



**Energy Efficiency Board
Monthly Meeting**

Wednesday, February 19, 2014, 12:00 – 4:00 PM

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

MINUTES¹

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

Utility Representatives: Ron Araujo, Pat McDonnell

Other Attendees: Tim Cole, Chris Kramer (phone), Glenn Reed, Jeff Schlegel, Lisa Skumatz (phone), Les Tumidaj (phone), Ellen Zuckerman [Consultants]; Mark Grindell, Christopher MacKinnon, Tyra Peluso, Pam Penna, Violette Radomski, Ellen Rosenthal, Tilak Subrahmanian, Donna Wells, Marissa Westbrook [Utilities]; Kate Boucher [DEEP]; Sharron Emmons [Wallingford Electric Division]; Mackey Dykes [CEFIA]; Brandi Colander, Ricky Gratz, Kaitlyn Gregg, Irene Scher [Opower]; Doug Cahill, Scott Hastie, Will Wesson, Teresa Lavoie [HPACT]; Adam Brzozowski, Lydia Johnson [OEEB].

The officially noticed regular monthly meeting of the Energy Efficiency Board began at 12:10 pm with Chairman Jamie Howland presiding.

1. Process

- A. Agenda Review – It was agreed to move CEFIA’s presentation on On-Bill Repayment programs to the top of the Programs and Planning section of the agenda.
- B. Minutes – The minutes of the January 8, 2014 board meeting were approved as presented on a motion by Diane Duva seconded by Joel Gordes, with all voting in favor.² Neil Beup abstained due to absence from the meeting. The minutes of the January 29, 2014 special meeting of the board were approved as presented on a motion by Mr. Gordes seconded by Shirley Bergert, with all voting in favor, excepting Mr. Beup, Mr. Howland, and Michael Wertheimer who abstained due to absence.³
- C. Public Comments – There were no public comments.
- D. Consultant Committee – Mr. Howland introduced the discussion of 2014 consultant workplans and budget. He noted that the board needs to submit a recommended budget for 2014-15 as part of the March 1 compliance filing. The Consultant

¹ Meeting Materials Available in Box.net Folder <https://app.box.com/s/drkjp0g9a1p90k1ukw4h>

² 140108 EEB Meeting Minutes F.pdf

³ 140129 EEB Meeting Minutes F.pdf

Committee agreed to recommend an annual \$754,000 budget for 2014 and for 2015. He noted that 2013 billings came in at 8% less than budget. Ms. Bergert moved approval of the committee's recommendation. Mr. Gordes seconded the motion. The motion passed with all in favor. This total budget figure will therefore be included in the filing. Mr. Howland observed that the actual workplans will be presented for a vote at the board's next meeting on March 12, 2014. Ms. Duva commented that DEEP expects the board to take a look at what the actual needs may be 2015 and urged the committees to begin formulating the projected consultant tasks now. She noted that the Committee agreed to a monthly reporting format, which includes a spreadsheet and a text report. The format will now be sent to the committees for review.

- E. Calendar update – Tim Cole reported that the mandated joint EEB - CEFIA joint meetings have been added to the year's calendar. The next meetings will be held on April 23, July 16, and October 22.⁴

2. Programs and Planning

A. DEEP / PURA coordination

- On-Bill Repayment Program Development – A team from CEFIA including President and CEO Bryan Garcia, Chief Investment Officer Bert Hunter, General Counsel Brian Farnan, and Director of Residential Programs Kerry O'Neill offered a presentation on the OBR program now under development.⁵ Ms. O'Neill reported that two working groups are now involved, one with the utilities and a second one with representatives and consultants from the EEB. Mr. Hunter noted that CEFIA has a focus on working with capital providers in order to bring more capital into the market. For the lenders the possibility of shutoff for nonpayment provides enhanced security, which translates into lower cost capital for longer terms. Mr. Farnan pointed out that under PA 13-298 sec. 58, which mandates the creation of a joint program designed to piggy back off existing programs both the EEB and CEFIA have to be comfortable.⁶ Ms. O'Neill highlighted the fact that the program in development involves a two-phase approach. Phase 1 is the Smart-E OBR program already developed. Phase 2 will be an Open Access OBR program. They will be two distinct programs, adopted separately by the two boards. A vote on the first is envisioned in March, while the goal for Phase 2 is to be ready to roll out in August. A PURA proceeding is likely to be required for Phase 2. It is yet to be determined whether a proceeding will be required for Phase 1. Ms. Bergert pointed out that because of issues around shut-off for nonpayment and transferability of loans when properties are sold, statutory changes may be needed as well. Ms. Duva inquired about relevant experience from the utilities' existing programs. Ron Araujo reported that the HES OBR program has experienced a default rate of less than 1% and that CHIF's experience with its direct finance program is similar. In both cases there is no shutoff provision. Pat McDonnell noted that UIL's financing

