May 27, 2015

Scott Dimetrosky
Apex Analytics, LLC
1525 Spruce Street, Suite 200
Boulder, CO 80302

RE: Eversource Review of the Connecticut Lighting Evaluation (R86)

Dear Mr. Dimestrosky,

Eversource is pleased to submit these written comments with regard to a draft evaluation report: *R-86: Connecticut LED Market Assessment and Lighting Net-to-Gross Overall Report* (Study), May 2015, NMR Group, Inc., Cadmus Group, and DNV GL. The draft Study was submitted to Eversource on May 13, 2015 with a request for comments to be provided by May 27, 2015.

The primary purpose of the Study was to provide insight into residential lighting. Specifically, the Study sought to understand the following:

- Consumer reactions to varying efficient bulb types and the Energy Independence and Security Act (EISA);
- To assess the residential LED market by describing current conditions and exploring future conditions;
- Net-to-gross (NTG) ratios for CFLs and LEDs for the upstream lighting (Retail Products) program.

Eversource has conducted a thorough review of the Study and found that the results, conclusions and recommendations will help focus and refine the successful Retail Products program design. The Study estimated NTG ratios using four different methods and found that the program continues to have a positive impact, and that the Connecticut market is continuing to respond to the utility lighting program. Eversource agrees with the recommendation to apply the current Program Savings Documentation (PSD) NTG estimates of 51% for CFLs and 82% for LEDs. In addition, Eversource agrees with the recommendation to increase support for LEDs while maintaining some support for CFLs to avoid backsliding to less efficient halogen bulbs.

Eversource agrees that the Retail Products program will continue to have a positive impact for at least the next several years.

Eversource has several comments on the Study and its recommendations. The Study recommends that some funding should be shifted from home improvement channels to bargain/discount stores based on the finding that NTG values differ between retail channels, and that bargain/discount stores are likely to bring to result in larger program impacts. [1] Eversource agrees with this finding and supports program design changes that will enable greater access of energy efficiency products to limited income customers. In order to accurately capture the impact of the hard-to-reach market channel (e.g. Goodwill, Dollar Store, etc.), Eversource recommends that the NTG values for hard to reach stores should be estimated in the Study to reflect the higher impacts from these market channels (consistent with the Study findings and recommendations).

Table 9 in the Study shows various NTG (Net of Free-ridership) ratios for various utility programs. Based on this table, Connecticut NTG ratios were lower than other similar programs. The Study suggests that the reason for this trend may possibly be linked to some Connecticut products having a higher elasticity. However, this table shows that the average percent incentive paid in Connecticut (26 to 28 percent) is lower than the comparable percent values in Table 9 which are as high as 76 percent. Eversource believes that a clearer explanation for the trends illustrated in Table 9 is that free-ridership rates are typically inversely proportional to the incentive amount paid.[2] With that said, Eversource does recognize that simply applying higher incentives is not always prudent. Balancing incentives with free-ridership levels is a critical (yet challenging) program design activity with the overall goal being to maximize savings per dollar.

The Study scope included interviews with participating manufactures and retailers. Comments provided from the interviewees suggest that they are very satisfied with the program. However, the Study seemed to only highlight negative comments stemming from a perception that the Connecticut program is not flexible. Eversource does acknowledge that it has several necessary program mechanisms in place to enable controlled participation. However, Eversource has a long history of working with retailers and manufacturers to provide flexibility into the program design. For example, in 2014, Eversource released 51 addendums and 154 notifications to participating manufacturers and retailers for various purposes such as adding new products to existing agreements, increasing funding allocations, adjustments to retail prices and/or incentives, new negotiated marketing promotions, changes to promotions term periods and adding new store locations. So far this year (2015), the Company has processed 29 notifications. Clearly the Eversource program allows a great deal of flexibility. Eversource recommends the

[1] The study states that supplier interviews, demand elasticity modelling, and research in other states all support different NTG ratios for various retail channels.

[2] By definition, free-ridership would be 100% with no program intervention or incentives. As incentives increase, more consumers are willing to purchase products which would result in lower (than 100%) free-ridership levels.

Study include this important detail, and that the comments in the Study are more balanced and aligned with the conclusion that participants were very satisfied.

Lastly, the Study on page 1 referred to "state legislation mandating the shift" (to LEDs). Eversource is not aware of any state legislation mandating such a shift. Eversource believes that perhaps this statement is referencing current program design and/or regulatory policy in Connecticut. Eversource recommends that the Study clarify/correct this statement and provide additional context to this comment.

Thank you for the opportunity to provide these constructive comments. Please feel free to reach out to me if you have any clarifying questions on these comments.

Very truly yours,

Joseph Swift

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