

THE STATE OF NEW HAMPSHIRE
before the
PUBLIC UTILITIES COMMISSION

2018-2020 NEW HAMPSHIRE STATEWIDE ENERGY EFFICIENCY PLAN

Docket No. DE 17-136

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) relating to the 2020 Update to the 2018-2020 New Hampshire Statewide Energy Efficiency Plan (the “2020 Update Plan”) is entered into this 12th day of December, 2019, by and among: Liberty Utilities (Granite State Electric) Corp. (“Granite State”); Unitil Energy Systems, Inc. (“UES”); Public Service Company of New Hampshire d/b/a Eversource Energy (“Eversource”); and the New Hampshire Electric Cooperative, Inc. (“NHEC”) (collectively, the “Electric Utilities”); Liberty Utilities (EnergyNorth Natural Gas) Corp. (“EnergyNorth”) and Northern Utilities, Inc. (“Northern”) (collectively, the “Gas Utilities”) (the Electric Utilities and Gas Utilities are collectively referred to as the “Utilities”); the Staff of the New Hampshire Public Utilities Commission (“Staff”); the Office of the Consumer Advocate (“OCA”); the Department of Environmental Services (“DES”); Clean Energy New Hampshire (“CENH”); The Way Home (“TWH”); the Conservation Law Foundation (“CLF”); Acadia Center (“Acadia”), and Sunrun, Inc. (“Sunrun”) (all collectively referred to as the “Settling Parties”), with the intent of resolving the issues discussed herein. This Settlement Agreement constitutes the recommendation of the Settling Parties with respect to the Commission’s approval of the 2020 Update Plan.

I. INTRODUCTION AND PROCEDURAL HISTORY

In 2015, the Commission commenced a proceeding, Docket No. DE 15-137, to review the potential for implementation of an Energy Efficiency Resource Standard (“EERS”) in New Hampshire. Following an extensive proceeding, numerous parties, including essentially all parties to this Agreement, reached a settlement calling for the implementation of an EERS beginning in 2018. That settlement was filed with the Commission on April 27, 2016 and approved in Order No. 25,932 (August 2, 2016).

Pursuant to that settlement and Order, interested groups of stakeholders were convened for a series of meetings during 2016 and 2017 for purposes of discussing the framework, requirements, and expectations for the EERS. Following those meetings, on September 1, 2017, the Utilities filed an initial plan describing their proposal for the implementation of the EERS for the 3-year period of 2018-2020. That plan was docketed as Docket No. DE 17-136. Following discovery and the submission of testimony, the parties reached a settlement agreement that was filed on December 8, 2017. To assure time for necessary rate changes and program continuity, the Commission issued a secretarial letter on December 29, 2017 permitting certain rate changes proposed in the plan and settlement to take effect on January 1, 2018. The Commission approved the settlement agreement in Order No. 26,095 (January 2, 2018).

The three-year plan approved in Order No. 26,095 was to be updated for each of the years 2019 and 2020. Specifically, the settlement establishing the EERS describes the 2019 and 2020 updates, in part, as follows “annual update filings shall be submitted for review by the Commission in an abbreviated process substantially similar to the mid-period submissions presently used in the Core dockets.” April 27, 2016 Settlement Agreement in Docket No. DE 15-137 at 8. On September 14, 2018, the Utilities filed the plan update for calendar year 2019

(the “2019 Update Plan”). A settlement on that filing was submitted on December 13, 2018 and that settlement was approved by Order No. 26,207 (December 31, 2018).

On September 13, 2019, the Utilities filed the plan update for calendar year 2020. The parties conducted one round of discovery. On October 31, 2019, the Commission Staff filed a recommendation of the Benefit/Cost Working Group regarding the cost-effectiveness testing and energy optimization for the 2021-2023 triennium. On November 1, 2019 the Utilities filed a revision to the 2020 Update Plan to account for various necessary adjustments. On November 13, 2019, testimony was filed by the Staff, and CENH and Sunrun. Thereafter, the Settling Parties engaged in settlement discussions that have culminated in this Agreement presented for the Commission’s consideration.

