THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

Petition of the Cape Light Compact JPE for Approval by the Department of Public Utilities of its Proposed Mid-Term Modifications for the 2022-2024 Three Year Energy Efficiency Plan	)))))	D.P.U. 23-58

PRE-FILED TESTIMONY OF

MARGARET T. DOWNEY

ON BEHALF OF

CAPE LIGHT COMPACT JPE

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I. INTRODUCTION TO TESTIMONY

Q. Ms. Downey, please state your name, business address and employer.

A. My name is Margaret T. Downey. My business address is c/o Cape Light Compact JPE (the "Compact"), 261 Whites Path, Unit 4, South Yarmouth, MA 02664. I am employed by the Compact and serve as the Compact Administrator. I have served in this position since the Compact's inception in 1997.

Q. Have you previously testified before this or any other Commission?

A. Yes. I have previously testified before the Department of Public Utilities (the "Department" or "DPU") on behalf of the Compact in its 2013-2015, 2016-2018, 2019-2021 and 2022-2024 Energy Efficiency Plan proceedings. These proceedings were docketed, respectively, as *Cape Light Compact*, D.P.U. 12-107, *Cape Light Compact*, 15-166, *Cape Light Compact JPE*, D.P.U. 18-116 and *Cape Light Compact JPE*, D.P.U. 21-126. I have also testified before the Department in other energy efficiency proceedings related to the three-year plans, such as *Cape Light Compact JPE*, D.P.U. 19-96 and *Cape Light Compact JPE*, D.P.U. 22-116.

Q. Please summarize the testimony in this document.

A. This testimony supports the Compact's request for mid-term modifications ("MTM(s)") to its 2022-2024 Three-Year Energy Efficiency Plan ("Three-Year Plan"), pursuant to section 3.8.2(c) of the Department's energy efficiency guidelines issued in *Investigation by the Department of Public Utilities on its own Motion into Updating its Energy Efficiency Guidelines,* D.P.U. 20-150-A (2021) ("Guidelines"), which requires Department approval and Energy Efficiency Advisory Council ("Council") review of an increase or decrease to a three-year term sector budget that is greater than 10 percent. The Compact is also seeking approval from the Department for the MTMs pursuant to *Three-Year Plans Order*, D.P.U. 21-120 through D.P.U. 21-129 ("Three-Year Plans Order") at 225, n.138, 139 (2022), wherein the Department required that a program administrator ("Program Administrator" or "PA") of energy efficiency that projects it will exceed a program-level budget over the three-year term, submit such budget increase request simultaneously to the Department for approval and to the Council for review. The Department also determined that to qualify for a program budget modification, the Program Administrator must demonstrate that an increase in budget results in an increase in kilowatt-hour ("kWh") or therm savings. Three-Year Plans Order at 225.

Q. Has the Compact coordinated with other Program Administrators in preparing its MTM request?

A. Yes. The Compact shared an early draft of this testimony with all Program Administrators and has worked with all Program Administrators on a consistent approach to presenting MTM data to the Department. Thus, the Compact has modeled its filing consistent with that of other Program Administrators currently before the Department requesting approval of similar MTMs. The Compact will present its MTMs at the full Council meeting on September 20, 2023. On information and belief, the Compact anticipates that the Council will vote on the MTM at the full EEAC meeting on October 18, 2023, along with its planned vote on the MTM requests of Liberty Utilities (New England Natural Gas Company) Corp. d/b/a Liberty and The Berkshire Gas Company currently pending before the Department.

Q. Please describe the Compact's requested MTM.

A. Specifically, the Compact is seeking:

- A three-year term budget increase of $1,524,986 for its Residential Hard-to-Measure Program (an 11% increase);
- A three-year term budget increase of $84,568 for its Income Eligible Hard-to-Measure Program (an 8% increase);
- A three-year term budget increase of $18,161,860 for its Income Eligible Existing Buildings Program (a 93% increase); and
- A three-year term budget decrease of $13,592,418 for its Commercial & Industrial ("C&I") sector (a 24% decrease).

