



**Energy Efficiency Board
Monthly Meeting**

Wednesday, December 12, 2012, 1:00 – 3:00 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, Shirley Bergert, Eric Brown, Daniel Esty, Joel Gordes, Taren O’Connor, Amy Thompson, Michael Wertheimer

Utilities Representatives: Ron Araujo, Joe Crocco, Pat McDonnell

Not in Attendance: Neil Beup, Michael Cassella, Dale Williams

Other Attendees: Tim Cole, Kim Oswald, Glenn Reed, Jeff Schlegel, Les Tumidaj [Consultants]; Tyra Peluso, Palma Penna, Peter Ptak[Companies]; Cindy Jacobs, Alex Kragie, Rick Rodrigue, Jessie Stratton (designee) [DEEP]; Bryan Garcia [CEFIA], Cal Vinal [CHIF], Frank Gorke [CLEAResult]

The officially noticed monthly meeting of the Energy Efficiency Board commenced at 1:05 pm with Vice Chairman Jamie Howland presiding.

1. Process

A. Agenda – The agenda was reviewed and accepted without change as presented.²

B. Minutes

- The board reviewed draft minutes of the October 25 and November 14, 2012 board meetings.³ Joe Crocco requested a change in the October 25 minutes to clarify that “gas conversions don't happen instantly, since the customer still has oil or propane in their tanks to use up first which can take up to 4-5 months depending on the time of year.” Kim Oswald noted that she attended the same meeting by phone. Both sets of minutes were approved on a motion by Shirley Bergert seconded by Amy Thompson.

C. Public Comments – There were no public comments.

D. CEFIA Report –

- Bryan Garcia reported on CEFIA’s progress with the rollout of residential financing programs.⁴ He noted that the multifamily program is still in the development

¹ Meeting Materials Available in Box.net Folder <https://www.box.com/s/4j4ga9kp42qx026x8gbj>

² 121212_EEB_Agenda_F2.pdf

³ 121025_EEB_Meeting_Minutes_F.pdf; 121114_EEB_Meeting_Minutes_F.pdf

⁴ CEFIA_Residential Financing Programs_Overview_Joint CEFIA-CEEF Committee Meeting_120512.pptx

stage while the others are ready for launch early next year. CEFIA is also planning to run a solar loan pilot program to test the viability of offering long term low interest loans in lieu of subsidies or rebates.⁵ He further noted that CEFIA has agreed with the EEB's proposal to go statewide with the credit union financing model which is being piloted with credit unions in UI's service territory. A \$2.5million loan loss reserve has been set aside to support the program. CEFIA is further looking for guidance from the EEB on dealing with key energy efficiency issues like fuel conversion, such as setting energy efficiency standards for supported conversions. In response to a question from Eric Brown about whether customers outside of UI territory could borrow from participating credit unions, Mr. Garcia noted that credit unions will lend to only to their members and membership terms are typically tied to specific localities. He will provide further information on the planned statewide program to the EEB.⁶

E. Consultant Committee

- Regarding the RFP for an Evaluation Consulting Team currently pending, Ms. Thompson reported for the Evaluation Committee that the original December 15 deadline for submissions was being delayed until noon Friday December 21 to allow potential respondents to review clarifications of conflicts of interest language agreed upon by the committee today.
- 2013 Consultant Workplans – For the Consultant Committee Mr. Howland reported that draft workplans will be available for review in January.

F. EE Board Calendar and Schedule⁷

- Tim Cole noted that the 2013 calendar had been updated to reflect the Public Input Session scheduled for the morning of May 8, 2013 and the cancellation of the Residential Committee meeting scheduled for the same date.

2. Programs and Planning

A. 2012 Progress to Date

- Mr. Araujo reviewed the October results Yankee Gas and CL&P's November results.⁸ He noted that at approximately \$7 million in expenditures and commitments the gas programs are lagging behind the \$13 million authorized by PURA for at the expanded plan level. CL&P's electric programs are running much more closely on track. Mr. McDonnell noted that UI's electric programs are running slightly over budget and the company expects to be borrowing forward about 10% from the 2013 budget to close out the year. There are not yet current numbers to report for Connecticut Natural Gas and Southern Connecticut Gas companies.

