

**RESOLUTION OF THE ENERGY EFFICIENCY ADVISORY COUNCIL
REGARDING THE PROPOSED MID-TERM MODIFICATIONS
OF UNITIL ELECTRIC**

*Proposed November 15, 2017
(DRAFT)*

Pursuant to § 3.8.1 of the Revised Energy Efficiency Guidelines set forth in D.P.U. 11-120-A, Phase II (January 31, 2013) (“Guidelines”), an energy efficiency Program Administrator that seeks to make the following significant mid-term modifications (“modifications” or “MTMs”) to its Energy Efficiency Plan shall submit its proposed modifications to the Energy Efficiency Advisory Council (“EEAC” or the “Council”) for review:

- 1) the addition of a Hard-to-Measure Energy Efficiency Program;
- 2) the termination of an existing Energy Efficiency Program or Hard-to-Measure Energy Efficiency Program;
- 3) a change in the three-year term budget of an Energy Efficiency Program or Hard-to-Measure Energy Efficiency Program of greater than (1) 20 percent, or (2) a dollar value to be specified by the Department; or
- 4) a modification to the design of an Energy Efficiency Program that is projected to result in a decrease in program benefits over the three-year term that is greater than 20 percent.

(as described above, a “Category One MTM”).

Additionally, pursuant to § 3.8.2 of the Guidelines, a Program Administrator that seeks to make the following significant modifications to its Energy Efficiency Plan shall submit its proposed modifications first for review by the Council, and then for review and approval by the Department:

- 1) the addition of a new Energy Efficiency Program;
- 2) the transition of a Hard-to-Measure Energy Efficiency Program to an Energy Efficiency Program; or
- 3) a change in the three-year term budget of a customer sector that would require a cents per kilowatt-hour (calculated using the method described in § 3.2.1.6) or cents per therm charge for the sector that, if it were to replace the Department-approved Energy Efficiency Surcharge for the applicable year, would result in a bill increase for an average customer in the sector exceeding two percent.

(as described above, a “Category Two MTM,” which are subject to DPU review and approval).

In accordance with the Guidelines described above, Fitchburg Gas and Electric Light Company d/b/a Unitil (“Unitil”) is currently seeking the support of the EEAC to implement modifications to its Electric Residential Products program as a Category One MTM. Specific details from Unitil describing the requested modifications and related information are set forth in Attachment A.

Unitil Request to Increase Program Budget

As presented in the Unitil MTM proposal in Attachment A and summarized below, Unitil is requesting an increase in the budget for the Electric Residential Products program.

Program	Approved Three Year Plan Budget	2016-2018 Projected (2016 Actual + 2017 Projected + 2018 Estimate)	Additional Budget Requested for Approval	Percent Change from Approved Three Year Plan Budget
Products	\$883,109	\$1,473,109	\$590,000	67% increase

This MTM request is based on the need to increase the program budget in order to meet customer demand for the program's products and services – specifically, customer demand for the Electric Residential Products program that is significantly higher than what was planned originally in the 2016-2018 Plan. Much of this increased participation is a result of increased awareness within Unitil's territory by the trade ally community, such as local equipment distributors, HVAC contractors, and others, of statewide program offerings. The program is experiencing the increased customer demand for lighting products and for HVAC measures. Expenditures for 2016 and 2017 to date (through September) are \$891,226, which is 101 percent of the program's three-year budget. Combined annual savings from the Electric Residential Products program for 2016 and 2017 through August 2017 exceeds 3,200 MWh, which is approximately 104 percent of the program's three-year goal. Unitil needs additional funding for this program in order to provide continued services to customers and to respond to customer demand.

With the additional funding for the Residential Products Program, the Company estimates that actual annual kWh savings from customers participating in the Residential Products program in the three-year period will be approximately 72% higher than the approved total Residential Products program savings goals, while the cost for the Residential Products program will end the term at approximately 67% above the approved three-year budget.

The EEAC is committed to achieving the savings and benefits of the 2016-2018 Three-Year Plan. The EEAC and its Consultants have examined the data and information presented by Unitil in support of the MTM proposal and the EEAC finds that the modification to the Electric Residential Products program budget will provide Unitil the opportunity to meet the high customer demand, and achieve the associated energy savings.

Having reviewed the proposed Mid-Term Modification set forth in Attachment A and summarized above, the EEAC resolves the following, and directs that this resolution be transmitted in full by the Department of Energy Resources ("DOER") to the Department of Public Utilities ("Department").

EEAC Review and Support

After review and consideration of the Unitil proposed mid-term modification, as summarized above and described in Attachment A, the EEAC supports the mid-term modification for the increase in the Electric Residential Products program three-year budget as set forth above.

Effect of Mid-Term Modifications on Regulatory Reporting and the Original DPU-Approved Three-Year Plans for 2016-2018

For future regulatory reporting during the 2016-2018 Three-Year Plan period, including the Plan-Year Reports and Term Report, the EEAC understands that for a Category One MTM, Unitil will not be revising its approved 2016-2018 Three-Year Plan goals to reflect the Category One mid-term modification. All future reporting on the 2016-2018 Three-Year Plan will report and compare actual results to the Department-approved budgets and goals. This resolution will be submitted to the Department of Public Utilities to support any variance explanations related to the mid-term modification supported here. Unitil is not proposing any changes to the Department-approved performance incentive ("PI") model as a result of this MTM, and will maintain the threshold, design, and exemplary levels of performance for the Savings and Value Mechanisms as approved in the updated PI model submitted to the Department in Fitchburg Gas and Electric Light Company d/b/a Unitil, D.P.U. 15-167 (2016). There is no increase or decrease to the performance incentive pool or any change to the payout rates derived in the performance incentive model as the result of the Category One modification.