

DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION

**DETERMINATION: PLAN UPDATE APPROVAL WITH CONDITIONS OF THE 2024 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 2024 Update to the 2022-2024 Conservation and Load Management (C&LM) Plan (2024 Plan Update). DEEP thanks members of the public, 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 for their thoughtful feedback regarding the 2024 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 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.<sup>1</sup> 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 2024 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.<sup>2</sup> The C&LM programs are a primary tool to make energy more affordable for Connecticut residents and businesses. In 2023, the programs generated over \$61.59 million in savings for Connecticut residents and businesses and avoided more than 114,758 tons of CO<sub>2</sub> emissions.<sup>3</sup> 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 goals.<sup>4</sup> As outlined later in this Determination, future reductions in heating-related emissions must be far more rapid for the state to meet its statutory economy-wide 2030 and 2050 carbon emissions

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<sup>1</sup> See DEEP Determination 2022-2024 Conservation and Load Management Plan, November 1, 2021, *available at* [DEEP Energy Filing Form \(state.ct.us\)](https://portal.ct.gov/-/media/DEEP/energyefficiency/2022-2024-CLM-Plan-Final.pdf)

<sup>2</sup> American Council for an Energy-Efficient Economy, “The State Energy Efficiency Scorecard,” 2022, [https://www.aceee.org/sites/default/files/pdfs/State\\_Scorecard/2022/one-pagers/Connecticut.pdf](https://www.aceee.org/sites/default/files/pdfs/State_Scorecard/2022/one-pagers/Connecticut.pdf)

<sup>3</sup> See Energy Efficiency Board 2023 Programs and Operations Report, March 1, 2024, available at [ALR 2023 FINAL.pdf \(energizect.com\)](https://portal.ct.gov/-/media/DEEP/energyefficiency/2023-Programs-and-Operations-Report-Final.pdf)

<sup>4</sup> CT DEEP, “Connecticut 1990-2021 Greenhouse Gas Emissions Inventory,” issued 2023, [https://portal.ct.gov/-/media/DEEP/climatechange/1990-2021-GHG-Inventory/DEEP\\_GHG\\_Report\\_90-21\\_Final.pdf](https://portal.ct.gov/-/media/DEEP/climatechange/1990-2021-GHG-Inventory/DEEP_GHG_Report_90-21_Final.pdf)

reduction targets.<sup>5</sup> In addition, there is significant lost opportunity for energy and cost savings as a result of not meeting program demand.

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.<sup>6</sup>

At its October 11, 2023, meeting, the EEB voted to approve, with conditions, the text of the 2024 Plan Update.<sup>7</sup> 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 as part of the planning process in 2023. On December 28, 2023, DEEP approved the budget.

## II. C&LM Plan Priorities

### A. Equity

The 2024 Plan Update incorporates commitments made in the 2022-2024 C&LM Plan and directives from DEEP's determination on the 2022-2024 C&LM Plan. Furthermore, it builds upon the efforts of DEEP's Equitable Energy Efficiency (E3) Proceeding, including:

- 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 held in distressed municipalities and environmental justice communities, among other things.

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<sup>5</sup> See "Topic introduction: Market-based decarbonization programs and low-carbon incentives," DEEP presentation during Comprehensive Energy Strategy technical meeting, 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](https://portal.ct.gov/-/media/DEEP/energy/CES/Master-Slide-Deck_TM-8_Market-Based-Decarb-Programs_AM.pdf)

<sup>6</sup> See Conn. Gen. Stat. § 16-245m(d)(1).

