STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DE 20-092

ELECTRIC AND GAS UTILITIES

2021–2023 Triennial Energy Efficiency Plan

Order on the 2022–2023 New Hampshire Statewide Energy Efficiency Plan

O R D E R N O. 26,621

April 29, 2022

In this order the Commission approves the 2022–2023 New Hampshire Energy Efficiency Plan as consistent with the directives found in 2022 N.H. Laws, ch. 5 (HB 549) – a total of 7 programs, a performance incentive, and lost base revenue – resulting in approximately $223.7 million in spending over the triennium.

I. BACKGROUND AND PROCEDURAL HISTORY

This docket was opened in June 2020 for the second Energy Efficiency Triennial Plan for effect 2021 through 2023 (2021–2023 Plan), which was ultimately filed by the Joint Utilities[1] on September 1, 2020.

The 2021–2023 Plan, as modified by a settlement agreement[2], resulted in an electric program budget of $336,529,000 and a gas program budget of $41,882,000[3], for a total of $378,411,000, as compared to an electric program budget of

[1] The joint utilities have been previously identified in this docket as Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities; New Hampshire Electric Cooperative, Inc.; Public Service Company of New Hampshire d/b/a Eversource Energy; Unitil Energy Systems, Inc.; Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities; and Northern Utilities, Inc.

[2] Exh. 14 at 000004

[3] *Electric and Gas Utilities*, Order No. 26,553 at 4 and 15 (November 12, 2021) (savings targets were modified by the settlement agreement, whereas the budget was calculated based on the underlying budget less modifications to Eversource's budget detailed by the settlement agreement).

$146,115,000 and a natural gas program budget of $30,089,000[4], for a total of $176,204,000 in the first Triennial Plan (2018–2020), an increase of $202,207,000, or 148%. A majority of the funding for these budgets is collected through non-bypassable consumption-based charges applicable to regulated utility customers; for electric energy users, this is called the System Benefits Charge (SBC), and for natural gas customers, this is called the Local Distribution Adjustment Charge (LDAC).

The Commission denied the parties' request to approve the settlement agreement and 2021–2023 Plan programming based on rate impacts, the utility performance incentive structure, the treatment of year-over-year budgetary carryforwards, and a number of other factors that do not bear repeating due to subsequent statutory changes[5]. *See Electric and Gas Utilities*, Order No. 26,553 (November 12, 2021) (Order 26,553).

Order 26,553, among other things, set rates matching the rates established for the first Energy Efficiency Triennial Plan, decreasing year-over-year at the same pace they had increased between 2018 and 2020. These rates were intended to fund the continuation of New Hampshire's ratepayer-funded energy efficiency programming through December 2023, resulting in a slightly higher budget than the first Energy Efficiency Triennial Plan since the budget is the result of multiplying the rates times the load, and the load increased slightly. *Id.* at 34–38, *Electric and Gas Utilities*, Order No. 26,560 at 2 (January 7, 2022). Additionally, Order 26,553 required the Joint Utilities to make a filing to update their suite of Energy Efficiency programming to be offered beginning in 2022 based on new guidance. Order 26,553 at 49. Order No. 26,553 triggered requests for rehearing and litigation in multiple courts within New

[4] *Gas and Electric Utilities*, Order No. 26,095 at 5 (January 2, 2018).

[5] discussed *infra* n. 6 and accompanying text

Hampshire; however, all pending litigation has been resolved or withdrawn as of the date of this order.

On February 24, 2022, HB 549[6] was signed into law. HB 549 amended RSA 374-F:3, VI, relative to the structure and use of the SBC; added a new section to RSA 374:63, relative to the structure and use of the LDAC; and amended RSA 125-O:5-a, relative to the Energy Efficiency and Sustainable Energy Board. HB 549 set the SBC and LDAC rates at the same level as the Commission had set them in 2020 and 2021 for 2022 and thereafter, subject to an annual inflation adjustment beginning in 2023[7]. HB 549 also required the Joint Utilities to make an updated plan filing on March 1, 2022, relating to the ratepayer-funded energy efficiency programming to be implemented between May 1, 2022, and December 31, 2023. The legislation also prescribed the standards that the Commission is to apply in evaluating the Joint Utilities' March 1, 2022 plan update filing.

