

June 23, 2023

DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION

**DETERMINATION: APPROVAL WITH CONDITIONS OF THE 2023 UPDATE TO
THE 2022-2024 CONSERVATION AND LOAD MANAGEMENT PLAN**

The Connecticut Department of Energy and Environmental Protection (DEEP) hereby issues the following final determination (Determination) modifying and approving, with conditions, the 2023 Update to the 2022-2024 Conservation and Load Management (C&LM) Plan (2023 Plan Update) based on input received from the Energy Efficiency Board (EEB), public input sessions, and written comments.¹ DEEP thanks members of the public, the members of the EEB, the energy efficiency vendor and contractor community, Eversource Energy, The United Illuminating Company (UI), the Southern Connecticut Gas Company, the Connecticut Natural Gas Corporation, (collectively the Utilities), non-governmental organizations, and the rest of the stakeholder community who participated in this process for the thoughtful consideration evident in their feedback regarding the 2023 Plan Update.

I. Background

Pursuant to Conn. Gen. Stat. § 16-245m, the Utilities, in consultation with the EEB, develop and submit to DEEP a combined electric and gas Conservation and Load Management (C&LM) Plan to implement “cost-effective energy conservation programs, demand management, and market transformation initiatives” for the state of Connecticut. The C&LM Plan is a three-year plan, including a detailed budget, that is supplemented by annual updates. DEEP is required, in an uncontested proceeding, to approve, modify, or reject the three-year C&LM Plan and the detailed budget submitted with the Plan, including any annual updates submitted by the Utilities. In 2022, DEEP approved, with modifications, the 2022-2024 C&LM Plan. On an annual basis, DEEP reviews and approves, modifies, or rejects C&LM Plan updates filed by the Utilities. The 2022-2024 C&LM Plan prioritized equity, decarbonization, and affordability, as did the 2023 Plan Update. DEEP’s review reflects those areas of focus.

Connecticut’s energy efficiency programs have a strong track record of success and have been recognized as some of the best in the nation.² The C&LM programs are a primary tool to make energy more affordable for Connecticut residents and businesses. In 2021, the programs generated over \$62 million in savings for Connecticut residents and businesses, eliminating the need for 114 megawatts of electricity generation capacity, enough to power approximately 43,138 homes for a year, and avoiding more than 196,800 tons of carbon dioxide emissions.³ The

¹ See Energy Filings under CT General Statutes - Section 16-245m(d) - 2022-2024 Conservation and Load Management Plan, July 2022 Comments on 2023 C&LM Plan Update, September 2022 Comments on 2023 C&LM Plan Update, and November 2022 Comments on 2023 C&LM Plan Update, multiple dates, *available at* [https://www.dpuc.state.ct.us/DEEPEnergy.nsf/\\$EnergyView?OpenForm&Start=1&Count=30&Expand=9.1&Seq=2](https://www.dpuc.state.ct.us/DEEPEnergy.nsf/$EnergyView?OpenForm&Start=1&Count=30&Expand=9.1&Seq=2)

² American Council for an Energy-Efficient Economy, “The State Energy Efficiency Scorecard,” 2022, <https://www.aceee.org/state-policy/scorecard>.

³ See Energy Efficiency Board 2021 Programs and Operations Report, March 1, 2022, *available at* <https://energizect.com/connecticut-energy-efficiency-board/about-energy-efficiency-board/annualreports>

energy-saving investments funded by the 2022-2024 Plan are projected to provide over \$1.7 billion in cumulative benefits.⁴ While the C&LM programs are helping address energy affordability, the programs' strong historical record has not been on a scale sufficient to bring Connecticut's residential and commercial building stock into alignment with the pace of greenhouse gas reductions required under the Global Warming Solutions Act. Use of fossil fuels for heating is responsible for over one quarter of statewide carbon emissions,⁵ and, as outlined later in this Determination, future reductions in heating-related emissions must be far more rapid for the state to meet its statutory economywide 2030 and 2050 carbon emissions reduction targets.⁶ Significant federal funding is headed to Connecticut to address building decarbonization, and the C&LM Programs are well positioned to provide the structure that will be necessary to implement a significant amount of that funding in a manner that also addresses affordability and equity.

The C&LM programs are funded by ratepayer funds collected through the Conservation Adjustment Mechanism (CAM), revenues from the Regional Greenhouse Gas Initiative (RGGI) pursuant to Conn. Agencies Reg. § 22a-174-31, and proceeds from C&LM savings sold into the ISO New England Forward Capacity Market (FCM). In each Plan year, the Utilities collect ratepayer funds from each electric end use customer through the CAM charge at a rate of not more than six mills per kilowatt hour of electricity and for gas customers at a rate of no more than the equivalent of four and six-tenth cents per hundred cubic feet of natural gas.⁷

The EEB voted to approve, with conditions, the 2023 Plan Update budgets and savings tables at its September 14, 2022 meeting.⁸ At its October 12, 2022 meeting, the EEB voted to approve, with conditions, the text of the 2023 Plan Update.⁹ The EEB's votes were informed by input from their Technical Consultants and public input received throughout the Plan Update development process, including from two Public Input Sessions that were held jointly by DEEP and the EEB in July and September 2022.¹⁰

⁴ See Proposed 2022-2024 Conservation and Load Management Plan, November 1, 2021, *available at* <http://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/04d115cb68d338b785258788007091c9?OpenDocument>.

