



Mid-Term Modifications

*Summary Presentation of the Program
Administrators to the Energy Efficiency Advisory
Council*

October 19, 2010





October 19th Meeting

Background

- This presentation follows up on the PAs' presentation of September 14, 2010.
- In overview, PAs have sought to provide what we proposed to provide at the September 14 meeting: Focused Mid-Term Modifications designed to enhance already excellent efforts
- Key Timing Driver – MTMs to be filed at the DPU by October 29.
- Per the DPU EE Guidelines: “MTMs must be submitted” to the Council for its review prior to submitting such proposed modifications to the Department.”
- The PAs' MTM resolution materials, submitted to the EEAC on October 14, 2010, are submitted based on this requirement.



Overview of MTMs (Part One)

- The PAs know there is much MTM material to digest; have sought to work cooperatively with consultants in advance to highlight issues, but the PAs understand that there is a lot of information.
- The 2011 Modifications are focused and limited to Guideline matters – material changes; ongoing program enhancements do not generally trigger MTMs.
- On electric side we are at approximately 99% of original statewide savings goal; 96% on the gas side, notwithstanding new EM&V studies that reduce savings.
- The PAs are gratified by progress with the Massachusetts Bankers Association – October 19, 2010 executed Expression of Interest

Overview of MTMs (Part Two)

- Based on EEAC review and feedback, the PAs will complete their DPU MTM filings and will submit them on October 29, 2010.
- The PAs will provide additional information for EEAC review based on the final DPU filings. This information will include:
 - DPU 08-50 tables (by PA and “rolled up”)
 - BCR screening runs by PAs
 - Technical Reference Manual
 - Bill Impact runs using the model ultimately adopted by the DPU in the ongoing working group
- The PAs expect that tables will be reviewed in November meeting. Bill Impact runs will depend on results of the DPU Working Group – likely completed in November.
- The PAs will also provide an update on program enhancements that do not involve MTM triggers (e.g., rental strategies) on October 29

PA Specific Resolutions

- Each PA has some unique MTMs to address based on its specific budgets and savings goals and each PA will give a brief summary
- Each PA provided a model form resolution and supporting materials on October 14
- The PAs used common templates and exhibits to facilitate review
- The PAs sought to be responsive to issues “flagged” in advance by the Consulting team (Guidelines, etc.)
- See Appendices to this presentation for PA specific material



Key Statewide/Common Themes

- There are key statewide modifications/common themes
- The PAs have summary presentations on these common elements
 - EM&V – Lisa Shea
 - Residential High Efficiency Heating Program Adjustments – Derek Buchler
 - Low-Income Multi-Family Budget and Savings Adjustments – Tina Halfpenny
 - Financing/Funding Update – Birud Jhaveri/Tilak Subrahmanian
 - Performance Incentives and Metrics (per planning with DOER, not the subject of a detailed presentation today)



November EEAC Meeting

- PAs will provide DPU 08-50 tables to Council on or before October 29, 2010
- Statewide roll-up to be completed first week of November
- PAs to report on statewide results at November meeting
- PAs to provide screening runs and TRM
- PAs may report on performance incentives and metrics if new information evolves



Bill Impact Model

- New bill impact model is not complete, but work is ongoing at DPU Working Group
- PAs can provide traditional bill impact analysis as requested (for significant budget increase or savings decrease)
- PAs each to provide bill impacts with new model when complete for several representative customer classes
- Projected to be complete prior to December EEAC meeting

Appendices PA-Specific Changes in 2011





National Grid Electric:

MTMs: 20% Variance Over 3 Years

- **Behavior/Feedback Program:**
 - Savings: Increase 3 year savings 0.3 percent; lower savings assumptions from vendor, but added participants.
 - Budget: Increase 2011 budget by \$972,953 for licensing renewal fees; 3 year increase = 36.2%.
- **Low Income Residential New Construction:**
 - Savings: Increase by 35%:
 - Per unit savings adjusted per latest 2010 installation data available;
 - New energy code (IECC 2009) implemented on July 1;
 - Increased the number of CFLs planned per home based on 2010 year to date program experience.
 - Budget: Associated budget increase over three years = 5.8 percent.
- **Residential Community Based Pilot:**
 - Expand Gas CMIs by adding electric CMI for the City of Lynn.
 - 2011 Budget: \$118,250
- **R&D and Demonstration Pilot Program:**
 - Explore and demonstrate new and/or underutilized technologies and equipment.
 - 2011 Budget: \$251,000
- **Performance Incentive Budgets:**
 - Increase Multi-Family Retrofit performance incentive and decrease the MassSave performance incentive budgets to amend accidental interchange.



