



Update on Three-Year Planning: Follow-Up on July 23rd EEAC Resolution

Presentation to the EEAC

September 11, 2012



Savings Goals and Program Costs

- Since July 2nd submission, each PA has been focused on increasing savings targets and reducing costs
 - Iterative process informed by EEAC comments, discussions with EEAC consultant team, and feedback from other stakeholders
 - All PAs anticipate increasing savings goals from July 2nd draft
 - Each PA is identifying budgets needed to achieve higher savings targets while being mindful of EEAC concerns on costs
- Savings, costs and performance incentives are interlinked

Commitment to Going Deeper and Broader

- Strategies in all sectors focus on serving more customers and increasing comprehensiveness
- PAs are focused on streamlining the participation experience in all sectors and making efforts more customer-focused (*i.e.*, addressing unique needs by segments of customer base)
- PAs continue to be committed to integrated electric and gas efforts
- Proposed savings targets are increasing; considering CECP trajectories



Commitment to Deeper and Broader Efforts – Residential & Low-Income

- PA have strong commitments to:
 - Focus on HTR/HTS markets
 - Investigate tenant/landlord split incentives barriers
 - Assess packaging incentives in HES
 - Target 60% - 80% of average median income through Efficient Neighborhood+ initiative (in development)
 - Assess current pre-weatherization incentives informed by 2012 evaluation findings
 - Focus on early retirement of boilers in HES
 - Develop an integrated HVAC / Heating equipment early retirement incentive by Q2 2013
 - Provide enhanced incentives for Top Ten appliances



Commitment to Deeper and Broader Efforts – Residential & Low-Income (cont.)

- Continued focus on contractor and consumer education, including:
 - Deep energy retrofit manual under development; trainings to be provided to this unique market
 - PAs exploring opportunities for vocational high school HVAC training by Q1 2013
 - Increased emphasis on consumer education in low-income
- PAs to include renovations and deeper savings measures in HES
- In low-income sector, PAs to continue funding comprehensive whole house solutions notwithstanding the discontinuation of ARRA
- Multi-Family highlights include:
 - Expanded availability of the HEAT Loan to condominium owners
 - Coordination between Residential and C&I teams to increase comprehensiveness in multi-family facilities
- Product initiatives include:
 - PAs will continue to leverage a single circuit rider for gas and electric products to coordinate with participating retailers.
 - Plan to explore an online rebate process; application expected to be rolled-out by Q3 2014

- MTAC has engaged the Fraunhofer Center for Sustainable Energy Systems to identify efficiency opportunities in the healthcare industry with a specific focus on large medical equipment
 - Effort expected to be completed Q1 2013
 - Healthcare Without Harm has contributed input for this analysis
- Existing efforts focused on this sector are robust and include MOUs with many leading hospitals in the state



C&I - Supporting Municipalities/Green Communities

- Statewide direct install municipal initiative starting in Q1 2013
- PAs will continue to work closely with the DOER Green Communities Division in sharing municipal efficiency data on a quarterly basis and meeting with the DOER to discuss municipal specific issues on an established quarterly meeting schedule
- Direct, targeted outreach to municipalities to ensure that they are aware of all energy services and customized assistance available to facilitate participation
- PAs will make every effort to simplify transaction and administrative burdens for municipalities
- All PAs will offer financing to municipalities
- PAs will advise municipalities on Section 44 of the GCA regarding exemptions from competitive bidding
 - Effort will leverage ability for Green Communities to sole source energy efficiency project services less than \$100K to the incumbent PA or the PA's vendor

C&I - Wastewater and Water Treatment Segment

- PAs will build on the success of on-going partnership with DEP to implement energy efficiency at the 120 municipal / district wastewater treatment plants and 250 municipal/district drinking water treatment plants
 - The PAs provided comprehensive energy assessments at many of these facilities under the Energy Action Program and the Energy Leaders Program; PAs will focus on executing recommendations in those assessments
 - Ongoing efforts with DEP-dedicated PA liaison
 - Financial support to be provided through a combination of the DEP Sustainable Financial Assistance Model and PA energy efficiency incentives
 - Specific financial assistance recommendations to be developed by Q2 2013.

- PAs have committed to assessing CHP opportunities at the customer sites identified in the KEMA CHP Market Characterization study
- PAs are committed to aggressively pursuing CHP at appropriate sites

- PA are currently working with leading real estate consulting firms to improve understanding of building stock, key industry actors, and market characteristics in order to better address specific segment needs
 - Where appropriate, efforts are being targeted comprehensively through an MOU strategy
 - Ongoing efforts to test a variety of strategies and tactics by NSTAR and National Grid will be used to identify best practices which will be shared with all of the PAs by Q2 2013
- Office of the Future (National Grid and NSTAR)
 - National collaboration, including efforts by National Grid and NSTAR, has provided several initial technical projects focused on system integration techniques to provide deeper savings in offices.
 - OTF Initiative is currently cost-effective, but is significantly more expensive than other C&I efforts
 - National Grid and NSTAR plan to explore potential cost-efficiencies to improve the longer term viability of an expanded effort