⁵ CT DEEP, "Connecticut 1990-2021 Greenhouse Gas Emissions Inventory," issued 2023, [DEEP GHG Report 90-21 Final.pdf \(ct.gov\)](#).

⁶ See "Topic introduction: Market-based decarbonization programs and low-carbon incentives," DEEP presentation during Comprehensive Energy Strategy technical meeting 8, Market-based decarbonization programs and low-carbon incentives, Dec. 15, 2022; slides 12-24 (esp. slide 22); https://portal.ct.gov/-/media/DEEP/energy/CES/Master-Slide-Deck_TM-8_Market-Based-Decarb-Programs_AM.pdf.

⁷ See Conn. Gen. Stat. § 16-245m(d)(1).

⁸ See Minutes from the September 14, 2022 Energy Efficiency Board meeting, *available at* <https://energizect.com/media/5686>.

⁹ See Minutes from the October 12, 2022 Energy Efficiency Board meeting, *available at* <https://energizect.com/media/5691>.

¹⁰ See DEEP Notices of Joint DEEP/EEB Public Input Session – 2023 C&LM Plan Update, July 2022 & September 2022, *available at* <https://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/e274b9d4be89c8b88525887d005b5c90?OpenDocument>; and <https://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/43c0cb6454190548852588ae004a4fc7?OpenDocument>.

Following the conditional votes of approval from the EEB, the Utilities filed the 2023 Plan Update with DEEP on November 1, 2022.¹¹ Pursuant to Conn. Gen. Stat. § 16-245m(d)(1), DEEP is required to initiate an uncontested proceeding to approve, modify, or reject the 2023 Plan Update, which may include a public meeting.

On November 2, 2022, DEEP issued a Notice of Request for Written Comments to inform its review of the 2023 Plan Update.¹² Although this is a final determination, DEEP is also issuing a Notice of Request for Written Comments on Eversource's Residential Battery Storage Program as Attachment B.

II. 2022-2024 C&LM Plan Priorities

A. Equity

The 2023 Plan Update incorporates many ways to fulfill commitments made in the 2022-2024 C&LM Plan and directives from DEEP's determination on the 2022-2024 C&LM plan, and builds upon the efforts of DEEP's Equitable Energy Efficiency (E3) Proceeding, including:¹³

- A proactive workforce development strategy that will grow the energy efficiency workforce while recruiting and training workers from underrepresented communities and groups, such as ethnic and racial minorities, and women;
- Targeted outreach to customers, particularly those in distressed municipalities, environmental justice, and non-English speaking communities, conducted primarily through the Utilities' Community Partnership Initiative;
- Partnership with a local supplier diversity organization to reach more diverse suppliers and new entrants; and
- A requirement that at least 60 percent of the Energize CT Energy in Action mobile exhibit's school tours and community events are in distressed municipalities and environmental justice communities, among other things.

During this Plan term, there will be opportunities to coordinate with programs supported by other funding sources. As further discussed below, this includes leveraging increased Weatherization Assistance Program (WAP) funds pursuant to the Infrastructure Investment and Jobs Act (IIJA) and new formula programs and tax incentives associated with the Inflation Reduction Act (IRA). Leveraging this funding will enhance the delivery of energy efficiency programs in low-income and other underserved communities. This Determination calls for the Utilities, the EEB, and

¹¹ See proposed 2023 Update to the 2022-2024 Conservation and Load Management Plan, November 1, 2022, available at <https://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/7059babc24eec078852588ee00496229?OpenDocument>.

¹² See DEEP Notice of Request for Written Comments, November 2, 2022, available at <https://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/3f01654c04159031852588ee004ece75?OpenDocument>.

¹³ See *id.*

other stakeholders to continue their ongoing engagement with DEEP to collaborate and coordinate to take full advantage of these opportunities.

Through its Equitable Energy Efficiency (E3) Proceeding, DEEP is working with the Utilities, EEB, and stakeholders to assess equity in C&LM programs and develop strategies to ensure equitable program delivery. DEEP notes progress on the recommendations from Phase 1 of the E3 Proceeding including a recommendation for the EEB to hire a Diversity, Equity & Inclusion (DEI) Consultant. In 2022, the EEB selected Illume Advising to serve as the DEI Consultant, and their work is already well underway. Illume is working closely with the EEB, DEEP, the Utilities, and stakeholders on addressing critical programmatic issues including, but not limited to, identifying specific equity benefits that can be achieved through C&LM programs for priority populations, identifying barriers to program participation, and aligning C&LM with other state and federal energy equity efforts. DEEP appreciates this important work as Connecticut continues to work to reduce energy burdens and improve access to program funding for the state's vulnerable populations.¹⁴

B. Decarbonization

The second priority of the 2023 Plan Update is decarbonization. Findings from the recently released 1990-2021 Connecticut Greenhouse Gas Inventory indicate that the State met its statutory target of 10 percent emissions reductions below 1990 levels as of Jan. 1, 2020. In 2019, Connecticut had economy-wide emissions of 38.6 million metric tons of carbon-dioxide equivalent — a decrease of 13.9 percent from 1990 levels. The residential sector has seen a reduction in emissions of 10 percent since 1990. However, in 2019, emissions from the residential sector surpassed those from electricity for the first time since the greenhouse gas inventory has been produced, and now make up about 20 percent of Connecticut's total economy-wide emissions. The majority of residential sector emissions originate from oil, propane, and natural gas used for heating; however, some emissions remain from fossil fuel use in cooking, heating water, and drying clothes. DEEP's analysis concludes that achieving the reductions required to meet the 2030 Global Warming Solutions Act targets will require deeper reductions in emissions through retrofits of Connecticut's older, less efficient housing stock.

