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October 28, 2011

**BY HAND DELIVERY AND E-FILING**

Mark D. Marini, Secretary  
Department of Public Utilities  
One South Station, 5<sup>th</sup> Floor  
Boston, MA 02110

Re: Cape Light Compact, D.P.U. 11-116  
Proposed 2012 Mid-Term Modifications

Dear Secretary Marini:

On behalf of the Cape Light Compact ("Compact"), please find the Compact's mid-term modification ("MTM") filing for effect in calendar year 2012 ("2012 MTMs"), which is submitted pursuant to the Compact's Three-Year Energy Efficiency Plan; § 3.8 of the Department's Revised Energy Efficiency Guidelines ("Guidelines"); the rulemaking Orders of the Department in D.P.U. 08-50-A and in D.P.U. 08-50-B; and the Department's Order on *Electric Three-Year Energy Efficiency Plans-2010-2012*, D.P.U. 09-116 through D.P.U. 09-120 (2010) ("Electric Order"). Included with today's filing are the following materials:

- (1) The Compact's Petition for Approval of Mid-Term Modifications, with supporting exhibits:
  - ▶ Exhibit A: Executive Summary
  - ▶ Exhibit B: Compact-Specific Significant Mid-Term Modifications  
Attachment 1: Trigger and Annual Variance Table
  - ▶ Exhibit C: Evaluation, Monitoring, and Verification ("EM&V")
  - ▶ Exhibit D: Performance Incentives (not applicable to the Compact)
  - ▶ Exhibit E: Pilots

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- ▶ Exhibit F: Cost-Effectiveness  
Attachment 1: BCR Screening Models (*see* CD-ROM)
- ▶ Exhibit G: Updated 08-50 Tables
- ▶ Exhibit H: Technical Reference Manual
- ▶ Exhibit I: Appendices, including:
  - Appendix 1: Compact-Specific Notification of Annual Variance
  - Appendix 2: Benefits Summary Table
  - Appendix 3: MTM Materials Provided to Council in advance of October 11, 2011 Meeting
  - Appendix 4: Traditional Bill Impact Analyses
  - Appendix 5: Evaluation Studies

(2) Affidavit of Kevin F. Galligan, Energy Efficiency Program Manager

The Compact has worked diligently and collaboratively with its fellow Program Administrators, the Energy Efficiency Advisory Council (“Council”), the Council’s consultants, the Attorney General, and other interested stakeholders in the preparation of this filing, which is the Compact’s second MTM filing. Before seeking Department approval of this filing, pursuant to §§ 3.8.3 and 3.8.4 of the Guidelines, the Program Administrators, including the Compact, provided information about their proposed 2012 MTMs to the Council for its review in advance of the Council’s October 11, 2011 meeting. Since the Council’s October meeting, the Program Administrators have obtained informal feedback from the Council and have been working with the Council to respond to that feedback and make any adjustments necessary to their MTM proposals. The Council is continuing to review the MTMs presented by the Compact and its fellow Program Administrators, but has not yet taken any definitive action with respect thereto.

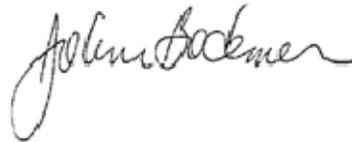
The Compact notes that the filing is limited in scope to significant modifications, as required by Section 3.8 of the Guidelines, as well as those materials specifically required in the Electric Order. Any other change in budgets, savings goals, or incentives that is noted in the enclosed filing, but which does not meet the modification criteria set forth in Section 3.8.2 of the Guidelines, is included solely for informational purposes, and does not constitute a request for approval from the Department. For the Department’s convenience, the Program Administrators will submit to the Department a statewide roll-up of the 08-50 tables of all Program Administrators for informational purposes in early November.

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In developing their 2012 MTM filings, the Program Administrators, including the Compact, worked proactively and collaboratively with the Low-Income Weatherization and Fuel Assistance Network, Massachusetts Energy Directors Association, the Low-Income Energy Affordability Network (prior three entities, "LEAN"). LEAN, which is charged with implementing residential energy efficiency and related education programs to low-income customers under the Act, has stated that it is generally supportive of the 2012 MTM filings. Nevertheless, it is the understanding of the Program Administrators that LEAN is reserving its right to raise concerns about the Residential and Low-Income Non-Energy Impacts (NEI) Evaluation and Avoided Energy Supply Costs in New England: 2011 Report as necessary.

