

THE CAPE LIGHT COMPACT'S MID-YEAR REVISIONS TO ITS 2010 ENERGY EFFICIENCY PROGRAMS

I. Introduction

On January 28, 2010, the Massachusetts Department of Public Utilities (the "Department") approved the Three-Year Electric Energy Efficiency Plan filed by the Cape Light Compact (the "Compact") as part of the statewide energy efficiency planning process mandated under the Green Communities Act of 2008. (DPU 09-119 (2010)). That approval established the Compact's program expenses and revenues for the 2010 plan year, as well as the program expenses and revenues for 2011 and 2012.

Through July 2010, the Compact has experienced very positive results and increased participation in certain programs and pilot program offerings. Specifically, there has been a higher than anticipated participation in the Compact's Commercial and Industrial ("C&I") Large Retrofit projects program and an increase in interest in the Compact's Power Monitor pilot program. Despite the increased interest in those programs, the Compact has experienced a lower than anticipated participation in its C&I Small Retrofit program, as well as in its Residential Deep Energy Retrofit pilot program. Similarly, current demand has been lower than projected within the Compact's Mass Save (the Residential Home Energy Services) market. As such, the Compact anticipates that the Residential Mass Save program will be under budget by more than 20% for the 2010 plan year.

Pursuant to § 3.8 of the Department's 08-50-B Guidelines (the "Guidelines") issued by the Department on October 26, 2009, the Compact hereby notifies the Department of its Mid-Year Revisions¹ to its 2010 program year budget allocations so it may continue to respond to customer demand with appropriate cost effective energy efficiency programs.

At this time, the Compact has made every effort to fully analyze its 2010 plan year activities to foresee all possible variances that could require a change to its 2010 program budgets in excess of the 20% level contemplated in § 3.8.2 of the Guidelines. In order to maximize administrative efficiencies, this filing addresses all of such potential variances to the Compact's 2010 budget that the Compact has identified. As indicated below, on an overall basis, the Compact is not advocating or requesting any change to program budgets at the sector level (which addresses bill impact concerns), but it is

¹ The Compact is referring to these changes as **Mid-Year** Revisions to its 2010 program budgets (as compared to "Mid-Term Modifications"), as it does not, at this time, propose a modification to the overall Three Year 2010-2012 approved Energy Efficiency Plan (as such three-year effort is defined in the Guidelines). Any such modification would be considered as part of a Mid-Term Modifications submittal, currently contemplated to occur on or before October 29, 2010 based upon ongoing work with the Energy Efficiency Advisory Council.

requesting the **reallocation** of dollars among programs in order to satisfy customer demand. The Compact has sought the approval of the Council of these reallocations [and variances] and attaches the Council's resolution on this subject below.

II. Commercial & Industrial Program Budget Reallocation

The Compact's C&I Large Retrofit projects that were contemplated and budgeted for during the plan's three years (2010-2012) have advanced more quickly than initially anticipated. The Compact anticipates completion in 2010 of several significant large C&I retrofit projects that will increase the incentive budget for this program by \$1.1 million (see Table No. 1a, below, for cost category and BCR information). As shown in Tables 1a - 1d, the Compact proposes to shift \$1.0 million of incentive funds from its 2010 C&I Small Retrofit and \$0.1 million of incentive funds from its C&I New Construction program to support the increase needs occurring in its 2010 C&I Large Retrofit program. This budget reallocation does not change the total C&I sector budget for the plan year 2010, nor does the Compact anticipate any impact on its 2011-2012 activities at this time. Similarly, the benefit/cost ratios for each of these programs remain highly cost-effective. Since this is a budget reallocation, there is no additional revenue required.

Table 1a				
Electric Program	As Approved in D.P.U. 09-119			
	Budget	Projected Annual MWh Savings	Projected Annual MMBtu Savings	Benefit/Cost Ratio
C&I New Construction and Major Renovation	\$ 1,005,004	3,337	0	5.6
C&I Large Retrofit	\$ 707,995	1,619	(105)	3.5
C&I Small Retrofit	\$ 5,289,871	9,196	(6,164)	2.7

Electric Program	With Mid-Term Revisions			
	Budget	Projected Annual MWh Savings	Projected Annual MMBtu Savings	Benefit/Cost Ratio
C&I New Construction and Major Renovation	\$ 905,004	2,917	0	5.5
C&I Large Retrofit	\$ 1,807,995	4,769	(310)	3.9
C&I Small Retrofit	\$ 4,289,871	7,044	(4,722)	2.6

