



Energy Efficiency Board Monthly Meeting

Wednesday, October 14, 2020, 1:00 – 3:30 PM

Webinar Only

Meeting Materials in Box.com: <https://app.box.com/s/qidhf4zei4rnm06m3bb2scpcias16pxc>

Agenda

A. Process (20 minutes)

1. Roll call of Board Members in attendance: Neil Beup, Amanda Fargo-Johnson, Amy McLean, Ron Arujo, Steve Bruno, Michael Li, Bruce McDermott, Jack Traver, John Viglione, John Wright, Liz Murphy, Joel Kopylec.

Others attending: Amanda Gill, Daniel Roberts, Donna Wells, George Lawrence, Glenn Reed, Jane Lano, Richard Faesy, Amanda De Vito Trinsey, Brendan Thomas, Claire Sickingner, Danny Anders, Dr. Lisa Skumatz, Erin Kempster, Ghani Ramdani, Glen Eigo, Guy West, Kate Donatelli, Lawrence Rush, Mark Thompson, Miles Ingram, Paul Horowitz, Robert Auer, Rose Croog, Russell King, Stephen Cowell, Vinay A., Linda King

2. Minutes - approve minutes from September 8, 2020 Board meeting. Amanda Fargo-Johnson moved and Amy McLean seconded to approve the minutes. The motion carried and minutes were adopted.
3. Public Comments – None.

B. Programs and Planning (130 minutes)

1. Companies' 2020 Year-to-Date Revenue, Savings and Spending – Companies. Mr. Bruno provided year to date results through the month of September from Eversource with electricity revenues on target; spending, annual savings and lifetime savings below budget. Natural gas savings summary showed revenue collections from the CAM, spending, annual savings and lifetime savings are below budget, with the winter season having a larger consumption.

Mr. Kopylec's summary showed UI electric spending, annual savings and lifetime savings below budget. SCG's summary of spending, annual savings and lifetime savings were below budget. CNG's spending, annual savings and lifetime savings were below budget as well. Many projects are in progress and the expectation is numbers will go up.

Mr. Bruno forecasts the year-end revenue as 2.4% shortage. The net 2020 underspend variance is forecasted to be \$35.7 million. Next steps are typically that the carry under/over is applied to the next year's budget for updating the annual CAM filing around February 1, 2021 for a rate update on March 1, 2021. For the October 21st DEEP Hearing, the companies will provide information on how the forecasts were developed and public input on over collections.

2. Planned revisions to 2020 PMIs and Board Vote – Companies and Consultants.

The companies worked with the EEB consultants and DEEP on adjusting the 2020 PMIs due to COVID and other related program changes. Mr. Reed stated in the next presentation there will be more details on the underspend and the carry forward at the DEEP technical session on October 21. Because of significant changes in incentives and cost rates, the utilities are expected to achieve savings at a higher cost. The consultants and companies came together to discuss adjustments to the 2020 PMIs and came to an agreement on a recommendation for the Board consideration and approval. Mr. Bruno discussed the 2020 proposed pro-ration modifications: Residential and commercial benefits and net benefit metrics, HES-Income Eligible penalty metric, comprehensive metrics and SBEA Energy Conscious Blueprint; and, HES-IE annual ccf goal for natural gas. Mr. Reed said the consultants were comfortable with the company's conservative approach and recommends the Board approve. Ultimately DEEP will decide on the final approach.

Ms. Fargo-Johnson asked if the 75% of the budget spending goal was met. Mr. Reed reminded the group that the benefits metric is a savings goal, not a spending goal. Ms. Fargo-Johnson asked further clarification on the sector level benefits and net benefits; is the 10% reduction a proration of the PMI or a 10% decrease based on the budget? Mr. Bruno described the payout of the performance incentive is based on the savings goals, not the PMI 10% reduction. Ms. Fargo-Johnson clarified that the PMI payout percentages are not being modified, it is the impact on the budget which is occurring due to COVID. Mr. Bruno and Mr. Reed clarified that the two factors modifying the savings numbers this year are the shutdown due to COVID and the change in the incentive structure.

Ms. McLean requested an explanation of the direction taken by the companies and consultants. Mr. Reed clarified that the companies did a detailed analysis of the impact of higher incentives that the Board and DEEP supported to jumpstart the market and to reduce customer co-pays. In the case of reduced HES reduced program activity, the 10% the companies are adjusting their goals reflects a conservative adjustment. The Consultants are comfortable with the adjustments. If the adjustments were not made, the Companies would be unfairly penalized for COVID and the shutdown in the markets. Mr. Viglione proposed to approve the plan revisions for the 2020 PMIs and Jack Traver seconded the motion. The motion passed.

