



**Energy Efficiency Board
Monthly Meeting**

Wednesday, January 11, 2012, 1:00 – 3:00 PM

Department of Energy and Environmental Protection – Phoenix Auditorium, 5th Floor
79 Elm Street, Hartford, Connecticut

MINUTES¹

EEB Voting Members in Attendance: Daniel Esty, Chair²; Rich Steeves, First Vice Chair; Jeff Gaudiosi, Second Vice Chair; Shirley Bergert; Neil Beup; Eric Brown [phone]; Jamie Howland; Amy Thompson; Michael Wertheimer.

Utilities Representatives: Ron Araujo, Michael Cassella, Joe Crocco, Pat McDonnell. Not in Attendance: Dale Williams.

Other Attendees: Tim Cole, Kim Oswald [phone], Jeff Schlegel, Les Tumidaj [consultants]; Art Marcelynas, Rick Rodrigue, Jonathan Schrag [DEEP]; Cathy Lezon, Peter Ptak, Violette Radomski, Ellen Rosenthal [CL&P]; Sheri Borrelli, Chris Ehlert [UI]; Dan Sosland, Joyce Kung [ENE].

The officially noticed January monthly meeting of the Energy Efficiency Board commenced at 1:05 pm with First Vice Chairman Rich Steeves presiding.

1. Process

- A. Agenda – The agenda was reviewed and accepted as presented with no changes.³
- B. Minutes – The minutes of the December 14, 2011 board meeting were approved on a motion by Jeff Gaudiosi seconded by Amy Thompson, as amended at the request of Evaluation Consultant Kim Oswald.⁴
- C. Public Comments [3 minutes per organization] –
 - Tim Phelan and Chuck Coursey appeared on behalf of the Connecticut Retail Merchants' Association. CRMA wishes formally to request funding to continue the Lean and Green campaign, building on 2010-11 successes. In response to a question from Mr. Gaudiosi about whether a written report was available showing results relative to goals, Mr. Phelan referred him to the packet CRMA submitted.⁵ For 2011-12 CRMA is requesting \$210,000 to support activities listed in the

¹ Meeting Materials Available in Box.net Folder <http://www.box.com/s/scsuc0aefra2eq977duz>

² Able to participate only briefly. Mr. Schrag represented Mr. Esty during most of the deliberations.

³ 120111 EEB Agenda F2.pdf

⁴ 111214 EEB Minutes F.pdf

⁵ CRMA Commissioner Esty 2012 Lean & Green Letter.doc;

CRMA Lean Green Proposal 2011-12 doc.docx;

CRMA LG 2010-11 Deliverables.docx

proposal submitted. Mr. Gaudiosi inquired of Ron Araujo whether there were quarterly benchmarks to refer to. Mr. Araujo indicated CL&P has received regular reports and will get back to the board with the details. Neil Beup inquired whether the companies have a sense of how many projects are actually moving forward. Mr. Araujo agreed to include this information in his report back. Mr. Coursey noted that CRMA had learned from experience that the seminars they had originally planned proved to be less productive than piggybacking on other associations' meetings. He noted that CRMA feels it has good momentum now and expects to exceed deliverables previously agreed to. Mr. Beup asked Mr. Araujo and Mr. Coursey for any additional descriptors they could provide on the characteristics of the projects generated by the program – such as the kind and amounts of space, the types of businesses, etc. He noted that the C&I committee frequently runs into difficulties acquiring aggregated data like this.

- Harry Cullinane appeared on behalf of Clover Corporation. His remarks focused on the lack of consideration given to gas chillers in the 2012 C&LM Plan, and especially to the lack of attention to the notion that gas chillers can significantly contribute to reductions in peak demand on the electric system. Referencing DPUC dockets 05-07-14PH01 and 10-02-07 as well as October 2, 2006 Northeast Utilities 05-07-14PH01 compliance correspondence to the DPUC⁶, Mr. Cullinane argued that the positive contribution gas chillers can make is well documented. He also believes gas chillers can play a major role in helping the state achieve its energy savings goals in its own buildings. Mr. Cullinane urged the board to take note of the fact that the incentives for electric chiller upgrades are twice what is offered for gas. He also objects to the current practice, included for continuation in the proposed 2012 Plan of using Small Business Energy Advantage approved contractors exclusively for chiller replacement and installation work. Mr. Cullinane finally commented that the incentive funds for the 2007/2008 Accelerated Chiller Retirement Program (electric only) were exhausted in mid year. Mr. McDonnell noted that chiller incentives are still available under the EE Partners program. Mr. Schrag inquired whether the incentives should not simply be eliminated because it appears not to be cost-effective. Mr. Cullinane agreed with the suggestion and offered to provide Mr. Schrag with comments in writing on the subject.
- D. Consultant Committee – Mr. Gaudiosi reported that the committee had not met recently, but would be meeting shortly to continue its deliberations on restructuring how workplans are developed and consultants compensated, with an eye toward moving toward a retainer-based model.
- E. Outstanding Issues – Regarding the latest version of the Outstanding Issues document⁷, Tim Cole noted that completed tasks are removed after two months. He also explained the rationale behind his introduction of color-coding items. Items he judges to be worthy of particular attention are in blue in cases where movement is known to be underway, maroon in cases where it is not clear what if anything is going

