



**Energy Efficiency Board**  
**July 14, 2021 | 1:00 – 3:30 pm**

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**MINUTES**

1. Process (15 Minutes)

A. Roll call of Board Members: Neil Beup, Amy McClean, Amanda Fargo-Johnson, Mike Li, Ron Araujo, Stephen Bruno, Elizabeth Murphy, John Viglione, John Wright, Jack Traver

Ms. Brenda Watson joined later; Mr. Viglione left the meeting prior to the PMI vote and was unable to return.

B. Minutes – Approve minutes from June 2021 Board Meeting

Mr. Jack Traver motioned to approve, Mr. John Wright seconded the motion. Ms. Brenda Watson was not present. The minutes were approved 6-0.

C. Filling Board Vacancies and New Appointments – DEEP

Mr. Mike Li shared that DEEP would be issuing a request for nominations to fill open seats. Ms. Amanda Fargo-Johnson asked if this was typical. Mr. Mike Li indicated it will be slightly different. In the past the vacancies have been appointed rather than a formal nomination process. Ms. Amy McLean noted that this approach was desirable and appreciates it will be open to the public.

D. Public Comments – 3 minutes per organization

Ms. Sam Dynowski, Sierra Club – Connecticut, applauded the focus on equity and energy burden, and encouraged the Board to think about incorporating equity into the Workforce Plan in addition to minimizing risks for overburdened neighborhoods. Offering training and providing employment can help address the income part of the energy burden equation in these neighborhoods. Sierra Club – Connecticut has dedicated staff focusing on energy burden in Hartford, where some areas of the City have an energy burden of 10% or higher. And we would welcome further conversations about targeting energy efficiency comprehension, electrification, and workforce development in these most energy burden neighborhoods in Hartford. Regarding the decarbonization focus, the Sierra Club is pleased to see an acknowledgement of the need for building electrification paired with

weatherization. To date Connecticut's heat pump incentive has been very limited and has left the state behind in heat pump deployment compared to the rest of New England. Ms. Dynowski shared a recent report from ISO New England to support as much: [final 2021 heat elec forecast.pdf \(iso-ne.com\)](#). The Sierra Club urges that the final plan be stronger in its intent to ramp up electrification. Air conditioning is becoming more of a necessity in calculating the cost impact of a heat pump I only take into account heating. Ms. Dynowski finds this short-sighted, and we also urge the plan developers to end fossil fuel equipment rebates and subsidies. We just can't continue with rebates for new carbon emitting systems that are going to last for decades, and that are in conflict with our own state mandates. Fossil fuel equipment is not just a climate issue, it's an important health issue.

## 2. Programs and Planning

### A. 2022-2022 CLM Plan – Companies/Consultants

#### Draft Plan Text

Mr. Stephen Bruno, Eversource, provided text overview of the Plan, including revenues, budgets, and Program budgets. The draft 2022-2024 Plan text has been uploaded to the box.com folder <https://app.box.com/s/43qlddtxd0cxg4z9z4iaon4k0fc1utbh>. The overall plan is \$700 million dollars, extended over three years. Mr. Bruno reviewed the components of the plan and outlined the three Key Priorities: equity, decarbonization, and energy affordability. Mr. Bruno provided detailed actions in his presentation for each section of the plan. (1) defines actions for each priority in the plan, (2) residential portfolio, (3) C&I Portfolio, (4) Education, Workforce & Outreach, (5) Benefit-Cost Screening.

Mr. Beup asked Mr. Bruno to explain what the annual installation estimates are for central air conditioning in Connecticut. Mr. Bruno wasn't sure. Mr. Ron Araujo reminded the Board of a saturation study he provided to the Board which indicated 40% of households had central air conditioning installed. Mr. Beup clarified that the Board doesn't want to give the impression the market is larger than it is.

Mr. Bruno discussed the Business & Energy Sustainability (BES) program in Section 3 of the Plan. Mr. Beup noted that bringing sustainability to the commercial sector remains a priority and asked how the Companies propose to reach this goal beyond comprehensiveness. Mr. Bruno noted that it's been difficult to hit spend and savings targets in this program. Mr. Beup's impression is that with some of the proposed changes, the actions get further away from the objective. Mr. Beup asked that if the program is not working, what other ways can the Companies meet the objective to bring sustainability to businesses. Ms. Elizabeth Murphy noted that there was much overlap between BES program and Strategic Energy Management (SEM). The Companies are not proposing to dial back on sustainability initiatives, but to build out SEM. SEM would be the next phase of the Business Sustainability Challenge. Mr. Ron Araujo added that the Companies want to mitigate silos, which inhibit comprehensiveness goals.

