



**THANK YOU AND LETTER OF SUPPORT OF  
THE ENERGY EFFICIENCY BOARD  
ON THE 2014 ANNUAL UPDATE OF THE  
2013-2015 CONSERVATION AND LOAD MANAGEMENT PLAN**

**April 15, 2014**

**Introduction**

The Energy Efficiency Board (“EEB” or “Board”) supports the 2014 Annual Update of the 2013-2015 Conservation and Load Management Plan (“2014 Annual Update”) and thanks the Department of Energy and Environmental Protection (“DEEP”) for its very timely and supportive Approval with Conditions (“Approval”) of the 2014 Annual Update.

The 2014 Annual Update was prepared by the Connecticut Light and Power Company (“CL&P”), The United Illuminating Company (“UI”), The Connecticut Natural Gas Corporation (“CNG”), The Southern Connecticut Gas Company (“SCG”), and Yankee Gas Services Company (“YGS”) (collectively “the Companies”) with input from and review by the Board. The Board appreciates the efforts of the Companies to develop the Annual Update, which communicates valuable evolutions and enhancements of the programs to benefit Connecticut customers.

The Board appreciates the timely DEEP Approval with Conditions, dated March 26, 2014, of the 2014 Annual Update. In particular, the Board thanks DEEP for issuing its Approval letter in March – which is early enough in the program year to provide clear and effective regulatory direction to the Companies. The form of DEEP’s Approval, as a concise letter with Conditions, also seems appropriate as DEEP action on an update to the 2013-2015 Plan, which DEEP reviewed in detail previously. The Board will work with DEEP and the Companies, as appropriate, to address the Conditions set forth in the DEEP Approval.

Earlier, on October 31, 2013, DEEP approved the 2013-2015 Conservation and Load Management Plan (the “Plan”) submitted by Connecticut’s electric and gas utility companies. The approval by DEEP of the 2014 Annual Update and the 2013-2015 Plan has led to a new level of energy efficiency program activity supported with the increased funding approved by the legislature. The implementation of the Plan provides increased energy savings and other benefits for Connecticut’s residents and businesses, while also contributing to the achievement of the objectives of the Comprehensive Energy Strategy. The 2014 Annual Update addressed specific changes and enhancements for the 2014 program year consistent with the overarching objectives envisioned and directives set forth in the DEEP Final Decision, as well as the related Compliance Items.

The Board provided input to, reviewed, and commented on the 2014 Annual Update based on its statutory responsibility to oversee the design and implementation of the Connecticut Energy Efficiency Fund (CEEF) conservation and load management programs, and, through its Residential, Commercial & Industrial, Marketing, and Evaluation Committees, its extensive collaboration with the Companies, DEEP, CEFIA, the Institute for Sustainable Energy, and other partners and stakeholders.

The Board supports the 2014 Annual Update and appreciates the timely Approval with Conditions by DEEP. The Board also provides the following comments and suggestions on several select topics addressed in the 2014 Annual Update and DEEP Approval, for consideration during 2014.

## **The 2014 Annual Update Supports Crucial Program Enhancements**

The 2014 Annual Update describes enhanced program strategies for residential and C&I customers including:

- Enhanced customer-centric approaches for comprehensive customer energy solutions tailored to customer needs;
- Whole building approaches to achieve deep efficiency and high performance buildings and facilities in new construction, renovations, and retrofits;
- Strategic energy management for commercial buildings and industrial facilities to help businesses become more effective managers of their facilities' energy and other resource use;
- Web-based customer engagement, energy management, and portfolio management services to more cost-effectively serve all customers with tailored information and services; and
- Targeted marketing approaches for all customer segments supported through the 2014 Marketing Plan.

The Board recommends that adequate resources (funding and personnel) should be focused on supporting and accelerating the development and adoption of these program enhancements during 2014.

## **Allocation of RGGI Funding for Energy Efficiency to Increase Energy Savings**

The Board notes the potential for additional RGGI revenues and the possibility of RGGI re-allocations to support the EE programs and increase the total energy savings delivered by the programs:

- For 2014: Potentially, Connecticut could return to the prior allocation for EE programs beginning in July 2014, if the state no longer has a deficit and therefore if the reallocation of EE RGGI funding to CEFIA is no longer needed – assuming the legislature takes certain action in 2014 (there is proposed legislation during the 2014 session, see Senate Bill 134).
- For 2015: Connecticut should return to the prior allocation for EE programs beginning in July 2015. This return to the prior allocation could be addressed as part of the 2015 Annual Update process (e.g., in a revised table A2 for revenues); it is not necessary for DEEP to address this now.

## **Potential Reallocations of Funding During 2014 to Support and Expand Key Program Enhancements**

One option is for the Companies to reallocate some funding from “Other” budget categories, if not fully needed during 2014, to support and accelerate key priority program enhancements, for example:

- Reallocate a portion of C&I self-funding to programs (total of \$5 million budgeted), particularly if another substitute form of low-cost capital is identified and secured.
- Reduce funding to support other financing, if less funding is needed (UI has suggested that some such funding may be available during the year).
- Potential reduction in interest rate buy-down expenses could assist in supporting program budgets and key program enhancements later in 2014.

## **Marketing Plan**

The Board supports the 2014 Marketing Plan submitted as part of the Annual Update. The Marketing Plan proposes important activities to support the expansion of EE programs to reach and serve many

more customers in an effective and cost-efficient manner, including segmentation, targeted marketing, increased brand awareness, increased customer perception of the value of EE, and market research.

### **Customer Engagement Platforms**

The Board supports the concept of a customer engagement platform. Subject to Board receipt and review of a specific proposal from the Companies, the Board supports the funding reserved for the customer engagement platform in the Annual Update.

However, before the Companies begin to develop and implement the platform, the Board recommends that the Board review and comment on a detailed plan, proposal, and budget from the Companies for the customer engagement platform.

### **Cost-Effectiveness Issues and DEEP Workshop/Proceeding**

The Board appreciates the questions and issues about cost-effectiveness and cost-effectiveness methodologies that DEEP raised in its Approval with Conditions and in its early Final Decision. The Board is committed to working with DEEP, the Companies, and other stakeholders to address and resolve the cost-effectiveness issues identified, including the use of a cost-effectiveness test that properly accounts for the savings from all fuels. As such, the Board looks forward to the DEEP workshop or proceeding on cost-effectiveness, which DEEP discussed in its Final Decision.

### **Mitigating Energy Price Increases in Regional Markets**

The Board is aware of rising energy and capacity prices and reliability concerns in the regional markets, including for winter peak energy prices and reliability, and the potential for additional significant price increases in the near future. The Board is committed to working with DEEP and the Companies to prioritize and target the EE programs to help mitigate these energy price increases and reliability issues, where and as appropriate.