RESOLUTION OF THE ENERGY EFFICIENCY ADVISORY COUNCIL ON SIX PROPOSED MID-TERM MODIFICATIONS

Adopted: January 17, 2024

Pursuant to § 3.8.1 of the Department of Public Utilities' (Department) Energy Efficiency Guidelines set forth in D.P.U. 20-150-A (May 3, 2021) (Guidelines), an energy efficiency Program Administrator that seeks to make the following significant modifications to its Energy Efficiency Plan shall submit its proposed modifications to the Energy Efficiency Advisory Council (EEAC or Council) for review:

1) the termination of an existing Energy Efficiency core initiative or Hard-to-Measure Energy Efficiency core initiative; or
2) a modification to the implementation of one or more Energy Efficiency core initiatives that is projected to result in a decrease in the Energy Efficiency Program benefits over the three-year term that is greater than 20 percent.

(as described above, a "Category One MTM").

Pursuant to § 3.8.2 of the Guidelines, a Program Administrator that seeks to make the following significant modifications to its Energy Efficiency Plan shall submit its proposed modifications at the same time for review by the Council, and for review and approval by the Department:

1) the addition of an Energy Efficiency Core Initiative or Hard-to-Measure Energy Efficiency Core Initiative or Demonstration Project; or
2) the transition of a Hard-to-Measure Energy Efficiency Core Initiative to an Energy Efficiency Core Initiative; or
3) an increase or decrease to a three-year term sector budget that is greater than 10 percent.

(as described above, a "Category Two MTM"). Additionally, for the 2022-2024 Three-Year Plan term, in lieu of the third Category Two MTM described above, a Program Administrator that seeks to exceed a program-level budget shall submit its proposed modifications at the same time for review by the Council, and for review and approval by the Department. 2022-2024 Three-Year Plans, D.P.U. 20-120 through D.P.U. 20-129, at 225 (2022).

I. Summary of MTM Requests

In accordance with the Guidelines and the Department's Order on the 2022-2024 Three-Year Plans, six Program Administrators are currently seeking support of the EEAC to implement a Category Two MTM to their energy efficiency programs. The Program Administrators have simultaneously filed these MTM with both the EEAC and the Department. The MTM's are more fully described in each Program Administrator's narrative attached hereto:

Attachment A: Eversource – NSTAR Electric (DPU 23-147)

Attachment B: Eversource – NSTAR Gas (DPU 23-153)

Attachment C: Eversource - EGMA (DPU 23-149)

Attachment D: Unitil Electric (DPU 23-144)

Attachment E: National Grid Electric (DPU 23-154)

Attachment F: National Grid Gas (DPU 23-155)

If approved, NSTAR Electric Company, NSTAR Gas Company, Eversource Gas Company of Massachusetts (EGMA), Fitchburg Gas & Electric, d/b/a Unitil, National Grid Electric, and National Grid Gas intend to make the following modifications.

PROGRAM ADMINISTRATOR **Sector**/Program	**Approved 2022-2024 Budget**	**Requested Change**	**Adjusted Budget**	**% Change**
EVERSOURCE – NSTAR ELECTRIC				
Income Eligible	**$157,097,500**	**-$45,043,500**	**$112,054,000**	**-29%**
Existing Buildings	$152,072,500	-$44,558,500	$107,514,000	-29%
Hard-to-Measure	$5,025,000	-$485,000	$4,540,000	-10%
Commercial & Industrial	**$556,685,000**	**-$217,211,000**	**$339,474,000**	**-39%**
New Buildings	$39,530,000	-$11,260,000	$28,270,000	-28%
Existing Buildings	$488,670,000	-$197,762,000	$290,908,000	-40%
Hard-to-Measure	$28,485,000	-$8,189,000	$20,296,000	-29%
EVERSOURCE – NSTAR GAS				
Residential	**$120,820,000**	**+$26,662,000**	**$147,482,000**	**+22%**
New Buildings	$5,825,000	+$1,134,000	$6,959,000	+19%
Existing Buildings	$108,610,000	+$24,351,000	$132,961,000	+22%
Hard-to-Measure	$6,385,000	+$1,177,000	$7,562,000	+18%
Commercial & Industrial	**$68,095,000**	**-$13,223,000**	**$54,872,000**	**-19%**
New Buildings	$4,440,000	+$4,702,000	$9,142,000	+106%
Existing Buildings	$59,690,000	-$17,087,000	$42,603,000	-29%
Hard-to-Measure	$3,965,000	-$838,000	$3,127,000	-21%