Q. Are you providing any exhibits with your testimony?

A. Yes. In addition to this testimony (Exhibit CLC-1), the exhibits include:

- Exhibit CLC-2 (Table). Exhibit CLC-2 provides a comparison of the budget, savings, benefits, and cost-effectiveness between the Department-approved Plan (as well as the Cape & Vineyard Electrification Offering ("CVEO") approved in *Cape Light Compact JPE*, D.P.U. 22-137 (2023)) and the requested MTMs by core initiative.
- Exhibit CLC-3 (Bill Impacts). Exhibit CLC-3 provides a bill impact analysis for all customer classes between the Energy Efficiency Surcharges ("EES") as included in the Compact's April 1, 2022 Compliance Filing in D.P.U. 21-126 (and CVEO as approved in D.P.U. 22-137) and the budget associated with the MTMs requested. It is important to note that these bill impacts are provided for illustrative purposes only, to allow comparison between the budgets filed and approved in the April 1, 2022 Compliance Filing in D.P.U. 21-126 and the CVEO filing in D.P.U. 22-137 versus what would have been filed had the original budget included this requested MTM. In

fact, the actual EES rates for 2022 and 2023 as filed in *Cape Light Compact JPE*, D.P.U. 21-119 (2021), *Cape Light Compact JPE*, D.P.U. 22-135 (2022), and *Cape Light Compact JPE*, D.P.U. 23-40 (2023) were different than what was included in the bill impact analysis included in D.P.U. 21-126 and D.P.U. 22-137.

- Exhibit CLC-4 (Narrative Description of MTM).

Q. Will the Department's approval of any of the requested MTMs affect the cost-effectiveness of the Compact's programs or sectors?

A. No. The Compact projects that all sectors will be cost-effective for the Three-Year Plan term and that all programs will also be cost-effective.

II. THE MTM REQUESTS

A. <u>Residential Hard-to-Measure Program Budget Increase Request</u>.

Q. Do the Program Administrators Offer a Residential Hard-to-Measure Program?

A. There is no official Residential Hard-to-Measure Program. Rather, there are 10 Hard-to-Measure Core Initiatives offered in the Residential sector that fall under the category of Residential Hard-to-Measure in the data tables. For purposes of this testimony and the Compact's MTM request, the Compact is referring to this group of Residential core initiatives as the "Residential Hard-to-Measure Program." The Compact believes the Department's directive in footnote 139 of the 2022-2024 Three-Year Plans Order was intended to include the Residential Hard-to-Measure Program.

Q. Please describe the purpose of the Residential Hard-to-Measure Program.

A. The Residential Hard-to-Measure Program includes the following core initiatives that support the Compact's implementation of its Three-Year Plan:

- Statewide Marketing
- Statewide Database
- DOER Assessment
- Sponsorships and Subscriptions
- Workforce Development
- Evaluation and Market Research
- EEAC Consultants
- R&D Demonstration
- HEAT Loan
- Education

While these core initiatives do not by themselves directly produce savings, they contribute to or facilitate the PAs' achievement of their goals. *See* D.P.U. 21-120 through D.P.U. 21-129, Exhibit 1 at 187-88 for additional detail on these core initiatives.

Q. What was the original budget approved by the Department for the Compact's Residential Hard-to-Measure Program?

A. The Compact's budget filed in D.P.U. 21-126 on April 1, 2022, together with the budget approved for CVEO in D.P.U. 22-137 is $13,414,601.

Q. Please describe what has prompted the Compact's Residential Hard-to-Measure Program budget increase request.

A. The primary driver of this budget increase is higher than planned for customer participation in the Mass Save® HEAT Loan ("HEAT Loan"). The HEAT Loan offers interest-free financing opportunities up to $25,000, with terms up to seven years, depending on the loan provider. The "incentive" associated with the HEAT Loan is the electric Program Administrators buy-down of the interest on the loan. HEAT Loan financing is available for 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, insulation and more.

During the Three-Year Plan term, the electric Program Administrators are offering an electrification HEAT Loan of up to an additional $25,000 (for a total of $50,000), including up to $5,000 for electrification barriers such as electrical panel upgrades, for customers who install heat pumps in their home.

The HEAT Loan is an exception to the general energy efficiency implementation protocol whereby the gas Program Administrators are responsible for planning, paying for, administering and claiming savings from energy efficiency measures offered to customers that heat with natural gas. Three-Year Plans Order at 277-78 (requiring the Compact to adhere to the statewide coordination protocol for shared costs and savings will obviate any concern about improper subsidization of energy efficiency programs for gas heating customers). Contrary to this approach, the electric Program Administrators administer the HEAT Loan for both electric and natural gas heated customers.

