

**RESOLUTION OF THE ENERGY EFFICIENCY ADVISORY COUNCIL
REGARDING THE PROPOSED DEMAND REDUCTION DEMONSTRATION
OFFERINGS OF EVERSOURCE ELECTRIC AND UNITIL ELECTRIC**

Adopted October 19, 2016

In its October 26, 2015 resolution supporting the statewide 2016-2018 three-year energy efficiency plans, the Energy Efficiency Advisory Council (“EEAC”) highlighted peak demand reduction as a key priority. Furthermore, the Department of Public Utilities (“Department”) noted general agreement among the parties to the D.P.U. 15-160 through D.P.U. 15-169 proceedings on the potential benefits of demand reduction projects, including their ability to mitigate peak demand, lower cost to consumers, and improve the environment. The Department directed each energy efficiency Program Administrator (“PA”) to include a detailed description of the results of all demonstration offerings, including detailed program descriptions, costs, benefits, challenges, and the potential for future program offerings as part of each plan year report for the 2016 through 2018 term.¹ Additionally, the order states that the Department “expect[s] the Program Administrators to examine different demand response opportunities and delivery models during the initial phases of these offerings in order to identify cost-effective programs and best practices to support the deployment of demand response programs at scale.”²

Pursuant to Section 5 of the Revised Energy Efficiency Guidelines set forth in D.P.U. 11-120-A, Phase II (January 31, 2013) (“Guidelines”), a PA that seeks to make a program or budgetary request not otherwise addressed specifically in the Guidelines “shall have the burden to demonstrate the compelling nature of such request.”

In accordance with the Guidelines described above, NSTAR Electric Company and Western Massachusetts Electric Company, each d/b/a Eversource Energy (“Eversource”) and Fitchburg Gas & Electric Light Company, d/b/a Unitil (“Unitil”) are currently seeking the support of the EEAC to fund and implement Demand Reduction Demonstration Offerings under Section 5 of the Guidelines described above. Additional details from Eversource and Unitil describing the requested budgets and programs and related information are set forth in the attached documents.

The Demand Reduction Demonstration Offerings budget requests submitted by the PAs for review and support from the EEAC are:

1. Eversource: \$21.46 million
2. Unitil: \$146,000

Summary of EEAC Review and Analysis

As noted in the EEAC’s October 26, 2015 resolution in support of the PA’s 2016-2018 Three-year Plan, Demand Reduction Demonstration Offerings in the 2016-2018 term are critical

¹ See D.P.U. 15-160 through D.P.U. 15-169, at 142 (2016).

² See D.P.U. 15-160 through D.P.U. 15-169, at 145.

to identify and develop cost-effective programs and best practices to support the deployment of demand reduction programs at scale for the 2019-2021 three-year energy efficiency investment plans.

The two proposed electricity Demand Reduction Demonstration Offerings build on activities that the PAs, through the Demand Reduction Working Group, and the EEAC, through the Demand Reduction Subcommittee, have undertaken during the course of the year to date. In addition, the Eversource and Unitil electricity Demand Reduction Demonstration Offerings are additive to and complement the portfolio of electricity Demand Reduction Demonstration Offerings from National Grid and the Cape Light Compact already in effect.

Both of the proposed Demand Reduction Demonstration Offerings are based on the need to implement demonstrations that test technologies and delivery approaches that seek to reduce peak electricity demand across customer types for viability, cost effectiveness, and measurability. The Demand Reduction Demonstration Offerings are intended to gather information for evaluation prior to developing scaled-up demand reduction programs by the PAs for broader deployment starting in the 2019-2021 term.

The EEAC and its Consultants have examined the data and information presented by Eversource and Unitil in support of the two proposed Demand Reduction Demonstration Offerings, and the EEAC concludes that the requested additional program budgets will provide the Program Administrators the opportunity to test technologies and program designs to meet the EEAC's goals and Department's expectations set forth in the Department's 2016-2018 three-year plan order.

The EEAC supports Eversource's likely determination that demand reduction projects will need to apply to multiple customer groups in order to have a consistent and measurable impact on system peak and that the overall system peak is caused not by any one rate class but by the overlap of usage patterns among all rate classes.

The EEAC recognizes the research benefits of the proposed Demand Reduction Demonstration Offerings that will help inform the subsequent creation of broad-scale demand reduction programs in the 2019-2021 Plans, in addition to any demand and energy savings that may be obtained in the near term through these demonstrations.