<sup>7</sup> See EEB Meeting Minutes, October 11, 2023, available at [10-11-23\\_EEB\\_Meeting\\_Minutes.pdf | Powered by Box](#)

During the remainder of the 2022-2024 Plan term, efforts to coordinate with programs supported by other funding sources will continue. 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 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, the 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. In January 2023 DEI consultants submitted a Preliminary Assessment Report in which they proposed to help develop the following for C&LM programs:

1. A unified definition of Priority Populations.
2. A definition of, and goal for, Equity in C&LM programs that aligns with E3's vision and goals.
3. Updated 2024 Performance Management Incentive (PMI)- Equity Metrics; and
4. A long-term Equity Indicator Framework.<sup>8</sup>

In October 2023 the DEI consultants presented Equity PMI metrics and proposals for the Equity Development Goal. DEEP recognizes that the implementation of the newly established equity metrics has been delayed until 2024 due to a data misalignment. However, it is imperative that no additional delays in this effort occur. Illume and the Utilities shall continue to make regular updates to DEEP and the EEB on the status of the Equity PMI metric rollout.

## **B. Decarbonization**

The second 2022-2024 Plan priority is decarbonization. Decarbonization is not planned for in isolation, but in combination with the priorities of equity and affordability. The 2024 Plan Update incorporates several significant steps to enhance Connecticut's progress towards its decarbonization targets as directed by DEEP in its determination of the 2022-2024 C&LM Plan.

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.<sup>9</sup> 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.<sup>10</sup> The residential sector has seen a reduction in emissions of 10 percent since 1990.<sup>11</sup> 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

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<sup>8</sup> See DEI Workplan Discussion, February 2, 2023, available at [1F - EEB Meeting - DEI Consultant Workplan Discussion 02.08.2023.pdf | Powered by Box](#)

<sup>9</sup> See 1990-2021 Connecticut Greenhouse Gas Inventory, April 2024, available at [deep\\_ghg\\_report\\_90-21\\_pre-22.pdf \(ct.gov\)](#)

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

about 20 percent of Connecticut’s total economy-wide emissions.<sup>12</sup> 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.<sup>13</sup> 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.<sup>14</sup>

Air and ground source heat pumps represent one of the most effective measures to reduce emissions from the building sector while also promoting affordability and equity. The Utilities have outlined increased implementation of heat pump technologies which include promoting the installation of air source heat pumps, ground source heat pumps, central and ducted heat pumps, air-to water heat pumps, and integrated and split heat pump water heater systems.

As DEEP, the EEB, and the Utilities plan for the next 3-year program cycle, it is critical that a holistic approach to building decarbonization be taken in order to promote affordability and equity. For example, homes that have implemented effective weatherization and building envelope improvements can right-size the heat pump system installation, saving money on installation and operation costs, and minimizing the impact of heat pump operation on winter peak demand. In addition, homes that have solar panel installations sized to accommodate their heating load are best positioned to maximize the benefits of heat pump deployment, as their on-site generation can pay for or help defray their heating costs. DEEP notes that the Utilities are the common thread in these programs and will require a more coordinated approach to delivery to ensure that programs supporting heat pumps, rooftop solar, battery storage, and electric vehicles work in concert.

### **C. Affordability**

Energy Affordability is the third key priority of the 2024 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 \$3,193 per year on energy bills, second highest in the region.<sup>15</sup> Households at or below 60% of state median income spend 9% of their annual income on energy bills, which is well above the commonly accepted 6% threshold for affordability.<sup>16</sup>

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 problem continues to be exacerbated by global geopolitical forces.

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.<sup>17</sup> Heating oil prices for 2022 averaged \$4.84/gallon, significantly higher than the 2021 average heating oil price of

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<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> See Low-Income Energy Affordability Data (LEAD) Tool, available at <https://www.energy.gov/eere/slsc/maps/lead-tool>.

<sup>16</sup> *id.*

<sup>17</sup> See State Energy Profile Data – Consumption & Expenditures, December 15, 2022, available at <https://www.eia.gov/state/data.php?sid=CT#ConsumptionExpenditures>.

