



**APPROVAL WITH CONDITIONS of the
Connecticut Energy Efficiency Fund's
Electric and Natural Gas Conservation and Load Management Plan for 2016 through 2018**

Via Electronic Mail

December 31, 2015

Christopher Bernard
Manager - Regulatory Policy & Strategy, CT
As Agent for CL&P and Yankee Gas
doing business as Eversource Energy
107 Selden Street
Berlin CT 06037

Re: **Connecticut Energy Efficiency Fund's Electric and Natural Gas Conservation and Load Management Plan for 2016 through 2018, submitted pursuant to Connecticut General Statutes Section 16-245m(d)**

Dear Mr. Bernard:

On October 1, 2015 the Bureau of Energy and Technology Policy of the Connecticut Department of Energy and Environmental Protection (DEEP) received the *2016-2018 Electric and Natural Gas Conservation and Load Management (C&LM) Plan (Plan)*, dated October 1, 2015. This Plan was submitted by Eversource Energy (Eversource), The United Illuminating Company (UI), Connecticut Natural Gas Corporation (CNG) and The Southern Connecticut Gas Company (SCG), together, "the Companies," pursuant to Connecticut General Statutes section 16-245m, in consultation with the Connecticut Energy Conservation and Management Board [aka Connecticut Energy Efficiency Board, or "the Board"].

On October 14, 2015 the Board submitted to DEEP a letter of support for the Plan, reflecting the Board's approval of the Plan at its September 24, 2015 meeting.

On October 22, 2015 DEEP submitted requests for information to the Companies [BETP-1 through BETP-36] and on October 28, 2015 DEEP submitted requests for information to the Companies [BETP-37 through BETP 51] and to the Board [BETP-52 through BETP 54]. DEEP has completed its review of the Plan and the responses to our requests for information, as well as the comments received on DEEP's December 14, 2015 tentative determination to approve the Plan with conditions. **The Connecticut Energy Efficiency Fund's 2016-2018 Electric and Natural Gas Conservation and Load Management Plan and its associated Connecticut Program Savings Document, 11th Edition for 2016 Program Year, is approved with the conditions and schedule of compliance identified in Attachment A.** DEEP's approval is based on the findings below:

Finding 1: Statutory Consistency

DEEP has reviewed the Plan and finds that it is consistent with Connecticut General Statutes Section 16-245m, Connecticut's Comprehensive Energy Strategy, and Connecticut's Integrated Resources Plan. In approving with conditions this energy efficiency investment plan, the Department is seeking to reduce capacity and energy costs for all customers to advance [Connecticut's Comprehensive Energy Strategy](#). Consistent with [Connecticut's 2012 and 2014 Integrated Resources Plans](#), this Plan advances Connecticut's progress in ensuring that energy resource needs are first met "through all available energy-efficiency and demand reduction resources that are cost-effective, reliable, and feasible." CGS 16a-3a. DEEP is specifically authorized to review and approve the Plan to ensure that the Plan includes "a detailed budget sufficient to fund all energy efficiency that is cost effective or lower cost than acquisition of equivalent supply." CGS 16-245m(d)(1).

Finding 2: Concurrence with Plan and DEEP policy priorities

The Plan reflects DEEP's policy priorities, provides details about refined program designs, strategies for reaching targeted customer segments, and emerging technologies that will advance Connecticut's energy efficiency goals. The *2016-2018 C&LM Plan* emphasizes action in three critical areas including:

- a commitment to high-quality program performance to achieve savings and benefits for residents and businesses;
- comprehensive customer energy solutions and whole building approaches focused on meeting customer needs; and
- marketing, outreach, and web-based customer engagement through Energize Connecticut to reach customers with tailored information and services, and targeted program offerings based on market segment analyses.

We concur with these areas of focus and appreciate the Plan's prioritizations of DEEP's policy priorities for the Plan, which includes specifically actionable items that will:

- Maintain continuity, momentum, and continuous improvement;
- Close gaps to scale and broaden reach of programs to provide services to new or underserved markets and achieve comprehensive and deeper savings;
- Tailor program offerings to enhance customer engagement;
- Increase program effectiveness to advance Connecticut's climate change action plan and the integration of efficiency with community and corporate sustainability efforts;
- Ensure functional connections between energy efficiency and renewables;
- Mainstream energy efficiency and continue market transformation; and
- Advance the capacity of our clean energy workforce through training and education.

Finding 3: Completion of Program Cost-Effectiveness Review

Pursuant to Connecticut General Statutes Section 16-245m(d)(3), DEEP has reviewed the cost-effectiveness of the programs in the Plan, and summarized our review in Attachment B. In the Plan, the Companies provide detailed information on the development of their programs' savings goals,

as well as their individual benefit/cost ratio models, demonstrating that they are seeking to acquire all cost-effective energy efficiency resources.

Benefit/Cost testing for the 2016-2018 Plan continues the use of the Utility Cost Test, Modified Utility Cost Test, and Total Resource Cost Test. The Companies primarily use the Utility Cost Test that emphasizes the benefits associated with reduced demand on the energy supply system. In the case of the low-income program, DEEP has determined that a Total Resource Cost (TRC) test that weighs the impact of societal benefits and costs associated with implementation of services to low-income households satisfies the requirement for cost-effective programs.

DEEP concurs with the approach described in Chapter 7 of the Plan for calculating cost effectiveness. This includes the use of the Companies' Program Savings Document and the application of the results of the regional *Avoided Energy Supply Costs in New England: 2015 Report* which was completed on March 27, 2015 and revised on April 3, 2015. (R. Hornby et al.)

The Companies have estimated that based on the *Avoided Energy Supply Costs in New England: 2015 Report*, total benefits for the electric programs will decrease by approximately 10 percent. DEEP acknowledges that lower avoided costs, as well as other market factors, including more stringent codes and standards, the mainstreaming of energy efficient lighting, and the saturation of certain markets will lead to increasingly challenging savings goals and higher costs to achieve additional savings.

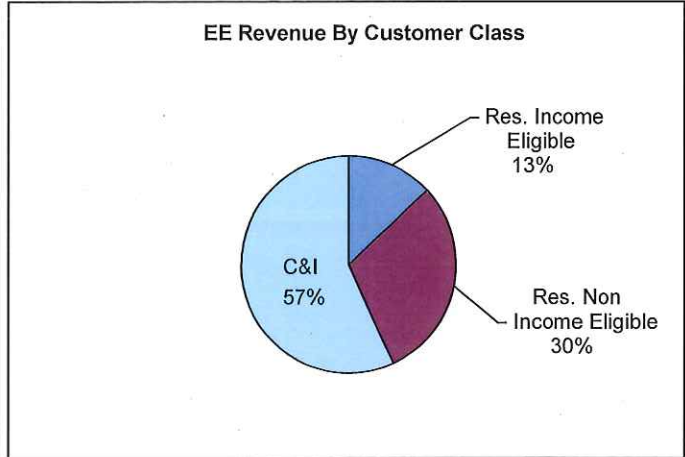
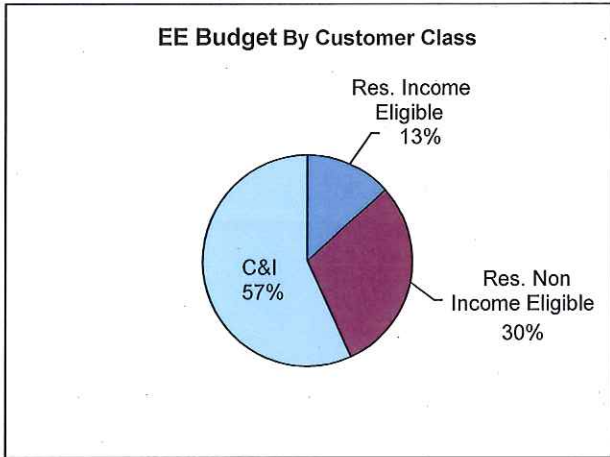
Finding 4: Determination of Equitable Distribution

