



**Energy Efficiency Board
Special Meeting**

Wednesday, July 25, 2012

Department of Energy and Environmental Protection – Public Utilities Regulatory Authority
10 Franklin Square, New Britain, Connecticut

MINUTES¹

EEB Voting Members in Attendance: Jamie Howland, Vice Chair; Shirley Bergert; Joel Gordes [designee for Frank Johnson]; Art Marcelynas [proxy for Daniel Esty]; Taren O'Connor; Amy Thompson [phone]; Michael Wertheimer

Utilities Representatives: Ron Araujo, Michael Cassella, Joe Crocco, Pat McDonnell, Dale Williams

Not in Attendance: Neil Beup; Eric Brown; Daniel Esty; Rick Rodrigue

Other Attendees: Cindy Jacobs (DEEP); Tim Cole, Richard Faesy, Kim Oswald [phone], Jeff Schlegel, Les Tumidaj (Consultants); Jocelyn Anastasiou, Chris Bernard, John Matchett, Tyra Peluso, Peter Ptak, Ellen Rosenthal, Tim Simmonds, Tilak Subrahmanian (Companies); Patrick McGloin (Gaffney Bennett Public Relations), Bill Leahy (ISE)

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

1. Process

- A. Agenda – The agenda² was approved as presented.
- B. Minutes – The minutes of the July 11, 2012 board meeting³ were approved as presented on a motion by Shirley Bergert seconded by Michael Wertheimer. Joel Gordes abstained. Mr. Howland extended a warm welcome to Mr. Gordes, stating the board's appreciation of his willingness to serve as a member after his many years of services as the board's technical coordinator.
- C. Public Comments – Before inviting Andy Bauer of the Portland Clean Energy Task Force to speak, Mr. Howland stated that the EEB had received a complaint from an HES vendor regarding an disciplinary action. He asked the review committee set up at the July 11 board meeting to investigate the complaint from another vendor to review this matter as well. The members of the committee are Taren O'Connor, Rick Rodrigue, and Mr. Wertheimer, with Mr. Rodrigue serving as convener.

¹ Meeting Materials Available in Box.net Folder <https://www.box.com/s/eeee929b9acf98832bd5>

² 120725 EEB Agenda F2.pdf

³ 120711 EEB Minutes F.pdf

- In his remarks⁴, Mr. Bauer expressed to the board his concern about the one-month suspension of Lantern Energy from the HES program as a disciplinary action taken by the companies. He conveyed his high opinion of Lantern and noted that because of the lack of advance warning, communities like Portland that work closely with Lantern have been caught off guard. He had contacted CL&P to get clarification, but had not yet received a response. He also stated his concern about the process by which the action was taken and that there appears to be no opportunity for review before the disciplinary action is implemented. For this reason, he asked the EEB to request the companies rescind the intended suspension for the month of August pending the outcome of its investigation. On behalf of CL&P, Ron Araujo indicated the companies would do their best to expedite the review process in this instance and offered to provide all needed materials to the review committee as soon as possible.
- D. Special Presentation – Mr. Araujo explained that CL&P had commissioned the public relations firm Gaffney Bennett to conduct a public opinion survey in order to gain insight into the state of public awareness and the barriers customers face or perceive with respect to engaging with the energy efficiency programs, and especially to adopting deeper measures. Ellen Rosenthal from CL&P suggested that the board might want to schedule a longer presentation to go over all of the results, beyond what a brief summary would permit here. Jeff Schlegel requested a presentation to the Marketing Committee at its next meeting on August 1. At Mr. Araujo suggestion, it was agreed to schedule a full presentation for noon on August 8, between the Residential Committee meeting and the main board meeting.
- Patrick McGloin from Gaffney Bennett Public Relations provided a brief overview of the research conducted and results.⁵ A few quick take-aways included that –
 - It was a survey of CL&P customers only
 - It was conducted in May after a light bulb print campaign and radio advertising campaign
 - Results showed that CL&P had the highest recognition among consumers as a source of information about energy efficiency
 - Other options came in below 3% - Even EnergyStar registered about 1% despite the heavy branding efforts behind it
 - Demographic breakdowns were made and will be included in the full report
- E. Consultant Workplans – Consultant Committee – Mr. Howland reported that due to the absence of a final decision on the base budget, the committee recommended that the consultant workplans from the first six months be extended on a month to month basis, using the monthly average from the first six months as a guide. Noting that purchasing departments want to see a scope of work, Pat McDonnell asked that the companies be provided with an interim workplan for the second half of the year that would be understood to be changeable. Mr. Araujo suggested that they could use the existing workplans with a cover letter describing the interim solution. The board voted to approve a motion by Ms. Bergert seconded by Mr. Wertheimer to continue the existing workplans at average hours, with the understanding that any billings above

