that these points argue for why the board needs fuller detailed information to review this with. Ms. Bergert noted that she would add two bullets to the charge: 1) research policy implications of a not-for-profit entity authorizing utility shutoffs and what a process for doing so might look like; and 2) marketing implications of having this feature. Ms. Duva offered a motion to instruct the consultant to do the research and provide a report by the close of business February 14 with recommendations to the board for the board then to act on. Mr. Gordes seconded the motion. Mr. Schlegel noted that there would be no cost implications. The money for the consultant is in the budget and the work is doable in the prescribed time frame. The motion passed with all in favor.

⁶ OBR-EEBChargeetoEEBconsultant_012914

- Priority Financing Needs for Energy Efficiency – Mr. Schlegel directed the board’s attention to the draft of suggestions for CEFIA financing included in the packet.⁷ He invited the board to review the draft and suggested an electronic vote be taken the following week. The consultants were recommending approval. Comments were welcome and a final version would be ready by Friday, January 31.

3. Committee Reports

A. Evaluation

- Ms. Thompson reported that the committee is in the process of reviewing the workplan for 2014. It will be requesting a continuing resolution to approve payment for January and February. The goal is to align the SERA team budget with the increased volume of projects currently underway or likely to launch in 2014. Ms. Bergert moved approval of the resolution and Ms. Duva seconded the motion. All voted in favor
- Regarding active projects, Ms. Thompson reported that the comments period for the Ground Source Heat Pump study had closed. A second review draft is likely, given the number of comments received. Comments on the regional Hours Of Use study are due February 7; comments on the Energy Opportunities study are due February 14; and comments on the Weatherization Baseline study are due January 31.

B. Marketing

- Update: Ongoing Development of the 2014 Marketing Plan – Mr. Schlegel reported that the Marketing Plan will be filed March 1 concurrently with the C&LM Plan Update. It is now in development and will be reviewed at the Marketing Committee meeting on February 5 and presented to the board for final approval at the February 19 meeting.

4. Other

- Given the amount of material to cover at the February 19 board meeting, Mr. Schlegel requested that the meeting time be extended. There was agreement to set the meeting time from noon to 4 pm, with members invited to bring a brown bag lunch in order to get a timely start.

5. Adjourn – With no further business to attend to, the Board adjourned its meeting at 3:45 pm.

Respectfully submitted,

Timothy Cole, Executive Secretary

⁷ EEBFinancingPrioritiesforCEFIA_012914f