On March 1, 2022, the Joint Utilities filed the 2022–2023 Plan (2022–2023 Plan). According to the Joint Utilities, the 2022–2023 Plan was designed to be consistent with the 2020 program structure as authorized by HB 549 and use the rates set by HB 549. On the same date, each of the Joint Utilities also provided benefit-cost models for their energy efficiency programming.

On March 16, 2022, the Commission issued a supplemental notice of adjudicative proceeding, providing a brief statement of HB 549's legal standards and

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[6] HB 549 is accessible on the General Court's website at: http://www.gencourt.state.nh.us/bill_status/pdf.aspx?id=32434&q=billVersion

[7] Pursuant to Order 26,553, SBC and LDAC rates decreased to 2019 levels for 2022, however this order was modified to return these rates to the 2020/2021 levels by *Gas and Electric Utilities*, Order No. 26,579 (February 10, 2022). Note that although SBC changes are normally effective on a calendar-year basis, LDAC rates usually change effective November 1 of each year.

the Joint Utilities' new filings. In addition, the notice established a procedural schedule leading up to a previously scheduled hearing on the 2022–2023 Plan on April 21, 2022.

On April 19, 2022, the Joint Utilities pre-filed the direct testimony of Katherine Peters, Marc Lemenager, John J. Butler, Eric Stanley, Mary Downs, and Carol Woods in support of the 2022–2023 Plan; the Department of Energy (DOE) pre-filed the direct testimony of Elizabeth Nixon, Stephen Eckberg, Jay Dudley, and Scott Balise in support of the 2022–2023 Plan, with proposed modifications; the Office of the Consumer Advocate pre-filed the direct testimony of Courtney Lane and Danielle Goldberg in support of the 2022–2023 Plan, with additional recommendations; and Clean Energy New Hampshire pre-filed the direct testimony of Christopher Skoglund in support of the 2022–2023 Plan.

On April 21, 2022, a duly noticed hearing was held on the 2022–2023 Plan.

The 2022–2023 Plan, pre-filed testimony, exhibits, and other docket filings, except any information for which confidential treatment is requested of or granted by the Commission, are posted at: https://www.puc.nh.gov/Regulatory/Docketbk/2020/20-092.html.

II. SUMMARY OF 2022–2023 PLAN

a. Projected Funding

The Joint Utilities projected cumulative program funding for the 2022–2023 Plan based on the SBC and LDAC rates as set by HB 549 and other applicable funding sources, including proceeds obtained by the electric utilities from participation in the regional Forward Capacity Market (FCM) and from Regional Greenhouse Gas Initiative (RGGI) auction proceeds. Given the changes made by HB 549, and the previously approved budgets for Program year 2021, the funding for the 2021–2023 Triennial

planning period is estimated to total $223,744,811. Of this amount, Electric program funding is estimated to total $189,307,092, of which $120,004,555 in funding is for the 2022–2023 program period. Exh. 47 at Bates page 11, Table 1-1. For the 2021–2023 Triennial planning period, Natural gas program funding is estimated to total $34,437,719, of which $22,645,045 in funding is for the 2022–2023 program period. *Id.* at Bates page 12, Table 1-2.

Table 1: Annual Funding for 2021–2023				
	2021 Program Year Funding[8]	2022 Program Year Funding	2023 Program Year Funding	2021–2023 Total Plan Funding[9]
Electric	$69,302,537	$59,179,376	$60,825,179	$189,307,092
Gas	$11,791,916	$11,278,443	$11,367,360	$34,437,719
Total	$81,094,453	$70,457,819	$72,192,539	$223,744,811

Broken down between customer sectors, funding attributable to the residential customer sector sources (inclusive of SBC, LDAC, FCM, RGGI and carryforward) totaled approximately $66,910,000, or 44 percent of funding, while funding attributable to the commercial and industrial (C&I) customer sector totaled approximately $83,523,000, or 56 percent of funding. *Id.* at Bates pages 18–20 (sum of sector-specific totals in Tables 1-7 through 1-10).