National Grid Electric:

Notifications: 1 year variance > 20%

- Residential New Construction:
 - Savings: Increase 31%:
 - Per unit savings adjusted per latest 2010 installation data available;
 - New energy code (IECC 2009) implemented on July 1;
 - Increased the number of CFLs planned per home based on 2010 year to date program experience.
- Energy Star Lighting: Increase participation and CFL NTG ratio
 - Savings: Increase 33%
 - Budget: Increase 32%
- Residential Cooling and Heating:
 - Savings: Increase 25% for revised measure mix
- MF Retrofit:
 - Budget: Decrease 20% to correct interchange of performance incentive with MassSave program
- Low Income Retrofit:
 - Savings: Increase 25% for revised measure mix
- Low Income MF Retrofit:
 - Savings: Decrease 24% due to Company specific evaluation study which revealed lower realization rates



National Grid Gas: MTMs: 20% Variance Over 3 Years

- **Behavior/Feedback Program:**
 - Savings: Increase 3 year savings 46.5 percent; higher savings assumptions from vendor.
 - Budget: Increase 2011 budget by \$963,250 for licensing renewal fees; 3 year increase = 41.4%.
- **Residential New Construction & Major Renovation Program:**
 - Savings: Decrease by 21.22%:
 - Per unit savings adjusted per latest 2010 installation data available;
 - New energy code (IECC 2009) implemented on July 1.
 - Budget: No change over 3 years.
- **Residential High Efficiency Heating Equipment program:**
 - Savings: Decrease by 18%:
 - New evaluation study w/ free-ridership rate of 66%;
 - Company added hard-to-reach measures to make up for some of the savings loss.
 - Budget: Decrease by 14% due to a decrease in estimated units and rebate levels for certain measures.
- **Low-Income Multifamily Retrofit program:**
 - Savings: No change over 3 years.
 - Budget: Increase \$2,706,910 in 2011 to reflect increased cost of savings of \$15 per therm:
 - Information from LEAN;
 - Allow for deeper, more comprehensive projects.



National Grid Gas: Notifications: 1 year variance > 20%

- MF Retrofit:
 - Savings: Increase 56% to reflect increased planned participation.
- Low Income Sector:
 - Budget: Increase 19% for increase in Low Income MF program customer incentive.

- **Budget-Program Related Mid-Term Modifications**
 - Residential Community Based Pilots -Increase in funding to support existing and new projects
 - Low-Income Multi-family - Reduction in funding with plans to re-allocate to 2012 to compensate for reduction in ARRA funding
 - C&I Statewide Marketing – Reduction in budget to better align with 2010 spending
- **Savings Related Mid-Term Modifications**
 - Residential New Construction – Increase in savings due to anticipated increase in lighting savings
 - Residential Cooling & Heating – Increase in savings due to higher efficiency equipment measure mix forecast adjustment
 - ENERGY STAR Appliances - Reduction in savings due to reduction in planned production for several measures based on 2010 production
 - Low-Income New Construction – Increase in savings based on expected increase in 2011 certifications as well as lighting savings

- **Budget-Program Related Mid-Term Modifications**
 - New Budget Line Item - Residential Community Based Pilots – inclusion of funding to support projects in dual territory or shared territory with another PA
 - Behavior Based – “OPower “- Expand program to an additional 25,000 customers
 - Low-Income Multi-family – Significant increase in budget to serve demand (waiting list)
 - Residential New Construction – Increase in funding to serve projected increased in certifications
 - MassSave (Gas)– Increase in funding to support expected increases in program delivery and implementation costs associated with the planned fuel blind Statewide redesign
 - C&I-Deep Energy Retrofit – Reduction in funding based on lack of activity in C&I sector
 - C&I Retrofit and the C&I New Construction – shift in funding from C&I Retrofit to the C&I New Construction

NSTAR Gas (cont.)

- Savings Related Mid-Term Modifications
 - Residential New Construction – Reduction in savings primarily due to 2010 Code Changes (caused decrease in savings)
 - Residential Heating & Water Heating – Reduction in savings based on 2010 draft evaluation results
 - Residential Weatherization Program- Increase in savings based primarily on increase in planned air sealing jobs and direct install programmable thermostats
 - C&I Retrofit – Reduction in savings to due budget reallocation
 - C&I Direct Install – Increase in savings due to increase in program offerings

- Proposal builds on 2010 MTM Request (still pending), which adjusted program spending for high demand in certain programs including increased activity for Low Income Multi-family projects.
- 2011 MTM Request limited to continued additional spending for LI MF
 - Requested 2011 budget of \$137,000 – an increase in spending for the LI Sector of 11% over three years; increases in LI 3YR savings of 10%.
 - The LI Sector spending is increasing 32% in 2011 – meeting the sector trigger.
 - Represents a significant opportunity - but the increase will result in modest increase in rates across all customer segments.
- Notification of Other Plan Changes:
 - Savings assumptions updated to reflect TRM and other adjustments resulting in a net modest decrease in total savings over 3YRs of less than 1%.
 - Residential Multi-Family (>4units) budget and savings will be separated from Residential Weatherization (1-4 units) in the 08-50 tables – no change in spending or savings.