3. Treatment of Unexpended 2020 Efficiency Funds and DEEP Technical Session Mr. Reed shared the previously presented slide on the Companies unexpended funds based on the 8/31/2020 forecast of \$35.7 million in unexpended 2020 funds. DEEP may modify the budget for the remainder of 2020 and DEEP may request confirmation from PURA to adjust the CAM correcting the proposed budget carryover into 2021. DEEP is seeking input by October 28th and the Consultants will draft comments with direction from the Board for submission. Recommendations include: monitoring program activity to assess changes; cap overspend to 5% or below the 2021 budget; and, should we specify areas of 2021 program activity for carry forward funds?

Mr. Bruno commented that the increased incentives have worked well on the residential side and the Companies will support DEEP and the Board's decision moving forward. Ms. Fargo-Johnson asked for a dollar amount that may be returned to customer and is based on the budget for 2021. Mr. Reed clarified that the carry forward of unexpended funds in the 2020 budget will move into 2021 with the refund to customers through a reduced CAM. Discussions about the carryforward funds typically happen once the actual year end expenditures are in. Ms. McLean and Mr. Reed discussed the five percent of the \$270 million is around \$13 million, if 5% is used in the calculation. Mr. Beup stated that the Board has until October 28th to submit comments that are connected to the October 21st workshop that DEEP is holding. The questions are: 1) Should the board submit comments? 2) What guidance, as to the correct percentage for the carry forward, should be? and 3) What are we suggesting be done for the timing of non-expended and non-carried forward funds? If everyone is amenable to this direction, the Consultants will draft comments to be circulated for an E-vote.

Ms. Fargo-Johnson asked where the suggestion of 5% was from. Mr. Li noted that 9% was carried forward from 2019 and thought a good question would be "do we have enough money in the 2021 budget to keep incentive levels or would funds continue to go unspent into 2021 and a larger surplus is realized?". Another point from Mr. Li is for the Board to articulate its principles rather than a dollar amount or cap percentage. Mr. Reed noted the 2021 Plan Update that will be discussed later in this meeting has assumptions related to continued higher incentives embedded in to it. Ms. McLean commented that it would be good to have a history of incentive and carry forward and noted a concern of ever-changing incentives are confusing to the customers and could impair the markets.

Mr. Bruno stated in the past PURA guidance drove the decision of 5% carryover. Mr. Bruno and Ms. Murphy agreed that 5% carryover would be sufficient to support programs. Mr. Beup suggested the Consultants draft comments with a 5% carry forward, how they should be spent and remaining funds returned as quickly as possible through a revised CAM. The Board will have the opportunity to revise/discuss those comments after the draft is released, as well as vote.

4. 2021 Plan Update Review and Board Vote.

a. Revenues, budgets and savings tables

1. Review and Highlight of changes from 3/1 filing and September tables

b. Plan Text Mr. Bruno highlighted the 2021 Program changes and enhancements. Savings numbers were updated; compliance with building codes improved through training and the acceleration of the adoption of more stringent codes and standards. Residential portfolio changes include: exploring HVAC bundles; increase non-energy impacts; and, new trainings offered to the new construction community. Companies are investigating incentives to target delivered fuel savings (Approval #24). All programs are continuing in 2021 with new plug-and-play EV load profiling and charging. New for 2021 are natural gas ADR pilots for residential and C&I customers. Additional updates include Chapters 3 and 4 and Appendices A and C. Also, savings were reduced based on higher incentive level assumptions into 2021 combined with program changes to retail lighting products. Key program changes on the electric side include increased insulation penetration in HES and HES-IE and improved realization rates on upstream mix for commercial customers. Residential natural gas customers will have increased savings

through updated realization rates for new construction and increased customer and insulation penetration. Compared to the September savings estimates, the combined electric savings for 2021 programs is up 1.2% with the gas side at a 4% increase.

c. PSD – not discussed.

1. Proposed process to incorporate targeted high-value changes into 3/1 Plan Update

d. PMIs

1. Summary of electric and gas PMI \$ and %. Mr. Reed stated the payment is tied to annual expenditures. If a utility under achieves, the pretax incentive (4.5% of adjusted budget) is lower, if the performance is exceeded the incentives are higher with no PMI payment at less than 75% performance (threshold) and no additional PMI payment at more than 135% of the performance (cap). Total 2021 PMIs is \$10.4 million split between 78% electric and 22% gas; 48% residential and 52% C&I; 73% Eversource and 27% Avangrid.

