November 21, 2024

DEEP 2025-2027 C&LM Plan Technical Session EEB Technical Consultants Comments

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Agenda

EEB Approval Timeline

Performance Management Incentives

Response to C1902 Recommendation

HVAC And Weatherization

Public Input

EEB Meeting Approval Timeline

October 9, 2024

Approved 2025-2027 Plan, Savings and Budget Tables, and 2025 Program Savings Document

November 13,2024

Approved Evaluation, Evaluation Administrator, and DEI Consultant Budgets

December 11, 2025

Consider approval of DEI metrics and framework

February 19, 2025

Consideration of 2025 Performance Management Incentives and updated 2025 Plan Filing for March 1

November Budget Approvals

Evaluation Budget

- October – EEB approved a placeholder of $5 million per year
- November – Approved budget of $4M in 2025, $5.5M in 2026, and $5M in 2027

Evaluation Administrator Budget

- October – $531,000 placeholder for 2025
- November – Approved $550,000 budget for 2025

DEI Consultant

- October - $500,000 placeholder approved over 2025-2027 (~$166,667/year)
- November - $488,000 approved for three-year budget. Awaiting work plan for annual budget

Performance Management Incentives

Performance Management Incentives Changes

- Eliminated Residential New Construction Metric from 2025 PMIs
- Proposed a new secondary metric- equivalent to 1.5% of the total PMI
- Working with DEI Consultants to develop equity metric to be finalized by March 1 filing
- Some PMI metrics are outstanding until year end results are available to develop the baseline for 2025

New Secondary PMI Metric

Develop a plan by October 1, 2025 to offer to residential and C&I customers in Q1 2026 a coordinated initiative for solar PV, electric vehicle chargers, and battery storage in combination with the C&LM program offerings. The plan shall include details on the benefits, incentives, and financing opportunities along with how the Companies will coordinate with their respective internal teams, the Connecticut Green Bank, and other state and Federal initiatives to encourage the adoption of renewables, storage, EVs along with energy efficiency upgrades.

- Eliminated the Residential New Construction secondary metric
  - (1) retain 50% of the volume/production builders for program year 2024 (1.5% of PMI)
  - (2)Develop a GHG emissions metric comparing GHG emissions above RNC baseline (0.5% of PMI)
- Developed new secondary metric that is applicable to both Resi and C&I sectors (1.5% of PMI)
- Allocated remaining 0.5% of secondary PMI to the residential equity PMI metric

C1902 Evaluation Study

C1902 ECB Net to Gross (NTG) Study

- NTG = 1 – Free Ridership + Spillover

- The C1902 study determined a NTG value for all 4 pathways of new construction
- Evaluation Consultants recommended using the 69.8% finding for all Paths
- Technical Consultants and Eversource think Pathways 1 and 2 were not adequately represented in the study
  - Only 5 complete surveys for Participants, and 0 Market Actors
- Current and 2025 NTG for Paths 1 & 2 is 94.4%

Follow on study NTG to be done by DNV, completed in 2025

- Goal is to survey 20 Path 1 and 2 Participants as well as Market Actors
  - If 20 completes is not possible in 2025, then the study should be delayed further

Heat Pumps and Weatherization

DEEP 2024 Plan Determination - Heat Pumps and Weatherization

- **D. Electrification**

- DEEP expects that the following will be addressed ahead of the next 3-year program cycle:
- **Heat Pumps & Weatherization.** Generally speaking, pairing weatherization measures with heat pump adoption provides many benefits: helping participating customers maximize bill savings, and reducing the size, upfront cost, and operating costs of a heat pump system, while also reducing the impact of heat pump adoption on the grid. DEEP requires the Companies to evaluate best practice and strategies for encouraging customers to pair cost-effective weatherization measures with heat pump investment. For example, the Companies should evaluate whether the current heat pump bonus incentives are adequate for achieving widespread adoption of weatherization in homes receiving a rebate for a heat pump. In addition, the Utilities should propose other programmatic changes which will further encourage weatherization in households installing heat pumps. The evaluation and proposals shall be included in the 2025-2027 Plan.

