

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DE 10-188**

**2011-2012 CORE ELECTRIC PROGRAMS AND  
NATURAL GAS ENERGY EFFICIENCY PROGRAMS**

**Order Approving with Modifications Joint Utility Proposal for the  
Use of 2012 RGGI Funds**

**ORDER NO. 25,425**

**October 17, 2012**

**APPEARANCES:** Public Service Company of New Hampshire, Inc. by Robert A. Bersak, Esq.; New Hampshire Electric Cooperative by Mark W. Dean, Esq.; Orr & Reno, P.A. by Rachel Aslin Goldwasser, Esq. on behalf of Unitil Energy Systems, Inc.; Granite State Electric Company d/b/a Liberty Utilities by Sarah B. Knowlton, Esq.; TRC Energy Services by Tom Rooney; N.H. Department of Environmental Services by Rebecca Ohler; N.H. Housing Finance Authority by Benjamin D. Frost, Esq.; N.H. Community Loan Fund by Richard Minard; Conservation Law Foundation by Christopher G. Courchesne, Esq.; The Way Home by N.H. Legal Assistance by Alan Linder, Esq.; The Jordan Institute by D. Dickinson Henry, Jr.; N.H. Community Action Association by Dana Nute; Office of the Consumer Advocate by Rorie E.P. Hollenberg, Esq. on behalf of residential ratepayers; and Staff of the Public Utilities Commission by Marcia A.B. Thunberg, Esq.

**I. PROCEDURAL HISTORY**

On June 23, 2012, Chapter 281 of the Laws of 2012 (HB 1490) became law and amended RSA Chapter 125-O to require a portion of the Regional Greenhouse Gas Initiative (RGGI) auction proceeds to be used as “... an additional source of funding to electric distribution companies for CORE energy efficiency programs<sup>1</sup> that are funded by SBC funds ...” effective January 1, 2013.

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<sup>1</sup> The electric energy efficiency programs funded by the system benefits charge (SBC) and managed by the utilities, pursuant to Commission oversight, have for years been referred to as the CORE programs. Gas energy efficiency programs, funded by a surcharge on ratepayers, are now included in the CORE programs for more efficient administration and consistency of program offerings. RGGI proceeds, however, will not be distributed to the gas utilities.

On July 13, 2012, the Commission issued a supplemental order of notice directing the electric utilities to formulate proposals for the use of the presently available RGGI funds during the current 2012 CORE program year and to include in their 2013-2014 CORE energy efficiency program proposals uses for the RGGI funds. The Commission set a technical session for August 1, 2012 for Staff and the parties to discuss: what amount of RGGI funds will likely remain to be transferred to the CORE programs as of January 1, 2013; how the RGGI funds should be allocated among the electric utilities; how funds should be allocated to residential and commercial and industrial (C&I) programs; whether funds ought to be specifically allocated to low-income programs; whether the RGGI funds should be used to expand existing programs or be used to develop new innovative programs; whether a performance incentive should be earned on the RGGI funds; and whether it would be appropriate to transfer any existing RGGI funds to the CORE energy efficiency programs prior to January 1, 2013.

Staff and the parties met in a technical session and filed a proposed procedural schedule which was approved by the Commission on August 6, 2012. On August 10, 2012, pursuant to the approved schedule, the electric utilities filed a joint utility proposal for the use of RGGI funds during the remaining months of the 2012 CORE program year. The Jordan Institute also filed a proposal, but later requested leave to file a revised plan. On August 17, 2012, Staff and the parties filed comments on the proposals and the Commission received additional comments from the intervenors and the public in the days prior to the hearing. The Commission held a hearing on the merits on August 30, 2012 at which the electric utilities offered evidence and testimony in support of their joint proposal.

On September 7, 2012, the Jordan Institute filed a revised proposal for use of the 2012 RGGI funds. On September 13, 2012, Staff filed a letter stating that the September 2012 RGGI

auction produced \$2,063,564 for New Hampshire. Staff reported that the account balance in the Greenhouse Gas Emissions Reduction Fund was \$1,642,412.39<sup>2</sup>, that there are additional proceeds expected from the last RGGI auction of 2012 on December 5, 2012, and that any surplus to be rolled over to the Energy Efficiency fund on January 1, 2013 was indeterminate at that time. On September 14, 2012, the Commission received comments on the revised Jordan Institute proposal from Staff, CLF, The Way Home, and the electric utilities.