Pursuant to Connecticut General Statutes Section 16-245ee, before approval of any C&LM Plan submitted by the Companies and the Board, DEEP must determine that an equitable amount of the Connecticut Energy Efficiency Fund is "deployed among small and large customers with a maximum average monthly peak demand of one hundred kilowatts in census tracts in which the median income is not more than sixty percent of the state median income." DEEP's review of the 2013 data found that the overall distribution of the Connecticut Energy Efficiency Fund was equitably deployed in 2013. DEEP is currently reviewing data from 2014 and will analyze data from 2015 when it becomes available in 2016. The distribution proposed in the 2016-2018 Plan is similar or better focused on ensuring an equitable distribution and therefore DEEP has determined that the Plan proposes an equitable deployment of the Connecticut Energy Efficiency Fund.

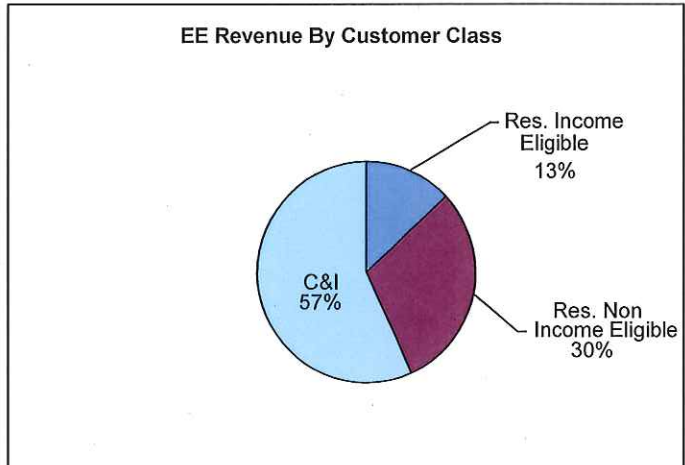
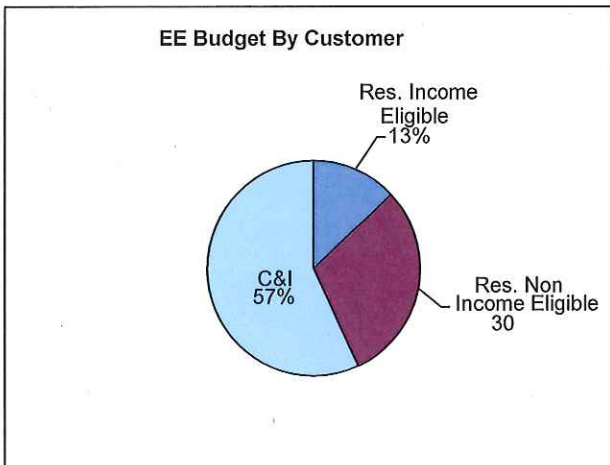
Finding 5: Parity Among Customer Classes

DEEP also notes that the Plan included a budget and parity analysis between the residential customer class and the commercial and industrial class, demonstrating that budget distributions are closely commensurate with estimated contributions. This means that the allocation of revenues is proportionate to the consumption of each class. See charts below:

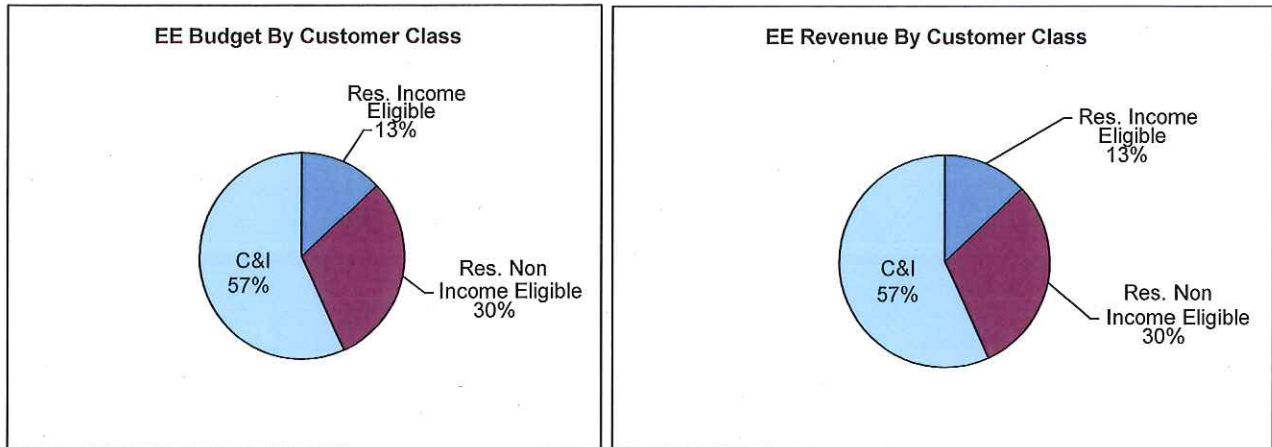
Statewide (Eversource CT Electric and UI) 2016 EE Budget and Parity Analysis



Statewide (Eversource CT Electric and UI) 2017 EE Budget and Parity Analysis



Statewide (Eversource CT Electric and UI) 2018 EE Budget and Parity Analysis



Source: 2016-2018 Electric & Natural Gas Conservation & Load Management Plan (PP. 44-46)

Finding 6: Opportunities for public comments were provided

An opportunity for written comment was provided to receive public input on the Plan submitted to DEEP, and a public meeting was held on October 28th, 2015 regarding the Plan. A summary of comments received regarding the Plan is found in Appendix D of the Plan.

An opportunity for written comments was provided to receive public input on DEEP's December 14, 2015 tentative determination to approve the Plan with conditions, and a public meeting was held on December 18, 2015. The comment period was originally scheduled to close December 21, 2015 and was extended in response to a request to extend the date by a day and therefore closed December 22, 2015.

DEEP greatly appreciates the information and perspective provided by each of the comments received during the comment period. While many of the comments were supportive of DEEP's determination to approve the Plan with conditions, some raised questions, asked for DEEP's reconsideration of conditions, or brought attention to certain topics. Examples of such comments received include comments on DEEP's requirement to increase the HES copay, comments requesting greater incentives for geothermal heat pump equipment, comments regarding the evolution of the funding sources for the Institute for Sustainable Energy, comments on the development of the Clean Energy Communities program, comments on adjustments to the performance management incentive, and comments on DEEP's modifications of the consultant and evaluation budgets. Consequently, DEEP has amended some of the conditions in the Schedule of Compliance for Conditions of Approval, including required modifications and requirements to submit reports on certain topics, as detailed in Attachment A.

