RESOLUTION OF THE ENERGY EFFICIENCY ADVISORY COUNCIL
REGARDING PROPOSED MID-TERM MODIFICATIONS
OF NATIONAL GRID ELECTRIC, UNITIL (GAS), AND THE CAPE LIGHT COMPACT

Adopted October 15, 2014

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), 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") 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 direction above, National Grid Electric, Fitchburg Gas and Electric Light Company d/b/a Unitil (gas) ("Unitil"), and the Cape Light Compact (the "Compact") (together, the "Modifying PAs") are each currently seeking support of the EEAC to implement modifications to their energy efficiency program. Specific details describing the requested modifications and related information are set forth on Attachment A (National Grid), Attachment B (Unitil), and Attachment C (Cape Light Compact).

The EEAC is committed to achieving the savings and benefits of the Three-Year Plans. Having reviewed the proposed Mid-Term Modifications set forth in Attachment A, Attachment B, and Attachment C, the EEAC resolves the following, and directs that these resolutions be transmitted in full to the Department of Public Utilities.

National Grid Electric

After review and consideration of National Grid's proposed mid-term modification, as described in Attachment A, the EEAC supports the mid-term modification for an increase in the three-year budget as follows:

Program	Additional Budget
Residential Whole House	$36.0 million
Residential Products	$12.2 million
Residential Hard-to-Measure	$6.5 million

Unitil

After review and consideration of Unitil's proposed mid-term modification, as described in Attachment B, the EEAC supports the mid-term modification for an increase in the three-year budget as follows:

Program	Additional Budget
Residential Whole House	$240,000

Cape Light Compact

After review and consideration of the Compact's proposed mid-term modification, as described in Attachment C, the EEAC supports the mid-term modification for an increase in the three-year budget as follows:

Program	Additional Budget
Residential HEAT Loan	$1,387,870
Residential Sponsorship	$8,410
C&I Sponsorship	$14,336

For future regulatory reporting during the Three-Year Plan, including the Plan-Year Reports and Term Report, the EEAC understands that each of the Modifying PAs will not be revising their approved Three-Year Plan goals to reflect these mid-term modifications. All future reporting on the Three-Year Plan will report and compare actual results to the Department-approved budgets and goals. This resolution will be submitted to the Department of Public Utilities to support any variance explanations related to the mid-term modifications supported here. The performance incentive model filed in D.P.U. 14-05 remains unchanged. There is no increase or decrease to the performance incentive pool or any change to the payout rates derived in the performance incentive model, since the Modifying PAs have not changed approved goals.

Attachment A
Mid-Term Modification Request for National Grid Electric

National Grid is committed to achieving its Three-Year Plan portfolio level savings goals. In order to do so, National Grid Electric is adjusting efforts to meet customer demand for services and to achieve desired results. The proposed adjusted efforts trigger the need for Energy Efficiency Advisory Council ("EEAC" or "Council") support for National Grid Electric pursuant to § 3.8.1 of the revised Energy Efficiency Guidelines issued by the Department of Public Utilities ("Department") in D.P.U. 11-120-A, Phase II. National Grid requests Council support to make the following significant modifications to its electric Energy Efficiency Plan ("Plan").

National Grid Electric is committed to securing energy savings consistent with its portfolio level savings goals for the period 2013 – 2015 that were endorsed by the Council and approved by the Department and is not proposing a change to the portfolio-level savings goals. However, in order to meet increased residential demand for energy efficiency services and achieve the desired results, National Grid is requesting support for budget increases in its electric Residential Whole House, Residential Products, and Residential Hard to Measure program categories, as follows:

Program	Planned Budget	2013-2015 Projected (2013 Plan Yr Report Actuals + 2014 & 2015 Projections)	Additional Budget Requested for Approval	Percentage Change from Plan
Residential Whole House	$141.6 million	$177.6 million	$36.0 million	+25%
Residential Products	$54 million	$66.2 million	$12.2 million	+23%
Residential Hard-to-Measure	$22.4 million	$28.9 million	$6.5 million	+29%

The residential sector achieved well over 100% of its 2013 savings goals, as demonstrated in National Grid's 2013 Plan-Year Report. The request for additional budget is required for National Grid to continue to pursue all available, cost-effective energy efficiency in accordance with the Green Communities Act. In addition, this increased activity is designed to produce savings that will help customers to better manage costs this coming winter when prices are anticipated to increase while helping to reduce demand during the winter peak period. The main drivers for the cost increases by program are listed below:

Residential Whole House
As shown in the 2013 Plan-Year Report, National Grid achieved more than 100% of lifetime savings in the Residential New Construction, Multi-Family Retrofit and Home Energy Services ("HES") initiatives. In order to meet this strong demand for residential products and services, National Grid is requesting additional funds in order to complete more HES audits, perform more insulation and air sealing jobs, install a greater number

of LED bulbs in all initiatives under the Whole House Program, and continue to pay incentives for a resurging new construction market. National Grid is anticipating that the 25% increase in spending will yield an additional 47% in lifetime savings for the Whole House program.