⁵ Residential_Solar_Investment_Program_Market_Watch_Report_December_7a_2012.pdf

⁶ Mr. Garcia provided the following after the meeting: 4_b_CEFIA_Due Diligence Package_CT HELPs Loans.docx

⁷ EEB Calendar 2013 _3_.pdf

⁸ NU EEB October 2012 Projections.xlsx; CLP EEB November 2012 Projection.xlsx

B. HES Vendor RFP and Selection update

- On behalf of the companies, Mr. Araujo and Mr. McDonnell provided a presentation on the RFP process for selecting a new pool of HES vendors.⁹ They reported that 30 vendors have been selected. The companies are currently negotiating agreements with each of them based on the standard pricing table developed through the process. If any of the 30 vendors that have been offered slots in the program are not willing to accept the pricing table, offers will be made to the next vendors on the list if they are otherwise qualified. Ms. Bergert complimented the companies for avoiding “fair warning” problems that came up previously.
- Eric Brown inquired how the current HES program’s reliance on pre-selected vendors ties in with the policy-directed effort to transition to market transformation. He expressed interest in seeing a progress report on market transformation. Ms. Bergert commented that that the Residential Committee has talked about what market transformation would look like, but continues to believe that it is still years down the road. Crucially important is the need to integrate energy efficiency and renewables financing in a way that works for end users. She suggested inviting Mr. Garcia to the next Committee meeting to provide an update on what financing options are either now available or in development. Mr. Brown stressed that he would like to see the home energy efficiency delivery process opened up to other players, such as oil dealers. Mr. McDonnell reminded the Board that the Home Performance with EnergyStar track is open to others and provides access to incentives. Mr. Howland urged the companies to increase their outreach to the Independent Connecticut Petroleum Association (ICPA) and independent oil dealers about the Home Performance with EnergyStar opportunities.
- Glenn Reed noted that the multi-year planning process has focused attention on increasing savings per participant. Given that all the selected HES vendors are starting w clean slates, he inquired how long it will take before vendor performance is evaluated in this regard. Mr. Araujo and Mr. McDonnell affirmed that performance assessments will start almost immediately and that rapid improvement will be expected when problems are noted.

C. DEEP Performance Contracting and Lead By Example Initiatives

- Les Tumidaj reported on the C&I Committee’s current consideration of a possible request for funding to support a pool of Owners’ Representatives to work with smaller municipalities interested in taking part in the Lead By Example program. The Committee has been working with Lynn Stoddard and Alex Kragie at DEEP on the concept. A pre-qualified pool of contractors would be identified through an RFQ process. Currently a budget of approximately \$200,000 is on the table. There is now no line item for this, however it could potentially be funded through the Energy Opportunities program. The Committee is also interested in providing technical support for other elements of the MUSH market, besides state and

⁹ EEB Presentation DEC 12 2012 -RFP - Content and Selection Process Overview.pptx

municipal buildings. A specific proposal will be brought forward at the January meeting of the Board. Mr. Kragie noted that the LBE program's goal is to engage three state agencies and between five and eight municipalities to get started in year 1.

D. DEEP / PURA Updates – DEEP Representatives

- Comprehensive Energy Strategy (CES)– Technical Sessions Report – Jessie Stratton reported for DEEP that five technical sessions and seven public hearings have now been completed. The Department is currently sifting through the hundreds of online comments received and reviewing the transcripts of the meetings. The goal is to release the final CES out early in 2013. It is expected that some elements of it will lead to legislative proposals, others will be dealt with through the regulatory process, and some will be implemented through executive branch actions.
- 2012 C&LM Plan – PURA Review of Expanded Plan – Ms. Stratton reported that DEEP has asked PURA to consider allowing for the introduction of a Conservation Adjustment Mechanism. Clarification of this issue going forward would then inform and facilitate the review process for the 2013-15 plan. She also indicated that the Bureau of Energy and Technology Policy will begin review of 2013-15 plan in early part of year, after its work on the CES is completed. Ms. Bergert stated that the Board would like a chance to comment on the legislative proposals resulting from the CES process. Ms. Stratton responded that the Department would welcome EEB input.
- DEEP Re-authorization to Use RGGI Funds for Oil Measures – Mr. Howland stated that the EEB needs to send an updated letter to DEEP requesting reauthorization for the utilities to use RGGI proceeds to fund oil measures for the HES program. A letter will be drafted and circulated for Board approval as soon as possible, since the reauthorization needs to be in place by January 2, 2013.

E. CEFIA and Financing Products

- Board Letter on Financing Criteria and Communications with CEFIA¹⁰ – Mr. Schlegel briefly described the letter which Mr. Howland had sent to CEFIA late in November. The intent of the letter was to convey to CEFIA important background on the Board's EEB ideas about and work on a variety of financing approaches going back over a number of years. Based on the EEB's experience, four criteria must be met to have a successful program for financing energy efficiency:
 - The financing process must be convenient from a customer perspective and streamlined from a programmatic perspective.
 - The product must be attractive and economical from a customer perspective.
 - The product should be economical from a program perspective.
 - The product (or a mix of products) must be available to meet the needs of the targeted market segments.He noted finally that Mr. Garcia had responded by inviting Mr. Howland to attend the next CEFIA board meeting to review these points.

