

Energy Efficiency

INVESTING IN CONNECTICUT'S FUTURE

REPORT OF THE
ENERGY CONSERVATION
MANAGEMENT BOARD
YEAR 2006 PROGRAMS
AND OPERATIONS

MARCH 1, 2007



Determine
Your Own
Energy Future



PREPARED FOR THE CONNECTICUT LEGISLATURE
ENERGY & TECHNOLOGY COMMITTEE
ENVIRONMENT COMMITTEE

CONNECTICUT ENERGY EFFICIENCY FUND PROGRAMS ARE FUNDED
BY THE CONSERVATION CHARGE ON CUSTOMER BILLS

Connecticut Energy Efficiency Fund Activities Help Protect the Environment

THE LIFETIME SAVINGS RESULTING FROM THE 2006 PROGRAMS IS 4.6 BILLION KWH. THIS IS EQUIVALENT TO:



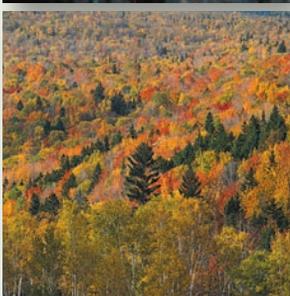
2.3 MILLION TONS OF COAL SAVED

OR



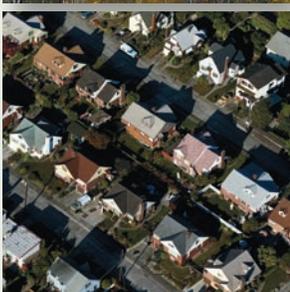
304 MILLION GALLONS OF OIL SAVED

OR



2.5 MILLION TONS OF CARBON DIOXIDE AVOIDED

OR



596 THOUSAND HOMES POWERED BY ELECTRICITY FOR ONE YEAR

OR



\$843 MILLION SAVED IN ELECTRIC ENERGY COSTS

Based on 2006 data

Table of Contents

YEAR 2006 PROGRAMS AND OPERATIONS

Letter from Chair and Vice-Chair	2
Section I: Executive Summary	3
What is the Energy Conservation Management Board?	3
What is the Connecticut Energy Efficiency Fund?	3
Primary Objective—Advancing the Efficient Use of Energy	4
Primary Objective—Reducing Air Pollution and Negative Environmental Impacts	4
Primary Objective—Promoting Economic Development and Energy Security/Affordability	4
Cost-Benefit of CEEF Programs	5
Collaboration for Clean Energy and Energy Efficiency	5
Section II: 2006 National and Regional Awards	6
Regional Collaboration	6
National and Regional Awards	6
Section III: Connecticut’s Dynamic Energy Landscape	7
Federally Mandated Congestion Charges	7
An Act Concerning Energy Independence	7
Potential for CEEF Programs Through Increased Funding	8
Forward Capacity Market	9
Section IV: Southwest Connecticut Focus	10
Why Focus CEEF Programs in Southwestern Connecticut?	10
Successful 2006 SWCT Energy-Efficiency Programs	11
DPUC “Summer Saver” Awards for SWCT Customers	11
Section V: Benefits of The CEEF	12
Advancing the Efficient Use of Energy	12
Reducing Air Pollution and Negative Environmental Impacts	13
Promoting Economic Development and Energy Security/Affordability	14
Assistance for Low-Income Customers	17
Assistance to Customers in Connecticut Towns	18
Sample List of Customers Served	20
Case Studies	22
Section VI: CEEF Program Summary for 2007	24
Section VII: 2006-2007 CEEF Budget Summary	26
Benefits of Connecticut’s Energy-Efficiency Programs Far Exceed Costs	27
CEEF Budget Allocations	28
Section VIII: Natural Gas Distribution Company Programs	29
Section IX: Connecticut Municipal Electric Energy Cooperative Programs	31
Section X: Energy Conservation Management Board Members	IBC

From the Chair and Vice-Chair



JEFFREY GAUDIOSI

As the Energy Conservation Management Board (ECMB) delivers its annual report on the Connecticut Energy Efficiency Fund's (CEEF) 2006 operations, the Connecticut State Legislature is determining our state's energy future. In 1998, legislators created the ECMB to guide the state's electric distribution companies in the development and implementation of cost-effective energy-efficiency programs and market transformation initiatives. Conn. Gen. Stat. §16-245m. This same legislation also created the CEEF, formerly known as the Connecticut Conservation and Load Management Fund.

In 2005, pursuant to Sections 5, 17, and 22 of Public Act 05-1, *An Act Concerning Energy Independence*, the ECMB's role was expanded to include energy-efficiency programs for the state's three natural gas distribution companies and for the Connecticut Municipal Electrical Energy Cooperative. With the addition of these utilities in 2006, the ECMB is now able to assist and advise all of Connecticut's electric and natural gas utilities in helping more of Connecticut's energy consumers receive the benefits of energy-efficiency programs.



RICHARD W. STEEVES

As this annual report details, the CEEF provides valuable benefits for Connecticut's economy, environment and people. Since 2000, CEEF programs will result in lifetime electric savings for Connecticut businesses and residents of 27 billion kilowatt-hours (kWh). Connecticut electric customers receive \$4 in benefits for every \$1 spent on CEEF programs. These savings are realized by energy-efficiency programs designed and implemented by the state's electric distribution companies, The Connecticut Light and Power Company (CL&P) and The United Illuminating Company (UI), collectively the "electric companies." The Department of Public Utility Control is responsible for final approval of the electric companies' operational plans for CEEF programs.

In 2006, the electric companies' customers contributed approximately \$71 million to the CEEF through a conservation surcharge on their electric bills. The ECMB respectfully requests that legislators consider resolution of Connecticut's energy issues by restoring full funding to cost-effective CEEF programs in 2007. Since 2003, due to a legislative mandate redirecting CEEF funds to the state's General Fund in order to reduce the state's budget deficit, approximately one-third of CEEF funds have not been made available to the state's electric customers. These reductions also impede the realization of the Climate Change Action Plan targets and the Connecticut Energy Advisory Board's overarching goals. Despite reduced funding, the ECMB and CEEF continue to deliver high quality programs enabling Connecticut's energy consumers—both residential and business—to reduce energy consumption, lower their energy bills and help reduce air pollutants released during energy generation.

CEEF programs have been a solid success story, making Connecticut a national leader in energy-efficiency and load management programs. The ECMB's leadership and members, most of whom serve on a voluntary basis, are always available to any legislator to answer questions regarding energy-efficient technologies, load management programs and potential program development should CEEF funds be fully restored. For the past six years, we have been proud to oversee and manage the CEEF. During 2007, we look forward to another year of delivering innovative and successful CEEF programs.

Handwritten signature of Jeffrey Gaudiosi in black ink.

Jeffrey Gaudiosi
ECMB Chairperson

Handwritten signature of Richard W. Steeves in black ink.

Richard W. Steeves
ECMB Vice-Chairperson

SECTION I: Executive Summary

What is the Energy Conservation Management Board?

In 1998, the Energy Conservation Management Board (ECMB) was created by the Connecticut State Legislature to advise and assist the state's electric distribution companies, The Connecticut Light and Power Company (CL&P) and The United Illuminating Company (UI), in the development and implementation of energy-efficiency and load management programs. In 2005, pursuant to Sections 5, 17 and 22 of Public Act 05-01, *An Act Concerning Energy Independence* (EIA), the ECMB's role was expanded to advise and assist the state's three natural gas distribution companies and the Connecticut Municipal Electrical Energy Cooperative in developing energy-efficiency programs for Connecticut's natural gas distribution and municipal utility customers.

The ECMB's expansion, coupled with the increased funds from the natural gas distribution companies and municipalities, now allows all of Connecticut's energy consumers to receive the benefits of quality energy-efficiency and load management programs. As a result of the passage of the EIA, the ECMB is also charged with implementing programs that reduce Federally Mandated Congestion Charges (FMCCs). The Department of Public Utility Control (DPUC) is responsible for final approval of Connecticut Energy Efficiency Fund programs and EIA initiatives.

The ECMB is an appointed group of 14 members representing a wide variety of public and private entities representing all customer classes (business, low-income and residential) who receive utility services. The ECMB has retained national energy-efficiency experts to assist in developing quality and award-winning programs. The ECMB has also hired independent evaluation/market research organizations to evaluate the effectiveness of Connecticut's energy-efficiency and load management programs and to guide future improvements and activities.

What is the Connecticut Energy Efficiency Fund?

The same 1998 legislation that created the ECMB, also created the Connecticut Conservation and Load Management Fund, now known as the Connecticut Energy Efficiency Fund (CEEF). The Connecticut State Legislature created the CEEF to provide funding for the utilities to develop and administer cost-effective energy-efficiency and load management programs to the state's residential and business customers. These types of programs help Connecticut's electric customers save money, save energy and ultimately protect the environment by reducing demand for electrical generation.

The CEEF's primary objectives include: (1) advancing the efficient use of energy, (2) reducing air pollution and negative environmental impacts, and (3) promoting economic development and providing energy security/affordability. This annual report highlights how CEEF programs have addressed these primary objectives in 2006.

Connecticut Energy Efficiency Fund programs are funded by the conservation surcharge on customer electric bills.

The ECMB works with the utilities to develop annual operational plans that include the most effective mix of energy-efficiency and load management programs.

The ECMB retains national energy-efficiency experts to assist in developing quality and award-winning programs.

In 2006, CEEF programs provided annual energy savings of approximately 328 million kWh.

Since 2000, CEEF programs have saved Connecticut businesses and residents 27 billion kWh in lifetime electric savings.

There were more than 346,000 instances of statewide participation in 2006 CEEF programs.

Primary Objective— Advancing the Efficient Use of Energy

CEEF programs are designed to reduce overall energy consumption, as well as energy consumption and electric load during periods of critical peak demand.

In 2006, CEEF programs provided annual energy savings of approximately 328 million kWh. If an average price of \$0.183/kWh is used, this equates to annual savings of approximately \$60 million. For 2006, the energy-efficiency measures installed in Connecticut residences and businesses will result in lifetime projected energy savings of \$843 million. Connecticut businesses and residents will realize 27 billion kWh in lifetime electric savings due to 2000-2006 CEEF programs.

As a result of 2006 CEEF programs and EIA initiatives, estimated peak demand reduction in Connecticut was 311,189 kilowatts (kW). This peak demand reduction helps reduce the stress on Connecticut's transmission lines and facilities and helps to alleviate potential risk of electricity shortages during high-use energy demand periods, especially in the congested area of southwestern Connecticut (SWCT).

