

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: May 11, 2021

AT (OFFICE): NHPUC

FROM: Jay Dudley, Utility Analyst, Electric Division
Elizabeth Nixon, Utility Analyst, Electric Division

SUBJECT: DE 17-136 2018-2020 New Hampshire Statewide Energy Efficiency Plan
Eversource Request for Budget Transfer

TO: Dianne Martin, Chairwoman/Commissioner
Kathryn Bailey, Commissioner
Debra Howland, Executive Director

CC: Tom Frantz, Director, Electric Division
Rich Chagnon, Assistant Director, Electric Division
Paul Dexter, Staff Attorney
Brian Buckley, Staff Attorney

RC

On February 25, 2021, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or Company) requested reversal of the approval granted on December 22, 2020 for a change in program budget levels. Eversource requests that \$3,088,661 transfer back to commercial and industrial (C&I) sector from the residential sector, which reverts the budgets back to the originally approved budget levels. Eversource also provided notification of an increase of more than 120% of the budget for selected programs. Staff recommends approval of the reversal of the budget approval dated December 22, 2020 and transfer of funding within the C&I sector to cover overspent programs.¹ Staff recommends approval of the transfer of funds from underspent C&I programs to the C&I demand response pilot; however, Staff recommends that for calculation of the performance incentive (PI) that only 120% of the original budget for the C&I demand response pilot (or \$456,224) be allowed for inclusion in the overall PI calculation, given that the pilot was limited in nature, including the budget, as that is the intent of a pilot. In terms of total PI to be earned, the Company's proposed reversal to the original budget indicates that actual PI will remain below the 125% cap on PI since total anticipated expenditures are expected to come in under the original budget by \$1,550,336 as represented in Table 1 below.

Eversource is seeking approval for the budget transfer between sectors in accordance with Section 4.3 of the 2018-2020 NH Statewide Energy Efficiency plan (p. 35), which states the following:

- *Once the budgets are approved, there will be no movement of funds between the Residential and Commercial & Industrial sectors unless specifically approved by the Commission. In addition, no funds shall be transferred from the Home Energy Assistance Program without prior approval by the Commission.*

¹ Staff notes that Order No. 26,440 issued on December 29, 2020 in Docket No. DE 20-092 granted extension of the current program funding levels and EERS plan structure into 2021. At this time, Staff takes no position relating to how this request for a change to the approved 2020 budget levels affects the 2021 program budgets in Docket No. DE 20-092.

- *The NH Utilities shall provide notification to the Commission if an individual program's actual expenditures are forecasted to exceed 120 percent of the program's budget.*

Table 1 shows the actual expenditures that Eversource anticipates for 2020 compared to the budgets originally approved by Order No. 26,323 on December 31, 2019 and also the revised budgets approved on December 22, 2020. Given that the original budgets by sector were more in line with the projected spending for 2020, the reversal of the approval seems appropriate.

Table 1. Estimated Expenditures Compared to Original and Recently Approved Budgets

	Original Budget	November 23 Approved Budget	Anticipated Spend per Q4 Report	Q4 Report over/(under) Original Budget (\$)	Q4 Report as % of Original Budget	Q4 Report over/(under) November Budget (\$)	Q4 Report as % of November Budget
Residential Programs							
Home Energy Assistance	\$ 8,110,149	\$ 10,674,265	\$ 7,908,121	(\$202,028)	98%	(\$2,766,144)	74%
ENERGY STAR homes	\$ 2,271,812	\$ 1,625,087	\$ 1,824,466	(\$447,346)	80%	\$199,379	112%
Home Performance with ENERGY STAR	\$ 6,543,680	\$ 7,592,970	\$ 6,149,887	(\$393,793)	94%	(\$1,443,083)	81%
ENERGY STAR Products	\$ 5,745,856	\$ 5,867,836	\$ 5,668,661	(\$77,195)	99%	(\$199,175)	97%
Residential Demand Response Pilot	\$ 128,459	\$ 128,459	\$ 107,580	(\$20,879)	84%	(\$20,879)	84%
Forward Capacity Market Expenses	\$ 48,000	\$ 48,000	\$ 12,967	(\$35,033)	27%	(\$35,033)	27%
Customer Engagement Platform	\$ 267,703	\$ 267,703	\$ 165,113	(\$102,590)	62%	(\$102,590)	62%
Total Residential Programs	\$ 23,115,659	\$ 26,204,320	\$ 21,836,795	(\$1,278,864)	94%	(\$4,367,525)	83%
Commercial & Industrial Programs							
Large C&I	\$ 13,583,836	\$ 9,187,513	\$ 11,024,765	(\$2,559,071)	81%	\$1,837,252	120%
Small C&I	\$ 6,678,372	\$ 7,845,379	\$ 9,505,311	\$2,826,939	142%	\$1,659,932	121%
Municipal Program	\$ 1,447,985	\$ 1,097,757	\$ 1,497,279	\$49,294	103%	\$399,522	136%
Smart Start	\$ 30,000	\$ 30,000	\$ 36,005	\$6,005	120%	\$6,005	120%
C&I Customer Partnerships	\$ 23,124	\$ 23,124	\$ 1,854	(\$21,270)	8%	(\$21,270)	8%
C&I Energy Rewards RFP Program	\$ 1,482,952	\$ 1,020,610	\$ 962,329	(\$520,623)	65%	(\$58,281)	94%
Education	\$ 290,517	\$ 267,826	\$ 209,434	(\$81,083)	72%	(\$58,392)	78%
Forward Capacity Market Expenses	\$ 102,000	\$ 150,000	\$ 27,919	(\$74,081)	27%	(\$122,081)	19%
C&I Demand Response Pilot	\$ 380,187	\$ 380,187	\$ 624,260	\$244,073	164%	\$244,073	164%
Customer Engagement Platform	\$ 373,126	\$ 373,126	\$ 231,471	(\$141,655)	62%	(\$141,655)	62%
Total C&I	\$ 24,392,099	\$ 20,375,522	\$ 24,120,627	(\$271,472)	99%	\$3,745,105	118%
Total Residential and C&I (without Performance Incentive)	\$ 47,507,758	\$ 46,579,842	\$ 45,957,422	(\$1,550,336)	97%	(\$622,420)	99%