#### Revenue & Budget Tables

Mr. Bruno outlined the forecasted revenues for the Companies and the proposed budgets by sector and program in the draft Plan. Ms. Elizabeth Murphy added that the Companies have been working with Consultants on the next iteration of the draft Plan. Ms. Murphy thanked stakeholders for input they've provided so far.

#### Plan Schedule and Public Input Sessions

Mr. Glenn Reed outlined the plan schedule. Mr. Reed indicated that there is plenty of time for stakeholders, Board members, Consultants, etc. to provide input as the text won't be voted on until

September 8. A draft of the final Plan will be submitted to the Board by August 31. A copy of the Plan schedule and Text schedule can be found in the Plan folder:

<https://app.box.com/s/43qlddtxd0cxg4z9z4iaon4k0fc1utbh>. Mr. Reed notified attendees that two Public Input Sessions will be held August 11 and August 18. Stakeholders wishing to provide input should RSVP with the Executive Secretary and provide their comments and/or written materials in advance of the session(s). A public input matrix will be included in the Plan text and considered in the Plan development process. Ms. Amanda Fargo-Johnson acknowledged low participation in previous input sessions, and asked what is being done to bolster participation. Mr. Reed noted that DEEP and Consultants are discussing that later in the day. CTAC meetings have been robust, and both the Executive Secretary and DEEP's distribution lists will be combined to increase reach. Ms. Amy McLean suggested leveraging the PURA contact list as it includes many stakeholders that have been engaged on the regulatory side of energy efficiency. Ms. Fargo-Johnson suggested engaging stakeholders beyond the typical contacts, like business community and housing associations, and asked if there was a plan in place to do as much. Mr. Reed reiterated this was to be determined and will be a part of his discussion with Ms. Kate Donatelli, DEEP, later in the day.

Ms. Brenda Watson asked whether public comment has influenced amendments to the plan in the past? And if so, sharing that public input is taken into consideration could motivate engagement from stakeholders. Mr. Ron Araujo noted that the Clean Energy Communities program was initiated in direct response to public input and so there have definitely been instances where stakeholder input has led to adjustments in the Plan. Mr. Steve Bruno added that after the Plan is submitted, there will be an opportunity for public comment. Ms. Watson indicated that the public often doesn't believe in stakeholder input processes due to a perception that decisions have already been made. Mr. Araujo stated that input early in Plan development is critical and significant changes late in development are more difficult to integrate. Ms. Amy McLean noted that stakeholders need information, such as the previous Plan or a framework for the new Plan, so they are empowered to provide meaningful input.

Mr. Glenn Reed discussed the process for receiving initial overall Plan text comments and provided the Consultants impression of Plan text and input thus far. The Consultants found the Plan text thorough and well-written and found the Companies were very responsive to Consultant comments and suggestions. Mr. George Lawrence, C&I Consultant, discussed comments on the C&I section. Mr. Lawrence shared that further adoption of heat pumps and decarbonization was a theme. Opportunities exist in the Small Business Energy Audit program, around a new small manufacturing initiative, and in demand response programs. Mr. Glenn Reed provided a synopsis of the residential section on behalf of Mr. Richard Faesy. A need to establish more specific metrics and goals, specifically around the key priorities of equity, decarbonization, and energy affordability was expressed. Many comments addressing heat pumps, including expanding outreach, adjusting qualifications for equipment, and providing a customer-facing calculator were provided. Further comments on gas HVAC and hot water equipment, RNC, and HES/HES-IE, and demand response were provided. Regarding multifamily, there were comments on the split-incentive and how to address this barrier.

Ms. Ashley Nichols provided a summary of comments regarding sector marketing activities and marketing plan. Ms. Nichols stated that there's some ambiguity in the text regarding market platform versus marketing platforms. The existence of a platform is not in and of itself marketing. Consultants would like to see more information on the channels Companies will use to communicate with consumers, and how consumers will be driven to the market place. Regarding heat pumps, Consultant recommend proactive marketing to engage customers. Similarly for the Net Zero Energy Challenge, what's the plan to inform new homeowners about the challenge? Additionally, Ms. Nichols shared suggestions on marketing materials for landlords and the small manufacturing initiative. Ms. Brenda Watson noted that the everyday consumer doesn't have a relationship with the utility

company and suggested considering engaging with groups that have consumer trust. The only time customers are calling utility customers is in a time of crisis and this reality should be considered.