The 2023 Plan Update incorporates a number of significant steps to enhance Connecticut's progress toward its decarbonization targets as directed by DEEP in the determination on the 2022-2024 C&LM Plan. These include: transitioning the Heat Pump pilot to a full-fledged program; building out the Heat Pump Installer Network; providing support for decarbonization and fuel neutrality through modification of savings calculation baselines; updating cold climate heat pump specifications to align with national standards; ceasing incentives for natural gas-fired appliances in residential new construction; promoting weatherization to Small Business Energy Advantage program participants; expanding the Early Retirement Initiative in the C&I Portfolio; enhancing incentives for deployment of heat pumps in the commercial and industrial sectors; implementing heat pump trainings; and, crucially, incorporating the environmental cost of

¹⁴ See Proposed 2022-2024 Conservation and Load Management Plan, November 1, 2021, *available at* <http://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/04d115cb68d338b785258788007091c9?OpenDocument>.

greenhouse gas emissions in cost-effectiveness screening.¹⁵ The Comprehensive Energy Strategy (CES), which DEEP expects to issue in 2023, will identify additional measures to accelerate the C&LM programs' support for decarbonization by extending efforts to remove barriers to heat pump adoption (e.g., further strengthening workforce development and customer education initiatives), more fully aligning program administrator incentives with state decarbonization policy, supporting electrification, and more fully phasing out natural gas equipment incentives.

Finally, as directed by DEEP in its Determination on the 2022-2024 C&LM Plan, the Utilities discuss demand management as part of their strategy for decarbonization in the 2023 Plan Update. Section 16-245m(d)(5) includes demand-side technology programs as in the list of technologies supportable within the C&LM Plan. The 2022-2024 C&LM Plan includes a variety of Demand Management Programs, including Eversource's Residential Battery Storage offering. The 2022-2024 Plan also mentions the statewide electric storage program, run by the Connecticut Green Bank, and overseen by the Public Utilities Regulatory Authority (PURA) pursuant to Conn. Gen. Stat. § 16-243ee.¹⁶ The 2022-2024 Plan states that "Eversource will monitor its Residential Battery Storage offering... to determine how this initiative will interact with the [statewide electric storage program] or be replaced."¹⁷

DEEP is now interested in hearing from Eversource and other interested stakeholders regarding interaction between the programs so that it may determine whether Eversource's Residential Battery Storage offering remains valuable to the C&LM portfolio and the broader statewide affordability, decarbonization, and energy storage goals and mandates. Specifically, DEEP seeks stakeholder input on whether having two programs creates undue market confusion, and whether the two programs' objectives and requirements conflict or align in a manner that provides value for participants and non-participants. DEEP issues along with this Determination a Notice of Request for Written Comments (Attachment B) regarding the statewide electric storage program and Eversource's Residential Battery Storage offering. The Notice will specifically seek comment on whether these two programs should co-exist, or whether Eversource's Residential Battery Storage offering should be modified or replaced by the statewide electric storage program, and, if the latter, how to discontinue the program in a manner that respects the reasonable expectations of customers and contractors in the program. In addition to this Notice of Request for Written Comment, the Comprehensive Energy Strategy (CES), which DEEP expects to issue in 2023, will identify additional steps the C&LM programs can take to support demand flexibility.

C. Affordability

Energy Affordability is the third key priority of the 2023 Plan Update. With Connecticut facing some of the highest average annual energy costs in the nation, the state's energy efficiency programs are vital to managing residents' energy burdens. The average household spends \$3,588

¹⁵ See proposed 2023 Update to the 2022-2024 Conservation and Load Management Plan, November 1, 2022, available at <https://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/7059babc24eec078852588ee00496229?OpenDocument>.

¹⁶ See Proposed 2022-2024 Conservation and Load Management Plan, page 96, November 1, 2021, available at <http://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/04d115cb68d338b785258788007091c9?OpenDocument>.

¹⁷ See *id.*

per year on energy bills, second highest in the region.¹⁸ Households below 60% of state median income spend 11% of their annual income on energy bills, which is well above the commonly accepted 6% threshold for affordability.¹⁹ The 2023 Plan Update includes several enhancements to improve energy affordability, including steps to reduce the energy burden of low-income customers, providing better information and resources for customers navigating the programs, and increasing C&I financing options.²⁰

Energy affordability is a growing issue for customers, especially residential customers with low to moderate incomes who have not participated in the Utilities' energy efficiency programs. Due to the regional grid's reliance upon natural gas for electricity generation, electricity prices are closely tied to volatile natural gas prices. Winter energy prices are typically high due to constrained pipeline infrastructure and competition with firm contracts, and this year the problem is exacerbated by global geopolitical forces. In January 2023, the average household electric bill was over \$488, a 29% increase over July and a 26% increase from January 2022.^{21,22}

Connecticut residents are also facing rising fuel costs for home heating. Over 40% of Connecticut homes rely on heating oil, propane, or other delivered fuels for heat, compared to just 10% nationwide.²³ Heating oil prices for 2022 averaged \$4.84/gallon, significantly higher than the 2021 average heating oil price of \$3.00 per gallon.²⁴ Another 35% of households rely on natural gas.²⁵ Natural gas prices for 2022 averaged \$2.17/ccf with the average December bill totaling \$275.^{26,27,28} This is almost 18% greater than previous years.

