

Key Takeaways

1. Utility Presentation: Staff takes this opportunity to thank Miles Ingram and his Utility colleagues for providing the LBR presentation including the following:
 - Spreadsheet, with tabs for Eversource, Liberty and Unitil, showing kW demand reduction values for 2018 Large Business Energy Solutions Program, by measure, (i.e., Lighting Heating, Cooling and Process) using Staff Template, annotated, with explanatory footnotes
 - Word document with a glossary of terms; in addition, the Utilities provided explanations of elements contained in the Utilities Model, including: “maximum demand factors”, “Net-to-Gross factors”, “In-Service rates”, “Realization rates”, “Installed percentages”, “Summer kW savings”, “Connected kW load reduction”
 - Spreadsheet summarizing Eversource’s calculation of average distribution rates (ADR) based on “combined” methodology
 - Explanation of billing determinants used for purposes of calculating average distribution rates which are, in turn, used to calculate LBR for proposals and actual reports
 - In addition, Miles Ingram provided slides including graphical illustration of ISO-NE summer peak coincident kW reductions for various EPRI end use load shapes

Miles’ presentation and associated spreadsheets and word documents will be posted to the Commission’s website in the next day or two.

2. Derivation of kW Demand Savings: Informative discussion of how kW demand savings are calculated, with emphasis on derivation of maximum demand factors (MDF), as used by Liberty and Unitil; and, derivation of “entered” values, as used by Eversource. Some of the issues discussed are as follows:
 - *Uniformity* – i.e., whether Eversource might be able to break down the components of “entered values” to show “maximum demand factors” consistent with Liberty and Unitil
 - *Supporting documentation* – i.e., whether the Utilities might be able to distill the extensive data in the model into summary-level supporting documentation, showing the components, sources of data, and calculation of end-use maximum demand factors by measure (i.e., Lighting, Heating, Cooling, Process).

- *Summary-Level Simplification*: whether the Utilities might be able to utilize information similar to the information provided by Mary Downes for a lighting project which summarized a large number of measures into two simple components: kW demand savings and kWh savings. That is, this project has 88 measures installed, but Mary's summary shows two key results – i.e., 10.280 kW demand savings and 24,293 annual kWh savings. These two key results, in turn, provide the basis for the calculation of the "Maximum Demand Factor" of 0.000423 – i.e., $10.280 \text{ kW} / 24,293 \text{ kWh} = 0.000423$. This type of summary-level simplification of MDF could be used for planning purposes, as Mary explains in her e-mail (see Commission website, [LBR Working Group Materials](#)).
 - *Ratchets* – i.e., how the Utilities might be able to adjust kW demand savings for the impact of ratchets. That is, if a ratchet is in play, say 80%, for instance [Liberty's G-1 Rate, Original p. 98](#) and a customer's peak demand is 100 kW, that customer will pay demand charges based on 80 kW. If the customer installs energy efficiency measures in the subsequent month, and the customer's demand charge is reduced to 70 kW in that month, the customer still gets billed an 80 kW demand charge in that month. In this instance, the Utility continues to receive 80 kW demand charge revenue and there is no lost revenue. How do the Utilities' calculations of lost revenue account for this "ratchet" effect? What supporting documentation can the Utilities provide? **Next month's working group meeting will address this "ratchet" issue in more detail.**
3. Average Distribution Rates (ADR): The Utilities provided a calculation of ADR using Eversource data and the "combined" methodology. However, there was a misunderstanding as to what methodology Staff was requesting – i.e., whether Staff was requesting the "combined" methodology or the "separate" methodology. Staff confirmed that it was seeking the calculation of ADR based on the "separate" methodology; and, the Utilities will provide it. **See Staff follow-up questions below.**
 4. Billing Determinants: The Utilities provided a calculation of average distribution rates (ADR) based on 2015 billing determinants for planning purposes. We discussed what billing determinants would be used to calculate ADR for year 2017. Our discussion indicated that current year 2017 billing determinants would be used for calculating 2017 ADR, in conjunction with the Tariff Rates for 2017. This approach ties in with the [settlement](#) in DE 14-216 (ref. Settlement Agreement, top of page 4). The Utilities were asked if they concurred that this approach would provide an accurate calculation of ADR. They concurred and will confirm in response to follow-up questions from today's session (see next item).
 5. Follow-up Questions from 2-28-2018 Working group Session:
 - "Entered Values" vs. "Maximum Demand Factors" (MDF): Eversource uses a discrete value – i.e., "Entered Value" – for kW demand savings. By comparison,

Liberty and Unitil uses “Maximum Demand Factor” multiplied by kWh savings to calculate kW demand savings.

- Please explain why the Utilities are not using a uniform methodology for determination of kW demand savings – i.e., annual kWh savings x maximum demand factor (MDF) = annual kW demand savings.
 - Please indicate whether Eversource can transcribe its model details such that it shows the same calculation of annual kW demand savings as Liberty and Unitil.
 - If not, could Eversource please provide details by measure (i.e., Cooling, Heating, Lighting and Process for Retrofit and New Construction measures) supporting the derivation of Eversource’s “Entered Values”.
 - For Liberty and Unitil, please explain and provide details of how the respective MDF are determined by measure (i.e., Cooling, Heating, Lighting and Process for Retrofit and New Construction measures).
- Average Distribution Rates (ADR) – “Combined” vs. “Separate” Methodology: The Utilities illustrated the calculation of ADR using Eversource data, based on the “combined” methodology. However, there was a misunderstanding as to what methodology Staff was requesting – i.e., whether Staff was requesting the “combined” methodology or the “separate” methodology. At the meeting, Staff clarified and asked if each Utility could provide a calculation of ADR based on the “separate” methodology, and the Utilities agreed. For each Utility, please provide respective calculations of ADR based on the “separate” methodology.
 - “Ratchets”: The question was raised as to how each Utility is reflecting the impact of “ratchets” in their respective calculations of LBR. The question was deferred for further discussion at the March 15, 2018 working group meeting.
 - Billing Determinants: The question was raised as to what billing determinants are used in the calculation of average distribution rates (ADR). Please confirm that, for instance, 2017 ADR will be calculated based on 2017 billing determinants and Tariffs effective in 2017.

6. Homework Assignment for the 3/15/2018 Working Group Meeting:

- Each Electric Utility (Eversource, Liberty and Unitil) provides responses to the follow-up questions from the 2/28/2018 Working group meeting (above) a day or two before the 3/15/2018 Working Group Meeting, if possible
- Each Electric Utility discusses their respective C&I Tariffs, with particular emphasis on how “ratchet” adjustments impact the kW demand savings for purposes of calculating of LBR.

7. Staff will update the Commission EERS Website to add the following to the LBR section:

- Miles Ingram 2/27/2018 e-mail providing a summary of documents provided by the Utilities including:
 - Utilities' spreadsheets, including details and summary tabs for Eversource, Liberty and Unitil calculations of kW demand savings (prior to the impact of "ratchets" and any other adjustments to be discussed at the 3/15/2018 LBR Working Group Meeting)
 - Word file, including Q&A and Glossary of Terms
 - Illustrative (Eversource) calculation of average distribution rate (ADR) based on "combined" methodology
 - Miles Ingram's slide deck presented at the 2/28/2018 LBR Working Group Meeting
- Takeaways from the 2/28/2018 LBR Working Group Meeting
- Agenda for March 15,2018 LBR Working Group Meeting