Comments from the Office of Consumer Counsel and Acadia Center requested that DEEP not modify downward the budget in 2016 for Board consultants and for Evaluation Studies and the Evaluation Administrator. DEEP received comments expressing concern about reductions to the Board consultants' budget, and noting that the level of investment needed must be sufficient to ensure

the maintenance of energy efficiency planning in Connecticut at “deep strategic, programmatic, and technical levels well before any final regulatory decision is made” [Comment from Acadia Center, dated December 22, 2015, page 2]. DEEP has carefully considered this concern and has concluded that a sufficient level of expertise may be obtained for the \$650,000 budget approved for Energy Efficiency Board consultant services in 2016. The Office of Consumer Counsel expressed concerns in its comments [p. 2] about the sufficiency of the budget to cover the workload of the consultants. The Office of Consumer Counsel noted that “there is only a very small amount of work that would qualify to be moved from a consultant...[because the Board] is an independent Board.” DEEP therefore directs the Board to develop a consultant workplan that describes a comprehensive list of specific tasks that the Board consultants will perform in 2016, 2017, and 2018 to fulfill the Board’s statutory responsibilities. The Board shall submit such workplan to DEEP by March 14, 2016. Rather than approving a budget for Board consultants in 2017 and 2018, DEEP has charged the Board and the Companies with developing a task-driven budget for consulting services for the Board for 2017 and 2018.

DEEP believes that the \$650,000 budget for 2016 for consulting services for the Board strikes a balance between ensuring that the volunteer advisory Board has adequate access to task-driven technical expertise while also ensuring that ratepayer funds are prioritized for investment in activities that result in direct savings for ratepayers. DEEP recognizes that the Board is a voluntary board and its members generously donate their time to advance the Board’s mission. Thus, it makes sense to contract with consultants to assist the Board in fulfilling its duties, particularly given that such consultants bring expertise with a national perspective. DEEP commends the Board on conducting a competitive RFP for consultant services. DEEP encourages the Board to carefully consider the roles and responsibilities of each Consultant as the EEB reviews responses to its most recent request for proposals for technical services and to move to a more task-driven model of acquiring the services of technical experts. It is important to ensure that work is assigned and performed in an efficient manner, and that work plans are sufficiently detailed and planned to ensure that available resources from the Companies, DEEP, and the Connecticut Green Bank are utilized as appropriate prior to initiating additional tasks for the Board consultants. To further illustrate this evolution, we note that the Connecticut Green Bank, in its comments to DEEP regarding DEEP’s tentative determination to approve with conditions the Plan, has offered to the Board and the Companies “to provide expertise on financing.” The CT Green Bank noted in their comments that they have “a team of finance experts” working to attract “more affordable investment in clean energy in Connecticut for residential, commercial, industrial, institutional, multifamily, non-profit, and infrastructure sectors.” The Connecticut Green Bank also has offered its expertise to identify financing solutions that can address both pre-weatherization health and safety upgrades as well as energy efficiency upgrades. [Connecticut Green Bank comments to DEEP, dated December 21, 2015, page 2]

Similarly, DEEP finds that the Evaluation, Measurement, and Verification budget of \$3 million per year for the evaluation studies conducted is sufficient to ensure an independent process of verifying savings, and therefore will continue with a modification of the budget, as described in the condition of approval related to Evaluation, Measurement, and Verification. DEEP notes that as part of its role in putting in place an independent evaluation process, and as part of its participation in the Board’s Evaluation committee, DEEP has assisted the Board and Board Evaluation Committee in

better articulating the prioritization of evaluation studies in the development of the Evaluation Plan that guides the implementation of the evaluation process. However, DEEP believes additional prioritization is needed and has expressed this in its previous decisions regarding previous Conservation and Load Management Plans and Updates. DEEP believes the table known as Figure 8 in the response from the Evaluation Administrator on behalf of the Board to DEEP's request for information from the Board [BETP-52] provides an improved method for identifying criteria for considering the priority of Evaluation Studies. DEEP's review of the prioritization table finds that the budget for Evaluation, Measurement, and Verification is sufficient to support an independent verification of the Plan's investments. DEEP abstains from voting on the budget for the Evaluation Plan, and therefore does not agree with comments implying that DEEP has previously endorsed the Evaluation Plan and budget proposed by the Evaluation Committee and the Board.

DEEP received comments regarding DEEP's requirement that the Companies develop modifications of the Clean Energy Communities program to better reflect the needs and collaborative role of municipalities and stakeholder organizations. Specifically, Clean Water Action commented that DEEP's requirement should make clear that the program modification reflect a "community-driven process." DEEP has made that clarification.

DEEP received comments expressing concerns about modifications to the process for procuring services currently provided by the Institute for Sustainable Energy at Eastern Connecticut State University (ISE). DEEP greatly appreciates the important work and institutional capabilities of the ISE in assisting the Companies with the implementation of the Plan. DEEP is pleased to approve the budget for ISE's work [which is spread across different elements of the Plan budget and summarized in the Plan's Appendix F] for calendar year 2016. DEEP believes that some additional time is needed for DEEP to consider and discuss with stakeholders the comments received on DEEP's proposed condition of approval (#5). To allow for that additional time without delaying a decision on the remaining Plan budget for 2016-2018, in the coming weeks, DEEP will issue a supplemental conditional approval related to whether to retain a condition of approval (#5) regarding the items in the 2017 and 2018 budgets that relate to the work performed by ISE.

Finding 7: Confirmation of Revenue Estimates for the Plan's Implementation

The Connecticut Energy Efficiency Fund includes revenue from several sources. The primary funding sources for the 2016-2018 Plan is the three-mill charge and the electric three-mill Conservation Adjustment Mechanism (CAM) less gross receipts tax (GRT) assessed on customers' electric bills. Additional funding sources come from the contributions from natural gas customers (on firm rates) through the natural gas CAM. Additional funding sources come from the Regional Greenhouse Gas Initiative (RGGI) and the Independent System Operator-New England's (ISO New England) Forward Capacity Market. The year 2016 marks the first year without revenue from the sale of Class III Renewable Energy Credits, as Public Act 13-303 removed the assignment of Class III Renewable Energy Credits to activities associated with the Companies' Conservation and Load Management Plan. The tables below summarize estimated statewide funding for electric and natural gas energy-efficiency programs for the 2016-2018 Plan.

Electric Program Funding Sources*

	2016 ES CT Electric Revenues	2016 UI Revenues	2016 Combined Total	2017 ES CT Electric Revenues	2017 UI Revenues	2017 Combined Total	2018 ES CT Electric Revenues	2018 UI Revenues	2018 Combined Total
Collections (Mill Rate)	\$66.7	\$15.9	\$82.6	\$66.8	\$15.7	\$82.5	\$65.8	\$15.5	\$81.4
ISO New England	\$9.7	\$2.7	\$12.4	\$20.2	\$5.2	\$25.4	\$20.4	\$4.5	\$24.9
RGGI	\$16.7	\$4.2	\$20.8	\$17.1	\$4.3	\$21.4	\$17.5	\$4.4	\$21.9
CAM (Net of Gross Receipts Tax)	\$62.0	\$14.8	\$76.9	\$62.1	\$14.6	\$76.7	\$61.2	\$14.5	\$75.7
TOTAL (Energy Efficiency Revenues)	\$155.1	\$37.6	\$192.7	\$166.2	\$39.8	\$206.0	\$164.9	\$39.0	\$203.9

* In millions.