b. Energy Efficiency Program Descriptions, Strategy, Program Budgets, and Projected Energy Savings

The 2022–2023 Plan projected a total cumulative annual electric energy savings of 170,416 MWh, or 1.62 percent of 2019 delivery sales, with a lifetime energy savings potential of 1,985,128 MWh. *Id.* at Bates page 11, Table 1-1. For natural gas annual energy savings, the 2022–2023 Plan projected 375,399 MMBtus or 1.49 percent of

[8] Order No. 26,440 in Docket No. 20-092, extending rates (and funding estimates) approved in Order No. 26,323 at 6 (December 31, 2019), in Docket No. 17-136.

[9] Per the Joint Utilities filings numbers may not add up due to rounding.

2019 delivery sales, with a lifetime energy savings potential of 5,405,517 MMBtus. *Id.* at Bates page 12, Table 1-2.

According to the Joint Utilities, the 2022–2023 Plan is geared toward cost-effective programming that is accessible to all customer segments, adaptable to changing marketplace dynamics and trends, and that shifts focus from high-efficiency lighting measures in the electric programs to lighting retrofits and to customer segments that still have market barriers, while maintaining non-lighting standards that face barriers to customer adoption. *Id.* at Bates page 12.

1. Residential Programs

The 2022–2023 Plan contains four primary residential programs: the ENERGY STAR© Homes Program; the ENERGY STAR© Products Program; the Home Energy Assistance Program (HEA); and the Home Performance ENERGY STAR© Program. *Id.* at Bates page 51. In addition, some New Hampshire ratepayers may qualify for a Home Energy Reports program in certain utility service territories.

i. ENERGY STAR© Homes Program

The ENERGY STAR© Homes Program provides incentives and contractor support for residential single-family and multifamily new construction homes. *Id.* at Bates page 55. The proposed 2022–2023 electric budget is $6,620,204 resulting in an estimated 71,493,913 lifetime kWh savings, and the proposed 2022–2023 natural gas budget is $1,913,226 resulting in an estimated 388,082 lifetime MMBtu savings. *Id.* at Bates pages 59–60.

ii. ENERGY STAR© Products Program

The ENERGY STAR© Products Program is designed to help residential customers overcome the extra expense of purchasing and installing ENERGY STAR-certified appliances, electronics, HVAC equipment and systems, hot water-saving

equipment, and lighting. *Id.* at Bates page 60. The proposed 2022–2023 electric budget is $12,515,432, resulting in an estimated 213,876,017 lifetime kWh savings, and the proposed 2022–2023 natural gas budget is $2,796,357, resulting in an estimated 679,645 lifetime MMBtu savings. *Id.* at Bates page 62.

iii. Home Energy Assistance (HEA) Program

The HEA Program is a "fuel-neutral weatherization program [that is] designed to reduce energy use from both electric and fossil fuel-consuming appliances and HVAC systems. The program serves New Hampshire's income-eligible homeowners and renters to help reduce their energy costs, optimize their home's energy performance, and make their homes more comfortable." *Id.* at Bates page 63. The program proposal will adjust the maximum per-project rebate cap to $15,000, inclusive of appliance and heating system replacements, and would allow for exceptions to that per-project cap.[10] *Id.* at Bates page 65. The proposed 2022–2023 electric budget is $23,934,061, resulting in an estimated 49,356,827 lifetime kWh savings, and the proposed 2022–2023 natural gas budget is $4,529,159, resulting in an estimated 360,844 lifetime MMBtu savings. *Id.* at Bates page 70.

iv. Home Performance ENERGY STAR© Program

The Home Performance ENERGY STAR© Program is a fuel-neutral whole-house approach to improving energy efficiency in existing single- and multi-family homes and covers lighting improvements, heating, and hot water equipment upgrades, weatherization measures, and appliance replacements. *Id.* at Bates pages 68–71. The proposed 2022–2023 electric budget is $18,720,744, resulting in an estimated 94,677,237 lifetime kWh savings, and the proposed 2022–2023 natural gas budget is

[10] According to the 2022–2023 Plan, enhanced rebates may be authorized by an implementation supervisor to achieve comprehensive weatherization in a single program year.