¹⁸ See Low-Income Energy Affordability Data (LEAD) Tool, 2018, available at <https://www.energy.gov/eere/slsc/maps/lead-tool>.

¹⁹ See Low-Income Energy Affordability Data (LEAD) Tool, 2018, available at <https://www.energy.gov/eere/slsc/maps/lead-tool>.

²⁰ See proposed 2023 Update to the 2022-2024 Conservation and Load Management Plan, November 1, 2022, available at <https://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/7059babc24eec078852588ee00496229?OpenDocument>.

²¹ See Motion No. 2 Ruling, Docket 23-01-01, November 23, 2022, available at [https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/c7169e72b875bdb4852589030063d5be/\\$FILE/23-01-01 Motion No. 2 Ruling.pdf](https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/c7169e72b875bdb4852589030063d5be/$FILE/23-01-01 Motion No. 2 Ruling.pdf).

²² See Motion Nos. 6 & 2 Rulings, Docket 22-01-02 & 23-01-02, November 23, 2022, available at [https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/67f2a51cebaa25b885258903006392cf/\\$FILE/22-01-02 & 23-01-02 Motion Nos. 6 & 2 Rulings.pdf](https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/67f2a51cebaa25b885258903006392cf/$FILE/22-01-02 & 23-01-02 Motion Nos. 6 & 2 Rulings.pdf).

²³ See State Energy Profile Data – Consumption & Expenditures, December 15, 2022, available at <https://www.eia.gov/state/data.php?sid=CT#ConsumptionExpenditures>.

²⁴ See Energy Price and Supply Information, December 2022, available at <https://portal.ct.gov/DEEP/Energy/Energy-Price-and-Supply-Information>.

²⁵ See State Energy Profile Data – Consumption & Expenditures, December 15, 2022, available at <https://www.eia.gov/state/data.php?sid=CT#ConsumptionExpenditures>.

²⁶ See Docketed Correspondence, Docket 23-10-01, November 23, 2022, available at [https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/a56f7eed968b3fa185258903006986dd/\\$FILE/December 2022 PGA Rates.xlsx](https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/a56f7eed968b3fa185258903006986dd/$FILE/December 2022 PGA Rates.xlsx).

²⁷ See Docketed Correspondence, Docket 23-10-01, November 23, 2022, available at [https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/a1877688f61c018b85258903006761dc/\\$FILE/2022-11-23 CNG PGA December 2022 %2323-10-01.xlsx](https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/a1877688f61c018b85258903006761dc/$FILE/2022-11-23 CNG PGA December 2022 %2323-10-01.xlsx).

²⁸ See Docketed Correspondence, Docket 23-10-01, November 23, 2022, available at [https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/93c49875f21080c085258903006766f7/\\$FILE/2022-11-23 SCG PGA December 2022 %2323-10-01.xls](https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/93c49875f21080c085258903006766f7/$FILE/2022-11-23 SCG PGA December 2022 %2323-10-01.xls).

Given the impact of increased energy costs, energy affordability must continue to be prioritized through the 2023 Plan Update and this Determination.

While addressing energy affordability is prioritized in this 2023 Plan Update and Determination, DEEP recognizes that a multi-pronged, cross-cutting approach is necessary to achieve meaningful energy savings for Connecticut ratepayers. For this reason, DEEP has begun taking steps to align the HES-IE and WAP programs, and more broadly, align all state and federal programs related to energy efficiency. The agency is in the early stages of this “Greenstorming” process, which has included engagement with program contractors, the EEB members and consultants, the Utilities, Community Action Agencies, the Connecticut Green Bank, and other stakeholders. Greenstorming, a term coined to describe a brainstorming process focused on advancing clean energy, provides stakeholders with an informal environment to share ideas and concerns surrounding the planning, implementation, and operation of Connecticut’s energy efficiency programs. Engagement efforts have already yielded significant results in the form of valuable feedback and information. DEEP appreciates the commitment stakeholders have shown to engage on these issues and looks forward to continuing the work to maximize benefits for Connecticut residents.

III. Findings

A. Statutory Consistency

DEEP is authorized to review and approve the 2023 Plan Update to ensure that it contains cost-effective energy conservation, demand management, and market transformation initiatives.²⁹ DEEP finds that the 2023 Plan Update, as modified by this Determination, is consistent with Conn. Gen. Stat. § 16-245m, Conn. Gen. Stat. § 16a-35k, Connecticut’s Comprehensive Energy Strategy, Connecticut’s Integrated Resources Plan, and the Global Warming Solutions Act.