## **II. POSITIONS OF THE PARTIES**

### **A. Granite State Electric Company, New Hampshire Electric Cooperative, Public Service Company of New Hampshire, and Unitil Energy Systems, Inc.**

The electric utilities propose allocating approximately \$2 million in RGGI funds to residential, and C&I programs.<sup>3</sup> The residential programs included in the proposal are: Home Energy Assistance Program (HEA), Energy Star® Appliance Program, and the NH Home Performance with Energy Star® Program. The proposed C&I programs are: C&I New Equipment and Construction Program, Large Business Retrofit Program, Small Business Energy Solutions Program, and the Energy Code Training Program.

Excluding performance incentive amounts, the electric utilities' proposed program budget is \$1,851,852. The electric utilities recommend allocating 15% of the total proposed RGGI program budget, \$277,778, to HEA, the residential low-income weatherization program. The electric utilities consulted with the N.H. Community Action Agencies (CAAs) and have confidence that the agencies have the ability to spend the funds during the remaining months of 2012. The electric utilities propose allocating these funds to the four electric utilities based on the capacity of the CAAs in each utility's service area for the remainder of 2012. If there is a

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<sup>2</sup> This balance is net of FY 2013 administrative expenses. For further details, please refer to Staff letter filed by Jack Ruderman in this docket, dated September 13, 2012.

<sup>3</sup> The electric utilities seek \$1,574,074 for non low-income programs and \$277,778 for low-income programs for a total program proposal of: \$1,851,852.

change in the CAAs' production capability during this period, the HEA funding will remain in this program but may be reassigned among the utilities based on the CAAs' ability to provide HEA services.

The electric utilities recommend allocating the remaining proposed RGGI program budget, \$1,574,074, to the four electric utilities based on each utility's proportional share of the 2011 megawatt-hours delivered by the utilities. Overall, the electric utilities propose to allocate approximately 81% of the total RGGI program budget, \$1,506,325, to the C&I sector program budgets and approximately 19% of the total RGGI program budget, \$345,527, to the residential sector programs, including the low-income program. The utilities state that there is significant demand among C&I customers for energy efficiency services and that demand is reflected in the decision to allocate 81% of the budget to C&I. The electric utilities propose either using the RGGI funds on existing approved programs with some programs expanded to serve additional customers, or adding additional energy efficiency measures. For example, heating, cooling, and hot water systems are not currently offered as part of the Energy Star® Appliance Program, but these measures were successfully implemented as part of the electric utilities' energy efficiency programs funded by the American Recovery and Reinvestment Act (ARRA) in 2010. According to the electric utilities, the Office of Energy and Planning (OEP) states that there is currently high interest for these program measures.

In addition, the electric utilities request that the Commission set aside \$1 million to be available to continue this RGGI-funded work during the 2013-2014 CORE program period. The electric utilities state that new auction proceeds will not be available until March 2013 and that the \$1 million will enable the electric utilities to continue to operate the programs as of January 1, 2013. Hearing Transcript of August 30, 2012 (morning session) (Tr. 8/30/12 AM) at 11. The

electric utilities also propose earning a performance incentive on the 2012 actual RGGI program expenditures to a maximum of \$148,148, based on actual program expenditures of \$1,851,852. The electric utilities propose, due to a shortened period of time to expend these funds, that the Commission approve a simplified formula to calculate the incentive, specifically a flat 8% incentive on each utility's actual expenditures. The electric utilities also propose that any uncommitted funds remaining as of December 31, 2012 be carried over to the 2013-2014 CORE program year. The electric utilities propose that performance incentive on any carryover funds be calculated based on the simplified formula described in the proposal. Lastly, the electric utilities note that the spending threshold limitation for the 2012 RGGI program budget will be 105% of the 2012 RGGI residential sector program budget and of the 2012 RGGI C&I sector program budget, consistent with Order No. 25,189 (Dec. 30, 2010).

**B. Jordan Institute, New Hampshire Housing Finance Authority, New Hampshire Community Loan Fund, Inc., New Hampshire Community Action Association, and TRC Energy Services**

The Jordan Institute filed comments on the electric utilities' proposal on August 17, 2012, but later revised its position at hearing. At hearing, the Jordan Institute, joined by the intervenors identified above (Jordan Institute group), stated that it was comfortable with the electric utilities' request for \$2 million. It was more comfortable with the electric utilities taking a percentage of the December auction proceeds rather than the defined \$1 million as seed money.