Primary Objective—Reducing Air Pollution and Negative Environmental Impacts

CEEF programs are designed and intended to significantly reduce air pollutants released during electrical generation. These pollutants include: sulfur oxides (SO_x), nitrogen oxides (NO_x) and carbon monoxide. In 2006, CEEF programs helped reduce pollutant emissions (NO_x and SO_x) by 422 tons per year.

CEEF programs also greatly reduce production from electrical generation of carbon dioxide (CO₂), a greenhouse gas closely linked with global warming. Increased public awareness of the effect of greenhouse gases on the global climate has moved energy efficiency to the forefront as a strategy to control greenhouse gas emissions. 2006 CEEF programs helped to reduce CO₂ emissions by nearly 181,000 tons.

Primary Objective—Promoting Economic Development and Providing Energy Security/Affordability

There were more than 346,000 instances of statewide participation in 2006 CEEF programs. However, all of Connecticut's electric customers, including those who do not directly participate, benefit from CEEF programs through economic development.

The implementation of energy-efficiency programs in the state continues to support approximately 1,000 non-utility jobs in the energy-efficiency industry. Many of these energy-efficiency and load management service companies are small businesses, benefiting from the success and continued funding of CEEF programs. CEEF programs also promote economic development by assisting businesses, large or small, save energy by installing energy-efficiency measures in their facilities. These measures, from energy-efficient lighting to replacement of old, inefficient motors with high-efficiency units, can significantly lower a business' operating costs and

improve productivity. CEEF programs allow Connecticut's businesses to redirect operational efforts from controlling rising energy costs to their business' primary objectives—being successful and remaining competitive in today's dynamic global marketplace.

CEEF programs help Connecticut's residential energy consumers, including low-income residents. Residential customers benefit from a myriad of CEEF programs, including new construction programs, rebates for ENERGY STAR®-qualified appliances and home energy audits. These programs allow them to reduce energy use and lower energy bills.

Rising energy costs impose a dangerous burden on Connecticut's low-income residents. This issue is addressed by the CEEF's two low-income programs, CL&P's Weatherization Residential Assistance Partnership (WRAP) program and the UI Helps program. Through these programs, approximately 16,516 low-income customers received free weatherization services in 2006 to make their homes more energy efficient and comfortable. The energy-efficient measures installed in their homes should reduce their energy bills, allowing these Connecticut residents to spend their dollars on other household necessities.

Cost-Benefit of CEEF Programs

The DPUC and ECMB advise and assist in CEEF operations and determine if they are effectively administered and implemented to provide Connecticut's consumers with the most cost-effective programs. The ECMB and the electric companies recognize that clear indicators, metrics of performance and cost-benefit analyses are helpful and extremely important in ensuring delivery of quality programs to Connecticut consumers. Each CEEF program is evaluated by performance and incentive metrics developed by the electric companies, with input from the ECMB, the ECMB's consultants, and approved by the DPUC. Programs must meet or exceed expected metrics and have a high benefit to cost ratio, or else they are discontinued in the following program year.

Collaboration for Clean Energy and Energy Efficiency

An additional provision of the EIA was the ECMB's charge to coordinate more of its efforts, where there are synergies, with the Connecticut Clean Energy Fund (Clean Energy Fund). The Clean Energy Fund was created by the same legislation as the CEEF, and is charged with encouraging the development of clean energy technologies and the use of clean energy and renewable sources such as: biomass, fuel cells, landfill gas, run-of-the-river hydropower, solar, wave/tidal/ocean thermal and wind. In 2006, the CEEF worked closely with the Clean Energy Fund on a number of projects, including a joint \$2 million investment in a Clean and Efficient Energy Exhibit at the Connecticut Science Center to educate visitors about the importance of sustainable energy, and a high-performance schools initiative to coordinate use of both funds to develop incentives and programs supporting the design and construction of high-efficiency schools in Connecticut.

CEEF efforts assisted 16,516 low-income customers in 2006.

The ECMB and the electric companies use clear indicators, metrics of performance and cost-benefit analyses to ensure the delivery of high-quality programs to Connecticut's consumers.

In 2006, the CEEF continued to work closely with the Clean Energy Fund on a number of projects.

SECTION II: 2006 National and Regional Awards

Regional Collaboration

In 2006, to continue Connecticut's prominence as an energy-efficiency industry leader, the ECMB and the electric companies continued to participate in several regional and national initiatives and organizations, including: the American Council for an Energy-Efficient Economy (ACEEE), the Consortium for Energy Efficiency (CEE), Northeast Energy Efficiency Partnerships (NEEP) and several other utility and public benefit fund organizations. 2006 initiatives with these organizations included: development of efficiency standards; exchange of programmatic ideas and concepts; market baseline research; and assessment of the need for energy-efficiency program incentives.

In 2006, the ECMB and the electric companies continued to actively seek the assistance and involvement of design professionals and trade-allies in implementing CEEF programs. In the residential sector, the electric companies continued their partnerships with the U.S. Environmental Protection Agency (EPA), the U.S. Department of Energy, and other efficiency programs built around the ENERGY STAR® brand. These partnerships have led to more stringent efficiency standards for refrigerators and washing machines.

National and Regional Awards

In 2006, the ECMB and the electric companies continued to develop and implement a variety of award-winning programs that received national recognition for their quality and performance. In 2006, NEEP and its sponsors, including CL&P and UI, were recognized by the EPA with the ENERGY STAR Sustained Excellence 2006 Award for continued leadership in protecting the environment. As ENERGY STAR partners since 1996, NEEP and its sponsors were honored for their long-term commitment to promoting energy efficiency in the Northeast. In fact, NEEP's and its sponsors' regionally coordinated programs were cited as the catalyst for the Northeast's increased use of energy-efficient products, services and practices.

In 2006, the EPA honored CEEF's ENERGY STAR Homes (listed as "Residential New Construction") program with an ENERGY STAR for Homes Award for the program's operations and successes. In 2006, 1,504 homes in CL&P's and UI's service territories were certified as ENERGY STAR homes.

In 2006, three CEEF programs administered by CL&P received Silver Connecticut Innovation Awards from the Connecticut Quality Improvement Award Partnership, Inc. (CQIA), including the Energy Opportunities, Museum Partnership and Independent System Operator-New England Load Response Support programs. CQIA's Connecticut Innovations Award is an annual award recognizing Connecticut organizations that excel in managing quality improvement for business success and growth.



SECTION III: Connecticut's Dynamic Energy Landscape

Federally Mandated Congestion Charges

In the 1990s, as a part of the regional electric industry's restructuring, the Independent System Operator of New England (ISO-NE) was created to operate the transmission grid and wholesale energy markets in New England. These restructuring changes in New England's energy marketplace have led to changes in the categorization of energy costs and how these costs are passed on to energy consumers.

Since 2002 and continuing in 2006, the ECMB and the electric companies have shifted the focus of CEEF programs from solely providing energy savings to program features providing savings in both energy and capacity. This shift is designed to help address transmission reliability problems in SWCT by providing capacity resources. With other measures, this should result in the mitigation of congestion costs currently borne by Connecticut consumers.

An Act Concerning Energy Independence

In 2005, the Connecticut State Legislature passed the EIA to help address the rising energy costs that face Connecticut's electric consumers by directing the DPUC to implement a variety of energy-efficiency and load response initiatives aimed at reducing Federally Mandated Congestion Charge (FMCC) costs. These initiatives include: customer and grid-side distributed generation; energy-efficiency and demand response investments; low-cost financing; a gas cooling pilot program; a new Class III renewable portfolio requirement for energy efficiency and combined heat and power; and time-of-use rates. The EIA provides a variety of incentives to Connecticut customers, including: waiving electric back-up rates; low-interest financing; monetary grants of between \$200 and \$500 per kW for new customer-side distributed generation capacity; and natural gas distribution charge rebates.

In 2006, the ECMB and electric companies promoted measures addressing EIA initiatives, as well as the CEEF's goals. For example, by aligning the incentives available through the CEEF with the EIA requirement for time-of-use rates, the Bridgeport Board of Education was able to invest in a cool thermal energy storage system that avoided 201 kW of summer demand. Efforts were continued to implement measures and programs that significantly reduced summer peak demand, especially in SWCT, thereby reducing congestion costs. In 2007, the ECMB and electric companies plan to continue actively promoting customer enrollment in the ISO-NE Load Response programs, as well as customer participation in core energy-efficiency programs. Special emphasis will be placed on Residential and Commercial and Industrial (C&I) cooling measures, C&I lighting measures, and industrial process measures. The ECMB and the electric companies will continue to work with the DPUC to maximize the benefits available to Connecticut's consumers through EIA initiatives.

In 2006, CEEF programs continued to provide capacity resources that helped address Connecticut's transmission reliability issues, and as a result, should help mitigate congestion costs.

The Connecticut State Legislature passed the EIA to help address Connecticut's rising energy costs. In 2006, the ECMB and the electric companies worked to maximize the benefits available to Connecticut's consumers through EIA initiatives.

In late 2006 and early 2007, the ECMB and the electric companies filed two scenario plans with the DPUC to show the peak demand savings for Connecticut consumers if: (1) full CEEF funding was restored and (2) if Connecticut achieved zero peak demand growth.

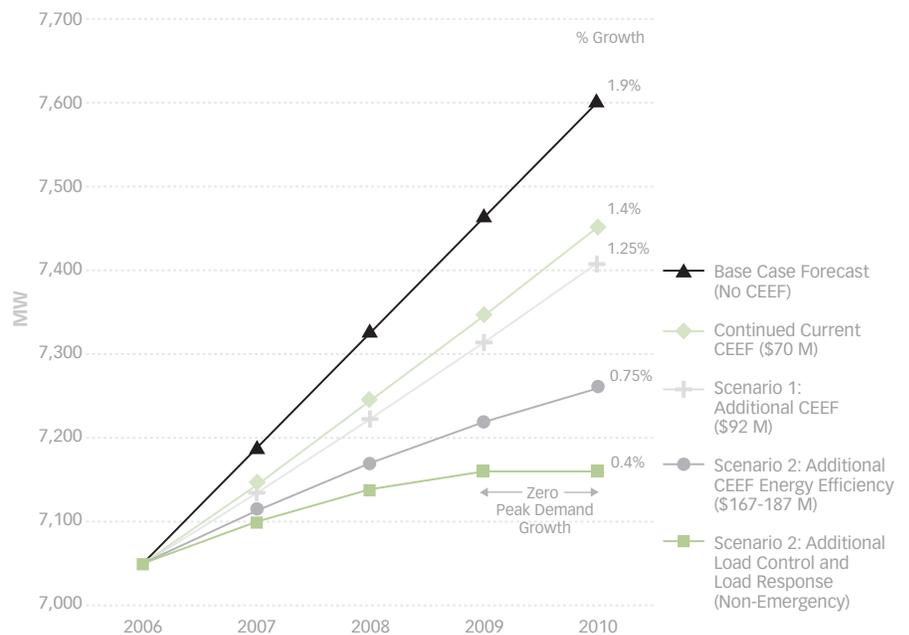
Potential for CEEF Programs Through Increased Funding

In late 2006 and early 2007, the ECMB and the electric companies filed two scenario plans with the DPUC that supplemented their 2007 Plan filed in October 2006. The first scenario plan was based on 2007 programs and goals that could be achieved through full restoration of CEEF funds, if the State Legislature assumed the repayment of the bonds currently being repaid through diversions of CEEF funding, plus the Forward Capacity Market (FCM) Transition Period payments in 2007. This plan was submitted on December 22, 2006.