Residential Products
The request for additional budget in the Residential Products program is driven by the continued success of the Residential Lighting initiative. In 2013, National Grid achieved 169% of its Residential Lighting lifetime savings goal due to the higher than anticipated demand for LED bulbs as well as increased participation in almost all other lighting-related measure categories (i.e. CFL and LED fixtures and specialty CFL bulbs). In 2014 and 2015, National Grid anticipates ramping up its efforts with LED bulbs even further in order to continue to meet customer demand for these products. National Grid estimates that the 23% increase in spending will yield an additional 84% in lifetime savings for the Residential Products program.

Residential Hard-to-Measure
At the beginning of 2013, National Grid and the other Program Administrators expanded the availability of the HEAT Loan to a wider group of participants, including those customers who received rebates for heating equipment and heat pump water heaters or participated through the Multi-Family Retrofit initiative. Due to a combination of high participation in the HES initiative and higher than anticipated uptake of newly eligible measures, National Grid spent 150% of its HEAT Loan budget in 2013. National Grid anticipates this level of activity will continue in 2014 and 2015, and has requested additional funds to be able to meet the increased demand for HEAT Loan funding.

These budget increases are appropriate and will allow National Grid to achieve greater residential savings. In fact, lifetime savings from residential customers in the three-year period are anticipated to be approximately 70% higher than Department-approved residential savings goals, with the cost for residential efforts projected to be 25% above the approved residential budget. The dollar value of benefits expected from residential efforts is projected to increase by 50% when compared to the approved Plan.

Since National Grid is not requesting changes to its Three-Year Plan approved savings goals, no changes to the Performance Incentive pool or mechanism filed with the Department on February 28, 2014 in docket D.P.U. 14-05 are requested.[1]

National Grid requests Council support to make the three significant modifications to its 2013-2015 electric Energy Efficiency Plan as described above.

[1] National Grid acknowledges that the filed Performance Incentive mechanism is pending in D.P.U. 14-05, and that parties have filed comments on the filed proposals, which are being reviewed by the Department.

Additional Information Provided for Informational Purposes Only – Not Part of EEAC Approval

The additional information summarized below is provided by National Grid for context and informational purposes only. Council action is requested solely on the three significant modifications described above. The Council, in acting on the above modifications, is not acting on or approving the anticipations or estimates provided by National Grid below.

Lifetime savings from low-income customers in the three-year period are anticipated by National Grid to be approximately 30% higher than Department-approved low income savings goals, with the cost for low-income efforts projected to be approximately 9% above the approved low-income budget. The dollar value of benefits expected from low-income efforts is projected to increase by 27% when compared to the approved Plan.

For the commercial and industrial ("C&I") programs, savings from C&I customers in the three-year period are anticipated by National Grid to be approximately 81% of the Department-approved C&I savings goals, with the cost for C&I efforts projected to be approximately 86% of the approved C&I budget. The dollar value of benefits expected from commercial and industrial efforts is projected to decrease to 84% of the projected value of benefits included in the approved Plan. While National Grid is projecting this level of savings for C&I, it is not changing its goals and is still fully committed to providing comprehensive energy efficiency service to its C&I customers.

At the portfolio level, National Grid Electric anticipates achieving 100% of its approved savings goals, with projected costs of approximately 2% above the approved portfolio level budget. National Grid anticipates achieving 100% of the dollar value of benefits in its Plan at the portfolio level.

For informational purposes only, the table below shows National Grid's 2013-2015 anticipated adjustments for annual savings, lifetime savings, benefits and budget for each sector. The 2013-2015 projections incorporate 2013 Plan-Year Report results for 2013 and proposed adjustments for 2014 and 2015.