The \$100 filing fee is enclosed. Should you have any questions with respect to today's filing, please do not hesitate to contact me.

Very truly yours,



Jo Ann Bodemer

JAB/drb  
Enclosures

cc: Jeffrey M. Leupold, Esq., Hearing Officer (via email and hand delivery 3 copies)  
Steven Venezia, Esq., DOER (via email and first class mail)  
Danielle Rathbun, Esq., Office of the AG (via email and first class mail)  
Jerrold Oppenheim, Esq., LEAN (via email and first class mail)  
EEAC Consultants (via email only)  
EEAC Councilors (via email only)  
Margaret T. Downey, CLC (via email and first class mail)  
Kevin F. Galligan, CLC (via email only)  
Jennifer Kallay, Synapse Energy Economics (via email only)  
(Bulk documents provided solely to Secretary Marini)

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF PUBLIC UTILITIES

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CAPE LIGHT COMPACT ) D.P.U. 11-116  
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**PETITION FOR APPROVAL OF MID-TERM MODIFICATIONS TO THREE-YEAR ENERGY EFFICIENCY PLAN FOR THE 2012 PLAN YEAR**

The Cape Light Compact (the “Compact”) respectfully requests approval from the Department of Public Utilities (“Department”) pursuant to § 3.8 of the Department’s Revised Energy Efficiency Guidelines (“Guidelines”) and the Department’s Order on *Electric Three-Year Energy Efficiency Plans-2010-2012*, D.P.U. 09-116 through D.P.U. 09-120 (2010) (collectively, “Electric Order”), of certain mid-term modifications (“MTMs”) to the Compact’s Three-Year Energy Efficiency Plan (“Plan”) for effect in calendar year 2012 (“2012 MTMs”). In support of this Petition, the Compact states the following:

1. Petitioner the Cape Light Compact (the “Compact”) is a municipal aggregator pursuant to G.L. c. 164, §134 and consists of the twenty-one towns in Barnstable and Dukes Counties, as well as the two counties themselves.

2. It is organized through a formal Intergovernmental Agreement under G.L. c. 40, §4A. The Compact’s Aggregation Plan was approved by the Department in D.T.E. 00-47 (August 10, 2000). The Compact maintains a business office within the Barnstable County

offices located at the Superior Courthouse at 3195 Main Street in Barnstable, Massachusetts, 02630.

3. The design, implementation, and cost recovery of the Compact's energy efficiency programs are subject to the jurisdiction of the Department under the provisions of G.L. c. 164 and Chapter 169 of the Acts of 2008, an Act Relative to Green Communities (the "Act").

4. The Guidelines, as well as the Department's Orders in Investigation into Updating Energy Efficiency Guidelines Consistent with an Act Relative to Green Communities, D.P.U. 08-50-A (2009), and Energy Efficiency Guidelines, D.P.U. 08-50-B (2009), allow the Commonwealth's electric and gas distribution companies and municipal aggregators (together, "Program Administrators") to propose, for review and approval by the Department, "significant" MTMs to approved energy-efficiency plans. Guidelines at § 3.8.1.<sup>1</sup> Any such request must be accompanied by "(a) sufficient justification for why the proposed modification is appropriate; and (b) the results of the [Energy Efficiency Advisory] Council's review of the proposed modification." Guidelines at § 3.8.4.

5. In seeking MTMs, the Department has stated that a proposed change must exceed an applicable 20 percent threshold at the program level over the full three-year term of the Plan in order to require an MTM. In Cape Light Compact, D.P.U. 10-106, at 8-9 (2011), the Department clarified § 3.8 of its Guidelines with respect to whether the 20 percent threshold that triggers an MTM filing applies to a program's annual or three-year budget. Noting that the

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<sup>1</sup> The Guidelines state that "[a] modification is deemed to be significant if it would result in (a) the addition of a new Energy Efficiency Program or the termination of an existing Energy Efficiency Program; (b) a change in an Energy Efficiency Program budget of greater than 20 percent; (c) an Energy Efficiency Program modification that leads to an adjustment in savings goals that is greater than 20 percent; or (d) an Energy Efficiency Program modification that leads to a change in performance incentives of greater than 20 percent." Guidelines at § 3.8.2.

