



May 8, 2017

Lisa A. Skumatz, Ph.D Principal  
Skumatz Economic Research Associates (SERA)  
762 Eldorado Drive, Superior, CO 80027

**Re: Small Business Energy Advantage Process Evaluation (C1639) Draft Report – UIL Comments**

Dear Ms. Skumatz:

The United Illuminating Company (“UI”), Connecticut Natural Gas Corporation (“CNG”) and The Southern Connecticut Gas Company (“SCG”) (collectively the “Companies”), hereby submits the following comments on the “**Small Business Energy Advantage (“SBEA”) Process Evaluation (C1639)**” Draft Report prepared by Energy & Resource Solutions, Inc. (“ERS”) and Research Into Action, Inc. (“RIA”) dated April 17, 2017. The draft was submitted to the Companies on April 25, 2017, with a request for comments to be provided by May 8, 2017.

The purpose of the study was to present the findings of a process evaluation of the SBEA program. This process evaluation was done in concert with an impact evaluation conducted by ERS staff.

The following is the Companies’ comments on the Study’s conclusions and recommendations:

***Conclusion 1:*** Contractors often deal with tenants who are not responsible for non-lighting equipment or may have a lease that is not long enough to make non-lighting upgrades economically feasible. To get maximum savings in tenant-occupied spaces may require getting the owners involved, as underscored by the success of the one contractor who reported generally trying to do so, but contractors often face challenges getting to the owners or getting them engaged. This may be seen in the fact that tenants appear to be under-represented among program participants.

***Recommendation 1:*** The utilities should consider developing strategies for outreach to building owners, such as through commercial real estate agents or organizations such as the Building Owners and Managers Association (BOMA), or directly to the owners of tenant-occupied buildings to whom program contractors have marketed the program.

The Companies will review this recommendation for inclusion into the program.

***Conclusion 2:*** A higher percentage of projects that have non-lighting measures is related to the number of staff that contractors have doing SBEA-related work and to the contractors’ range of in-house energy-related capabilities. That is, contractors with more staff doing SBEA-related work and a wider range of in-house capabilities appear to have a greater capability to sell and install projects that include non-lighting measures. The utilities recognize the value of having contractors who are capable of doing a wide range of project types. Still, success at getting non-lighting projects varied even among contractors with broad in-house capabilities.

**Recommendation 2:** *The utilities should continue to try to recruit contractors with the ability to do a broad range of project types, in particular those who have the capabilities in house.*

The Companies recent recruitment process included recruitment of contractors with an ability to provide comprehensive services. Our continued focus on also serving our hard to reach customers requires contractors who can service this market as well.

**Conclusion 3:** *The non-energy benefits of upgraded equipment, such as greater reliability and reduced O&M costs are important to program participants, yet contractors appear to focus on energy savings when trying to convince customers to do non-lighting upgrades. Including discussion of non-energy benefits in their presentations to customers may increase success in getting projects implemented.*

**Recommendation 3:** *The utilities should provide sales training support to the SBEA contractors, including training on how to talk about the value of non-energy benefits with customers to get more non-lighting projects.*

The Companies agree with this recommendation and will incorporate into future SBEA contractor trainings.

**Conclusion 4:** *Some customers, particularly building owners, may do more extensive upgrades if they can extend the loan length or increase the loan amount, but doing so ties up the utilities' loan funds longer or ties up a larger loan amount at no interest. Most contractors do not appear to promote financing outside the SBEA program.*

The Companies are currently working with the Energy Efficiency Board and the Connecticut Green Bank to determine the most optimal financing strategies for SBEA customers.

**Recommendation 4:** *The utilities might consider offering building owners or tenants with long-term leases an extension of the loan length or amount at a non-zero interest rate for the portion of the loan payback period that exceeds 48 months or the amount that exceeds \$100,000, if the utilities can determine how that can be done at their current capital costs.*

The Companies are currently working with the Energy Efficiency Board and the Connecticut Green Bank to determine the most optimal financing strategies for SBEA customers.

**Recommendation 5:** *The utilities should continue to investigate how third-party financing, including C-PACE could be leveraged to help promote projects with longer paybacks or exceed the loan cap. As part of this, they should consider providing contractors with information on C-PACE and how to talk to building owners or tenants with long-term leases about using it.*

The Companies are currently working with the Energy Efficiency Board and the Connecticut Green Bank to determine the most optimal financing strategies for SBEA customers.

**Recommendation 6:** *The utilities, together with the Connecticut Energy Efficiency Board, should consider increasing the incentives for non-lighting measures to increase their installation, possibly paying for the increase by decreasing incentives on lighting.*

The Companies continually seek to optimize comprehensiveness through well designed incentive structures while remaining mindful of cost effectiveness across the programs.

Thank you for the opportunity to provide these comments.

Sincerely,

Patrick McDonnell  
Senior Director of Conservation & Load Management

The following are the Company's more specific comments and suggested edits for the entire study:

1. SBEA Program funded by the Companies' customers. Please state, "Funded by UI, SCG CNG and Eversource customers," on page after cover page. Also, please include SCG & CNG throughout report, as applicable.
2. Page 2: Electric actual 2015 spend was \$19.057M. Gas actual 2015 spend was \$620K.
3. Page 2: Electric actual/budgets are \$20.964M, \$20.629M and \$22.828M for 2016 (actual), 2017 and 2018, respectively. Gas actual/budgets are \$818K, \$741K and \$941K for 2016 (actual), 2017 and 2018, respectively. Source: 2017 Annual Update dated March 1, 2017.
4. Page 3: Actual 2015 and 2016 MWh savings were 40,884 and 42,656, respectively.
5. Page 3: Planned 2017 and 2018 MWh savings are 40,892 and 47,006, respectively. Source: 2017 Annual Update dated March 1, 2017.
6. Page 3: Actual ccf savings were 116,611, 109,553, 124,876 and 149,490 for 2013, 2014, 2015 and 2016, respectively.
7. Page 3: Planned ccf savings are 159,059 and 210,991 for 2017 and 2018, respectively. Source: 2017 Annual Update dated March 1, 2017.