

BEFORE THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

ORIGINAL

N.H.P.U.C. Case No. DE 10-188

Exhibit No. #28

Witness: Stephen R. Eckberg

DO NOT REMOVE FROM FILE

In the matter of:

Granite State Electric Company d/b/a National Grid)

New Hampshire Electric Cooperative, Inc.)

Public Service Company of New Hampshire)

Unitil Energy Services, Inc.)

EnergyNorth Natural Gas, Inc. d/b/a National Grid NH)

Northern Utilities, Inc. d/b/a/ Unitil)

2012 CORE Energy Efficiency Programs)

DE 10-188

Direct Prefiled Testimony

Of

Stephen R. Eckberg

Utility Analyst

on behalf of

the Office of Consumer Advocate

Dated: November 10, 2011

1 **I. Introduction**

2 **Q. Please state your name, business address and position.**

3 A. My name is Stephen R. Eckberg. I am employed by the Office of Consumer
4 Advocate (OCA) as a Utility Analyst. I include as Attachment SRE-1 to my
5 testimony a statement of my education and experience.
6

7 **Q. Have you previously testified before the Commission?**

8 A. Yes, I have testified on behalf of the OCA in a number of dockets, including the
9 2010 CORE docket, DE 09-170, and the first phase of this docket, DE 10-188.
10

11 **Q. Please briefly describe your experience and specific knowledge or skills that
12 relate to your testimony in this docket.**

13 A. I have professional experience in energy efficiency in several capacities. I was
14 previously employed by Hagler Bailly, Inc., a consulting firm, where my
15 responsibilities included evaluation of utility-sponsored demand side
16 management and energy efficiency programs. I was also employed by the NH
17 Governor's Office of Energy and Community Services (now the Office of Energy
18 and Planning) as the Program Administrator of the Weatherization Assistance
19 Program. That program, funded by the US Department of Energy, provides
20 weatherization, energy efficiency improvements, and installation of health and
21 safety measures to New Hampshire's low income households, delivered through
22 NH's six Community Action Agencies (CAAs). As part of my job
23 responsibilities, I participated in specialized training, successfully passed both
24 written and field exams, and was certified as an energy auditor. Subsequently, I
25 was employed as the statewide administrator of the Electric Assistance Program

1 which provides bill assistance to income eligible households. This program is
2 funded by a portion of the same System Benefits Charge that funds the CORE
3 energy efficiency programs. I also have professional experience in the
4 construction trades, including the design and construction of residential
5 buildings, which provides me with an understanding for the details of building
6 science.

7

8 **II. Overview of OCA Testimony**

9 **Q. Please describe the purpose of your testimony.**

10 A. The purpose of my testimony is to discuss several issues from the Settlement in
11 last year's first phase of this two year docket, as well as to address certain issues
12 in the current Joint Filings of the Electric and Gas utilities in this second year of
13 this docket, for the programs in 2012. These include:

14

15 From last year's first phase of DE 10-188:

16

- 17 1. The status of agreement to select a consultant for development of
- 18 a multi-year Monitoring & Evaluation (M&E) Plan.
- 19 2. The status of the agreement to perform certain other evaluations.
- 20 3. Annual Financial Audit of the Energy Efficiency Programs

21

22 From the current program year (PY) 2012 CORE proposal:

23

- 24 1. Performance Incentive Calculation Methodology
- 25 2. Northern Utilities decision to offer an Energy Star Homes
- 26 Program.
- 27 3. PSNH's proposed "Customer Engagement Pilot Program."
- 28 4. National Grid's Low Income program benefit cost analysis.
- 29 5. Northern and National Grid's proposals to reduce efficiency
- 30 spending in recent Cost of Gas dockets.
- 31 6. Proposed 2012 CORE "Marketing Plan"
- 32 7. Consideration and adoption of SB323 Study recommendations.
- 33 8. Full implementation of HPwES.

