

ENERGY EFFICIENCY AND SUSTAINABLE ENERGY BOARD

RSA 125-O:5-a

21 South Fruit Street, Suite 10

Concord, N.H. 03301-2429

Draft Minutes for November 19, 2021

Attendees:

Board Members: Ryan Clouthier (Southern NH Services); D. Maurice Kreis (OCA); Becky Ohler (DES); Kate Peters (Eversource); Eric Stanley (Liberty Utilities); Stephen Tower for Ray Burke (NH Legal Assistance); Bruce Clendenning (The Nature Conservancy); Chris Ellms (Dept. of Energy); Cindy Carroll (Unitil); Carol Woods (NHEC); Representative Kat McGhee (NH House of Representatives); Senator Kevin Avard (NH Senate); Representative Michael Vose (NH House of Representatives); Donald Perrin (DAS); Chris Monroe for Scott Maslansky (CDFA); ; Tonia Chase (BIA); Jack Ruderman (NHHFA) Matthew Siska (GDS Associates); .

Others: Joseph Fontaine (DES); Chris Skoglund (DES); Azanna Wishart (Dept. of Energy); Mark Lemenager (Eversource); Kelly Buchanan (Clean Energy NH); ; Mark Sanborn (DES); Andrew Hatch (Resilient Building); Mara Hoplamazian (NH Public Radio); Mike Fitzgerald (DES); Melissa Samenfeld (Liberty Utilities); Heather Tebbetts (Liberty Utilities); Representative Lucius Parshall (NH House of Representatives); Megan Ulin (ReVision Energy); Julianna Desmet (OCA); Lucy Naiman (DNV); Maureen Reno (OCA); Josie Gage (OCA); Kim Dragoo (Liberty Utilities).

1. Welcome and Introductions

- The meeting was held in person at the New Hampshire Department of Environmental Services.
- Bruce Clendenning called the meeting to order at 9:04 a.m.

2. Approval of the October 15, 2021 EESE Board Meeting Minutes.

- Representative Kat McGhee moved. Ryan Clouthier seconded.
- Approval of the October 15, 2021 minutes. All in favor. Five abstentions.

3. Overview/impacts of PUC Decision on EERS Docket (No. DE 20-092).

- Kate Peters of Eversource recapped highlights of [Order No. 26,533](#), denying the 2021-2023 Triennial Energy Efficiency Plan:

- The Order authorizes energy efficiency program spending (for electric and gas) at a level consistent with the 2018-2021 plan. The rates set by the Commission will descend gradually year-on-year until they return to a “reasonable level,” and transition toward market-based programs.
- The Order directs the Joint Utilities to prepare a proposal of energy efficiency programs consistent with the order by December 15, 2021.
- To the extent that any of the Joint Utilities lack sufficient Commission approved programs to fund with SBC (System Benefits Charge) rates, they shall reduce their charged SBC rates accordingly.... The Order did not provide a renumeration of what programs would be approved under said Order.
- RSA 125-O:23 directs that certain RGGI auction proceeds be used for specific low-moderate income and municipal energy efficiency programs, with the remainder to all-fuels energy efficiency programs distributed among residential, commercial, and industrial customers based upon each customer class’s electricity usage to the greatest extent practicable. *The second portion of this reference applies to the RFP currently run by the Department of Energy and Eversource is unclear how it applies to the Joint Utilities programs.*
- The large difference in proposed SBC rates for residential and C&I customers highlights the fact that C&I customers fund programs that produce the majority of lifetime kWh savings, while residential customers fund a suite of programs that do not produce the same economic benefits to ratepayers. This appears to be due in part to the residential suite of programs containing all fuel-neutral EE programs, where most of the projected benefits do not relate to electric energy consumption. *It is unclear what level of program changes the Commission would like to see, if any, based on these observations.*
- The Commission finds the Granite State Test overly dependent upon subjective factors and cannot be solely relied upon for benefit cost testing. Therefore, the parties are required to calculate and report benefit cost testing using the Total Resource Cost (TRC) test that was historically used until the Granite State Test was established.
- The Order eliminates the Performance Incentive effective December 31, 2021. The Performance Incentive funding that would have accrued to the utilities shall be redirected to fund additional energy efficiency programs. The utilities are sufficiently compensated through LBR, LRAM, or Decoupling, and received administrative costs. The original performance budget for this triennium was in excess of \$20,000,000. This directive should result in significant increased funding for EE program. *It was pointed out that this money is potential money, not actual money.*
- The Commission finds that year-to-year budget carryforwards result in ratepayer funds being held by the Joint Utilities instead of being returned to the ratepayer. *Collections and spending are never aligned in real time. This order creates a caution about spending money.* Where the actual amount collected is greater than the amount spent during any given year, the difference shall be returned to the ratepayer via bill credit by March 31 of the following year. If the utility has spent more than collected in any program year, the cost shall be

borne by the Utility's shareholders. *This is significant because the utilities have previously been able to spend a sector budget up to 105%. There has been high demand for programs on the residential side in 2021. The need to lower the amount of allowable spending a month and a half before the end of the year presents very few options short of immediate pause of new projects.*

