Update on Three-Year Planning: Follow-Up on July 23rd EEAC Resolution

Presentation to the EEAC

September 11, 2012
Since July 2\textsuperscript{nd} submission, each PA has been focused on increasing savings targets and reducing costs
  \begin{itemize}
    \item Iterative process informed by EEAC comments, discussions with EEAC consultant team, and feedback from other stakeholders
    \item All PAs anticipate increasing savings goals from July 2\textsuperscript{nd} draft
    \item Each PA is identifying budgets needed to achieve higher savings targets while being mindful of EEAC concerns on costs
  \end{itemize}

Savings, costs and performance incentives are interlinked
Commitment to Going Deeper and Broader

- Strategies in all sectors focus on serving more customers and increasing comprehensiveness
- PAs are focused on streamlining the participation experience in all sectors and making efforts more customer-focused (i.e., addressing unique needs by segments of customer base)
- PAs continue to be committed to integrated electric and gas efforts
- Proposed savings targets are increasing; considering CECP trajectories
Commitment to Deeper and Broader Efforts – Residential & Low-Income

• PA have strong commitments to:
  • Focus on HTR/HTS markets
  • Investigate tenant/landlord split incentives barriers
  • Assess packaging incentives in HES
  • Target 60% - 80% of average median income through Efficient Neighborhood+ initiative (in development)
  • Assess current pre-weatherization incentives informed by 2012 evaluation findings
  • Focus on early retirement of boilers in HES
  • Develop an integrated HVAC / Heating equipment early retirement incentive by Q2 2013
  • Provide enhanced incentives for Top Ten appliances
Commitment to Deeper and Broader Efforts – Residential & Low-Income (cont.)

- Continued focus on contractor and consumer education, including:
  - Deep energy retrofit manual under development; trainings to be provided to this unique market
  - PAs exploring opportunities for vocational high school HVAC training by Q1 2013
  - Increased emphasis on consumer education in low-income
- PAs to include renovations and deeper savings measures in HES
- In low-income sector, PAs to continue funding comprehensive whole house solutions notwithstanding the discontinuation of ARRA
- Multi-Family highlights include:
  - Expanded availability of the HEAT Loan to condominium owners
  - Coordination between Residential and C&I teams to increase comprehensiveness in multi-family facilities
- Product initiatives include:
  - PAs will continue to leverage a single circuit rider for gas and electric products to coordinate with participating retailers.
  - Plan to explore an online rebate process; application expected to be rolled-out by Q3 2014
MTAC has engaged the Fraunhofer Center for Sustainable Energy Systems to identify efficiency opportunities in the healthcare industry with a specific focus on large medical equipment.

- Effort expected to be completed Q1 2013
- Healthcare Without Harm has contributed input for this analysis

Existing efforts focused on this sector are robust and include MOUs with many leading hospitals in the state.
C&I - Supporting Municipalities/Green Communities

- Statewide direct install municipal initiative starting in Q1 2013
- PAs will continue to work closely with the DOER Green Communities Division in sharing municipal efficiency data on a quarterly basis and meeting with the DOER to discuss municipal specific issues on an established quarterly meeting schedule
- Direct, targeted outreach to municipalities to ensure that they are aware of all energy services and customized assistance available to facilitate participation
- PAs will make every effort to simplify transaction and administrative burdens for municipalities
- All PAs will offer financing to municipalities
- PAs will advise municipalities on Section 44 of the GCA regarding exemptions from competitive bidding
  - Effort will leverage ability for Green Communities to sole source energy efficiency project services less than $100K to the incumbent PA or the PA’s vendor
PAs will build on the success of on-going partnership with DEP to implement energy efficiency at the 120 municipal / district wastewater treatment plants and 250 municipal/district drinking water treatment plants

• The PAs provided comprehensive energy assessments at many of these facilities under the Energy Action Program and the Energy Leaders Program; PAs will focus on executing recommendations in those assessments
• Ongoing efforts with DEP-dedicated PA liaison
• Financial support to be provided through a combination of the DEP Sustainable Financial Assistance Model and PA energy efficiency incentives
  • Specific financial assistance recommendations to be developed by Q2 2013.
C&I - CHP

- PAs have committed to assessing CHP opportunities at the customer sites identified in the KEMA CHP Market Characterization study
- PAs are committed to aggressively pursuing CHP at appropriate sites
PA are currently working with leading real estate consulting firms to improve understanding of building stock, key industry actors, and market characteristics in order to better address specific segment needs

- Where appropriate, efforts are being targeted comprehensively through an MOU strategy
- Ongoing efforts to test a variety of strategies and tactics by NSTAR and National Grid will be used to identify best practices which will be shared with all of the PAs by Q2 2013

**Office of the Future (National Grid and NSTAR)**

- National collaboration, including efforts by National Grid and NSTAR, has provided several initial technical projects focused on system integration techniques to provide deeper savings in offices.
  - OTF Initiative is currently cost-effective, but is significantly more expensive than other C&I efforts
  - National Grid and NSTAR plan to explore potential cost-efficiencies to improve the longer term viability of an expanded effort
C&I – Continued Integration of Electric and Gas Efforts

- Focus on training for both PA staff and for the trade allies that support efforts – need to understand both electric and gas efforts
- Joint electric and gas program collateral materials are being developed
- Gas and electric PA staff are developing coordination processes and procedures to improve coordination
The PAs will continue to offer custom solutions for boiler replacement or burner upgrade when they are shown to be cost effective.

