

**RESOLUTION OF THE ENERGY EFFICIENCY ADVISORY COUNCIL
REGARDING THE MID-TERM MODIFICATION TO
THE CAPE LIGHT COMPACT'S 2016-2018 THREE YEAR PLAN**

Adopted XX

In its October 26, 2015 resolution supporting the statewide 2016-2018 three-year energy efficiency plans, the Energy Efficiency Advisory Council (“EEAC”) highlighted peak demand reduction as a key priority. Furthermore, the Department of Public Utilities (“Department”) noted general agreement among the parties to the D.P.U. 15-160 through D.P.U. 15-169 proceedings on the potential benefits of demand reduction projects, including their ability to mitigate peak demand, lower costs to customers, and improve the environment. The Department directed each energy efficiency Program Administrator (“PA”) to include a detailed description of the results of all demonstration offerings, including detailed program descriptions, costs, benefits, challenges, and the potential for future program offerings as part of each plan year report for the 2016 through 2018 term.¹ Additionally, the order states that the Department “expect[s] the Program Administrators to examine different demand response opportunities and delivery models during the initial phases of these offerings in order to identify cost-effective programs and best practices to support the deployment of demand response programs at scale.”²

The Cape Light Compact (“Compact”) is currently seeking the support of the EEAC for an expansion of its Demand Response Offering. The Compact’s expanded efforts will increase its 2016-2018 Three-Year Plan budget by \$605,065. The total amount collected from residential ratepayers will decline, however, despite the Compact’s expansion of its residential demand response activities. Total budget impacts are detailed in the tables below.

Table 1: Current & Proposed Demand Response Offering Budgets, 2016-2018

Budget	2016-2018 Plan				Proposed in MTM			
	2016	2017	2018	2016-2018	2016	2017	2018	2016-2018
DR Offering Total	\$ 185,897	\$ 267,797	\$ 349,697	\$ 803,391	\$ 186,561	\$ 890,000	\$ 840,000	\$ 1,916,561
<i>C&I</i>	\$ 18,590	\$ 26,780	\$ 34,970	\$ 80,340	\$ 17,907	\$ 485,000	\$ 485,000	\$ 987,907
<i>Residential</i>	\$ 167,307	\$ 241,017	\$ 314,727	\$ 723,051	\$ 168,654	\$ 405,000	\$ 355,000	\$ 928,654

Table 2: Budget Impact of Proposal

Budget	Difference: Approved vs. Proposed			
	2016	2017	2018	2016-2018
Residential Behavior/Feedback	\$(153,239)	\$(172,667)	\$(182,198)	\$ (508,104)
DR Offering Total	\$ 663	\$ 622,203	\$ 490,303	\$ 1,113,169
<i>C&I</i>	\$ (683)	\$ 458,220	\$ 450,030	\$ 907,567
<i>Residential</i>	\$ 1,346	\$ 163,983	\$ 40,273	\$ 205,602
Grand Total	\$(152,576)	\$ 449,536	\$ 308,105	\$ 605,065
Residential ratepayer impact	\$(151,893)	\$ (8,684)	\$(141,925)	\$ (302,502)
C&I ratepayer impact	\$ (683)	\$ 458,220	\$ 450,030	\$ 907,567

¹ See D.P.U. 15-160 through D.P.U. 15-169, Order at 142 (2016).

² See D.P.U. 15-160 through D.P.U. 15-169, Order at 145.

Summary of EEAC Review and Analysis

As noted in the EEAC's October 26, 2015 resolution in support of the PA's 2016-2018 Three-Year Plan, Demand Reduction Demonstration Offerings in the 2016-2018 term are critical for identifying and developing cost-effective programs and best practices to support the deployment of demand reduction programs at scale for the 2019-2021 three-year energy efficiency investment plans.