1 **III. Issues related to 2011, First Year of DE 10-188.**

2 **Q. Please address the first issue you identified related to the Settlement in last**
3 **year’s CORE Docket DE 10-188 regarding selection of a Consultant for the**
4 **development of multi-year Monitoring & Evaluation (M&E) Plan.**

5 A. Looking back to the 2010 CORE program year, the Settlement Agreement in the
6 Docket pertaining to the 2010 CORE programs, which was approved by the
7 Commission in Order 25,062 in DE 09-170, stated on p. 8 that “The Settling
8 Parties and Staff agree that the Electric Utilities will work with the Staff and
9 Settling Parties to develop a request for proposals for issuance by February 1,
10 2010 for the purpose of engaging a consultant by March 31, 2010 to begin
11 developing a multi-year monitoring and evaluation plan” To the OCA’s
12 knowledge, as of the date of this testimony, no consultant has yet been engaged
13 to begin the important work of developing the multi-year M&E plan.

14

15 **Q. Do you know why this M&E contract has not been awarded?**

16 A. No. The comprehensive review of NH energy efficiency programs and policy
17 required by SB323 has been completed and the OCA still strongly believes that a
18 multi-year monitoring and evaluation (M&E) plan is necessary for the CORE
19 programs. Without such a plan, the only M&E that is conducted is driven largely
20 by short term needs, and lacks an overall strategic approach that could provide
21 important feedback to improve the programs.

22

23 **Q. What do you recommend regarding this issue?**

24 A. I recommend that the Commission direct Staff and the parties to move ahead
25 immediately with the contracting process necessary to facilitate the development

1 of a multi-year M&E Plan. The OCA believes that interested parties should be
2 able to participate in reviewing the draft of the RFP, the selection of the
3 contractor, and the development and implementation of any plan. The SB323
4 Report will be helpful in developing the RFP as that report contained
5 recommendations regarding monitoring and evaluation. We recommend that the
6 Commission direct Staff and the utilities to conduct this process in an open and
7 inclusive manner.

8

9 **Q. Are there any other Monitoring and Evaluation issues from previous CORE**
10 **Settlements you would like to discuss?**

11 A. Yes. The Settlement in DE 09-170 also stated on p. 8 “During 2010, the Electric
12 Utilities shall conduct impact evaluations on the Energy Star Lighting Program,
13 the Small Business Energy Solutions Program, and the 2009 Home Energy
14 Solutions Fuel-Neutral Pilot Program.” The OCA is aware that the evaluation of
15 the Fuel-Neutral Pilot Program has been completed but does not know the current
16 status of these other evaluations. The Fuel-Neutral Pilot Program evaluation is
17 discussed later in my testimony.

18

19 **Q. Do you know if these other evaluations have moved forward?**

20 A. No. As I indicated above, the OCA has no specific information about the status
21 of these other evaluations which were approved. It is my understanding that all
22 completed M&E reports are made available publicly and are posted on the
23 Commission’s website.¹ However, after reviewing the Commission’s website,
24 the OCA notes that the only new M&E study completed since our testimony last

¹ www.puc.nh.gov/Electric/Monitoring%20and%20Evaluation%20Reports/Monitoring_Evaluation_Report_List.htm

1 year on this subject is the Evaluation of the HPwES (Fuel Neutral Pilot) Program
2 conducted by the Cadmus Group and published in June, 2011. It may be the case
3 that additional M&E studies are ongoing but there do not appear to be any other
4 studies available on the Commission's website.

5

6 **Q. Is the OCA concerned about the status of these evaluations?**

7 A. Yes we are, for several reasons. First, all four of the electric utilities participate
8 in ISO-NE's Forward Capacity Market (FCM) by bidding into that market the
9 quantifiable "other demand resources", which are comprised of the demand
10 savings estimates that result from the energy efficient improvements made
11 through the Residential, Commercial and Industrial CORE Programs. This
12 participation results in payments from ISO-NE, and those funds are included in
13 the CORE Program budgets and are an important supplemental funding source
14 for the System Benefit Charge funds. The utilities have, as part of their
15 participation in the FCM, made certain commitments to ISO-NE that they will
16 comply with the Monitoring and Verification requirements of participating in the
17 FCM. Those commitments include performing evaluations for each program
18 with certain required regularity. If the evaluations are not performed, there may
19 be penalties levied by ISO-NE related to unverifiable demand reduction
20 estimates. For this reason, the OCA is concerned that program impact
21 evaluations may not be moving forward as required to meet ISO-NE
22 requirements. In addition, it is the OCA's general belief that M&E is critical to
23 the ongoing improvement of the programs, and is necessary in order to know
24 whether the programs are resulting in the most effective use of limited customer
25 funds. Without strong M&E we do not know if the programs are providing

1 ratepayers with the “biggest bang for our buck,” and we do not learn how to
2 continuously improve them.

