



**Energy Efficiency Board
Commercial & Industrial Committee Meeting**

Tuesday September 7, 2021

1:00 – 3:30 PM

Meeting Materials in Box.com:

<https://app.box.com/s/n0kfh7t1pllsonvvsui6hqcj6eac0wru>

Minutes

1. Roll Call

Board & Committee members: Kate Donatelli, Ron Araujo, Joel Kopylec, Neil Beup

Other attendees: Alex Sopelak, Devan Willemsen, Emily Rice, George Lawrence, Ghani Ramdani, Glen Eigo, Jordan Schellens, Peter Ludwig, Alice Martin, Amanda De Vito Trinsey, Glenn Reed, James Klase, Jodi Sullivan, Joe Roy, Joseph Roy, Mike Weissmann, Philip Mosenthal, Sheri Borrelli

2. Three-year plan C&I savings and costs – Consultants

Mr. George Lawrence shared project plan savings and cost numbers for the 2022-2024 Three-Year Plan. Since the last presentation, Eversource's numbers did not change. But UI Electric has proposed moving funds from C&I Demand Response to C&I Programs; approximately \$268K in 2022, \$212K in 2023, and \$163K in 2024. Mr. Glen Eigo added that previously the budget shared was mistaken in that it shared the thirty-year budget rather than the three-year budget and needed to be corrected.

The proposed electric C&I budget allocation for 2022 for each company was provided in pie graphs. SBEA is 21% (ES) and 22% (UI), BES 5% (ES) and 7% (UI), ECB 19% (ES) and 25% (UI) and Energy Opportunities 55% (ES) and 46% (UI). New construction pipelines driving the disparity between the breakout for each Company. Mr. Glen Eigo added that large multifamily is included in the C&I budget for UI but the Residential budget for Eversource. Ms. Kate Donatelli asked if the entire multifamily budget was included in C&I for UI, and Mr. Eigo said he didn't know the exact distribution but indicated most. Properties over 5 stories are considered C&I in UI portfolio.

Mr. Lawrence shared C&I budget peaks and valleys from 2016-2021, noting budget dips in 2017-2019 and peaks in 2016 and 2020/2021. Additionally, C&I lifetime savings have declined since a peak in 2016. Mr. Lawrence explained the Hockey Stick Phenomenon, in which programs see significant savings at the end of the year. In 2020 31% of Connecticut's EO savings were reported in December. Program spending is typically higher at the beginning of the year and savings are higher near the end. Mr. Lawrence shared the projected C&I costs per kWh and actual lifetime costs per kWh for each C&I program. Eversource has higher costs under the Energy Conscious Budget program. Mr. Lawrence indicated that plan costs for 2022 are less than program costs during the first half of 2021; costs have been higher during the pandemic. Mr.

Connecticut plans to adopt IECC 2021 in October 2022, which jumps from IECC 2015 and skips

IECC 2019. Mr. Ghani Ramdani ascertains the cost per kWh increase is in part due to the anticipated code change. Ms. Kate Donatelli asked why this would impact the cost per kWh? Ms. Jordan Schellens shared that the programs will lose 20-25% of their savings, and Mr. Lawrence added that it raises the bar and must clear a higher hurdle to claim savings.

Mr. Lawrence shared that the EO lifetime savings are projected to be significantly higher. Mr. Ghani Ramdani indicated this was mostly due to updates to lifetime rates for measures. Mr. Glen Eigo added that the phase out of lighting measures and anticipation of bigger, higher impact projects are factors. Mr. Lawrence asked if the calculation methodology has been updated to integrate higher potential savings from controls like Massachusetts has done. Mr. Eigo said it has not yet, but that the goal is parity between the two states given the overlap in downstream programs. The Companies are considering this.

Eversource is planning for higher costs in Small Business Energy Advantage. Mr. Ghani Ramdani said he would check on this.

Mr. Lawrence shared slides on anticipated programs natural gas costs as compared to historical costs. Program savings are projected to decline over the Three-Year Plan. Annual costs overall are going up, driven by measure lives, updated gas-fired equipment baselines.

