

Please find below a preliminary list of issues/possible recommendations that Staff is investigating further with respect to the EERS.

1. NH Saves document approach

- There is a need for much greater granularity in the NH Saves document.
- Recommendations should be accompanied by specific actions and the sequence in which they should take place with benchmarks to measure achievement wherever possible.
- There should be a clear connection between the Plan text and Attachments so that the reader can quickly follow the text with actual examples.

2. NEI's and DRIPE

NEI's

- Although hesitant to embrace an adder without evidence, Staff recommends including no more than a 5% adder for NEI for the initial plan for the first year.
- Provide a plan to develop more specific NEI's by measure/program with detailed evidence. Develop a set of NEIs to include in each of the annual updates with all evidenced NEIs to be determined by the end of the 3-year plan.
- Incorporate any evidenced based NEIs as soon as they are available in any updates to the plan and in the reporting of programs/measures.

3. Cost Effectiveness Test

- Continue to require greater than or equal to 1.0 benefit-cost ratio, with some flexibility provided for low income programs.
- Show the \$/kWh saved and \$/MMBtu saved for each of the programs as compared to actuals in 2016. If the cost per unit of the electric or gas savings increases by more than 5%, provide a justification of such cost increase.
- Ensure consistent savings and cost assumptions from utility to utility for similar measures/programs.
- The Plan should contain a list of the assumptions for the cost-effectiveness testing and provide an explanation for each assumption (e.g., the wholesale risk premium).
- Include an electronic copy of the cost-effectiveness model with all formulas and cells in place with the plan submittal.

DRIPE

- Provide detailed justification for each type of DRIPE benefit applied in the Plan.

4. Performance Incentives

- Staff recommends a series of working group meetings with interested parties to review PI during 2018, facilitated if possible by our independent expert.
The working group meetings will commence with a February 2018 Summit, (so to speak) at which time the issues will be identified and a series of bi-weekly meetings will be scheduled for the March-May time period and a draft report by June 1, 2018 and a final report in July 1, 2018.
- For 2018, Staff is considering whether a B/C ratio greater than 1.0 should form part of the PI calculation or simply represent a minimum threshold condition.
- Staff is examining alternative metrics for the adoption of a PI for market transformation as well as for greater private sector participation in the marketplace.

5. EM & V

- Staff wishes to reach agreement over the start of the hiring process for an independent consultant.
- Staff believes that the NH Saves Plan needs to be augmented by a detailed GANTT chart indicating in what order each successive evaluation project will be commenced and completed.
- Staff needs the NH Saves Report to detail when evaluation results will be rolled into benefit-costs of individual measures.

6. Lost revenue adjustment mechanism

- Staff is examining how the average distribution rate is being used to calculate lost revenues. There is a concern as to how revenues associated with kW are being incorporated in the kWh based rate. Further clarification required.
- - **Electric**
- Staff recommend that that the September 1, 2017 filing provide LR calculations for 3-year period, 2018-2020.
- Staff suggests that the most recent savings assumptions be used to calculate annual kWh savings for final true-up LR filings.

- The September 1, 2017 Filing should include full detail in support of each utility's calculation of average distribution rates.
- The September 1, 2017 filing should address how each utility excludes customer, meter and luminaire charges and expired measures (ref. Settlement Agreement in DE 15-137).
- Staff suggests that other utilities consider Eversource's template for the calculation of distribution rates (Bates 194-203):1. By sector, 2. By rate class, 3. By customer group.
- Staff suggests that existing Commission-approved tariff rates be utilized in the 9/1/2017 filing and the associated LR final true-ups in June of the subsequent years.
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- Subject to further revision, Staff suggests that distribution rates used for LR be calculated based on 2015 billing determinants
- Staff suggests that the all utilities (except NHEC) provide LR testimony in the September 1, 2017 filing to address the following: 1. 3 year time period, 2. explanation of how kWh and KW savings are calculated, including expected retirement dates, 3. derivation of average distribution rates and associated billing determinants and tariff rates used to calculate average distribution rates.

- **Gas**

- Staff recommend that that the September 1, 2017 filing provide LR calculations for 3-year period, 2018-2020.
- Staff suggests that the most recent savings assumptions be used to calculate annual MMBtu savings for final true-up LR filings using current tariffed rates
- Subject to further revision, Staff suggests that savings should be cumulative from effective date of temporary rates (estimated to be July 1, 2017 for Energy North and from August 1, 2017 for Northern).
- The September 1, 2017 Filing should include full detail in support of each utility's calculation of average distribution rates
- The September 1, 2017 filing should address how each utility excludes customer and meter charges and expired measures (ref. Settlement Agreement in DE 15-137).
- Staff suggests that Gas Utilities consider Eversource's template for the calculation of distribution rates (Bates 194-203): 1.By sector, 2 By rate class , 3 By customer group
- For Gas Utilities, Staff suggests that existing Commission-approved tariff rates be utilized in the 9/1/2017 filing and associated LR final true-ups filed in June of the subsequent years.
- Subject to further revision, for Gas Utilities, Staff suggests that distribution rates used for LR be calculated based on 2016 billing determinants.

