

2016-2018 Electric and Natural Gas Conservation and Load Management Plan
Approval of 2017 Update, Revised March 1, 2017

March 31, 2017

Via Electronic Mail

Christopher R. Bernard
Manager - Regulatory Policy & Strategy, CT
As Agent for CL&P and Yankee Gas Services Company dba Eversource Energy
107 Selden Street
Berlin, CT 06037

Re: DEEP Response to March 1, 2017 revision of the 2017 Update of the 2016-2018 Conservation and Load Management Plan

Dear Mr. Bernard:

On December 31, 2015, the Connecticut Department of Energy and Environmental Protection (DEEP) approved with conditions the 2016-2018 Electric and Natural Gas Conservation and Load Management Plan, dated October 1, 2015 (the Plan). The Plan was submitted by Eversource Energy (Eversource), The United Illuminating Company (UI), Connecticut Natural Gas Corporation (CNG) and The Southern Connecticut Gas Company (SCG), together referred to as "the Companies," pursuant to Connecticut General Statutes Section 16-245m, in consultation with the Connecticut Energy Efficiency Board (the Board).

On November 1, 2016 DEEP received the 2017 Update of the Plan, (the 2017 Update). DEEP approved the 2017 Update of the Plan on December 30, 2016, noting that budget table revisions reflecting the end of year results would be submitted to DEEP by March 1, 2017.

On March 1, 2017 the Companies submitted their revision of the 2017 Update. The revised 2017 Update:

- Updated budgets and goals based on the data through the end of calendar year 2016;
- Responded to condition #5 (US DOE Grant) that was part of DEEP's conditional approval of the 2017 Update.
- The Companies submitted a separate letter, also received March 1, 2017, describing their response to Condition #4 (Benefit-Cost Testing) of DEEP's conditional approval of the 2017 Update.
- Updated the tables for Performance Management Incentives/Fees, based on the end of year results, consistent with Condition #20 outlined in the DEEP Approval with Conditions dated December 31, 2015 [incorrectly referenced as January 1, 2017 in the Companies' cover letter to the 2017 Update].

The Department has reviewed the submitted documents. DEEP approves the revised 2017 Update, including approval of Condition #5 of DEEP's conditional approval of the 2017 Update with the exception that DEEP **does not approve of the response to Condition #4** and expects to consider modifications to Benefit-Cost Testing as part of a public proceeding on cost-effectiveness approaches. DEEP will review proposals for consideration of testing modifications provided that metrics are established and public comments are incorporated into any adoption of changes to the methodology.

Condition #5 noted in the December 30, 2016 Approval with Conditions directed alternate language to be used for describing a US DOE grant to DEEP, and that condition was addressed in the revised 2017 Update. **DEEP's approval of the 2017 Update is no longer contingent on Condition #5.**

Additionally, DEEP directs that going forward, when the Companies reflect the inward or outward movement of investment allocations for energy efficiency programs within a market segment, this change should be documented on the respective table (e.g. UI Table A page 195, CNG Table A page 257, SCG Table A page 279) to facilitate an understanding of the variance in dollars between budget views (e.g. 3/1/2016 vs. 3/1/2017) for a particular program year. For example, a narrative or column could characterize the changes as reallocations or a reflection of increased or decreased revenue projections.

If you have any questions, please contact Diane Duva, Director of DEEP's Office of Energy Demand, at 860-827-2756 or Diane.Duva@ct.gov or Walter McCree, Research Analyst of DEEP's Office of Energy Demand, at 860-827-2644 or Walter.McCree@ct.gov.

Sincerely,



Tracy R. Babbidge
Bureau Chief

Copy:

Taren O'Connor, Chair, Connecticut Energy Efficiency Board
William Dornbos, Vice-Chair, Connecticut Energy Efficiency Board
Craig Diamond, Executive Secretary, Connecticut Energy Efficiency Board
Tilak Subrahmanian, Vice President of Energy Efficiency, Eversource
Christopher Plecs, Director of Regulatory Planning Support & Evaluation, Eversource
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