\$3.00 per gallon.<sup>18</sup> In 2023, the average price of heating oil fell to \$3.91/ gallon.<sup>19</sup> While this represents a decrease, this price is still considerably high when compared to years prior to 2022 and speaks to the uncertainty that delivered fuel customers face when budgeting for their home heating needs. Another 35% of households in Connecticut rely on natural gas.<sup>20</sup> Natural gas prices for 2022 averaged \$2.17/ccf with the average December bill totaling \$275.<sup>21,22,23</sup> While prices declined in 2023, with average December gas bills of \$197, 2023 prices were still significantly higher than in previous years 2012-2021.<sup>24,25,26,27</sup>

Improving energy affordability requires a multi-pronged approach to achieve meaningful energy savings for Connecticut ratepayers. Improving affordability also will require that the C&LM programs, wherever possible, leverage dollars from other funding sources while optimizing how existing budgets are allocated. This is essential given the limited program budgets and high demand for efficiency. For this reason, DEEP has continued its efforts to align the HES-IE and WAP programs, and more broadly, align all state and federal programs related to energy efficiency. DEEP is also in the process of building its application and program design blueprints for the IRA rebate programs which will provide additional funding for Connecticut residents to access more efficient, cost-effective technology and weatherization measures.

### **III. Findings**

#### **A. Statutory Consistency**

DEEP is authorized to review and approve the 2024 Plan Update to ensure that it contains cost-effective energy conservation, demand management, and market transformation initiatives.<sup>28</sup> DEEP finds that the 2024 Plan Update, as modified by this Determination, is consistent with Conn. Gen. Stat. § 16-245m,

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<sup>18</sup> See Energy Price and Supply Information, available at <https://portal.ct.gov/DEEP/Energy/Energy-Price-and-Supply-Information>.

<sup>19</sup> *Id.*

<sup>20</sup> See State Energy Profile Data – Consumption & Expenditures, December 15, 2022, available at <https://www.eia.gov/state/data.php?sid=CT#ConsumptionExpenditures>.

<sup>21</sup> 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%20PGA%20Rates.xlsx).

<sup>22</sup> 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%20CNG%20PGA%20December%2022%20%2323-10-01.xlsx).

<sup>23</sup> 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%20SCG%20PGA%20December%2022%20%2323-10-01.xls).

<sup>24</sup> See Docketed Correspondence, Docket 23-10-01, November 22, 2023, available at [Docketed Correspondence for \[ 24-10-01 \] Correspondence \(state.ct.us\)](#)

<sup>25</sup> See Docketed Correspondence, Docket 23-10-01, November 22, 2023, available at [Docketed Correspondence for \[ 24-10-01 \] PGA Filing December 2023 \(state.ct.us\)](#)

<sup>26</sup> See Docketed Correspondence, Docket 23-10-01, November 22, 2023, available at [Docketed Correspondence for \[ 24-10-01 \] PGA Filing December 2023 \(state.ct.us\)](#)

<sup>27</sup> See Energy Price and Supply Information, available at <https://portal.ct.gov/DEEP/Energy/Energy-Price-and-Supply-Information>.

<sup>28</sup> Conn. Gen. Stat. § 16-245m(d)(1).

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 2024 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 2024 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 “minimizes the cost of all energy resources to customers over time.” Additionally, the 2024 Plan Update contains steps to meet the emissions reductions targets established in the Global Warming Solutions Act,<sup>29</sup> the goals and recommendations of the Governor’s Council on Climate Change (GC3),<sup>30</sup> and the goal of weatherizing 80 percent of residential units by 2030 established in Conn. Gen. Stat. § 16-245m(d)(1).

In the 2023 Plan Update, the Utilities identified a funding gap of \$65-75 million in annual funding that would be necessary to achieve the annual 1.6 million MMBtu savings goal. In the 2024 Plan Update the utilities present a detailed proposal on funding sources that could be used to cover the funding gap identified in the 2023 Plan Update.<sup>31</sup> This proposal relies on braiding funding sources, including private funding and federal funding to meet the 1.6 million MMBtu target.<sup>32</sup>