In approving, with modifications and conditions, the 2023 Plan Update, and ensuring coordination of this Plan Update with other state plans, DEEP is supporting the state’s responsibility to coordinate state plans and functions to maximize the use of energy efficient systems and minimize the environmental impact of energy production and use, pursuant to Conn. Gen. Stat. § 22a-1a. Consistent with Conn. Gen. Stat. § 16a-3a, the C&LM Plan Update 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,” which will “minimize the cost of all energy resources to customers over time.” Additionally, the 2023 Plan Update contains steps to meet the emissions reductions targets established in the Global Warming Solutions Act,³⁰ the goals and recommendations of the Governor’s Council on Climate Change (GC3),³¹ and the goal of weatherizing 80 percent of residential units by 2030 established in Conn. Gen. Stat. § 16-245m(d)(1).

²⁹ Conn. Gen. Stat. § 16-245m(d)(1).

³⁰ See Public Act No. 08-98 “An Act Concerning Connecticut Global Warming Solutions, *available at* <https://www.cga.ct.gov/2008/ACT/PA/2008PA-00098-R00HB-05600-PA.htm>.

³¹ See Governor’s Council on Climate Change, Phase 1 Report: Near-Term Actions, January 2021, *available at* https://portal.ct.gov/-/media/DEEP/climatechange/GC3/GC3_Phase1_Report_Jan2021.pdf.

Projections for 2022-2024 fall short of the 1.6 million MMBtu annual legislative savings goal.^{32,33} In the 2023 Plan Update, the Utilities note that, although they have exceeded this annual savings goal in previous years, transformation of the lighting market resulted in “substantial reduction in claimable electric savings”³⁴ While DEEP is cognizant of these challenges, Conn. Gen. Stat. § 16-245m(d)(1) requires C&LM Plans to “include *steps that would be needed* to [...] reduce energy consumption by 1.6 million MMBtu” (emphasis added). Therefore, DEEP finds the Utilities’ explanation of their inability to meet statutory savings targets in Section 1.1.A. of the 2023 Plan Update inadequate. While this section does provide historical context for declining savings targets over time, it does not describe “steps that would be needed” to meet the 1.6 million MMBtu target.

In the 2023 Plan Update, the Utilities identify a funding gap of \$65-75 million in annual funding that would be necessary to achieve the annual 1.6 million MMBtu savings goal. DEEP agrees with the Utilities’ assertion in the 2023 Plan Update that braiding funding sources, including private funding and federal funding available through WAP, will be an important strategy for meeting savings targets and expects that IRA funds will also play a critical role. As further described in Condition of Approval #26, DEEP is directing the Utilities to develop a detailed proposal, in coordination with the EEB, on specific programs, initiatives, or other strategies to meet the 1.6 million MMBtu target while serving the Plan’s three key objectives of equity, decarbonization, and affordability.

B. Budgets

DEEP issued an Interim Decision on the 2023 Plan Update budget on December 27, 2022.

In January 2023, program contractors informed DEEP of concerns with their budgets under the Home Energy Solutions (HES) and Home Energy Solutions- Income Eligible (HES-IE).³⁵ The programs have seen an increase in participation in recent years. According to the Statewide Energy Efficiency Dashboard, there were a total of 20,725 HES and HES-IE visits completed between the companies in 2022, 17,917 of which were for Eversource electric customers and 2,808 of which were for United Illuminating customers. The total number of visits increased from 2021 in which 19,902 HES and HES-IE visits were completed. It also surpassed visits completed in 2020 which totaled 12,725 and those completed in 2019, which totaled 12,713. Notably, the total number of HES and HES-IE visits in 2022 was more than double the number that were completed in 2018, which was 9,675. While the increased interest is a win for the program, DEEP recognizes that it is difficult for all parties to manage to a changing budget with different revenue streams and increasing levels of demand.

DEEP understands and appreciates that the Utilities have worked to re-forecast revenues and reallocate funding to mitigate budgetary impacts on vendor businesses. DEEP will continue to

³² Conn. Gen. Stat. § 16-245m(d)(1) requires C&LM Plans to “include *steps that would be needed* to [...] reduce energy consumption by 1.6 million MMBtu”

³³ See proposed 2023 Update to the 2022-2024 Conservation and Load Management Plan, page 7, November 1, 2022, available at

<https://www.dpuc.state.ct.us/DEEP/Energy.nsf/c6c6d525f7cdd1168525797d0047c5bf/7059babc24eec078852588ee00496229?OpenDocument>.

³⁴ See *id.*

³⁵ See EEB Residential Committee Meeting Minutes, January 11, 2023, available at

http://energizect.com/sites/default/files/documents/Jan%2011%202023%20Res%20Committee%20Minutes_f.pdf

engage on this issue through the EEB and Contractor Technical Advisory Committee (CTAC) processes. DEEP recognizes the importance of a consistent and transparent funding stream which gives contractors the ability to properly plan and size their businesses. DEEP expects the Utilities to have frequent and clear communication with the HES and HES-IE contractors and transparency as to whether the contractors should be pursuing a growth or a maintenance strategy, depending on available program funding and demand. DEEP also directs the Utilities to consider, in coordination with the EEB and its consultants and with input from program contractors, whether to institute a cap on the number of program contractors accepted into the HES and HES-IE programs in future RFPs, in order to preserve the business opportunities and funding predictability of existing contractors. DEEP details these expectations, along with requirements for reporting to DEEP, in Condition of Approval #29, included in Attachment A of this Determination.