Source: 2016-2018 Electric & Natural Gas Conservation & Load Management Plan (Pg. 30)

Natural Gas Program Funding Sources*

Natural Gas Energy Efficiency Revenues	2016 Conservation Adjustment Mechanism	2017 Conservation Adjustment Mechanism	2018 Conservation Adjustment Mechanism
Eversource CT Gas Revenues	\$20.4	\$24.2	\$26.9
Connecticut Natural Gas Revenues	\$15.9	\$16.6	\$17.3
Southern Connecticut Gas Revenues	\$11.4	\$14.1	\$14.7
Total Energy- Efficiency Revenues	\$47.7	\$54.9	\$59.0

* In millions.

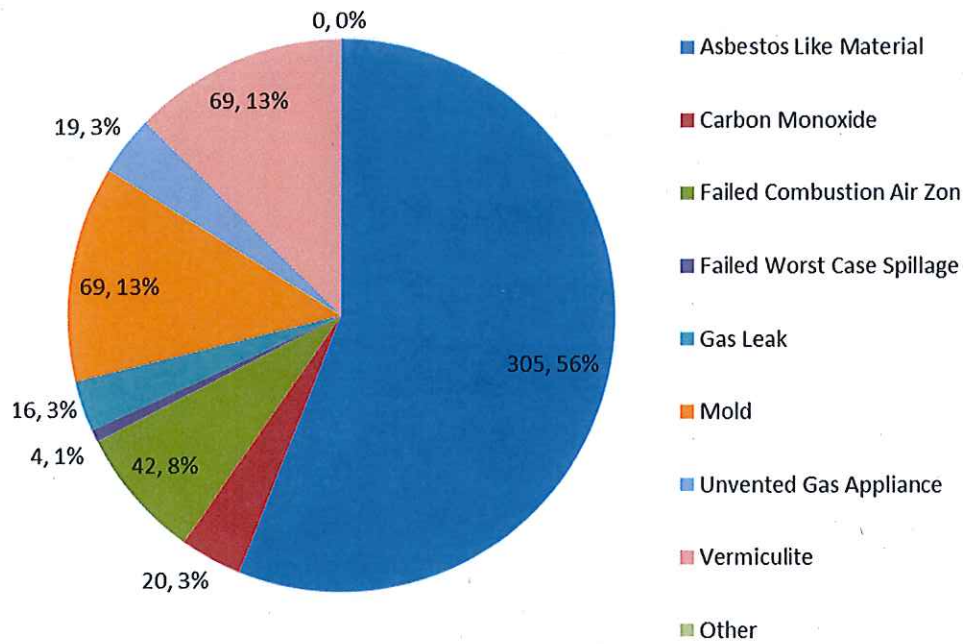
Source: 2016-2018 Electric & Natural Gas Conservation & Load Management Plan (Pg. 31)

Finding 8: Inclusion of steps needed to weatherize 80% of the state's residential units by 2030, The Plan provides a whole house approach to increase the performance of homes of all housing types and from all construction eras. Incentives and programs are aligned to advance progress in weatherizing homes for households of all income levels, though DEEP believes continued focus on ensuring increased participation among low-income and moderate households continues to be necessary.

Importantly, in the Plan, the Companies summarized the status of quantifying the scope and scale of barriers to weatherization. Eversource collected data from Home Energy Solutions contractors for visits performed from January through July in 2014 and 2015. Pre-weatherization barriers

include, but are not limited to: asbestos, knob and tube wiring, mold, and unvented appliances. This practice helped depict the concerns associated with many homes in Connecticut, and should be continued as part of an annual report to DEEP which DEEP would share with the Department of Housing, Department of Public Health, and which would be available to other interested parties. Such an annual report should include charts and the information contained in the Plan’s summary of the issue. The report should summarize the data that Eversource collected from Home Energy Solutions contractors for visits performed since January 2014. The report should include updated charts that depict the results of the Home Energy Solutions contractor barrier reporting. The report will assist with quantifying the level of funding and financing that may be needed to remediate health and safety barriers, which is an important ongoing step needed to achieve the 80 percent weatherization goal by 2030.

2015 January- July Contractor Reported Barriers to Performing a Blower Door Test



January-July Participants	2014	2015
Barriered Jobs	429	544
Total Home Energy Solutions Participants	7,781	7,006

Finding 9: Areas of further refinement and conditions of approval

We believe some further refinement of the Plan is important and necessary. Consequently, DEEP has included a Schedule of Compliance for Conditions of Approval, including required modifications and requirements to submit reports on certain topics, as detailed in Attachment A.

Further, DEEP notes that the Companies will be submitting, in 2016, Demonstration Projects for grid-side system enhancements to integrate distributed energy resources, such as conservation and load management, pursuant to Section 103 of June Special Session Public Act 15-5, An Act Implementing Provisions of the State Budget for the Biennium Ending June 30, 2017, Concerning General Government, Education, Health and Human Services and Bonds of the State. By statute, such projects must complement and enhance the programs, products and incentives available through the Connecticut Energy Efficiency Fund. The Department looks forward to engaging with the Companies and the EEB on consideration of ways that the forthcoming Demonstration Projects may build on and integrate the programs and incentives supported by the 2016-2018 C&LM Plan.

Summary of Benefits

The Plan represents a critical investment toward all cost-effective energy efficiency in Connecticut over the next three years, in which enough energy will be saved to power a 262 megawatt power plant.

The Plan builds on the momentum established three years ago with the state's commitment to increase investments in energy efficiency that resulted in an almost doubling of investments in 2014 as compared to 2013. Activities of the Connecticut Energy Efficiency Fund in 2014 resulted in 3.2 million tons of carbon dioxide emissions reductions, saving Connecticut's residents and businesses \$81 million in savings for 2014 more than \$978 million in savings achieved over the lifetime of the energy efficiency investment.

The 2016-2018 Plan builds on that success of increased investment. Implementation of this Plan will provide environmental and economic benefits to Connecticut by reducing carbon emissions by an estimated 459,174 tons per year, and will create a net economic lifetime benefit of \$1.39 billion dollars. For every one dollar invested, Connecticut's residents receive \$2.80 in benefits.

The table below provides a summary of the projected annual savings from the Electric Companies' energy-efficiency programs in the 2016-2018 Plan and percentage of electric sales.