⁴ 2014 Calendar - 140210.xlsx

⁵ EEB_OBR Kickoff 021914.pptx

⁶ OBR Enabling Legislation - Section 58 of Public Act 13.docx

involves utility capital rather than outside investment capital. Mr. Araujo stated that CL&P uses third party capital for the residential loans and company capital for the small business financing program. Michael Wertheimer thanked the team for the presentation and stated his wish to see the report on the program EEB consultant Chris Kramer by March 5 and that a block of time be set aside at the March 12 board meeting to go more deeply into the program. Ms. Bergert confirmed that a vote on Phase 1 is contemplated for the March 12 meeting. Mr. Howland stated his wish to know more about the program management costs that will be involved. Mr. McDonnell responded that it will be difficult to give a clear estimate before the program design is clear enough for IT to cost it out. Mr. Howland asked the companies to provide current servicing costs to Mr. Kramer to be considered in his report.

B. Financial and Dashboard Updates – Companies

- 2013 – 4th Quarter Report

- Mr. Araujo directed the board’s attention to the reports included in the packet.⁷ He noted that for 2013 the actual expenditures for CL&P were \$101 million, while revenue was \$101.4 million. He highlighted the facts that DEEP had approved the bridge loan proposal and the first project had now been started in New Milford. DEEP also approved multi-family loans and the first of these had been initiated in East Windsor. He further noted that an MOU has now been signed with DAS to allow smaller state facilities to access the SBEA program offerings. He commented that January numbers also appear to be strong, so there seems to be good momentum carrying forward from last year.

- Regarding UIL programs, Mr. McDonnell directed the board’s attention to the summaries from the electric and gas companies.⁸ There was strong performance on the residential side, including more activity in Residential New Construction. C&I programs were closer to budget, but the initial trends for 2014 seem promising.

- Mr. Gordes inquired why among retail products LEDs are now so strong. Mr. McDonnell cited anecdotal indications that customers are dissatisfied with CFLs. Mr. Araujo highlighted the impact of effective marketing emphasizing quality and the EnergyStar rating.

- Ms. Duva commented that extending SBEA into the government sector is a very positive development, with significant opportunity for both companies’ programs.

- 2014 – January Dashboard Update – Mr. Araujo stated that the dashboard had not yet been updated, pending approval of 2014 goals. He noted that the companies don’t foresee problems expending the budgets this year. While things are looking good on the electric side, the companies will be focusing more on the gas side,

⁷ CL&P CLM QTR Report 2013 Q4.pptx; YGS_ CLM QTR Report Q4 2013.pptx

⁸ UI CLM 4th qtr 2013.ppt; CNG_SCG CLM QTR Report 2013 Q4.ppt

where there is significantly more need for growth due to the major increase in the gas budget from \$8 million in 2013 to \$18.9 million in 2014.

C. Annual Legislative Report –

- Representing the companies' marketing teams Mark Grindell from UIL and Ellen Rosenthal from NU reviewed the draft ALR included in the packets.⁹ Mr. Grindell noted that the companies are looking to the board for approval of the overall concept and approach. Corrections would still be welcome until Friday February 21st at 9 am. Ms. Bergert asked that footnotes citing the relevant statutes be added, along with a brief summary so people can see what underlies the accomplishments shown in the report. This would be a help educating legislators who are regularly asked to authorize the programs operated by the Energy Efficiency Fund. The footnotes should show people how to get to statutes, plans, etc. She volunteered to work with Mr. Grindell and Ms. Rosenthal on this. Ms. Duva suggested hyperlinks to the relevant reference sites and documents would also be helpful. Jeff Schlegel pointed out that users of the report need to look to back page for the actual total results and suggested it would be helpful to have a note directing readers there. Mr. Howland commented that there are also environmental benefits, which could be included such as emissions reductions. Ms. Duva moved approval of the draft with the understanding there will be modifications. Ms. Bergert seconded the motion. The motion passed with all in favor. Mr. Schlegel congratulated the team for its work, not that Connecticut leads the nation in getting reports of this quality out so soon after the end of the year.