⁴ 12-7-25_ABauer_Notes_to_EEB_Wednesday_1pm.doc

⁵ CEEF survey - brief pres for July 25 v5.pptx

the average will require approval by the board. Mr. Schlegel and Mr. Cole will put together a letter communicating this resolution to the companies.

F. EE Board Calendar and Schedule

- Changed schedule of Evaluation Committee meetings – Mr. Howland reported that the Evaluation Committee had decided to move its regular meeting time to the first Wednesday of the month, beginning at 10 AM.
- Status update on planning schedule for 2013-2015 C&LM Plan – Peter Ptak drew the board’s attention to the revised schedule included in the board packet.⁶ He noted that some dates have been pushed back to allow for the current work on how to switch over to multi-year planning, and for the fact decisions on the 2012 plan are still pending.

2. **Issues and Tasks**

- Outstanding Issues⁷ – At Mr. Howland’s request, Joe Crocco, Mr. Araujo and Mr. McDonnell agreed to coordinate with DEEP on leveraging the approval of the Residential New Construction program in the final decision in the gas plan docket no. 11-10-03. He also asked the companies to engage with residential consultants Glenn Reed and Richard Faesy about how process will be handled for the HES RFP scheduled to go out August 15. The companies agreed to provide them with needed documentation by Friday, July 27.
- Smart Living Center Relocation proposals⁸ – On behalf of the ad hoc review committee Amy Thompson reported that the committee had examined two options with the companies. Option 1 called for staying at the existing location in Orange, while making significant investments in upgrading the facility and adding on a traveling “E-house” that would visit different part of the state providing educational and outreach programs for adults and children, professionals and consumers. Option 2 called for relocating to a larger, more flexible space at a location easily accessible for more of the state’s residents. She noted that the review presentation is included in the board packet. Ms. Thompson conveyed the committee’s recommendation that the board approve Option 2. Because of Option 1 renovation costs, the two options price out at nearly the same cost, yet Option 2 offers more flexibility and accessibility. It also includes the E-house concept. Currently envisioned is a location near exit 9 or 11 on 91. Ms. Bergert moved approval of the committee’s recommendation. Mr. Wertheimer seconded the motion, which was approved unanimously. Mr. McDonnell noted that the board’s approval was needed to go forward with the formal search for the new site and to negotiate the terms of the departure from the present location. DEEP’s approval will be needed to sign the lease. Because of commercial real estate market conditions, this is viewed as a good time to sign a long-term lease on favorable terms.