Q. Was the increased spending under the HEAT Loan foreseeable?

A. No. In general, customers are financing higher amounts through the HEAT Loan than in previous years, and higher amounts than the Compact expected when planning the HEAT Loan budget for the Three-Year Plan term. Further, the prime interest rate has significantly increased from 3.25% in 2021 at the time of the Three-Year Plan filing, to 4.85% in 2022 and to 8.50% in 2023[1], adding to the larger expenditures for this offering than originally planned. As a result of these changes, in 2022, the Compact saw an increase of about $550,000 in HEAT Loan costs over planned.

[1] As of September 1, 2023, see https://www.federalreserve.gov/releases/h15/.

Q. What is the requested increase to the Residential Hard-to-Measure Program budget?

A. The Compact is requesting an increase of approximately $1.5 million over the three-year term, which would bring the total Residential Hard-to-Measure Program budget to $14,939,586 (an 11% increase).

Q. Will the requested increase in the Residential Hard-to-Measure Program budget result in additional kWh or therm savings?

A. No. By definition, a Hard-to-Measure Energy Efficiency Program "refers to programs that have costs but do not have direct energy savings or whose energy savings may be difficult to quantify." Guidelines, §2.

Q. If there are no savings associated with the increase in the Residential Hard-to-Measure Program budget, how does the budget increase otherwise benefit ratepayers?

A. The funding increase will support the increased customer demand for use of the HEAT Loan to finance the installation of energy efficiency measures, which themselves may result in kWh savings and/or greenhouse gas ("GHG") emissions reductions. The zero-interest HEAT Loan has been very popular and enables customers to implement energy efficiency measures that would otherwise be cost-prohibitive (when looking at the upfront costs of a particular measure or group of measures).

Q. What are the implications to the Compact and its customers should the MTM not be approved?

A. The Compact would need to review and propose revisions to the overall design of the HEAT Loan to consider whether there were any ways to reduce costs. Some options the Compact could consider include, shifting budget within the Residential sector away from other initiatives towards HEAT Loan, reducing or suspending HEAT Loan financing for measures installed in homes heated with natural gas (homes where the energy efficiency costs and savings are otherwise supported by the gas Program Administrators), or reducing or suspending the HEAT Loan to all customers for the remainder of the Three-Year Plan term.

B. <u>Income Eligible Hard-to-Measure Program Budget Increase Request</u>.

Q. Do the Program Administrators Offer an Income Eligible Hard-to-Measure Program?

A. There is no official Income Eligible Hard-to-Measure Program. Rather, there are seven Hard-to-Measure Core Initiatives offered in the Income Eligible sector, that fall under the category of Income Eligible Hard-to-Measure in the data tables. For purposes of this testimony and the Compact's MTM request, the Compact is referring to these core initiatives as the "Income Eligible Hard-to-Measure Program." The Compact believes the Department's directive in footnote 139 of the 2022-2024 Three-Year Plans Order was intended to include the Income Eligible Hard-to-Measure Program.

Q. Please describe the purpose of the Income Eligible Hard-to-Measure Program.

A. The Income Eligible Hard-to-Measure Program includes the following core initiatives that support the Compact's implementation of the Three-Year Plan:

- Statewide Marketing
- Statewide Database
- DOER Assessment
- Sponsorships and Subscriptions
- Workforce Development
- Evaluation and Market Research
- Low-Income Energy Affordability Network ("LEAN")

While these core initiatives do not by themselves directly produce savings, they contribute to or facilitate the PAs' achievement of their goals. *See* D.P.U. 21-120 through D.P.U. 21-129, Exhibit 1 at 187-88 for additional detail on these core initiatives.

Q. What was the original budget approved by the Department for the Compact's Income Eligible Hard-to-Measure Program?

A. The Compact's budget filed in D.P.U. 21-126 on April 1, 2022 is $998,301.

Q. Please describe what has prompted the Compact's Income Eligible Hard-to-Measure Program budget increase request.

A. The key driver is the demand for additional evaluation, measurement and verification ("EM&V") activities.

Q. Was the increased spending for EM&V foreseeable?

A. No. The Compact planned for its share of EM&V costs based on the planning information available at the time of filing the Three-Year Plan. Since the Compact's initial plan filing, additional EM&V studies were required of the PAs, resulting from the Department's Three-Year Plans Order and additional studies were requested by the Department of Energy Resources, which has increased the Compact's share of EM&V costs.