¹⁰ EEFinancingMemotoCEFIA_112912.docx

F. 2013-2015 Multi-Year Plan

- Board Resolution – Mr. Schlegel reported that the consultants are not yet ready to present recommendations about sections of the plan that have not yet been reviewed or are not yet settled. They are currently reviewing revised budget tables provided by the companies for the electric base and expanded plans. There continues to be concern about the projected savings. However, he expected that recently circulated electric budget tables will be recommended for approval.
- Smart Living Center – Lease Extension at Current Location – Mr. McDonnell reported that the revised budget tables take out the \$1 million budgeted to pay for relocation costs associated with the proposed plan to move the SLC from Orange to a new site in North Haven. He requested a vote from the Board to approve the delay of planned relocation until the Expanded Plan budget is approved. Ms. Thompson voiced her concern that the move, which she believes is highly desirable, could be delayed indefinitely. She stated her desire to set a different benchmark other than Expanded Plan approval, such as adoption of the 2014 Base Plan. Mr. McDonnell indicated that six-, twelve-, and twenty-four-month extensions had been offered for remaining at the present location. He recommended a one year extension, noting that it will take between six and nine months to execute the move and that the current lease runs through March 2013. Ms. Bergert moved that the companies extend the lease for one year, with the understanding that the Board will review the matter when the annual true-up of the 3-year plan occurs. Mr. Brown seconded the motion. All voted in favor.
- Reallocation of funds set aside for self-financing – Mr. Schlegel reported that discussions are currently underway with CEFIA to ensure that the loss of this financing option is offset. Included in these discussions is determining when its different financing programs will come on line, especially in 2013. The result of these discussions will be a plan that includes the companies and CEFIA, as well as the EEB.
- Revised Budget and Savings Tables / Base Plan and Expanded Plan¹¹
 - Mr. Schlegel reviewed the overall impact of the revisions in the new tables, and noted that there are comments on the spreadsheets showing what moves were made. In summary, the aim is to achieve 2.1% increase in energy savings over the three years of the plan. The tables show the details of the planned-for ramp up. It is assumed that over time some costs will stay the same, some new opportunities will appear, and some unforeseen obstacles will arise. There may for instance be new benefits arising from changing code standards, emerging technologies, customer engagement strategies, etc. When these revisions are formally presented they will be accompanied by a statement of assumptions.
 - In addition, Mr. Schlegel pointed out that the companies take different approaches in the out years. CL&P increases budget and savings in year 3; UI keeps them flat through the three-year period. However, both arrive at

¹¹ 2013 CLM BUDGET MASTER-Base.XLS; 2013 CLM BUDGET MASTER - Expanded.XLS

roughly the same savings and the EEB could reasonably present these choices to DEEP for its consideration. The consultants would like to see UI get to 2.1% in year 2. Finally, Mr. Schlegel emphasized that these budgets will now need to be adjusted to allow for changes proposed for the revised evaluation budget. Mr. Howland remarked that the Board appears to be happy with the overall approach here and would like the package to be ready for a vote next week. Mr. Araujo commented that the Board could expect to see the revised gas budget tables by the end of this week.

- Mr. Howland added that no other additional revenues are identified in the revised tables such as from a CAM, the Forward Capacity Market or RGGI. Mr. Araujo confirmed that the revenues shown here are based on the tables originally filed on November 1. Mr. Schlegel suggested that a cover memo could speak to the matter of increased oil funding. Mr. Howland agreed that it would be desirable to make sure the hole in the budget represented by the lack of oil sales funding is shown. This could be done by including an estimated number separate from projected RGGI revenues. Ms. Bergert commented that it is not hopeless that the legislature might move to address the oil funding issue, but legislators will need to understand RGGI is not a long term solution to the oil measures problem.
- 2013-15 Evaluation Budget
 - For the Evaluation Committee, Ms. Thompson presented a revised budget.¹² Unlike the budget presented at the November meeting, which assumed that the evaluation budget would represent 4% of the Base Plan budget and 3.5% of the Expanded Plan; the revised budget assumes 3.5% of the Base Plan, and 3% of the Expanded Plan. As Mr. Schlegel mentioned earlier, she noted that this budget will have an impact on the budget tables presented by the companies. She also expressed interest in determining whether recommendations resulting from evaluations are in fact well implemented by the programs once studies are completed.
 - For the record, Ms. O'Connor stated that OCC still stands behind the budget percentages previously presented. In OCC's view, a very strong evaluation component is essential to ensure optimal use is made of ratepayer funds. OCC will not support the new numbers.
 - Mr. Wertheimer expressed the view that evaluation should be ramped up commensurately with expansion of the programs under Expanded Plan. For now he would support the Evaluation Committee's approach. If more money is set aside for evaluation than can be productively spent in the next year, funds can be returned to the program budgets at a later date.
 - Ms. Bergert agreed that there appears to be a need for more studies. However, it is important to ensure that evaluation is in fact capturing what the Board and interested parties need to know. The issue may not be the quality of the studies done, but whether there are enough of them. She suggested that there