Electric Program	Difference			
	Budget	Projected Annual MWh Savings	Projected Annual MMBtu Savings	Benefit/Cost Ratio
C&I New Construction and Major Renovation	\$ (100,000)	(420)	0	(0.1)
C&I Large Retrofit	\$ 1,100,000	3,150	(205)	0.4
C&I Small Retrofit	\$ (1,000,000)	(2,152)	1,443	(0.1)

Table 1b						
C&I New Construction and Major Renovation	Program Planning & Administration	Marketing	Customer Incentives	Sales, Technical Assistance & Training	Evaluation, Monitoring & Verification	Program Administrator Costs
With Mid-Term Revisions	\$ 33,008	\$ 7,554	\$ 694,197	\$ 130,935	\$ 39,310	\$ 905,004
As Approved in D.P.U. 09-119	\$ 33,008	\$ 7,554	\$ 794,197	\$ 130,935	\$ 39,310	\$ 1,005,004
Difference	\$ -	\$ -	\$ (100,000)	\$ -	\$ -	\$ (100,000)

Table 1c						
C&I Large Retrofit	Program Planning & Administration	Marketing	Customer Incentives	Sales, Technical Assistance & Training	Evaluation, Monitoring & Verification	Program Administrator Costs
With Mid-Term Revisions	\$ 23,505	\$ 5,379	\$ 1,665,555	\$ 93,240	\$ 20,316	\$ 1,807,995
As Approved in D.P.U. 09-119	\$ 23,505	\$ 5,379	\$ 565,555	\$ 93,240	\$ 20,316	\$ 707,995
Difference	\$ -	\$ -	\$ 1,100,000	\$ -	\$ -	\$ 1,100,000

Table 1d						
C&I Small Retrofit	Program Planning & Administration	Marketing	Customer Incentives	Sales, Technical Assistance & Training	Evaluation, Monitoring & Verification	Program Administrator Costs
With Mid-Term Revisions	\$ 177,582	\$ 40,638	\$ 3,272,749	\$ 738,774	\$ 60,128	\$ 4,289,871
As Approved in D.P.U. 09-119	\$ 177,582	\$ 40,638	\$ 4,272,749	\$ 738,774	\$ 60,128	\$ 5,289,871
Difference	\$ -	\$ -	\$ (1,000,000)	\$ -	\$ -	\$ (1,000,000)

III. Pilot Program Offering Budget Reallocation

Based upon initial evaluation study results and findings, as well as customer interest,² the Compact anticipates a need for an increase to its 2010 budget for its Power Monitor Pilot. The Compact proposes to reallocate \$150,000 initially assigned to its Residential Deep Energy Retrofit Pilot to the Power Monitor Pilot. This budget reallocation is appropriate since the current deep energy retrofit market on the Cape and Vineyard has been slower to advance than anticipated and the increase to the Power Monitor Pilot will provide for more customer participation that should allow more insight into this emerging behavioral intervention. Table 2a shows the Compact's proposed budget reallocation. Since this is a budget reallocation of Customer Incentive cost category (as shown on Table 2b and Table 2c), there is no additional revenue required.

² See Residential Smart Energy Monitoring Pilot Final Report by PA Consulting Group, March 31, 2010.

<http://www.capelightcompact.org/documents/CLCSmartEnergyMonitoringPilotFinalReport3-31-2010.pdf>

Table 2a				
Electric Program	As Approved in D.P.U. 09-119			
	Budget	Projected Annual MWh Savings	Projected Annual MMBtu Savings	Benefit/Cost Ratio
Deep Energy Retrofit	\$ 235,755	NA	NA	NA
Power Monitor Pilot	\$ 75,000	NA	NA	NA

Electric Program	With Mid-Term Revisions			
	Budget	Projected Annual MWh Savings	Projected Annual MMBtu Savings	Benefit/Cost Ratio
Deep Energy Retrofit	\$ 85,755	NA	NA	NA
Power Monitor Pilot	\$ 225,000	NA	NA	NA

Electric Program	Difference			
	Budget	Projected Annual MWh Savings	Projected Annual MMBtu Savings	Benefit/Cost Ratio
Deep Energy Retrofit	\$ (150,000)	NA	NA	NA
Power Monitor Pilot	\$ 150,000	NA	NA	NA

