

April 1, 2021

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Via Electronic Mail Only

Debra A. Howland, Executive Director
Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, New Hampshire 03301-2492

Re: DE 20-092 – Program Status Update

Dear Director Howland:

Pursuant to RSA 363:31, II(a) exception to ex parte communications for adjudicative proceedings, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty; New Hampshire Electric Cooperative, Inc.; Public Service Company of New Hampshire d/b/a Eversource Energy; Unitil Energy Systems, Inc. (UES); Liberty Utilities (EnergyNorth Natural Gas) Corp d/b/a Liberty; and Northern Utilities, Inc. (Northern) (collectively, “The NH Utilities”) submit the following first quarter status report of the 2021 NHSaves energy efficiency programs. This status report provides an account of the approach to the programs, as well as program activity and administration during the first quarter of 2021 and presents time-sensitive future program impacts in the absence of a final order in DE 20-092.

On December 29, 2020, the Public Utilities Commission (“Commission”) issued Order No. 26,440, approving a temporary extension of the 2020 System Benefits Charge rate to be applied to the already-existing energy efficiency program structure until a final order regarding the proposed 2021-2023 Statewide Energy Efficiency Plan is issued. In the three months since that temporary extension, the NH Utilities have been administering the programs under these parameters, maintaining participation and working with customers and vendors to achieve energy savings. However, there are a growing number of challenges faced by the NH Utilities, our vendors and our customers with these temporary conditions. The NH Utilities take this opportunity to present the status of both for the Commission’s review and information.

The NH Utilities appreciate the Commission’s acknowledgement of the critical importance of continuing the energy efficiency programs while the 2021-2023 Plan, as modified by the Settlement Agreement, is still under review. Our customers depend on seamless operation of the programs in order to plan for and implement their energy efficiency projects. The continuation of funding and program support has also been important to the large New Hampshire workforce of contractors and vendors who implement energy efficiency projects around the state. They depend on continuity and stability of the programs in order to make business decisions and invest in their companies and employees.

In the first quarter of 2021 the NH Utilities have moved forward expeditiously to maximize the impact of 2020 funding levels to continue robust program offerings and generate customer interest in making energy efficiency improvements. The NH Utilities continue to see high demand for residential weatherization projects and high efficiency lighting and appliances. Energy efficiency remains an important avenue to help our small business customers recover from pandemic-related financial impacts by reducing operating costs. Our larger commercial customers are beginning to reconsider and move forward with efficiency projects that were paused during 2020. The reopening of public buildings and schools presents an important opportunity to work with municipalities and school districts to implement efficiency improvements in conjunction with health and safety upgrades to HVAC and other systems. A number of projects initiated but not completed in 2020 have moved into 2021 and will be completed this year.

Knowing that funding at the 2020 level is in place and that further information on final budgets and goals will be forthcoming, the NH Utilities, our implementation staff, vendors and contractors have approached marketing and customer outreach vigorously in the first quarter of 2021. This has supported our efforts to start the 2021-2023 term with a strong pipeline to meet final goals, when they are determined.

Notwithstanding the NH Utilities’ deep appreciation for continued program funding and the vital marketplace stability it provides, there are a growing number of upcoming impacts to the programs that will result from the absence of a final order on the 2021-2023 Plan. Without approved program goals for 2021-2023, associated rates to raise the funds necessary to achieve those goals, or a defined program implementation and administration term, it is becoming increasingly difficult to effectively manage programs and provide accurate messaging to customers. Due to the adoption of a comprehensive suite of new energy savings assumptions in the latest technical reference manual, which underpin our savings calculations, 2020 funding levels will not be sufficient to achieve even the 2020 level of energy savings or associated benefits. Additionally, new program offerings proposed in the 2021-2023 Plan have time sensitive deadlines if they are to move forward this year.

In the spirit of transparency, the following table enumerates a number of evolving impacts of continued operation under Order No. 26,440.

Administration and Goals

| Topic | Description | Timing/Impact |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| Achieving Goals | <ul style="list-style-type: none"> • Program staff and vendors are operating without specific budgets and goals for the year, impairing planning capacity. • Continuation past Q1 without formal goals or adjustments to the SBC rate will make the proposed 2021-2023 savings targets unrealistic. | April 1 and beyond – Progressively Challenging |

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|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| Finalizing Goals - Electric | <ul style="list-style-type: none"> 2020 funding levels will not achieve 2020 savings goals in 2021, due to the application of the new TRM and adjustments to savings assumptions. Even if the funding remains at the current level, revised savings goals are required and need to be formalized. | April 1 and beyond – Progressively Challenging |
| Finalizing Goals – Natural Gas | <ul style="list-style-type: none"> Increased rates for Natural Gas Programs, as proposed in the Plan, were approved by the Commission in the Liberty and Unitil Cost of Gas filings in late 2020. It is unclear what savings goals should be associated with the funding. | April 1 and beyond – Progressively Challenging |

