

### **Welcome and Introductions (1:30 p.m. to 2:00 p.m.)**

- Les moderated the meeting and circulated a sign-in sheet to the stakeholders. He began by noting that Jay sent a packet to all the stakeholders on Thursday, August 6<sup>th</sup>, in preparation for today's technical session including: Agenda prepared by Rorie, EERS Guiding Principles prepared by Karen, EERS Targets and Staff Crib Sheet on Targets prepared by Les, Staff Savings/Cost/Funding Model prepared by Jim.
- Les thanked Phil Mosenthal and Jeff Loiter of Optimal Energy for their slides and agreeing to share their expertise with the stakeholders. Also, Les thanked the utilities for providing their slides on savings/costs/funding in advance.
- Rorie discussed a litigation issue – i.e., “What will be filed on November 1?” A discussion ensued. Some of the suggestions included the following:
  - Joint Pre-filing based on Settlement Agreement with individual testimony.
  - Individual testimony filed by the stakeholders informed by discussions during technical sessions.
  - Utilities will collectively submit EERS filing on November 1, 2015; but, before that, an “open exchange” mechanism would be helpful. Stakeholders need to reach settlement on issues along the way and such settlement issues need to be memorialized. Utility filing on November 1, 2015 will incorporate settlement issues and utilities and parties will litigate issues not resolved. Parties can decide if they want to file testimony.
  - No agreement along the way; rather, continue to learn along the way. Utilities file on November 1 and parties do discovery. Subsequently, information from discovery may be used for the basis of a settlement agreement. Utility filing might not match the final agreement. Parties can decide if they want to file testimony.
  - Jim will prepare staff informational notes.
  - Need to ensure that EERS filing incorporates cost effectiveness issues.

### **Presentations (2:00 p.m. to 3:14 p.m.):**

- Optimal Energy Presentation: Les introduced Phil Mosenthal and Jeff Loiter, from Optimal Energy. Their slides are attached. Some additional comments, not in slides, are as follows:
  - NH utilities in other jurisdictions are achieving high EERS targets
  - Current NH funding cannot achieve all cost effective EERS targets
  - Stakeholders should consider “who” is responsible for certain goals? What other state agencies responsible for setting targets?
  - Don't put a lot of constraints on funding; instead, develop a ramp-up. NH is well poised for a 5-year ramp-up.
  - At least a 3-year short-term quantified savings targets would be good – Program Administrator's will know what they are shooting for.

- Long-term savings targets are not usually quantified; MA quantifies only short-term 3-year savings targets.
- Phil recommends decoupling component, even if it takes a while to kick in and get established.
- Phil recommends “be careful” with penalties – i.e., it could stifle initiative. Other non-financial penalties are used in Illinois – if utilities can’t meet goals, Commission will allow another entity to take over.
- Recommends we not count lost revenue as a cost in cost effectiveness TRC test.
- Recommends broader decoupling (vs. narrow – i.e., only energy efficiency impacts).

- Staff Presentation:

Les explained his Crib Sheet on the Straw Report that was circulated to the stakeholders on August 6, 2015, including the following brief comments:

- Build on Core two-year cycle combined with long term vision
- Leverage Core programs
- Funding “Tightrope” If we assume public funding is not sufficient then we need to look around for more funding.
- Building out from Core baseline shows that we quickly run out of money – is there stomach for extra SBC funding?
- Staff noted that its Straw Report model provided a “carve out”, related only to Utilities’ responsibilities under Core, consistent with the comments made earlier by Optimal.
- Comments from the stakeholders:
  - ✓ Staff Straw Report is not ambitious enough.
  - ✓ With respect to Staff’s model and related narrative, some stakeholders preferred to adopt the utilities’ slide presentation format.
  - ✓ Rhonda, Tom Belair and Eric Stanley agreed to continue to provide a slide presentation, on behalf of the utilities, for every technical session topic.