This second scenario, covering 2007-2010, provides a high-level multi-year plan for achieving zero peak demand growth in Connecticut by 2010, equivalent to a 140 MW reduction in peak demand in 2010. The graph below depicts the peak demand savings from all three filed plans with the DPUC.

GRAPH A:

Connecticut Peak Demand Savings Forecast: Base Case, Continued Current CEEF, Additional CEEF in Scenarios 1 and 2 (In MW)



This graph reflects only CL&P's and UI's portion of the Connecticut peak demand.

Forward Capacity Market

2006 was a year of change for the energy markets and energy stakeholders that serve Connecticut. The original proposal for new wholesale capacity markets, Locational Installed Capacity (LICAP), was replaced through a settlement process resulting in ISO-NE's creation of an alternate capacity market. The resulting settlement agreement created the new FCM.

The new FCM features a three-year Transition Period (December 2006-May 2010) where all eligible capacity will receive a predetermined capacity payment. The full FCM takes effect in June 2010 and features a declining clock auction for capacity. To allow new capacity adequate time to come on line, the bidding process for that capacity will take place three years prior to the year in which the capacity is delivered. The settlement agreement establishing the FCM included a provision that demand resources be considered eligible capacity and be fully integrated in the FCM.

The inclusion of demand resources in the capacity markets requires market rules to implement that concept. ISO-NE convened a stakeholder process to develop rules for the Transition Period and FCM rules for what were labeled, to avoid confusion with the Real Time Demand Response Programs, as Other Demand Resources (ODRs) for the Transition Period. ODRs include demand response, distributed generation, energy efficiency and load management.

The FCM has become another potential source of funding for CEEF programs. The electric companies will be able to enroll current energy-efficiency savings approved by the DPUC into the Transition Period and receive transition capacity payments. It may also be possible to get payments for energy-efficiency savings from the FCM in future years (2010 and later). The process of registering the savings in the capacity markets is not a simple one and the new revenue may be somewhat offset by increased participation costs.

Two to three years before the year in which the CEEF and electric companies will actually deliver ODR capacity resources, they must provide financial assurance to ISO-NE that they will deliver the ODR capacity specified in their bid. In order for the CEEF and electric companies to participate in the FCM and not lose all or part of their financial assurance, stable funding for the CEEF in future years will be necessary.

Once the Forward Capacity Market is fully implemented, demand-side resources could become a potential source of additional revenues for CEEF programs providing peak demand reductions.

The new FCM features a three-year Transition Period (December 2006-May 2010) where all eligible capacity will receive a predetermined capacity amount. The full FCM takes effect in June 2010 and features a declining clock auction for capacity.

Successful 2006 SWCT Energy-Efficiency Programs

- ▶ In 2006, the CEEF's Museum Partnership program, administered by CL&P, was honored with the Silver Connecticut Innovation Awards from the CQIA for its innovative approach in partnering with educational institutions and museums to reach Connecticut's schoolchildren with an energy-efficiency message. CL&P partnered with W.F. Kaynor High School (Waterbury, Conn.) to install an interactive compact fluorescent light display in the school's lobby to allow students and visitors to compare the energy-efficiency benefits of compact fluorescent lighting vs. inefficient, incandescent lighting. The exhibit allows the students or visitors to observe, first-hand, the quality of light provided by the energy-efficient alternative and see how energy-saving technology positively affects their lives and livelihoods.
- ▶ In 2006, the CEEF's SmartLiving Center, administered by UI, continued to serve the SWCT region with educational tours and Family Science Days to promote energy-efficiency messages to Connecticut's schoolchildren. A variety of special events were held to educate business and residential consumers about energy-efficiency programs and technologies.
- ▶ In 2006, the Community Based Program was successful in establishing and reestablishing relationships in all of the SWCT Critical 10 municipalities served by CL&P (Darien, Greenwich, New Canaan, Norwalk, Redding, Ridgefield, Stamford, Weston, Westport and Wilton). This program focuses on a community's specific energy needs and educates the community's residents and businesses regarding the importance and benefits of participating in CEEF programs.
- ▶ The CEEF's Small Business Energy Advantage program, administered by CL&P and UI, continued targeting energy-saving programs to SWCT small businesses in 2006.
- ▶ In 2006, the Retrocommissioning (RCx) pilot continued working with five SWCT Class A commercial buildings as part of the CEEF's existing Operations and Maintenance program administered by CL&P and UI. In 2006, three buildings completed implementing energy-efficiency measures identified through the RCx program.

DPUC "Summer Saver" Awards for SWCT Customers

In 2006, the SWCT Clean Demand Response Pilot team, a partnership between Connecticut's Office of Policy and Management, DPUC and Department of Environmental Protection, honored 12 electricity customers in SWCT who substantially reduced electric usage in 2005 through CEEF programs. Identified as "Summer Energy Savers," the combined energy savings of the awardees was over 1.3 million kilowatt hours (kWh) of electricity.

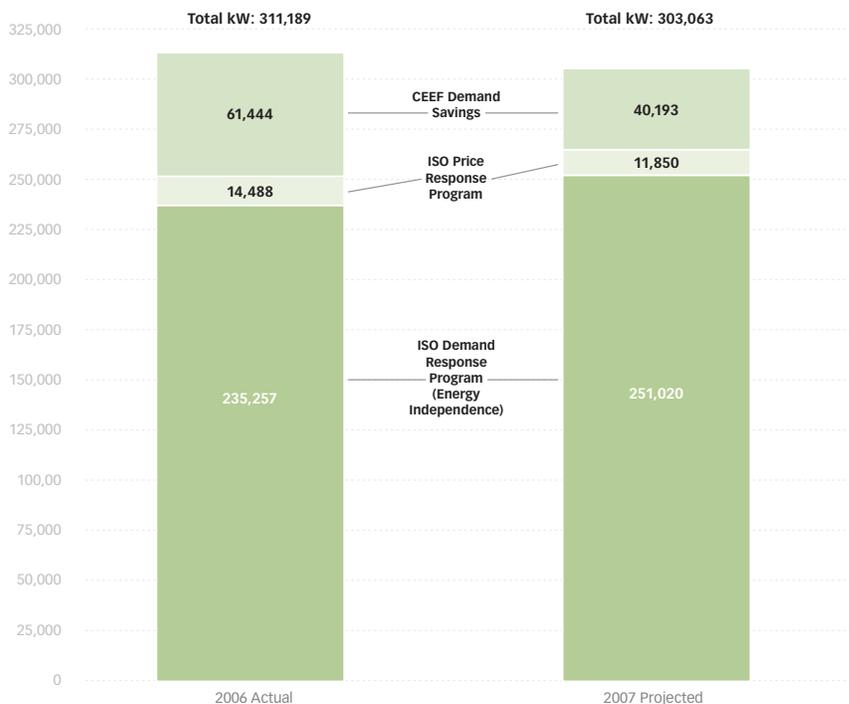
In 2006, the Museum Partnership program was honored with the Silver Connecticut Innovation Awards from the CQIA for its innovative approach in partnering with educational institutions and museums to reach Connecticut's schoolchildren with an energy-efficiency message.

Among the 12 "Summer Energy Savers" were the A.J. Oyster Company (Watertown), who received a Gold Award for installing lighting and occupancy sensors in its warehouse; the Eastern Bag Company (Milford), who received a Silver Award for participating in a warehouse lighting retrofit project; the H.B. Ives Company (New Haven), who received Platinum and Silver Awards for replacing high-intensity discharge lighting with energy-efficient lighting; and the Meriden Foodmart, Inc., who received a Silver Award for retrofitting their store's lighting system and installing refrigeration energy-efficiency measures.

Advancing the Efficient Use of Energy

GRAPH B:

Peak Demand Savings Available from CEEF and EIA Programs (In kW)



Note: 2006 Actuals include 218 MW from EIA initiatives.

Lower Costs: CEEF programs help alleviate stress placed on Connecticut’s transmission lines by reducing energy use during peak demand periods. Decreased energy consumption during peak demand periods should help to lower Connecticut consumers’ electric bills through a reduction in FMCCs.

Enhanced Electric System Reliability: Transmission constraints and peak energy demand diminish the overall reliability of Connecticut’s electric systems. CEEF’s energy-efficiency and load management programs help reduce load in already transmission-constrained areas, such as SWCT, which provides greater reliability for Connecticut’s residences and businesses. Electrical reliability of 99.999999% is required to operate today’s digital controls, equipment and manufacturing processes.

Improved Air Quality: CEEF programs help mitigate adverse environmental effects by reducing energy demand in Connecticut. Reduced energy demand allows power plants used to meet peak loads to operate for fewer hours. This results in the emission of less air pollutants, such as sulfur and nitrogen oxides, and greenhouse gases, such as carbon dioxide.

Reducing Air Pollution and Negative Environmental Impacts

Reduce Air Pollution

A primary goal of CEEF is to reduce air pollution and improve air quality in Connecticut and the Northeast region. Energy-efficiency programs reduce air pollution by decreasing the growth rate of electric and gas demand, thereby decreasing the amount of pollutants emitted through additional generation. CEEF programs play a significant role in reducing harmful air pollutants and greenhouse gas emissions that have been significantly linked to global warming and climate change.

The efficient use of energy results in the reduction of harmful greenhouse gas emissions, such as carbon dioxide. Carbon dioxide is released during electrical generation produced by fossil fuel combustion plants. In 2006, CEEF programs reduced carbon dioxide emissions by nearly 181,000 tons.