## **B. Budget Optimization and Demand Management**

Demand for residential programs has significantly increased over the past three years, driven by a variety of factors including high energy costs, incentive adjustments that aligned Connecticut with other states in the Northeast, and federal tax incentives that became available in 2023. Demand for Commercial and Industrial (C&I) programs has also rebounded during the recovery period from the COVID-19 pandemic. This increase in demand and the program’s popularity are a demonstration of program success, and a welcome and necessary trend if the state is to achieve its statutory GHG emission reduction targets and reduce energy costs for residents and businesses. Weatherization is a critical element of home energy retrofits, as it reduces demand to allow for right sizing of solar installations and supports the successful deployment of energy efficient heat pumps. The demand for weatherization is likely to continue to increase as heat pumps gain in popularity and as more customers adopt solar and battery storage technologies.

Against this backdrop of increasing demand for C&LM-funded services, gas and electric ratepayer funding for C&LM budgets have remained relatively static since 2014. DEEP and the EEB have worked with the Utilities on an ongoing basis to make budget adjustments and identify one-time revenue sources to prevent program curtailment.

In 2022, one of Avangrid’s gas companies, The Southern Connecticut Gas Company (SCG), was in danger of running over budget and shutting programs down in the fall. As a result, Governor Lamont directed DEEP to infuse \$3.5 million of Regional Greenhouse Gas Initiative (RGGI) funding to cover the gap and keep the program running. This funding has since been carried over into budgets for 2023 and 2024.

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<sup>29</sup> 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>.

<sup>30</sup> 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](https://portal.ct.gov/-/media/DEEP/climatechange/GC3/GC3_Phase1_Report_Jan2021.pdf).

<sup>31</sup> See 2024 Plan Update, November 1, 2023, *available at* [2022-2024 \(state.ct.us\)](https://state.ct.us)

<sup>32</sup> *Id.*



In 2023, Eversource overspent the C&LM budget for its electric service territory by \$22.4 million. This overspend occurred due to several factors, including increased demand for the HES, HES-IE, and HVAC programs, and downstream HVAC incentives that presented tracking difficulties. Because the C&I programs are no longer as significantly underspent as they have been in previous years, funding was not shifted from C&I programs to residential programs. As a result, there was less funding available to close the gap between the budget and actual spending as was seen in previous years.

In response to Eversource's overspend, the Energy Efficiency Board voted to forward-spend up to 10 percent of the 2024 C&LM budget to cover the gap in funding in 2023. This threatened not only drastic reductions to program offerings in 2024, but also significant negative impacts on contractors and the energy efficiency workforce. To prevent this, DEEP oversaw the infusion of around \$20 million in revenues towards 2023 budgets and an additional \$7 million towards 2024 budgets:

- Regional Greenhouse Gas Initiative funds totaling \$3.7 million;
- With PURA approval, DEEP and the OCC secured the transfer of \$16 million in fees associated with the Utilities termination of their Park City Wind power purchase agreement contracts; and
- American Rescue Plan Act funding for energy efficient retrofits in affordable housing, totaling \$7 million. This funding supplements 2024 electric budgets and is not pictured in tables and figures below illustrating the 2023 overspend.

As a result of these new pools of funding, as well as several budget workshops hosted by utilities to oversee the appropriate allocation of the funding, the Final 2024 Plan Update, filed on March 14, 2024, reflects operation of the C&LM program near the levels filed in the Plan Update on November 1, 2023.<sup>33</sup>

While DEEP recognizes that high program demand for low carbon, energy efficient technology and weatherization services is a positive development, a reliance on outside funding to close budgetary gaps resulting from high program demand is unsustainable. Therefore, DEEP is directing the Utilities to develop an Optimization Plan to ensure sustainable operations. Detailed requirements for this Optimization Plan can be found in **Attachment B** of this Determination.

### **C. Equitable Distribution**

Pursuant to Conn. Gen. Stat. § 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.”

DEEP conducts regular, retrospective analyses of C&LM funds through its Equitable Distribution Reports. DEEP found that funds were not distributed with parity in 2019, but there was considerable progress towards parity in 2020 and 2021. DEEP is analyzing equitable distribution for 2022 and will release a report covering its findings for the years 2020-2022 later in 2024.