Q. What is the requested budget increase for the Compact's Income Eligible Hard-to-Measure Program?

A. The Compact is requesting an increase of approximately $85,000 over the three-year term, which would bring the total Income Eligible Hard-to-Measure Program budget to $1,082,869 (an 8% increase).

Q. Will the requested increase in the Income Eligible Hard-to-Measure Program budget result in additional kWh or therm savings?

A. No. By definition, a Hard-to-Measure Energy Efficiency Program "refers to programs that have costs but do not have direct energy savings or whose energy savings may be difficult to quantify." Guidelines, §2.

Q. If there are no savings associated with the increase in the Income Eligible Hard-to-Measure Program budget, how does the budget increase otherwise benefit ratepayers?

A. EM&V is essential to the energy efficiency program lifecycle, from conducting market research in support of new program designs, to developing program theory, to assessing demonstration projects for new offers, and ultimately evaluating verified savings and benefits from mature programs. See Three-Year Plan, Exhibit 1, Appendix H at 4. EM&V activities are also directly tied to satisfying the key priorities of the Three-Year Plan. *Id*. To support electrification, EM&V expenditures help quantify and document the conditions under which heat pumps benefit customers and save energy, barriers to heat pump adoption, and progress toward transforming the HVAC market to favor heat pump adoption. *Id*. On equity, EM&V expenditures result in research to support expanding participation among key demographic groups, such as renters, and English-isolated customers, groups which have been less likely to participate in programs in the past. *Id*. As the Program Administrators have prioritized programs that create a more diverse workforce that is prepared to support future energy efficiency goals, EM&V expenditures are necessary to clarify program theory, identify indicators of success, and track progress over time. *Id*.

Q. What are the implications to the Compact and its customers should the MTM not be approved?

A. The Compact would need to recommend to EM&V vendors that the scope of work under certain evaluations be scaled back, and/or that certain evaluations not be undertaken. The Compact may not be able to complete studies that are underway (including those required by the Department). In addition, the Compact would have to stop paying its allocated share of some statewide EM&V costs, which would have implications for all Program Administrators.

C. <u>Income Eligible Existing Buildings Program Budget Increase Request</u>.

Q. Please describe the purpose of the Income Eligible Existing Buildings Program.

A. The Income Eligible Existing Buildings Program is comprised of the Income Eligible Coordinated Delivery Initiative and the Income Eligible Active Demand Reduction Initiative, which provide cost-effective, energy efficiency products and services to income eligible residential customers in a fuel-blind approach. The Three-Year Plan defines income eligible as at or below 60% of the state median income level for 1-4 unit buildings and having at least 50% of units be at or below 60% of the area median income level for 5+ unit buildings. Customers that qualify for the utility discount rate are also considered income eligible. The Income Eligible Coordinated Delivery Initiative is administered in coordination with LEAN. See D.P.U. 21-120 through D.P.U. 21-129, Exhibit 1 at 108-11 for a detailed description of the Income Eligible Existing Buildings Program.

Q. What was the original budget approved by the Department for the Compact's Income Eligible Existing Buildings Program?

A. The Compact's budget filed in D.P.U. 21-126 on April 1, 2022, together with the budget approved for CVEO in D.P.U. 22-137 is $19,482,802.

Q. Please describe what has prompted the Compact's Income Eligible Existing Buildings Program budget increase request?

A. The primary driver of the requested budget increase is the cost of heat pump installations.

Q. Was the increased cost of heat pump installations foreseeable?

A. No. The Compact's planning for heat pump installation costs was in alignment with the other PAs. Based on experience in 2022 and during the first half of 2023, on average, the Compact is seeing installed heat pump costs more than double what was planned for in income eligible single-family homes on Cape Cod and Martha's Vineyard. Because heat pumps made up more than half of the Compact's planned spending for the Income Eligible Existing Buildings Program, the increase in per-unit costs has a significant impact on the total budget. Other drivers of this budget request include improved weatherization results due to the combination of increased R-value guidelines and by addressing more weatherization barriers such as vermiculite and mold, both of which are new to the 2022-2024 Three-Year Plan term.

Q. Does the Compact pair weatherization services with heat pump installation when serving income eligible customers?

A. Yes. The Compact is operating in accordance with the Department's directive in the Three-Year Plans Order which requires Program Administrators to weatherize low-income buildings prior to installing heat pumps, unless specific conditions make this impractical. Three-Year Plans Order at 110.