Act established a three-year cycle for budgeting, planning, and regulatory review of energy-efficiency programs, the Department found that, pursuant to § 3.8.2 of the Guidelines, “Program Administrators are required to seek Department approval for a program budget modification that is *20 percent greater than the program’s three-year budget.*” D.P.U. 10-106, at 8-9 (emphasis added).

6. In addition, consistent with the procedure for filing an MTM proposal, the Department has directed the Program Administrators to provide updates for review and approval with respect to: (1) evaluation, measurement and verification (“EM&V”) studies; (2) performance incentives; (3) pilot program budgets; and (4) if necessary, savings goals and budget modifications reflecting actual outside funding levels obtained. Electric Order, at 142 (2010); *Gas Three-Year Energy Efficiency Plans-2010-2012*, D.P.U. 09-121 through D.P.U. 09-128 at 134-135 (“Gas Order”).

7. Under the Guidelines and Orders, the Program Administrators retain discretion to make changes to their programs, including budgetary adjustments, provided that such changes do not trigger an MTM pursuant to the requirements in § 3.8.2 of the Guidelines. See D.P.U. 08-50-A at 64.<sup>2</sup> Notwithstanding this discretion, the Program Administrators have been providing notice to the Energy Efficiency Advisory Council (“Council”) and the Department in their MTM filings of discretionary adjustments to certain aspects of the approved Three-Year Energy Efficiency Plans in order to make them as transparent as possible to key stakeholders. Notice of these adjustments is for informational purposes only. These adjustments do not require any action on the part of the Department.

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<sup>2</sup> The Department recently reiterated this discretion, in D.P.U. 10-106, at 7-8, when it stated that “the Three-Year Plan review process should move away from routine mid-term and mid-year program modifications.”

8. The Compact filed its first request for MTMs on October 29, 2010, in D.P.U. 10-147.<sup>3</sup> As requested by the Department, on the same date, all of the Program Administrators also filed updates to their EM&V plans and performance incentives,<sup>4</sup> and the electric Program Administrators filed pilot program budgets, all as part of the Program Administrators' proposed MTM filings. The Compact also provided, for informational purposes only, notice of certain adjustments to the goals for 2011.

9. On April 15, 2011, following comprehensive negotiations, the Program Administrators, and the Department of Energy Resources, Environment Northeast and the Low-Income Weatherization and Fuel Assistance Network, Massachusetts Energy Directors Association, and the Low-Income Energy Affordability Network jointly filed for approval with the Department a Memorandum of Agreement intended to resolve all issues among the signatories related to the respective requests for MTMs to each Program Administrator's Three-Year Energy Efficiency Plan for the calendar year 2011.

10. In this 2012 MTM filing, the Compact asks the Department to review and approve those revisions and enhancements to the Plan that are "significant" as contemplated by the Department in § 3.8.2 of the Guidelines and its orders interpreting the Guidelines. The Compact also provides sufficient justification herein and in the supporting materials showing that its proposal is appropriate. In addition, as part of this filing and consistent with the Department's Electric Order at 142-43, the Compact provides updates for Department review and approval with respect to: (1) EM&V studies; and (2) pilot program budgets. Finally, as

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<sup>3</sup> On August 13, 2010, the Compact filed a petition seeking mid-year revisions to its three-year plan for the 2010 plan year. Its petition was docketed as D.P.U. 10-106, with the Department's Order issued on January 10, 2011.

<sup>4</sup> As a municipal aggregator, and public entity, the Compact does not participate in performance incentives.

referenced above, the Compact is providing notice, for informational purposes only, of certain Plan changes that do not rise to the level of MTMs and that do not require any Department action.

11. Before seeking Department approval of this filing, pursuant to §§ 3.8.3 and 3.8.4 of the Guidelines, the Compact and the other Program Administrators provided information about their proposed 2012 MTMs to the Council for its review. Following a series of informal meetings and discussions with the Council, the Program Administrators provided 2012 MTM information to the Council in advance of the Council's October 11, 2011 meeting.<sup>5</sup> At that Council meeting, the Program Administrators made written and oral presentations with respect to their 2012 MTMs and responded to questions from individual Councilors. While the Council did not take definitive action on the MTM proposals as presented, the Program Administrators anticipate that the Council will act on the MTM proposals at its next meeting, which is currently scheduled to be held on November 8, 2011. The Compact will keep the Department fully apprised of any definitive Council actions or resolutions with respect to its 2012 MTM proposals. Since the Council's October meeting, the Program Administrators have obtained informal feedback from the Council and have been working diligently and collaboratively with the Council to respond to that feedback and make any adjustments necessary to their MTM proposals.