3

4 **Q. Please provide your comments regarding the annual financial audit of the**
5 **Utility sponsored Energy Efficiency programs.**

6 A. The Commission’s Order 25,189 directed that “The Commission Audit Staff will
7 conduct an annual financial audit of the Electric and Gas energy efficiency
8 programs.” See Order at page 10. It is the OCA’s understanding that these
9 annual audits will relate to the 2011 and 2012 program years expenditures. The
10 OCA was recently informed by the Commission’s Audit Staff that they are
11 currently performing an audit on the 2010 program year CORE expenditures.
12 The OCA looks forward to reviewing these audit reports as they become
13 available, and we reserve our rights to raise any issues related to the audits at a
14 future time. Previous audits were helpful in identifying areas where
15 improvements in program administrative consistency and performance could be
16 made.

17

18 **Q. Were the previous audits that you mentioned included in the record in an**
19 **earlier proceeding before the Commission?**

20 A. Yes. Those audits which covered only the 2008 Program Year energy efficiency
21 programs implemented by the electric utilities were included as attachments to
22 the testimony of Mr. James J. Cunningham in Docket DE 09-170. To my
23 knowledge, there has never been a financial audit of the efficiency programs
24 implemented by the natural gas utilities. The OCA recommends that the
25 Commission direct its Audit Staff to conduct an audit of the 2010 Gas Energy

1 Efficiency programs, and annually in the future. As the Commission is aware,
2 one of the natural gas utilities is currently involved in a docket to transfer
3 ownership to another entity (DG 11-040). It may be appropriate to conduct an
4 audit of the 2010 program year so that any issues identified can be properly
5 addressed as the new owner develops programs and administrative procedures, if
6 the sale is approved.

7

8 **IV. Issues related to the 2012 Update Filing in DE 10-188.**

9 **Q. Regarding the 2012 Update Filing, please discuss your first issue regarding**
10 **the calculation method of the Performance Incentive.**

11 A. For 2012, as in 2011 which was the first year of this current two year program
12 cycle, both the electric and gas utilities propose to calculate the Performance
13 Incentive using the Actual expenses rather than the Budgeted expenses.

14

15 **Q. What impact does basing the calculation on actual expenditures have on the**
16 **performance incentive calculation?**

17 A. Generally, the utilities state that the impact would be to remove the possibility
18 that a Company could earn an incentive on program dollars more than once. In
19 fact, National Grid NH, in a letter dated August 10, 2010 filed in Docket DG 09-
20 049, informed the Commission that it would be carrying forward \$249,007 from
21 its 2009 Residential EE programs to the then current 2010 program year².

22 Importantly, the Company stated that it would not be seeking performance

² The letter filing also stated the Company would carry forward funds from its Commercial & Industrial programs.

1 incentive on these funds carried forward to 2010. This indicates to me that the
2 utilities are aware of this situation and have proposed a change to remove the
3 potential of the “double” incentive on any given program dollar.

4

5 **Q. Does this resolve all the concerns about utility calculations of their**
6 **Performance Incentives?**

7 A. Not entirely. Order 25,189 issued on December 30, 2010 anticipated that during
8 the transition from basing the Performance Incentive calculation on the
9 “budgeted” amount to using the “actual” amount, that there could be some
10 transition issues. Therefore the Order, at page 23, stated:

11 With respect to any unspent program funds budgeted for 2010
12 that are carried over to actual spending in 2011, we direct the
13 Electric and Gas Utilities to avoid double counting the carry-
14 over funds in the calculation of the performance incentive. By
15 way of example, we note that National Grid NH estimates that it
16 will carry over approximately \$2 million in unspent 2010
17 budgets to the 2011 program year. We direct National Grid to
18 refrain from claiming a performance incentive on this carry over
19 amount.

