

RESOLUTION OF THE ENERGY EFFICIENCY ADVISORY COUNCIL REGARDING PROPOSED MID-TERM MODIFICATIONS OF THE CAPE LIGHT COMPACT JPE

Adopted November XX, 2021

Pursuant to §3.8.1 of the Department of Public Utilities' ("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" Mid-Term Modification).

In accordance with the Guidelines described above, the Cape Light Compact JPE ("Compact") 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, the Compact is projecting to underspend by greater than 20% in the Commercial & Industrial ("C&I") Existing Buildings Program and the C&I New Construction Program, as detailed below.

The Compact states that overall energy efficiency activity in its C&I sector experienced a slowdown in 2020 due to the widespread economic impacts of the COVID-19 pandemic. The pandemic has also contributed to a labor and materials shortage. Although energy efficiency activity has somewhat rebounded in 2021, the C&I Existing Buildings Program was particularly impacted and is projected to achieve only 76 percent of its term spending target. Underspending for the C&I Existing Buildings Program compared to the plan is driven in part by lower than expected participation of municipal and government buildings in the C&I Existing Building Retrofit core initiative. Underspending is also driven in part by the Compact's inability to offer any measures in its C&I Active Demand Reduction core initiative until after February 10, 2020, when the Department approved the Compact's Memorandum of Agreement with NSTAR

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.

Electric Company d/b/a Eversource Electric, setting forth the coordination necessary for the Compact to implement active demand reduction offerings in its service area.

The Compact has stated a commitment to engage in every pathway to pursue implementation of its C&I Existing Buildings Program for the remainder of 2021 and will seek to implement any and all cost-effective projects. The Compact has noted that during this 2019-2021 Plan, the Compact has held a Main Streets event (with up to 100% incentives) in every town on Cape Cod and Martha's Vineyard.

The Compact also states that the C&I New Construction Program was particularly impacted by the COVID-19 pandemic. As a result, the C&I New Construction Program is projected to achieve only 70 percent of its term spending target. This underspending for the C&I New Construction Program compared to the Compact's plan is driven in part by lower than expected construction activity (Martha's Vineyard, in particular, prohibited new construction during the height of the pandemic). Moreover, the pandemic has also contributed to a labor and materials shortage that is currently impacting all customer sectors. Nevertheless, the Compact will seek to implement any and all cost-effective projects in the C&I New Construction Program for the remainder of 2021.

Summary of EEAC Review and Analysis

The EEAC and its Consultants have examined the data and information presented by the Compact in support of this Mid-Term Modification proposal. The EEAC finds that the modification to these programs to decrease the budget is appropriate given the lack of time for the Compact to improve.

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 and summarized below, the EEAC resolves the following.

Budget Modifications

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

Program	Planned Budget	Projected budget	Requested Budget Decrease	Percentage Change from Plan
C1 - C&I New Buildings	\$ 1,900,493	\$ 1,330,345	\$ (570,148)	-30%
C2 - C&I Existing Buildings	\$44,985,448	\$ 34,091,021	\$ (10,894,428)	-24%

The EEAC approves the Compact's C&I Existing Buildings Program and C&I New Construction Program budget modifications but still encourages the Compact 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.

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 Reports, the EEAC understands that the Compact will not be revising its 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.