II. SETTLEMENT TERMS

The Settling Parties agree that the Agreement as described below should be approved by the Commission. These terms are intended to be included in a comprehensive settlement and, as such, all terms are interdependent, and each Settling Party’s agreement to each individual term is dependent upon agreement with all of the terms.

A. Plan

The Settling Parties agree that the 2020 Update Plan as filed meets the energy savings goals set forth in Order No. 25,932 with a cost-effective portfolio of comprehensive electric and natural gas programs, although some individual programs are not projected to be cost-effective. The Settling Parties agree and recommend that the 2020 Update Plan be implemented by the Utilities, subject to the modifications or additions described herein.

B. 2020 Budget Levels

The current New Hampshire State Budget Bill, HB4, was signed into law on September 26, 2019, following the Utilities' initial submission. As pertains to the System Benefits Charge ("SBC"), that law provided, in relevant part, "that no less than 20 percent of the portion of the funds collected for energy efficiency shall be expended on low-income energy efficiency programs." The Settling Parties agree that the revised budgets as presented by the Utilities in their November 1, 2019 submission, and as outlined on Bates page 2 of the November 13, 2019 testimony of Stephen R. Eckberg in the instant docket, meet the requirements of HB4. In addition, the Settling Parties acknowledge that due to a spreadsheet error the Home Energy Assistance Program budget of NHEC is actually \$3,714 higher than indicated in the November 1, 2019 submission and that number will be updated as discussed below in Section II.F. Similar to the information on page 12 of Order No. 26,207 approving the 2019 Update Plan, a summary table of the 2020 budgets is included below:

SUMMARY OF 2020 EERS BUDGETS			
	Electric Utilities	Gas Utilities	Total
Residential Program Budgets			
Home Energy Assistance	\$ 11,503,901	\$ 2,089,441	\$ 13,593,342
NH Home Performance w/Energy Star	\$ 8,592,871	\$ 1,155,804	\$ 9,748,675
Energy Star Homes	\$ 3,618,372	\$ 1,087,876	\$ 4,706,248
Energy Star Products	\$ 8,016,264	\$ 1,214,683	\$ 9,230,947
Home Energy Reports	\$ 275,084	\$ 356,201	\$ 631,285
Customer Engagement Platform	\$ 267,703	\$ -	\$ 267,703
Forward Capacity Market Expenses	\$ 107,557	\$ -	\$ 107,557
Residential DR Initiative	\$ 250,559	\$ -	\$ 250,559
Commercial & Industrial Program Budgets			
Large Business Energy Solutions	\$ 17,739,336	\$ 2,931,069	\$ 20,670,405
Small Business Energy Solutions	\$ 10,038,740	\$ 2,210,387	\$ 12,249,127
Municipal Program	\$ 2,043,245	\$ -	\$ 2,043,245
C&I Customer Partnerships	\$ 23,124	\$ -	\$ 23,124
C&I RFP Program	\$ 1,482,952	\$ -	\$ 1,482,952
Customer Engagement Platform	\$ 373,126	\$ -	\$ 373,126
Education	\$ 511,936	\$ 106,511	\$ 618,447
Forward Capacity Market Expenses	\$ 204,134	\$ -	\$ 204,134
Large Business DR Initiative	\$ 607,530	\$ -	\$ 607,530
Smart Start	\$ 35,000	\$ -	\$ 35,000

C. Demand Response Programs

Pursuant to the December 13, 2018 settlement pertaining to the 2019 Update Plan, in 2019 Eversource and UES implemented an Active Demand Reduction Initiative directed to Commercial and Industrial (“C&I”) customers. Within the 2020 Update Plan, Eversource and UES have proposed to offer an active demand reduction initiative again for C&I customers and to expand the demonstration offering to include a residential Bring Your Own Device Demand Reduction Initiative, based off of the 2019 Residential Demand Reduction program offered by both companies in Massachusetts, as outlined on Bates pages 30-33 of the Utilities’ November 1, 2019 submission and in Attachments B and D in the testimony of Elizabeth R. Nixon.. The Settling Parties agree that the program expansion for 2020, aimed at reducing summer kW,

should occur as proposed. Further, included with this Agreement in support of this program is Attachment A, a summary of the initial results of the 2019 Initiative and preliminary information pertaining to the proposed Active Demand offerings for 2020.