⁶ EEB 2012 Milestone Schedule for 2013 C&LM Plan 07_24_2012 pwp .xls

⁷ 120725 Outstanding Issues F.pdf

⁸ SmartLiving Center EEB Packet (7-25-12).pdf

3. Programs and Planning

A. Residential financing Issues –

- Update on current financing offerings – Mr. Araujo reviewed for the board a brief overview of the mix of financing offerings available to support both residential and commercial and industrial programs put together by CL&P's Steve Bruno.⁹ He noted that the DEEP Determination on the Expanded Plan calls for more self-funding by companies. The aim is to find ways to buy-down interest rates. He reported that CL&P will be adding \$6 million to the existing \$6 million pool, bringing the total to \$12 million. Currently a 9.25% rate is earned by the fund for the loans made with its money.
- Discussion of potential impacts on low-income consumers – Recognizing that remarkable progress that has been made in developing the array of financing options, Ms. Bergert introduced a discussion about two concerns for which there still no satisfactory solution:
 - Making financing affordable for homeowners
 - Finding ways to make programs available to renters

In addition she expressed her concern about last minute backroom negotiations around SB 451 during the legislative session, a bill designed to use on-bill financing to fund furnace and boiler replacements. She stated the view that had it been successful, the legislation would have burdened low-income renters in unforeseen ways, while benefiting deliverable fuel dealers. In the future she wishes the companies should not promote legislation that directly impacts groups of ratepayers without first bringing it to the board. In this case, solutions for the negative impacts on low income ratepayers might have been found had the board been able to work on it first.

Referencing two memos she prepared for the board¹⁰, Ms. Bergert noted that it is a major problem that low income programs are seriously siloed, meaning the impacts of program changes not always obvious. For instance, because of issues with existing legislation if renters are asked to contribute to on-bill repayment for a furnace upgrade can make them ineligible for energy assistance. Similarly, the fact that nonpayment of the loan can trigger a shutoff, a feature desired by promoters to make financing programs attractive to investors, can have severe consequences for very low income households. In sum, the board and companies need to work together to find solutions so that when low income consumers pay into the fund, there are programs that are specifically designed to make them whole.

In response to a question from Mr. Gordes about on-bill financing for small businesses, the companies acknowledged that the small business loan programs do not carry the threat of shut off for nonpayment. Mr. McDonnell highlighted that this points up the need to find creative solutions to financing upgrades in rental properties. Mr. Schlegel noted that CEFIA is actively working with lenders on on-bill financing concepts. It is urgent that the matter be taken up promptly. At

⁹ CEEF Financing Summary 7-23-12.ppt

¹⁰ sbergert.7-9-12_On_Bill_financing_issues.docx;

sbergert.7-9-12_Risks_to_the_Poor_in_Efficiency_Program_Planning.docx

Mr. Howland's urging, Ms. Bergert agreed to draw up some position statements in collaboration with the companies and Chris Kramer at Energy Futures Group. The statements would be presented to the board at the August 8 meeting for further discussion.

B. DEEP coordination update and 2012 plans

- 2012 C&LM Plan – DEEP and PURA Review - Mr. Schlegel reported that PURA had published its draft decision on 2012 Base Plan and DEEP had published its final determination on the Expanded Plan. PURA has scheduled a hearing on August 8. The draft approves base budget, and rescinds some previous orders. From the board's perspective, the single biggest concern relates to being able to ramp up over time as called for by DEEP policy. The DEEP base plan determination called for base funding at same level as 2011, but having a 25% spend-forward from 2013 to cover gap. In the draft decision, PURA asserts that statute does not allow for spending forward. Mr. Schlegel emphasized the fact that the board and companies have been following guidance from DEEP during the preparation of the 2012 plan and since. It is now foreseeable that without the spend-forward funding, programs will have to cut back or be suspended during second half of year. Mr. McDonnell indicated that at UI the Home Energy Solutions, Energy Conscious Blueprint, and Energy Opportunities programs would likely have to stop already by the beginning of October. Mr. Araujo stated that CL&P is in a slightly different position because of the \$18 million carry-over. However, the troubling aspect of draft decision is it calls for hard stop on spending, allowing no flexibility and no way to keep program momentum. He noted that there was in fact DPUC precedent for borrowing forward.