In its September 7, 2012 filing, the Jordan Institute group proposed the following energy efficiency programs:

**1. Deep Energy Retrofit Projects**

Allocate \$820,000 to support three commercial-industrial projects with 25% grant funding and the balance of costs in interest rate buy-downs through commercial lenders. The three projects are consistent with RSA 374-F, energy audits have been conducted, and the owners wish to complete the recommended energy

efficiency projects before winter. The Jordan Institute expects energy-cost reductions following retrofits to be greater than 50%.

**2. Community Action Agency Weatherization** Allocate \$1,190,000 to the Weatherization Assistance Program to benefit low-income households during calendar year 2013, essentially the same as the CORE HEA program. The funding will be used to match funding from the U.S. Department of Energy (DOE) to weatherize up to 180 homes. The CAAs state that since the late 1970's the CAAs have been contracted to deliver the weatherization program. Funding for the Weatherization Assistance Program has been bolstered by funds from OEP as well as from the federal ARRA to "ramp up" and train energy auditors and contractors, however, with the recent exhaustion of ARRA funds and reduction in federal DOE funds, there has been a rapid reduction in work forces and the CAAs have released some of the highly trained energy auditors and contractors. The CAAs state that the additional funding will help them retain or add approximately 30 positions in addition to weatherizing 180 homes.

**3. NH Community Loan Fund Weatherization Innovation Pilot Program** Allocate up to \$1,400,000 to the CAAs to weatherize up to 180 homes by December 31, 2013. They allocate \$500,000 to the CAAs to weatherize 64 manufactured homes. This program is similar to a program that received a RGGI grant to manage weatherization of 425 homes. In that grant, the funding leveraged funds from the DOE and weatherized manufactured homes in resident-owned communities. A number of the homes qualified for HEA and the goal of the original RGGI pilot program was to maximize efficiencies from weatherizing homes in close proximity. The Community Loan Fund stated in its filed comments that the CAAs have 85 households approved and ready for audit and 47 more with completed audits ready for weatherization work to begin. The CAAs have sought applicants in 14 of the 102 resident-owned communities in the State that could also be approached. The CAAs are committed to weatherizing 45 homes per month and expect to complete their original quota of homes by May 1, 2013 at an average cost of \$7,800 per home. Annual energy savings per home are estimated at 170 gallons of kerosene and 3,200 kWh. Exh. 58 and Exh. 67 at 2.

**4. NH Housing Finance Authority - Greener Homes** Allocate \$990,000 to the New Hampshire Housing Finance Authority. This program was created in 2009 to test the cost effectiveness of energy retrofits in aging publicly subsidized low-income multifamily housing and the cost effectiveness of energy innovations in new construction. Past work under this program has resulted in over \$500,000 in energy savings annually and has produced almost 60 full-time equivalent positions. 1,277 units in 41 projects have already been audited and stand "shovel ready" to commence retrofitting.

**5. TRC Energy Services Pay for Performance** Allocate \$500,000 to continue funding this program which was launched in March of 2011 and targets large energy users with electric demand of at least 100 kW or an annual

thermal load of at least 1,000 MMBTU. This program has affected more than 4 million square feet of building space and the businesses involved stand to save more than 5 million kWh of electricity or 30,000 MMBTU of fossil fuel. Funding will support 7 new projects which TRC states will have an average project incentive of \$65,000, an average participant cost of \$120,700, a minimum project internal rate of return of 10%, a total construction value of \$817,000, annual kWh savings of 1,276,000, annual kW savings of 400, and annual energy savings of 7,700 MMBTU.

### **C. The Way Home**

The Way Home supports the electric utilities' proposal for the use of the RGGI funds for 2012, and does not support the Jordan Institute's proposal of August 10, 2012. At hearing, The Way Home stated that the only reservation to its support was with respect to the performance incentive, because it did not know what the correct methodology or amount should be. Hearing Transcript of August 30, 2012, afternoon session (Tr. 8/30/12 PM) at 101.

