

**RESOLUTION OF THE ENERGY EFFICIENCY ADVISORY COUNCIL
REGARDING THE PROPOSED MID-TERM MODIFICATIONS
OF NATIONAL GRID ELECTRIC**

Adopted June 29, 2015 (DRAFT FOR EEAC REVIEW)

Pursuant to § 3.8.1 of the Revised Energy Efficiency Guidelines set forth in D.P.U. 11-120-A, Phase II (January 31, 2013) (“Guidelines”), an energy efficiency Program Administrator that seeks to make the following significant mid-term modifications (“modifications” or “MTMs”) to its Energy Efficiency Plan shall submit its proposed modifications to the Energy Efficiency Advisory Council (“EEAC”) for review:

- 1) the addition of a Hard-to-Measure Energy Efficiency Program;
- 2) the termination of an existing Energy Efficiency Program or Hard-to-Measure Energy Efficiency Program;
- 3) a change in the three-year term budget of an Energy Efficiency Program or Hard-to-Measure Energy Efficiency Program of greater than (1) 20 percent, or (2) a dollar value to be specified by the Department; or
- 4) a modification to the design of an Energy Efficiency Program that is projected to result in a decrease in program benefits over the three-year term that is greater than 20 percent.

In accordance with the Guidelines in § 3.8.1 described above, National Grid is currently seeking the support of the EEAC to implement three mid-term modifications of its electric energy efficiency programs. Specific details from National Grid describing the requested modifications and related information are set forth in the attached document.

National Grid submitted the following proposed modifications for review and support from the EEAC pursuant to § 3.8.1:

- 1) Increase in budget of \$18 million (29%) for the Residential Products program.
- 2) Reallocation of \$23.5 million of C&I sector budget dollars from the C&I Retrofit program budget (9% decrease) to the C&I New Construction program budget (34% increase) in program year 2015.
- 3) Notification of the EEAC regarding an under-expenditure of \$0.7 million (37%) for the Low Income Hard-to-Measure program due to underspending of the budget.

The Residential Products MTM request is based on the need to increase the program budget in order to meet customer demand for the programs’ products and services – specifically, the higher-than-planned customer participation in the Residential Cooling & Heating and Residential Lighting core initiatives that is significantly higher than what was planned originally in the 2013-2015 Plan.

For C&I, demand in the C&I New Construction program, driven primarily by upstream lighting, is anticipated to continue at higher-than-planned levels, while participation and spending in the C&I Retrofit program is expected to be lower than planned. Therefore, National Grid is

proposing a reallocation of C&I sector funding between the two programs. National Grid is projecting to spend \$68 million lower than planned in the C&I Retrofit program, so moving \$23.5 million to C&I New Construction now would still leave \$44.5 million funding available to address any additional (i.e., currently unplanned and unforecasted) projects in the next six months, which should be adequate. This transfer would also mean that National Grid would not have to ask for additional collections from C&I customers to fund the higher New Construction program budget needs for 2015.

Regarding the first two proposed MTMs, the EEAC is committed to achieving the savings and benefits of the Three-Year Plan. The EEAC and its Consultants have examined the data and information presented by National Grid in support of the MTM proposals, and the EEAC finds that the modifications to these program budgets will provide National Grid the opportunity to meet the higher customer demand in the Residential Products and C&I New Construction programs, and achieve associated energy savings that are also higher than planned.

For the Low Income Hard-to-Measure program, actual expenditures are lower than planned, driven by lower than budgeted administrative expenses. Per the Guidelines, National Grid is required to notify the EEAC due to the size of the expected under-expenditure (37%), and National Grid plans to use the underspent budget from the Hard-to-Measure program to support the Low Income Whole House program in 2015. The EEAC recommends that ratepayer funding be used cost-efficiently, and therefore supports and takes notice of this Low Income Hard-to-Measure program budget expenditure that is expected to be lower than the planned budget.

EEAC Review and Support

Having reviewed the proposed mid-term modifications set forth in the attached document from National Grid, and summarized above, the EEAC resolves to support the mid-term modifications, and directs that this resolution be transmitted in full by DOER to the Department of Public Utilities (“Department”).