



July 27, 2012

Kimberley J. Santopietro, Executive Secretary
Public Utility Regulatory Authority
10 Franklin Square
New Britain, CT 06051

**Re: Energy Efficiency Board Comments in Docket No. 12-02-01:
PURA Review of the Connecticut Energy Efficiency Fund's Electric
Conservation and Load Management Plan for 2012**

Dear Ms. Santopietro:

In lieu of written exceptions, the Energy Efficiency Board (“Board”) respectfully submits its comments to the Public Utilities Regulatory Authority (“PURA”) regarding PURA’s Draft Decision, dated July 18, 2012 (“Draft Decision”), on the Connecticut Energy Efficiency Fund’s Electric Conservation and Load Management (“C&LM”) Base Plan for 2012. The Energy Efficiency Board assisted and advised the electric and natural gas Companies in the development of the 2012 Plan. The Board reviewed PURA’s Draft Decision at its regular meeting on July 25, 2012, and submits the following comments. The Board does not request oral argument, but reserves its right to participate if oral argument is requested by any participant in this proceeding.

1. The Energy Efficiency Board supports the 2012 Electric and Natural Gas Conservation and Load Management Plan. The Board appreciates several of the proposed orders in the PURA Draft Decision.

The Board supports the cost-effective energy efficiency programs proposed in the 2012 Plan to increase energy efficiency in Connecticut and reduce customer energy costs. The programs will provide utility bill savings for customers and economic, environmental, and jobs benefits to meet Connecticut’s policy objectives. The cost-effective electric and natural gas programs are aimed at capturing opportunities for reducing energy bills and providing other benefits through a wide range of strategies.

The Board appreciates the proposed order in the Draft Decision to approve funding of \$105.6 million for the 2012 Base Plan budget. The Board also supports and appreciates PURA’s proposed actions to rescind several earlier DPUC orders, including, but not limited to, rescinding prior orders requiring C&LM plan filings on September 1 (thereby now allowing plan filings on October 1, as recommended by the Board and DEEP) and limiting spending on oil measures for low income customers (thereby now increasing program services for low income households).

2. **The Board believes it is essential to avoid any suspension or shutdown of energy efficiency programs during 2012. Without additional authorized funding for 2012, the Companies have stated that they will need to suspend some programs as early as the end of September 2012. To avoid a suspension of programs during 2012, the Board recommends, as a specific action to address this situation only, PURA authorization to spend forward in 2012 up to 15% of the estimated 2013 C&LM revenues (i.e., C&LM revenues collected from customers during 2013). In the event that the Expanded Plan Budget is not approved, this spending forward of 2013 C&LM revenues should be reconciled with the three mills/kWh authorized collections during 2013, which would result in a lower authorized budget for 2013. The Board has confirmed with CL&P and UI that spending-forward of up to 15% of 2013 revenues (rather than the 25% estimated previously) would provide adequate funding to continue the programs for the remainder of 2012.**

The Board understands that DEEP and PURA are transitioning to a new process of policy and regulatory review and approval of C&LM plans, resulting from PA 11-80. During this transition, it is very important to continue the energy efficiency programs in the field and to provide adequate funding support for the programs. The Board has consistently expressed its concern about program suspensions due to budgetary constraints and the negative impacts to customers and the vendor community. These programs are delivered to customers by vendors and contractors in the market, and many customer projects take months or even years to develop and implement. Therefore, a stable market and regulatory system, with stable funding and reasonable advance notice of any significant reductions in funding for future periods, is crucial for supporting customer and vendor actions. Suspensions and short-term disruptions in program funding, combined with mixed signals regarding Connecticut's energy policies and future plans, result in market uncertainty and a lack of confidence in future programs, thereby leading to customer and vendor inaction.

Connecticut will not be able to meet its energy policy goals and statutory requirements without clear policy and regulatory directives, and without adequate and stable funding. Specifically, adequate and stable funding is essential to meet the statutory requirements in PA 11-80 to acquire all cost-effective energy efficiency, weatherize 80% of homes by 2030, and reduce energy use in state buildings by 2013 and 2018, among other statutory mandates.

Therefore, to address the current challenging situation during this period, and to ensure continued availability of programs in the field without interruption during 2012, the Board recommends PURA authorization to spend forward in 2012 up to 15% of the estimated 2013 C&LM revenues, as described above.

In the event that the Expanded Plan budget is not approved, the continuation of C&LM programs in 2012 supported by the spending-forward of up to 15% of 2013 revenues would provide additional time and advance notice to customers and vendors of budget constraints and reductions in available program funding during 2013. This would provide customers and vendors adequate notice and allow a reasonable time period to adjust their projects and future plans.

In prior years, the former DPUC has authorized spending-forward of C&LM revenues to meet customer demand for energy efficiency programs. As CL&P and DEEP cited in their written exceptions, there are several examples of the DPUC authorizing the use of future C&LM revenues to meet high customer demand for energy efficiency programs. This is not a new practice or mechanism in the Connecticut regulatory environment.

- 3. The Board continues to recommend a single, integrated C&LM plan for the electric and natural gas programs. The Board does not support Order #5 in the PURA Draft Decision, which would require the filing of separate plans for the electric and gas programs.**

For several years the Board has proposed and recommended the preparation and filing of a single, integrated plan for the electric and natural gas programs. The electric and gas programs are being delivered to customers as integrated programs. Integrated programs across the electric and natural gas Companies provide opportunities for cross-promotion to shared customers, are more convenient for customers, reduce costly duplication of effort, and enhance the quality of the energy efficiency services provided. A single, integrated electric and gas plan supports and enhances the integrated programs.

- 4. The Energy Efficiency Board continues to recommend the Board's proposed 2012 electric budget of \$850,000. The Board appreciates PURA's support for the Board's budget in the Draft Decision.**

The Board currently estimates a 2012 electric budget need of \$850,000, which is the same amount proposed by the Board and Companies under the 2012 Base Plan when the Plan was filed in October 2011. The Board appreciates PURA's support for the Board's budget in the Draft Decision. This level of funding is necessary to support past, current, and future work that the Board consultants have done and are expected to do on behalf of the Board in 2012. There was a significant increase in Board and consultant responsibilities and workloads beginning in mid-2011 due to assignments from PA 11-80, the DEEP request for a higher savings plan, a stronger focus on best practices and program enhancements, and the major effort on joint marketing, an overarching brand and identity, and a new integrated website. The Board considered these additional assignments and responsibilities when estimating its budget for 2012, and the Board informed its consultant budget estimate for 2012 based on the actual experience with these increased assignments and commensurately-higher consultant costs during the second half of 2011. The Board continues to recommend a Board budget of \$850,000 for 2012.

Thank you for the opportunity to submit Energy Efficiency Board comments on PURA's Draft Decision.

For the Energy Efficiency Board,



Jamie Howland
First Vice-Chair