

ATTACHMENT A

Mid-Term Modification Request for Cape Light Compact JPE

The Cape Light Compact JPE (“Compact”) is committed to pursuing all available cost-effective energy efficiency in accordance with the Green Communities Act. The Compact has experienced variances in demand for energy efficiency services in the Commercial and Industrial (“C&I”) Existing Buildings Program and the C&I New Construction Program that require a Mid-Term Modification (“MTM”). Specifically, it is anticipated that: (1) actual expenditures in the C&I Existing Buildings Program will be approximately 24% less than the approved term budget for this program; and (2) actual expenditures in the C&I New Construction Program will be approximately 30% less than the approved term budget for this program. Thus, the Compact’s current trajectory of spending is expected to trigger a “Category One” MTM for each program, which requires Energy Efficiency Advisory Council (“EEAC” or “Council”) approval for the Compact pursuant to § 3.8.1(3) of the Energy Efficiency Guidelines issued by the Department of Public Utilities (“Department”) in D.P.U. 11-120-A, Phase II (January 31, 2013) (“Guidelines”), which are applicable to the 2019-2021 Three-Year Plan.¹

The Compact requests Council approval to make the modifications to its electric Energy Efficiency Plan as described below.

The bill impacts related to this request, as calculated per the Guidelines, do not trigger a “Category Two” MTM, and therefore do not require Department review or approval. With the Council’s assent, the Compact shall implement the proposed modifications to the C&I Existing Buildings Program and the C&I New Construction Program.

C&I Existing Buildings Program

Overall energy efficiency activity in the Compact’s C&I sector experienced a slowdown in 2020 due to the widespread economic impacts of the COVID-19 pandemic. The pandemic has also contributed to a labor and materials shortage. Although energy efficiency activity has somewhat rebounded in 2021, the C&I Existing Buildings Program was particularly impacted and is projected to achieve only 76 percent of its term spending target.

Underspending for the C&I Existing Buildings Program compared to the plan is driven in part by lower than expected participation of municipal and government buildings in the C&I Existing Building Retrofit core initiative. During 2019, several municipalities in the Compact’s service territory were focused on obtaining designation as a Green Community (or pursuit of competitive funds) and were not undertaking new projects until they obtained that designation. Then, at the outset of the pandemic, the Compact was unable to serve government buildings while they were shut down and as the pandemic continues, capital expenditures are on hold or minimized. In addition,

¹ Investigation by the Department of Public Utilities on its own Motion into Updating its Energy Efficiency Guidelines, D.P.U. 20-150-A, at 2, n. 4.

there are now increased material and labor shortages that have caused a delay in program implementation.

Underspending for the C&I Existing Buildings Program is also driven in part by the Compact’s inability to offer any measures in its C&I Active Demand Reduction core initiative until after February 10, 2020, when the Department approved the Compact’s Memorandum of Agreement with NSTAR Electric Company d/b/a Eversource Electric, setting forth the coordination necessary for the Compact to implement active demand reduction offerings in its service area. Compared to the plan, the Compact was unable to implement this program in 2019 and implementation and enrollment in 2020 took time to ramp up. While the Compact has attempted to make up these losses in 2021, customer demand has not been strong enough to make up the difference.

In addition, the Compact can attribute some of the underspend to aggressive planning that the Program Administrators utilized for the 2019-2021 C&I Existing Buildings Program.

The Compact remains committed to pursuing every pathway to pursue implementation of its C&I Existing Buildings Program. During this 2019-2021 Plan, the Compact has held a Main Streets event (with up to 100% incentives) in every town on Cape Cod and Martha’s Vineyard. In addition, staff have been working with C&I customers of all sizes to implement projects before year-end 2021. Many businesses typically postpone project implementation during the summer season, and 2021 was no exception. The Compact will seek to implement any and all cost-effective projects.

C&I New Construction Program

As noted above, overall energy efficiency activity in the Compact’s C&I sector experienced a slowdown in 2020 due to the widespread economic impacts of the COVID-19 pandemic. The pandemic has also contributed to a labor and materials shortage that is currently impacting all customer sectors. Although energy efficiency activity has somewhat rebounded in 2021, the C&I New Construction Program was particularly impacted and is projected to achieve only 70 percent of its term spending target. This underspending for the C&I New Construction Program compared to the plan is driven in part by lower than expected construction activity. In particular, Martha’s Vineyard did not allow any new construction during the height of the pandemic. The Compact will work with customers and seeks to implement any and all cost-effective projects for the remainder of 2021.

Table 1: Summary of Program Spending compared to Budget

Program	Planned Budget	Projected budget	Requested Budget Decrease	Percentage Change from Plan
C1 - C&I New Buildings	\$ 1,900,493	\$ 1,330,345	\$ (570,148)	-30%
C2 - C&I Existing Buildings	\$ 44,985,448	\$ 34,091,021	\$ (10,894,428)	-24%

Additional Material for Informational Purposes Only

Table 2 below shows the Compact’s 2019-2021 proposed budget adjustments and savings projections for the C&I Existing Buildings and New Construction Programs. These projections incorporate 2019 and 2020 Plan-Year Report actual results and the Compact’s projections for program year 2021.

The Compact provides this additional savings and benefit information for context and informational purposes only. Council action is requested solely on the budget modification described above. The Council, in acting on the above modifications, is not acting on or approving the estimates provided by the Compact below.

Table 2: Compact 2019-2021 Proposed Budget Adjustments and Savings Projections

Cape Light Compact 2019-2021 Proposed Budget Adjustments and Savings Projections												
Program	Annual Savings (MWh)			Lifetime Savings (MWh)			Benefits			Budget		
	Approved	Projected	%	Approved	Projected	%	Approved	Projected	%	Approved	Projected	%
C1 - C&I New Buildings	2,825	2,398	85%	49,727	40,735	82%	\$ 6,401,450	\$ 5,769,039	90%	\$ 1,900,493	\$ 1,330,345	70%
C2 - C&I Existing Buildings	48,179	41,630	86%	544,085	485,508	89%	\$ 178,397,417	\$ 75,316,584	42%	\$ 44,985,448	\$ 34,091,021	76%