	NATIONAL GRID ELECTRIC 2013-2015 PROPOSED ADJUSTMENTS & PROJECTIONS BY SECTOR											
SECTOR	ANNUAL SAVINGS (MWh)			LIFETIME SAVINGS (MWh)			BENEFITS (LIFETIME $)			BUDGET		
	2013-15 Approved (a)	**2013-15 with Proposed Adjustments (b)**	**% Of Goal (b)/(a)**	**2013-15 Approved (d)**	**2013-15 with Proposed Adjustments (e)**	**% Of Goal (e)/(d)**	**2013-15 Approved (g)**	**2013-15 with Proposed Adjustments (h)**	**% Of Goal (h)/(g)**	**2013-15 Approved (j)**	**2013-15 with Proposed Adjustments (k)**	**% Of Goal (k)/(j)**
RES	595,524	795,367	136%	2,772,704	4,741,500	171%	$0.93 billion	$1.40 billion	150%	$217.9 million	$272.7 million	125%
LI	39,177	47,403	121%	347,431	444,396	128%	$0.16 billion	$0.20 billion	127%	$77.5 million	$84.3 million	109%
C&I	1,127,695	937,198	83%	14,485,224	11,704,302	81%	$2.17 billion	$1.82 billion	84%	$343.9 million	$294.8 million	86%
TOTAL	**1,762,396**	**1,779,967**	**101%**	**17,605,359**	**16,890,198**	**96%**	**$3.27 billion**	**$3.42 billion**	**105%**	**$639.5 million**	**$651.8 million**	**102%**

	NATIONAL GRID ELECTRIC 2013-2015 PROPOSED ADJUSTMENTS & PROJECTIONS BY RESIDENTIAL PROGRAM											
PROGRAM	ANNUAL SAVINGS (MWh)			LIFETIME SAVINGS (MWh)			BENEFITS (LIFETIME $)			BUDGET		
	2013-15 Approved (a)	**2013-15 with Proposed Adjustments (b)**	**% Of Goal (b)/(a)**	**2013-15 Approved (d)**	**2013-15 with Proposed Adjustments (e)**	**% Of Goal (e)/(d)**	**2013-15 Approved (g)**	**2013-15 with Proposed Adjustments (h)**	**% Of Goal (h)/(g)**	**2013-15 Approved (j)**	**2013-15 with Proposed Adjustments (k)**	**% Of Goal (k)/(j)**
Res Whole House	353,079	412,073	117%	976,201	1,435,188	147%	$683.8 million	$948.1 million	133%	$141.6 million	$177.6 million	125%
Res Products	242,444	395,799	163%	1,796,503	3,306,313	184%	$251.1 million	$454.3 million	175%	$54 million	$66.2 million	123%
Res Hard-to-Measure	-	-	-	-	-	-	-	-	-	$22.4 million	$28.9 million	129%
Res Total	**595,524**	**795,367**	**136%**	**2,772,704**	**4,741,500**	**171%**	**$934.9 million**	**$1,402.3 million**	**150%**	**$217.9 million**	**$272.7 million**	**125%**

Attachment B

Mid-Term Modification Request for Unitil Gas

Fitchburg Gas and Electric Light Company d/b/a Unitil ("Unitil") is committed to securing energy savings consistent with its portfolio level savings goals for the period 2013 through 2015, as endorsed by the Council and approved by the Department, in a cost-effective manner. In order to do so, Unitil proposes to adjust its efforts in order to meet customer demand for services and to achieve desired results for its gas energy efficiency program offerings. This proposed adjustment triggers the need for Energy Efficiency Advisory Council ("EEAC" or "Council") approval for Unitil Gas pursuant to § 3.8.1 of the revised Energy Efficiency Guidelines issued by the Department of Public Utilities ("Department") in D.P.U. 11-120-A, Phase II. Unitil requests Council approval to make the referenced modification to its gas Energy Efficiency Plan.

In order to meet increased residential demand for energy efficiency services and achieve the desired results, Unitil requests approval for a budget increase for its gas Residential Whole House program to ensure it is able to continue offering the Home Energy Services ("HES") initiative, which has been overwhelmingly successful thus far during this three-year plan, as follows:

Program	Planned Budget	2013-2015 Projected (2013 Plan Year Report Actuals + 2014 & 2015 Projections)	Additional Budget Requested for Approval	Percentage Change from Planned Budget
Residential Whole House	$826,905	$1,066,905	$240,000	+29%

This budget increase will allow Unitil to continue the HES initiative offering and achieve greater residential savings for this initiative. This assessment is based on the initiative's progress to date. The Company has experienced tremendous interest in HES over the past 20 months and anticipates that demand for services will continue to be above expectations through the remaining months of the Plan. Between January 1, 2013 and August 25, 2014, the Company provided services to 245 customers through HES, representing 350% of plan for this point in the three-year plan for this initiative. In addition, two new initiatives, EBR/EFR[1] and Efficient Neighborhoods+, have increased HES incentive and administrative costs. As such, HES spending is at 141% of its approved three-year planning budget, and represents 87% of the entire Residential Whole House Program budget.