- Staff suggests that the gas utilities provide LR testimony in the September 1, 2017 filing to address the following: 1. 3 year time period, 2. explanation of how savings are calculated, including expected retirement dates, 3. derivation of average distribution rates and associated billing determinants and tariff rates used to calculate average distribution rates.

7. Financing

- Staff wishes to propose a model for utility consideration that would encourage development of a market in NH where independent contractors (i.e., the ones typically providing electrical, plumbing, HVAC, insulation and related equipment installation and services) are relied on more heavily to perform the primary client acquisition role for promotion and installation of energy efficiency measures.
- Staff would like to propose that the utilities assist in the establishment of an alternative sales channel designed to make more effective use of contractors at the acquisition stage, and a near financial institution like the CDFA to encourage private sector investment, using anticipated auction and /or other proceeds (at least in part) to fund a loan loss reserve mechanism.
- Staff would like to encourage the utilities to further strengthen the on-bill finance mechanism by offering more and greater low interest loans as well as rebates, especially for small and medium sized businesses.

8. Budget transfers

- Staff believes that the utilities should remain at the 20% budgetary threshold in terms of flexibility between individual programs and not the 30% they have proposed.
- Staff believes that the utilities should retain the 40% CAP for customer commitments for future years. Please provide a justification why the utilities removed the cap, and how they would ensure avoidance of any future burdens without a cap?

Items requiring further utility clarification prior to the 9/1/17 filing and /or possible inclusion in the report:

9. Energy Solutions RFP

- Please explain why aren't there any MMBtu savings?

10. CHP

- Please clarify what is the estimated budget and estimated savings?

- What is the proposed incentive?

11. HERs

- Please clarify why the budget increases each year?

12. HPwES

- With reference to p. 62, what are the software requirements?
- How is this software package different than that used in the CEP and HERs?
- Please compare and contrast the differences and similarities among the programs?

13. Municipal Programs

- Staff understands that that a majority of this program is focused on lighting. Please explain how the utilities plan to expand this program to other opportunities at schools and other municipal buildings?

14. Regulatory & Investigative Updates

- Please explain why this is a separate section?
- Staff would prefer that these ideas be examined under the applicable section (e.g., funding, peak demand reduction)?
- Please clarify your understanding of regulatory updates?
 - **Funding**
- Please examine in more detail what funding efforts have been explored and eliminated with respect to the NH marketplace and elsewhere.
- Please provide a discussion as to the current status of negotiations with potential funding parties, what is their timeline for action, and what is their proposed strategy?
- What efforts have the utilities taken to engage private investment, or make use of grant funding?
 - **Capacity Demand Management**
- Staff would like a more detailed explanation of how the utilities hope to enhance capacity demand management beyond existing efforts with wi fi thermostats. Are the utilities seeking to install more advanced meters/communication systems?
- What technologies or methods would the utilities use to achieve reductions and communicate with the customer's technology?
- What efforts are the utilities taking to incorporate peak demand reduction as one of their goals? Please provide details on any estimated demand reduction year by year and what the estimated FCM payment and associated expenses would be.

15. Additional report clarifications arising from the attachment to the draft report.

- Attachment A
- With reference to page 89 and Attachment A (Bates page 124) regarding the incentive cap for customers providing a portion of their energy needs, please provide further explanation of this incentive cap
- In attachment A under “Changes in Savings Assumptions”, please provide more detail regarding the “updated annual energy savings and measure mix based on most recent historical data” which is the listed changes for the Large Business Energy Solutions Program, Small Business Energy Solutions Program, Municipal Program, and Eversource RFP Program.

Attachment D

- In these tables, please clarify whether the number of participants is equal to the number of customers? If not, please define participant clearly?
- Can the utilities quantify the number of total customers that participate overall? (e.g., Is it the case that one customer could install 5 different measures so that the customer would be noted in multiple places, but in reality, it is one electric/gas customer). What percentage of actual customers participate?

Attachments E1, F1, G1, H1, I1, J1

- Please explain how the winter kW savings and summer kW savings is calculated?

Attachments E2, F2, G2, H2, I2, J2

- In the measure by measure tables, please include a column showing winter kW saved and summer kW saved by measure.