- Utilities Presentation:

Tom Belair, Rhonda and Eric Stanley presented the slides, on behalf of all 4 utilities. The Electric Utility slides show four levels for savings targets for year 2016 – i.e., the lowest is 1% of kWh sales and the highest is 2.6% of sales (vs. 2014 actual kWh sales). Costs ranged from \$42 million to \$48 million for the 1% target to \$109 million to \$126 million for the highest.

The Gas Utility slides presented by Eric show the same four levels for savings targets for year 2016, with costs ranging from \$7.5 million to \$14 million for the 1% target to \$11 million to \$14 million for the highest.

The slides were handed out at the tech session.

**Continuation of Discussion After the Break (3:30 p.m. to 4:30 p.m.)**

- Short-Term/Long-Term Targets: Short-term discussion focused on 3-year short-term with quantification of target savings. Discussion of long-term moved in the direction of “aspirational” goals – i.e., goals that are strongly desired but not quantified.. Optimal noted that MA does not quantify long-term targets and they are satisfied with quantifying only short-term targets and the short-term target numbers are significant. Acadia suggested that whether or not long-term goals were quantified or aspirational, the important thing was that the goals be ambitious. Jordan Institute suggested that the long-term goals in the Straw Report were not ambitious enough and noted that the slides provided by the utilities were preferred to the Straw Report. The Gas utilities seemed to prefer aspirational goals for long-term, noting that no other states in New England have quantifiable savings targets beyond 3 years.

Others did not seem bothered by not having quantifiable goals (long-term), noting that having a requirement to achieve “all cost-effective energy efficiency” was better than 10-year quantifiable goals. Optimal noted that “all cost-effective” is used in RI and is working well; also noting that trying to set targets for long-term may initiate a lot of litigation debating “potential studies”. The Utilities suggested that cost-effectiveness could be tweaked in the context of short-term 3-year targets; others wondered how cost effectiveness could be calculated – i.e., costs that would be incurred if EE not done vs. costs to achieve EE. Optimal suggested that this cost comparison could be performed by comparing Net Present Value avoided costs to cost to implement EE programs.

- Electric Vs. Gas – separate metrics? There appeared to be support for setting different target levels for electric vs. gas utilities. Staff’s Straw Report assumed different metrics.
- Disaggregation of targets by utility: After funding is determined for each utility, the individual utilities would determine program budgets based in its unique service territory.
- Use of % to annual sales to measure/set targets: Staff noted that gas utilities annual sales are increasing and the gas utilities indicated that it would be an issue for them if targets were increased because of the gas utilities’ increased sales, noting that new gas customers have lower savings since they install new highly efficient equipment. Gas utilities thought a measurement based on usage per capita would be better than annual sales. Others suggested that “forecast” annual sales year could be used to set targets, rather than actual annual sales year (and such “forecast” would we used to determine performance as well (so the concern about not using a precise actual is not a factor). Another option was to use “static” annual sales to set/measure the three-year short-term targets. The Commission’s OON indicates that 2014 annual sales will be used as the benchmark for purposes of setting/measuring savings targets. This subject will be continued during next meeting.

**Preparation for Next Session (4:30 pm. To 4:40 p.m.):**

- Questions from Stakeholders:
  - Who are the key Staff people: The primary contacts for this case are Les and Rori, with legal assist from Suzanne from time to time.  
  
In addition, other Staff people involved are Karen, Jay and Jim
    - ✓ Karen will synthesize other issues such as guiding principles.
    - ✓ Jay will memorialize agreements from the technical sessions.
    - ✓ Jim will prepare Staff Informational notes.
  
- August 21, 2015 Technical Session on Funding
  - David Littell might have some suggestions on funding sources
  - Utilities might be able to identify funding sources
  - EESE Board (Kate Peters) could check and get back to Les or Rorie re. next week's EESE Board Meeting reservations for room A.
  
- Recommendations for future presentations
  - Rhonda, Tom Belair and Eric Stanley, on behalf of the utilities, volunteered to provide a presentation for each future technical session. The group was in favor of that and thanked the utilities for offering.