Additionally, HES savings during this same time period (~5,200 MMBtu), were 179% of the Department approved savings goals for the initiative and 77% of the total proposed Residential Whole House program savings target (6,732 MMBtu). Based on evaluated 2013 results, the cost to achieve savings in HES was 15% below planned cost for annual savings and 6% above planned cost for lifetime savings. Incentive costs per participant were 35% above Plan primarily

[1] Early Boiler/Furnace Replacement

due to the two new initiatives referenced above. However, total cost per participant was only 12% above plan, reflecting the Company's efforts to control costs in other areas.

As a result of these successes, Unitil proposes to continue offering its gas HES initiative through the remainder of the three-year plan by adding $240,000 to the currently approved three-year budget for the Whole House program. This proposed increase is reasonable and will allow the Company to continue to serve customers through 2015. Additional funds, if approved, will be used to provide HES customer home energy assessments, incentive payments for additional measure installations and related administrative costs.

The Company will continue to monitor all initiatives and programs closely, as well as market and environmental factors related to program delivery with a commitment to continuing to serve our customers. Should the need arise, the Company will notify and work with the Council and the Department to ensure that all efforts are made to continue program offerings in a cost-effective manner that serves common interests.

As a result of the budget increase detailed above, lifetime savings from residential customers in the three-year period are anticipated to be approximately 12% higher than Department-approved residential savings goals, with the cost for residential efforts projected to be 16% above the approved residential budget. The dollar value of benefits expected from residential efforts is projected to increase by 11% when compared to the approved Plan.

The Company does not propose any changes to the Department-approved performance incentive ("PI") model, and will keep the threshold, design, and exemplary levels of performance for the Savings and Value Mechanisms remain at the levels defined in the updated PI model submitted to the Department on March 3, 2014, in Fitchburg Gas and Electric Light Company d/b/a Unitil, D.P.U. 14-05 (amended initial filing). The Company intends that actual results for the program will be reported compared to Department-approved budgets as part of the Company's plan year and overall performance reporting.

Additional Information for Informational Purposes Only – Not Part of EEAC Approval

The EEAC is acting on the proposed MTM above, and is not acting on or approving the values in the table below, which are provided for informational purposes only.

The table below shows the Company's 2013-2015 adjustments for annual savings, lifetime savings, benefits and budget for the residential sector. The 2013-2015 values below incorporate 2013 Plan-Year Report results for 2013.

SECTOR	UNITIL GAS 2013-2015 PROPOSED RESIDENTIAL ADJUSTMENTS											
	ANNUAL SAVINGS (therms)			LIFETIME SAVINGS (therms)			BENEFITS (LIFETIME $)			BUDGET		
	2013-15 Approved (a)	**2013-15 with Proposed Adjustments** (b)	**% Of Goal** (b)/(a)	**2013-15 Approved** (d)	**2013-15 with Proposed Adjustments** (e)	**% Of Goal** (e)/(d)	**2013-15 Approved** (000s) (g)	**2013-15 with Proposed Adjustments** (000s) (h)	**% Of Goal** (h)/(g)	**2013-15 Approved** (000s) (j)	**2013-15 with Proposed Adjustments** (000s) (k)	**% Of Goal** (k)/(j)
RES	104,371	129,561	124%	2,177,613	2,429,668	112%	$3,276	$3,630	111%	$1,494	$1,734	116%
LI	55,784	65,030	117%	1,294,107	1,109,201	86%	$1,766	$2,081	118%	$1,690	$1,688	100%
C&I	432,567	437,238	101%	8,188,245	7,647,045	93%	$10,448	$9,864	94%	$1,915	$2,038	106%
TOTAL	**592,722**	**631,829**	**107%**	**11,659,965**	**11,185,914**	**96%**	**$15,490**	**$15,575**	**101%**	**$5,099**	**$5,460**	**107%**

NOTE: Values for LI and C&I sectors are the same as those listed in the Implementation Update, adjusted to include 2013 actuals provided in the Company's 2013 Plan Year Report, D.P.U. 14-87, filed June 20, 2014.