Further, smaller HES and HES-IE contractors could benefit from a diversified portfolio of work, rather than being solely dependent upon one program within the C&LM Plan. DEEP directs the Utilities to assist contractors, particularly smaller businesses, with resources and training to enable the contractors to work within more than one of the C&LM programs or other energy programs that the Utilities administer. Ongoing work to align the HES-IE and WAP programs, discussed herein, should also lead to additional opportunities for program contractors.

C. Collaboration With Energy Efficiency Board and Coordinated Policy Priorities

The 2023 Plan Update reflects Connecticut's energy and environmental policy priorities, provides details about program design refined through collaboration with the EEB, identifies strategies for reaching targeted customer segments, and catalyzes technologies that will advance Connecticut's energy efficiency goals. DEEP greatly appreciates the EEB's efforts to ensure the Plan's priorities reflect Connecticut's energy and environmental strategies and statutes.

The EEB plays a critical role in guiding the development and implementation of the C&LM Plan. Throughout 2021 and 2022, DEEP has implemented a new, more transparent process for EEB appointments to ensure that the EEB includes a variety of perspectives. In 2021, Public Act 21-139 added two additional seats to the EEB: a representative of low-income residential customers and a representative of municipalities. DEEP has used its new appointment process to bring five new members onto the EEB, with another appointment process currently underway.³⁶

D. Accountability and Transparency

An important consideration for DEEP in implementation of the C&LM programs is accountability and transparency of progress made toward statutory and C&LM-related goals cited herein. Transparency is achieved by making the program performance data and other relevant documents, including compliance filings with DEEP, quarterly and year-end reporting

³⁶ DEEP has appointed five members to the EEB using its new appointment process, including representatives of municipalities, low-income customers, a statewide business association, and a chamber of commerce. A complete list of Board members is available at <https://energizect.com/eeb/meet-the-board>. There is an ongoing process to appoint a representative of an environmental organization knowledgeable in energy efficiency collaboratives. See DEEP Notice of Vacancy and Request for Applications, November 3, 2022, available at <https://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/111910f84cd74cd7852588ef00638f76?OpenDocument>.

to the EEB, the statewide energy efficiency dashboard, and reports such as the annual Equitable Distribution Report, available through a variety of online and other channels.³⁷ Current quarterly program reporting requirements were established in Condition of Approval #18 of the 2020 Update to the 2019-2021 C&LM Plan³⁸ and augmented through Condition of Approval #20 of the 2022-2024 C&LM Plan.³⁹

DEEP seeks to continuously improve reporting transparency and to address stakeholder feedback regarding data accessibility and communication about whether ongoing programs are meeting the C&LM priorities of equity, decarbonization, and affordability.⁴⁰ DEEP is directing the Utilities, through Condition of Approval #20, to undertake a collaborative process with the EEB and other stakeholders to review current practices and make recommendations for the improvement of C&LM reporting. This collaborative process should consider reporting practices from other jurisdictions, including other New England states, and make recommendations for improvements to existing reporting channels, including quarterly reports to the EEB and the Statewide Energy Dashboard, as well as opportunities for new reporting channels. These recommendations should consider both the content of C&LM reporting (i.e. specific data points or metrics) as well as formatting.

E. Ability to Respond to New Funding Sources

The federal IIIA, enacted on November 15, 2021, includes several programs and funding opportunities that have the potential to bring additional federal investment to Connecticut that will contribute to meeting the measures and objectives in the 2023 Plan Update.⁴¹ The IRA, enacted on August 16, 2022, contains even more substantial funding opportunities to further the objectives of the 2023 Plan Update.⁴² Securing additional federal funding from both sources will require DEEP, the Utilities, and other stakeholders to be nimble and responsive to new funding opportunities. DEEP is directing the Utilities, through this Determination, to continue coordinating with DEEP, the EEB, program contractors, and other stakeholders on these

³⁷ For a full inventory of program data and reporting resources, *see* this September 2021 EEB Technical Consultant presentation: <https://app.box.com/s/m8885iktcpb5zxodi0t9lem2qablljbx/file/857348044627>.

³⁸ *See* DEEP's Conditional Approval of the 2020 C&LM Plan Update (Appendix A), February 11, 2020, *available at* <http://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/16d2e80a4a780ab78525850b0057ec6a?OpenDocument>.

³⁹ *See* DEEP Determination regarding the 2022-2024 C&LM Plan (Attachment A), June 1, 2022, *available at* <https://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/92c11f8776277ac0852588550070059b?OpenDocument>.

⁴⁰ *See* for instance, written and verbal comments submitted to DEEP by CT Green Building Council, Henry Auer, Vincent Giordano, Melissa Leonard (Naugatuck Conservation Commission), Shannon Laun (Conservation Law Foundation). Written comments *available at* [http://www.dpuc.state.ct.us/DEEPEnergy.nsf/\\$EnergyView?OpenForm&Start=1&Count=30&Expand=7.1&Seq=5](http://www.dpuc.state.ct.us/DEEPEnergy.nsf/$EnergyView?OpenForm&Start=1&Count=30&Expand=7.1&Seq=5). Recordings of verbal comments *available at* https://ctdeep.zoom.us/rec/play/kCpwKDLuHnAuZp2-1uApH164bJczhRs6KAcuqkuQMdd6lTkEBGx_zwb74V7SmxsFmicNzh0VhkOV-0f.M5DYF7R-HI7Eajy4?continueMode=true.