### **D. Conservation Law Foundation**

The CLF supports the revised proposal filed by the Jordan Institute. The CLF states the proposal is a workable allocation of the RGGI funds to existing, cost-effective programs that are consistent with the goals of RGGI. The CLF argues that the projects have a track record of success and meet a clearly demonstrated demand for energy efficiency services. The proposal deploys funds in an expeditious manner and would allow the energy efficiency benefits to be realized beginning this year. The CLF urged the Commission to approve an appropriate combination of the utilities' proposal and the revised proposal filed by the Jordan Institute as a reasonable disposition of the 2012 RGGI auction proceeds. The CLF concurred with the OCA's position that the electric utilities' performance incentive on RGGI funds not exceed 6%.

### **E. New Hampshire Department of Environmental Services (DES)**

In its comments, the DES states that it estimates that another \$4 million in RGGI funds will be generated in the September and December 2012 auctions. The DES supports allocating

RGGI funds to low-income programs and states that continued emphasis on low-income assistance programs will achieve significant energy savings that would not otherwise occur in this housing sector. The DES argues that present RGGI funded programs have been highly successful and it cites TRC's Pay for Performance program, the NH Community Loan Fund's work undertaking deep retrofits in the manufactured housing sector, and the NH Housing Finance Authority's work with the CAAs to undertake energy efficiency upgrades in low-income apartment buildings. The DES explains that these programs have partnered with CORE programs to undertake energy efficiency improvements not covered by the CORE program, thereby enabling deeper energy efficiency improvements than would have occurred absent the RGGI programs. The DES urges the Commission to consider directing funds to these existing RGGI-funded programs to continue the established work of these programs. The DES states that the funds should be accounted for separately from the CORE funds. The DES did not find it appropriate for a performance incentive to be earned on the RGGI funds, and argued that such action would reduce the amount of funds available for energy efficiency improvements in the state. The DES recommends the RGGI funds be used to add to the CORE programs, as well as to provide continued support for some existing RGGI-funded programs described above.

#### **F. TRC Energy Services**

TRC did not expressly offer its support or objection to the electric utilities' proposal. Rather, TRC urges the Commission to continue funding the Pay for Performance program. The Commission awarded a grant to TRC on November 24, 2010 to allow TRC to develop and implement the Pay for Performance program. TRC notes that the program was listed in the American Council for an Energy Efficiency Economy in a 2010 report as one of the top eighteen programs in the country. TRC states that the program has developed a network of nearly 30



program partner firms that work with businesses and municipalities throughout New Hampshire on whole-building, comprehensive efficiency measures. Program participants, collectively, stand to save more than 5 million kWh of electricity and 30,000 MMBTUs of fossil fuels. TRC argues that other states will. New York, California, and New Jersey believe that the next generation of energy efficiency programs involve whole-building approaches that generate deep energy savings.

**G. Office of the Consumer Advocate**

The OCA recommends that the Commission condition approval of the electric utilities' joint proposal on the requirement that PSNH not use any of the 2012 RGGI funds "rolled over" to the CORE programs on January 1, 2013, in its accounting of funds which may be used for RSA 125-O:5 projects at PSNH's own facilities. The OCA supports the electric utilities' proposal to allocate funds to programs, other than the low-income program, based on each utility's proportional share of the 2011 megawatt-hours delivered by the utilities. The OCA supports the allocation of 81% to C&I customers and 4% to residential customers because there is another program, Better Buildings, in which PSNH is partnering, to provide up to \$2 million in additional residential weatherization services. The OCA supports the 15% allocation to the low-income HEA program. Given the relatively short time period available to expend the funds, the OCA supports the electric utilities' proposal to supplement existing CORE programs rather than develop new programs. The OCA does not support the request for an 8% performance incentive and recommends that the Commission authorize an incentive not to exceed 6% on actual expenditures of RGGI funds transferred to the CORE programs during 2012. The OCA stated that 6% was the mid-point of the usual CORE performance incentive range.