Electric Companies—Summary of Annual Savings and Percentage of Sales

Company	2016			2017			2018			2016-2018		
	GWh Sales	Annual Savings (GWhs)	% of Sales	GWh Sales	Annual Savings (GWhs)	% of Sales	GWh Sales	Annual Savings (GWhs)	% of Sales	GWh Sales	Annual Savings (GWhs)	% of Sales
Eversource (CT) Electric	22,246	314.0	1.41%	22,268	331.8	1.49%	21,947	350.5	1.60%	66,461	996.3	1.50%
United Illuminating	5,293	78.0	1.47%	5,221	84.8	1.62%	5,182	83.2	1.61%	15,696	246.0	1.57%
TOTAL	27,539	392.0	1.42%	27,489	416.6	1.52%	27,129	433.7	1.60%	82,157	1,242.3	1.51%

Source: 2016-2018 Electric & Natural Gas Conservation & Load Management Plan (Pg. 29)

The table below provides a summary of the projected annual savings from the Natural Gas Companies' energy-efficiency programs in the 2016-2018 Plan and percentage of natural gas sales.

Natural Gas Companies—Summary of Annual Savings and Percentage of Sales

Company	2016			2017			2018			2016-2018		
	MMCF Sales	Annual Savings (MMCF)	% of Sales	MMCF Sales	Annual Savings (MMCF)	% of Sales	MMCF Sales	Annual Savings (MMCF)	% of Sales	MMCF Sales	Annual Savings (MMCF)	% of Sales
Eversource (CT) Natural Gas	49,510	281.7	0.57%	55,249	341.2	0.62%	61,411	396.4	0.65%	166,170	1,019.3	0.61%
Southern Connecticut Gas	30,070	144.1	0.48%	31,546	186.4	0.59%	33,017	195.7	0.59%	94,633	526.2	0.56%
Connecticut Natural Gas	35,765	232.6	0.65%	37,414	238.8	0.64%	39,025	248.4	0.64%	112,204	719.8	0.64%
TOTAL	115,345	658.4	0.57%	124,209	766.4	0.62%	133,453	840.5	0.63%	373,007	2,265.3	0.61%

Source: 2016-2018 Electric & Natural Gas Conservation & Load Management Plan (Pg. 30)

Conclusions

This Plan advances Connecticut's progress in ensuring that energy resource needs are first met "through all available energy-efficiency and demand reduction resources that are cost-effective, reliable, and feasible." CGS 16a-3a. DEEP is specifically authorized to review and approve the Plan to ensure that the Plan includes "a detailed budget sufficient to fund all energy efficiency that is cost effective or lower cost than acquisition of equivalent supply." CGS 16-245m(d)(1). The Plan will provide three years of increased investments in energy efficiency and some important refinements and updates from previous years. These refinements and updates reflect expectations that Connecticut will continue to experience increasing demand for energy efficiency programs. Over the 2016-2018 time period implementation of the Plan will achieve 1,242 annual GWh savings and 2,265 MMcf savings, enough to power 147,000 homes for one year (2016-2018 Electric & Natural Gas Conservation & Load Management Plan, Pg. 28).

DEEP looks forward to working collaboratively with the Board and the Companies to implement this three-year conservation and load management plan. DEEP is confident that the Companies and the Energy Efficiency Board will continue to successfully collaborate on the effective implementation of energy efficiency investments in Connecticut, and looks forward to the continuous increase in resource savings and the resulting economic and environmental benefits for Connecticut.

If you have any questions, please contact Diane Duva, Director of DEEP's Office of Energy Demand, at 860-827-2655 or Diane.Duva@ct.gov or Walter McCree, Research Analyst of DEEP's Office of Energy Demand, at 860-827-2644 or Walter.McCree@ct.gov.

Sincerely,



Katie S. Dykes, Deputy Commissioner

Attachment A: *Schedule of Compliance for Conditions of Approval*

Attachment B: *Summary of Program Cost Effectiveness Review*

Electronic Copy:

Matthew Gibbs, Director, Energy Efficiency Implementation, Eversource Energy
Patrick McDonnell, Senior Director of Conservation & Load Management, UI/CNG/SCG
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William Dornbos, Chair, Connecticut Energy Efficiency Board

Taren O'Connor, Vice-Chair, Connecticut Energy Efficiency Board

Craig Diamond, Executive Secretary, Connecticut Energy Efficiency Board

Jeffrey Gaudiosi, Executive Secretary, CT Public Utilities Regulatory Authority (PURA)

[Notice of this approval with conditions should be provided to PURA in the Companies' *Annual Reconciliation of the Conservation Adjustment Mechanisms*, anticipated to be submitted in the first quarter of calendar year 2016.]

Attachment A: Schedule of Compliance 2016-2018 C&LM Plan
Conditions of Approval

Item #	Topic or Program	Condition of Approval	Due Date	Action
1	<p>District Heating Loops</p>	<p>The Companies shall submit to DEEP's Bureau of Energy and Technology Policy (BETP) for DEEP's records the status of implementation of the new statutory authorization that allows energy savings resulting from connection to district heating loops that use waste heat to be eligible for incentives. The funding of such incentives is incremental to the Conservation and Load Management budget, pursuant to Section 242 of Public Act 15-5 (June Special Session). The Companies describe on page 400 of the Plan how they intend to implement this provision. The report would be used to educate others and inform action in this sector.</p>	09-01-16	Report
2	<p>Demand Response</p>	<p>The Companies shall submit to BETP for DEEP's review and approval a report that documents progress developing implementation strategies to advance the deployment of Demand Response technology, particularly in the Commercial and Industrial sector, including a timeline for action. DEEP is pleased to see that Demand Response pilots are included in the Plan, with specific plans noted for the residential sector, and a note that a pilot will occur for the Commercial and Industrial sector. DEEP is interested in an increased focus on the Commercial and Industrial sector.</p> <p>Such report on the status of demand response shall identify the locational and durational nature of demand issues and identifying opportunities that are related to geography and peak demand. Such report will help inform state planning and design of future actions, regardless of the outcome of current pending litigation on certain demand reduction programs.</p> <p>The Companies shall provide recommendations on the timeline for developing permanent programs and on the funding mechanism for such programs. These recommendations will be especially important in the Commercial and Industrial Sector if regional independent system operator demand response programs are not supported by court decisions.</p>	04-01-16 and include in Annual Updates for 2017 and 2018	Report

Attachment A: Schedule of Compliance 2016-2018 C&LM Plan
Conditions of Approval

Item #	Topic or Program	Condition of Approval	Due Date	Action
		<p>Additionally, such report shall include a summary of the state of Time Varying Rates or Time of Use Rates in Connecticut. Such report shall include a summary of all customer participation and the energy savings associated with Time Varying Rates or Time of Use Rates in each electric utility's service territory; the potential to achieve additional cost-effective energy savings through optimization of Time Varying Rates or Time of Use Rates and other regulatory and incentive mechanisms in Connecticut. The Companies should include implementation recommendations for integrating information about Time Varying Rates or Time of Use Rates with the customer engagement platforms to better allow customers to receive economic signals and to encourage greater participation in the United Illuminating territory.</p> <p>Such report shall include an update on Eversource's progress in deploying advanced metering systems consistent with CGS 16-243w and provide an update on efforts to provide two-way communication using equipment other than meters to increase the ability of customers to participate in Time of Use Rates and demand response programs. For the 2016 report United Illuminating shall describe how they are encouraging participation and use of Time Varying Rates currently and how they will develop a plan for implementing critical peak pricing and additional dynamic pricing options. In 2017, United Illuminating shall summarize the effectiveness of Time Varying Rates or Time of Use Rates and any new dynamic pricing structures in United Illuminating territory. In 2018, Eversource shall assess how Eversource can apply the results of the information provided by United Illuminating to enable customers to use Time Varying Rates or Time of Use Rates and other dynamic pricing options.</p>		
3	Street Lighting	<p>The Companies shall submit to BETP for DEEP's records a report that summarizes the state of street lighting in Connecticut. Specifically, the Companies shall provide best estimates of the numbers of street lighting fixtures owned by the utilities, municipalities, and the State of Connecticut. To the extent such information is available to the Companies, the report shall quantify how many</p>	09-01-16	Report