CEEF programs also significantly reduce two other air pollutants released during electrical generation: nitrogen and sulfur oxides. Both of these air pollutants are linked to acid rain and acid deposits in Connecticut’s rivers and lakes. Nitrogen oxides are precursors to ozone, a primary component of summer smog. In particulate forms, nitrogen and sulfur oxides reduce visibility and are linked to respiratory problems, especially asthma. In 2006, CEEF’s energy-efficiency and load management program activities, over the lifetime of the measures, resulted in the following environmental benefits:

CHART A:

Reflecting Reduction in Criteria Pollutants and CO₂

(In Tons)

	2006 Annual Actual	2006 Lifetime Actual	2007 Annual Projected	2007 Lifetime Projected
SO _x	333	4,673	232	2,733
NO _x	89	1,243	62	727
CO ₂	180,789	2,536,814	125,841	1,483,452

In 2006, the ECMB and electric companies continued working with the Governor’s Steering Committee on Climate Change. That committee recently released its 2006 Progress Report to the Governor showing that in 2001 approximately 90 percent of Connecticut’s annual state greenhouse gas emissions (GHG) emissions were the result of fossil fuel combustion for energy production. Forty percent of these GHG emissions are attributed to transportation, 22 percent for electricity generation, 19 percent for residential heating, and 19 percent for commercial and industrial purposes. The Progress Report indicates that these sectors’ greenhouse gas emissions can be reduced through increased efficiency standards for appliances, improved building efficiency codes (residential and commercial), and greening Connecticut’s colleges and universities—all activities CEEF has worked to achieve.

“Energy Information Administration data indicates that residential, commercial and industrial consumers in Connecticut account for 72% of the state’s end-use energy consumption, with transportation accounting for the remainder. Energy efficiency is therefore an important and cost-effective factor in reducing greenhouse gas emissions in Connecticut’s Residential, Commercial, and Industrial Sectors.”

**2006 PROGRESS REPORT,
GOVERNOR’S STEERING
COMMITTEE ON
CLIMATE CHANGE,
JANUARY 2007**

SECTION V: Benefits of the CEEF (CONTINUED)

CEEF programs generated \$4 in lifetime savings for every \$1 spent in 2006.

In 2006, CEEF programs achieved energy savings of approximately 328 million kWh, resulting in long-term savings of approximately \$843 million over the lifetime of energy-efficiency measures.

Promoting Economic Development and Energy Security/Affordability

Promote Energy Savings for all Connecticut Customers

In 2006, CEEF programs generated four dollars in lifetime savings for each dollar spent and saved enough energy to serve approximately 39,000 homes in Connecticut for an entire year. In 2006 alone, CEEF programs helped residents and businesses achieve energy savings of approximately 328 million kWh, resulting in long-term savings of approximately \$843 million over the lifetime of installed energy-efficiency measures.

Benefits Distributed Over All Customer Classes

The ECMB and the electric companies ensure that all classes of customers benefit from the CEEF's energy-saving programs. Therefore, the CEEF's budget is distributed across all customer classes. In 2006, there were more than 346,000 instances of participation in CEEF programs. Groups that benefited from 2006 programs include: educational institutions; non-profits; residential customers; small businesses; municipal and state governments; and large commercial and industrial customers.

CHART B:

Summary of Energy Savings by Customer Class

(In Millions of kWh)

Customer Sector	Annual Savings		Lifetime Savings	
	2006 Savings	2007 Projected	2006 Savings	2007 Projected
Low-Income	14	15	144	123
Residential (Non Low-Income)	93	67	760	545
Commercial & Industrial	221	147	3,702	2,024
Totals	328	228	4,606	2,692

Promoting Economic Development and Energy Security/Affordability

One of the primary goals of CEEF is to promote economic development for Connecticut's businesses—large and small. More than one-third of the energy consumed in the United States is by industry. With rising costs for energy, industry looks to energy-efficiency programs and high-performance equipment to assist businesses in reducing operating and maintenance costs. By participating in CEEF programs, Connecticut industrial manufacturers can cut their energy costs and improve their productivity, enabling them to maintain or improve their competitive niches in the global marketplace.

CHART C:

Energy-Efficiency Activities Save Energy and Money for All Customers

(Compares 2006 Actual and 2007 Projected Annual and Lifetime Savings)

Energy Savings from Energy-Efficiency Programs (In Millions of kWh)		
Type of Savings	2006 Actual	2007 Projected
Annual kWh	328	228
Lifetime kWh	4,606	2,692

In 2006, CEEF programs continued assisting Connecticut industries in installing energy-efficiency measures to improve their productivity, product quality, safety and pollution prevention. In 2006, CEEF programs:

- ▶ Generated \$4 dollars in future lifetime savings for each \$1 spent.
- ▶ Paid or committed over \$7.5 million in incentives to approximately 1,256 Connecticut small businesses.
- ▶ Paid or committed over \$23 million in incentives to approximately 1,587 Connecticut commercial and industrial customers.
- ▶ Supported approximately 1,000 non-utility jobs in the energy-efficiency industry.
- ▶ Reduced operating costs and improved productivity in Connecticut's commercial and manufacturing industries.
- ▶ Partnered with Connecticut retailers—small grocery stores and national home store chains—to promote ENERGY STAR appliances and lighting.

“With the rising costs of energy, Bovano Industries had to look toward programs and equipment that could help to reduce our total energy costs. Through our participation in Connecticut Energy Efficiency Fund programs, we were able to replace all of our lighting with energy-efficient ballasts and high-intensity lights. The installation was done quickly and efficiently with little interruption. The most important part, however, is that the entire project has only a 2-year payback. This project, combined with our electric commodity buying, has helped us take control of spiraling energy costs.”

JIM FLOOD,
PRESIDENT,
BOVANO INDUSTRIES

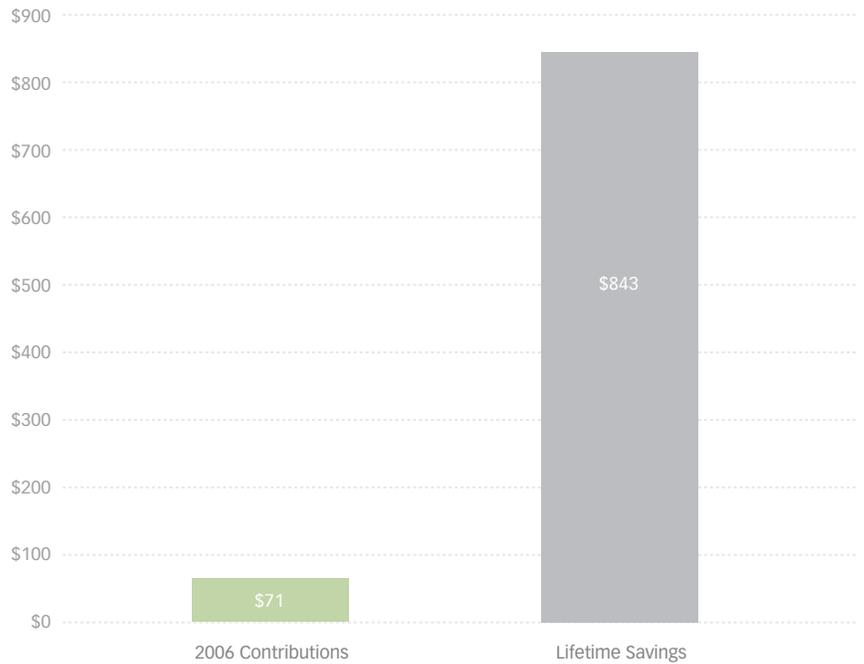
Promoting Economic Development and Energy Security/Affordability

(continued)

GRAPH C:

Contributions and Dollars Saved

(In Millions of Dollars)



Assistance for Low-Income Customers

CEEF programs provide weatherization and education services to low-income customers to help reduce their energy bills. To assist with outreach to low-income customers, the natural gas and electric companies maintain strong partnerships with local Community Action Agencies, third-party vendors and other Connecticut social service providers. These parties work closely together to educate low-income customers about federal and state energy assistance, arrearage forgiveness programs, and other billing programs that are available to them. This type of education and partnership is important for low-income customers, as energy bills typically comprise a disproportionate percentage of their household income.

In September 2006, the firm of Fisher, Sheehan & Colton prepared the *Home Energy Affordability Gap: Connecticut (2006)* report for Operation Fuel, a Connecticut private, not-for-profit organization that provides emergency energy assistance to state residents. This study reported that rising energy prices have placed a substantial burden on Connecticut’s low-income households and that the average annual shortfall between actual and affordable home energy bills for households at or below 185 percent of the Federal Poverty Level was \$1,100 per household. In 2006, the aggregate Home Energy Affordability Gap in Connecticut was approximately \$255 million statewide.

In 2006, CEEF programs continued to provide services to Connecticut’s most vulnerable households assisting approximately 16,516 low-income customers through its two low-income programs, Weatherization Residential Assistance Partnership (WRAP-administered by CL&P) and UI Helps. These programs continued their success in 2006 by helping low-income customers save 144 million lifetime kWh, which equates to lifetime energy savings of \$26.87 million. An independent consultant evaluation of CEEF’s low-income programs was prepared in 2006 and will be used to guide future improvements.

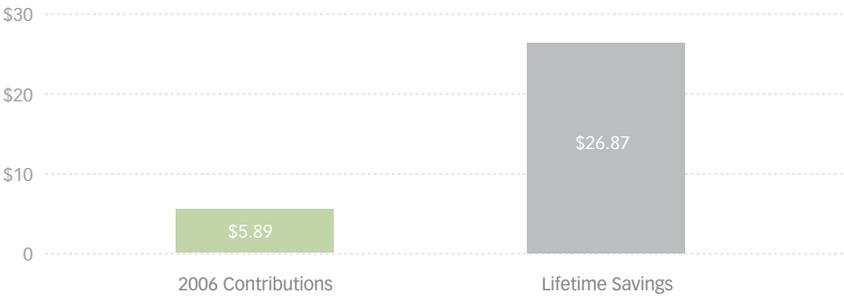
A study from the firm of Fisher, Sheehan & Colton reports that rising energy prices place a substantial burden on Connecticut’s low-income households.

In 2006, CEEF programs assisted 16,516 low-income customers, helping them save 144 million lifetime kWh.