## **H. Staff**

Staff supports using the 2012 RGGI funds to expand existing CORE programs rather than devote additional time to examine new program components, and agrees with the utilities' proposed allocation of funds among utilities based on the kWh sales of each utility. Staff supports the utilities' proposed 15% allocation for the HEA program as well as the allocation of 4% of the funds for non-low income residential programs and the remaining 81% to C&I programs. Staff supports the utilities' proposal, to the extent it includes programs previously approved by the Commission. In addition, Staff supports the separate accounting for RGGI funds in order to comply with the reporting requirements of HB 1490. Staff opposes the new components proposed by the utilities which focus on heating system replacements, because there has been insufficient time to review and consider the change. In addition, as the proposal exceeds the existing \$5,000 cap on per household expenditures, Staff recommends that the Commission maintain the existing \$5,000 cap, again because there has been limited time to review and consider this change. Staff also states that the electric utilities proposed a new component related to fuel neutral incentives for Energy Star® heating, cooling, and hot water heating appliances. For the same reasons as with the HEA program, Staff recommends that the Commission not approve the new component for heating system replacements to the Energy Star® program, in order to expedite the proceeding. Finally, Staff took no position on any specific performance incentive option.

## **III. COMMISSION ANALYSIS**

The Commission manages the Greenhouse Gas Emissions Reduction Fund pursuant to RSA 125-O:23. Proceeds of the fund are used to support energy efficiency, conservation, and demand response programs to reduce greenhouse gas emissions generated within the state. *See*

RSA 125-O:23, II. Funded programs may include, but are not limited to, improving the electrical and thermal energy efficiency of New Hampshire's residential housing and commercial building stock via weatherization, energy auditing, energy efficiency related work force training and development, revolving loan funds for efficiency related investment, related industrial process and control systems, integration of passive solar heating and ventilation systems, and efforts to increase adherence to energy related building and electrical codes. *Id.* The statute further requires that at least 10% of the moneys be used to assist low-income residential customers. RSA 125-O:23, III. Pursuant to N.H. Code. Admin. R. Puc 2604.01(b), the Commission selects and funds eligible programs through the solicitation of proposals, or through an adjudicative proceeding, on a stand-alone basis or as part of the SBC-funded CORE efficiency programs.

The 2012 legislative changes directed that revenues from the auction of the State's annual CO<sub>2</sub> budget allowances under RGGI be deposited in a newly-created Energy Efficiency Fund. 2012 N.H. Laws 281 (eff. Jan. 1, 2013). The Energy Efficiency fund replaces the Greenhouse Gas Emissions Reduction Fund, effective January 1, 2013, and any remaining funds in the Greenhouse Gas Emissions Reduction Fund are to be transferred to the Energy Efficiency Fund on that date. Chapter 281 also requires that all amounts in excess of one dollar of each RGGI allowance auctioned be rebated to all default service electric ratepayers in the state on a per-kilowatt-hour basis and the remaining proceeds less agency administrative costs are turned over to the electric utilities for the CORE programs. Consistent with the statutory intent that some revenues from the sale of RGGI auction proceeds be allocated to the CORE electric energy efficiency programs, the Commission issued an order of notice directing the electric utilities to submit proposals to use present and future RGGI proceeds from the Greenhouse Gas Emissions

Reduction Fund and, after January 1, 2013, from the Energy Efficiency Fund. The electric utilities' proposal to use funds after January 1, 2013 is contained within their 2013-2014 CORE energy efficiency programs and filed with the Commission on September 17, 2012. That filing has been separately docketed as DE 12-262.

**A. Electric Utilities Proposal**

The electric utilities propose using \$1,851,852, excluding performance incentives. Of this amount, the proposal allocates \$277,778 in RGGI funds to the HEA residential low-income weatherization program. The benefits of this program are expected to improve the electrical and thermal energy efficiency of New Hampshire's residential housing stock via weatherization consistent with RSA 125-O:23, II. This allocation amounts to 15% of its proposed budget going to low-income residential customers which exceeds the minimum of 10% required by RSA 125-O:23, III. The remaining funds, \$1,574,074, which are proposed to be allocated among the electric utilities with an apportionment of 81% to commercial and industrial and 4% to residential customers not eligible for low-income programs.

At hearing, the electric utilities explained that currently there is significant demand for energy efficiency services among C&I customers. Tr. 8/30/12 PM at 13. The electric utilities also testified that residential customers are already the target of approximately \$2 million in leveraged weatherization funds from the BetterBuildings program.<sup>4</sup> Tr. 8/30/12 PM at 13-14.