D. DEEP / PURA coordination

- 2013-2015 Multi-Year Plan
 - 2014 Plan Update – Mr. Schlegel reported that the consultants and companies are moving forward with the compliance filing required by the DEEP decision, plus some additional recommendations to DEEP. He offered a presentation showing the highlights.¹⁰ He noted that the budgets are ramping up, but not as aggressively as in the expanded plan originally proposed.
 - Regarding the two components of the planned Update, the compliance filing and the supplementary recommendations, he noted that the recommendations require board action and will not be finalized until after today's discussion. The compliance filing needs to go forward on its own track.
 - He suggested a first vote on the compliance filing and noted that the consultants recommend approval of what is in packet with a few minor tweaks.¹¹ The filing consists of a combination of new ideas plus key pieces from the original three-year filing for the benefit of readers not familiar with whole plan history. He noted that the filing includes besides the text, updated budgets, tables showing savings and goals, and a performance incentive

⁹ Draft 5 ALR 2013 All Pages.2.14.14.pdf

¹⁰ EEB-ConsultantReport-2014PlanUpdate-021914rev.ppt

¹¹ Text and supporting documents may be accessed online at: <https://app.box.com/s/x9we4vxy717ft32lrb25>

matrix. Ms. Bergert made a motion to approve the four components referenced, including text, budgets, savings and goals tables and the performance incentive matrix. Mr. Gordes seconded the motion. All voted in favor, excepting Ms. Duva who abstained because the department is responsible for reviewing the filing.

- 2014 Marketing Plan – Development of the 2014 Marketing Plan, Budget, and Timeline
 - Mr. Schlegel introduced the discussion by noting that DEEP’s Decision called for a ramped up approach to marketing and authorized a \$3 million budget for this purpose. The Marketing Committee has been working with the companies on the development of the required Marketing Plan. He introduced consultant Ellen Zuckerman, Mark Grindell from UIL and Ellen Rosenthal from NU and invited them to present.¹²
 - Ms. Rosenthal emphasized that all the components of the effort have to harmonize. The goal is to create a climate where people want to take part. An enhanced brand launch is upcoming, after the soft launch of the Energize CT brand a year and a half ago. Surveys show some recognition of the brand without a huge concerted effort. The brand already means smart energy in CT, emphasizing empowerment, choice, and a better environment. It is expected that the enhanced launch will create heightened visibility through a multidimensional campaign. Mr. Grindell addressed the value of the Energy Efficiency / Home Performance Campaign, the intent of which is to create a more receptive audience. The emphasis is on having tools such as videos to help customers see how to do the things they have become interested in doing. This will be a more interactive approach, designed to go from information to action. Details are spelled out on page 24 of the Marketing Plan included in the packets.¹³ Ms. Rosenthal stressed that the Plan focus is on how people use energy, not on how they save energy. Mr. Gordes suggested there should be emphasis on non-energy benefits, such as resilience, comfort, and security.
 - Mr. Schlegel pointed out that while the Plan was ordered through the EEB, the committee, companies and consultants have been working closely with DEEP and CEFIA through the Marketing Services Committee, the website committee, and other venues with the aim of coordinating across all the players.
 - Ms. Zuckerman explained that the timeline is pending approval of plan, which is designed to work around campaigns. There will be surveys before and after the campaigns. Some marketing pieces ongoing pieces will be ongoing. Implementation will be handled by the companies and by CEFIA with outside contractors, under the oversight of the Marketing Committee and the MSC.

¹² 2014StatewideMarketingPlanEEBPresentationF.pptx

¹³ Statewide Marketing Plan 021414.pdf

- Mr. Howland expressed his thanks to everyone involved for accomplishing a lot of work in a short amount of time. Mackey Dykes commented that people at CEFIA are also very excited and are now awaiting board approval of their piece of the budget. Mr. Schlegel stated that the Plan is now being presented with a recommendation for board approval. When approved it will become part of the C&LM Plan Update.
- Amanda Fargo-Johnson expressed concern about what happens from a user perspective for customers of CMEEC who go to Energize CT and find information only about NU and UIL programs. Ms. Zuckerman responded that the website committee is now working to fix this with both CMEEC and the Wallingford Electric Division. Ms. Bergert pointed out that some municipalities also have their own gas companies, which must be considered as well.
- Ms. Bergert moved approval of the plan. Ms. O'Connor seconded the motion. All voted in favor, including Mr. Wertheimer through Ms. O'Connor as proxy. Ms. Duva abstained because DEEP will be reviewing the Plan.
- Financing and Leveraging Ratepayer Funding – Referring to the memo on EEB financing priorities in its work with CEFIA discussed at the January meeting, Mr. Schlegel directed the board's attention to a redline version of the memo with language edits regarding maximizing C-PACE leveraging in the second paragraph.¹⁴ Mr. Beup stressed that the goal should be to work effectively together to maximize the benefits of CPACE. He noted that C-PACE is not the right fit for everyone. The idea should be to work together when it is the right solution and then to find other options when it is not. C-PACE should not appear as the only solution for the C&I sector, when in many cases the sector needs more financing options. He then moved approval of the amended language presented by Mr. Schlegel. Mr. Brown seconded the motion. The motion passed with all in favor.

