



Energy Efficiency Board

Special Meeting

Thursday, October 25, 2012, 10:00 AM – 12:00 Noon
Department of Energy and Environmental Protection
79 Elm Street, Hartford, CT - Russell Room

MINUTES¹

Attendance (p)hone; *members

DEEP - Katy Dykes*, Jesse Stratton, Mark Quinlan, Rick Rodrigue, Art Marcelynas
OCC - Taren O'Connor*, Vicky Hackett (p)
CL&P - Ron Araujo*, Steve Bruno, Joe Swift, Peter Ptak
UI - Chris Ehlert* (p) (for Pat McDonnell), Roy Haller (p), Mike Ghilani (p)
SCG/CNG - Joe Crocco*
ENE - Jamie Howland* (Chair)
MAC - Joel Gordes* (p)
UTC - Neil Beup* (p)
CT Legal Services - Shirley Bergert* (p)
CBIA - Eric Brown* (p)
AG - Mike Wertheimer*
UNH - Amy Thompson* (p)
EEB Consultants - Jeff Schlegel (p), Glenn Reed (p), Les Tumidaj (p), Kim Oswald (p)

The meeting began at 10 AM with Vice Chair Jamie Howland presiding

1. Process

- A. Agenda – The agenda was reviewed and accepted without changes as presented.
- B. Public Comments – There were no comments from the public.

2. Programs and Planning

- A. 2013-2015 Multi-Year Plan
 - o Status update and progress report – DEEP, Jeff Schlegel & Companies

Utility Presentation on the 2013 - 2015 C&LM Multi-Year Plan

Steve Bruno from CL&P provided a detailed review and explanation of the 2013-2015 Plan goals, tables, funding levels and ramp-up strategies over the three year period including a detailed review of the associated back up for the spreadsheets presented (e.g. Table A1, A, A2, B, etc.) Below are highlights from the discussion.

Mr. Quinlan asked who prepared the plan. Mr. Araujo responded by explaining that the utilities did the heavy lifting, and received input from EEB and its consultants. Mr. Bruno explained that the spending in the first year of the Electric Expanded Plan was calculated based on DEEP's Final Determination [dated July 20, 2012] which contains their recommendation of 3.73 mil

¹ Meeting Materials Available at <https://www.box.com/s/4gi6ocf62ndh9xnimg5p>

charge for the Customer Adjustment Mechanism ("CAM") determining the spending level above the base plan. The second and third year budgets were determined by calculating a ramp up in spending to the all-cost-effective ("ACE") level in 2015. The gas base plan, which doesn't have an existing base level as electric does with its 3 mil charge, used the actual 2011 and 2012 spending levels. For the gas expanded plan, the companies mirrored the rate of increase of the electric ramp up. Mr. Quinlan then asked how are the planned gas conversions in DEEP's draft Comprehensive Energy Strategy reflected in this plan. Mr. Araujo stated they are not, since the EE savings of gas conversion are only the difference between the standard efficiency unit versus a high efficiency unit. Mr. Crocco added that you have to realize gas conversions don't happen instantly, since the customer still has oil or propane in their tanks to use up first which can take up to 4-5 months depending on the time of year. Mr. Quinlan asked besides gas conversions, where else is there cross-subsidization? Mr. Araujo indicated that residential weatherization is the only program where oil customers are being subsidized. Mr. Quinlan then asked in the Expanded Plan, what happens after 2015 to the \$300 million spending level? Mr. Araujo in response stated that we expect financing, codes and standards, etc. to kick in and lower the required spending levels perhaps down to \$246 million. Mr. Quinlan commented won't vendors have an issue? Mr. Araujo explained that the same level of programs will be offered, it's just that they will cost less, so the companies don't expect the vendors to have an issue. Mr. Araujo projects that in the long-run, financing will allow large capital projects to happen, and perhaps when/if C-PACE for residential customers is enacted, that will also drive down the ratepayer costs of programs. Mr. Howland asked that we move on. Mr. Quinlan commented about Table A2 stating that it looks like the cost of the EE programs in 2015 will add a penny to rates. Mr. Bruno stated that we expect a 5 mil increase over the 3 mil base plan funding to do the expanded plan in 2014, and agreed that the cost would be over 1 cent in 2015. Mr. Araujo added that CL&P does not plan on utilizing the ability to "spend forward" in 2012 (i.e., spending 2013 base collections in 2012). Mr. Ehlert from UI indicated that they may be required to spend forward using some of 2013 funds, however was not certain of this at this point in time. Mr. Bruno said these figures will very likely change as a result of the EEB consultants' interest/request to reevaluate unit cost savings. The consultants have already identified areas to be corrected which will reduce the cost. With the corrections the programs are projected to produce more savings for the same funding. Mr. Araujo noted that the gas expanded plan only differs from the gas base plan by the activity level (not from any new programs).