Q. What is the requested budget increase for the Compact's Income Eligible Existing Buildings Program?

A. The Compact is requesting a three-year term budget increase of approximately $18 million for its Income Eligible Existing Buildings Program, which would bring the total Income Eligible Existing Buildings Program budget to $37,644,662 (a 93% increase).

Q. Will the requested increase in Income Eligible Existing Buildings Program budget result in additional kWh or therm savings?

A. No. Currently, the Compact projects that its lifetime kWh savings for the Income Eligible Existing Buildings Program will decrease by about 30% compared to plan. This is due to greater demand for oil and propane conversion to electric heat pumps than planned for, which yields negative electric savings. Specifically, lower than planned lifetime savings is driven by several factors, including:

- A greater number of heat pump water heaters replaced oil or propane water heaters rather than electric water heaters. Fossil fuel conversions provide increased benefits and GHG reductions but not increased electric savings;
- Fewer process measures, which target electric savings, than planned due in part to a renewed backlog in appliance supply and availability; and
- Fewer lighting measures than planned.

Q. If there are no additional electric savings associated with the increase in the Income Eligible Existing Buildings Program budget, how does the budget increase otherwise benefit ratepayers?

A. The Compact, together with the other Program Administrators, is making a concerted effort to promote electrification, particularly in instances where customer economics and building characteristics are favorable. See D.P.U. 21-126, Exh. 1 at 13; *Cape Light Compact JPE*, D.P.U. 23-60 Appendix 1A at 1.

Specifically, customers who currently heat with oil, propane, or electric resistance are more likely to realize reduced heating costs from electrification, especially when electrification is coupled with weatherization, and the Compact is implementing weatherization measures with electrification as directed by the Department. D.P.U. 21-120 through D.P.U. 21-129 at 107. While there may not be increased electric savings associated with the additional budget request, continued implementation of the Income Eligible Existing Buildings Program will help move customers towards building decarbonization, a goal of the Commonwealth.

Towards this end, the additional budget will achieve additional GHG emissions reductions, which will help support achievement of the goals the Program Administrators are required to meet pursuant to 2021 climate legislation, St. 2021, c. 8, §106. The additional budget will more than double the Compact's planned GHG emissions reductions for the income eligible sector (the 2030 avoided CO2e metric tons), from ~1,300 metric tons to a total of ~2,800 metric tons. Moreover, installation of heat pumps provides a benefit to the entirety of the Commonwealth in that heat pumps are one of the lower cost ways of achieving GHG emissions reductions. Absent the heat pump incentives provided by the Program Administrators, the Commonwealth would need to implement other, more expensive GHG emissions reductions efforts. Please see Exhibit CLC-2 for additional information.

Finally, historically, the Compact has had trouble spending its statutorily required spending levels for income eligible customers. This budget increase will allow the Compact to revisit income eligible customers with remediation of pre-weatherization barriers, enhanced weatherization, and electrification.

Q. Would it be possible for the Compact to continue to operate the Income Eligible Existing Buildings Program within the confines of the original budget as approved by the Department?

A. No. Through August 2023, the Compact has expended approximately 79% of its 2022-2024 planned Income Eligible Existing Buildings Program budget. Without changes to the program or core initiative design, the Compact will not be able to operate the Income Eligible Existing Buildings Program as approved in D.P.U. 21-126. In order to implement all measures currently being offered statewide, and to continue to serve customers seeking both electrification and non-electrification measures in the Income Eligible Existing Buildings Program, and the Income Eligible Coordinated Delivery Initiative, the Compact requires additional funding.

Q. What are the implications to the Compact and its customers should the MTM not be approved?

A. The Compact would need to stop offering heat pump electrification to customers in the Income Eligible Existing Buildings Program and turn away income eligible heat pump conversion candidates, including many customers who are currently waiting in the queue. The Compact may not be able to achieve the legislatively mandated GHG emissions reductions goals it planned for the Three-Year Plan term. These modifications to the program will also undoubtedly cause disruption in the marketplace, including dissatisfied customers and contractors.

D. C&I Sector Budget Decrease Request.

Q. Please generally describe the C&I sector.

A. The Program Administrators serve a wide array of C&I customer types, including microbusiness, small business, medium business and large business. These customer types also span diverse industries, including business services, education, health care, hospitality, manufacturing, offices, public services, retail and wholesale. The Program Administrators utilize several pathways to serve customers in the C&I sector, including the midstream pathway (a point-of-sale approach), downstream pathway (a prescriptive, equipment-based approach), and the custom pathway (a project-based approach).