- The Order rejected Home Energy Assistance project caps. The program is currently capped at \$20,000 per project. The proposal contained a continuation of that cap at \$20,000 per project. The Commission stated that the proposed changes cannot be considered just and reasonable and set the CAP at a prior \$8,000 amount. *This decision impacts the Community Action Plan agencies. They leverage federal dollars. CAP can only spend so much per unit. If a project is already committed and started, they cannot reduce the cap to \$8,000. Within the \$20,000 cap, the agencies can include weatherization and heating projects. If they do not have \$20,000, they will have to find other money to help pay for projects. Some of the projects are crucial; replacement of failed and/or dangerous heating systems, for example.*
- The Order stated that the parties failed to meet their burden with respect to the aerial heat mapping program. *It is unclear what burden the parties did not meet.*
- The Order requires Evaluation, Measurement, and Verification (EM&V) spending to be significantly reduced in any EM&V proposal for 2022 and for all EM&V work to be completed by December 31, 2022.
- The Order denied the request for a Stakeholder Advisory Council. The Order notes that the EESE Board and its EERS stakeholder group currently fill this role.
- The Order makes multiple references to a return to “market based” energy efficiency programs. However, there is no definition or examples of what is meant by “market based” programs provided in the order.

Board member and public follow up questions, answers, and discussion:

- Q: Were the clarification questions brought to the PUC? A: The utilities are working with their legal teams to figure what steps are next and how they will be able to comply with the order. There is not clear evidence presented by the PUC in the order.
- Massachusetts has a proposed plan that ramps up energy efficiency, electrifying homes, with a heavy focus on equity and reaching all communities. The Commission Order is a huge step back for New Hampshire. A key difference is the filing and approval process for Massachusetts EE plans are rigid. They must be evaluated and ruled upon within a very short time period.
- There will be an appeal and a motion to the Supreme Court. In the meantime, is there another legislative or legal action that can be taken?
- With businesses recovering from the Covid-19 pandemic, this decision has thrown the Joint Utilities programs into limbo and has made it near impossible for them to run their programs. The PUC should have at least maintained the current programs, not thrown them into a backslide.

- The PUC appears to have deviated from the process by making a decision that was unrelated to the actual evidence that was produced in the proceeding. It should not be the role of the PUC to create uncertainty and inconsistency in the energy sector.
- Utilities are getting calls from distributors that provide products for projects. They are buying products for next year now and need to know what the purchase volumes should be.
- The PUC's approach may have been clumsy, but the fundamental problem was the rate of the SBC. There is a legitimate way to approach the problem and it can't be to solely focus on the benefits. Consideration must be given to the cost for seniors and low-moderate income residents and how it impacts their lives.
- The PUC decision produces a chilling effect for those businesses that provide energy efficiency. One major point from the EERS was the rolling budgets. They created certainty for planning. Unwavering focus on the SBC alone is short sighted. It is a small part of overall cost. The entire energy system is going through a lot, pushing toward electrification with or without the state of New Hampshire. We are going to see changes in energy prices and how those changes are borne by customers.
- Investors want to see environmental governance and usage of funds that can be spent in areas that have the most impact. Paying the SBC gets us nowhere.
- Q: How do the utilities fix bidding on the Forward Capacity Market (FCM)? How is it worked into rates? A: In 2021 the energy efficiency budget for Liberty Utilities was \$6 million. A half million comes from the FCM. In order to participate in the market we have to verify that the savings are real. For Eversource, it is 1/8th of total funding.
- The root of what is happening is that we are not moving toward the same goals. We are not talking about where we want to get to and why. The State is not on the same page as the State. There should be more involvement from leadership at DES and Department of Energy. Response: The Department of Energy does have a strategy under review to be released at the end of the year.
- Q: How does the elimination of the Performance Incentive effect the Joint Utilities? A: The Performance Incentive is not designed to offset lost sales; decoupling or lost based revenue does. Performance Incentive is a structural element that gives a signal that running and achieving goals of the Programs should be prioritized in our business plan. It is a common mechanism that points to what should be achieved and if it is achieved, a financial benefit is received.
- The legislature should take a more active role in setting the SBC. They should set the dollar amount as a percentage of the default rate. That way, there is an SBC that is continuous and predictable.
- Q: Is there legal action that can be taken and what are some steps that concerned citizen's can take to voice opposition to the Order? A: The OCA replied that they would be happy to hear from residential ratepayers. OCA plans on pursuing legal

action. Concerned citizens can and should send letters to the PUC as well as their legislators.

- Q: Legal action can take months. Layoffs are looming. Is there a way to create an off-ramp to defray the economic impact? Are there other funds or pools of money available to bridge the difference?

A: If we could simply continue with the 2021 funding it would not be as disruptive. To rebuild from scratch will take decades.

- There is a funding piece and approval of funding in the Order but it does not specify what the funding can be used for.
- Statute 541:3 gives the parties until December 13th to file a motion to rehear. One of the problems is of the two Commissioner's, one is no longer in office. One of the new Commissioner's has not yet been sworn in and he would be disqualified from the rehearing because he is a former utility employee. The governor would have to appoint a special commissioner.

2. Legislative Updates – Representative Vose

- On October 26th ST&E held an executive session on 15 retained bills. Eight were ITL'd, 2 went to study, the rest were recommended to pass. They will come before the House in early January. The bills that passed will go to the Senate.

3. Board and Program Updates

- Department of Energy – Chris Ellms
 - Karen Cramton has moved on and left the Department.

4. Adjourn

- Motion to adjourn by Jack Ruderman. Ryan Clouthier seconded.
- Meeting adjourned at 11:00