20

21

22 **Q, Does the OCA have any specific concern about these transition issues?**

23 A. Not at this time. The OCA is aware that Staff has asked each of the utilities in a
24 Technical Session Data Request to explain how it proposes to handle carryover
25 amounts and specifically how they will avoid double counting in the calculation
26 of the performance incentive. At the time this testimony was prepared, those
27 responses were still outstanding. Nonetheless, the utilities will file their
28 incentive calculations in this Docket and parties will have an opportunity to
29 review them. Although this issue should be addressed appropriately, the OCA
30 does wish to reserve its rights if further discussion is necessary. In addition, the
31 SB323 Study has a full chapter on performance incentives, including specific

1 recommendations for how New Hampshire's can be improved to ensure that the
2 utilities are properly incented to meet rigorous goals and to run the programs as
3 efficiently as possible.

4

5 **Q. Please comment on Northern Utilities' decision to expand their program**
6 **offerings in 2012 by including a new construction Energy Star Homes**
7 **Program.**

8 A. The OCA is pleased that Northern Utilities has decided to again offer this
9 program. Northern had offered this program through 2010 and dropped it in
10 2011. In the OCA's testimony filed on in the original phase of this Docket, I
11 testified that the OCA did not support Northern's proposal to discontinue their
12 Energy Star New Homes program in 2011.

13

14 **Q. Why did the OCA believe that offering an Energy Star Homes program was**
15 **important?**

16 A. The OCA's position was based on several reasons including:

- 17 1. The importance of uniformity in program offerings statewide;
- 18 2. Northern's own reversal of its request to transfer funds out of the
19 program in 2010 which indicated to us that while difficult to predict the
20 market, there were indeed builders with projects who were interested in
21 this program; and
- 22 3. The importance of avoiding "lost opportunities." There is only one
23 chance to build a new home to Energy Star standards.

24

25

1 **Q. You indicated that it is difficult to predict the market and what builders may**
2 **choose to do during a year. What has been the actual experience during the**
3 **2011 program year?**

4 A. In response to discovery, Northern indicated that approximately 12 Energy Star
5 home project completions will take place in Northern's gas service territory in
6 2011. See Attachment SRE-2, OCA 3-2.

7 **Q. But if Northern is not offering such a program, how did these builders and**
8 **the completed homes participate in the program?**

9 A. Each of these new Energy Star homes is also a customer of an electric utility.
10 And as the electric utilities did offer this program during 2011, the new homes
11 were able to participate in this program through their electric utility. In
12 Attachment SRE-2, the Company indicated that one (1) project was funded
13 through National Grid (electric), nine (9) were funded by PSNH's program, and
14 two (2) were funded by Unitil.

15 **Q. Please address your next issue which concerns PSNH's proposed "Customer**
16 **Engagement Pilot Program."**

17 A. The 2012 CORE Update filing at page 12 states:

18 PSNH proposes to implement a customer engagement education pilot
19 program for up to 10% of its customers. This program is designed to
20 help customers reduce their energy use and produce verifiable energy
21 savings. Program elements include: personalized energy usage
22 information and suggestions for improving efficiency, a comprehensive
23 website with targeted feedback on bill savings, tailored incentives for
24 customers who are saving energy, and opportunities for interested
25 customers to collaborate with others within their community or
26 organization to save energy.
27

1 **Q. Did the Company provide any additional information about this proposed**
2 **pilot program?**

3 A. Yes. During discussions at Technical Sessions, the Company indicated that it
4 was in discussions with two possible implementation contractors and was not in a
5 position to reveal too many specific details out of their concern that this would
6 compromise its discussions with these contractors.

7 **Q. Did the Company describe the nature of the programs these Companies**
8 **offer?**

9 A. PSNH did mention the names of two companies that offer these types of
10 programs. They are OPower (www.opower.com) and Efficiency2.0
11 (www.efficiency20.com). I am familiar with these companies, having read about
12 them and the “behavior modification” programs they have implemented in other
13 jurisdictions, both in the general press and on various energy efficiency websites.