#### B. Performance Management Incentives and 2022-2024 Plan – Consultants/Companies

Mr. Glenn Reed provided a Board presentation on proposed revisions to the 2022-2024 PMI structure and allocations. The proposed changes include: (1) inclusion of all delivered fuel savings (oil and propane) rather than just electric and gas, (2) adding a demand response metric, (3) revisit sector weights, which are outdated, and define new sector-specific allocations for electric and gas, and (4) revise payout and performance percent goals.

There is agreement between the Board Leadership and Companies on the first three proposed changes, but not agreement on the payout versus performance structure. Board Leadership and Companies agree on increasing 100% payout from 4.5% to 5%, but not on the payout cap (The Board has proposed 6.5% versus the Companies' counter-proposal of 7.5%, as opposed to the current 8%). A vote regarding the payout versus performance structure has been proposed. Currently a 4.5% incentive is paid at 100% of goal, and up to 8% at 135% of goal. Mr. Neil Beup thanked Mr. Reed for the summary and expressed his preference for a revised payout. Mr. Jack Traver asked (1) where do MA and RI stand regarding min, max and percent of goal, (2) are there different metrics or subsets for the goals, and (3) what do we hope to accomplish by lowering the max from 8% to 6.5% and rewarding at a lower percent over 100% of goal. Mr. Beup shared that the Board proposal is in alignment with neighboring states. Mr. Beup stated that companies currently get paid 4.5% for achieving their goals, but double that payout for only slightly exceeding goals. Mr. Beup noted that Companies have consistently hovered at 125%-135% of goal and indicated that in the business world overachieving goals by 35% consistently is an indication that the goals are too easily achieved and need to be reset.

To Mr. Traver's second question, Mr. Glenn Reed shared that there are benefit metrics, net-benefit metrics, secondary metrics, and a small evaluation data metric. Mr. Reed noted that the benefit and net-benefit metrics ensure that spending is done in a cost-effective manner. Each metric is evaluated independently of other metrics.

Ms. Amanda Fargo-Johnson asked if spending is credited as a benefit, are we spending more on residential, but they're getting more credit for the C&I benefit. What is the rationale for changing the percentages from 48 to 52, is it tied to spending? Mr. Reed noted that it's connected to benefit and stated that the Consultants recommended 3-4 ways to determine the allocation, and ultimately recommended using the modified utility cost tests for Res versus C&I allocation. Ms. Fargo-Johnson asked how does the percent and proposed budget compare to the percent credit for this? Mr. Reed noted that spending is higher in C&I, and there's more benefits per dollar, so there's a greater amount of benefits being generated on the C&I side. Mr. Stephen Bruno indicated that the Companies are incentivized to achieve goals with less money.

Mr. Stephen Bruno provided a counter proposal regarding the payout versus performance structure. Mr. Bruno shared that the Companies would like the payout to be 7.5% when performance is at 125% of goal. Mr. Bruno shared rationale behind this proposal, including that this is in line with "pay-for-performance" concepts currently valued by both DEEP and PURA, and it supports ACEEE rankings. The Companies have posted references in the materials folder for this meeting. Mr. Bruno noted that the structure proposed is in line with other states.

Mr. Beup entertained a motion to revise the PMI. Ms. Amy McClean motioned to modify the PMI structure according to the proposed changes provided by the Board; capping at 115% of goal and 6.5% of budget. Mr. John Wright seconded the motion. Mr. Jack Traver wanted to know what the cap

percentage and percent of goal other states are using. Mr. Beup directed the Executive Secretary to share the slide in the Company counter-proposal, which includes a graph of payout versus performance structures in other New England states. The graph indicates that most states percent of goal is 125% and capped between 6% and 7%. Mr. George Lawrence shared another chart comparing the NE incentive structures, including the Board proposal and Company counter-proposal. Mr. Beup stated that he hasn't heard a compelling reason for 125% of goal. Mr. Traver noted he had conflicting thoughts. He agrees that consistently overachieving goals begs the questions that goals are too easily met and should be reset. On the other hand, Mr. Traver wonders whether adjusting the goals to make it more difficult to achieve 125% would be a feasible alternative and if PMIs drive success, than an extra half percent more money would be money well spent. Ms. Amy McLean asked if the Company's consistently perform over 125%. Mr. Beup noted that UI has consistently hovered at 130% and Eversource at 125%. Mr. Beup said that the PMI should not disincentive Companies from performing, but noted there are other drivers encouraging Companies to perform. Mr. Beup noted that if Companies can manage to consistently hit 125% over the past five years, then they can manage their pipeline under the proposed PMI structure without inhibiting performance.

