Homework Assignment for the 5/16/2018 Working Group Meeting:

• Modification to Report Format: The Utilities prepare an updated LBR Report incorporating changes discussed at the 4/11/18 meeting and any other changes it suggests. Utilities circulate a copy of the updated report a day or two before the next meeting.



• Ratchets: Eversource provides additional historical points relative to its "Illustration #4, Calculation of Rate LG Billing Demand." Also, Liberty provides its ratchet analysis. Staff requests that Liberty's analysis be similar to Unitil's or Eversource's.

Eversource: The prior illustration had shown ratchet impacts from January 2017 onward for a customer with a hypothetical reduction in load across all months starting in April 2016. The attached Follow Up response includes the ratchet impact for all months, starting in January 2016. As depicted, the customer comes off of their annual seasonal ratchet in March 2016, implements the hypothetical measure in April 2016, and experiences no ratchets until its next seasonal ratchet. This description is consistent with prior explanations provided by Eversource.



• Supporting documentation for Maximum Demand Factors (MDF): The Utilities will provide a brief description and related supporting documentation that shows how maximum demand factors (MDFs) are derived.

The utilities have already provided supporting documentation for Maximum Demand Factors. See the utilities' April homework, at

https://www.puc.nh.gov/EESE%20Board/EERS_WG/041118_updated_eversource_template_and_suppo rt_worksheet.xls, worksheet "Row 3. Maximum Demand Factor". As explained, MDF values are planning assumptions based on prior years' actual installed projects. Specifically, MDF is a ratio of connected load kW savings (a.k.a, max kW demand) to annual kWh savings. Also, see the utilities' March homework, https://www.puc.nh.gov/EESE%20Board/EERS_WG/3_15_2018_worksheet_in_utilities_lbr_homework.x ls for more detailed backup for maximum demand factors (Specifically, MDF values in that spreadsheet are found in the worksheet "3. C&I 2018", column I.) Again, MDF are planning assumptions, which do not affect actual LBR amounts.

• Staff's kW Savings Calculation: Staff provides a recap of its calculation of kW savings, including a comparison of Staff versus Utility calculations.

N/A

• Unitil (Deb Jarvis) indicated she would provide a clarification. Specifically, there was a question at the end of the 4-11-2018 as to whether the Utilities' proposed kW savings might need to be adjusted and/or annualized before multiplying by average distribution rates.

In the context of LBR calculations, it is easy to confuse annual demand (kW) savings versus annualized demand (kW) savings. Generally, annual kW refers to the maximum kW savings within a year – and represents one point in time. When the annual kW savings are multiplied by the average distribution rate (ADR), the results would be one month of lost demand revenue.

In comparison, annualized kW refers to the sum of the monthly kW savings for a year and when multiplied by the ADR, the results would be annual lost demand revenue. The units of the kW savings used in the LBR calculations must be clearly identified to ensure that the results accurately represents the distribution revenue lost due to energy efficiency. Once the NH LBR calculation template has been finalized, the logic in the calculations should be reviewed for consistency.

• Additional question: Although not requested at the 4-11 2018 LBR Working Group meeting, Staff requests the calculation of the overall LBR dollars, based on the separate methodology approved by the Commission – i.e., LBR for the kWh component and LBR for the kW component.

The scope of the working group is to focus on the kW savings amount and methodology to be incorporated into the LBR model. With these inputs still uncertain at this time, the LBR dollars that are attributable to LBR are also not known. Once the proper kW amount to include in the LBR formula is determined, the forecasted LBR dollars under the new methodology associated with the savings included in the 2017 filing will become available.