$3,090,085, resulting in an estimated 741,245 lifetime MMBtu savings. *Id.* at Bates page 75.

2. Commercial and Industrial Programs

The 2022–2023 Plan contains three primary C&I programs: the Small Business Energy Solutions Program, the Municipal Program, and the Large Business Energy Solutions Program. *Id.* at Bates page 25.

i. Small Business Energy Solutions Program

The Small Business Energy Solutions Program targets small business owners with turnkey direct installations of measures such as hot water-saving measures, LED lighting, Wi-Fi thermostats, weatherization, and customer-directed energy efficiency installations and midstream incentives. *Id.* at Bates pages 33–34. The proposed 2022–2023 electric budget is $26,573,464, resulting in an estimated 752,363,988 lifetime kWh savings, and the proposed 2022–2023 natural gas budget is $4,469,615, resulting in an estimated 1,167,795 lifetime MMBtu savings. *Id.* at Bates page 35.

ii. Municipal Program

The Municipal Program targets RGGI proceeds to towns and cities to help local communities plan for and implement high-efficiency measures in municipal and school buildings. *Id.* at Bates page 36. The proposed 2022–2023 electric budget is $3,943,528, resulting in an estimated 91,802,200 lifetime kWh savings, and there is not a natural gas budget, although fuel-neutral weatherization to existing buildings is available. *Id.* at Bates page 40.

iii. Large Business Energy Solutions Program

The Large Business Energy Solutions Program offers technical assistance and performance incentives to assist large C&I customers that are replacing failing equipment, addressing aging or inefficient equipment and systems, or planning new

construction or major renovations *Id.* at Bates pages 41–44. The proposed 2022–2023 electric budget is $24,292,253, resulting in an estimated 702,274,846 lifetime kWh savings, and the proposed 2022–2023 natural gas budget is $5,123,692, resulting in an estimated 2,010,476 lifetime MMBtu savings. *Id.* at Bates page 45.

3. Active Demand Reduction (ADR) Pilot Programs

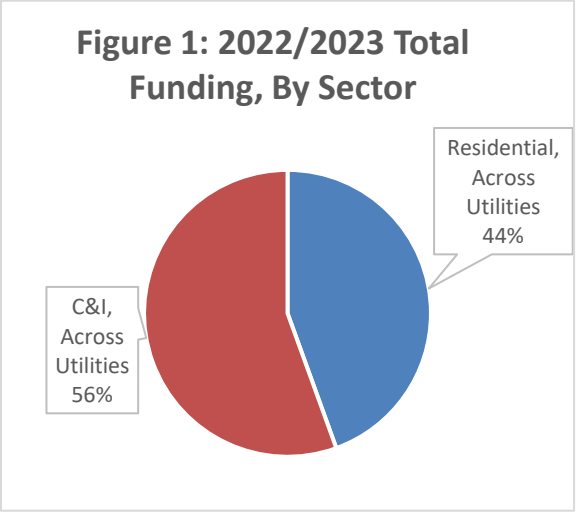
For the remainder of 2022 and 2023, Eversource and Until propose to continue their existing ADR Pilot Programs that use C&I load curtailment and Residential Wi-Fi Thermostat Direct Load Control to capture quantifiable benefits associated with system peaking events for all grid-tied New Hampshire customers and reduce New Hampshire's share of the installed capacity cost allocation. *Id.* at Bates page 77. The proposed 2022–2023 residential electric budget is $377,103, resulting in an estimated active reduction of 4,248 kW, and the proposed 2022–2023 C&I electric budget is $1,063,885, resulting in an estimated active reduction of 20,828 kW. *Id.* at Bates page 78.

