

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

Adopted May 19, 2015 (DRAFT)

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) (“Guidelines”), an energy efficiency Program Administrator that seeks to make the following significant mid-term modifications (“modifications” or “MTMs”) 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 DPU review and approval).

In accordance with the Guidelines described above, Fitchburg Gas and Electric Light Company d/b/a Unitil (“Unitil”) is currently seeking the support of the EEAC to implement modifications to two of its electric Residential energy efficiency programs. Specific details from Unitil describing the requested modifications and related information are set forth in Attachment A.

Unitil Electric Request to Increase Program Budgets

As presented in the Unitil Electric proposal in Attachment A and summarized below, Unitil is requesting increases in budgets for two electric Residential energy efficiency programs.

Program	Approved Three Year Plan Budget	2013-2015 Projected <i>(2013 Actual + 2014 Draft + 2015 Estimate)</i>	Additional Budget Requested for Approval	Percent Change from Approved Three Year Plan Budget
Whole House	\$2,307,118	\$3,212,118	\$905,000	39%
Hard to Measure	\$581,105	\$721,105	\$140,000	24%

These MTM requests are based on the desire to increase the program budgets in order to meet customer demand for the programs' products and services – specifically, customer demand for electric residential energy efficiency programs that is significantly higher than what was planned originally in the 2013-2015 Plan. Within the Whole House program, the Home Energy Services (“HES”) initiative has experienced significantly higher customer participation and demand than planned. The HEAT Loan within the Hard to Measure program provides the funding for interest rate buydowns for the financing many HES customers use to implement the measures. These programs need additional funding in order to provide continued services to customers and to respond to customer demand.

Previously, two Unitil MTM requests for its gas Residential energy efficiency programs were reviewed and supported by the EEAC on October 15, 2014 (for \$240,000, a 29% increase), and on March 15, 2015 (for \$250,000, a 30% increase).

The EEAC notes that the two MTMs are in the Residential Whole House and Residential Hard to Measure Programs, and that one of the MTMs is caused by increased customer demand for the HEAT Loan program. The EEAC will be reviewing the performance of these programs, including the support provided by the HEAT Loan, as part of the quarterly report process in 2015, as well as in the planning process to develop the 2016-2018 Three-Year Plan.

The EEAC is committed to achieving the savings and benefits of the Three-Year Plan. The EEAC and its Consultants have examined the data and information presented by Unitil in support of the MTM proposals, and the EEAC finds that the modifications to these program budgets will provide Unitil the opportunity to meet the high customer demand, and achieve the associated energy savings.

Having reviewed the proposed Mid-Term Modifications set forth in Attachment A and summarized above, the EEAC resolves the following, and directs that this resolution be transmitted in full by DOER to the Department of Public Utilities (“Department”).

EEAC Review and Support

After review and consideration of the Unitil Electric proposed mid-term modifications, as summarized above and described in Attachment A, the EEAC supports the mid-term modifications for the increases in the three-year budgets as set forth above.

Effect of Mid-Term Modifications on Regulatory Reporting and the Original DPU-Approved Three-Year Plans for 2013-2015

For future regulatory reporting during the Three-Year Plan period, including the Plan-Year Reports and Term Report, the EEAC understands that for Category One MTMs, Unitil will not be revising its approved Three-Year Plan goals to reflect the Category One 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 as the result of the Category One modifications.

For Category Two MTMs, meaning the Whole House Program MTM in this case, the EEAC notes that the Energy Efficiency Guidelines do not appear to provide clear and definitive guidance on whether, as a result of DPU approval of any Category Two MTM, modified Plan values should be submitted to the Department or included in any Plan-Year Reports, Term Reports, or other reporting, to represent *Modified* (MTM) Plan values.¹ Such Modified Plans could result in different values for budgets, savings, performance incentives, and other Plan components. The EEAC is not herein taking a position on this matter, and the EEAC believes this matter should be resolved in a proceeding before the DPU. As a result, the EEAC in supporting the proposed MTMs above in the manner it has, is not stipulating that the Category Two MTM will not change the budgets, savings, benefits, performance incentive model, or other Plan components in the original Plan.

¹ In the past, prior to 2013, DPU-approved MTMs resulted in a *Modified* Plan, specifically a Plan that was modified by the MTMs that were approved by the DPU.