



Connecticut Department of

**ENERGY &  
ENVIRONMENTAL  
PROTECTION**

Robert J. Klee, Commissioner

**APPROVAL WITH CONDITIONS**

February 20, 2015

Christopher Bernard  
Manager, Regulatory Policy & Strategy, Connecticut  
Eversource Energy  
107 Selden Street  
Berlin CT 06037

**Re: 2015 Annual Update of 2013-2015 Conservation and Load Management Plan**

Dear Mr. Bernard:

On December 23, 2014, the Bureau of Energy and Technology Policy of the Connecticut Department of Energy and Environmental Protection (DEEP) received the *2015 Annual Update of the 2013-2015 Conservation and Load Management Plan (2015 Annual Update)*, dated December 22, 2014. This update was submitted by The Connecticut Light and Power Company (CL&P), The United Illuminating Company (UI), Yankee Gas Services Company (Yankee Gas), Connecticut Natural Gas Corporation (CNG) and The Southern Connecticut Gas Company (SCG), together, "the Companies," pursuant to Connecticut General Statutes section 16-245m, in consultation with the Connecticut Energy Efficiency Board.

The Department has reviewed the *2015 Annual Update* and finds that it is consistent with Connecticut General Statutes Section 16-245m, Connecticut's Comprehensive Energy Strategy, and the conditions of approval outlined in DEEP's October 31, 2013 Decision approving the *2013-2015 Electric and Natural Gas Conservation and Load Management Plan*. The *2015 Annual Update* continues the three-year plan's increased investments in energy efficiency and also includes some important refinements and updates. These refinements and updates reflect expectations that Connecticut will continue to experience increasing demand for energy efficiency programs. This demand is in part a reaction to increasing price pressures on electricity, driven significantly by the recent increase in gas-fired electrical generation in the New England region and constraints on natural gas transmission infrastructure during winter months. The *2015 Annual Update* therefore reflects the need to meet expectations in programs experiencing unprecedented demand and the need to focus on winter peak savings measures.

As noted in the Connecticut Energy Efficiency Board's (EEB's) February 8, 2015 letter of support for the *2015 Annual Update*, the *2015 Annual Update* emphasizes action in three critical areas including:

- a commitment to high-quality program performance to achieve savings and benefits for customers;
- comprehensive customer energy solutions and whole building approaches focused on meeting customer needs; and
- marketing/outreach and web-based customer engagement through Energize Connecticut to reach customers with tailored information and services, and targeted program offerings to help mitigate the effects of high winter energy prices on customers.

We concur with these areas of focus and EEB's recommendation noted in their letter that adequate utility company "funding and personnel be focused on supporting and accelerating the development and adoption of the 2015 program enhancements."

**The 2015 Annual Update**, including the *2015 Statewide Marketing Plan* and the *Connecticut Program Savings Document—10<sup>th</sup> Edition for 2015 Program Year*, is approved with the following conditions:

**1. Evaluation Plan**

- a. **By no later than May 1, 2015**, the Companies and the EEB shall revise the 2015 portion of the *2014-2016 EEB Program Evaluation Plan: 2015 Update*. While evaluations are important to ensure program cost-effectiveness, it is equally important that the timing of the evaluations be synchronized to allow for incorporation of program design recommendations into the program planning process. Additionally, the number and scheduling of the evaluations must be monitored to ensure that sufficient capacity exists on the part of the EEB members, EEB Committees, the Companies, the technical consultants, and the Evaluation Administrator to adequately review the results and respond timely to recommendations. DEEP commends the Companies and the EEB for the inclusion in Chapter Seven of the *2015 Annual Update* of a summary of the outcomes, recommendations, and responses of the evaluation reports. This is an important tool for ensuring that the evaluation process effectively informs program planning and design.
- b. The update should focus on process and impact evaluations as required by Connecticut General Statutes section 16-245m, while transferring market assessment and other sector-based research studies to sector-based budgets. Moving the expense of conducting such studies to the sector-based [Residential, Commercial and Industrial] budgets will provide for the benefits of each such study to be directly compared against the benefits of other energy savings investments. The goal is to hold the evaluation plan budget for 2015 to an amount no higher than \$3,500,000.
- c. **By no later than May 1, 2015**, the EEB Evaluation Committee shall revise the *2014-2016 EEB Program Evaluation Plan: 2015 Update* to incorporate the addition of a statutorily required report. Specifically, Connecticut General Statutes Section 16-243v(k)(6) specifies that by January 1, 2016, DEEP and the EEB must engage an independent third party to evaluate the program and submit a report to the Connecticut General Assembly. Therefore, as a practical matter, the *2014-2016 EEB Program Evaluation Plan: 2015 Update* must be revised to include this additional evaluation.