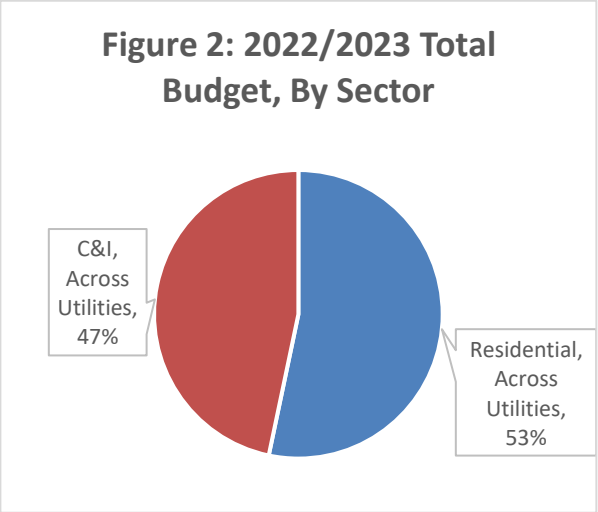
c. Comparisons of Projected Funding, Budgets, and Energy Savings

Based on the summary of the 2022–2023 Plan funding and budgets above, the Joint Utilities expect 2022–2023 SBC and LDAC revenues of approximately $132 million, exclusive of budgetary carryforwards, RGGI and FCM funds. When those revenues are added, they result in a funding forecast of $150 million, of which 56 percent is attributable to C&I customers and 44 percent is attributable to residential customers. *Id.* at Bates pages 18–20.

Concerning budgeted spending, the Joint Utilities presented a plan with expenditures totaling $142,650,356, with $76,026,748, or 53 percent of the budget,

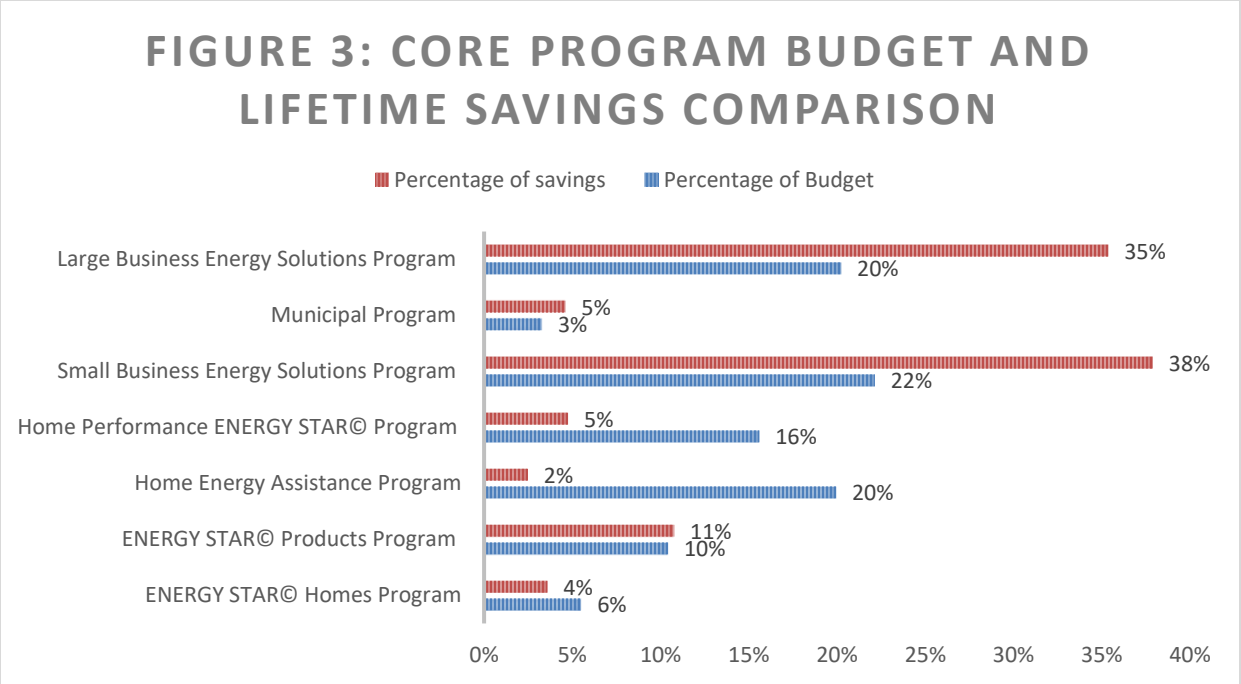
directed toward the residential sector and $66,623,610, or 47 percent of the budget, directed toward the C&I sector; see Figures 1 and 2.[11]





