



**Letter of Support of the Energy Efficiency Board
for the 2017 Annual Update of the
2016-2018 Conservation and Load Management Plan**

October 21, 2016

The Energy Efficiency Board (“EEB” or “Board”) supports the 2017 Annual Update of the 2016-2018 Conservation and Load Management Plan (“2016-2018 C&LM Plan”) which will be filed with the Department of Energy and Environmental Protection (“DEEP”) by November 1, 2016. The Board voted in favor of the proposed 2017 Plan Update at its October 13, 2016 meeting. As part of its vote, the Board included three qualifications as noted below. The 2017 Plan Update was prepared by The Connecticut Light and Power Company (“CL&P”) doing business as Eversource Energy (“Eversource”) and The United Illuminating Company (“United Illuminating”) (collectively, the “Electric Companies”), and The Connecticut Natural Gas Corporation (“CNG”), The Southern Connecticut Gas Company (“SCG”), and Yankee Gas Services Company (“Yankee Gas”) doing business as Eversource Energy, (collectively the “Natural Gas Companies”). The Board appreciates the efforts of the Electric and Gas Companies (collectively, “the Companies”) to develop the 2017 Plan Update, which includes valuable program enhancements to the 2016-2018 C&LM Plan.

The 2017 Plan Update is being developed in two parts. The program updates and enhancements plus the budget and revenue tables were developed as part one. The Board acted on part one of the Plan Update during its meeting on October 13th, and it is the part of the Plan Update addressed by the Board in this letter of support. Part two of the Plan Update will include the goals, savings, benefits, cost-effectiveness, and performance management incentive, as well as any revisions to the budget including the budget reconciliation considering the year-end 2015 actual expenditures, which will be completed by the Companies and reviewed by the Board in February 2017, and filed with DEEP by March 1, 2017.

The Board provided input to, reviewed, and commented on the 2017 Plan Update consistent with the Board’s statutory responsibility to provide advice to the Companies in developing comprehensive and cost-effective C&LM programs for customers. In developing and reviewing the 2017 Plan Update, the Board, including through its Residential, Commercial & Industrial, Marketing, and Evaluation Committees, collaborated extensively with the Companies, DEEP, the Connecticut Green Bank, program vendors and partners, and other stakeholders. The Board also heard public input and comments, and the Board considered the public input during its review of the Plan Update.

The 2017 Plan Update proposes specific program updates and enhancements designed to provide effective services and solutions for customers while responding to strong demand for the programs. The Plan Update emphasizes a commitment to high-quality program services to achieve savings and benefits for customers, comprehensive customer energy solutions focused on meeting customer needs, Energize Connecticut marketing/outreach and customer engagement to reach businesses and consumers with tailored information and services, and targeted pilots to help reduce peak demand.

The Board notes the following qualifications to its approval and support of the 2017 Plan Update (part one) prepared by the Companies:

- 1. The Board, in its support of the 2017 Plan Update, is not taking a position on time varying rates or the Companies' discussion of time varying rates in Chapter 3.** The Board does support the Peak Time Rebate pilot proposed by United Illuminating, which is also discussed in Chapter 3.
- 2. The Board emphasizes its comments regarding the scope, level of effort, and timing of the residential and C&I demand reduction pilots.** The Companies should ensure that an adequate number of pilot sites across the key targeted customer segments covering the demand reduction strategies to be tested are installed and fully operational before the summer of 2017, considering the importance of the demand reduction pilots as a crucial step in addressing peak demand issues in Connecticut. The Board understands there is limited budget available for the pilots in 2017 and the Board is not recommending an increase in the pilot budgets. As one approach for stretching the available funding, the Board recommends that the Companies enroll additional customers that have existing infrastructure (i.e., controls, software, etc.) compatible with the design and focus of each pilot so that more customers can participate in the pilots and more results from the pilots are available. The Board also encourages the Companies to identify and pursue other opportunities for expanding the number of sites in the pilots, including through adding some recent participants in the energy efficiency programs to the pilots, where appropriate. All of the pilot sites focusing on summer peak demand should be fully installed in the field by mid-May 2017, in time for testing during the summer of 2017. This timing is critical, so that the Companies, the Board, DEEP, and others can review the results of the summer 2017 pilots in September-October 2017, and then the Companies and Board can complete the planning for demand reduction activities for 2018 as part of the 2018 Plan Update process.
- 3. The Board retains its opportunity to provide input and recommend adjustments to the final 2017 budget and budget reconciliation to ensure adequate savings and benefits will be achieved in 2017, prior to these Plan Update elements being filed with DEEP on March 1, 2017.** In its approval on October 13th, the Board noted that some adjustments to the final 2017 Plan Update budget may be needed in order to ensure sufficiently high savings and benefits for customers, which will not be known and finalized until part two of the Plan Update. The savings and benefits goals will be developed first by making adjustments to the 2016-2018 Plan goals and impact factors based on recent information and updates to the Program Savings Documentation, and then by prorating for 2017 based on the program incentive budgets.

The Energy Efficiency Board supports the 2017 Plan Update (with the three qualifications noted above), which will be submitted to DEEP by the Companies. The Board is available to assist in addressing any questions from DEEP, and it looks forward to DEEP's review and approval of the 2017 Plan Update.

Sincerely,



Taren O'Connor
Chair, Energy Efficiency Board