⁴¹ *See* Public Law 117-58, An Act to Authorize Funds for Federal-aid Highways, Highway Safety Programs, and Transit Programs, and for other purposes, November 15, 2021, *available at* <https://www.congress.gov/117/plaws/publ58/PLAW-117publ58.pdf>.

⁴² *See* Public Law 117-169, An Act To Provide for Reconciliation Pursuant to Title II of S. Con. Res. 14, August 16, 2022, *available at* <http://www.congress.gov/117/plaws/publ169/PLAW-117publ169.pdf> <https://www.congress.gov/117/plaws/publ58/PLAW-117publ58.pdf>.

opportunities, using the “Guiding Principles” developed by the EEB as a blueprint.⁴³ DEEP is modifying Condition of Approval #1 to reflect a regular reporting cadence from the Utilities to DEEP regarding new federal funding and to require a plan for an institutionalized response to the new funding. Part of this plan must include recommendations regarding a tool on the Energize CT website that developers, contractors, and customers can use to determine their eligibility for all rebates, tax incentives, and other programs they may be qualified for, including programs funded by IJJA, IRA, and any other Utility programs. DEEP views this tool as a vital aspect of the customer experience with C&LM programs and a growing necessity with new federal funding as programs expand. It will also reduce silos within the Utilities and between the Utilities and DEEP. DEEP expects the Utilities to start discussions with the appropriate people that will handle the Information Technology (IT) aspect of this online eligibility tool as they are working on this recommendation so that the tool can be accessible to the public within two months (60 days) of DEEP’s approval of any proposal for integrating the federal funding requirements into the C&LM programs.

DEEP is also directing the Utilities to continue coordinating with DEEP and other stakeholders to develop approaches to “braid” (or combine multiple sources of) funding for the C&LM programs and the federally funded WAP. DEEP is focused on leveraging increased funds from IJJA, in addition to funding from the IRA, to build WAP into a sustainable program that addresses energy affordability in distressed communities and environmental justice areas, targets workforce development in populations disproportionately affected by climate change, and reduces carbon emissions through energy efficiency and renewable energy deployment in communities with poor social determinants of health.

As noted above, to prepare Connecticut for an influx of federal funding, DEEP, the EEB, the Connecticut Green Bank, the Utilities, program contractors, and various other stakeholders have begun engaging in discussions. These discussions center on issues that impact all Connecticut energy programs, but their primary focus is to develop strategies which position Connecticut for quick, effective, and equitable program deployment by seamlessly integrating federal funding into the state’s existing energy programs. DEEP looks forward to continuing and expanding these discussions as it works with stakeholders to position Connecticut to achieve greater levels of electrification, customer savings, grid benefits, and decarbonization in the residential and commercial buildings sectors.

F. Determination of Equitable Distribution

Pursuant to Conn. Gen. Stat. Section 16-245ee, the DEEP Commissioner, “shall determine that an equitable amount of the funds administered by [various boards] are to be 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 per cent of the state median income.” A definition of “equitable” is not established in the statute, which grants the DEEP Commissioner the authority to “determine the equitable share.”

DEEP conducts regular, retrospective analyses of C&LM funds through its Equitable Distribution Reports. The definition historically used for equitable distribution is based on parity

⁴³ See “Principles for Leveraging New Energy Efficiency Program Funds,” presented to the Energy Efficiency Board, October 12, 2022, *available at* <https://app.box.com/s/kjrekjyp8ghzq1wd7to61bg69o2bi3hf/file/1038456319767>.

rather than equity. This definition needs to be revised. DEEP began the process of reexamining what equitable distribution means for the C&LM program through Phase I of the E3 proceeding, under goals two and three.⁴⁴ DEEP will work together with stakeholders, the EEB, Utilities and in consultation with the EEB's DEI Consultant to develop new metrics for equitable distribution.

While that work is ongoing, for purposes of this Determination, DEEP considers parity in the context of whether distressed census tracts received at least as much in services as the customers in those tracts contributed in Plan funding. Through this lens, there has been a clear improvement in parity over time. DEEP's review found that funds were not distributed with parity in 2019. However, in 2020 and 2021, tracking with the evolution of the E3 proceedings and the 2020 and 2021 C&LM plan updates, there was considerable progress toward parity.

⁴⁴ See Final Determination, Equitable Energy Efficiency, Phase I Goals and Actions, July 21, 2021, *available at* <https://portal.ct.gov/-/media/DEEP/energy/ConserLoadMgmt/Final-E3-Phase-I-Determination.pdf>.

Equitable Distribution Results (2019-2021)

<u>Program</u>		<u>Collected</u>	<u>Disbursed</u>
<u>Year</u>			
2019	Eversource	.34% ⁴⁵	.06% ⁴⁶
	UI	24.86% ⁴⁷	19.9% ⁴⁸
2020	Eversource	.29% ⁴⁹	.33% ⁵⁰
	UI	24.1% ⁵¹	15.32% ⁵²
	Overall	5.2%	3%
2021	Eversource	5.78% ⁵³	12.6% ⁵⁴
	UI	24.5% ⁵⁵	22.9% ⁵⁶
	Overall	9.43%	14.7%

⁴⁵ See Correspondence in 2019-2021 Conservation and Load Management Plan, July 1, 2020, *available at* <https://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/8525797c00471adb852585960068a31e?OpenDocument>.

