RESOLUTION OF THE ENERGY EFFICIENCY ADVISORY COUNCIL REGARDING PROPOSED MID-TERM MODIFICATIONS OF UNITIL (ELECTRIC)

Adopted October XX, 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").

Additionally, pursuant to § 3.8.2 of the Guidelines, a Program Administrator that seeks to make the following significant modifications to its Energy Efficiency Plan shall submit its proposed modifications first for review by the Council, and then for review and approval by the Department:

1) the addition of a new Energy Efficiency Program;
2) the transition of a Hard-to-Measure Energy Efficiency Program to an Energy Efficiency Program; or
3) a change in the three-year term budget of a customer sector that would require a cents per kilowatt-hour (calculated using the method described in § 3.2.1.6) or cents per therm charge for the sector that, if it were to replace the Department-approved Energy Efficiency Surcharge for the applicable year, would result in a bill increase for an average customer in the sector exceeding two percent.

(as described above, a "Category Two MTM," which are subject to Department review and approval).

In accordance with the Guidelines described above, Fitchburg Gas and Electric Light Company d/b/a Unitil ("Unitil" or "the Company"), 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.

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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.

Requests to Modify Program Budget

As presented in Attachment A, Unitil is projecting to underspend by greater than 20% in the electric C&I Existing Buildings programs, as detailed below.

Unitil states that overall energy efficiency activity in its Commercial and Industrial ("C&I") sector experienced a slowdown in 2020 due to the widespread economic impacts of COVID-19. Although activity has generally rebounded in 2021, the sector is projected by Unitil to achieve only 74 percent of its term spending target. Underspending for Unitil's Existing Buildings program is driven by the C&I Existing Buildings Retrofit core initiative, which accounts for 77 percent of the program's budget. Unitil states that the Existing Buildings Retrofit core initiative is currently projected to expend 74 percent of its term budget, or $3.9 million out of $5.3 million. While Unitil states that it remains committed to pursuing every possible lead to increase activity between now and the end of the term, it has not identified, and does not anticipate any, additional large retrofit projects to be completed, as such projects generally require significant lead time and none are currently in the pipeline. Without such a project, Unitil states that it is unaware of any other viable opportunity to expend the funds necessary to achieve 80 percent of the Existing Building program's budget before the end of this three-year plan. Unitil is also underspent in the New and Replacement Equipment core initiative, and is focusing additional marketing for a final end of year push, but does not expect to make up sufficient spending to impact the program overall. Finally, Unitil states that the Active Demand Reduction core initiative has achieved its active demand savings goals for the term with lower than planned expenditures.

Summary of EEAC Review and Analysis

The EEAC and its Consultants have examined the data and information presented by Unitil in support of this Mid-Term Modification proposal. The EEAC finds that the modification to this program to decrease the budget is appropriate given the lack of time remaining in this term.

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 Unitil's proposed Mid-Term Modifications described in Attachment A, the EEAC supports the Mid-Term Modifications to the three-year program budgets, and provides the following comments:

Unitil Electric

Program	Budget Modification
C&I Existing Buildings	-27%

The Council approves Unitil Electric's C&I Existing Buildings budget modification but 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 participating customers.

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

For future regulatory reporting during the Three-Year Plan period, including the Plan-Year Reports and Term Report, the EEAC understands that Unitil 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. 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.