GRAPH D:

2006 Low-Income Customer Contributions vs. Lifetime Dollars Saved

(In Millions of Dollars)



Assistance to Customers in Connecticut Towns*

Andover	\$ 112,000
Ansonia	\$ 305,000
Ashford	\$ 29,000
Avon	\$ 113,000
Barkhamsted	\$ 34,000
Beacon Falls	\$ 17,000
Berlin	\$ 501,000
Bethany	\$ 85,000
Bethel	\$ 101,000
Bethlehem	\$ 16,000
Bloomfield	\$ 516,000
Bolton	\$ 21,000
Bozrah	\$ 14,000
Branford	\$ 284,000
Bridgeport	\$ 2,626,000
Bridgewater	\$ 4,000
Bristol	\$ 965,000
Brookfield	\$ 439,000
Brooklyn	\$ 27,000
Burlington	\$ 58,000
Canaan	\$ 18,000
Canterbury	\$ 33,000
Canton	\$ 73,000
Chaplin	\$ 12,000
Cheshire	\$ 442,000
Chester	\$ 74,000
Clinton	\$ 98,000
Colchester	\$ 170,000
Colebrook	\$ 3,000
Columbia	\$ 24,000
Cornwall	\$ 2,000
Coventry	\$ 94,000
Cromwell	\$ 294,000
Danbury	\$ 952,000
Darien	\$ 86,000
Deep River	\$ 45,000
Derby	\$ 134,000
Durham	\$ 61,000
East Granby	\$ 185,000
East Haddam	\$ 41,000
East Hampton	\$ 100,000
East Hartford	\$ 1,319,000
East Haven	\$ 251,000

East Lyme	\$ 127,000
East Windsor	\$ 102,000
Eastford	\$ 20,000
Easton	\$ 36,000
Ellington	\$ 159,000
Enfield	\$ 760,000
Essex	\$ 141,000
Fairfield	\$ 522,000
Farmington	\$ 426,000
Franklin	\$ 15,000
Glastonbury	\$ 408,000
Goshen	\$ 11,000
Granby	\$ 58,000
Greenwich	\$ 253,000
Griswold	\$ 113,000
Groton	\$ 304,000
Guilford	\$ 111,000
Haddam	\$ 86,000
Hamden	\$ 812,000
Hampton	\$ 16,000
Hartford	\$ 3,269,000
Hartland	\$ 3,000
Harwinton	\$ 24,000
Hebron	\$ 77,000
Jewett City	\$ 11,000
Kent	\$ 5,000
Killingly	\$ 297,000
Killingworth	\$ 20,000
Lebanon	\$ 61,000
Ledyard	\$ 76,000
Lisbon	\$ 128,000
Litchfield	\$ 88,000
Lyme	\$ 7,000
Madison	\$ 167,000
Manchester	\$ 904,000
Mansfield	\$ 272,000
Marlborough	\$ 45,000
Meriden	\$ 809,000
Middlebury	\$ 44,000
Middlefield	\$ 18,000
Middletown	\$ 1,097,000
Milford	\$ 1,263,000
Monroe	\$ 181,000

Montville	\$ 348,000
Morris	\$ 5,000
Naugatuck	\$ 321,000
New Britain	\$ 403,000
New Canaan	\$ 55,000
New Fairfield	\$ 37,000
New Hartford	\$ 197,000
New Haven	\$ 2,140,000
New London	\$ 250,000
New Milford	\$ 210,000
Newington	\$ 484,000
Newtown	\$ 225,000
Norfolk	\$ 2,000
North Branford	\$ 123,000
North Canaan	\$ 34,000
North Haven	\$ 497,000
North Stonington	\$ 89,000
Norwalk	\$ 1,119,000
Norwich	\$ 44,000
Old Lyme	\$ 131,000
Old Saybrook	\$ 326,000
Orange	\$ 290,000
Oxford	\$ 336,000
Plainfield	\$ 147,000
Plainville	\$ 527,000
Plymouth	\$ 64,000
Pomfret	\$ 14,000
Portland	\$ 84,000
Preston	\$ 46,000
Prospect	\$ 51,000
Putnam	\$ 279,000
Redding	\$ 162,000
Ridgefield	\$ 82,000
Rocky Hill	\$ 276,000
Roxbury	\$ 8,000
Salem	\$ 6,000
Salisbury	\$ 40,000
Scotland	\$ 6,000
Seymour	\$ 228,000
Sharon	\$ 6,000
Shelton	\$ 771,000
Sherman	\$ 9,000

Simsbury	\$ 465,000
Somers	\$ 50,000
South Windsor	\$ 795,000
Southbury	\$ 133,000
Southington	\$ 469,000
Sprague	\$ 15,000
Stafford	\$ 444,000
Stamford	\$ 1,468,000
Sterling	\$ 12,000
Stonington	\$ 136,000
Stratford	\$ 1,117,000
Suffield	\$ 354,000
Thomaston	\$ 136,000
Thompson	\$ 104,000
Tolland	\$ 190,000
Torrington	\$ 391,000
Trumbull	\$ 516,000
Union	\$ 3,000
Vernon	\$ 310,000
Voluntown	\$ 11,000
Wallingford	\$ 308,000
Warren	\$ 3,000
Washington	\$ 11,000
Waterbury	\$ 1,487,000
Waterford	\$ 355,000
Watertown	\$ 323,000
West Hartford	\$ 861,000
West Haven	\$ 745,000
Westbrook	\$ 87,000
Weston	\$ 141,000
Westport	\$ 298,000
Wethersfield	\$ 232,000
Willington	\$ 61,000
Wilton	\$ 94,000
Winchester	\$ 123,000
Windham	\$ 519,000
Windsor	\$ 1,391,000
Windsor Locks	\$ 514,000
Wolcott	\$ 262,000
Woodbridge	\$ 63,000
Woodbury	\$ 22,000
Woodstock	\$ 77,000

*Based on 2006 data. All figures are approximated and may vary due to rounding.

*This does not include incentives for ISO-NE Load Response program participants.

Sample List of Customers Served

2,843 Commercial, Industrial and Institutional Customers Participated in 2006

Acme Wire Products Company, Inc.	Donham Craft, Inc.
Alimak Hek, Inc.	Dur-A Flex, Inc.
Amerbelle Textiles, LLC	Durham Manufacturing Company
Amity Regional Junior High School	Dyno Noble
Ansonia Board of Education	East Haddam Free Public Library
Ansonia Shopping Center, LLC	Eaton Corp.
APEX Machine Tool Company	Edge of the Woods Market
Aquajet Cutting Technology	Enfield Tennis Club
Arrow Concrete Products, Inc.	Engineering Specialties, Inc.
ATP Health & Beauty Care	Enthone, Inc.
Avon Old Farms School	ESPN
Baker Properties, LP	Essex Products, Inc.
Berlin Steel Construction Company	Farrell Precision Metalcraft Corp.
Boys & Girls Club, Inc.	Flexo Converters USA, Inc
Braxton Manufacturing Company, Inc.	Geissler's Supermarket
Bridgeport Board of Education	Gibbs Wire and Steel Company Inc.
Bridgeport Holiday Inn	Global Wire, Inc.
Bridgeport Hospital	Greenwald Industries, Inc.
Brien McMahon High School	Greenwich Hospital
Bristol Public Library	Haddam-Killingworth Middle School
Canton Intermediate School	Hamden Board of Education
Champ Direct Mail Printing Company	Harco Laboratories, Inc.
Cherry Hill Construction and Demolition Co.	Hartford Steam Company
Cigna	Hopkins School
City of Bridgeport	Ideal Products, LLC
City of Derby	Industrial Pallet, LLC
City of New Haven Board of Education	Johnson Memorial Hospital
City of New Haven Police Department	KC Cubed Realty Associates, LLC
City of Shelton	King Industries, Inc.
Colchester Pre K-2 School	Kmart Discount
Connecticut Children's Medical Center	Knights of Columbus
Connecticut Container, Corp.	Lake Compounce Family Theme Park
Connecticut Transit	Lawrence & Memorial Hospital
Consolidated Industries, Inc.	Laz Parking, LTD.
Corbin Russwin	Lebanon Fire Department
Country Pure Foods, Inc.	Ledyard Village Market
Coventry Public School	Leed-Himmel Industries, Inc.
Cromwell High School	LEGO Systems, Inc.
Danbury Engine Company No. 25	Lenard Engineering, Inc.
Daniel Hand High School	Lenihan Lumber Company
Desanto Technologies	Light Sources, Inc.
Domestic Kitchens, Inc.	LP MacAdams Co.
	Lyman Memorial High School

Mazak Corp. Technology Center
Middletown High School
Middletown Nissan
Milford Public Works
Mohegan Elementary School
Mortensen's Restaurant & Ice Cream Shop
Mountain Dairy
MPS Plastics
National Sintered Alloys, Inc.
Naugatuck Savings Bank
New Britain General Hospital
New Haven Copper Company
New Horizons Computer Learning
Newington Business Park, LLC
Newtown Middle School
Numa Tools Company
O&G Industries, Inc.
Old Lyme High School
Oxford Center School
Palmer Paving Corp.
Parsons Chevrolet
Pemco Manufacturing, LLC
Pitney Bowes, Inc.
Plainfield High School
Post University
Precision Plastic Products, Inc.
Prospect Town Hall
Putnam Plastics Corp.
Quest Plastics
Quinebaug Valley Community College
Ramar-Hall, Inc.
R.D. Scinto, Inc.
Redding Elementary School
Regal Inn
Ridgefield Academy
Rockbestos-Surprenant Cable Corp.
Roto-Frank of America, Inc.
Santoros Cleaners
Schick-Wilkinson Sword
Sikorsky Aircraft Corp.
Simpson and Vail, Inc.
Sippin Management Company, LLC

Sleepys, Inc.
Solla Eyelet Products, Inc.
South Windsor High School
Southbury Public Library
Southern New England Telephone Company
Spartan Aerospace, LLC
St. Mary's Hospital
St. Maurice Church
St. Paul Travelers
St. Vincent's Medical Center
Staff Mates, Inc.
Stamford High School
Stamford Hospital
Standard Tile Distributors
Stanwich Congregational Church
Staples High School
Star Distributors, Inc.
Sterling Sintered Technologies Inc.
Stew Leonard's
Stone Academy
Strategic Building Solutions, LLC
Stratford Board of Education
Suffield Hardware
SureSource
Target Corporation
The Amerling Company
The Becton Dickinson Company
The Birken Manufacturing Company
The Darien Ice Rink
The Ethel Walker School
The Hartford Courant
The Hotchkiss School
The KARL Chevrolet Company
The Warner Theatre
Vanguard Plastics Corp.
West Hartford Town Hall
West Haven Public Library
Woodstock Academy
Yale/New Haven Medical Center
YMCA-Fairfield

UI CASE STUDY

Energy Conscious Blueprint Program

The Cesar Battalla/Westside School is a newly constructed elementary school located in Bridgeport for grades K-12. The school was built to accommodate the city's growing population. From the start, the city and Board of Education wanted the school to be as energy efficient as possible, but needed help to pinpoint conservation opportunities.

The school installed lighting occupancy sensors, high-efficiency motors and variable frequency drives (or motor speed controls) on all pumps and motor fans for the chiller system and ENERGY STAR® dry-type transformers throughout the entire school. In addition, an ice storage system was installed to significantly reduce the peak demand of the cooling system. The system produces and stores ice during off-peak hours of the day and cools the building during peak hours.

