



Memorandum

To EEAC
From Eric Belliveau and the EEAC Consultant Team
Date 4 February 2011
Subject Monthly Report – January 2011

Key Priorities for 2011

In January, we began to implement our Council-approved work plan for 2011 by focusing on the core priorities that are the foundation of the plan: (These core priorities were agreed upon in a joint meeting with the PAs. The language here is a representative draft.)

1. Achieve the EEAC/BPU three-year energy savings and net benefits goals.
2. Ensure excellent customer experiences that encourage and support customer action, including integrated delivery of electric and gas program offerings.
3. Achieve deeper savings from participating customers and reach a broader range of customers. (deeper first and then broader)
4. Deliver services cost-efficiently.
5. Develop and successfully implement financing (to reach more customers and achieve deeper savings) and additional, non-ratepayer sources of program funding to reduce cost pressure on ratepayers
6. Implement the EM&V work plan for 2011 set forth in the MTM filings and continue updating the Technical Reference Manual ("TRM").
7. Develop effective reporting and tracking mechanisms to ensure information availability and responsive, timely feedback
8. Focus on innovation, supported by a 'do and learn' approach, to accomplish these priorities

PA/Consultant Meeting and Planned Improvements for Processes and Communications

The Consultant team and PA representatives met to kick-off efforts for 2011 on January 24th and 25th. The group identified shared key priorities for 2011 and discussed potential improvements in processes and communications. We will present a draft of the shared priorities--based partly on the priorities in the list above--during the February 8 Council meeting. The group agreed to the following enhancements for processes and communications, intended to improve the effectiveness and efficiency of PA/Consultant interactions:



- Shared master schedule
- Quarterly PA/Consultant coordination meetings
- Periodic conference calls between the PAs and Consultants, particularly in advance of the Council meetings
- Efforts to identify key issues and differences early in discussions, including explicit decisions on when to continue seeking consensus vs. "agreeing to disagree."

Update on 2011 MTMs and Outstanding Issues

Discussions between the PAs and the Consultants continued in an effort to resolve the remaining outstanding issues on the 2011 Mid-Term Modifications (MTMs), including: concerns about planning assumptions and the degree to which the assumptions would be updated in the annual reports; EMV issues (timing and application of EMV and net-to-gross studies); and performance incentives and metric issues. Although, much progress has been made to resolve several issues and reduce the gaps or level of differences for others, we do not yet have agreement on a comprehensive package to resolve all of the MTM issues. We will provide an update to the Council during the February 8 meeting.

Highlights from the Implementation Oversight Groups and EM&V Group

Beyond the base level activities of these groups that are outlined in the Consultant Team's Scope of Work, what follows are the highlights relating to each area:

C&I Team

- **The C&I team engaged with the PAs on outstanding issues around financing**, including the rollout of the MBA financing offering, approaches to financial offers to customers balancing incentive levels and financing to maximize participation while limiting PA costs where possible. In addition, explored possibilities of additional on-bill financing offerings separate from MBA for smaller projects that could streamline the process and remove customer barriers. This included addressing expected outside funds Grid has identified that could be used for this effort, and also issues around harmonizing all PA finance offerings. We will continue to work on these issues collaboratively in February.
- **Engaged the PAs on continued improvements in the overall process of integrating and harmonizing all PA programs and efforts throughout the state**, as well as the process for developing new strategies and reaching consensus. The PAs have made steady progress in this area and we expect this process will continue. Efforts in February will focus on establishing common approaches to both financing and municipal offerings, where some current practices differ.



- **Engaged with the PAs and their consultant, Strategic Energy Group, in developing strategies to capture very deep and comprehensive savings in medium and large C&I facilities.** At this point the focus is on assessing the technical opportunities, estimating cost-effective depth-of-savings by building type, and appropriate depth-of-savings goals. This process will continue in February.
- **Met with PA on plans for prescriptive lighting incentive modifications for 2011,** and agreed on a strategy for a more permanent 'fix,' rather than a series of one-time "sales" that result in perverse actions where trade allies stall projects waiting for next sale.

Residential Team

The Residential Team covered key program areas by engaging with several working groups. High level developments by PAs in these areas include the following.

- **Products: Revisiting their planned exclusion of variable speed pool pumps from the program.** Have launched a successful upstream promotion with Cree and Home Depot to promote dimmable reflector LED lamps.
- **Cool Smart: Considering expanding their ECM and BFM retrofit rebates to oil and propane furnaces.** Participating in a joint rebate and incentive fulfillment RFP with the Products and Gas High Efficiency Heating and Hot Water Programs.
- **Heat Pump Water Heater pilot:** preliminary data shows that unit field performance is generally consistent with manufacturers' claims.
- **High Efficiency Heating and Hot Water: Expanding their circuit rider SOW to include coverage of Cool Smart measures and participating trade allies.** Rolling out a number of new measures while allowing others to expire as a result of the 2010 impact evaluation. Starting to address how to define and identify the 'Hard to Reach' market segment for customers and possibly contractors.
- **Residential New Construction: Developing RFP for new program vendor.** Preparing letter to the DOER and EEAC requesting approval for code support activities savings claims. Working with new statewide QA firm (CRI) to coordinate their statewide QA/QC activities with the JMCs.
- **Deep Energy Retrofit: About a dozen units completed to date** with about 20 more in the pipeline. Seeking to evolve longer-term goals and vision for this initiative.

Evaluation, Measurement & Verification

- Continued to move the roughly 45 in progress 'Round 1' EM&V studies toward completion. A majority of the results will begin flowing in April and May.
- Continued efforts to negotiate a resolution to the disputed EM&V-related issues in the MTM process.
- Initiated efforts in several research areas to plan 'Round 2' EM&V studies to begin in mid-2011 or later.