Attachment C
Mid-Term Modification Request for the Cape Light Compact

I. INTRODUCTION

The Cape Light Compact (the “Compact”), comprised of the towns of Aquinnah, Barnstable, Bourne, Brewster, Chatham, Chilmark, Dennis, Edgartown, Eastham, Falmouth, Harwich, Mashpee, Oak Bluffs, Orleans, Provincetown, Sandwich, Tisbury, Truro, West Tisbury, Wellfleet, and Yarmouth, and the counties of Barnstable and Dukes County, acting together, respectfully requests the Energy Efficiency Advisory Council’s (the “Council”) review and support of a mid-term modification, pursuant to the Revised Energy Efficiency Guidelines at § 3.8.1, to the Compact’s Three-Year Energy Efficiency Plan (“Three-Year Plan”), as approved by the Department of Public Utilities (“D.P.U.” or “Department”) in D.P.U. 12-107.

II. COUNCIL AUTHORITY

On January 31, 2013, the Department approved Revised Energy Efficiency Guidelines (the “Guidelines”). See D.P.U. 11-120-A, Phase II (Order, dated January 31, 2013). Pursuant to the Guidelines, the Department has delegated the review of certain Three-Year Plan modifications to the Council. Specifically, Section 3.8.1 of the Guidelines states:

> A Program Administrator that seeks to make the following significant modifications to its Energy Efficiency Plan shall submit its proposed modifications to the Council 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.

Guidelines at § 3.8.1.

Based upon this authority, as more fully discussed below, the Compact seeks the Council’s support of a modification of its Three-Year Plan budget of greater than 20 percent for certain of its hard-to-measure energy efficiency programs.

III. THE COMPACT'S REQUESTED MID-TERM MODIFICATIONS

The Compact seeks the Council's review and support of a change in the three- year term budget of greater than 20 percent in its Residential HEAT Loan program and both its Residential and Commercial and Industrial ("C&I") Sponsorship programs. The Council has the authority to conduct its review pursuant to section 3.8.1(3) of the Guidelines. See *supra* at II.

Throughout its implementation of the Three-Year Plan, the Compact maintains as its highest priority the achievement of its approved portfolio level savings goals in a cost-effective manner. To this end, the Compact requires the increase in certain hard-to-measure program budgets to meet customer demand and to support the seamless administration of its Three-Year Plan. The table below provides a summary of the proposed budget increases.

Program	2013-2015 Planned Budget	2013-2015 Projected Budget[1]	Additional Budget Requested	Percentage Change from Approved Plan
Residential HEAT Loan	$900,000	$2,287,870	$1,387,870	154%
Residential Sponsorship	$17,114	$25,524	$8,410	49%
C&I Sponsorship	$14,411	$28,747	$14,336	99%

Note: Since each of these programs are hard-to-measure, the Compact's annual and lifetime savings by sector and in total will not be affected by the proposed mid-term modifications.

A. Hard-to-Measure - Residential HEAT Loan

The Compact is seeking a $1,387,870 increase to its Three-Year Plan budget for the hard-to-measure Residential Heat Loan program. With the recent expansion of offerings in the HEAT Loan program, the Compact has experienced exponential growth in its HEAT Loan program. Due to an increase in statewide promotion of the HEAT Loan, by both the Program Administrators and the Department of Energy Resources, the HEAT Loan program has grown significantly in terms of popularity and use. The Compact continues to offer a HEAT Loan to all eligible customers as it allows customers to implement energy efficiency measures that they may not have been able to do without financing. The Compact values this program offering as it allows its customers to go "deeper" in terms of energy efficiency installations. Absent the requested budget adjustment the Compact would be forced to suspend the HEAT Loan program. The Compact respectfully requests the Council's support of a mid-term modification to increase its budget to accommodate its interested customers through the end of the Three- Year Plan term.

[1] This column reflects the 2013 plan year report actuals plus projections for 2014 and 2015.

B. Hard-to-Measure - Residential & C&I Sponsorship

The Compact is seeking relatively nominal increases to its Residential and C&I hard-to-measure Sponsorship program of $8,410 and $14,336, respectively. With this aggressive Statewide Three-Year Plan, the Compact (as part of the statewide efforts) has been asked to sponsor more events and activities to continue promotion of the Commonwealth's energy efficiency goals. To accommodate this increased demand, the Compact is proposing nominal increases to its Sponsorship programs. While the proposed increase is small in absolute dollars, these activities do allow for participation in events that help to market the programs and ensure collaboration with other statewide Program Administrators in their sponsorship of organizations such as NEEP, CEE, and other energy efficiency partners whose work supports the statewide programs.

IV. FUTURE REPORTING

The Compact does not intend on revising its approved Three-Year Plan goals to reflect these mid-term modifications. Rather, all future reporting on its Three-Year Plan will report and compare actual results to the Department approved budgets and goals. Assuming Council support of the proposed mid-term modifications, any variances related to the proposed budget increases will be explained by reference to the Council's resolution supporting the Compact's mid-term modification.