Although Staff did not support the portions of the electric utilities' proposal that expanded existing programs with measures not yet approved by the Commission, we are not persuaded that these program expansions are unreasonable or inappropriate. The goals of RSA

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<sup>4</sup> The BetterBuildings program is managed by the New Hampshire Community Development Finance Authority and is part of an \$8.5 million grant to the Office of Energy and Planning from the U.S. Department of Energy. One of the goals of the program is to promote weatherization in residential buildings and to provide homeowner loans for that purpose. See filing dated April 20, 2012 from PSNH wherein the contract states that PSNH will provide \$508,340 and BetterBuildings will provide \$1,564,574 for a total budget of \$2,072,914.

Chapter 125-O are to reduce greenhouse gas emissions and are different from the goals of RSA Chapter 374-F. The proposed program expansions are for use of 2012 RGGI funds only. Staff and the parties will have an opportunity to review and assess the appropriateness of including any of these program expansions and modifications in the 2013-2014 CORE program in Docket No. DE 12-262.

The electric utilities have also requested \$1 million in seed money to prevent the potential for program interruptions and the associated customer confusion when the \$2 million proposed budget is depleted and before the March 2013 auction proceeds are received. Tr. 8/30/12 PM at 27. Having reviewed the electric utilities' proposal as well as the evidence presented at hearing, we find that it is consistent with the policies of RSA 125-O, and appropriate to transfer RGGI funds to the electric utilities to fund these additional programs; that it is appropriate to allocate a portion of the RGGI funds to low-income programs as proposed by the electric utilities; that it is appropriate to allocate the RGGI funds among the electric utilities as proposed; and that it is appropriate to allocate the RGGI funds among the residential and C&I customers as proposed. With regard to the electric utilities' request for up to \$1 million in seed money, the estimated December RGGI auction proceeds of approximately \$2 million will be available in early December 2012 and should provide sufficient cushion to avoid any program interruptions as the funds are rolled over into the Energy Efficiency Fund on January 1, 2013. Further, we find that the utilities' proposal to separately account for 2012 RGGI funds, by utility and by program, is consistent with amended RSA 374-F:6, V which now requires reporting on the disposition of RGGI funds going to the CORE energy efficiency programs. Accordingly, we will approve the electric utilities' proposal with the exception of the proposed seed money, and the proposed performance incentive as discussed below.

**B. Jordan Institute/Intervenor Proposal**

The Jordan Institute group proposes to use an estimated \$4 million in RGGI funds not allocated to the electric utilities on programs that include, as described in more detail above, Deep Energy Retrofit Projects, Weatherization, Greener Homes retrofits, and Pay for Performance. The Jordan Institute group estimates that the September and December, 2012 auctions will increase this available funding to \$5.7 million. The immediate concerns are that the electric utilities propose to use \$2 million rather than the \$1.6 million estimated by The Jordan Institute group, and that the electric utilities propose \$1 million in seed money which The Jordan Institute group believes should be a percentage rather than a determined amount. We note that at hearing, the electric utilities stated that the \$1 million was an estimate and that the amount may be somewhat less. Staff reported that the account balance in the Greenhouse Gas Emissions Reduction Fund was \$1,642,412.39 prior to the September 2012 auctions. In our supplemental order of notice issued July 13, 2012, we estimated between \$3 and \$6 million in the fund as of the January 1, 2013 roll over date, if not otherwise committed prior to that date. Even at the optimistic estimate of \$6 million in RGGI funds through December 2012, the fund cannot support both the \$3 million electric utilities' proposal and the Jordan Institute group's \$4 million proposal.

Another issue of concern is that the Jordan Institute group propose that the Commission approve the programs pursuant to Puc 2604.01(b)(2) as CORE programs. The Jordan Institute group further states that funding the programs would not require Governor and Executive Council approval. In their comments on the proposal, the electric utilities dispute the Commission's authority to fund the proposed Jordan Institute group programs through Puc 2604.01(b)(2) as CORE programs. The electric utilities argue that the term CORE has

traditionally referred to energy efficiency programs provided by the electric utilities and funded by SBC funds. The electric utilities argue that RSA 374-F and Puc 2604.01(b)(2) implicitly recognize that distinction, and that the meaning of Puc 2604.01(b)(3) allowing the Commission to select and fund eligible programs through an adjudicative proceeding other than a CORE proceeding, would be eliminated if any entity could be awarded funds by calling itself a CORE program.

