



OCC Comments on Cost-Effectiveness Testing for CT's Conservation Programs

The Office of Consumer Counsel ("OCC") recently offered comments on the Department of Energy and Environmental Protection's ("DEEP") review of cost-effectiveness testing for the state's Conservation and Load Management programs.

OCC has been actively participating in the ongoing discussion around the examination of the current cost-effectiveness testing models and appreciates DEEP's effort to look into the specifics of how the Conservation and Load Management ("C&LM") programs are being screened for cost-effectiveness and understands that DEEP is tasked with this review. However, OCC believes that there is not a current need to change or revise the cost-effectiveness testing model used in Connecticut. OCC trusts that we can confidently move forward with and throughout the 2019-2021 C&LM Plan without changing the cost-effectiveness tests. If minor adjustments to the current testing models are deemed necessary, OCC would be amenable to exploring that path but would caution against changing a test to meet a more favorable result versus making adjustments to the underlying program if it isn't meeting or exceeding benchmarks.

One ongoing point of discussion, and oftentimes disagreement among parties, is whether to include non-energy benefits like comfort and economic development in a new test. It is evident that DEEP is strongly considering adding non-energy impacts ("NEI") to the cost-effectiveness test in the near future; specifically, health and safety impacts and certain impacts around energy affordability. OCC recognizes the significance of quantifying non-energy impacts for purposes of helping to incentivize a customer or to encourage a participant to see the value of an energy efficiency measure in their home or business. OCC also sees the overall value in NEIs; however, OCC does not believe that these ancillary benefits should be included in determining cost-effectiveness from the perspective of ratepayers as a class. OCC believes it could certainly be of value to track jobs and measure air quality, but such examinations should not be part of determining the cost-effectiveness of a C&LM program.

Connecticut's C&LM programs are paid for by Connecticut's electric and gas customers. This review process is examining the tests that establish cost-effectiveness for these particular (C&LM) programs, and OCC stands strong in that DEEP and others should focus on utility system costs and benefits and careful about adding secondary benefits.

OCC respects that DEEP is tasked with meeting certain policy goals outside of the C&LM framework, but believes it's inappropriate for outside policy goals to drive changes to the cost-effectiveness testing for C&LM programs. OCC has suggested to DEEP that it keep the focus of the review directly consistent with Connecticut General Statutes Section 16-245m(d)(3), which states that C&LM programs "shall be screened for cost-effectiveness testing that compares the value and payback period of program benefits for all *energy savings* to program costs to ensure that programs are designed to obtain energy savings and system benefits[.]" The focus of the C&LM programs should be on the energy savings to program participants and the electric system as a whole. OCC is opposed to the idea of a broader focus that would include non-energy items in the test. All parties involved in the review should keep in mind that those who pay into the Connecticut Energy Efficiency Fund ("CEEF") are those who should benefit from the C&LM programs.

DEEP plans to distribute a detailed summary of its proposal to change the current cost-effectiveness testing in the coming months. OCC looks forward to the opportunity to review and offer comments at that time, and to continue its participation in the ongoing discussion around this important topic.



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