⁶ H Callinane remarks - TC Jan 24 2012.doc; H Cullinane NU letter_20061002 re chillers.PDF

⁷ 120111 Outstanding Issues F.pdf

on. Mr. Steeves suggested that a small working group could be convened to take a closer look at the items on the list. Jonathan Schrag suggested a “program review / outstanding issues” group could be helpful at this point. Mr. Steeves and Mr. Cole will look for volunteers to take part in the group.

F. EE Board Calendar and Schedule –

- The board reviewed the revised 2012 calendar included with board materials.⁸ – Mr. Cole reminded the board that there is an open question about the timing of the June board meeting, now scheduled for June 13. The NEEP Summit is scheduled for June 13-14 in Stamford and could pose a conflict. Mr. Araujo offered to get exact details on the summit schedule, which he would report back so the board would have a better sense of its options. Mr. Steeves agreed with Mr. Araujo’s suggestion.
- Review 2012 work schedule – Jeff Schlegel reported that the schedule he plans to put before the board is still a work in progress. He will hold off finalizing it until after the Program Review / Outstanding Issues work group has a chance to meet.

2. Programs and Planning

A. 2011 Budget, preliminary year-end updates –

- For CL&P Mr. Araujo directed the board’s attention to summaries showing combined EOY results for the electric companies and gas companies.⁹ A more detailed presentation of results will be forthcoming. With revenues roughly 8% over budget and spending and commitments roughly 6% under budget, approximately \$18.5 million will roll over to 2012. In response to a question from Mr. Steeves, Mr. Araujo noted that the tentative plan is to roll the unspent monies over on a pro rata basis. A revised budget proposal will be submitted to the board. Mr. Schrag noted there are several alternatives to consider for the \$18.5 million, including folding it into the 2012 base plan budget, applying it to the budget for the Increased Savings Scenario, or possibly an innovative alternative along the lines of a revolving loan fund. Mr. Araujo suggested the board revisit the question in its discussion of the 2012 plan proceeding. Mr. Schrag invited the companies to present a variety of options. Mr. Steeves urged them also to present what they consider the best options for the board to take under consideration.
- For UI, Mr. McDonnell stated that the company intends to bring forward for the board’s review a plan for the \$600,000 UI shows as underspent. The board can also expect a detailed EOY report from UI, as from CL&P.

B. 2012 C&LM Plan, DEEP and PURA Review –

- DEEP review of electric plan – Mr. Schlegel noted that the DEEP Bureau of Energy and Technology Policy had scheduled at Technical Meeting on the 2012 Plan for January 12. The EEB will be represented at the proceeding by Mr. Steeves and other board members and consultants. He observed that the meeting will deal

⁸ 120106 EEB 2012 Calendar D2.pdf

⁹ EEB December 2011 Projection.xlsx; EEB Financial Summary December 2011.xlsx; CL&P – December 2011 YTD Financial Results 1-10-2012 .ppt