The EEAC has considered both Eversource's and Unitil's proposal and finds that the proposals will provide an opportunity to test demand reduction technologies and program design and to gather data that will be necessary in deploying demand reduction programs at scale in the PAs' 2019-2021 energy efficiency investment plans.

The EEAC will continue to monitor the progress of all of the PAs' Demand Reduction Demonstration Offerings with the expectation of having sufficient information from these demonstration offerings suitable for informing determinations of appropriate goals, program design and customer types in time for implementation at scale across the PAs' 2019-2021 energy efficiency investment plans.

EEAC Review and Support

The EEAC resolves to support the budget request for Eversource and Unitil Demand Reduction Demonstration Offerings, submitted for review under Section 5 of the Guidelines, and the timely implementation of their proposal by the second quarter of 2017, subject to (a) review and timely approval by the Department, and (b) the following conditions:

- The Companies will make reasonable and deliberate effort to timely implement successful Demand Reduction Demonstration Offerings in the field and reasonably and prudently expend the requested budget (\$21,461,001 for Eversource, \$146,000 for Unitil) during the 2016-2018 term consistent with each PAs' project descriptions and with the goal of testing and obtaining information likely to be necessary to inform the 2019-2021 Three-Year Plan.
- The PAs will work with the EEAC's Evaluation Consultant through the Evaluation Management Committee to evaluate the Demand Reduction Demonstration Offerings in a timely manner in order to provide useful data in sufficient time to help inform the development of the 2019-2021 Three-Year Plan.
- Eversource and Unitil shall provide periodic reporting on the implementation and results of the Demand Reduction Demonstration Offerings to the EEAC, including specific updates on the actual costs, project design and timelines for each project. In addition to regular reporting on the demonstrations as part of the quarterly reports, PAs shall:
 - Report on the details of project design, costs, implementation progress, and evaluation results during bi-monthly EEAC Demand Reduction Subcommittee meetings.
 - After execution of contracts with vendors, present a detailed update to the EEAC on RFP results, detailed project descriptions (including projections for MW savings and number of customers enrolled/devices installed) and specific budgets and implementation schedule during a spring 2017 EEAC meeting on Peak Demand.
- The PAs will evaluate and share the results of their Demand Reduction Demonstration Offerings with the EEAC in a timely manner in order to inform the development of the 2019-2021 Three-Year Plan. In recognition of the April 2018 targeted deadline for a draft 2019-2021 Three-Year Plan, the PAs will implement and evaluate the Demand Reduction Demonstration Offerings to obtain necessary information as soon as possible to assess the viability, scalability, and cost-effectiveness of demand reduction programs for the 2019-2021 Three-Year Plan. This information likely includes, but is not limited to, whether the demonstration technology works as expected, customer acceptance, opt-out rates, costs, demand reduction and the amount of energy savings, if any. In addition to regular reporting on the demonstrations as part of the quarterly reports, the PAs agree to engage with the EEAC, the EEAC's Demand Reduction Subcommittee and the EEAC's Consultants, including:
 - In a Q1 2017 EEAC Demand Reduction Subcommittee meeting (or at the earliest meeting after execution of the statewide contract with an evaluation vendor and after development of the specifics of an evaluation plan in coordination with the EEAC Evaluation Coordinator) present and discuss the detailed evaluation plan for the proposed demonstration offerings. The presentation will include timelines for obtaining and reporting results from the proposed demonstration offerings that will provide, in sufficient time, information necessary to inform the development of demand reduction programs/projects for inclusion in the 2019-2021 Three-Year Plan

and inform adjustments to and implementation/ramping up of demonstrations in 2018.

- In the fall 2017 EEAC meeting on Peak Demand, report and discuss assessment of the completed 2017 demonstrations that includes qualitative and quantitative project outcomes compared to the projections, budgets, and schedules set forth at the spring 2017 EEAC Peak Demand meeting, as well as discussions of what Eversource and Unitil specifically hoped to achieve and how successful the effort was, and any potential adjustments to and implementation/ramping up of demonstrations in 2018.
- Develop, in consultation with the EEAC's Consultants, a final draft cost-effectiveness framework in Q4 of 2017 and present and discuss in the final 2017 EEAC Demand Reduction Subcommittee meeting, with presentation at a full EEAC meeting in early 2018.

Having reviewed the two proposed demonstration offerings set forth in the attached documents from Eversource and Unitil, and based on its analysis summarized above, the EEAC resolves to support the budget requests for both proposals.

The EEAC directs that this Resolution be transmitted in full by DOER to the Department.