Attachment A: Schedule of Compliance 2016-2018 C&LM Plan
Conditions of Approval

Item #	Topic or Program	Condition of Approval	Due Date	Action
4	<p>Comprehensive coordinated plan for public education and the education of students</p>	<p>street lights in each category have been upgraded to LED technology and/or with advanced lighting controls. The Companies will provide recommendations on the timeline for upgrading street lights in each of these categories, and the recommended funding mechanism for such upgrades.</p> <p>DEEP does not concur with the Board’s response to DEEP’s question which noted that the Board “does not feel an additional ‘overall plan for education in the future’ is needed at this time” (<i>Energy Efficiency Board Responses to DEEP Requests for Information</i>, November 16, 2015).</p> <p>DEEP only approves the “Educate the Public” and “Educate the Students” portions of the budget for calendar year 2016. The “Educate the Public” and “Educate the Students” portions of years 2017 and 2018 are not approved, and a proposed budget shall be provided in the 2017 Annual Update, not to exceed the currently proposed 2017 and 2018 budget levels, that is reflective of planning conducted through the following process:</p> <p>In the first half of calendar year 2016, the Companies, in consultation with the Board and DEEP, shall initiate a discernment process to clarify the roles and responsibilities of the Connecticut Energy Efficiency Fund, DEEP, and other stakeholders in providing energy education for the public and for students. Such discernment process shall provide for stakeholder engagement to discern the key elements of the plan and the roles of various entities in planning and implementing energy education services for the public and students.</p> <p>Given the scale of this ratepayer investment in education for the general public and students DEEP believes it is critical for a comprehensive proactive plan to accompany the budget. For example, a comprehensive education plan would ensure that duplication of effort does not occur between eesmarks and Green Leaf activities.</p>	<p>07-01-16 Submittal of comprehensive education plan</p> <p>10-01-16 Initiation of procurement process for education services</p>	<p>Modification of portions of the Education budget;</p> <p>Development of Plan and Procurement Process for Educational Services</p>

Attachment A: Schedule of Compliance 2016-2018 C&LM Plan
Conditions of Approval

Item #	Topic or Program	Condition of Approval	Due Date	Action
		<p>The Companies shall submit a comprehensive education plan for DEEP's review and approval by July 1, 2016 that describes a scope of services for the education of the public and the education of students regarding sustainable resource and energy conservation. The comprehensive education plan shall ensure that services are demographically and geographically inclusive. Based on the stakeholder engagement and discernment process conducted, the comprehensive education plan shall describe the roles of various entities planning and implementing energy education services for the public and students. Funding from the Connecticut Energy Efficiency Fund should be exclusively focused on supporting efficiency and conservation education themes, but may be deployed as part of education programs and channels (funded in part by other sources) that touch on a broader range of themes. The plan must identify how funding from the Connecticut Energy Efficiency Fund will be integrated with other energy education services and funding sources to ensure energy conservation education is conducted statewide.</p> <p>Such comprehensive education plan shall include a description of the scope of services that will be acquired through professional services and describe a competitive process to initiate by October 1, 2016 an open, competitive process to procure those services.</p>		
5	<p>Transition to grant process for services delivered by colleges and universities [pending]</p>	<p>[PENDING SUPPLEMENTAL APPROVAL]</p> <p>[DEEP is pleased to approve the budget for ISE's work [which is spread across different elements of the Plan budget and summarized in the Plan's Appendix F] for calendar year 2016. DEEP believes that some additional time is needed for DEEP to consider and discuss with stakeholders the comments received on DEEP's proposed condition of approval relating to "transition to grant process for services delivered by colleges and universities". To allow for that additional time without delaying a decision on the remaining Plan budget for 2016-2018, in the coming weeks, DEEP will issue a supplemental conditional approval related to whether to</p>		

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6	Residential weatherization barriers	<p><i>retain this condition of approval regarding the items in the 2017 and 2018 budgets that relate to the work performed by ISE.]</i></p> <p>The Companies shall submit an annual report on residential weatherization barriers for customers of each Company to BETP for DEEP's records which DEEP would share with the Department of Housing, Department of Public Health, and make available to other interested parties. Pre-weatherization barriers include, but are not limited to: asbestos, knob and tube wiring, mold, and unvented appliances.</p> <p>Such an annual report should include charts and the information contained in the Plan's summary of the issue. The report should summarize the data that Eversource collected from Home Energy Solutions contractors for visits performed since January 2014. The report should include charts that depict the results of the Home Energy Solutions contractor barrier reporting and assist with quantifying the level of funding and financing that may be needed to remediate health and safety barriers, as this is an important ongoing step needed to achieve the 80 percent weatherization goal by 2030.</p>	3-01-17 and Annually on March 1 st of each year	Report
7	Home Energy Solutions Co-Pay	<p>The Home Energy Solutions co-pay shall be increased by at least \$25.00 on an annual basis as follows: no later than September 1, 2016, the co-pay shall be raised to at least \$124; no later than September 1, 2017 the co-pay shall be raised to at least \$149; and no later than September 1, 2018, the co-pay shall be raised to at least \$174.</p> <p>The purpose of this modification is to increase the share of participants' investments to advance a long-term goal of market transformation, and increasing the scalability of residential efficiency programs—a priority that was emphasized in the 2013 Comprehensive Energy Strategy. As participants provide a greater share of the program cost, the ratepayer-funded incentives will be able to reach more customers. DEEP is setting out the required schedule in this decision in order to ensure that vendors can prepare for the co-pay increases well in advance, and to incent the Companies and vendors to focus on strategic</p>	By September 1 of each year, notify vendors of annual co-pay increase 04-01-16 Review of HES Co-Pay rebate for insulation and HVAC	Modification

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		<p>marketing to promote the value of home performance to customers. These numbers are based on data collected in a price elasticity study conducted by the Companies in August 2015 and reported to the Board on November 12, 2015. That study documented that respondents indicated an increased willingness to pay a higher price for the co-pay, once they are informed of the benefits of improving their homes' performance. DEEP considers it essential that the Companies continue to provide education to residential property owners on the economic value of improving the energy performance of homes.</p> <p>DEEP appreciates the role of the Board in providing careful, regular oversight of customer participation, equitable distribution, and budget expenditure for the residential program. In the event that, despite demonstrated substantial effort and investment in strategic marketing by the Companies and vendors to promote the value of home performance, customer demand is insufficient to expend annual budgets (including demand among customers for particular income levels), DEEP will consider a request from the Companies and the Board to amend the schedule of co-pay increases. Such request should be informed by compelling documentation of need, such as discussion with representatives from the home energy performance services industry, elasticity studies, market conditions, education efforts, and customer and vendor feedback.</p>		
8	<p>Modification of C&LM Budget Tables(A,A-1,B,C,D)</p>	<p>Modify Tables A, A-1, B, C, and D for all Companies by reallocating the program subtotals presently at the bottom of each table back into the respective customer classes for Residential, Commercial and Industrial, and Other. This reallocation dollar amount should be displayed as a <u>new</u> line item for each customer class. The purpose of such modification is to clarify how much of a total investment is made in each of the residential and the commercial and industrial classes. The net result will be that the sum of the individual customer classes in the main portion of the table will equal the grand totals at the bottom of the table. This methodology should be employed with other tables in the Plan</p>	03-01-16	Modification