Additionally, Eversource and UES agree to provide a submission relating to the demand reduction initiatives to the parties in this docket with, or prior to, the 2019 Quarter 4 EERS Report, but not later than March 1, 2020, upon the completion of the active demand benefit-cost model currently being developed under a contractual agreement between Eversource and Unitil and Synapse Energy Economics, Inc. That submission will contain the findings and results of the 2019 C&I demand response initiative and will contain additional details regarding the demonstration programs for 2020 including, but not necessarily limited to, the methodology for baseline calculations, additional descriptions of the proposed goals and desired outcomes of the program, final incentive levels and other relevant information. A multi-state third-party evaluation of the 2019 Demand Reduction Initiative is currently in progress. That evaluation will be submitted to the Commission when it is complete.

D. DE 17-136 Working Groups

The December 8, 2017 settlement created four working groups with differing goals and objectives, but with the overall intent of developing information that would inform future programs and planning. The Settling Parties agree on the below status and further activities for those working groups.

(1) The Settling Parties agree that, with the submission of the report that is included in the 2020 Update Plan as Attachment M and which recommends adoption of a restructured performance incentive mechanism as described therein, Performance Incentive Working Group has completed its intended tasks and should be discontinued. The Settling Parties further agree

that no party is bound to support the recommendations of the Performance Incentive Working Group in connection with proceedings related to the 2021-2023 triennial plan or other future dockets.

(2) As stated in the December 13, 2018 settlement pertaining to the 2019 Update Plan, the Benefit/Cost Working Group (“B/C Working Group”) was to discuss elements and issues related to New Hampshire’s Benefit Cost Test, as well as results from the New England Avoided Energy Supply Components (“AESC”) Study and to make recommendations for adjustments in future annual updates or three-year plans. The Settling Parties at that time agreed that the B/C Working Group would provide input to the non-energy impact (“NEI”) studies, and, after completion of the NEI studies, would determine and recommend to the Settling Parties the appropriate NEIs to include in the next three-year plan for 2021-2023. The recommendations may also address whether additional studies of NEIs are needed in New Hampshire. In addition, the B/C Working Group would undertake discussions as to whether and how the findings of a study of energy optimization opportunities should be incorporated into future plans. On October 31, 2019, the B/C Working Group submitted a report and recommendation outlining its work and offering recommendations to the Commission relative to the adoption of new benefit/cost analyses in New Hampshire and energy optimization. The Settling Parties agree that the B/C Working Group should continue to exist for the purposes of addressing recommendations arising from NEI studies, including whether additional NEI studies are necessary, and, to the extent necessary, to address matters relating to any Commission decision on the October 31, 2019 recommendations. The Settling Parties agree that the B/C Working Group may conduct its business in one or more meetings as the group deems necessary.

(3) The Settling Parties agree that the Financing and Funding Working Group (“F&FWG”) has made substantial progress towards completing its work as outlined in the Settlements concerning the 2018 and 2019 Plan Update Plans. The F&FWG was tasked with exploring and developing funding and financing options for incorporation into the 2019 and 2020 Update Plans as well as into the 2021-2023 Triennial Plan. Several financing options are offered in the 2020 Update Plan. Funding options (*e.g.*, grants) are not proposed in this 2020 Update Plan but are currently being explored by the consultant hired pursuant to the settlement on the 2019 Update Plan, for incorporation into the 2021-2023 Plan. The settlement on the 2019 Update Plan stated that the F&FWG would meet quarterly in 2019, which it did. The Settling Parties agree that the F&FWG will continue to meet quarterly in 2020 up to the filing of the 2021-2023 Plan with the continued goal of incorporating funding options into the 2021-2023 Plan. To the extent practicable, these F&FWG quarterly meetings will be held on the same date as the EERS Quarterly meetings. During the upcoming proceedings related to consideration of the 2021-2023 Plan, each Settling Party may propose continuation or dissolution of the F&FWG.