3. C&I Fuel Savings (Delivered fuels: oil and propane) – DEEP, Companies, Consultants

Mr. George Lawrence shared a presentation on this topic to highlight a large disparity between claimed savings in Residential and C&I. Programs like HES, HES-IE, HVAC and water heating result in significant annual savings, approximately 1.5 million gallons of oil and 275,000 gallons of propane. With the phase out of lighting, residential programs are focusing on weatherization and air sealing by design. However, on the commercial side lighting is not phased out and programs have not focused on weatherization. Mr. Lawrence had requested estimates for number of businesses with oil or propane-fired equipment, but those numbers are difficult to get. Ms. Jordan Schellens added the Companies are still working on figuring this out. Mr. Glen Eigo shared his high-level methodology in UI territory to guesstimate the number of small business customers with non-natural gas delivered fuel, indicating he estimated 2-5% of approximately 8,000-9,000.

Mr. Lawrence shared sources of delivered fuel savings; including weatherization (air sealing, insulation, and building shell), heat pump for space heating, and heat pump for domestic hot water. Mr. Ron Araujo added that duct sealing is a pretty large contributor of savings for both residential and commercial.

a. From weatherization

C&I doesn't have similar prescriptive measures under retrofit weatherization as residential. Ms. Jordan Schellens shared that the Companies are looking into expanding weatherization in commercial applications and will be presenting more on that at the EEB meeting. Mr. Glen Eigo suggested that literature demonstrating savings (evaluation input) and what measures have been used in other programs would help inform this process.

b. From heat pumps for space heating

There are currently incentives via HVAC Express and SBEA for air-source mini-split and ductless split, air-cooled variable refrigerant flow, and water source heat pumps. Mr. Lawrence suggested that because there is no tracking of existing heating fuel, we don't know how many of these projects are displacing fossil fuels. Mr. Ron Araujo added that the Companies would also need to track the application, so they were sure the equipment was displacing heating fuel.

Mr. Ron Araujo shared that the rebate forms could be updated to capture whether a heat pump was installed and Mr. Glen Eigo added a checkbox could collect whether it was used for space heating. Mr. Araujo noted that collecting controls information would be more difficult.

Mr. Glen Eigo shared that the incentive structure could also be considered; there was a customer that expressed frustration over getting the same incentive for a heat pump as a standard rooftop unit. Mr. Lawrence said that because of the value, heat pumps should be incentive higher and Mr. Araujo agreed heat pumps should have higher incentives than standard rooftop units. Mr. Lawrence suggested the baseline is an area for consideration and could be set at the existing equipment, which presents savings potential. Mr. Araujo noted that the Companies would want insurance they wouldn't be penalized for overestimating savings down the road and asked how other jurisdictions were handling the baseline calculations for delivered fuels.

Mr. Lawrence suggested that capturing customers when they are making the decision to replace an air conditioning unit, and putting the business case in terms of incremental cost between the high-efficiency AC and heat pump, it could be most cost-effective. Mr. Araujo stated that Eversource is doing this on the residential side and agrees with this approach.

c. From domestic hot water heat pumps

Incentives are available via HVAC express for integrated heat pumps, but not prescriptive incentives for indirect tank systems. Mr. Lawrence suggested that for house-like businesses, the integrated approach works but for other business types the tank systems could be more useful.

Mr. Lawrence shared some barriers, including placement, recovery rate, cost.

4. Community Engagement update – Companies

Ms. Devan Willemsen shared a presentation on the Community Engagement Initiative. Its purpose is to educate communities on energy efficiency by providing funding to the community-based organizations, non-profit organizations, and municipalities, to either continue to kickstart outreach activities. Applicants can propose year-long projects that will drive savings year after year. Funding will range from about \$5,000-\$30,000, which includes an enhanced incentive for project within distressed communities or on income-eligible track. Applications are due October 1.

Companies have received one application so far, but Ms. Willemsen anticipates more applicants closer to the deadline. Ms. Sherri Borelli discussed the Small Business Advantage goal and objectives. Similar to previous successful efforts promoting HES and HES-IE through community engagement, the Companies are launching a focus on SBA. Applicants have been encouraged to focus on small businesses and the Companies are excited to see the innovation borne from community-based energy efficiency. The Companies have been engaging municipalities and community groups over the past few weeks. Ms. Borelli emphasized that this is only round 1 and they are learning each step of the way. Ms. Borelli added that the Companies are preparing for applications and next-steps.

Mr. George Lawrence asked if they were getting a lot of feedback from towns? Ms. Borelli noted that they were getting a lot of feedback via emails, calls, etc. Some questions are around data questions, how do they reach their goal, the difference between some of the goals that they're trying to achieve and how well the funding be disbursed if they over achieve their goal. Some have wondered if there will be bonus opportunity.