C&I – Continued Integration of Electric and Gas Efforts

- Focus on training for both PA staff and for the trade allies that support efforts – need to understand both electric and gas efforts
- Joint electric and gas program collateral materials are being developed
- Gas and electric PA staff are developing coordination processes and procedures to improve coordination

C&I – Boiler Replacements or Upgrade

- The PAs will continue to offer custom solutions for boiler replacement or burner upgrade when they are shown to be cost effective
- Comprehensive steam trap surveys are also encouraged with the cost of surveys co-funded when appropriate
 - Depending on the number of traps, steam system operating pressure, or the customers need for a fast repair, the customer can follow either the custom incentive option or the prescriptive rebate option
 - Boiler controls, boiler room upgrades and heating pipe insulation are also part of this measure offering

- PAs to implement Five Largest Gas and Electric Customers Accelerated Rebate Pilot, in accordance with Senate Bill No. 2395
 - Participation in this Pilot may impact budgets and goals in other C&I programs

Program Costs and Cost Drivers

- PAs have been engaged in extensive cost and cost driver analysis and modeling
 - Frequent meetings calls with PA/consultant cost drivers working group-intensive effort by all
 - Key drivers in discussion are:
 - EM&V Results
 - New Developments (including upstream lighting, upstream HVAC, behavioral programs, CFLs vs. LEDs, addition of RCS to energy efficiency plan)
 - Codes & Standards
 - CHP Levels
 - Measure Mix
 - EM&V Costs
 - Process has allowed good faith understandings of costs drivers, with goal of consensus on costs
- PAs have reduced electric costs as compared to July draft

Bill Impacts

- Bill Impact Working Group Subcommittee met at DPU on August 16 to discuss DPU staff proposal
- Based on a historical review and reexamination of goal of bill impact models, DPU proposed to use traditional bill impacts in 2013-2015
- Comments on proposal due September 14
- New bill impacts will not be included in September 17 filing

Participants Definitions, Marketing

- Recognized as a core priority- multiple PA meetings/calls
- Consistent participant definitions have been memorialized
 - Residential definitions specific to program
 - C&I definitions seek “representative” account/meter/location to arrive at same place while taking into account different tracking systems
- PAs continuing strong marketing campaign, and recently met with DOER to share ideas on branding, marketing, and education
 - Ongoing dialogue and efforts with DOER
- PAs incorporating results of and lessons learned from Umbrella Marketing Study into the plan

Performance Incentives

- PI discussions ongoing, with strong PA and consultant commitment to the current overall model
- Performance incentives tied closely to savings goals
- Current structure was carefully negotiated and reviewed by the DPU; PAs are firmly advocating that the pool and the thresholds remain proportionately consistent with the current plan
- PAs considering performance metrics, including the possibility of a limited number of metrics

Codes & Standards (Residential & C&I)

- Code compliance study was completed in July
- PAs presented detailed codes & standards plan in a webinar to Council on August 30 - included representation from contractors assisting with the codes & standards work
 - Webinar detailed the problem, the solution, and the process for C&S program development, discussed residential and code compliance studies, reviewed NEEP's appliance work, and discussed the C&S proposal
- PAs seek to be “strategic” towards a long-term plan that supports more stringent codes & standards, improved compliance, and supports ongoing incentive programs
- PAs must review savings attribution to justify costs
- Ongoing discussions with DOER and consulting team on codes & standards approaches
- September draft will not include funding for this effort (still TBD)

- Any results of DPU 11-120 will be incorporated into Plan as time allows
 - PAs do not expect results of net savings technical sessions to be included on October 31st, as discussions will have just begun
- Changes from recently passed energy bill will include incorporation of gas RCS and voluntary accelerated pilot for five largest customers
- TRM draft has been shared with consultants and LEAN and comments are being processed- TRM is a major undertaking and process
- PAs and consultants continue active discussions on goals package



Engaging Stakeholders (All Sectors)

- Commitment to continued support of existing stakeholder engagement strategies including but not limited to:
 - Annual Open House meetings for trade allies/vendors
 - The Unsolicited Proposal Process by which vendors and trade allies can submit a formal proposal through the MTAC process
 - Informal PA Speakers' Bureau for Trade Associations and related meetings
 - Ad hoc discussions with individual PAs regarding program logistics and possible improvements and opportunities for collaboration
 - Discussions and intelligence gained through day-to-day interactions with customers and trade allies
 - Provision of collateral materials for customer events (e.g., for local community and trade association meetings)
- PAs recognize that a more formalized process for engaging with the PAs may be needed
 - Exploring best practices across the country
 - The details of a new, formalized process for stakeholder engagement will be developed during Q4 2012, with expected implementation in Q2 2013.