Mr. Jack Traver asked if the end result under the proposed PMI structure is that after five years of achieving 125% of goal, the Companies now only achieve 115% of goal, are we better off? Mr. Beup doesn't believe there will be a material effect, and that Companies will continue to perform and maximize benefit. Mr. Beup added that the proposed change is not punitive or designed to take anything away from the Companies, but an effort to be more responsible with rate payer dollars. Mr. Reed added that the Companies payout is tied to expenditures, and because of the net benefits metric, they need to manage expenditures prudently. Mr. Reed noted there is not concrete evidence reducing the cap will necessarily result in lower savings. Ms. McLean noted that if the proposed changes were expected to reduce savings/performance, she would not support it. Mr. Traver noted that the proposed changes indicate to Companies that we want you to overperform, but not as much as you used to. Mr. Beup stated there is a dynamic scoring and that the targets are going to change and said that the PMI structure doesn't equate to lower savings because those targets are variable.

Mr. Beup reiterated the motion on the floor and called for a vote. The motion passed 4-2, with DEEP abstaining. Mr. John Viglione, who was in attendance at the start of the meeting, was absent for the vote.

#### C. Annual Legislative Report Outline – Companies

Mr. Stephen Bruno provided an overview of the proposed draft outline. Mr. Bruno shared a proposed schedule. August through December, Companies will develop the report content and layout then submit to EEB for review. Year-end data will be collected at the start of 2022 and during the February 2022 Board meeting, the EEB will approve the report so it can be submitted to the CT General Assembly March 1 2022. A copy of his presentation can be found in the materials folder.

Mr. Beup raised the issue that the Board has not provided enough input into this document in the past. Since the report is from the Board to the legislature, as well as to other stakeholders, Mr. Beup requested the Companies provide the outline sooner this round, allowing the Board to have more input. Regarding this outline, Mr. Beup suggested that the key priorities should be more front and center. Mr. Beup would like to use this document as much as possible and in order to get more Board feedback, suggested it be shared at the committee level. Mr. Beup would like the document to clearly communicate the Board's values and priorities and would like more Board input.

#### D. Community Engagement Plan – Companies

Mr. Araujo noted that Companies have been getting stakeholder input over the past several months. The application should be live on the website as early as next week. The Companies are also

conducting an email campaign, targeting municipalities and other key stakeholders across the state. The Companies will allow applications through August and select and announce recipients after that.

Ms. Amy McLean shared that about ten grants will be rewarded and appreciates the work that's gone in it.

E. Energize CT website update – Companies

Mr. Ron Araujo shared that they are in the design and useability testing phase and this is progressing as planned.

F. Weatherization Barriers update – DEEP

Ms. Rose Croog shared a presentation that included an announcement of \$1million LIHEAP funding for an initial half-year program. DEEP is collaborating with DSS to develop the program. A special act No. 21-15 dedicates \$7 million in American Rescue Plan Act funding to “health and safety barriers to housing remediation”. DEEP is currently discussing mechanics of fusing ARPA dollars and LIHEAP funded program.

DEEP is finishing an RFP for a Program Operator, with plans to release the draft July 2021 and engaging a public process for feedback then releasing the official RFP in August 2021.

G. DEEP Draft Diversity Equity and Inclusion (DEI) Board Consultant RFP – DEEP

Ms. Kate Donatelli reminded the Board that the Executive Secretary sent the draft RFP to the Board for comment. Ms. Donatelli stated that the scope and responsibilities is an area the Board can provide feedback. The three bullets under strategy development have been informed by public input, but may be too intensive and need to be refined. Ms. Donatelli requested input on prioritization of the work scope. Ms. Amy McLean expressed an interest in providing input and requested more time. Board members can provide comments directly to Ms. Donatelli by next Friday.

Ms. Amanda Fargo-Johnson said it would be helpful to know what the budget is and shared that the scope appeared to be residential-heavy and suggested more balance. Ms. Fargo-Johnson stated that the Consultant committee will be requesting help on the RFP process. Ms. Donatelli acknowledged that the first E3 round was unintendedly residential focused and is open to suggestions for how to balance the DEI scope.

3. Legislative Update – DEEP

The bill that passed will add two Board new members to the EEB and DEEP will be getting communication out later this month. (See also above under item 1.c.)

4. Closing Public Comments

Ms. Sam Dynowski, Sierra Club, stated that we are facing a climate crisis that is deadly. Ms. Dynowski urged a robust analysis of incentivized equipment and alternatives in an effort to create a phase out plan for fossil-fuel equipment.

5. Adjourn

Mr. Neil Beup adjourned the meeting.