2. Equity metric placeholder. Mr. Reed stated Committee recommendations will be brought forward at the end of the year to develop equity metrics for 2021 and those recommendations will be included in the March 1 update. To fund the proposed equity metrics, the payout percentages for other secondary metrics had to be reduced.. Mr. Traver questioned the proposed changes reducing the EO Comprehensiveness and the Strategic Energy Management metrics to fund the planned C&I Equitable Distribution metric at a 1.5% weight in 2021. Mr. Bruno thought Mr. Traver’s comments were valid and the three-year plan can be adjusted later if needed.

Mr. Lawrence stated the changes were made to re-allocate funds to the proposed equity making the dollar amounts comparable. Also, the equity measure for C&I is still being discussed for the 2021 Plan.

e. Consultant Recommendation, Board Discussion, and Vote. Mr. Reed noted the Consultants are comfortable with the recommendations moving forward for a Board vote to approve the plan. Mr. Traver suggested the following change under the “Revised 2021 Weight” column for the C&I Electric PMIs (slide 12 of the presentation): Change EO Comprehensiveness to 2.5% (from 2.0%) and reduce SBEA Comprehensiveness from 3.0% to 2.5%. Mr. Beup entertained a motion to approve the proposed changes including revenues and budget tables for the EO Comprehensiveness and SBEA Comprehensiveness rows per Mr. Traver’s suggestion. Ms. McLean moved the motion be accepted and Mr. Traver seconded the motion. Mr. Li abstained from the vote. The motion carried.

5. Energize CT Alternative RFP Update. Ms. Murphy’s group is proceeding with the RFP and currently have 10 prospective bidders with a mid-December award date. The RFP will be released to all who have submitted an intent to bid. The final RFP will be shared with the Board. Mr. Bruno stated the public notice was published in newspapers. Ms. Fargo-Johnson asked that the RFP be sent to all lists the Executive Secretary keeps.

6. DEEP Equitable Energy Efficiency Proceeding

- a. Summary of Board comments. Mr. Reed noted approximately 20 different stakeholders as well as UI and Eversource submitted comments. C&LM programs addressing equity include: equitable distribution, electric budget parity; over indexing of the gas HES-IE budget; spending penalty for PMIs; customer participation by income levels (Eversource); creation of a health and safety workgroup; and, planned 2021 equity metrics. Mr. Traver asked for confirmation that the planned 2021 equity metrics for the residential low-income penalty spending PMI is ensuring the companies do HES-IE for customers who are in arrearage? Mr. Reed responded that there is no specific wording/definition – the intent is to help people in arrearages get caught up and lowering their bill going forward. Mr. Arujo added there are defined programs such as New Start to help with arrearages and that is what it is referring to – also to identify the customers who need the most assistance and are not getting HES services. Other Board comments included discussions around equity, defined areas of Board engagement and recommending keeping the equity proceedings separate from the DEEP proceedings on cost-effectiveness and weatherization definition.
- b. Next steps. Ms. Wells stated DEEP is analyzing comments and are looking at next steps.

7. Weatherization Working Group. Ms. McLean noted the workshop planning is in progress and will be either November 10th or 17th. Many stakeholders will be invited to share ideas of identifying the underserved and hard to reach populations in a comprehensive way. Groups such as Legal Aid, Green Bank, and OCC will be invited to share information and participate in the workshop.

8. Discuss proposed topics for future Focus Area presentations. Mr. Reed discussed the following items for additional discussion for future meetings.

- a. Equity
- b. Codes and Standards
- c. Electrification
- d. Program Benchmarking
- e. Demand Response
- f. Emerging Technologies

Other items added were Comprehensiveness; future of programs without lighting; what other utility programs are doing in the US; and, equity outside of the residential sector.

C. Other None.

D. Closing Public Comments – (3 minutes per organization)

Mr. Robertson, Artisan Energy Solutions provided feedback from a contractor perspective that July saw an increase in activity close to 50% of normal levels through September, possibly due to the increased incentives. Some projects have a two-month lead time to realize the benefit of the increased incentives, so please consider that when discussing giving the money back to customers.

Adjourn Mr. Traver moved to adjourn the meeting and Ms. Fargo-Johnson seconded the motion. The motion passed. The meeting adjourned at 3:02 pm.