only with the electric base plan. The increased savings scenario will be reviewed by the Bureau in the context of the Integrated Resource Plan process. Mr. Schrag commented that the IRP process will include back-to-back technical meetings around February 1 to discuss the Bureau's draft IRP and then the ISS. The IRP will set the overall context. The primary focus of the ISS discussion will be about identifying funding mechanisms for the envisioned ramp up. Mr. Schlegel suggested the board approach the next day's meeting as an opportunity to observe and comment, with the intention of offering additional recommendations as appropriate. For example, developing recommendations for the disposition of the funds rolling over from 2011 will be aided by seeing the flow of the issues raised in the meeting. Mr. Araujo noted that it is now important to take into consideration that PURA's review of the gas plan in docket 11-10-03 was completed with a final decision on January 4, 2012 which includes the ISS for gas. This raises the issue how to come out of the chute with messaging. Mr. Steeves observed that the gas and electric programs really go together. Mr. Schlegel stressed the importance of maintaining momentum at least at the base level. With carry over money and the base electric plan budget, \$125 million approximately will be available. Noting that base plan approval is expected in February and ISS approval in June, Mr. Schrag asked the companies to provide month by month projections so the board and Department can stay on top of the process. He enunciated two core principles that are now guiding the Department's policy with respect to ramping up energy efficiency: 1) provide clear signals; 2) no backsliding. A regularly updated spreadsheet will help this happen. Regarding currently identified funding, Mr. Araujo noted that some of the carryover funding is RGGI money that can be allocated to assist oil customers. In light of this discussion he expressed his concern about signals to administrators and customers. He agreed with Mr. Steeves's comment that the companies need assurances from PURA that any prospective expenditures made before the approval process is completed will be covered. This situation is an illustration of how a two-year rolling budget would help smooth out the flow of revenues and expenditures each year. Ms. Bergert commented that the existing procedures put extra stress on the vendor community whose members have to make decisions under shortened time horizons. Mr. Steeves concurred, noting that for them to perform effectively they need longer horizons. Ms. Bergert expressed her gratitude that DEEP is clearly now taking seriously a problem that has cropped up annually for a very long time. Mr. Schrag observed that as the IRP process is institutionalized in the department, it will allow for changes to the budgeting process that will finally allow for smoother operational planning and implementation. He finally again affirmed that DEEP is not wavering on its commitment to the ISS. The department intends to see it move forward.

- PURA Docket 11-10-03 review of Gas Plan – Regarding the final decision on the gas docket¹⁰ published by PURA on January 4, Mr. Schlegel emphasized the point that

¹⁰ 111003-010412 final decision.pdf

with the decision the authority approved the ramped-up increased savings scenario budget, effectively a doubling in the size of the program. He recommended that the board ask for a technical meeting with PURA gas staff to talk through details of how it will be implemented. In response to a question from Mr. Schrag, Mr. Schlegel indicated the EEB's technical consultants would be available to help with this. Mr. Araujo noted his satisfaction that concerns triggered by the draft decision about how the Residential New Construction program would be handled were addressed in the final decision. Mr. Araujo and Mr. Howland agreed to coordinate with Mr. Schrag on leveraging the positive outcome of the docket proceeding for public relations purposes.

- C. DEEP coordination update and plans – Mr. Rodrigue reported that Alex Kragie and Lynn Stoddard have \$15 million in state bonding available to move the Lead By Example project forward, about one third of which is already committed. The remainder will be committed by the end of the quarter. Mr. Schrag added that they are working with DAS, OPM, and other state agencies to develop a performance contracting model that can be used by other entities including municipalities and school districts. The scope of the project also includes leased space. DEEP is creating a data management position to track energy usage across state facilities.
- D. 2012 Integrated Resource Plan (IRP), status and process – Nothing further to discuss after preceding deliberation under item 2. B.
- E. Evaluation Committee – Reporting for the committee Mr. Howland noted that Energy Market Innovations (EMI) had been selected through the RFQ process to lead the consulting team that will work on Large C&I Evaluations. The committee currently has a focus on research related to home weatherization, residential financing, and insulation. Of interest is to determine what barriers exist to customer participation. This ties into the Residential Committee's work on a draft weatherization definition for single and small multi-family housing units. The concept is to assess energy usage on a per square foot basis. Additionally, the Evaluation Committee plans to conduct a residential market assessment to determine a baseline for weatherization. Once the goal has a specific definition, what share of residences meet it, and among those that don't how far off are they. The aim is for the evaluation to show the existing market conditions so the programs can be designed and adapted accordingly.
- F. Commercial & Industrial Committee – Les Tumidaj reported that the committee's deliberations currently focus on how to begin ramping up in line with the increased savings scenario over the next six months. The committee is looking for guidance from DEEP. Mr. Beup observed that going deeper and wider as envisioned by the ISS will require a wholesale shift on the program level, even taking into account that this actually entails doing more of what the committee has been focused on doing for several years already. Mr. Schrag indicated the department would welcome more dialogue about this with the committee and the program administrators, while stressing that there is no desire to get into micromanaging programs in place or envisioned. Mr. Beup noted that the program administrators currently need to focus on meeting very specific quantifiable goals such as kWh or gallons of water saved, so the shift will require a different description of appropriate metrics. Mr. McDonnell

concurred, remarking that the question needing to be addressed is how to value what the programs actually do. Mr. Schrag suggested in this light two conversations appear to be in order – one regarding the near term challenge of ramping up over the next six months, and another focusing on the long term strategic shift. He proposed that he, Mr. Rodrigue and Art Marcelynas would set up a time to talk with the committee.