EEB Consultants' Comments

Mr. Schlegel speaking on behalf of the consultant team stated that they are ok with the Plan text in general and are only requesting the companies to provide some clarifications and additions (e.g., the C&I committee recommended performance standards). With respect to the numbers (savings and goals), improvements are needed in unit costs which will result in a higher percentage of savings for the same budget. Mr. Schlegel also expressed his concern with the large dollar amount budgeted for self-funding. Mr. Araujo agreed and stated right now we have a \$10 million budget with only \$1 million used, and there are calls to increase that. Mr. Schlegel stated we need to use those uncommitted funds for other programs to generate savings. Mr. Schlegel also expressed concerned with the difference between the companies in the percent of electric savings achieved in 2015. CL&P shows 2.5% which is good, while UI only shows 2.1% which should be higher. In regard to LBR, Mr. Schlegel commented that the consultants are glad to see that CL&P is no longer asking for LBR for the entire budget, and said the consultant recommendation is to have LBR addressed by a different mechanism than a CAM. He acknowledged that this issue arises because UI has decoupling and CL&P does not.

Board Member Comments

Ms. Thompson commented that the dollars allocated to the Evaluation budget in the base plan should be higher. Mr. Araujo pointed out that any increased funds to Evaluation will come out of

program dollars. Mr. Schlegel said a formal recommendation would be required for such an increase. Ms. O'Connor added that we spend only 1.7% on evaluation while some states spend up to 8%. We're way behind and with these levels of spending, we need to evaluate more. Mr. Wertheimer agreed and added that the Board should focus on the base plan because we know we'll be operating under that in January and it is unknown when or of the expanded plan will be approved. He continued stating lost revenues are a "non-starter" out of the CAM or C&LM funding. These dollars should come from somewhere else. Mr. Wertheimer also expressed his concern with program administration costs.

Process for Plan Review

The EEB members agreed to vote on a set of comments on the Plan on Nov 14 which is after the date the utilities will file their Plan. Mr. Wertheimer commented that in the past we took two months to review a plan for one year for one scenario and now we're given a week to review a three year plan with two scenarios. Dep. Comm. Dykes asked how this can be done. Mr. Wertheimer noted that this has been done in the past. The utilities are required file on time. The Board can comment afterwards, especially if there are changes between now and when the Plan is filed. Dep. Comm. Dykes said that DEEP will begin its schedule to review the Plan starting from when it receives EEB's comments. Given DEEP's role, Mr. Wertheimer questioned how DEEP can vote as an EEB member on comments and then be the regulatory body that reviews the Plan? Dep. Comm. Dykes agreed stating we can't send comments to ourselves and then said that DEEP will not participate in the EEB vote. Mr. Wertheimer then commented that DEEP cannot even be involved in the deliberations to which Dep. Comm. Dykes agreed. Mr. Araujo noted that the companies have not received any comments from individual Board members and that we intend on filing the Plan with both DEEP and PURA.

o Review schedule for completion and filing of the 2013-2015 Plan

The Companies indicated that they will file the Plan on time, Nov. 1, 2012.

3. Other

No other items were addressed.

4. Adjourn – The meeting adjourned at 12:00 PM.

Minutes prepared by Peter Ptak, CL&P

Reviewed by Tim Cole, Executive Secretary, EEB