



# Mid-Term Modifications Update

*Presentation of the Program Administrators to the  
Energy Efficiency Advisory Council*

*September 14, 2010*





# Mid-Term Modification Filing

- To be filed by October 29, 2010 (based on Council input and H.O. Memo of 9/13)
- Modification filing for each PA to include:
  - Cover letter
  - Petition
  - Executive Summary
  - Categories for Modification
  - Appendices (may include TRM, bill impact runs)
- Modifications to be focused and limited to items that involve DPU EE Guidelines triggers
  - *i.e.*, addition/termination of program, a change in a program budget, savings goals, or program incentives of greater than 20 percent
  - Program enhancements (e.g. rebate adjustments, measure metric) generally will not trigger MTM review
  - First time through for all parties: will continue discussions with consultants and interested parties on optimizing filing



# Possible Key Categories

- 2011 (and Possibly 2012) Savings Goals and Budgets – Each PA reviewing based on its experience (including funding levels) and service area
- Pilot Program Budgets – HO memo of 9/13/10 reminder
- Cost-Effectiveness Screening
- Outside Funding and Financing – Update 2009 Annual Reports discussion where applicable
- Bill Impacts – Where necessary; apply input from D.P.U. 08-50 Working Group
- Residential Programs – PAs carefully examining gas High Efficiency Heating Equipment Program based on initial EM&V results; multiple program enhancements (e.g., Residential Steering Committee and Rental Efforts), but these do not involve MTM trigger



## Possible Key Categories (cont.)

- Low-Income Programs – PAs reviewing LEAN proposal on budget reallocation for Low-Income Multi-Family Program; discussions ongoing with LEAN and interested parties
- C&I Programs – Likely no MTMs at present time; enhancements being reviewed continuously with C&I Working Group and consultants; focus on bringing projects in during economically challenging time
- EM&V – Provide any results
- Performance Incentives – Ongoing discussions with PAs and Consultants; several draft proposals exchanged
- Updated 08-50 Tables – Some updates will be likely based on factors such final incentive model, EM&V results. Tables will include a standard behavioral modification program line (as opposed to names such as “OPOWER”); not all PAs offer these programs under their Three-Year Plans



# Summary Updates in Quarterly Report

- Program Administrators propose to provide summary updates of finalized program design enhancements that do not trigger MTM filings (to the extent known/developed) in summary format in Quarterly Report #1 (Qualitative)
- Quarterly reports are filed for informational purposes at the EEAC and the DPU
- Report would not be part of the formal MTM dockets
- Program Administrators would consider filing this report on October 29 or rolled into Quarterly Report #2, as opposed to earlier in the month, in order to be able to reflect any discussion at the October 12 Council meeting
- Inter-relation with Annual Reports and goal of administrative efficiency

# Program Administrator Operating Assumptions





# Triggers for MTM Filing

- PAs use DPU EE guidelines (sec 3.8), read 3.8.2 as using three-year period for 20% triggers, at program level
- Report/notice to EEAC (including Attorney General) and DPU program variances using annual variances of 20%; give written notice of projected annual variance, but formal EEAC action or DPU proceeding is not required; see recent PA letters on expenditures – PAs want to continue strong information flow (more information than per se required by Guidelines)
- Utilize quarterly reporting process for notification to greatest extent possible; but have flexibility for additional notices where appropriate based on current knowledge
- Adding or subtracting a program is a mid-term modification in all events



# Regulatory Bases for MTM Approach

- Guidelines were issued in response to Green Communities Act, which mandated three-year plans
- January Gas and Electric Orders approved PA Three-Year Plans
- Guidelines define “Energy Efficiency Plan” as three-year portfolio of energy efficiency programs
- Recent Department Order noted:
  - “The Green Communities Act establishes a three-year cycle of budgeting, planning, and reviewing energy efficiency programs. This three-year cycle allows Program Administrators flexibility with respect to program implementation and budgeting.” Order on Motion of Western Massachusetts Electric Company for Interim Continuation of Energy Efficiency Programs, D.P.U. 09-118-C (August 23, 2010)





# Regulatory Bases for MTM Approach (cont.)

- Recent Department information requests strongly suggest three-year interpretation– Department inquired in Fitchburg Gas and Electric Light Company, d/b/a Unitil, D.P.U. 10-85:
  - “Explain how the Company’s request to increase its 2010 program year budget is consistent with a three-year plan, when programs are approved by the Department and implemented by the Company over a three-year period.”
  - “Explain whether the Company considered other options for the proposed 2010 modification, such as borrowing funds from 2011 and 2012, before requesting approval from the Department. Explain why the Company chose not to pursue other options before requesting approval from the Department.”
  - Department expects some possible changes in budgets savings. In HO memorandum of September 13, 2010 Department stated:
    - The program administrators anticipated making filings seeking Department approval to modify savings goals and budgets for 2010 and 2011 in order to reflect actual outside funding levels obtained. Electric Orders at 142; Gas Orders at 134-135. The Department directed the program administrators to file the referenced updates consistent with the procedure for filing mid-term modifications. Electric Orders at 142; Gas Orders at 134-135.



# Summary

- Mid-Term Modifications to be filed on October 29, 2010
- Filing to include modifications meeting trigger; keep MTM filings focused
- Trigger to be based on operating assumptions
- Program enhancement details to be provided in quarterly reports
- Coordinate with Annual Report process
- Work will continue on optimizing programs/process