¹² Evaluation Budget Adjustment 2013-2015.docx

needs to be more analysis to determine how additional evaluation dollars should be spent to support strengthening programs and more effectively serving different markets. For now, she would like to see a proposal that allows for some expansion now while looking for adjustments in the future.

- Mr. Araujo pointed out that in terms of process; the companies are allowed to go 15% over budget anyway. \$4.4 mill could be handled this way at Base Plan level, without actually revising the budget tables as they have been presented. Mr. Schlegel suggested that a letter to DEEP could explain that this is the approach the EEB now supports for the Base Plan budget, while it continues to work on the Expanded Plan budget. A bigger issue is aligning the numbers that appear in the companies' tables and the Evaluation Committee's ideas.
- Noting that there continue to be substantive differences in members' views, Mr. Howland proposed that work on the evaluation budget numbers continue, with an electronic vote to be held next week concurrently with the votes on the Board comments and revised budget tables. Comments on the evaluation budget should be submitted to the Committee by Friday.

G. Comprehensive Energy Strategy

- Mr. Schlegel provided an update on the CES comments the consultants are preparing for the Board's consideration. A draft has been made available to the Board and comments from Board members are welcome. He noted that the draft still lacks a summary overview and that there will be specific technical observations added to the end of the document. The body of the text is comprised primarily of comments intended to make the CES more useful, either by providing the most current updated information about energy efficiency or by providing supplemental information to fill out descriptions of ideas contained in the draft CES. Specifically, there will be more content addressing issues around converting from oil heating. He drew attention to the memo on this topic prepared by Energy Futures Group.¹³ The final draft of comments presented to the Board will also explore issues and opportunities regarding moving to a longer term multi-year energy efficiency strategy, going beyond even 3-year planning cycles.
- Mr. Araujo raised the point that in line with the 2012 Integrated Resource Plan (IRP) the Industrial section of the draft CES calls for Class 3 Renewable Energy Credits (RECs) to be used only for combined heat and power (CHP) projects, and no longer for energy efficiency. If this approach is implemented, it will have an impact on the 3-year budget line item in the 2013-15 C&LM plan that assumes revenue from the RECs. Mr. Howland suggested that it would be appropriate for the Board's comments to highlight the facts cited by Mr. Araujo. Ms. Thompson stated her view that if C&I installations are generating RECs, C&I programs should get the benefit. Mr. Schlegel added that the comments also include a related discussion of Demand-Response (DR) programs.
- Mr. Howland stated in closing that the Board will ask for an extension from DEEP's December 14 deadline until the following Friday. Draft comments will be circulated

¹³ Heating System Options Analysis - 12 10 12 - CK.docx

for an electronic vote on Wednesday, December 19. A vote on comments about the draft Weatherization Standard determination from BETP will be taken at the same time.

3. **Committee Reports** – There were no formal committee reports.

4. **Outreach and Marketing**

- Joint DEEP/EEB/CEFIA statewide marketing project update – Mr. Schlegel reported that the joint Marketing Services Committee continues to prepare for an early January launch of the Energize CT brand and website. It is expected that the Governor will make some appearances in the first week of the month as will Commissioner Esty. It is also likely there will be some appearances later in the month.
- Update on current company program marketing efforts – The companies included updated event calendars in the board packet.¹⁴

5. **Other**

- Mr. McDonnell noted several items of interest:
 - ISO-NE has released its first long-term energy efficiency forecast
 - The companies are working with Connecticut Green Building Council on state of the art building practices
 - The Yale Peabody Museum is offering a “Seasons of Change” exhibition about climate change in your back yard, with Energize CT sponsorship
- Mr. Gordes mentioned the letter received by board members from Atty. Paul McCary on behalf of the owners of the 360 State Street project in New Haven. He suggested the board might have some concern about the fact the matter is still unresolved despite the active role the board has taken about it in the past.

6. **Adjourn** – With no further business to attend to, the meeting adjourned at 4:20 pm.

Respectfully submitted,

Timothy Cole, Executive Secretary

¹⁴ CLP Events as of 20121210.xlsx; UI December 2012_EEB Calendar.docx