We agree that there is a distinction between CORE energy efficiency programs and energy efficiency programs proposed by entities other than regulated utilities. *See* RSA 362:2. We disagree, however, with the electric utilities' suggestion that a separate docket must be opened in order to conduct an adjudicative proceeding pursuant to Puc 2604.01(b)(3) and RSA 541-A:29 and 31. The Commission has the authority to consolidate dockets pursuant to Puc 203.19 when more than one application or petition seeks the same or similar relief, and when the Commission determines that hearing the cases on a common record will promote the orderly and efficient conduct of the proceeding.

Irrespective of whether we review the Jordan Institute group proposal pursuant to Puc 2604.01(b)(2) or (3), the Commission does not regulate the Jordan Institute, or the intervenors joining the proposal. Thus, the allocation of funding must be contractual. Given the proposed dollar amount, it could be argued that any contracts between those parties and the Commission would require approval by Governor and Executive Council. Although the proposed projects may have merit, and a number of parties support the proposal, we do not believe there is sufficient time; to enter such contracts, to deploy the RGGI funds in 2012, and to reap the associated public benefits envisioned by RSA Chapter 125-O.

In light of the unique circumstances where auction proceeds are accumulating in the Greenhouse Gas Emissions Reduction fund and there is specific demand for energy efficiency services, especially among the low-income residents in this State, we find it in the public interest to expand the CAAs' CORE weatherization efforts by adding \$1,190,000 to the electric utilities' proposed HEA budget of \$300,000. These funds are to be allocated among the electric utilities pursuant to the allocation formula proposed by the utilities for the low-income HEA portion of their budgets. The CAAs have stated that they are poised to promptly use the funds. The electric utilities have an existing contractual relationship with the CAAs, and the weatherization program proposed by the CAAs is not a new program. Furthermore, the CAAs are willing to manage the funds without a performance incentive and thus we will not authorize a performance incentive on either the electric utilities' proposed 2012 HEA program of \$300,000, or the \$1,190,000 bolstering the HEA program. Issues regarding future performance incentives, including any incentives for roll-over amounts, will be considered in docket DE 12-262.,

Accordingly, we direct the electric utilities to file amended budgets reflecting the inclusion of the additional \$1,490,000 in the 2012 HEA program, and to inform the Commission how the CAAs will allocate the HEA funds among the CAAs. Given the unusual circumstances of RGGI funds available prior to the effective date of the amendments to RSA 125-O, we deem the allocations contained in this order to be reasonable. The appropriate allocation of RGGI auction revenues, as well as SBC and FCM revenues for the 2013-2014 program years, will be addressed in docket DE 12-262.

In light of our decision above, we will not address application of N.H. Code Admin. R. Puc 2604.01(b). We also wish to clarify that none of the RGGI funds received by PSNH as a



result of this order will be included in the amounts of SBC funds that PSNH is allowed to use to fund energy efficiency measures at its own facilities pursuant to RSA 125-O:5, II.

### **C. Performance Incentive**

We now turn to the issue of performance incentive. As stated earlier, the electric utilities request approval of a simplified performance incentive that would yield the utilities a flat 8% performance incentive. The electric utilities calculate that would produce a maximum incentive of \$148,148 based on actual program expenditures of \$1,851,852. The incentive would, in turn, be allocated among the utilities based on the budgeted program expenditures as follows: Granite State Electric, \$11,140; New Hampshire Electric Cooperative, \$12,689; PSNH, \$100,898; and Until, \$23,421. Exh. 57 at 7. As these figures illustrate, the potential performance incentive each utility may receive varies. For purposes of this instant docket, and given the need for additional utility effort to ensure that these programs are implemented before the end of the calendar year, we will approve the performance incentive of 8% for the electric utilities' proposal with the exception of the HEA program budgets of \$300,000 and \$1,190,000. As a result of these exclusions, the total potential budget that the electric utilities may receive a flat 8% incentive on is \$1,574,074 resulting in an incentive of \$125,925 which should be allocated among the utilities using the methodology set out in Exh. 57 at 7.

In Order No. 25,402, we addressed the issue of performance incentive and we directed Staff and the parties to collaborate in a working group for the purpose of developing a shareholder incentive, noting the passage of Chapter 281 and availability of RGGI funds for CORE programs effective January 1, 2013. Thus, our approval of this performance incentive is for an interim period and applies solely to the 2012 RGGI funds until exhausted; it does not preclude the Commission from considering different performance incentives for future CORE

energy efficiency programs. We, therefore, authorize the electric utilities an 8% performance incentive on the proposed residential and C&I programs, with the exception of the HEA budgets, and we will await the working group's report and recommendations on performance incentives for the 2013-2014 programs.