(4) As noted in the December 13, 2018 settlement pertaining to the 2019 Update Plan, the Lost Base Revenue (“LBR”) Working Group was discontinued in 2019. The Settling Parties agree that the LBR calculations provided on Bates pages 72, 105, 162, and 245 provided in the Utilities’ November 1, 2019 update filing are just and reasonable and should be approved at this time while acknowledging that LBR will continue to be subject to review within the context of regular annual performance incentive filings, which include the LBR reconciliation for the prior program year. Nothing in this Settlement Agreement limits the right of each Settling Party to take any position it deems appropriate with respect to LBR in connection with the 2021-2023 Triennial Plan.

E. Eversource's Customer Engagement Platform ("CEP")

The Settling Parties agree, consistent with the December 13, 2018 settlement pertaining to the 2019 Update Plan, that Eversource shall continue its commitment from 2019 to track and report to Staff, OCA and the other non-utility Settling parties, its marketing efforts, new user levels, and its count of customers using the CEP who move forward with energy efficiency program offerings. Eversource will continue to provide updates on these items during EERS quarterly meetings. Nothing in this Settlement Agreement limits the right of each Settling Party to take any position it deems appropriate with respect to the CEP in connection with the 2021-2023 Triennial Plan.

F. Attachment Updates

The Settling Parties acknowledge that the Utilities have identified additional updates that are required to the attachments provided in the November 1, 2019 filing. Specifically, a minor correction reflecting an increase of \$3,714 is required for the NHEC Home Energy Assistance Program to reflect the correct amount of the budget for the program, and an update is needed to address certain data inadvertently omitted from some of the filed versions of the Utilities' attachments. Revised versions of the affected attachments are included as Attachment B to this Agreement. The Settling Parties agree that further documentation of these corrections is not required for approval of this Agreement nor should this issue trigger any delay in Commission approval of the 2020 Update Plan. The Utilities agree they shall make the necessary corrections for inclusion in the compliance filing to be made following the Commission's decision in this case.

G. 2021-2023 Planning Process and Stakeholder Consultant

Pursuant to the April 27, 2016 settlement in Docket No. DE 15-137, and as noted in the December 8, 2017 settlement concerning the 2018-2020 Plan, the Commission solicited and hired a consulting firm to act as a technical consultant on evaluation, measurement, and verification (“EM&V”) matters, with funding from the EM&V budget. The Settling Parties agree that the input of this consulting firm was productive and valuable and that, the Commission shall hire an EM&V consultant for the next 3-year period beyond 2020, with an annual budget of up to \$95,000 funded from the EM&V budget.

H. General Provisions

The Settling Parties agree that all testimony and supporting documentation may be admitted as full exhibits for purposes of consideration of this Agreement. Agreement to admit all direct testimony without challenge does not constitute agreement by the Settling Parties that the content of the written testimony filed on behalf of the other Parties is accurate nor is it indicative of what weight, if any, should be given to the views of any witness. Furthermore, in light of the fact that they have entered into this Agreement, the Settling Parties agree to forego cross-examining witnesses regarding their pre-filed testimony and, therefore, the admission into evidence of any witness’s testimony or supporting documentation shall not be deemed in any respect to constitute an admission by any party to this Agreement that any allegation or contention in this proceeding is true or false, except that the sworn testimony of any witness shall constitute an admission by such witness.