Comprehensive steam trap surveys are also encouraged with the cost of surveys co-funded when appropriate.

- Depending on the number of traps, steam system operating pressure, or the customers need for a fast repair, the customer can follow either the custom incentive option or the prescriptive rebate option.
- Boiler controls, boiler room upgrades and heating pipe insulation are also part of this measure offering.
C&I – Accelerated Rebate Pilot

- PAs to implement Five Largest Gas and Electric Customers Accelerated Rebate Pilot, in accordance with Senate Bill No. 2395
  - Participation in this Pilot may impact budgets and goals in other C&I programs
• PAs have been engaged in extensive cost and cost driver analysis and modeling
  • Frequent meetings calls with PA/consultant cost drivers working group-intensive effort by all
  • Key drivers in discussion are:
    • EM&V Results
    • New Developments (including upstream lighting, upstream HVAC, behavioral programs, CFLs vs. LEDs, addition of RCS to energy efficiency plan)
    • Codes & Standards
    • CHP Levels
    • Measure Mix
    • EM&V Costs
  • Process has allowed good faith understandings of costs drivers, with goal of consensus on costs
• PAs have reduced electric costs as compared to July draft
Bill Impact Working Group Subcommittee met at DPU on August 16 to discuss DPU staff proposal.

Based on a historical review and reexamination of goal of bill impact models, DPU proposed to use traditional bill impacts in 2013-2015.

Comments on proposal due September 14.

New bill impacts will not be included in September 17 filing.
Participants Definitions, Marketing

- Recognized as a core priority - multiple PA meetings/calls
- Consistent participant definitions have been memorialized
  - Residential definitions specific to program
  - C&I definitions seek “representative” account/meter/location to arrive at same place while taking into account different tracking systems
- PAs continuing strong marketing campaign, and recently met with DOER to share ideas on branding, marketing, and education
  - Ongoing dialogue and efforts with DOER
- PAs incorporating results of and lessons learned from Umbrella Marketing Study into the plan
Performance Incentives

- PI discussions ongoing, with strong PA and consultant commitment to the current overall model
- Performance incentives tied closely to savings goals
- Current structure was carefully negotiated and reviewed by the DPU; PAs are firmly advocating that the pool and the thresholds remain proportionately consistent with the current plan
- PAs considering performance metrics, including the possibility of a limited number of metrics
• Code compliance study was completed in July
• PAs presented detailed codes & standards plan in a webinar to Council on August 30 - included representation from contractors assisting with the codes & standards work
  • Webinar detailed the problem, the solution, and the process for C&S program development, discussed residential and code compliance studies, reviewed NEEP’s appliance work, and discussed the C&S proposal
• PAs seek to be “strategic” towards a long-term plan that supports more stringent codes & standards, improved compliance, and supports ongoing incentive programs
• PAs must review savings attribution to justify costs
• Ongoing discussions with DOER and consulting team on codes & standards approaches
• September draft will not include funding for this effort (still TBD)
• Any results of DPU 11-120 will be incorporated into Plan as time allows
  • PAs do not expect results of net savings technical sessions to be included on October 31st, as discussions will have just begun
• Changes from recently passed energy bill will include incorporation of gas RCS and voluntary accelerated pilot for five largest customers
• TRM draft has been shared with consultants and LEAN and comments are being processed- TRM is a major undertaking and process
• PAs and consultants continue active discussions on goals package
Engaging Stakeholders (All Sectors)

- Commitment to continued support of existing stakeholder engagement strategies including but not limited to:
  - Annual Open House meetings for trade allies/vendors
  - The Unsolicited Proposal Process by which vendors and trade allies can submit a formal proposal through the MTAC process
  - Informal PA Speakers’ Bureau for Trade Associations and related meetings
  - Ad hoc discussions with individual PAs regarding program logistics and possible improvements and opportunities for collaboration
  - Discussions and intelligence gained through day-to-day interactions with customers and trade allies
  - Provision of collateral materials for customer events (e.g., for local community and trade association meetings)

- PAs recognize that a more formalized process for engaging with the PAs may be needed
  - Exploring best practices across the country
  - The details of a new, formalized process for stakeholder engagement will be developed during Q4 2012, with expected implementation in Q2 2013.