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9	<p>Refinement of consultant services</p>	<p>where a similar discrepancy exists between subtotals of investment dollars. All budget tables for all companies should show no program subtotals at the bottom of the table as currently displayed. Also, the table submitted by the Companies showing the percentage allocations of Residential and Commercial and Industrial from the Other customer class should be included with these revised budget tables, along with the associated investment dollars by customer class for each year of the Plan.</p> <p>The Board must collaborate with the Companies to develop, by no later than March 14, 2016, a work plan that describes a comprehensive list of specific tasks that Board consultants will perform in 2016, 2017, and 2018 to fulfill the Board's statutory responsibilities. The Board shall submit such work plan to DEEP by March 14, 2016.</p> <p>Such work plan shall provide for a Consultant Compensation Budget for 2016 not to exceed \$650,000 and shall propose a budget for 2017 and 2018 not to exceed the 2016 level. DEEP believes that this level of funding is sufficient to provide the level of consultant services required to ensure the Board's ability to fulfill its statutory assignments. The goal of reducing this budget item from last year is to shift these investments into direct energy savings for the Residential and the Commercial & Industrial sectors.</p> <p>The work plan for consultant services need to be carefully and continually reviewed by the Board to determine whether the work effort coincides with the budget proposed. A reduction in labor hours and/or labor rates may be required, in addition to a focusing of the work plans for the services the Board seeks. The budgets for each year of the three-year Plan are expected to vary with the tasks needed in those years. The Board may subsequently request an expansion in the scope of the work plan and/or an increase in the budget if the need for additional services arises. Such request for DEEP's review and approval of an increased budget shall include sufficient documentation of specific priority tasks requiring</p>	<p>03-14-16</p> <p>Board to submit Budget not to exceed \$650,000 and work plan for task-driven consultant services</p>	<p>Modification</p>

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		<p>additional work.</p> <p>DEEP recognizes that the Board is a voluntary board and its members generously donate their time to advance the Board's mission. Thus, it makes sense to contract with consultants to assist the Board in fulfilling its duties, particularly given that such consultants bring expertise with a national perspective. DEEP commends the Board on conducting a competitive RFP for consultant services. DEEP encourages the Board to carefully consider the roles and responsibilities of each Consultant as the EEB reviews responses to its most recent request for proposals for technical services and to move to a more task-driven model of acquiring the services of technical experts. It is important to ensure that work is assigned and performed in an efficient manner, and that work plans are sufficiently detailed and planned to ensure that available resources from the Companies, DEEP, and the Connecticut Green Bank are utilized as appropriate prior to initiating additional tasks for the Board consultants.</p> <p>Over the past several years the Conservation and Load Management staffing levels at the Companies have increased, and a new Connecticut Green Bank and DEEP Bureau of Energy and Technology Policy have been established. Additional resources are now available to support the Board in its mission and this should be reflected in the scope of contracting for the Board's consultant services. The Board should ensure that the scope of work for any technical services contracts supporting the Board prevents redundancies and maximizes the use of each technical consultant's expertise.</p> <p>To further illustrate this evolution, we note that the Connecticut Green Bank, in its comments to DEEP regarding DEEP's tentative determination to approve with conditions the Plan, has offered to the Board and the Companies "to provide expertise on financing." The CT Green Bank noted in their comments that they have "a team of finance experts" working to attract "more affordable investment in clean energy in Connecticut for residential, commercial, industrial, institutional,</p>		

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		<p>multifamily, non-profit, and infrastructure sectors.” The Connecticut Green Bank also has offered its expertise to identify financing solutions that can address both pre-weatherization health and safety upgrades as well as energy efficiency upgrades. [Connecticut Green Bank comments to DEEP, dated December 21, 2015, page 2]</p> <p>In response to its publication of its tentative determination to approve with conditions the Plan, DEEP received comments expressing concern about reductions to the Board consultants’ budget, and noting that the level of investment needed must be sufficient to ensure the maintenance of energy efficiency planning in Connecticut at “deep strategic, programmatic, and technical levels well before any final regulatory decision is made” [Comment from Acadia Center, dated December 22, 2015, page 2]. The Office of Consumer Counsel expressed concerns in its comments [p. 2] submitted in response to DEEP’s tentative determination to approve with conditions the Plan about the sufficiency of the budget to cover the workload of the consultants. The Office of Consumer Counsel noted in its comments [p. 2] that “there is only a very small amount of work that would qualify to be moved from a consultant...[because the Board] is an independent Board.” DEEP has carefully considered these concerns and has concluded that a sufficient level of expertise may be obtained for the \$650,000 budget approved for Energy Efficiency Board consultant services in 2016.</p>		
10	<p>Evaluation, Measurement, and Verification</p>	<p>By no later than March 1, 2016, the Companies and the EEB shall revise the “2016-2018 Evaluation Plan Recommended Project List.” Projects should be classified as either “Fundamental” or “Discretionary” with priority given to fundamental projects to be completed. Evaluation studies that are essential for complying with ISO specifications should be considered fundamental. The importance, timing, and data quality objective required must be articulated for each proposed study.</p>	03-01-16	Modification

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		<p>While the evaluations are important to ensure program cost-effectiveness, it is critical that the timing of the evaluations be synchronized to enable incorporation of program design recommendations into the program planning process. Additionally, the number and scheduling of the evaluations must be monitored to ensure that sufficient capacity exists on the part of the EEB members, EEB Committees, the Companies, the technical consultants, and the Evaluation Administrator to adequately review the results and respond timely to recommendations.</p> <p>The update should focus on process and impact evaluations as required by Connecticut General Statutes section 16-245m, while continuing to transfer market assessment and other sector-based research studies to sector-based budgets. Based on a review of Table 8, DEEP believes that a budget of \$3,000,000 annually for evaluation studies provides sufficient capacity to conduct impact and process studies to evaluate program cost-effectiveness at the level of precision needed to quantify and verify savings and continually improve program design.</p> <p>The balance of funds in the proposed Evaluation Budget above \$3,000,000 may be reallocated to provide for initiation and development of direct measurement and verification capabilities. Such funds may be coordinated with and support Demand Response technology implementation.</p>		
11	<p>Evaluation Administrator/ Consultant Budget</p>	<p>The Companies and the Board shall modify the Evaluation Administrator/ Consultant budget downward to a level not to exceed \$300,000, to reflect the modified "2016-2018 Evaluation Plan Recommended Project List." An inventory of administrative or consultant tasks and projects for each year may reveal cost saving opportunities in projects that are reviews or routine for now matured programs. The Evaluation Administrator budget must reflect an increased focus on ensuring quality and effective timing of Evaluation, Measurement, and Verification activities. The Board may propose a modification of this budget in</p>	03-01-16	Modification