EVERSOURCE - EGMA				
Residential	**$144,970,000**	**+$1,842,000**	**$146,812,000**	**+1%**
New Buildings	$3,640,000	+$1,242,000	$4,882,000	+34%
Hard-To-Measure	$6,030,000	+$600,000	$6,630,000	+10%
Commercial & Industrial	**$67,295,000**	**-$24,355,000**	**$42,940,000**	**-36%**
New Buildings	$3,745,000	-$1,695,000	$2,050,000	-45%
Existing Buildings	$59,165,000	-$21,605,000	$37,560,000	-37%
Hard-To-Measure	$4,385,000	-$1,055,000	$3,330,000	-24%
UNITIL ELECTRIC				
Residential	**$9,045,485**	**+$1,900,000**	**$10,945,485**	**+21%**
New Buildings	$428,934	+$200,000	$628,934	+47%
Existing Buildings	$7,046,877	+$1,700,000	$8,746,877	+24%
NATIONAL GRID ELECTRIC				
Residential	**$544,270,126**	**+$7,543,594**	**$551,813,720**	**+1%**
Hard-to-Measure	$91,702,253	+$7,543,594	$99,245,847	+8%
Commercial & Industrial	**$584,666,240**	**-$287,360,017**	**$297,306,223**	**-49%**
New Buildings	$27,802,746	-$5,989,838	$21,812,907	-22%
Existing Buildings	$534,619,016	-$280,811,433	$253,807,584	-53%
Hard-to-Measure	$22,244,478	-$558,746	$21,685,732	-3%
NATIONAL GRID GAS				
Residential	**$399,274,515**	**+$53,452,948**	**$452,727,463**	**+13%**
New Buildings	$17,752,758	+$2,444,267	$20,197,025	+14%
Existing Buildings	$359,956,971	+$46,264,946	$406,221,917	+13%
Hard-to-Measure	$21,564,786	+$4,743,735	$26,308,521	+22%
Income Eligible	**$135,835,306**	**+$7,723,652**	**$143,558,958**	**+6%**
Existing Buildings	$131,469,153	+$7,723,652	$139,192,805	+6%

Commercial & Industrial	**$157,417,912**	**-$50,854,691**	**$106,563,221**	**-32%**
New Buildings	$14,148,058	-$2,097,115	$12,050,943	-15%
Existing Buildings	$133,869,185	-$48,757,576	$85,111,609	-36%

A. Eversource - NSTAR Electric

As described in Attachment A, NSTAR Electric proposes a Mid-Term Modification to its three-year program budgets in the Income-Eligible and Commercial & Industrial Sectors.

Income-Eligible Sector

NSTAR Electric indicated that its MTM request to decrease spending for the Income-Eligible Existing-Buildings Program is largely driven by barriers encountered with electrifying this sector in the first two years of the Term, such as customer discomfort with unfamiliar technology and technical barriers with the low-income housing stock. At the time the MTM was filed, production data through September and October of 2023 indicated to Eversource that they would not reach the 90% spending threshold for the income-eligible sector. However, information discussed during the December Council meeting as well as in a subsequent meeting with the EEAC Consultant Team suggests that the current pipeline for the Income-Eligible Sector Existing Buildings program looks considerably more promising. Based on heat pump projects completed in November and December and the current pipeline, NSTAR is currently projecting 105% of its 2022-2024 heat pump unit goal in process and complete by Term's end. Given this recent evidence and last Term's underspend for NSTAR Electric's IES Sector (9.4% of Portfolio budget vs. statutory minimum of 10%), the Council encourages Eversource to continue its efforts to serve as many Income-Eligible participants as possible and work to spend its existing budget.

