

Thursday, October 17, 2024 | 10:00 AM– 3:30 PM

Budget Optimization Technical Meeting Minutes

[Meeting Recording](#). Passcode: MT%t29pv

Discussion

1. DEEP Introduction

DEEP reviews meeting agenda, public process guidelines for the 2025-2027 Conservation and Load Management (C&LM) Plan, and timeline announcements.

DEEP provides background information regarding the requested Budget Optimization Plan.

- Demand for residential programs has significantly increased over the past three years.
- While demand has increased for C&LM funded offerings, gas and electric budgets have remained relatively static since 2014.
- The increase in demand indicates higher customer interest, which should lead to careful calibration of incentives to ensure more customers can participate and adopt deeper measures.
- Previously, DEEP and the EEB have had ongoing collaboration with the utilities regarding budget adjustments and one-time revenue sources to prevent curtailment. However, budgetary instances such as continuously relying on underspending in some program areas to compensate for other program areas, are an unsustainable solution.
- To manage budgets while simultaneously meeting program demand to the optimal extent, DEEP required the companies to develop 3 scenarios.
 - A base case scenario which projects the trajectory for sustained demand growth based on observed trends during 2021, 2022, and 2023.
 - A high demand scenario which exceeds the base case.
 - A low demand scenario in which demand falls below the trajectory forecasted in the base case.
- DEEP also required the utilities to develop mitigation measures for the high and low demand scenarios

The Optimization Plan is not intended for determining budget allocations. Program budgets are addressed through the 3-year C&LM Plan review. The Optimization Plan is about maximizing the opportunity for ratepayer participation while not overpaying for it, and effectively and transparently managing program budgets, adding predictability and allowing for flexible response to emergent situations.

2. Public comment 00:07:24

Public comment from Efficiency for All regarding concerns of increased demand for electricity and prioritization between heat pumps and weatherization.

3. Companies and Apex Analytics present CT Optimization Plan- Part A 00:11:04

Part A of the Optimization Plan discussed the background, modeling of demand scenarios, and mitigating actions to minimize market disruption.

- A base case scenario was developed from the 2025-2027 overall portfolio budget. The low scenario was based on 2020 conditions and the high scenario was based on 2023-2024 conditions.
- To prevent major budget disruptions, the study recommended staying within 5% above or below base case of the total annual budget. Adjustments would be made based on a monthly forecast of over or underspend to the total annual budget.
- Recommended actions were provided for adjusting in order from least to most invasive. The recommended actions were categorized by indirect program impacts, portfolio-level, and direct program or measure impacts
- Example frameworks were provided for HES, HES-IE, HVAC, and C&I programs.

4. DEEP questions and discussion 1:04:26

Victoria Hackett, Bureau Chief for the Bureau of Energy and Technology Policy, questions what the insulation conversion rate is for customers who were referred to from solar project versus non-solar projects, as well as conversion time with the new heat pump reservation system in place.

Eversource responded there is a slightly lower uptake of insulation when customers are required to go through HES for solar. It is “around 23% compared to HES customers that were closer to 29%.” Regarding other measures, Eversource would have to review the impact, but insulation is by far the most common measure that customers pursue after HES. In response to the heat pump reservation system, Eversource said “we keep the reservations for 60 days, and then that reservation will expire... We're seeing the reservations turn into applications within about 14 to 20 days.”

DEEP Commissioner Katie Dykes provides context to the purpose of the study. The purpose of the study is to both manage the budget by forecasting and anticipating demand, as well as maximizing the amount of demand reduction. Commissioner Dykes expresses concern with the Companies' customer segmented data collection. There should be a way to isolate and do statistical analysis of specific programs to better understand what the actual factors are that are driving demand and interest. The goal is to stretch the budget and support as much of that private activity as possible with the least amount of precious ratepayer dollars coming in the public benefits charge. Commissioner Dykes asks for clarification from the Companies on their statement about limitations to analysis.

Apex Analytics explains they were able to qualitatively identify drivers but would need to complete primary research to understand what influenced these drivers. From a survey perspective, trying to separate out the exact factors can be challenging, and it is likely a combination of multiple different factors. Eversource explains that many incentives were intertwined from 2021- 2023. There were

multiple increases in incentives that drove demand. To quantify which piece of those had the biggest impact on budget Eversource will need to look back and see if there's more insight to be given.

Becca Trietch, Director of the Office of Building & Transportation Decarbonization, asks technical questions regarding background on budget optimization and action plan.

DEEP explains the need for balance in program process. Companies should come to the EEB and DEEP when there is a level that requires large changes and notification.

5. CT Contractors Coalition presentation 02:59:40

The Contractors Coalition expresses concern regarding changes proposed through the optimization plan. They explain that some of the proposed budget control measures may be counterproductive to the goals of the program. An example they provide are the measures allowing the companies to change incentive levels at any time, removing the requirement of an energy audit prior to heat, pump, or solar installations and increasing customer copays. They question the inclusion of pandemic impacted years in the data modeling and recommend that the companies calculate demand based on more typical program years. The Contractors Coalition state that allowing the companies to change incentives at any time will destabilize the business planning of the participating vendors, because lowered incentives will discourage public participation and result in fewer overall projects for vendors changing the incentive levels, could dissuade vendors from participating in the HES and HES-IE programs.

6. Panel Discussion

The balance between breadth of program participation and depth of measures adopted is discussed regarding program offerings.

Discussion of Performance Management Incentives (PMI) program administrator accountability and using PMIs to smooth budget management.

Energy Efficiency Board technical consultants share their recommendations within the Optimization Plan and request clarity of approval and notification processes involving various stakeholders in communicating any proposed changes.

7. Public comment 03:40:41

Discussion of an integrative process to program changes that involves all stakeholders, especially contractors, to create synergistic solutions and recognize the interconnectedness of C&LM program offerings. Proposal of onboarding an ombudsperson to facilitate communication and incorporate contractor input into evaluation.

Announcements

1. On October 9, 2024, the EEB voted to approve the 2025-2027 Conservation and Load Management (C&LM) Plan, or 3-year plan, with conditions proposed by EEB technical consultants.
2. On October 10, 2024, DEEP issued a notice to the Utilities to delay the vendor RFP and pricing RFI advancements until further notice to ensure substantial public process.
3. The next CTAC meeting is scheduled for October 28, 2024, at 1:00pm.

4. On November 1, 2024, the 2025-2027 C&LM Plan will be filed with DEEP on November 1, 2024, for final approval. Part B of the Optimization Plan will be included with this and filed with DEEP.
5. On November 21, 2024, DEEP will be hosting a 2025-2027 C&LM Plan technical meeting as well as issuing an RFI for stakeholders to provide feedback. The RFI will be inclusive of both Part A & Part B Optimization Plan proposals.
6. Following public process, DEEP will be issuing determinations on both the budget and 2025-2027 C&LM Plan, inclusive of optimization plan proposals.