12. In accordance with the Guidelines and the Electric Order, the Compact submits this Petition requesting approval of its proposed 2012 MTMs and in support of its request provides the following:

A. An Executive Summary, as set forth in Exhibit A;

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<sup>5</sup> Individual MTM materials submitted to the Council are included as Exhibit I, Appendix 3 to this filing.

- B. The Compact's proposed MTMs to its budgets and savings goals for the 2012 energy efficiency efforts, as modified from those originally set forth in the Plan as approved in the Electric Order, as set forth in Exhibit B;
- C. The statewide EM&V Plan for calendar year 2012, as set forth in Exhibit C;
- D. Performance Incentives (not applicable to the Compact);
- E. The Compact's 2012 pilot program efforts, as detailed in Exhibit E;
- F. A narrative discussion demonstrating the cost-effectiveness of the Compact's proposal, including the related benefit-cost ratio screening models, all as set forth in Exhibit F;
- G. The Compact's Updated 08-50 Tables, as set forth in Exhibit G; and
- H. The Technical Reference Manual, as set forth in Exhibit H.

13. In further support of the requests made in this filing, the Compact is submitting Appendices, attached as Exhibit I, containing detailed supporting information, including:

- Appendix 1: Program Administrator-Specific Notifications of Annual Variance
- Appendix 2: Benefits Summary Table
- Appendix 3: MTM Materials Submitted to the Council Prior to October 11, 2011 Meeting
- Appendix 4: Traditional Bill Impact Analyses
- Appendix 5: Evaluation Studies Finalized Following Submission of 2010 Annual Reports

14. If approved, the Compact's proposed 2012 MTMs would provide for a total 2012 budget decrease of \$13,983,297 and a total 2012 savings decrease of 25,024 MWh, as compared to the amounts originally approved by the Department in the Compact's Three-Year Energy Efficiency Plan (2010-2012) (D.P.U. 09-119) for Plan Year 2012.

15. The Compact's programs, with such modifications as described herein, would continue to be cost-effective if all modifications were approved. See Exhs. F and G.

16. Consistent with the Department's request last year, the Compact provides traditional bill impacts resulting from the total proposed budget change in Exhibit I, Appendix 4. These bill impacts for residential and low-income customers indicate the monthly change in dollars and percentage the customers would experience when compared to the amounts originally approved by the Department in the Compact's Three-Year Energy Efficiency Plan (2010-2012) (D.P.U. 09-119) for Plan Year 2012.

17. This Petition is consistent with the statutory mandate that the Program Administrators pursue "the acquisition of all available energy efficiency." G.L. c. 25, §21(b).

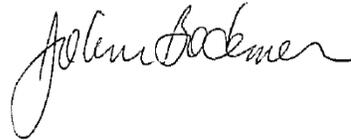
**WHEREFORE**, the Compact, respectfully requests that the Department:

- a) approve the Compact's proposed modifications to its budget and savings goals as set forth in Exhibit B;
- b) approve the Compact's 2012 EM&V efforts as set forth in Exhibit C;
- c) approve the Compact's 2012 pilot program efforts as set forth in Exhibit E;
- d) determine that the Compact's proposed 2012 energy efficiency effort is cost-effective as set forth in Exhibits F and G; and
- e) provide such other and further relief as may be necessary or appropriate.

Respectfully submitted by,

CAPE LIGHT COMPACT

By its attorneys,



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Dated: October 28, 2011

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**COMMONWEALTH OF MASSACHUSETTS**  
**DEPARTMENT OF PUBLIC UTILITIES**

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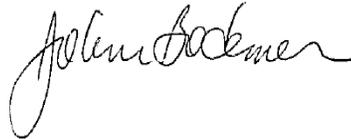
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**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing documents upon all parties of record in this proceeding in accordance with the requirements of 220 CMR 1.05(1) (Department's Rules of Practice and Procedure).

Dated at Newton, Massachusetts this 28<sup>th</sup> day of October, 2011.



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