The Council does not support this MTM request to decrease spending in the Income-Eligible sector.

Commercial & Industrial Sector

NSTAR Electric continues to deliver significant energy efficiency results. However, there are challenges in electrification of existing buildings, which leads to an underspend for the entire sector. NSTAR Electric projects an underspend in the Existing Buildings Program with expectations to use 60% of the budget by the end of the term. Although the Council is disappointed with the C&I electrification results, at this point in the 2022-2024 Plan, the PAs are likely too far behind to spend the budget originally allocated to this sector in the Plan.

We encourage the Program Administrators to identify opportunities to spend their current budget to reach additional customers in this Three-Year Plan and begin ramping up opportunities for the next Plan. The next plan should seek to widely deploy Existing Building Commissioning (EBCx) across medium and large customers to capture near term efficiency opportunities and support planning for investments in new infrastructure as customers transition to clean energy over time. The Council suggests the Program Administrators undertake efforts now to start scaling EBCx including engaging with the contractors to ensure a sufficient workforce for this expansion.

The Council supports NSTAR Electric's MTM to decrease spending for its C&I sector.

B. Eversource – NSTAR Gas

As described in Attachment B, NSTAR Gas proposes a Mid-Term Modification to its three-year program budgets in the Residential and Commercial & Industrial Sectors.

Residential Sector

The Council expressed initial concern with increased spending to support new gas-heated homes through the Residential New Buildings Program, which runs counter to policy direction to move away from funding new fossil fuel equipment. However, the Council recognizes the importance of providing adequate time and notice to transition the market smoothly, and there may be existing projects in the pipeline that were offered incentives under the program. Moreover, the Program Administrators plan to stop accepting new applications for this gas incentives under this program as of July 1, 2024, leaving a relatively short eligibility window for additional gas new construction projects.

The Residential Existing Buildings Program, comprised of Residential Coordinated Delivery and Residential Retail, has experienced more activity than initially planned for the Term. The overspending for the Residential Existing Buildings Program is linked to overperformance on savings, most of which come from the Residential Retail core initiative and much higher than planned demand for heat pumps from gas customers.

NSTAR Gas also requests an increased budget for the Residential Hard-to-Measure Program, which is experiencing a greater than planned activity for the HEAT Loan Program. Under the 2022-2024 Plan, HEAT Loan incentive costs are only covered by the gas Program Administrators in areas where the customer is served by a municipal light plant ("MLP"); otherwise, HEAT Loan costs are covered by the electric Program Administrators. MLP customers are participating in the programs at much higher rates than anticipated, causing HEAT Loan costs to exceed what was planned. The proposed increase in budget will help finance energy-efficient home upgrades like the installation of air source heat pumps (central or ductless mini-split), ground source heat pumps, heat pump water heaters and insulation, in addition to other measures.

The Council supports NSTAR Gas's MTM to increase spending for the Residential sector.

Commercial & Industrial Sector

The New Buildings Program is seeing substantially more electrification production than planned. While the Company is forecasted to overspend in the New Buildings Program, there are challenges in the electrification of existing buildings.

Across Program Administrators, there is underspending on custom electrification within the Existing Building Retrofit Core Initiative and changes in the measure mix with less large and complex custom projects. Unfortunately, at this point in the 2022-2024 Plan, the Program

Administrators are likely too far behind to spend the budget originally allocated to this sector in the Plan.