14 **Q. What do energy efficiency programs like these seek to do?**

15 A. The programs generally provide personalized home energy usage information to
16 utility customers, and also presents a comparison of the energy usage of a
17 household’s neighbors. By using actual consumption data from the utility, the
18 Company creates these individual reports which help educate and inform the
19 utility consumer about their usage as compared to the usage of their neighbors.
20 This has been shown to motivate customers to reduce their energy use. Both
21 OPower and Efficiency2.0 have documented energy saving results of slightly
22 more than 2% from their “customer engagement” programs. For example, on

1 OPower’s website there is a link³ to a recent peer reviewed journal publication
2 which documents energy savings. The abstract of that article states that

3 This paper evaluates a series of programs run by a company
4 called OPOWER to send Home Energy Report letters to
5 residential utility customers comparing their electricity use to
6 that of their neighbors. Using data from randomized natural field
7 experiments at 600,000 treatment and control households across
8 the United States, I estimate that the average program reduces
9 energy consumption by 2.0%. The program provides additional
10 evidence that non-price interventions can substantially and cost
11 effectively change consumer behavior[.]

12
13 **Q. Is this sufficient savings to demonstrate cost effectiveness based on the**
14 **benefit cost ratio derived from the total resource cost test?**

15 A. Based on the assumptions provided by PSNH in their response to data request
16 Staff 3-14, (see Attachment SRE-3) the Company contends that the benefit cost
17 ratio would be just a bit greater than 1.0 which is adequate to demonstrate the
18 cost effectiveness of the proposed pilot program.

19 **Q. Does the OCA have a position on PSNH’s proposed “Customer**
20 **Engagement” pilot program?**

21 A. While the OCA is generally supportive of the concept of such a program, the
22 OCA does not have enough information at this point in time to have a position.
23 We have asked the Company for additional information in Technical Session data
24 requests and as of the time this testimony was prepared, we await responses.

25

26

³ <http://opower.com/utilities/results> see “Social Norms and Energy Conservation.”

1 **Q. Have any of the electric utilities proposed any other pilot programs or**
2 **inclusion of new technologies into existing programs?**

3 A. Not that the OCA is aware. However, in Order No. 25,189 at page 17, it states
4 “Commissioner Below also asked whether the Electric Utilities had considered
5 offering an incentive or demonstration program for electric heat pump hot water
6 heaters as a potentially more efficient alternative to conventional electric
7 resistance hot water heaters and the Utilities responded that they could
8 investigate that issue in the 2011 year.” To the OCA’s knowledge, the Electric
9 Utilities have not proposed to offer such a demonstration program for this
10 technology.

11 **Q. Please discuss National Grid NH’s Home Energy Assistance Program and**
12 **your concern about the program’s benefit cost ratio (B/C ratio).**

13 A. In the 2012 Program Year update filing at page 37, National Grid NH indicates
14 that its planned benefit cost ratio is less than 1.0. Company figures show a
15 planned value of 0.82. During Technical Sessions, the Community Action
16 Agency (CAA) representative, Mr. Dana Nute, stated that he believed that the
17 “deemed savings” values that National Grid was using to estimate the benefits
18 portion of the B/C ratio were too low. As the primary implementer of this
19 program who works regularly with calculating savings estimates, I feel that Mr.
20 Nute’s input into this situation is important and valuable.

21 **Q. What actions were identified to occur relative to this issue?**

22 A. Mr. Nute indicated that he would work directly with National Grid
23 representatives to provide alternate energy savings estimates based on actual

1 2011 job completions and use of the TREAT energy audit software. Mr. Nute
2 and National Grid both seemed to feel that this effort may well have an impact on
3 the B/C ratio estimate. It is the OCA's understanding that this work is currently
4 underway and additional information may be available prior to the Settlement
5 Conference scheduled in this Docket.

6 **Q. Is the OCA aware of any other items which could influence the B/C ratio?**

7 A. We are aware that National Grid uses a third party contractor to implement its
8 Home Energy Assistance program. Our understanding is that Grid does this for
9 the sake of administrative uniformity as this contractor also administers the low
10 income weatherization program in Massachusetts. For many years now, the
11 CAAs have worked effectively and efficiently in delivering the Home Energy
12 Assistance (HEA) Program with the electric utilities without the use of such a
13 third party. It may be the case that the HEA could be administered more cost
14 effectively by eliminating the costs associated with this third party contractor.