Cesar Battalla School received a \$140,500 incentive from the CEEF for the installation of energy-efficient systems. An estimated 599,007 kWh will be saved annually as well as an additional 334.2 kW during summer peak periods. The ice storage system is responsible for 201 kW, or 60 percent of the 334.2 peak kW; ensuring summer peak demand reduction.

CL&P CASE STUDY

Energy Conscious Blueprint Program

Brien McMahon High School was originally built as a junior-senior high school in 1960. Over the past two years, the school has undergone several major renovations. The newest addition, completed in September 2006, includes a new library, offices, classrooms and a remodeled auditorium and gymnasium.

City of Norwalk and Brien McMahon High School officials worked extensively with CL&P's Conservation & Load Management staff to implement energy-efficiency measures including lighting and lighting controls, high-efficiency motors, a water-cooled chiller and ENERGY STAR transformers. These measures will save the city of Norwalk approximately 1.1 million kWh annually with a lifetime energy savings of over 20 million kWh. The project will also reduce the city's energy demand by 420 kW. The dollar savings are approximately \$135,000 per year and about \$2.4 million over the expected lifetime of the improvements. The city of Norwalk received a \$214,919 incentive check from the CEEF for installing the energy-efficiency measures.

"This recent expansion project gives Norwalk students access to a world-class learning facility that operates efficiently," said Norwalk Mayor Richard A. Moccia at the incentive check presentation. "The teachers and officials can concentrate on illuminating students' minds, instead of the school's classrooms." Brien McMahon High School's energy savings is equivalent to providing 143 homes with electricity each year or saving more than 73,000 gallons of home heating oil.

UI CASE STUDY

Energy Opportunities Program

Schick-Wilkinson Sword of Milford is the company's largest manufacturing facility of Schick razors. Recognizing the challenges of the company's aging production facility, Tony Sanzo, plant supervisor, recruited the expertise of UI and CEEF's Energy Opportunities Program to equip the facility with energy-efficient upgrades.

After evaluating high-energy and demand-use systems and the potential for energy efficiency, UI recommended Schick-Wilkinson Sword replace the facility's old 125-ton air-conditioning unit with a smaller, more economical 100-ton unit.

Schick received a total CEEF incentive of \$133,000 to help reduce the cost of the project. The installation of the new air-conditioner will save Schick 142,600 kWh annually with a 37 peak kW reduction, and by replacing additional inefficient equipment, Schick will save 691,000 kWh and 96 peak kW annually.

CL&P CASE STUDY

Small Business Program

The River Street School in Windsor and its satellite River Street Preschool/Early Learning Center in Hartford are part of the Capitol Region Education Council's (CREC) educational school district serving special education communities. These two schools' programs serve more than 200 students aged 3-21 who have a variety of behavioral, communicative, and neurological disorders, such as autism. These schools offer a range of educational experiences for their students, ranging from self-contained programs to supervised work programs in the community.

By working with CL&P's Small Business administrators and a third-party vendor, CREC learned that it could reduce electricity usage at both schools by replacing old inefficient lighting fixtures with high-efficient lighting equipment and installing lighting controls. Through CREC's participation in the Small Business program, the Hartford Preschool/Early Center is expected to save over 69,674 kWh annually and save nearly 1.28 million kWh over the lifetime of the energy-efficiency measures. The dollar savings are approximately \$8,100 per year.

The River Street School should save approximately 92,611 kWh annually and save approximately \$11,144 per year. CREC received a \$53,061 CEEF incentive for installing energy-efficient lighting at both schools.

UI CASE STUDY

Small Business Program

Tile America, with six locations throughout Connecticut and approximately 100 employees, is an importer, distributor and retailer of ceramic tile and natural stone. Tile America discovered its main consumption of electricity was lighting throughout their showrooms and warehouse, located in New Haven. Through the help of UI's SBEA program, Tile America learned that the company could reduce electricity usage and lower the monthly electric bills with just a few changes. Tile America was also very concerned about the quality of lighting to ensure products were showcased in their true colors as well as staying open for business during the retrofits.

Tile America not only discovered that they were wasting electricity with old lighting fixtures and lighting unoccupied areas, but they also had outdated fixtures and lights that were emitting an extreme amount of heat that activated the air conditioning system in the midst of winter. Through UI's SBEA program, Tile America replaced all existing incandescent lighting in the showrooms and warehouse with high efficiency lighting. Additionally, occupancy sensors were installed to reduce the usage of electricity in areas that were unoccupied. In Tile America's Brookfield location alone, more than \$3,000 has been saved since 2005.

The company has saved a total of \$18,667 and has seen an annual energy savings of 138,072 kWh. Tile America also received another \$13,245 in incentives.

CL&P CASE STUDY

Energy Conscious Blueprint Program

Foodshare is a regional food bank and distributes more than 11 tons of food each day to 350 local programs that feed hungry people in Hartford and Tolland counties. Foodshare provides food to community kitchens, shelters, and other social service organizations in every town in Greater Hartford. These programs serve children, families, and seniors and provide over a quarter of a million meals each month.

With the help of CL&P's C&LM department and third-party vendors, in early 2006, Foodshare officials received a \$100,130 incentive for installing an efficient lighting and refrigeration system, occupancy sensor lighting controls, energy-efficient HVAC (heating, ventilating and air conditioning) equipment and high-speed freezer doors in the distribution center at their new Bloomfield location.

With the help of CEEF incentives, Foodshare is expected to save over 320,000 kWh over the next year, and nearly 5.8 million kWh over 18 years, which is the expected lifetime of the improvements. The energy cost savings are approximately \$38,000 per year and about \$685,000 over the expected lifetime of the improvements. Foodshare's annual energy savings is equivalent to providing 41 homes with electricity each year, removing 452 cars from the road or saving more than 21,000 gallons of home heating oil.

SECTION VI: CEEF Program Summary for 2007

Residential Programs		
<i>Programs</i>	<i>Eligibility</i>	<i>Incentive</i>
ENERGY STAR® Retail Products	All residential customers.	Retail incentives, special events and mail order promotions, to encourage customer buying habits of energy-efficient lighting products and clothes washers.
Residential New Construction	Residential customers in the process of building a new home.	Incentives for high-efficiency HVAC equipment, lighting products and home performance.
Residential Heating and Cooling	Residential customers with central air conditioning or heat pumps.	Prescriptive rebates for installing energy-efficient central air conditioning, heat pumps and geothermal systems. Quality installation verification and commissioning available through participating contractors.
Home Energy Solutions	All residential customers. This program is free to all electric and natural gas heat customers. Co-pay for Connecticut residents who heat with oil.	Full comprehensive residential in-home services including: duct sealing, weatherization, energy-efficient light bulb installation, education, and water heating measures where applicable. Appliance rebates for replacing older, inefficient qualified appliances.
Weatherization Residential Assistance Partnership/WRAP (CL&P), UI Helps (UI)	Low-income residents with incomes at or below 60% of the Connecticut state median income.	Full cost of installed conservation and energy-efficiency measures.
Energy Conservation Loan	Owners of single- and multi-family buildings, having an average annual income below the Connecticut Housing Investment Fund (CHIF) established limits.	Low-interest loans for residential energy conservation work.
Community Based	Government, educational groups, economic development organizations, retailers, trade allies and civic organizations.	Education, CEEF program information and financial incentives are provided via an array of energy-efficiency programs.
eeSmarts™	Boards of Education, school principals, teachers and parents.	Free Professional Development Workshops for Connecticut school teachers and school districts regarding the eeSmarts program and energy topics. Workshops and free curriculum for grades K-8 help students meet Connecticut Mastery Test standards.

CALL 1-877-WISE-USE FOR ADDITIONAL INFORMATION

Commercial & Industrial (C&I) Programs		
Programs	Program Features/Eligibility	Incentive
Energy Conscious Blueprint	New non-residential construction, planned remodeling, major renovations and new equipment.	Up to 100% of incremental cost.
Connecticut Cool Choice	Express Services Rebates for non-residential customers replacing rooftop or packaged air conditioning systems or heat pump systems.	Rebates from \$70-200 per ton.
Connecticut MotorUp Express Rebate Form	All non-residential customers, replacing three-phase motors.	Rebates based on average incremental cost.
*PRIME	Industrial manufacturing customers with average peak demand of 1,500 kW or less.	100% reimbursement of cost paid for the first two PRIME events at the customer's location for qualifying projects.
Energy Opportunities	All commercial and industrial customers, including municipalities.	Up to 60% of installed cost (dependent upon energy-efficient measure) and possible two-year payback buy down (See electric Utility for details).
Express Lighting Rebate Form	All non-residential customers replacing inefficient lighting or lighting controls. Rebates exceeding \$1,000 require pre-approval.	Prescriptive rebates from \$10-\$55 per fixture or up to 100% of the incremental cost (varies with technology and application).
Accelerated Chiller Retirement	C&I and institutional customers with water-cooled chiller 25 years or older. Unit must operate during ISO-NE summer peak hours. Any chiller that has an existing utility Conservation Program agreement is not eligible.	Incentives are the lesser amount of: 75% of the total installed cost, 100% of the Measure Cap, or \$600/ton installed cost.
Small Business Energy Advantage	All non-residential customers, including municipalities, with up to 200 kW (CL&P) or 150 kW (UI) of average peak demand. Interest-free financing for up to 36 months available to qualified customers.	Prescriptive incentives for: Lighting and lighting controls up to 50% of installed cost; HVAC controls and tune-ups up to 50% of installed cost; and Refrigeration controls up to 50% of installed cost.
Operation & Maintenance (O&M) Services	All non-residential customers. Program provides incentives for the implementation of non-capital intensive items that save electric energy such as the repair of leaking ductwork or compressed air system leaks.	Incentives up to 50% of installed cost (SWCT customers eligible for incentives up to 100% of installed cost).
Retrocommissioning	Large non-residential customers. Customers must have a building energy management system with trending capability.	Incentives toward the analysis costs and up to 100% of installed cost.
ISO-NE Load Response Program Support	Customers with at least 100 kW of curtailable load that can respond within 30 minutes or 2 hours of notification.	Incentives paid for curtailment when requested. Higher payment available for customer capable of responding within 30-minutes.
*Demand Reduction	Non-residential customers who are capable and willing to control kW demand during peak times through real-time monitoring and control.	Incentives for qualifying projects will be the lesser of \$500/kW curtailed or 50% of installed costs. (SWCT Customer—lesser of \$1,000/kW curtailed or 50% of installed cost).
*Small Industrial & Commercial Loan	Qualified commercial customers with average kW demand of 350 kW or less, or industrial customers with less than 100 employees. In business for minimum 3 years required.	Interest-free financing for qualified customers.