The Council encourages the Program Administrators to identify opportunities to spend their current budget to reach additional customers in this Three-Year Plan and begin ramping up opportunities for the next Plan. The next plan should seek to widely deploy Existing Building Commissioning (EBCx) across medium and large customers to capture near term efficiency opportunities and support planning for investments in new infrastructure as customers transition to clean energy over time. Therefore, the Program Administrators should undertake efforts now to start scaling EBCx including engaging with the contractors to ensure a sufficient workforce to support expanded EBCx. The Program Administrators should also explore increasing cost coverage for electrification measure to assess the impact upfront costs may be having on participation and provide insight on program design for the next Plan.

The Council supports NSTAR Gas's proposed MTM to increase spending for the New Buildings Program and decrease spending for its Existing Buildings Program and Hard-to-Measure Program.

C. Eversource Gas Company of Massachusetts

As described in Attachment C, Eversource Gas Company of Massachusetts (EGMA) proposes a Mid-Term Modification to its three-year program budgets in the Residential and Commercial & Industrial Sectors.

Residential Sector

As noted above, the Council expressed initial concern with increased spending supporting new gas-heated homes through the Residential New Buildings Program, which runs counter to policy direction to move away from funding new fossil fuel equipment. However, the Council recognizes the importance of providing adequate time and notice to transition the market, and there may be existing projects in the pipeline that have already been offered incentives for new gas homes. Moreover, the Program Administrators are planning to stop approving any new gas applications for this program as of July 1 of this year, leaving a relatively short window in which additional gas new construction projects will be built.

EGMA also requests an increased budget for the Residential Hard-to-Measure Program, which experienced greater than planned activity for the HEAT Loan Program. Under the 2022-2024 Plan construct, HEAT Loan incentive costs are only covered by the gas Program Administrators in areas where the customer is served by a municipal light plant ("MLP"); otherwise, HEAT Loan costs are covered by the electric Program Administrators. MLP customers are participating in the programs at much higher rates than anticipated, causing HEAT Loan costs to exceed what was planned. The proposed increase in budget will help finance energy-efficient home upgrades like the installation of air source heat pumps (central or ductless mini-split), ground source heat pumps, heat pump water heaters and insulation, in addition to other measures.

The Council supports EGMA's proposed MTM to increase spending for the Residential sector.

Commercial & Industrial Sector

EGMA is facing greater than anticipated challenges in electrification for existing buildings and large custom efficiency projects. EGMA is forecasted to spend 55% of the planned term budget for the C&I New Buildings Program due to lower participation than expected.

Across Program Administrators, underspending for the C&I Existing Buildings Program is largely due to lower spending on electrification for the Existing Building Retrofit Core Initiative. As noted above, at this point in the 2022-2024 Plan, the Program Administrators are likely too far behind to spend the budget originally allocated to this sector in the Plan.

We encourage the Program Administrators to identify opportunities to spend their current budget to reach additional customers in this Three-Year Plan and begin ramping up opportunities for the next Plan. The next plan should seek to widely deploy Existing Building Commissioning (EBCx) across medium and large customers to capture near term efficiency opportunities and support planning for investments in new infrastructure as customers transition to clean energy over time. The Council recommends that the Program Administrators undertake efforts now to start scaling EBCx including engaging with the contractors to ensure a sufficient workforce to support expanded EBCx. The Program Administrators should also explore increasing cost coverage for electrification measure to assess the impact upfront costs may be having on participation and provide insight on program design for the next Plan.

The Council supports EGMA's MTM to reduce spending in the New Buildings, Existing Buildings, and Hard-to-Measure programs.

D. Until Electric

As described in Attachment D, Fitchburg Gas & Electric Company d/b/a Unitil proposes a Mid-Term Modification to its three-year program budgets in the Residential Sector.

Unitil Electric has seen increased interest and enrollment in the all-electric pathway in the Residential New Construction and Major Renovation core initiative. The Company planned for 3 all-electric projects during the term, however, it is now expecting up to 9 completed projects by the end of the term. Unitil Electric also expects the average cost of customer incentives for low-rise projects to be higher than initially anticipated.

