DRAFT 8.17.21

RESOLUTION OF THE ENERGY EFFICIENCY ADVISORY COUNCIL REGARDING PROPOSED MID-TERM MODIFICATIONS OF EVERSOURCE

Adopted August 18, 2021

Pursuant to § 3.8.1 of the Department of Public Utilities' (the "Department") Energy Efficiency Guidelines set forth in D.P.U. 11-120-A, Phase II (January 31, 2013) ("Guidelines"), which are applicable to the 2019-2021 Three-Year Plan,[1] 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.

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

In accordance with the Guidelines, NSTAR Electric Company, NSTAR Gas Company and Eversource Gas Company of Massachusetts, each d/b/a Eversource Energy ("Eversource"), is currently seeking support of the EEAC to implement Category One modifications to its energy efficiency programs. Specific details describing the requested modifications and related information are set forth in Attachment A.

Requests to Modify Program Budgets

As presented in Attachment A, Eversource is projecting to underspend by greater than 20% in C&I New Buildings and C&I Existing Buildings gas, and C&I New Buildings electric programs, as detailed below. With respect to C&I New Buildings, the planned amount of new construction activity in Eversource's territories did not occur. Eversource states that new construction activity was impacted by overall economic development trends, but that it remains committed to pursuing every possible pathway to saving energy in new buildings. Eversource is also projecting underspending in C&I Existing Buildings gas programs. Eversource states that it remains committed to achieving all cost-effective energy efficiency and is examining revised incentive structures and delivery mechanisms, in order to drive greater gas savings from C&I customers. Eversource notes that it is not filing a Mid-Term Modification for the Hard-to-Measure programs, and is targeting 100% of spend for the Marketing and Workforce development budgets in 2021.

Summary of EEAC Review and Analysis

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[1] Investigation by the Department of Public Utilities on its own Motion into Updating its Energy Efficiency Guidelines, D.P.U. 20-150-A, at 2, n. 4.

The EEAC and its Consultants have examined the data and information presented by Eversource in support of these Mid-Term Modification proposals. The EEAC is committed to achieving the savings and benefits of the Three-Year Plans. However, the EEAC finds that the modifications to these programs to decrease budgets are appropriate given the lack of time remaining in the term for Eversource to increase participation and spending in these programs to planned levels.

Having reviewed the proposed Mid-Term Modifications set forth in Attachment A and summarized below, the EEAC resolves the following.

Budget Modifications

After review and consideration of Eversource's proposed Mid-Term Modifications, as described in Attachment A, the EEAC supports the Mid-Term Modifications to the three-year program budgets and provides comments, as follows:

NSTAR Electric

Program	Budget Modification
C&I New Buildings	-40%

The Council approves NSTAR Electric's C&I New Buildings budget modification but the Council still encourages the company to continue to pursue as much savings opportunity as possible in the remainder of the plan term. Additional spending on technical support, marketing and customer outreach could be used to drive up participation rates in these offerings and deliver deeper savings and measures for customers who do participate. NSTAR Electric should look to drive as many customers as possible towards the redesigned New Construction paths 1 and 2, which focus on designed and actual Energy Use Intensity (EUI) metrics. This pathway aligns with the benchmarking and reporting ordinances in place for large commercial buildings in Boston and Cambridge which both fall in NSTAR Electric service territory. Ideally, NSTAR Electric will further promote Path 1 Zero Net Energy.

NSTAR Gas

Program	Budget Modification
C&I New Buildings	-44%
C&I Existing Buildings	-32%

The Council approves NSTAR Gas's C&I New Buildings budget modification. The Council still encourages the company to continue to pursue as much savings opportunity as possible in the remainder of the plan term. Additional spending on technical assistance, marketing and customer outreach could be used to drive up participation rates in these offerings and deliver deeper savings and measures for customers who do participate.

The Council also approves NSTAR Gas's C&I Existing Buildings budget modification. The council still encourages the company to continue to pursue as much savings opportunity as possible in the remainder of the plan term. NSTAR Gas should spend the remainder of 2021 doubling down on efforts they began in early 2020 to address this underperformance. Steam trap repairs, building automation systems/controls optimization, and small business weatherization all represent opportunities to deliver more cost-effective gas savings in C&I Existing Buildings. NSTAR Gas should also explore using some of this unspent gas budget to deploy integrated controls at customer sites where program-supported heat pumps were originally installed for the expressed purpose of cooling. The primary capital outlay (the cost of the heat pump) has already been made and installing integrated controls could deliver incremental gas savings in the shoulder heating season.

Eversource Gas of Massachusetts

Program	Budget Modification
C&I New Buildings	-59%
C&I Existing Buildings	-25%

The Council approves Eversource Gas of Massachusetts' C&I New Buildings budget modification. The Council still encourages the company to continue to pursue as much savings opportunity as possible in the remainder of the plan term. Additional spending on technical assistance, marketing and customer outreach could be used to drive up participation rates in these offerings and deliver deeper savings and measures for customers who do participate.

The Council approves Eversource Gas of Massachusetts' C&I Existing Buildings budget modification but the Council still encourages the company to pursue as much savings opportunity as possible in the remainder of the plan term. Eversource Gas of Massachusetts should spend the remainder of 2021 doubling down on efforts they began in early 2020 to address this underperformance. Steam trap repairs, building automation systems/controls optimization, and small business weatherization all represent opportunities to deliver more cost-effective gas savings in C&I Existing Buildings. Focus should be paid to the Greater Lawrence area where Eversource Gas of Massachusetts is committed to delivering significant gas savings for small business customers. Eversource Gas of Massachusetts should also explore using some of this unspent gas budget to deploy integrated controls at customer sites where program-supported heat pumps were originally installed for the expressed purpose of cooling. The primary capital outlay (the cost of the heat pump) has already been made and installing integrated controls could deliver incremental gas savings in the shoulder heating season.

Effect of Mid-Term Modifications on Regulatory Reporting and the Department-Approved Three-Year Plans for 2019-2021

For future regulatory reporting during the Three-Year Plan period, including the Plan-Year Reports and Term Report, the EEAC understands that each of the Eversource 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 to support any variance explanations related to the Mid-Term Modifications supported here. The performance incentive model approved in D.P.U. 18-110, D.P.U. 18-111, D.P.U. 18-112, D.P.U. 18-113, D.P.U. 18-114, D.P.U. 18-115, D.P.U. 18-117, D.P.U. 18-118, and D.P.U. 18-119 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 as the result of these modifications.