G. Residential Committee –

- Ms. Bergert reported that the committee was currently focusing on the weatherization work already discussed, a memo on financing options developed by consultant Betsy Harper¹¹, and the continuing effort to arrive at a solution to the problem of funding measures for oil customers in light of the December 9, 2011 letter from the department regarding the use of RGGI funds as a stopgap. This prompted discussion about the timetables for when RGGI funds become available and are expended. Mr. Araujo and Mr. McDonnell agreed to provide the department with an update on how the RGGI budget looks now, forecasts for the next months, and a description of how the calculations are developed. Ms. Bergert noted that a permanent solution will be achievable legislatively once the issue of “cross subsidization” is addressed, namely the need for deliverable fuels sales to include contributions to the EEF, along with gas and electric.
- Observing that further discussion is needed of the weatherization definition, a plan for realizing deeper savings on the residential side, and the new field service tool for data collection, Mr. Howland suggested a special working group meeting of involved stakeholders should be scheduled. It was agreed to hold the meeting January 20, 2012 at the Smart Living Center in Orange beginning at 10AM. A notice to this effect will be sent out by Tim Cole.

H. EEF-CEFIA Coordination – Mr. Schlegel observed that the two entities are working closely on developing sustainable funding strategies to support the increased savings scenario and on a jointly funded marketing services RFP. Mr. Araujo noted that the companies are also working closely with CEFIA on the Clean Communities program. He directed the board’s attention to an update showing public meetings held and scheduled.¹²

3. Outreach and Marketing

A. Marketing Committee –

- Mr. Schlegel reported on the marketing services RFP soon to be announced. Project is a joint undertaking by the CEEF, CEFIA and DEEP.¹³ Mr. Schrag expressed the department’s desire that the bidding process be as open and broad as possible, with wide distribution given to the RFP announcement. Mr. Esty asked the committee to think about generating publicity and suggested a press release be distributed especially to trade and business periodicals and media. He sees a real story in the fact that Connecticut is looking to create an overarching brand for

¹¹ EEB Memo re loan changes 1_2012 bharper.doc

¹² EEB Update CEC Program(1-11-12).docx

¹³ Mktg Svcs RFPAnnouncement_011112f.pdf

energy efficiency backed up with an intensive, highly effective marketing campaign.

- Cathy Lezon informed the board that in light of concerns raised previously, CL&P is reworking its RFP for public relations expect it to go out soon. Mr. Araujo assured Mr. Schrag that the materials developed by the selected contractor will be considered “open source” available for any use the board wishes. Mr. McDonnell that the same rule applies to everything the companies create for the EEF.
- B. Updates on current marketing events and initiatives – Ms. Lezon and Mr. McDonnell circulated the companies’ respective events calendars.¹⁴
 - C. Overview 2011 marketing, outreach & education efforts – Ms. Lezon distributed a new spreadsheet providing a comprehensive overview of the 2011 HES and HES-IE “Call to Action” marketing and outreach campaign, together with tear sheets from several new case studies developed by the marketing department.¹⁵
 - D. Annual Legislative Report – Ms. Lezon and Ellen Rosenthal from CL&P distributed cover mockups for the 2011 Annual Legislative Report for the board’s consideration.¹⁶ Mr. Steeves noted that they will be taken up by the Marketing Committee for review.
4. **Other** – Ms. Bergert requested that coordination with the Fuel Oil Conservation Board be added to the agenda as a regular item going forward. She noted that Commissioner Esty chairs the FOCB.
5. **Adjourn** – With no further business to attend to, the meeting adjourned at 3:05 pm.

Respectfully submitted,

Tim Cole
Executive Secretary

¹⁴ 2012 EEB Calendar 01.09.12 to EEB UI; CLP Events Calendar as of 20120110.xls

¹⁵ 2011 CLP-CEEF Marketing-Outreach-Education Report1-10-12v5.pdf; NU-26478 EEF_HES_Laudano_LR.pdf; NU-26484 CLM_HES_Crook_NoPhotos_LR-No Crops.pdf; NU-26490_CLM Modern Woodcraft CS_LR-singles.pdf

¹⁶ 2011 Legislative Report Cover Options.pdf