In its Existing Buildings Program, Unitil Electric's higher-than-expected expenditures within the Residential Retail core initiative are driven by unprecedented interest in and demand for prescriptive heat pump measures, which was not anticipated during planning. The Company has also experience higher than planned demand for weatherization and other measures within the Residential Coordinated Delivery core initiative.

The Council supports Unitil Electric's MTM to increase spending for the Residential New Buildings Program and Existing Buildings Program.

E. National Grid Electric

As described in Attachment E, National Grid Electric proposes a Mid-Term Modification to its three-year program budgets in the Residential and Commercial & Industrial Sectors.

Residential Sector

National Grid Electric is experiencing greater than planned activity and participation in the HEAT Loan Program. The HEAT Loan is available to customers who heat with electricity or natural gas and includes an additional $25,000 for customers who install heat pumps. No additional benefits will result from the increase budget, since there are no benefits associated with the Hard-to-Measure program. However, the additional funding will help to reduce customer barriers to electrification, support increased customer demand, and ensure heat pump installation goals can be met. This may result in additional kWh savings or greenhouse gas emissions reductions.

The Council support National Grid Electric's MTM to increase spending for the Residential Hard-to-Measure program.

Commercial & Industrial Sector

National Grid Electric is forecasted to underspend in traditional energy efficiency measures. This affects C&I New Buildings Program and the C&I Existing Buildings Program. The underspending for these programs is largely due to greater than anticipated market saturation and exacerbated by economic and supply chain challenges. Large custom projects often lose customer interest due to the increased time requirement to scope the project. National Grid has identified the following strategies to mitigate these challenges: vendor skillset diversification, incentives, weatherization, building management systems, enhanced monitoring-based commissioning, new measures, and lighting.

The C&I Existing Buildings Program largely faces challenges with electrification measures due to the limited number of customers on delivered fuels, long paybacks for converting from delivered fuels to heat pumps for heating, and technical limitations. National Grid has identified the following strategies to mitigate these challenges: developing the industry ecosystem, creating new measures and custom express tools, vendor contracts, raising customer awareness, and revising the C&I New Buildings Program construct.

As noted above, we encourage the Program Administrators to identify opportunities to spend their current budget to reach additional customers in this Three-Year Plan and begin ramping up opportunities for the next Plan. The next plan should seek to widely deploy Existing Building Commissioning (EBCx) across medium and large customers to capture near term efficiency opportunities and support planning for investments in new infrastructure as customers transition to clean energy over time. The Council recommends that the Program Administrators undertake efforts now to start scaling EBCx including engaging with the contractors to ensure a sufficient workforce to support expanded EBCx. The Program Administrators should also explore increasing cost coverage for electrification measure to assess the impact upfront costs may be having on participation and provide insight on program design for the next Plan.

The Council supports National Grid Electric's MTM to reduce spending in the New Buildings, Existing Buildings, and Hard-to-Measure Programs.

F. National Grid Gas

As described in Attachment F, National Grid Gas proposes a Mid-Term Modification to its three-year program budgets in the Residential, Income-Eligible, and Commercial & Industrial Sectors.

Residential Sector

As noted above, the Council expressed initial concern with increased spending for new gas-heated homes through the Residential New Buildings Program, which runs counter to policy direction to move away from funding new fossil fuel equipment. However, the Council recognizes the importance of providing adequate time and notice to transition the market, and there may be existing projects in the pipeline that have already been offered incentives for new gas homes. Moreover, the Program Administrators are planning to stop approving any new gas applications for this program as of July 1 of this year, leaving a relatively short window in which additional gas new construction projects will be built.

The Residential Existing Buildings Program is expected to have greater activity than planned, which is largely driven by the Residential Retail core initiative. National Grid requested the budget increase due to anticipated higher than planned demand for heat pumps within that initiative.