Of the total amount collected, no less than 20 percent of SBC funds collected must be expended on income-eligible residential programs pursuant to RSA 374-F:3, VI-a(c), namely the HEA program. As noted above, the Joint Utilities budgeted the Electric HEA program at $23,934,061. Comparing budgets to expected lifetime savings for the aforementioned electric programs, by calculating each core program's percentage of the overall electric programming budget and percentage of expected electric per-program lifetime kWh savings, the 2022–2023 Plan's core programming suite should result in the following savings-to-cost profile:

[11] Under the terms of the 2022–2023 Plan, once budgets are approved there will be no movement of funds between the Residential and C&I sectors, or transferred from the HEA Program, unless specifically approved by the Commission. *Id.* at Bates page 23.



d. Miscellaneous Program Expenses

The Joint Utilities categorize programming expenses for various costs associated with the programming suite that are not directly tied to program rebates and services. These other categories of expenses are marketing; internal and external administration; evaluation, measurement and verification (EM&V); implementation services; and lost base revenue. These costs are detailed by program and in the aggregate on Attachments C of the 2022–2023 Plan, at Bates pages 505 through 512. As shown in this Attachment, the overall percentage of the budget spent on program services and rebates compared to miscellaneous expenses is budgeted as follows:

Table 2: Budgets by Categories of Expense

Category of Expense	Percentage of 2022 Budget	Percentage of 2023 Budget
Rebates and Services	84.9%	83.5%
Administration	3.2%	3.1%
Implementation Services	6.1%	6.2%
Marketing	2.8%	2.8%
EM&V	3%	4.4%

We note that the category “Rebates and Services” include some costs that do not reach the ratepayers.

e. EM&V Expenses

The Joint Utilities provided a report on proposed EM&V expenses for 2022 and 2023. *Id.* at Bates pages 1248–49. In that report, the 2022–2023 Plan’s EM&V budget would be $2,143,632 in 2022 and $3,149,013 in 2023. *Id.* Those budgets were broken down into three categories: activities to support regulatory and other mandated reporting requirements ($1,415,132 in 2022 and $1,478,026 in 2023), third party studies ($628,750 in 2022 and $1,566,250 in 2023), and DOE consultant support ($99,750 in 2022 and $104,738 in 2023). *Id.*

f. Lost Base Revenue

In addition to budgeting for miscellaneous expenses, rate-regulated utilities that have not implemented a ratemaking decoupling mechanism propose to collect “lost base revenues” to collect revenue lost due to decreased energy sales resulting from energy efficiency programs. The 2022–2023 Plan contains a provision requiring any utility to stop collecting lost base revenue if that utility implements a decoupling mechanism in a rate case.

Eversource estimated that its lost base revenues from 2022–2023 would total $23,561,198 and requested authorization to collect and reconcile lost base revenue through an SBC adder of 0.185 cents per kWh from May 1, 2022, until December 31, 2022, and of 0.205 cents per kWh from January 1, 2023, until December 31, 2023. *Id.* at Bates pages 557–60, 697–704.

Until (Until Energy Systems, Inc.) has presented a settlement agreement in Docket No. DE 21-030, proposing to implement a decoupling mechanism in April of 2022. As such it calculated remaining lost base revenue from 2021 and the first three

months of 2022 in the amount of $972,358,[12] and requested authorization to collect and reconcile lost base revenues through an SBC adder of 0.003 cents per kWh from May 1, 2022, until December 31, 2022. *Id.* at Bates pages 655–58, 732–33.