⁴⁶ *Id.*

⁴⁷ See Correspondence in 2019-2021 Conservation and Load Management Plan, July 1, 2020, *available at* <https://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/8525797c00471adb8525859800814773?OpenDocument>.

⁴⁸ *Id.*

⁴⁹ See Correspondence in 2019-2021 Conservation and Load Management Plan, June 30, 2022, *available at* <https://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/8825883d00757f4685258871004bab0e?OpenDocument>.

⁵⁰ *Id.*

⁵¹ See Correspondence in 2019-2021 Conservation and Load Management Plan, June 30, 2021, *available at* <https://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/8525797c00471adb85258704004f61ea?OpenDocument>.

⁵² *Id.*

⁵³ See Correspondence in 2019-2021 Conservation and Load Management Plan, June 30, 2022, *available at* <https://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/8825883d00757f4685258871004bab0e?OpenDocument>.

⁵⁴ *Id.*

⁵⁵ See Correspondence in 2019-2021 Conservation and Load Management Plan, July 1, 2022, *available at* <https://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/8825883d00757f46852588720052203a?OpenDocument>.

⁵⁶ *Id.*

In the 2022-2024 C&LM Plan term, under Goal 3 Action 2 of the E3 proceedings, the Utilities will begin to report the University of Michigan’s Energy Efficiency Equity baseline (E3b) metric for low-income communities.⁵⁷ The E3b metric estimates equitable utility investment in proportion to the low-income population in a service territory and as a percentage of the total residential energy efficiency investment portfolio. Establishing an E3b metric over time provides a method for further assessing equitable distribution of funds, although it is limited to low-income. Under Goal 2 Action 1, DEEP will incorporate analysis of funding distribution among priority communities in Connecticut, including supplementary metrics for racial diversity, census tracts with a high energy burden, moderately distressed census tracts, and municipalities with a high number of arrearages or service shutoffs in forthcoming Equitable Distribution Reports.⁵⁸ While the Equitable Distribution Report and these new data tracking opportunities will help to identify underserved communities, moving towards more equitable distribution of program funds will require the development of new equity metrics and goals.

G. Areas for Further Refinement

DEEP has determined that some further refinement of the 2023 Plan Update is necessary to achieve stated objectives of the Plan as well as state policy priorities. Consequently, DEEP has developed a schedule of Conditions of Approval on certain topics, further described in Section IV, below.

IV. Conditions of Approval

DEEP’s approval of the 2023 Plan Update is subject to the Schedule of Conditions of Approval included as Attachment A to this Determination. This Schedule includes all Conditions of Approval with which the Utilities must comply during the 2022-2024 Plan Term, including Conditions of Approval from DEEP’s Determination on the 2022-2024 C&LM Plan and the 2023 Plan Update. Where applicable, Conditions of Approval that have been resolved since the issuance of DEEP’s Determination on the 2022-2024 C&LM Plan are noted in Attachment A.

V. Conclusion

The 2023 C&LM Plan Update has the potential to advance equity, decarbonization, and affordability through Connecticut’s energy efficiency programs. DEEP approves the 2023 update to the 2022-2024 Plan with the Conditions of Approval listed below and outlined in detail in Attachment A. DEEP looks forward to continuing collaboration on the issues outlined in this Determination and the Conditions of Approval, and to engaging with stakeholders in its review of the 2024 C&LM Update later this year.

1. Responding to New Funding Sources
2. Enhanced Residential Concierge Service
3. Condensing Gas Equipment Incentives
4. Parity Analysis

⁵⁷ See Winter 2022 E3 Phase 1 Progress Report, May 1, 2021, *available at* <https://portal.ct.gov/-/media/DEEP/energy/ConserLoadMgmt/Winter-2022-E3-Progress-Report.pdf>.

⁵⁸ See Appendix A: Summary of E3 Phase 1 Comments and Revisions, *available at* <https://portal.ct.gov/-/media/DEEP/energy/ConserLoadMgmt/Summary-of-E3-Phase-1-Comments-and-Revisions.pdf>.

5. Equitable Distribution Reporting
6. Heat Pump Installer Network
7. Evaluation Data Dictionary and Standardization
8. Commercial and Industrial Project Verification
9. Residential Pay-for-Performance Pilot
10. Workforce Development Progress Reporting
11. Updated Incentives
12. Communities RFP
13. All Electric Residential New Construction
14. Community Partnership Initiative
15. WAP Coordination
16. Technical Meeting – Heat Pump Adoption Strategic Plan
17. Technical Meeting – Demand Response
18. Financial and Operational Audits
19. Data Coordination
20. Program Reporting
21. Equitable Modern Grid Decisions
22. Heat Pump Pilot
23. Electric Resistance Conversions
24. Targeted Outreach for Arrearage/Shutoff Customers
25. Ongoing Evaluation Data Improvements
26. MMBtu Savings
27. REPS Coordination
28. C&I Benchmarking
29. E-track Plan and Reporting
30. EFI Rebate Reporting