*CL&P programs only.

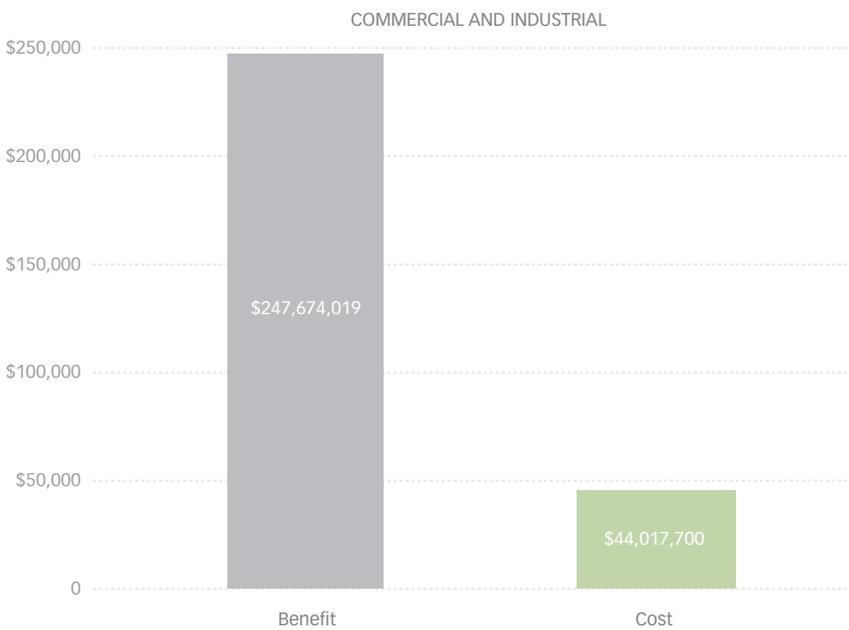
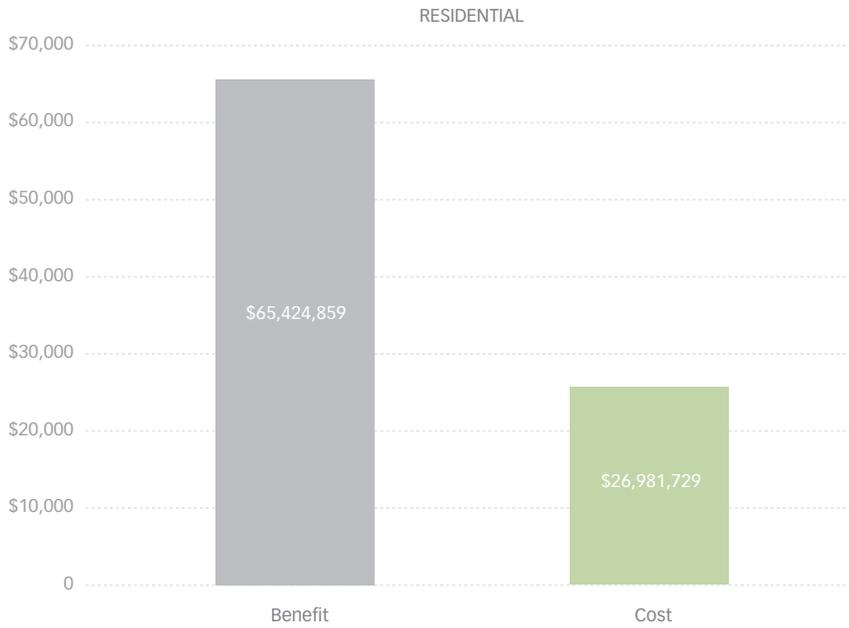
SECTION VII:
2006-2007 CEEF
Budget Summary

Connecticut Energy Efficiency Fund Programs	2006 Actuals	2007 Projected
RESIDENTIAL		
Residential Retail Products	\$ 7,290,784	\$ 6,850,000
Appliance Retirement	1,297,944	—
Total — Consumer Products	8,588,728	6,850,000
Residential New Construction	2,063,543	2,100,000
Residential Heating & Cooling/Home Energy Solutions	4,743,830	6,121,909
Low-Income (Energy Care & WRAP/UI Helps)	6,548,194	7,235,381
Subtotal RESIDENTIAL	\$ 21,944,295	\$ 22,307,290
COMMERCIAL & INDUSTRIAL		
C&I LOST OPPORTUNITY		
Energy Conscious Blueprint	12,622,289	15,366,126
Total — Lost Opportunity	\$ 12,622,289	\$ 15,366,126
C&I LARGE RETROFIT		
Energy Opportunities	\$ 12,058,255	\$ 11,958,868
O&M (RetroCx, BOC, RFP)	1,507,056	3,409,000
Total — C&I Large Retrofit	13,565,312	15,367,868
Small Business	9,135,120	5,323,845
Alternative Standard Offer (ATSO)	—	—
Subtotal C&I	\$ 35,322,720	\$ 36,057,839
OTHER — EDUCATION *		
SmartLiving Center® — Museum Partnerships	\$ 380,349	\$ 434,559
eeSmarts (K-12 Education)	469,240	481,183
Residential Audits-Non WRAP	57,778	—
Community Based Program (SWCT)	276,025	225,000
Science Center	207,200	200,000
Subtotal Education	\$ 1,390,592	\$ 1,340,742
OTHER — PROGRAMS/REQUIREMENTS		
Institute for Sustainable Energy (ECSU)	\$ 302,000	\$ 295,822
Energy Conservation Loan Fund	247,174	—
Heat Pump Water Heaters (Hot Shot/WSaver)	100,981	—
C&LM Loan Defaults	85,071	64,652
Subtotal Programs/Requirements	\$ 735,226	\$ 360,474
OTHER — LOAD MANAGEMENT		
ISO Load Response Program	\$ 1,252,111	\$ 424,570
Demand Reduction	12,663	400,000
Power Factor	124,420	150,000
Subtotal Load Management	\$ 1,389,194	\$ 974,570
OTHER — RD&D		
Research, Development & Demonstration	\$ 46,794	\$ 525,000
Subtotal RD&D	\$ 46,794	\$ 525,000
OTHER — ADMINISTRATIVE & PLANNING		
Administration	\$ 1,295,149	\$ 978,759
Planning and Evaluation	1,507,641	1,833,340
Information Technology	2,084,337	1,742,857
ECMB	315,585	460,000
Audit	—	165,000
Performance Management Fee	5,003,897	3,311,044
Admin/Planning Expenditures	\$ 10,170,609	\$ 8,491,000
PROGRAM SUBTOTALS		
Residential	\$ 23,510,326	\$ 23,576,120
C&I	36,969,701	37,268,973
Other*	10,519,402	9,311,822
TOTAL C&LM BUDGET	\$ 70,999,429	\$ 70,156,915
Docket 05-07-14 PH01 EIA programs	\$ —	\$ —
ISO Load Response Programs	18,949,862	20,568,468
Residential HVAC	1,260,482	1,423,893
Electric & Gas Efficiency	121,094	895,000
General Awareness	298,136	300,000
Direct Load Control	—	—
Energy Opportunities	\$ 2,142,084	\$ 2,041,625
Subtotal Docket 05-07-14PH01 EIA Programs	\$ 22,771,658	\$ 25,228,986
Total C&LM and EIA Programs	\$ 93,771,087	\$ 95,385,901

* OTHER-EDUCATION is primarily allocated to residential programs. Totals vary due to rounding.

GRAPH E:

Benefits of Connecticut's Energy-Efficiency Programs Far Exceed Costs



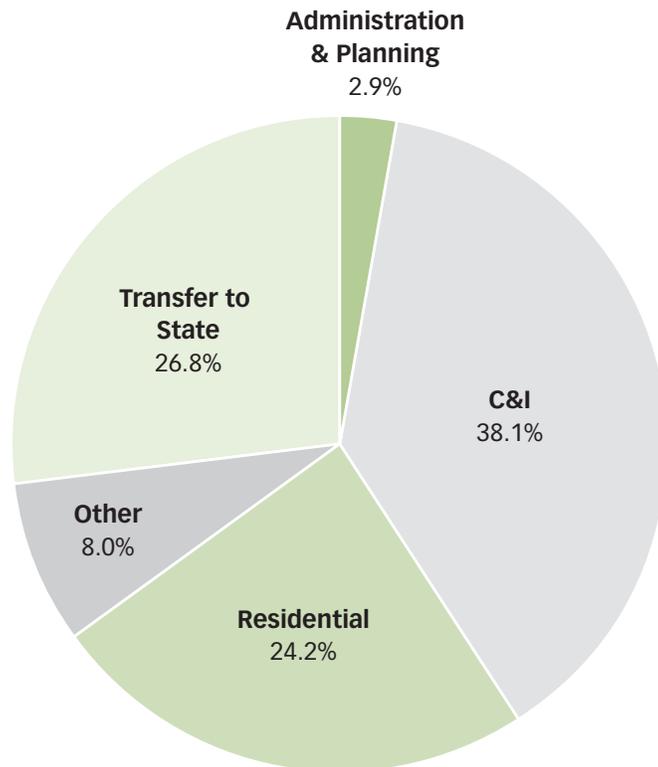
CEEF Budget Allocations

The CEEF's 2006 programs were affected by the General Assembly's 2003 decision to divert funds from the CEEF to the state's General Fund and subsequent decision to allow the DPUC to authorize bonding. In June 2004, the bonds were issued with the net result being an overall one-third reduction in CEEF program funding for the next seven years.

Despite these financial challenges, in 2006, the CEEF's programs provided significant cost savings and reduced energy consumption for Connecticut residents and businesses. The General Assembly's diversion of CEEF funds to the state's General Fund significantly reduces the level of programs and services offered to Connecticut businesses and residents in 2007. Therefore, the capacity and energy savings due to CEEF programs are greatly reduced.

CHART D:

2006 Actuals: CEEF Budget Allocations



2006 "Transfer to State" includes Funds Diverted to the State's General Fund Under PA 03-02 and Funds Used for Rate Reduction Bonds Under PA 03-6 and Authorized by the DPUC in Docket 03-09-08.

SECTION VIII: Natural Gas Distribution Company Programs

Creation of the Natural Gas Energy Efficiency Programs

In 2005, the *Act Concerning Energy Independence* added the natural gas distribution companies to the ECMB's membership and tasked the ECMB with advising and assisting them in the development and implementation of gas energy-efficiency plans to implement cost-effective energy-efficiency programs and market transformation initiatives. The three Connecticut natural gas utilities are the Connecticut Natural Gas Corporation (CNG), Southern Connecticut Gas Company (SCG), and the Yankee Gas Services Company (Yankee Gas), collectively the "natural gas companies".