15 **Q. Have you discussed this issue directly with National Grid?**

16 A. We have suggested this in the past and we hope that Grid is open to discussing
17 the matter further. If the program can be reliably delivered with reduced
18 administrative costs, this would have an upward impact on the B/C ratio. We
19 look forward to exploring this issue further with the CAAs and National Grid in
20 this Docket.

21 **Q. Please address the issue you mention above regarding recent Northern &**
22 **EnergyNorth proposals to decrease efficiency funding.**

1 A. In both Companies' Cost of Gas Adjustment cases this fall, they proposed
2 reductions in their energy efficiency charges, and therefore in their energy
3 efficiency budgets. The OCA opposed these changes because we believe that if
4 the Companies wish to change their approved efficiency budgets and plans, they
5 should do so in this docket. In addition, we were extremely disappointed that the
6 Companies were not meeting their efficiency goals and did not appear to be
7 taking sufficiently aggressive steps to address that.

8 **Q. What was the outcome of those proposals?**

9 A. It is my understanding that the Commission rejected National Grid's proposal
10 and required Northern to reduce its efficiency charge less than it had proposed.
11 In addition, the Commission made clear that "the CORE Docket is the proper
12 forum for the examination of energy efficiency budgeting."⁴ The Commission
13 also requested that the parties in the CORE docket make recommendations
14 regarding any 2011 over or under spending. We look forward to doing that with
15 the parties in this docket, and we hope that in the future the Companies will work
16 with the OCA and other parties in the CORE dockets to address these issues prior
17 to requesting changes to their efficiency plans, budgets and collection rates
18 through the Cost of Gas proceedings.

19 **Q. Your next issue raised above relates to the Utilities' proposed 2012**
20 **"Marketing Plan." Does the OCA have a position on the proposal?**

21 A. Not at this time, as we only received it on October 31, 2011. However, we do

⁴ DG 11-192 National Grid Cost of Gas Order No. 25,286 at p. 13, and DG 11-207 Northern Cost of Gas Order No. 25,282 at p.8.

1 note that generally we are disappointed in the utilities' marketing efforts and we
2 believe that the funds that they allocate to marketing could be better spent to both
3 promote the CORE programs, and to promote efficiency generally. As I discuss
4 further below, the SB323 Report could be useful to the Commission and the
5 parties in determining the most effective marketing to increase the adoption of
6 efficiency measures and actions by consumers. It is our hope that any relevant
7 recommendations in the SB323 Report will be considered and adopted as soon as
8 possible.

9
10 **Q. Please address the OCA's position on the proposed full scale fuel neutral**
11 **implementation of the Home Performance with Energy Star program**
12 **(HPwES).**

13 A. In testimony in the initial phase of this Docket, the OCA did not support the full
14 scale implementation of the HPwES program. That position was based on the
15 fact that the utilities had not yet completed the evaluation of the pilot
16 implementation as required in Order No. 24,974. The utilities have now
17 completed and filed that evaluation study and it is available on the Commission's
18 website (see footnote 1 above for the link to the report by the Cadmus Group,
19 Inc.). The OCA has reviewed that program evaluation and recommends that the
20 Commission permit the full scale fuel neutral implementation of the HPwES
21 program. With respect to whether all energy savings should be included in the
22 evaluation of the benefit/cost ratio and the performance incentive, the OCA does
23 not yet have a position. We are still reviewing the relevant portions of the SB323
24 Study that relate to this, and we look forward to further discussions among the
25 parties on this issue.

1 **Q. Please now turn to your thoughts on the recently completed independent**
2 **study of New Hampshire’s energy policies and programs, sometimes**
3 **referred to as the “SB323 Study.”**

4 A. Yes. First, I would like to point out that the Key Findings and Recommendations
5 summary of the Report can be found on the Commission’s website at
6 <http://www.puc.nh.gov/EESE.htm>, where there is a link to the “Key Findings”
7 document. It is beyond the scope of my testimony in this docket to offer any
8 meaningful summary of the many important points contained in the Key
9 Findings. I would like, however, to share four points with the Commission
10 which I feel are important considerations for the future of the state’s ratepayer
11 funded energy efficiency programs.