Ms. Kate Donatelli asked if a recipient demonstrates a successful program, can they re-apply in future rounds? Ms. Willemsen said absolutely, though added the caveat that they'd likely want to see something that integrates a different neighborhood or community.

5. LEAN internal process improvements for SBEA – Companies

Ms. Alex Sopelak shared an overview on what the LEAN process is and progress Eversource has made. In February of 2021, after seeing a trend of lower performance in the SBA program, the Company felt the need to dive deeper and take action. Customers who participated were still enjoying the program, and overall, the savings that we were seeing were reasonable, but the overall energy savings were trending down. Eligibility changes could have been a factor in reduced savings along with changes made to the incentive structure. In order to better understand these changes as they related to SBA performance, the Companies put together a Kaizen event. This would connect implementers, engineering expertise, marketing, business partners across New Hampshire and Massachusetts over the course of three months. Through this process they identified obstacles and root causes as well as came up with strategies to improve the program.

The Companies are now working on implementing changes borne from this process. Improvements fall into three buckets: lead generation insight audit improvements, project/initial review, and agreements/closeout. Eversource is increasing knowledge of their customer service call center and Wise Use Teams. The Company is working with the training team to update materials and conduct on-going conversations to refine and address gaps. The Company heard from the Kaizen that language barriers are an issue and that business partners have the capacity to support more languages. By knowing which partners can provide language bridges, they can leverage to connect with more non-English speaking customers.

Eversource developed a reference guide for business partners that focuses on non-lighting measures. Additionally, a new data collection sheet was created to make data collecting easier for customers while meeting Company needs. Hopefully these two things can reduce back-and-forth time. Ms. Sopelak added that, in reference to the previous discussion on collecting oil and propane delivered fuel information, the reference guide and data sheet will hopefully make integrating changes easier.

Ms. Sopelak noted that the existing engineering review for non-lighting measures includes straight-forward calculations that slows down the process. Some measures are being considered for a transition to prescriptive. Additionally, specialized vendors can be leveraged too. Eversource is looking at developing mature marketing that shifts paradigm of “what kind of incentives are there” to “how to participate and what are the benefits”. These updated materials could be shared with vocational schools or tech schools. Mr. Lawrence asked which heat pumps were qualifying for the prescriptive move. Ms. Sopelak said Eversource is modeling the qualified products list that's in the mid-stream and express programs, but using the list developed for SBA.

Consolidating workbooks to streamline data collection for weatherization, rather than on for insulation and windows, etc. can hopefully improve the data collection process. Partners in Massachusetts have staffed a business partners phone line connecting customers with the engineering team, which has proved beneficial. Eversource is working to implement a similar strategy in Connecticut.

In the closeout/agreement bucket, Eversource learned that customers were creating their own packets because the information provided wasn't what they needed to make a decision. Business Partners have had to bridge the gap and create their own cover sheet, which means people are doing a lot of work to communicate the value of the program. So the Companies made a statewide cover letter modeled off of the business partner pages. This allows they

Companies to share pertinent information and readily get participation information because it's simplified the paperwork for participants. Ms. Sopelak shared there were also delays in the approval process, because those decisions are typically bottlenecked at one Company employee. The Companies created a high-level calculator that both can use, which speeds up the review process but are still working on streamlining payment approvals. The Companies are also working through a process that will update the incentive structure; this has included looking in other states, engaging the business community and partners. They anticipate having an updated SBA structure by the start of 2022.

Mr. Lawrence asked if Ms. Sopelak could share the new data collection sheet. Ms. Sopelak said she would share the link. Mr. Lawrence asked for a sample of the three-state cover letter. Ms. Sopelak said it's with the working group but could share a draft.

Mr. Lawrence asked if there was a process for a customer to express interest in becoming a case study or reference? Ms. Sopelak indicated there was not a formal process. Mr. Peter Ludwig offered to share ideas and discuss.

6. Planning for October meeting

- a. Three Year Plan
- b. Electric Demand Reduction and Storage Update – Ms. Alex Sopelak said she would check.
- c. Customer Engagement Portal Update
- d. Ms. Kate Donatelli suggested adding an Update on Benchmarking Initiative

7. Adjourn

The meeting was adjourned.