In 2006, the natural gas companies worked collaboratively with the ECMB and its consultants to revise and develop expanded gas energy-efficiency programs. In 2006, the natural gas companies' energy-efficiency programs served approximately 2,256 residential customers. A primary component of the natural gas companies' energy-saving programs was the new General Weatherization Program (GWP). This program is intended to serve all of Connecticut's residential energy customers. The GWP served 847 residential customers with comprehensive weatherization services, such as duct sealing. These customers will realize annual gas savings of 163,430 ccf and lifetime gas savings of 3.13 million ccf. In 2006, the Low-Income WRAP program delivered weatherization services (electric and gas) to 1,409 low-income customers in Connecticut.

CHART E:

Energy Savings from Natural Gas Utilities' Energy-Efficiency Programs

Energy Savings from 2006 Actual and 2007 Projected Annual and Lifetime Savings		
Program	2006 Actual	2007 Plan
Low-Income Weatherization		
Annual ccf	123,734	157,712
Lifetime ccf	2,425,500	3,154,234
General Weatherization Program		
Annual ccf	39,696	160,879
Lifetime ccf	707,619	3,788,882
Total Energy Savings		
Annual ccf	163,430	318,591
Lifetime ccf	3,133,119	6,943,116

YANKEE GAS CASE STUDY WRAP PROGRAM

WINTHROP SQUARE is a 300 unit apartment unit in New London, Conn. The complex served as a pilot project for the joint natural gas company and CEEF program partnership, as it is primarily heated by natural gas.

In mid-2006, a WRAP program administrator and an ACCESS agency representative performed a walk-through energy analysis of the Winthrop Square complex, and determined that there were several locations that had inadequate insulation. In December 2006, over 140,500 square feet of insulation was installed in the complex's units, which should save Winthrop Square residents approximately 20,000 ccf annually. Winthrop Square received a natural gas company incentive of \$126,804 for installing the energy-efficient insulation. In 2007, the complex will also receive additional electric energy-saving services that should help them further reduce their energy consumption.

SECTION VIII: Natural Gas Distribution Company Programs (CONTINUED)

2007 Natural Gas Energy Efficiency Programs

Residential Low-Income Weatherization and Heating System

The Low-Income Weatherization Residential Assistance Partnership with Heating System Replacement program is continued from 2006 and reduces the utility bills of eligible low-income customers and makes their houses more energy-efficient and comfortable by installing weatherization measures, replacing older, inefficient heating and water heating systems and performing energy conservation services at no cost to the participant. The program also provides energy-efficiency education to raise customer awareness of conservation and to encourage them to take behavioral and other steps beyond weatherization to further reduce energy consumption. Residential customers who live in owner-occupied dwellings or renters who pay for their own natural gas accounts and whose household income is less than 60% of the state median income are eligible to receive the program's services.

General Weatherization Program

The General Weatherization Program reduces utility bills so they are more affordable for residential customers who have household incomes higher than the "low income" program guidelines, yet still experience a financial impact because their homes are not energy efficient. This program is continued from 2006 and provides comprehensive weatherization and other energy conservation services to owner-occupied dwellings or renters who pay for their own natural gas accounts.

Commercial and Industrial Process Retrofit Pilot

The Process Retrofit Pilot is a market based request for proposal program designed to promote competitive gas energy-efficiency activities in the market place by encouraging customers and/or third parties to bid to undertake gas efficiency projects on a competitive basis. The Process Retrofit Pilot program is new for 2007 and is aimed at energy-efficiency potential from commercial and industrial (C&I) customers utilizing process applications that consume natural gas resources (e.g., manufacturing, food service, laundry services, etc.). The program is being offered as a "pilot" in order to test and establish market interest and potential. The knowledge and insight gained will help in the establishment of a longer-term strategy, guide development of future program designs, and help more effectively meet customer needs.

CHART F:

Assistance to Customers in Connecticut Towns in 2006

Avon	\$ 1,787	Ellington	\$ 686	Montville	\$ 92	Rocky Hill	\$ 2,699	Watertown	\$ 1,749
Beacon Falls	\$ 591	Enfield	\$ 20,647	Naugatuck	\$ 3,147	Seymour	\$ 127	West Hartford	\$ 14,051
Berlin	\$ 5,108	Farmington	\$ 862	New Britain	\$ 76,022	Simsbury	\$ 479	West Haven	\$ 14,581
Bloomfield	\$ 4,052	Glastonbury	\$ 6,292	New Haven	\$ 88,779	South Windsor	\$ 2,309	Weston	\$ 1,182
Branford	\$ 19,445	Greenwich	\$ 4,203	New London	\$ 127,886	Southington	\$ 11,321	Westport	\$ 17,255
Bridgeport	\$ 23,053	Guilford	\$ 735	New Milford	\$ 720	Stamford	\$ 5,352	Wethersfield	\$ 2,924
Bristol	\$ 10,780	Hamden	\$ 37,239	Newington	\$ 3,981	Stratford	\$ 12,372	Wilton	\$ 537
Canton	\$ 70	Hartford	\$ 69,517	Newtown	\$ 5,282	Suffield	\$ 599	Winchester	\$ 6,842
Cheshire	\$ 2,752	Killingly	\$ 3,555	North Haven	\$ 9,569	Thomaston	\$ 147	Windham	\$ 20,691
Cromwell	\$ 2,560	Madison	\$ 363	Norwalk	\$ 5,616	Torrington	\$ 8,077	Windsor	\$ 1,703
Danbury	\$ 2,094	Manchester	\$ 17,290	Old Saybrook	\$ 719	Trumbull	\$ 7,442	Windsor Locks	\$ 1,019
Darien	\$ 315	Meriden	\$ 16,976	Plainfield	\$ 1,492	Vernon	\$ 8,265	Wolcott	\$ 90
East Hartford	\$ 159,827	Middlebury	\$ 3	Plainville	\$ 2,828	Wallingford	\$ 64		
East Haven	\$ 9,317	Middletown	\$ 2,407	Plymouth	\$ 302	Waterbury	\$ 87,006		
East Lyme	\$ 351	Milford	\$ 4,153	Putnam	\$ 6,556	Waterford	\$ 18		
East Windsor	\$ 876	Monroe	\$ 578	Ridgefield	\$ 57				

SECTION IX: Connecticut Municipal Electric Energy Cooperative

What is the Connecticut Municipal Electric Energy Cooperative (CMEEC)?

Formed in 1976, CMEEC is a publicly directed joint action supply agency formed by the state's municipal electric utilities. Its mission is to meet the electric needs of its residents and businesses at the lowest possible cost. CMEEC is owned by the municipal cities of Groton and Norwich, the Borough of Jewett City, and South and East Norwalk. CMEEC also provides all power required by other participating utilities including the Town of Wallingford Department of Public Utilities, the Bozrah Light and Power Company, and the Mohegan Tribal Utility Authority.

In 2005, the EIA required CMEEC to administer energy-efficiency programs for its customers. In 2006, CMEEC began implementation of a portfolio of energy-efficiency initiatives, that included: distribution of 57,000 compact fluorescent lamps; promotion/purchase of over 400 ENERGY STAR appliances; participation in CoolChoice and MotorUp Rebate programs; incentives for major commercial lighting projects; and providing energy-efficiency assessments for commercial and industrial customers.

In its development year, CMEEC's efforts provided over \$6.6 million in net total resource benefits and \$7.2 million in net electric benefits. It generated 1.3 MW in summer demand reduction and over 7.5 gigawatt hours (GWh) in annual energy savings, at a cost of \$0.02 per lifetime kWh. CMEEC's commercial and industrial customers received over \$1.3 million in incentives for installing energy-efficiency measures in their facilities. This is equivalent to annual cost savings of over \$500,000.

CHART G:

Assistance to Customers in CMEEC Towns in 2006

	CMEEC Assistance	CEEF Assistance	Total
Bozrah	\$ 14,000	\$ 0	\$ 14,000
Groton	\$ 289,000	\$ 15,000	\$ 304,000
Jewett City	\$ 11,000	\$ 0	\$ 11,000
Norwalk	\$ 42,000	\$ 1,077,000	\$ 1,119,000
Norwich	\$ 44,000	\$ 0	\$ 44,000
Wallingford	\$ 225,000	\$ 83,000	\$ 308,000

CMEEC Assistance for Norwalk is comprised of \$25,000 from the Third Taxing District, and \$17,000 from South Norwalk Electric and Water.

CMEEC generated 1.3 MW in summer demand reduction and over 7.5 GWh in annual energy savings, at a cost of under 2 cents per lifetime kWh in 2006.

In 2006, CMEEC distributed over 57,000 CFLs to residents and assisted in the promotion/purchase of over 400 ENERGY STAR appliances.

2006 CMEEC commercial and industrial programs completed over \$1.3 million in projects, with annual cost savings of over \$500,000.

SECTION IX: Connecticut Municipal Electric Energy Cooperative (CONTINUED)

Connecticut Municipal Electric Energy Cooperative

CHART H:

2006 CMEEC Costs and Results

Program	Utility Costs (\$000)	Annualized Savings	Lifetime Savings (MWh)	Demand Savings (kW)	Cost Per Lifetime kWh Savings
Residential					
Low-Income Program	\$ 194	\$ 283	\$ 2,580	\$ 29	\$ 0.075
Efficient Products					
Lighting	383	1,812	12,791	143	0.030
Appliances	56	51	722	16	0.078
Air Conditioning	12	5	94	9	0.130
Subtotal—Residential	\$ 645	\$ 2,151	\$ 16,187	\$ 196	\$ 0.040
Commercial					
Prescriptive	\$ 70	358	5,004	268	\$ 0.014
C&I Existing Facility Retrofit	701	4,661	64,299	783	\$ 0.011
Subtotal—Commercial	\$ 771	\$ 5,019	\$ 69,303	\$ 1,052	\$ 0.011
Total—All Programs	\$ 1,416	\$ 7,170	\$ 85,489	\$ 1,248	\$ 0.017

SECTION X: Energy Conservation Management Board Members



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**Connecticut
Light & Power**

The Northeast Utilities System



www.CTSavesEnergy.org



The United Illuminating Company

Connecticut's Energy Efficiency Programs are funded by the Conservation Charge on customer electric bills.

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The Northeast Utilities System



An Energy East Company



GROTON UTILITIES

BOZRAH LIGHT & POWER COMPANY



SOUTH NORWALK ELECTRIC AND WATER



THIRD
TAXING DISTRICT
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Norwich
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