Source: Eversource's requests dated November 23, 2020 and February 25, 2021

In regards to the transfer of funds within a sector to cover over expenditures of programs, Eversource is required to provide notification of expenditures over 120% of the budgets. As Table 1 shows, two programs exceeded the original budget—Small C&I and C&I demand response pilot. Table 1 also shows that if the actual expected spending is compared to the budget change requested in November, then three programs exceed 120% of the budget—Small C&I, Municipal program, and the C&I demand response programs.

Staff recommends that Eversource use budgets from underspent programs within a sector to cover the overspent programs. For the C&I demand response pilot, however, Staff recommends that the Commission only allow Eversource to use 120% of the approved budget in the calculation of the PI, given that a pilot by definition is a limited program to determine whether a full program will be successful and achieve cost-effective savings. In other words, the allowed actual spending for PI purposes for the C&I demand response program would be \$456,224.

In summary, Staff recommends approval of the reversal of the budgets to the original levels approved in Order No. 26,323 and recommends that the Commission approve a modification to the PI calculation by limiting the amount of actual spending allowed to be included from the C&I demand response program to no more than 120% of the budget or \$456,224.

Executive.Director@puc.nh.gov
allen.desbiens@eversource.com
amanda.noonan@puc.nh.gov
asbury@unitil.com
bob.reals@libertyutilities.com
brian.buckley@puc.nh.gov
brianna@cleanenergynh.org
carroll@unitil.com
Christa.Shute@oca.nh.gov
christopher.plecs@eversource.com
christopher.skoglund@des.nh.gov
craig.wright@des.nh.gov
cynthia.trottier@libertyutilities.com
deandra.perruccio@puc.nh.gov
demeris@unitil.com
donald.kreis@oca.nh.gov
downesm@unitil.com
edward.davis@eversource.com
elizabeth.nixon@puc.nh.gov
epler@unitil.com
eric.stanley@libertyutilities.com
erica.menard@eversource.com
F.Ross@puc.nh.gov
frank.melanson@eversource.com
gouldingc@unitil.com
heather.tebbetts@libertyutilities.com
jarvis@unitil.com
jay.dudley@puc.nh.gov
jessica.chiavara@eversource.com
jmarks@acadiacenter.org
joseph.fontaine@des.nh.gov
joseph.swift@eversource.com
jvanrossum@clf.org
karen.cramton@puc.nh.gov
karen.sinville@libertyutilities.com
katherine.peters@eversource.com
kbashford@iso-ne.com
kelly@cleanenergynh.org
kristi.davie@eversource.com
laurel.proulx@eversource.com
madeleine@cleanenergynh.org
marc.lemenager@eversource.com
matt.siska@gdsassociates.com
matthew.fossum@eversource.com
maureen.karpf@libertyutilities.com
mbirchard@keyesfox.com
mdean@mdeanlaw.net
michael.goldman@eversource.com
michael.sheehan@libertyutilities.com
Mosenthal@OptEnergy.com
nkrakoff@clf.org
ocalitigation@oca.nh.gov
palma@unitil.com
paul.dexter@puc.nh.gov
pradip.chattopadhyay@oca.nh.gov
rburke@nhla.org
rclouthier@snhs.org
rebecca.ohler@des.nh.gov
richard.chagnon@puc.nh.gov
robertbackus05@comcast.net
sarah.knowlton@libertyutilities.com
scott.albert@gdsassociates.com
sgeiger@orr-reno.com
smaslansky@nhcdfa.org
snowc@nhec.com
Stephen.Eckberg@puc.nh.gov
Stephen.Hall@libertyutilities.com
steve.frink@puc.nh.gov
steven.elliott@eversource.com
steven.mullen@libertyutilities.com
stower@nhla.org

stracy@pierceatwood.com

susan.gagne@puc.nh.gov

taylorp@unitil.com

teammh@energyservicesgroup.net

tom.frantz@puc.nh.gov

tomas.fuller@eversource.com

trooney@tresolutions.com

woodsca@nhec.com