

Good Afternoon Everyone,

Below please find the recap and key takeaways from Thursday's meeting. I would again like to thank Marty Kushler for sharing his thoughts and vast experience on this important topic with the group.

1. ACEEE Presentation: Thoughts on Performance Incentives for Utility Energy Efficiency Achievements
  - Those states with an EERS achieve the highest level of EE savings as a percentage of sales. Likewise, for states that combine EERS with decoupling.
  - Recommend higher savings threshold than 75% - many states utilize savings thresholds of 90% to 100%.
  - Fundamental purposes of PI (from Marty's presentation): 1) Get utilities to do what they otherwise would not do. 2) Help guide utilities' actions toward specific desired outcomes. 3) Encourage strong efforts toward desired outcomes. 4) The PI mechanism should be reasonable and fair to ratepayers.
  - Lifetime savings should receive greatest emphasis.
  - Implement portfolio-wide screen to allow for program innovation accompanied by minimum B/C ratio of 1.2:1.
  - EE based passive demand reductions should be a component.
  - Low income: could exempt from B/C screening or set participation or savings targets.
  - Recommends continuing with actual spending vs. budget.
2. Q & A/Finalization of Outstanding Issues:
  - Utilities expressed concern about an apparent shift in viewpoints involving various approaches and elements of PI that have been proposed.
    - ✓ Utilities will engage in further consultations and analysis in considering all of the elements discussed for incorporation into their proposed model.
  - Both the MA model and the QPI model remain under review – no group preference has been reached.
  - Any new methodology that is ultimately adopted should be sufficiently flexible to allow for changes as a part of future planning.
  - NH gas utilities have never measured peak days – will need further research and study.
  - The current low income spending threshold may be sufficient (for now) in promoting participation.
    - ✓ The Way Home/NHLA will consult with its clients before committing to a final position.
  - The group needs to be mindful of its tight schedule in terms of preparing its report for the Commission.
3. Staff's Preliminary Position on the Issues:
  - Minimum savings thresholds: Staff supports the replacement of the current 65% thresholds (and elimination of the 55% electric savings component) with 75%.
  - Portfolio vs. sector approach: Staff supports converting to the portfolio approach.
  - Budget vs. actual spending: Staff supports switching to budget provided it is accompanied by a true-up/reconciliation mechanism.
  - Minimum B/C ratio: Staff supports moving to 1.2 from 1.0.
  - Low income: Staff supports continuation of the 17% spending target.
  - MA framework vs. QPI framework: Staff supports the concept of a QPI framework.
  - Staff remains receptive to alternative points of view or proposals involving any one or all of the above issues.

Thank you! See you all on April 18.

**Jay Dudley**