Mr. Schlegel stated that it was the consultants' recommendation to the board to file comments with PURA as soon as possible that would be very sharply focused. The main point should be to spell out the exact implications for programs now, and then ask for spend forward authorization to get through the end of the year. He noted that a second issue concerns the board's own budget, which the DEEP determination proposes to cut. Ms. Bergert offered to make a motion that Mr. Schlegel should draft comments along these lines, ask the companies to review them and have them submitted by Mr. Howland in 24 hours.

Mr. Wertheimer stated that he could not support the request for the 25% spend-forward. He noted that the fund as it stands is a fund that relies on the 3 mil surcharge. It is the board's and the companies' responsibility to manage the programs within that limit. If the fund is going to run out of money, it is unfortunate, but at some point there needs to be a rebalancing. In response to Mr. Araujo's comment that the board and companies are trying to follow DEEP's lead, Mr. Wertheimer noted that according to the existing process, DEEP can recommend, but PURA has to approve the funding. Without funding, the programs have to stop. The spend-forward concept is based on the expectation that the expanded plan will be approved, but it is not clear if or when that might happen. Mr. Araujo noted that some forward spending would help manage curtailment more smoothly, if that is the ultimate outcome, than a hard stop for lack of that funding. Mr. Schlegel commented that the directives from DEEP since

last year have been that there should be no backsliding relative to 2011, although it was known going in that the funding streams available for the 2012 base plan were less than in 2011. Simply to maintain that level of effort, there needs to be more funding than the \$105 in the budget; hence the need to ask PURA to revisit the question. Ms. Bergert affirmed that she is not ready to see programs shut down, so there needs to be a search for a solution.

Mr. Howland outlined the four options – 1) borrow forward and the expanded plan is approved ; 2) don't borrow forward and the expanded plan is approved; 3) borrow forward and the expanded plan is not approved; 4) don't borrow forward and the expanded plan is not approved. He then posed the question whether it is preferable to stop now and then have to pick up if the expanded plan is approved, or to borrow now and then have less to spend next year if the expanded plan is not approved. Responding to a question from Ms. O'Connor on how the board could be certain it wouldn't be having the same discussion about borrowing forward next year, Mr. Howland stated that he would not support forward borrowing next year if he knew the expanded plan was not going to be approved. Mr. Schlegel suggested it would be helpful to clarify at this stage more closely how much forward spending would be needed to sustain programs at the 2011 by the end of the year. He also noted it would be important to convey that the board views the request now for some forward spending as a one-time solution to an interim problem. Ms. Bergert stressed that with the proposed move toward multi-year planning and recognizing that there is an ongoing transition on many fronts, including in the relationship between DEEP and PURA, an interim solution was essential. Otherwise there is the real likelihood of losing the vendor base now available, which it would be difficult to bring back if future funding is found. Mr. Howland reminded the board that the present situation exists because board Chairman Daniel Esty asked the board and the companies to proceed as they have done. Mr. Araujo noted that historically the 3 mil figure has been viewed not as a cap, but as a collection mechanism. A spend-forward still allows for responsible use of the 3 mil surcharge collections. Ultimately, if the draft decision stands, the people who will be hurt most will be customers and vendors.

Mr. Schlegel proposed that the consultants draft a letter, which the board will be asked to review and vote on electronically by tomorrow. The letter will describe to PURA the situation we are in and suggest a spend-forward figure that will keep the programs going by providing adequate funding equivalent to 2011. This is proposed as a one-time solution, not to happen again absent an expanded plan.

Mr. McDonnell estimated that a 15% spend-forward would be sufficient to get through the remainder of the year. Mr. Araujo indicated that CL&P would probably need less for CL&P. This would involve borrowing against the 3 mil charge. If the expanded plan ramp up is not approved, it is understood that no other funds will be available. At that point, the companies could manage directing the impact away from the programs hardest to restart. Ms. Bergert moved that Mr. Schlegel draft and circulate the letter for electronic approval as described. Mr. Wertheimer seconded the motion. The motion was approved without dissent.