It is important to note that planning and budgeting for serving the C&I sector presents unique challenges, especially in a service territory like the Compact's. These challenges include: (1) the lack of availability of a skilled workforce, specifically, electricians and HVAC contractors, which has led to a back log in installation approved jobs; (2) a significantly higher cost of "doing business" on Cape Cod and Martha's Vineyard, which leads to customer economic constraints; and (3) the seasonality of many of the Compact's small businesses, which results in shorter windows of time to engage customers. The sector is volatile given that the loss of one or more planned large projects can have a significant effect on the sector level budget.

Q. What is the original budget approved by the Department for the Compact's C&I sector?

A. The Compact's budget filed in D.P.U. 21-126 on April 1, 2022 is $56,915,139.

Q. Please describe what has prompted the Compact's C&I Sector budget decrease request.

A. Throughout the course of 2022, the Compact continued to experience material and labor shortages, as well as rising prices for materials and equipment resulting from the COVID-19 pandemic. The result is a delay of program implementation, where projects took longer than expected to move forward or did not move forward at all as they were too costly and the economics were unreasonable for the customer to proceed (even when coupled with the energy efficiency incentives offered by the Compact).

While material and equipment availability has improved in 2023, labor shortages are still prohibiting many projects across the C&I sector from being installed in a timely manner, which has resulted in decreased spending within the sector compared to what was planned. Also, the weatherization offering, which was initially planned for earlier in 2022, did not commence until the Fall of 2022 and additional time has been spent training vendors on offerings in order to ramp up these efforts.

Q. Is the Compact undertaking all reasonable efforts to try and increase C&I sector level spending for the remainder of the Three-Year Plan term?

A. Yes. In order to increase participation, savings and spending, the Compact is revisiting proposals where small business customers have not moved forward with recommended improvements and notifying them of the incentives now available.

The Compact has added additional Main Streets efforts in 2023 beyond what was originally planned, for a total of 13 events (seven events in the Spring and six events in the Fall). These efforts are targeted at customers who have not participated in an energy efficiency assessment within the last two years and are targeted in areas that have not had high participation in the past. In advance of a Main Streets event, the Compact sends two direct mailings to customers alerting them of the event, and also undertakes outreach in-person to sign-up interested businesses for an energy assessment. The 2023 Main Streets events to date have produced a great response and additional program engagement.

The Compact is reviewing historical customer participation data and identifying customers that are non-profit, in order to help such customers take advantage of the enhanced incentives offered by the Compact. The Compact is also reviewing historical data to identify customers with large energy use (within the parameters of the Compact's small business turnkey offering for customers using under 1.5 million kWh per year), to consider whether additional energy efficiency opportunities are available.

The Compact's small business vendor hired an outreach specialist in late 2022, to identify opportunities and recruit businesses to participate in the Compact's programs. The Compact also sends information regularly to each of the Chambers of Commerce on Cape Cod and Martha's Vineyard to promote offers that are available to businesses regardless of whether they rent or own their business location.

Finally, the Compact continues to work closely with its largest customers on energy plans and identifying areas and opportunities for electric energy efficiency measures.

All of these efforts have generated additional work within the C&I programs in 2023. Unfortunately, however, the Compact projects that even with this added participation, the Compact will not be able to make up for the 2022 spending deficit it encountered (due to the labor and material shortages and related project delays) over the remainder of the Three-Year Plan term.

Q. What is the requested budget decrease for the Compact's C&I sector?

A. The Compact is requesting a three-year term budget decrease of approximately $13.6 million for its C&I sector, which would bring the total C&I sector budget to $43,322,721 (a 24% decrease).

Q. Will the Compact achieve its C&I sector electric kWh savings goals even with the requested budget reduction?

A. The Compact projects that it will have slightly less electric kWh savings than originally planned. While the Compact proposes to reduce its budget by 24%, there is a minor reduction of 3% in electric kWh savings.

III. CONCLUSION

Q. Is the Compact requesting any changes to its approved savings goals associated with these MTMs?

A. No. The Compact is not requesting changes to its approved savings goals. The Compact does not intend on revising its approved Three-Year Plan to reflect these MTMs. Rather, all future reporting on its Three-Year Plan will report and compare actual results to the Department's already approved budgets and goals. Any variances related to the proposed budget increases or decreases will be explained by reference to these MTMs.

Q. Does this conclude your testimony?

A. Yes. It does.