The EEAC and its Consultants have examined the data and information presented by the Compact in support of increasing the budget of its Demand Response Offering. The requested additional program funding will provide the Compact with an opportunity to test technologies and delivery approaches in order to meet the EEAC's goals and the Department's expectations, which were set forth in the Department's 2016-2018 Three-Year Plan order. Information gathered by the Compact in the course of the demonstration will facilitate the development of scaled-up demand reduction programs in the 2019-2021 term.

The Compact's expanded Demand Response Offering builds on its current demand response activities, and is consistent with the work undertaken by the PAs through the Demand Reduction Working Group, and the EEAC through the Demand Reduction Subcommittee.

The EEAC applauds the Compact's intention to suspend enrollment in its Residential Behavior/Feedback initiative, which has not performed to expectations, and reallocate budget to this high-priority demand reduction initiative, while maintaining their high savings goals.

EEAC Review and Support

Having reviewed the Compact's proposed expanded Demand Response Offering set forth in the attached documents, and based on its analysis summarized above, **the EEAC resolves to support the Compact's budget request** subject to (a) review and timely approval by the Department, and (b) the following conditions:

- The Compact will make a reasonable and deliberate effort to timely implement successful Demand Response Offerings in the field and reasonably and prudently expend the requested budget during the 2016-2018 term consistent with its project descriptions and with the goal of testing and obtaining information likely to be necessary to inform the 2019-2021 Three-Year Plan.
- The Compact will work with the EEAC's Evaluation Consultant through the Evaluation Management Committee to evaluate its Demand Response Offering in a timely manner in order to provide useful data in sufficient time to help inform the development of the 2019-2021 Three-Year Plan.
- The Compact shall provide periodic reporting on the implementation and results of its Demand Response Offering to the EEAC, including specific updates on the actual costs, project design and timelines for each project. In addition to regular reporting on the demonstrations as part of the quarterly reports, the Compact shall report on the details of project design, costs, implementation progress, and evaluation results during EEAC Demand Reduction Subcommittee meetings.

- The Compact will evaluate and share the results of its Demand Response Offering with the EEAC in a timely manner in order to inform the development of the 2019-2021 Three-Year Plan. In recognition of the April 2018 targeted deadline for a draft 2019-2021 Three-Year Plan, the Compact will implement and evaluate its Demand Response Offering to obtain necessary information as soon as possible to assess the viability, scalability, and cost-effectiveness of demand reduction programs for the 2019-2021 Three-Year Plan. This information will likely include, but not be limited to, whether the demonstration technology works as expected, customer acceptance, opt-out rates, costs, demand reduction, and the amount of energy savings, if any.
- In addition to regular reporting on the demonstrations as part of the quarterly reports, the Compact agrees to engage with the EEAC, the EEAC's Demand Reduction Subcommittee, and the EEAC's Consultants, including:
 - Participating in the EEAC Demand Reduction Subcommittee meetings to present and discuss the detailed evaluation plan for the proposed demonstration offerings. The presentation will include timelines for obtaining and reporting results from the proposed demonstration offerings that will provide, in sufficient time, information necessary to inform the development of demand reduction programs/projects for inclusion in the 2019-2021 Three-Year Plan and inform adjustments to and implementation/ramping up of demonstrations in 2018.
 - In the fall 2017 EEAC meeting on Peak Demand, report and discuss assessment of the completed 2017 demonstrations that includes qualitative and quantitative project outcomes compared to the projections, budgets, and schedules set forth at the spring 2017 EEAC Peak Demand meeting, as well as discussions of what the Compact specifically hoped to achieve and how successful the effort was, and any potential adjustments to and implementation/ramping up of demonstrations in 2018.
 - Develop, in consultation with the EEAC's Consultants, a final draft cost-effectiveness framework in Q4 of 2017 and present and discuss in the final 2017 EEAC Demand Reduction Subcommittee meeting, with presentation at a full EEAC meeting in early 2018.

The EEAC directs that this Resolution be transmitted in full by DOER to the Department.