Through DEEP's Equitable Energy Efficiency (E3) Proceeding, nineteen action items were established to improve strategies and processes to ensure that the benefits of efficiency are shared equitably among Connecticut residents and businesses.<sup>34</sup> A recent E3 progress report found that Connecticut had made significant improvement on embedding greater equity in decision-making, improving outreach and

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<sup>33</sup> [DEEP Energy Filing Form \(state.ct.us\)](https://www.deep.state.ct.us/energy-filing-form)

<sup>34</sup> See E3 Phase 1 Progress Report, April 29, 2024, available at [E3 Winter 24 progress report \(ct.gov\)](https://www.deep.state.ct.us/e3-winter-24-progress-report)

participation amongst underserved communities, and removing barriers to participation for homeowners and renters.<sup>35</sup> It will be essential that the state continue to build on these successes, and continue to incorporate E3 findings into all program planning and implementation efforts.

DEEP expects that progress will continue to be made on the development of key equity indicators and looks forward to the implementation of the DEI PMI expected later this year.

To ensure equitable distribution of funding in the C&LM programs, barriers to weatherization in low-income households must be addressed. In April of 2023 DEEP launched the Residential Energy Preparation Services (REPS) program to address health and safety barriers in residential buildings. The program has been successful and as of April 2024 has served 116 housing units. DEEP is working to secure a sustainable, long-term funding source to support REPS, and will also be continuously evaluating and refining the program.

#### **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.

**MMBtu and GHG's.** Throughout 2023 and into 2024 the Companies and EEB Technical consultants have raised discussions surrounding programmatic shifts which would result in MMBtu savings being the focus for reporting rather than kWh/ccf as has been the historical standard. This shift is primarily being driven by increased electrification and the resulting negative kWh savings. While DEEP does not have any immediate concerns regarding this transition, it does require that prior to any change in reporting, the Utilities, in conjunction with the Technical Consultants, provide an analysis to DEEP and the EEB which details the proposed impacts of this shift on the Company's Performance Management Incentives (PMI) as well as any potential programmatic impacts. Should the primary reporting shift to MMBtu, the companies will still be required to track the distribution of funding by customer segment, gas and electric.

There have also been recent discussions at EEB meetings concerning the prioritization of GHG reductions in the C&LM programs, and potentially the development of PMI tied to GHG reductions in the program framework. DEEP is supportive of exploring this change, however program cost effectiveness must be maintained. The Companies and Technical Consultants should provide DEEP and the EEB with an analysis of program impacts which could occur from this proposed shift for review and approval prior to enacting any changes.

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<sup>35</sup> *Id.*



**Natural Gas Incentives.** In its Final Determination of the 2022-2024 C&LM Plan, DEEP indicated that it would work with the Utilities and the EEB to phase out incentives for natural gas combusting equipment during the 2022-2024 Plan term.<sup>36</sup> In the 2024 Plan Update, Eversource has provided a detailed plan for phasing natural gas incentives out of their portfolio, with certain exceptions for low-income residential customers and for certain industrial processes. DEEP is supportive of Eversource's proposal. SCG and CNG, however, have provided no such proposal. DEEP finds this misalignment between the two companies to be untenable, noting that significant differences in offerings across service territories will likely lead to customer confusion. UI is therefore required to implement the Eversource proposal by the end of 2024. For the three-year plan, SCG and CNG are required to develop a plan for the further phaseout of natural gas equipment incentives.

#### IV. **Conditions of Approval**

DEEP's approval of the 2024 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 2024 Plan Update. Where applicable, Conditions of Approval that have been resolved or modified since the issuance of DEEP's Determination on the 2022-2024 C&LM Plan are noted in Attachment A.

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<sup>36</sup> See DEEP Final Determination, June 1, 2024 available at [DEEP Determination - 2022-2024 CLM Plan.pdf \(state.ct.us\)](#)