Customers

| | | |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| Customer impact and uncertainty | <ul style="list-style-type: none"> NH Utilities are working with staff and contractors to avoid negative impacts to customers. Understanding of budgets and goals is needed to ensure accurate communication to customers about program offerings. Sudden changes in direction will lead to unserved customers and confusion about program offerings, which could take months to overcome, even <i>after</i> an Order is issued. | April 1 and beyond – Progressive risk and challenge |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|

Contractors/Vendors/Workforce

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|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| HEA Program and Community Action Agency Capacity | <ul style="list-style-type: none"> Limited planning capacity with the CAA’s for the planned ramp-up of the HEA low-income program, which is based on a % of overall portfolio budget and the final budget is unknown. Strained workforce capacity requires a sufficient planning period for HEA to meet the higher 2021-2023 goals. | April 1 and beyond – Progressive risk and challenge |
| Impact to local contractors | <ul style="list-style-type: none"> Residential contractors are primarily small locally-owned businesses. Addition of new crews and capacity is an anticipated need to meet the higher proposed savings goals, but is a major investment. Numerous contractors have indicated that they are uncomfortable investing in their business right now because of the uncertainty around the programs. | April 1 and beyond – Progressively Challenging |

Program Offerings

| | | |
|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| Liberty AIM Offering | <ul style="list-style-type: none"> The launch of the Liberty Gas Aerial Infrared Mapping (AIM) program in CY2021 is dependent on a precise window of optimum aerial data collection climate conditions, which was anticipated to be between mid-March and early-April (e.g., cool ambient temperatures, roofs with no snow cover, and prior to tree leaf growth). Missing this window will possibly delay launch of this program until 2022. | April 1 – CRITICAL DEADLINE |
| Liberty ADR Offering | <ul style="list-style-type: none"> In order for the Liberty Electric C&I Load Curtailment Program to launch in 2021, data transfer infrastructure needs to be established with various 3rd party implementation vendors. This work has yet to be started which is putting at risk the ability to effectively launch by early Summer, which may impact the feasibility of this as an offering in 2021. | April 1 – CRITICAL DEADLINE |
| Eversource Active Demand Response | <ul style="list-style-type: none"> Eversource ADR programs are currently enrolled at the pilot levels from 2020. Additional customers are waiting to participate pending budget approvals. | May 1 – CRITICAL DEADLINE for New Enrollments |
| Eversource Home Performance with Energy Star | <ul style="list-style-type: none"> Eversource HPwES has numerous committed projects in queue due to approved projects moving from 2020 into 2021. Uncertainty as to the total budget amount for 2021 and what the new planning term is, leaves this program struggling to determine whether or how to adjust offerings in order to both avoid over-commitment and also maintain market stability. | April 1 and beyond – Progressive risk and challenge |
| Energy Optimization | <ul style="list-style-type: none"> Work to further define and execute an Energy Optimization Pilot is on hold, which may impact the ability to properly study this effort during the CY21-23 term. | April 1 and beyond – Progressively Challenging |
| Codes and Standards | <ul style="list-style-type: none"> Work to develop and implement a codes and standards offering is on hold. Baseline work needs to start in 2021 in order to have claimable savings in 2023. | April 1 and beyond – Progressively Challenging |
| Workforce Development | <ul style="list-style-type: none"> Vendor contract terms for workforce development are difficult/impossible to set without 3-year budgets and goals. | April 1 and beyond – Progressively Challenging |

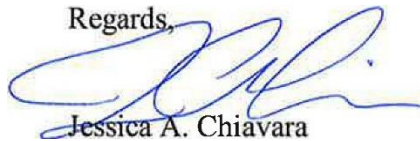
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| <p>Eversource C&I Online Assessment and tools</p> | <ul style="list-style-type: none"> Eversource is delaying contracts for online assessment and marketplace tools that are intended to expand access to the programs. | <p>April 1 and beyond – Progressively Challenging</p> |
| <p>EM&V and Strategic Evaluation Plan</p> | <ul style="list-style-type: none"> The EM&V Working Group has delayed issuance of a comprehensive RFP due to the absence of a firm budget or planning term (and given that evaluation consultants are no longer under contract). This has delayed the launch and will push back the conclusion of planned studies and application of results. | <p>April 1 and beyond – Progressive risk and challenge</p> |

The NH Utilities provide this status update in order to communicate the current operation of programs and evolving and upcoming challenges.

The NH Utilities appreciate the support of the Commission for enabling the continuation of these critical customer programs and the benefits that they provide to residents, businesses and municipalities in New Hampshire.

Pursuant to Commission policy, this filing will be made electronically only; paper copies will not follow. Please do not hesitate to contact me with questions.

Regards,



Jessica A. Chiavara
Counsel, Eversource Energy
o/b/o the New Hampshire Utilities

cc: DE 20-092 service list