Unitil Gas

- Proposal builds on 2010 MTM Request (still pending), which adjusted program spending for high demand in certain programs including increased activity for Low Income Multi-family projects.
- 2011 MTM Request limited to continued additional spending for LI MF
 - Requested 2011 budget of \$228,423 – an increase in spending for the LI Sector of 45% over three years; increases total LI 3YR savings by 33%.
 - Represents a significant opportunity - but the increase will result in some increase in rates across all customer segments.
- Notification of Other Plan Changes:
 - Savings assumptions updated to reflect TRM, HEHE adjustments, and measure mix assumptions in Residential New Construction and C&I Direct Install. These changes result in a net modest decrease of about 1% in total savings over 3YRs.
 - Residential Multi-Family (>4units) budget and savings will be separated from Residential Weatherization (1-4 units) in the 08-50 tables – no change in spending or savings.



Western Mass. Electric Company

- WMECO is maintaining its originally filed and approved 2011 portfolio-level budgets and savings goals, with very few, minor updates:
 - Savings assumptions updated to reflect TRM and new WMECO-specific EM&V studies filed in 2009 Annual Report
 - Small budget adjustments in the C&I sector, Residential Lighting Program, Heat Loan Program and Pilots
 - Western Mass Saves budget shifted from Residential Education Program to Behavioral/Feedback Pilot in 08-50 tables
 - Adoption of Statewide updates pertaining to performance incentives, EM&V, and outside funding



Cape Light Compact

- Cape Light Compact is maintaining its originally filed and approved 2011 portfolio-level budgets and savings goals, with very few, minor updates:
 - Savings assumptions updated to reflect TRM and new Compact-specific EM&V studies filed in '09 Annual Report
 - 2011-2012 Pilot budget changes proposed:
 - Deep Energy Retrofit reduced – lower uptake
 - Behavior/Feedback increase – increased Phase 2 participation
 - Pilot budgets over 2010-2012 approx. 2.05% of total PA budget



The Berkshire Gas Company

- The Berkshire Gas Company is maintaining its originally filed and approved 2011 portfolio-level budgets and savings goals, with very few, minor updates:
 - Savings assumptions updated to reflect TRM and new EM&V studies (not MTMs, but providing notice to EEAC)
 - **Residential High Efficiency Heating Program** - The net annual savings for the Residential Heating and Water Heating program is expected to decrease by 43% in 2011. The primary driver of this change is the Heating and Water Heating Process and Impact Evaluation completed by Nexus Market Research.
 - **C&I New Construction & Major Renovation**- The net annual savings for the C&I New Construction & Major Renovation program is expected to decrease by 29% in 2011 driven by experience in the field and projections of construction activity for 2011. Rebates for this program have been adjusted for 2011 to apply changes made in Residential Heating and Water Heating program in order to match the rebate structure on the small commercial side to the residential program.
- 2011-2012 Pilot budget changes proposed:
 - Deep Energy Retrofit pilot program to be eliminated in 2011, but Berkshire will monitor efforts statewide

- **Modification to Low Income Multi-Family (LIMF) Program**
 - Savings goal of LIMF to decrease by 61% for 2011
 - LIMF savings projected to decrease by 21% over three-year period of Plan.
 - Adjustment addresses the cost associated with serving this particular market sector, as estimated by LEAN. This program is projected to be more costly, and pursues all cost-effective opportunities, while attempting to be very deep reaching and comprehensive.
- **CMA does not propose to add or delete any programs in 2011**
- **Notification of Annual 20% Variance**
 - Residential New Construction - CMA proposes to decrease its Residential New Construction 2011 budget by 37%, with a 51% decrease in savings. The changes reflect updated forecasting information by the program vendor, as well as results of a new baseline study.
 - Residential High Efficiency Heating Program - The net annual savings for the Residential Heating and Water Heating program is expected to decrease by 47% in 2011. The primary driver of this change is the Heating and Water Heating Process and Impact Evaluation completed by Nexus Market Research, which results show high free-ridership.
- **The Company does not propose any changes to its 2011-2012 budgets for pilot programs.**



New England Gas Company

- The New England Gas Company is maintaining its originally filed and approved 2011 portfolio-level budgets and savings goals, with very few, minor updates:
 - Savings assumptions updated to reflect TRM and new EM&V studies-not MTMs, but providing notice to EEAC
 - Residential High Efficiency Heating Program - The net annual savings for the Residential Heating and Water Heating program is expected to decrease by 30% in 2011. The primary driver of this change is the Heating and Water Heating Process and Impact Evaluation completed by Nexus Market Research on behalf of GasNetworks during the 2010 program year.
- The Company does not propose any changes to its 2011-2012 budgets for pilot programs.