3. Committee Reports

A. Commercial & Industrial –

- Les Tumidaj reported that the committee reviewed the implications for C&I of the changes included in the Plan Update. It also received an update on the Lead By Example program from Lynn Stoddard who is leaving DEEP to become Director of the Institute for Sustainable Energy. Andy Brydges from CEFIA attended the meeting and described how CEFIA will be providing staff support for LBE after she leaves. Finally, the committee discussed the Energy Opportunities evaluation and reflected some concern about the delay between when studies start and when the results of the evaluation are finally in. There will be further discussions with the Evaluation Committee and consultants to see if anything can be done about this.

B. Evaluation –

¹⁴ EEBFinancingPrioritiesforCEFIA_021914fd.docx

- 2014 Budget for Evaluation Consulting team – Ms. Thompson directed the board’s attention to the memo in the meeting packet.¹⁵ The memo conveys what the committee is recommending to the board, a budget of \$364,000 together with a rationale for the increase above the \$250,000 originally included in the plan budget table as a place holder. The primary driver is a likely significant increase in the volume of projects that will be completed. In the past actual work done typically was less than what was planned and budgeted. The new SERA team has three people, more expertise, and more capacity. Therefore, the committee intends to do all the projects now planned. The cost increase is driven by need for project management on more projects. It is expected that 18 projects will be completed this year compared to six in 2013. Additionally, there is also a need for an RFP process this year because of area contracts expiring, along with a need to revisit the Roadmap. \$364,000 is viewed by the committee as a ceiling. The additional funds will still be allocated from the evaluation budget, with money moving from the evaluation project line item to the evaluation consultant line item, and a net change of zero. Ms. Skumatz pointed out that this budget calls for deferring one large, two medium, two small projects called for in the 2014-16 Evaluation Plan. Ms. O’Connor moved approval of the budget presented and authorization to move the funds between line items as described. Ms. Bergert seconded the motion. Mr. Brown inquired whether it was in the authority of the board to make this decision. Ms. Duva responded that DEEP in its Decision had assigned this task to the board and expects the Update filing to address this issue. DEEP will include this action by the board in its review of the Update. Mr. Howland called for the vote. Mr. Brown voted against. All others voted in favor, including proxies for Mr. Beup and Mr. Wertheimer voted by Mr. Gordes and Ms. O’Connor respectively.
- Update on HES / HES-IE evaluation process – Citing the memo Ms. Skumatz addressed to the Evaluation Committee, Ms. Thompson described the snags the consultants and contractors were experiencing obtaining usable data. The difficulty poses an obstacle to reaching the intended deadline of a report by March 31 that DEEP could use for its decision-making about further funding for the HES programs. She noted that this poses a twofold problem: besides the problem of getting something usable by the deadline, project costs are going up due to the contractor having to work with poor data. Ms. Skumatz proposed and the committee agreed to add in a Whole Home Billing Analysis to the project, which would help DEEP with its decision making. The planned measure-level savings work will be done later. Approximately \$26,000 in additional costs will be incurred for cleaning the billing data. An additional \$26,000 will be expended to pay for the new WHBA work. Ms. Duva noted that the committee believes a path to a timely data delivery solution has been found. This proposal will help the department stay on schedule to decide about releasing funding, if the WHBA is supportive. She cautioned however that if the WHBA shows problems, then the department will

¹⁵ CTEvalMemoOnSERATeamBudget021014_v2R.docx

have to wait for the rest of the study to be completed before making further decisions. The needed funds will come from the contingency line in the budget. She noted that data problems are usually a reflection of IT shortcomings, not program problems. Hence, the committee is asking if anything can be done to help promote IT enhancements within the company.

C. Residential –

- Ms. Bergert summarized the morning meeting’s discussion of opportunities and challenges for home energy performance market transformation. Topics addressed included working with vendors and contractors, establishing and ensuring adherence to standards. She noted that additional state bond funds will be directed to the weatherization programs. The committee is continuing to take a strong interest in finding solutions to the problem of split incentives regarding rental properties where tenants pay the utility bills but landlords would be responsible for energy efficiency improvements.

4. **Other** – Mr. Araujo noted that the 10th annual eeSmarts competition is coming up and the planners are looking for judges. There is a May 2nd deadline. Detailed information was included with the board packet. Ms. Rosenthal expressed her thanks to the business teams at the companies who provided the data for the Annual Legislative Report.

5. **Adjourn** – With no further business to attend to, the meeting adjourned at 4:08 pm.

Respectfully submitted,

Timothy Cole, Executive Secretary