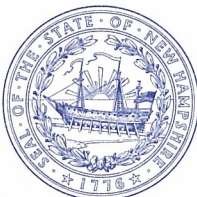


THE STATE OF NEW HAMPSHIRE

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March 31, 2011



Debra Howland, Executive Director
N.H. Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, New Hampshire 03301-2429

Re: DE 10-188 – 2011 and 2012 Electric and Gas Energy Efficiency Programs
2011 Monitoring and Evaluation Activities

Dear Ms. Howland:

Staff is filing this letter pursuant to the Commission Order No. 25,189 in the above-captioned docket. In that Order, the Commission specified that each of the utilities transfer forward and increase their 2011 Monitoring and Evaluation (M&E) budgets by the smaller of: 1) the amount of their unspent surplus in their M&E budgets, or 2) their net total energy efficiency program budget surplus. The Order acknowledged a December 13, 2010 Staff recommendation that Core M&E funds be used to pay for 80% of the SB 323 study (study of N.H. energy efficiency programs) and approved the allocation percentages contained in the Attachment to the December 13, 2010 letter from Messrs. Frantz and Ruderman as a guideline to invoice each utility for its share of support for the SB 323 study. The Order indicated that if the Core Management Team determined that 2011 M&E activities as described in Attachment C to the Settlement agreement have to be curtailed as a result of payment for the SB 323 Study, then Staff should file with the Commission a modified 2011 M&E plan no later than March 31, 2011.

Staff has determined that the SB 323 Study has been awarded to Vermont Energy Investment Corporation (VEIC) in an amount not to exceed \$282,965. VEIC invoice amounts, up to eighty percent, or \$226,372, are currently planned to be allocated to the Electric and Natural Gas Utilities.¹ With respect to the remaining twenty percent, Staff believes that the SB 323 Study Coordination Team will continue to work to identify and secure supplemental funds which may be available to support the SB 323 Study. However, at this time, no supplemental funds have been identified.

¹ The allocation amounts are based on the allocation percents in the December 13, 2010 letter from Messrs. Frantz and Ruderman.

Staff has met with the Core Management Team and is currently reviewing later data from the electric and gas utilities pertaining to 2010 carryover balances and 2011 M&E activities. At this time, the information is still preliminary and Staff prefers to use final information that will be available in early June, when the utilities submit their performance incentive filings. Once the final data has been reviewed, we will be in a better position to make recommendations regarding any additional funding available for the SB 323 Study. Consequently, at this point, Staff is not ready to make any recommendations to curtail the 2011 M&E activities.

A number of important 2011 M&E activities are summarized as follows:

- \$1.1 million required to maintain compliance with ISO rules to ensure the continued receipt of ISO-FCM revenues for the Core programs. In 2010, the actual amount of FCM revenues amounted to approximately \$1.6 million.
- \$0.1 million required to comply with NHPUC Order No. 25,189, pertaining to the evaluation of the Home Performance with Energy Star (HPwES) program.²
- \$0.1 million required to fund 2011 NEEP base statewide sponsorship and M&E pertaining to regional NEEP studies affecting New Hampshire.
- \$0.1 million required for the 2011 Avoided Energy Supply Cost Study (AESC) that is used to establish avoided cost for the 2012 and 2013 energy efficiency programs.
- \$0.1 million required to establish an important Multi-Year Plan for M&E activities going forward.

Recommendation

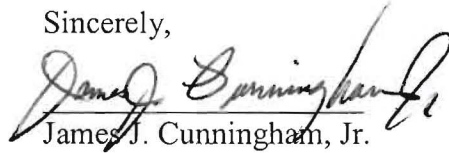
Staff believes that the SB 323 Study Coordination Team should continue to work to identify supplemental funds to support the SB 323 Study. Further, Staff believes that curtailment of 2011 M&E activities should be avoided, if possible, because of the importance of these activities, as noted above. Given that funding for SB 323 and 2011 M&E activities comes, in part, from 2010 carryover amounts, and since these amounts are preliminary, at this time, Staff believes that its recommendation on the funding of

² Reference Commission Order 25,189, Docket No. DE 10-188, approving the Settlement agreement, including the requirement to conduct a HPwES evaluation by June 1, 2011, (page 14).

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the remaining 20% for the SB 323 Study and any modification of 2011 M&E activities would best be deferred until late June or early July. At that time, Staff will update this letter pertaining to SB 323 funding and any potential curtailment and modification of the 2011 M&E plan.

Sincerely,

A handwritten signature in black ink, appearing to read "James J. Cunningham, Jr.", with a stylized flourish at the end.

James J. Cunningham, Jr.

Utility Analyst IV