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		<p>the 2017 Update if sufficient documentation is provided. Despite comments from the Evaluation Administrator to the contrary, DEEP notes that DEEP did not vote to approve the Evaluation Projects, Evaluation Budget, and Evaluation Administrator/Consultant Budgets at either the EEB meeting or Evaluation Committee meetings. Since we have the responsibility of reviewing, analyzing, and approving these items, it is DEEP's practice to abstain from voting on any plan or budget proposed by the Evaluation Committee or the full Board.</p> <p>After a September 2015 Evaluation Committee meeting staff members from the Office of Consumer Counsel and DEEP reviewed the evaluation projects proposed by the Evaluation Administrator and raised questions with each project in order to determine whether these projects were necessary to be funded. These questions were sent to the Evaluation Administrator requesting a response back to both DEEP and OCC with the answers to them so that DEEP could determine whether the proposed studies were fundamentally necessary to be completed by a third-party Evaluation Administrator on in the timeframe of the Plan. The Evaluation Administrator declined to address those question specifically and published the project list almost entirely similar to the initially proposed list. In a November 8, 2015 response to DEEP's request for information [BETP-52] from the Board regarding the proposed Plan, the Evaluation Administrator did provide an especially useful table [Figure 8] to illustrate criteria for consideration of Evaluation Studies. This summary of criteria provided for prioritization in a meaningful way. In DEEP's review of this table it was evident that no more than \$3 million is needed to complete the statutorily required task of evaluating, measuring, and verifying the savings from the Plan's investments.</p>		
12	Consistency in Company Reporting	<p>Eversource and UI should utilize the same tables in reporting their data. As an example, Eversource currently uses Table B-1 and UI uses Table B for reporting benefit/cost ratios, and do not use common data reporting fields. This makes it unnecessarily difficult to compare and consolidate information between the Companies. The Companies should revise these tables to be consistent.</p>	03-01-16	Modification

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13	<p>Increase effectiveness of incentives in multifamily property energy efficiency retrofits and new construction</p>	<p>As noted in the public comment from CHFA, DOH, and the Connecticut Green Bank, ongoing efforts to improve the coordination of financing with multifamily housing project development is important. As part of the overall process improvements underway that are described in the Plan, the Companies shall implement modified processes to increase the effectiveness of the coordination of financing with multifamily workflow process improvement. Specifically, assess the feasibility of issuing letters of agreement to the Connecticut Housing Finance Authority rather than developers to prevent energy efficiency improvements from being either engineered out of multifamily projects or used to increase the pricing of developers.</p>	03-01-16	Modification
14	<p>HES-IE</p>	<p>The Companies shall modify the Home Energy Solutions-Income Eligible program to provide a baseline payment to Community Action Agencies to compensate such agencies' for their intake services and provide a focus on the Agencies' core strengths. The Companies shall develop such modification with a focus on streamlining and harmonizing the HES-IE program with other weatherization programs in cooperation with the Connecticut Association for Community Action (CAFCA) and DEEP.</p>	07-01-16	Modification
15	<p>Clean Energy Communities</p>	<p>The Companies shall, in cooperation with DEEP, municipalities, and stakeholders, modify the Clean Energy Communities model to better incorporate the sustainability work of municipalities, and the sustainability and climate change work of DEEP and to ensure a community driven process to continuously improve the Clean Energy Communities program. Through the Companies' participation in stakeholder consultations led by DEEP, such modification should reflect the input from municipalities and various stakeholders The Companies shall cooperate with DEEP to support DEEP's identification of the steps that can be taken to integrate the work of municipalities, other advocacy organizations, and DEEP.</p> <p>The Companies shall develop the capacity to generate public reports that aggregate energy consumption information on a municipality-wide basis to support the work of municipalities. The Companies shall review the effectiveness</p>	09-01-16	Modification

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16	Data Management	<p>of the Clean Energy Communities dashboard in consultation with DEEP and municipalities.</p> <p>The Companies shall develop the capacity to efficiently provide information electronically to the US EPA Portfolio Manager. While current law requires the Companies to provide data to the US EPA Portfolio Manager, a direct correlation between buildings and accounts does not currently exist, which prevents the Companies from directly uploading this information. This condition of approval is to specifically require the Companies to develop the technology or staff resource capacity to correlate the data between buildings and companies so that it is ultimately possible for data to be migrated directly to the US EPA Portfolio Manager platform.</p>	03-01-16	Modification
17	Budget modification	<p>The Companies shall propose a plan to reallocate unexpended 2015 revenue or any additional revenue, into 2016, to necessary investments that will ensure high priority work is completed.</p>	03-01-16	Modification
18	Budget table presentation	<p>The Companies shall provide a statewide budget table that totals each of the companies into a consolidated column when submitting a revised Plan.</p>	03-01-16	Modification
19	Support for Municipalities	<p>The Companies shall propose an allocation of the commercial and industrial budgets to ensure sufficient support is available to provide support to municipalities engaged in energy efficiency, particularly those municipalities pursuing Energy Savings Performance Contracts.</p>	03-01-16	Modification
20	Performance Management Incentive	<p>The Companies shall revise the budget for the performance management incentive to reflect a scale of 4.25% payment when 100% of goals are achieved for 2016 and 2017. Given the increasing difficulty in achieving savings as progress in mainstreaming energy efficiency is accomplished, the Companies may revise the 2018 payment to the originally proposed 4.5% scale if 100% of goals are achieved for 2018.</p>	03-01-16	Modification
21	Energy efficiency coincidence with natural gas conversion	<p>Propose a plan and submit a report on a semi-annual basis to BETP for DEEP's records to provide information on the instances of the installation of high efficiency equipment installed coincident with the conversion to natural gas supply at residential and commercial and industrial properties. Additionally, include reporting of insulation installed in such properties from January 2012 onward. Propose a plan to annually survey customers that determines motivators for converting to natural</p>	03-01-06 for Plan 09-01-16 for Annual Report	Report

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22	Heat Pumps [Geothermal and other]	<p>gas, determines motivators and barriers to installing energy-efficient natural gas equipment at the time of conversion, and determines awareness of energy-efficient natural gas equipment conversion contractors that may include assessment of the contractor's awareness of available energy-efficient heating and cooling equipment incentives and financing products, determine how contractors are presenting the energy-efficient equipment information to customers, and assessment of a contractor's willingness to promote energy efficient equipment as part of the value proposition of the conversion to the use of natural gas at the property.</p> <p>The Companies shall review the rebate program for geothermal heat pumps and other heat pumps and determine the merits of increasing incentives for this equipment for the purpose of increasing participation in investment of this technology, with the incentives tied to properly installed performance. The Companies shall also consult with the Connecticut Green Bank to ensure the availability of adequate financing products for this equipment to customers. The Companies shall summarize the status of financing products provided by the Connecticut Green Bank and the Companies. The Companies shall submit a report summarizing its review by July 1, 2016. In their report the Companies shall review the specifications and incentives used for heat pumps in other northeastern states, and recommend whether to align specifications and incentives with those of other northeastern states, to leverage regional action to lower the cost of such equipment.</p>	07-01-16	