#### **D. Total Allocation of RGGI Funds**

The table below shows the program budget allocations we are approving for the RGGI funds existing in the Greenhouse Gas Emissions Reduction Fund or received by the fund prior to December 31, 2012. To the extent the RGGI funds received prior to December 31, 2012 are not sufficient to fully fund the programs shown in the table and discussed in this order, we direct the utilities to fund the programs on a pro rata basis based upon the respective size of the various program budgets. In the event a CAA's production capability changes, the utilities may reallocate these funds to other CAAs, after an informational filing has been made with the Commission.

#### **RGGI-Related Program Budgets for Year 2012**

	<b><u>Excluding PI</u></b>	<b><u>Including PI</u></b>
<b>Residential Programs:</b>		
HEA	\$1,490,000	\$1,490,000
HPwES	\$ 17,749	\$ 19,169
Energy Star® Appliances	<u>\$ 50,000</u>	<u>\$ 53,999</u>
Total Residential	\$1,557,749	\$1,563,168
<b>Commercial &amp; Industrial (C&amp;I):</b>		
Large Business Retrofit	\$ 764,847	\$ 826,035
Large Business New Equip/Constr.	\$ 442,253	\$ 477,633

Small Business Energy Solutions	\$ 274,225	\$ 296,163
Education (Energy Code Trng.)	<u>\$ 25,000</u>	<u>\$ 27,000</u>
Total C&I	\$1,506,325	\$1,626,831
Grand Total	<u>\$3,064,074</u>	<u>\$3,189,999</u>

**Based upon the foregoing, it is hereby**

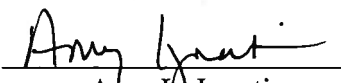
**ORDERED**, that the Joint Utility Proposal for the Use of RGGI Funds During the Remaining Months of the 2012 CORE Program Year is hereby approved as amended above to include additional funding for weatherization activities in the HEA program as described above; and it is

**FURTHER ORDERED**, that the electric utilities shall separately account for the RGGI funds as discussed above; and it is

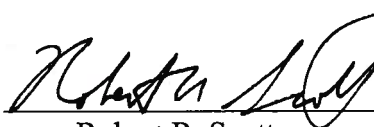
**FURTHER ORDERED**, that the electric utilities shall include the above-approved programs in their quarterly CORE program reports as required by Order No. 25,189; and it is

**FURTHER ORDERED**, that the electric utilities are authorized to earn a performance incentive of 8% on the non-HEA portion of the proposal, as discussed above.

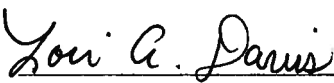
By order of the Public Utilities Commission of New Hampshire this seventh of October, 2012.

  
Amy I. Ignatius  
Chairman

  
Michael D. Harrington  
Commissioner

  
Robert R. Scott  
Commissioner

Attested by:

  
Lori A. Davis  
Assistant Secretary

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**SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED**

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**Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.**

Executive.Director@puc.nh.gov	
al-azad.m.iqbal@puc.nh.gov	glover@unitil.com
alinder@nhla.org	issa.ansara@psnh.com
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aplusenergy@comcast.net	jim.cunningham@puc.nh.gov
asbury@unitil.com	jmonahan@dupontgroup.com
bfrost@nhhfa.org	joanne.cassulo@nh.gov
brandy.chambers@nh.gov	kbuck@hbranh.com
carroll@unitil.com	kristi.davie@nu.com
ccourchesne@clf.org	manypennyh@nhec.com
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dchriston@nhhfa.org	njperess@clf.org
dfeltes@nhla.org	palma@unitil.com
dhartford@clf.org	rag@orr-reno.com
dhenry@jordaninstitute.org	rdunn@devinemillimet.com
dianne@thewayhomenh.org	rebecca.ohler@des.nh.gov
dnute@bm-cap.org	rhonda.bisson@psnh.com
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Docket #: 10-188-1      Printed: October 18, 2012

**FILING INSTRUCTIONS:**

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with: DEBRA A HOWLAND  
EXEC DIRECTOR  
NHPUC  
21 S. FRUIT ST, SUITE 10  
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.

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