The Company also requested an increased budget for the Residential Hard-to-Measure Program, which encountered greater than planned activity for the HEAT Loan Program. Under the 2022-2024 Plan construct, HEAT Loan incentive costs are only covered by the gas Program Administrators in areas where the customer is served by a municipal light plant ("MLP"); otherwise, HEAT Loan costs are covered by the electric Program Administrators. MLP customers are participating in the programs at much higher rates than anticipated, therefore causing HEAT Loan costs to exceed what was planned. The increase in budget will help to finance energy-efficient home upgrades like the installation of air source heat pumps (central or ductless mini-split), ground source heat pumps, heat pump water heaters and insulation, in addition to other measures.

The Council supports National Grid Gas's MTM to increase spending for the Residential sector.

Income-Eligible Sector

The request is due to an increase in production and the rise in program costs. Increased production has been driven by a change in lead vendor with greater capacity compared to historic capacity of the previous CAP agencies and will result in increased savings. The addition of new measures, including windows, greater demand for heat pumps, and the rise of market prices for heating systems and appliances have also increased the program costs. With the requested budget increase, National Grid will achieve 100% of their planned savings.

The Council supports National Grid Gas's proposed increase in spending for the Income-Eligible sector.

Commercial & Industrial Sector

National Grid anticipates an overall underspend in the New Buildings Program due to underspending for traditional new construction measures. This is largely due to stringent code requirements for new buildings that have left limited claimable savings for new projects. National Grid faces challenges with the Existing Buildings Program, particularly with the Existing Building Retrofit Core Initiative. The Existing Building Retrofit Program has been impacted by a gas market that has achieved significant amounts of potential, which leads to less project opportunities.

As noted above, at this point in the 2022-2024 Plan, the Program Administrators are likely too far behind to spend the budget originally allocated to this sector in the Plan.

We encourage the Program Administrators to identify opportunities to spend their current budget to reach additional customers in this Three-Year Plan and begin ramping up opportunities for the next Plan. The next plan should seek to widely deploy Existing Building Commissioning (EBCx) across medium and large customers to capture near term efficiency opportunities and support planning for investments in new infrastructure as customers transition to clean energy over time. The Council recommends that the Program Administrators undertake efforts now to start scaling EBCx including engaging with the contractors to ensure a sufficient workforce to support expanded EBCx. The Program Administrators should also explore increasing cost coverage for electrification measure to assess the impact upfront costs may be having on participation and provide insight on program design for the next Plan.

The Council supports National Grid Gas's MTM to reduce spending in the New Buildings and Existing Buildings Programs.

II. Effect on Regulatory Reporting and Three-Year Plans for 2022-2024

The EEAC understands that none of the Program Administrators propose revising their approved Three-Year Plan goals for future regulatory reporting during the Three-Year Plan term, including the Plan-Year Reports and Term Report. The Program Administrators do not request changes to the 2022-2024 Three-Year Plan performance incentive (PI) pool or mechanism, or to the incentive payout rates for benefits. Therefore, the approved performance incentive payout rates would continue to apply to each unit of benefits for each of the PI components.

III. Resolution

After review and consideration of the data and information presented by the Program Administrators on the proposed Mid-Term Modifications, the EEAC resolves:

Docket Number	Sector/Program	Budget Change	Finding
D.P.U. 23-147	**EVERSOURCE – NSTAR ELECTRIC**		
	Income Eligible	-$45,043,500	Do Not Support
	C&I	-$217,211,000	Support

D.P.U. 23-153	**EVERSOURCE – NSTAR GAS**		
	Residential	+$26,662,000	Support
	C&I	-$13,223,000	Support
D.P.U. 23-149	**EVERSOURCE - EGMA**		
	Residential	+$1,842,000	Support
	C&I	-$24,355,000	Support
D.P.U. 23-144	**UNITIL ELECTRIC**		
	Residential	+$1,900,000	Support
D.P.U. 23-154	**NATIONAL GRID ELECTRIC**		
	Residential	+$7,543,594	Support
	C&I	-$287,360,017	Support
D.P.U. 23-155	**NATIONAL GRID GAS**		
	Residential	+$53,452,948	Support
	Income Eligible	+$7,723,652	Support
	C&I	-$50,854,691	Support