October EEB Vote:

- Compliance with DEEP Determination
  - Response to DEEP's 2024 Plan Determination where DEEP requested that the Companies include proposals and identify evaluations in the 2025-2027 Plan related to the pairing of weatherization with heat pump adoption

2025-2027 Plan Filing (November 1, 2024)

3.3.2 Themes and Priorities - Heat Pumps and Weatherization

Background and Initial Findings

During the 2019-2021 term, the Companies implemented a heat pump pilot program pairing weatherization with heat pump installation. The Companies saw low participation rates in the pilot due to the weatherization requirements of either (1) participating in the HES program or (2) meeting thermal performance criteria. In 2021, the Companies removed the weatherization requirement due to low pilot enrollment and increased the incentive for heat pumps from $500/ton to $1,000/ton and saw an increased uptake in heat pump adoption.

Findings

As part of the Companies' response to DEEP's Condition of Approval No. 22 to the 2022-2024 Plan, the Companies hired a third-party evaluator, GDS, to conduct an analysis of the heat pump pilot program. As part of their analysis and study, GDS conducted trade ally interviews to understand their experience with the pilot and what they perceived as barriers to heat pump adoption. Based on trade ally feedback, they found the requirement for weatherization was a major barrier to heat pump installation. Particularly, the requirement for weatherization was viewed as a barrier for older homes participating as many do not qualify for weatherization (i.e., HES and HES-Income Eligible) due to health and safety barriers and therefore could not participate in the heat pump pilot. This restricted otherwise good candidates from the pilot.

Actions During 2022-2024 Term

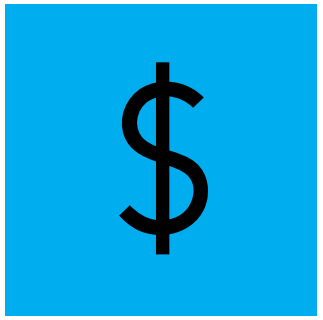
With the increased rebates of $1,000/ton and no weatherization requirements, the Companies, particularly Eversource, saw significant demand for heat pumps. To optimize demand with the existing C&LM budgets, the Companies reduced the incentive from $1,000/ton to $750/ton in late 2023 and also eliminated the midstream incentive for heat pump distributors. As noted in 2024, the Companies developed and implemented a reservation step for customers who are installing heat pump technologies for space conditioning.

The Companies understand that pairing weatherization measures with heat pumps and offering the right incentives is critical to optimizing efficiency of heat pump systems and reducing their size, upfront cost, and operating costs, as well as managing C&LM program budgets. Therefore, the Companies plan to use the results of the Optimization Plan and the results of the future evaluation study (M2595 Plan Determination Study of Heat Pump and Weatherization Best Practices) to develop the incentive amounts and weatherization pairing requirements over the upcoming term. The weatherization requirements and incentive levels will most likely change over the 2025-2027 term in light of these considerations and anticipated IRA funding.

Evaluation M2595– Plan Determination Study of Heat Pump and Weatherization Best Practices/ Residential and Heat Pump Operation Best Practices

The study will evaluate whether the current heat pump bonus incentives are adequate for achieving widespread adoption of weatherization in homes receiving a rebate for a heat pump. The study will assess if other programmatic changes which will further encourage weatherization in households installing heat pumps. A detailed review of HP installation practices will be conducted to identify current best practices. To the extent possible, this study will also attempt to examine the customer case for heat pumps through a review of bill impacts for key baseline situations / scenarios, most likely leveraging off modeling conducted for the Technical Consultants.

Have the Companies gone far enough?



Is the $500 bonus incentive for weatherization & heat pumps the right amount?

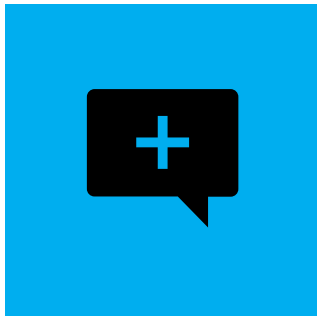
Were best practices in other jurisdictions fully explored?

The Pilot focused on ductless. Central ducted is predominant now. Does this matter?

Can supplemental research occur before the evaluation completes in 2026?

Public Input

Public Input Process



EEB held six public input sessions

Written comments requested on first draft

EEB Technical Consultants provided draft responses to comments in fourth draft of the plan (Oct)

Technical Consultant comments finalized and included in November 1 Draft

Questions