Table 2b						
Deep Energy Retrofit	Program Planning & Administration	Marketing	Customer Incentives	Sales, Technical Assistance & Training	Evaluation, Monitoring & Verification	Program Administrator Costs
With Mid-Term Revisions	\$ -	\$ -	\$ 60,000	\$ -	\$ 25,755	\$ 85,755
As Approved in D.P.U. 09-119	\$ -	\$ -	\$ 210,000	\$ -	\$ 25,755	\$ 235,755
Difference	\$ -	\$ -	\$ (150,000)	\$ -	\$ -	\$ (150,000)

Table 2c						
Power Monitor Pilot	Program Planning & Administration	Marketing	Customer Incentives	Sales, Technical Assistance & Training	Evaluation, Monitoring & Verification	Program Administrator Costs
With Mid-Term Revisions	\$ -	\$ -	\$ 225,000	\$ -	\$ -	\$ 225,000
As Approved in D.P.U. 09-119	\$ -	\$ -	\$ 75,000	\$ -	\$ -	\$ 75,000
Difference	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ 150,000

IV. Residential Mass Save

Based upon program participation through July 2010, the Compact anticipates that the overall Mass Save (the Residential Home Energy Services) program will be under budget by more than 20% by the end of the 2010 program year.

Table 3						
Electric Program	2008 Actual					
	Budget	Participants	Projected Annual MWh Savings	% Change	Projected Annual MMBtu Savings	% Change
Mass Save	\$ 1,396,170	2,462	2,068	NA	14,801	NA

Electric Program	2009 Actual					
	Budget	Participants	Projected Annual MWh Savings	% Change	Projected Annual MMBtu Savings	% Change
Mass Save	\$ 2,826,273	3,959	3,269	58%	23,990	62%

Electric Program	2010 Planned (As Approved in D.P.U. 09-119)					
	Budget	Participants	Projected Annual MWh Savings	% Change	Projected Annual MMBtu Savings	% Change
Mass Save	\$ 5,516,354	3,900	6,423	96%	45,070	88%

Since 2008 the Compact has diligently sought to pursue deeper and more aggressive levels of customer participation in its Mass Save Program through significant funding increases and marketing and outreach efforts. As shown in Table 3, the Compact has achieved 58% increase in savings through this program from 2008 to 2009 and set 96% savings goal increase for 2010. Given the sluggish economy, these aggressive savings goals present significant challenges to achieve. At this time, however, despite the increased statewide and local marketing efforts and aggressive outreach, the Compact's 2010 budget targets will likely not be achieved.³ As in past program years, the Compact plans to carry forward any unspent program funds within the appropriate sector to its 2011 Residential Sector budget and would provide documentation of this carry forward in its 2010 Annual Report.

³ This is based upon program activity through July 31, 2010.

RESOLUTION REGARDING THE CAPE LIGHT COMPACT'S PROPOSAL
FOR MID-YEAR REVISIONS FOR ITS ENERGY EFFICIENCY PROGRAMS
IN 2010

Adopted August 10, 2010

The Energy Efficiency Advisory Council ("EEAC") has reviewed the attached proposal made by the Cape Light Compact (the "Compact") for mid-year revisions to its commercial and industrial programs, as well as to its pilot programming.

The EEAC understands the Program Administrators' need to be responsive to the high demand for services as well as the Department of Public Utilities' procedures for Mid-Term Modifications. To that end, the EEAC appreciates the time sensitivity of the Compact's proposal, and in consideration of the above resolves the following:

We support the seamless continuation of the Compact's programs and would be deeply concerned about any halt in these programs due to budget allocations made in anticipation of market demand. Given the impacts that a cessation would have on customer demand and participation in these energy efficiency program offerings, the contractor base, and the ability to achieve future program goals, we would recommend that Program Administrators make every reasonable effort to avoid such a result;

We endorse the Compact's effort to propose a Mid-Year Revision to its energy efficiency programs for 2010;

We endorse the Compact's effort to propose a Mid-Year Revision to its pilot programming for 2010;

The EEAC endorses the Compact's preparation of a report for filing with the Department of Public Utilities, consistent with this proposal and with the Department's Guidelines; and

Nevertheless, the EEAC reserves judgment on the specifics of the Compact's proposals relative to the impacts on savings goals until we have more information, and the EEAC may choose to revisit this issue at a future EEAC meeting.