## 2. Evaluation Administrator/Consultant Budget

**By no later than May 1, 2015**, the Evaluation Administrator/Consultant budget should be revised downward commensurate with the adjusted *2014-2016 EEB Program Evaluation Plan: 2015 Update*, with the goal of holding the budget to an amount closer to the original annual budget of \$250,000, approved in DEEP's October 31, 2013 Decision approving the *2013-2015 Electric and Natural Gas Conservation and Load Management Plan*.

## 3. Consultant Budgets

- a. Given recent changes, including deferral of evaluation studies to 2015 and beyond, and the role of the Executive Secretary in relieving administrative tasks from technical consultants, the budget for the EEB Consultant Compensation shall be reduced in accordance with the modifications identified in Attachment A by approximately 12%. The Companies and the EEB must collaborate to determine **by no later than May 1, 2015**, how the Consultant Compensation Budget for 2015 will be reduced by approximately \$100,000. The goal of reducing this budget item is to shift these investments into direct energy savings for the Residential and the Commercial & Industrial sectors.
- b. Attachment A outlines more detailed recommendations/directions regarding modifications to the Consultants' Budget, including adherence to the 2015 budget for the Executive Secretary originally set at the time of the Executive Secretary's hire. Specifically, DEEP approves the 2015 budget of \$154,172 originally identified in March 2014, and does not approve the \$168,071 proposed in the *2015 Annual Update*.

## 4. Process for Procuring EEB Consulting Services

While DEEP recognizes the importance of the Consultants' contributions and support to the largely volunteer EEB, it is equally important for the EEB to periodically review the assignments, roles, and responsibilities of this technical support. This will ensure that the assistance evolves as the EEB's capabilities and roles evolve, and as the programs and capacity of the Companies evolve. Therefore, as part of the development of the next three-year conservation and load management plan, and to ensure that adequate technical support will be in place by January 1, 2016, the Companies and the EEB must, **no later than September 1, 2015** update the process for procuring technical consultants and initiate the procurement of the team who will assist the Companies and the EEB in achieving the next three-year plan's savings and goals.

## 5. Submission of Revised Budget Tables

- a. The Companies must revise their budget tables and submit them no later than **March 20, 2015**. Any compliance items or updates that DEEP previously directed to be submitted by March 1, 2015 regarding the *2013-2015 Electric and Natural Gas Conservation and Load Management Plan* and/or the *2015 Annual Update* may be submitted after March 1, 2015 though no later than March 20, 2015, unless otherwise approved by the commissioner.
- b. The revised budget tables should reflect the conditions of approval noted, as well as any adjustments necessary to reflect the 2014 actuals that became available subsequent to the December 2014 submittal of the proposed budget tables.
- c. The budget reductions directed in the conditions above shall be reallocated for investment in the Residential and Commercial and Industrial sector programs, commensurate with the standard allocations between those sectors.

DEEP looks forward to working collaboratively with the EEB and the Companies to identify areas of focus to consider in the next three-year conservation and load management plan. DEEP is confident that the Companies and the EEB will continue to successfully plan for the effective implementation of energy efficiency investments in Connecticut, and looks forward to the continuous increase in energy savings and economic and environmental benefits that result.

If you have any questions, please contact Diane Duva, Director of DEEP's Office of Energy Demand, at 860-827-2756 or [Diane.Duva@ct.gov](mailto:Diane.Duva@ct.gov).

Sincerely,



Robert J. Klee  
Commissioner

**Attachment A:** Rationale Memo Supporting the Department's Recommendation to Approve with Conditions the 2015 Update of the 2013-2015 Conservation and Load Management Plan

### Copy:

William Dornbos, Chair, Connecticut Energy Efficiency Board  
Craig Diamond, Executive Secretary, Connecticut Energy Efficiency Board  
Matthew Gibbs, Director, Energy Efficiency Implementation, Eversource Energy  
Patrick McDonnell, Senior Director of Conservation & Load Management, UI/CNG/SCG

[regulatory@eversource.com](mailto:regulatory@eversource.com)

[uiregulatory@uinet.com](mailto:uiregulatory@uinet.com)

Nicholas Neeley, PURA

PURA Docket No. 15-01-24: Notice of this approval of conditions will be provided to PURA in Docket No. 15-01-24 *Annual Reconciliation of the Conservation Adjustment Mechanisms*.