Liberty (Granite State Electric) implemented a decoupling mechanism in July of 2021; due to extenuating circumstances, Liberty requested recovery of outstanding lost base revenue from 2019 and 2020 in the amount of $710,104 while deferring collection of lost base revenue from the first six months of 2021 to a later request. Liberty requested authorization to collect and reconcile its identified lost base revenues through an SBC adder of 0.114 cents per kWh from May 1, 2022, until December 31, 2022. *Id.* at Bates pages 710–713.

g. Utility Performance Incentives

The Joint Utilities stated that they would continue to use the 2020 performance incentive structure, which is based on a July 2019 Performance Incentive Structure Working Group report developed in Docket DE 17-136. *Id.* at Bates pages 87–90. Under this structure, Joint Utilities are eligible for ratepayer-funded performance incentives of up to 6.875 percent of actual program expenditures, with ADR Pilot expenditures included. *Id.* In 2022, the planned budget for electric program performance incentives totals $3,253,216, and the planned budget for natural gas program performance incentives total $620,314. *Id.* at Bates pages 513–17. In 2023, the planned budget for electric program performance incentives totals $3,343,735, and the planned budget for natural gas program performance incentives totals $625,205. *Id.* at Bates pages 518–22.

[12] Unitil's rate case DE 21-030 is pending. As a result, this number may need to be adjusted.

h. Technical Reference Manual

The Joint Utilities filed an updated Technical Reference Manual with the 2022–2023 Plan. *Id.* at Bates pages 109–498. This manual documents standard methodologies and inputs for calculating the savings impacts of the 2022–2023 Plan programming. *Id.* at Bates page 91. The manual is updated annually by the EM&V working group (as derived from a settlement agreement approved in Docket 15-137). The 2022–2023 Plan contains provisions for that working group to utilize a consensus-based approach to agree on assumptions applicable to programming, with group members able to request Commission determination on non-consensus issues.

III. SUMMARY OF PARTY POSITIONS

a. Joint Utilities

The Joint Utilities requested that the Commission approve the 2022–2023 Plan without delay, consistent with HB 549, past Commission orders, and working group processes. According to the Joint Utilities, the plan saves money and energy, produces jobs, and yields benefits to the energy distribution systems. The Joint Utilities argued that the plan delivers equitable benefits because money is primarily used in customer sectors from which it is collected, with the exception of the low-income programming. The Joint Utilities argued that all programs are cost-effective under the Granite State Test, that each electric utility meets the 65% electric savings threshold based on annual savings, and that the lost base revenue proposals are reasonable and consistent with past practice. With respect to the Commission's standard of review, the Joint Utilities argued that there is no reasonableness test for the 2022–2023 Plan, and that based on the language of HB 549, the Commission lacks authority to modify any aspect of the plan.

b. Department of Energy

The DOE Supported approval of the plan based on the evidence as compliant with HB 549. The DOE argued that the separate SmartStart performance incentive is no longer needed and should be eliminated, but that it would support approval of the plan with or without the separate SmartStart performance incentive.

c. Office of the Consumer Advocate

The OCA supported approval of the 2022–2023 Plan. The OCA argued that although the 2022–2023 Plan does not achieve a number of potential cost-effective energy efficiency measures, because HB 549 limited the funding available, the Commission must approve or deny the plan submitted. The OCA asserted that RSA 374-F:3, X (specifying that utility-sponsored energy efficiency programs "should target cost-effective opportunities that may otherwise be lost due to market barriers") is only one of a number of interdependent policy principles; is part of a long list of factors for the Commission to consider; and does not control its approval or disapproval of the plan before it.

d. Department of Environmental Services

NHDES supported approval of the 2022–2023 Plan as filed. NHDES noted that energy policy and environmental policy are intertwined, arguing that as a general proposition reducing energy use is good environmental policy.

e. Clean Energy New Hampshire

CENH supported approval of the 2022–2023 Plan as filed, noting its economic and environmental benefits.

f. Conservation Law Foundation

CLF expressed general support for the 2022–2023 Plan as filed, noting various benefits to energy efficiency, including lower costs, environmental benefits, benefits for

low-income populations, and economic/workforce benefits. According to CLF, the 2022–2023 Plan complies with HB 549's rates, testing, and spending requirements.

g. Southern New Hampshire Services

Southern New Hampshire Services supported the plan, specifically with respect to the low-income programming and the proposed increase to $15,000 the per-project spending cap in the HEA program.

h. LISTEN Community Services

LISTEN Community Services supported the HEA low-income plan because it addresses affordability and lowers low-income customer's energy burden. LISTEN Community Services noted that the ACEEE 2021 Progress Report ranked New Hampshire second behind Vermont for commitment to low-income customers for energy efficiency. LISTEN Community Services specifically supported increasing the HEA project cap to $15,000.