12 I have been involved with the CORE programs since their inception. Many of
13 the points found in the Key Finding document seem particularly salient to me,
14 and are things that I believe could improve the CORE programs. The four points
15 that I share below can be found beginning on page 10 of the Key Findings
16 document in the section titled “Building Blocks that lead to Market Development
17 and Market Transformation.” These building blocks are characteristics whose
18 presence can lead to successful market transformation – one of the goals of NH’s
19 energy efficiency programs. The findings and recommendations below reflect
20 issues that the OCA believes are important components and reflect concerns I
21 have raised in testimony in previous years. Please note that I have selected four
22 from the Key Findings document that I believe we should focus on at this time:

- 23 • **A single, trusted source of accurate information with a common**
24 **portal to program offerings, even if programs are implemented by**
25 **multiple entities.** The importance of this cannot be understated. While

1 New Hampshire is blessed with a multitude of energy efficiency and
2 sustainable energy programs and initiatives, there is no single and trusted
3 source of information that is the “one-stop shopping” destination for
4 those interested in exploring their options. NHSaves is partial progress
5 towards this, but it is not used consistently for all program offerings,
6 even within just the regulated energy efficiency programs.

- 7 • **An ongoing system of evaluation, measurement, and verification**
8 **(EM&V) conducted independently from the entity being evaluated.**
9 An amount in the range of 3-7% of energy efficiency program budgets
10 should be dedicated to evaluation, measurement, and verification. The
11 EM&V should be conducted by a third party evaluator working
12 independently from the implementing entity. The EM&V should assess
13 how well the programs incorporate an understanding of market dynamics
14 as well as program effectiveness compared to goals. Outcomes of
15 EM&V should feed back into program design and implementation
16 enhancements for future programs.
- 17 • **A focus on performance combined with implementation flexibility**
18 **for achieving performance goals.** Performance goals should not just be
19 year-to-year, but should allow for ramp-up and innovation over at least a
20 two-year period, with a clear feedback loop between program
21 monitoring, evaluation, and verification and continuous program
22 improvement. Performance incentives should be designed to reward
23 implementers for innovation, responsiveness to shifting markets as well
24 as energy savings and cost-effectiveness. Implementers should be able to
25 change strategy, alter incentives, or make special offers as long as they
26 are held to demanding savings goals.
- 27 • **An understanding of the importance of long term planning and for**
28 **doing that planning through a collaborative process in a non-**
29 **adjudicative setting.** Programs should be designed and planned for a
30 minimum of two years (as was begun in New Hampshire for the 2011-
31 2012 utility program filings.) Adjudicated regulatory proceedings are
32 perhaps the least effective forum for contemplating program design
33 changes, and reaching agreement on how effective they will be at market
34 development and transformation. Instead, program design and planning
35 should be done using a collaborative process in a non-adjudicative
36 setting with the involvement of an independent, third party who has the
37 expertise and resources to help ensure that both consumer and utility
38 interests are aligned before program plans and budgets are submitted to
39 regulators. Examples of states that have taken this approach include
40 California, New Jersey, Rhode Island, and Vermont. When done
41 efficiently and effectively, this can streamline the regulatory process,
42 reduce legal expenses for the parties, and result in more effective and
43 innovative programs.
44

45 As the Commission is aware, the Study goes on in great detail to assess the
46 effectiveness of the existing programs and to make specific recommendations for

1 how improve them. The Study includes entire chapters focused on the CORE
2 programs, including on that is a “Portfolio Level Review and Assessment” of the
3 programs, and chapters devoted to residential programs, low income programs,
4 C&I programs, and performance incentives. This Study is a resource that should
5 be utilized.

6
7 Many of these important findings and recommendations are not yet reflected in
8 the current CORE programs. We urge the Commission to determine an
9 appropriate process to be undertaken in the very near future to review the Study
10 and determine how best to implement its findings and recommendations in order
11 to improve the programs and make them even more beneficial for consumers.

12 Most particularly, we note that we agree with the Study’s finding – and have
13 pointed out for many years now – that litigating efficiency programs is not the
14 best use of the parties’ time, nor does it result in the best programs for ratepayers.

15

16 **Q: Does this conclude your testimony?**

17 A: Yes.