- 2012 Comprehensive Energy Strategy – Art Marcelynas reported that DEEP expects to be able to release a draft in late August, with an extensive comment and hearing period to follow.
- C. 2013-2015 Multi-Year Plan – Key Issues and Board Discussion
- Multi-Year Plan (2013-2015) – Discussion of EEB-EDC planning proposal –
 - Mr. Schlegel reviewed with the board two documents prepared together with the companies that cover options for moving to a three year planning model.¹¹ With the approval of Mr. Howland they will be forwarded to DEEP as recommendations from the board.
 - Mr. Araujo raised the question whether planning should still be referencing a 2% savings goal, based only on mill rate funding. He noted that currently that would mean looking at a \$32 million short fall. Mr. Schlegel responded that the current aim is to develop an expanded plan and a base plan that reflect present funding resource reality. He noted that the expanded plan is consistent with the Integrated Resource Plan published by DEEP only a short while ago. Mr. Howland noted that the base plan will not include any borrowing for future funding IRP, different than ISs. JH Base plan will be minus any borrowing.
- D. Report on HDF Energy Smart Solutions, July 24 event¹²
- Consultant Richard Faesy covered the high points of the event
 - An opportunity for intensive contacts and conversation among Connecticut energy efficiency stakeholders, market participants, and policy makers, together with representatives of the Department of Energy and the Lawrence Berkeley National Labs
 - Clear learnings include the facts that larger incentives drive more work and rebates matter
 - Alignment between contractors and programs is key. Incentives need to be designed to support the alignment
 - Don't give too much for free up front or people will feel they are already done, rather than understanding they are embarking on a multi-layered process that will call for investment of resources and time and changes in behavior
- E. Small Business Program Update –
- Mr. Araujo offered a brief presentation on existing challenges meeting targets for participation by small businesses.¹³ A list of findings and potential actions has been compiled. It is a work in progress. An update will be provided at the August 8 board meeting.

4. Outreach and Marketing

- Joint DEEP/EEB/CEFIA statewide marketing project update – Mr. Schlegel reported:

¹¹ EEB_2013-2015PlanningUpdate_07252012.ppt; Multi-YearOptionsDocument-071112.docx

¹² Materials from the event are available in box.net folder - <https://www.box.com/s/1d6749b01afa63d7c81e>

¹³ 07242012 FINAL SBEA 2012 Program Update For 07252012 Meeting

- Referencing current work on development of templates for the new brand, two samples were distributed.¹⁴ Templates will be ready by the latter part of August.
- Work is currently underway of the wireframes/mockups for the new EnergizeCT website
- RFI processes: An RFI process for residential customer engagement has started. 5 firms are presenting today. A comparable process for C&I is envisioned. Presentations will be solicited for August 7.

5. Other

- Institute for Sustainable Energy semi-annual report – ISE director Bill Leahy directed the board’s attention to the packet of materials he provided.¹⁵ He highlighted the Institute’s efforts in several different areas -
 - Support for initiatives now underway at a variety of different agencies, such as the state and municipal Lead By Example program, Energy Star Portfolio Manager benchmarking, the Board of Regents’ Green Campuses initiative, and the state Department of Education’s Green Ribbon Schools project.
 - Support for a range of education and training programs, such as Energy Management Training, Energy and Building Code Training, the Green Jobs initiatives, and High Performance Schools program
 - Role as a primary energy information and technical assistance resource, through its hosting of a number of energy related websites and contributions to a range of advisory boards and committees.

6. **Adjourn** – There being no further business to attend to, the meeting adjourned at 3:50 pm

Respectfully submitted,

Timothy Cole, Executive Secretary

¹⁴ Energize_CT_Tri-fold_Option_1.pdf; Energize_CT_Tri-fold_Option_3_a.pdf

¹⁵ 2012 YTD May Report to EEF.ppt; ISE 2012 6 month review.docx