This Agreement is expressly conditioned upon the Commission’s acceptance of all of its provisions without change or condition. All terms are interdependent, and each Settling Party’s agreement to each individual term is dependent upon all Settling Parties’ agreement with all of the terms. If such complete acceptance is not granted by the Commission, or if acceptance is


conditioned in any way, the Settling Parties shall have the opportunity to amend or terminate this Settlement Agreement or to seek reconsideration of the Commission's decision or condition. If this Settlement Agreement is terminated, it shall be deemed to be withdrawn and shall be null and void and without effect, and shall not constitute any part of the record in this proceeding nor be used for any other purpose. The Settling Parties agree to support approval of this Agreement before the Commission. The Settling Parties agree that they shall not oppose this Settlement Agreement before any regulatory agencies or courts before which this matter is brought, but shall take all such action as is necessary to secure approval and implementation of the provisions of this Settlement Agreement.

The Commission's acceptance of this Agreement does not constitute continuing approval of or precedent regarding any particular issue in this proceeding, but such acceptance does constitute a determination that, as the Settling Parties believe, the provisions set forth herein are just and reasonable. The discussions which have produced this Agreement have been conducted on the understanding that all offers of settlement and discussion relating thereto are and shall be privileged, and shall be without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used in any manner in connection with this proceeding, any further proceeding or otherwise.

IN WITNESS WHEREOF, the Settling Parties have caused this Agreement to be duly executed in their respective names by their agents, each being fully authorized to do so on behalf of their principal.

[SIGNATURES FOLLOW ON NEXT PAGE(S)]

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP.
D/B/A LIBERTY UTILITIES

By:  For
Michael Sheehan, Esq.
Senior Counsel


Date: 12/12/19

NEW HAMPSHIRE ELECTRIC COOPERATIVE

By: _____
Mark W. Dean, Esq.


Date: _____

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE ENERGY

By:  _____
Matthew Fossum, Esq.
Senior Regulatory Counsel


Date: 12/12/19

UNITIL ENERGY SYSTEMS, INC.

By:  For
Patrick H. Taylor, Esq.
Senior Counsel

Date: 12/12/19

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.
D/B/A LIBERTY UTILITIES

By:  For
Michael Sheehan, Esq.
Senior Counsel

Date: 12/12/19

NORTHERN UTILITIES, INC.

By:  For
Patrick H. Taylor, Esq.
Senior Counsel

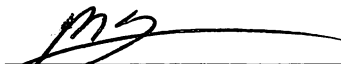
Date: 12/12/19

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Date: _____

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Senior Counsel

Date: _____

NORTHERN UTILITIES, INC.

By: _____
Patrick H. Taylor, Esq.
Senior Counsel

Date: _____

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION STAFF

By: Paul B. Dexter
Paul Dexter, Esq.
Staff Attorney

Date: 12/12/19

OFFICE OF THE CONSUMER ADVOCATE

By: _____
D. Maurice Kreis, Esq.
Consumer Advocate

Date: _____

DEPARTMENT OF ENVIRONMENTAL SERVICES

By: _____
Rebecca Ohler
Administrator, Technical Services Bureau

Date: _____

THE WAY HOME

By: _____
New Hampshire Legal Assistance
Raymond Burke, Esq.
Stephen Tower, Esq.

Date: _____

CLEAN ENERGY NEW HAMPSHIRE

By: Madeleine Mineau
Madeleine Mineau
Executive Director

Date: 12/12/19

CONSERVATION LAW FOUNDATION

By: _____
Caitlin Peale Sloan, Esq.
Senior Attorney

Date: _____

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION STAFF

By: _____
Paul Dexter, Esq.
Staff Attorney

Date: _____

OFFICE OF THE CONSUMER ADVOCATE

By:  _____
D. Maurice Kreis, Esq.
Consumer Advocate

Date: December 12, 2019

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Executive Director

Date: _____

CONSERVATION LAW FOUNDATION

By:  _____
Caitlin Peale Sloan, Esq.
Senior Attorney

Date: 12/12/2019

ACADIA CENTER

By: _____

Jeff Marks

Senior Policy Advocate

Date: _____

SUNRUN, INC.

By:  _____

Melissa E. Birchard, Esq.

Date: Dec. 12, 2019