

Memo

To: **EEAC**
From: **EEAC Consultant Team**
Date: **May 14, 2018**
Subject: **Unitil Gas Mid-Term Modification Request**

INTRODUCTION AND SUMMARY

This memo presents a summary of findings and conclusions from our review of Unitil Gas' Mid-Term Modification (MTM) request. The MTM request was submitted to the Chair of the EEAC on April 19, 2018. The proposed adjustments trigger a "Category One" Mid-Term Modification ("MTM"), which requires Council review and approval, pursuant to § 3.8 of the revised Energy Efficiency Guidelines ("Guidelines") issued by the Department in D.P.U. 11-120. Unitil Gas is requesting to shift \$190,000 of the budget currently allocated to the C&I New Construction program to the C&I Retrofit program. In the MTM request, Unitil Gas stated that that it has experienced higher than planned demand for C&I gas retrofit energy efficiency services and less demand than planned for the C&I New Construction Program.

Below is a summary of high-level findings from our review.

Total costs unchanged

Unitil Gas has requested a shift in the allocation of the C&I budget, but not an increase in the budget. Therefore, both the C&I sector and total budget would remain the same as the originally approved 2016-2018 budget.

Higher annual C&I gas savings, but lower lifetime C&I gas savings

The shift in program activity from the C&I new construction program to the C&I retrofit program will result in an 11% increase in C&I annual gas savings, but an 11% decrease in lifetime C&I gas savings. This is likely due to longer measure lives for measures installed through the C&I new construction program than the retrofit program.

Benefits at or near original Three-Year Plan goals for C&I sector and portfolio as a whole

The proposed MTM will allow Unitil Gas to remain on track to achieve approximately 98% of its original 2016-2018 approved plan. The proposed MTM reduces Unitil Gas' portfolio benefits from \$17.6 million to \$17.3 million. For the C&I sector, the proposed benefits would be 96% of originally planned benefits. This represents a reduction from \$7.3 million to \$7.0 million. The lower proposed benefits are the result of lower lifetime savings achieved by shifting budget from the C&I new construction program to the C&I retrofit program.

Lower annual C&I cost to achieve and higher and lifetime cost to achieve

Annual costs to achieve for the C&I sector will be 10% lower than planned, reflecting the fact that annual savings from the C&I retrofit program are less expensive than the new construction program. However, new construction program measures on average have longer measure lives than retrofit measures. Therefore, the lifetime C&I cost to achieve will increase by 13% compared to the originally planned lifetime costs to achieve for the C&I sector.

RECOMMENDATION

The Consultant Team finds that the Unitil Gas MTM request is reasonable. The originally planned benefits will still largely be realized and the shift in budget will allow Unitil to better meet customer demand in the remaining year of the 2016-2018 Plan.