IV. COMMISSION ANALYSIS

a. Standard of Review

1. RSA Ch. 374-F, as Amended by HB 549

Effective January 1, 2022, pursuant to changes brought about by HB 549, the Joint Utilities are statutorily directed to prepare triennial energy efficiency plans with programming and incentive payments optimized to deliver ratepayer savings to both plan participants and non-participants. RSA 374-F:3, VI-a(d). The Joint Utilities are to utilize funding from the SBC, the LDAC, the energy efficiency fund established pursuant to RSA 125-O:23, revenues available from wholesale energy and ancillary services markets operated by ISO-New England, and energy efficiency carry-forward or carry-under balances detailed in the most recent Performance Incentive and Fund Balance reports for the duration of the triennial plan. RSA 374-F:3, VI-a(d)(1). In

addition, the Joint Utilities have an affirmative duty to seek alternative sources of funding. *Id.* The General Court has exercised its rate-setting authority to set the SBC and LDAC levels. RSA 374-F:3, VI-a(d)(2). The Joint Utilities are required to petition the Commission for approval of any changes to current program offerings. RSA 374-F:3, VI-a(d)(3) and (d)(5).

In turn, the Commission, subject to the provisions of RSA 541-A, *see* RSA 374-F:4, XI, shall review the Joint Utilities plan filings, pursuant to the standards of RSA Ch. 374-F, as amended by HB 549. In so doing, the Commission evaluates whether the suite of energy efficiency programming and incentives are optimized to deliver ratepayer savings, including evaluating cost-effectiveness

> …based upon the latest completed and available Avoided Energy Supply Cost Study for New England, the results of any Evaluation, Measurement, and Valuation studies contracted for by the department of energy or joint utilities, incorporate savings impacts associated with free-ridership for those programs and measures where such free-ridership may have a material impact on savings figures, and use the Granite State Test as the primary test, with the addition of the Total Resource Cost test as a secondary test. The commission shall use benefit per unit cost as only one factor in considering whether the utilities have prioritized program offerings appropriately among and within customer classes….

RSA 374-F:3, VI-a(d)(4). In addition, electric utility planned savings must include 65 percent electric system savings, *id.*, no less than 20 percent of the funds collected for energy efficiency shall be expended on low-income energy efficiency programs, RSA RSA 374-F:3, VI-a(c), and no more than five percent of funding shall be expended on EM&V activities. RSA 374-F:3, VI-a(d)(5).

At hearing, the Joint Utilities took the position that the Commission's review is limited to either the complete denial of or unconditional and unmodified approval of the Joint Utilities' plan. We do not agree that the Commission's role is so limited. The plain text of RSA 374-F:3, VI-a(d)(3), as established by HB 549, compels the opposite conclusion. The new legislation requires the joint utilities to petition the Commission

to approve "changes to program offerings," and requires the Commission to approve or deny alterations to "program offerings." The obvious implication is that the Commission must review and approve each proposed change. Moreover, RSA 374-F:3, VI-a(d)(3) identifies performance incentives and lost base revenue as plan aspects that may be reviewed and approved by entirely separate orders. Nothing in the statute suggests that the joint utilities' plan is a "package deal" that the Commission must approve or deny in its entirety.

To the extent the text of the statute is unclear, Supreme Court precedent and the statute's purpose and history support this conclusion. Where "…no statute expressly forbids a conditional approval, we believe the issue must be considered on a functional analysis of the statute as a whole." *Sklar Realty, Inc. v. Town of Merrimack*, 125 N.H. 321, 327 (1984) (citing *Bilodeau v. Antal,* 123 N.H. 39 (1983)). *See also Appeal of Milford Water Works*, 126 N.H. 127, 132 (1985) (applying the same standard of statutory interpretation to the Commission and declining to address whether the Commission's general supervisory powers authorize the imposition of reasonable conditions).

i. RSA Chapter 374-F's Overarching Purpose

In considering the statute as a whole, we are mindful to construe all parts of a statute together to effectuate its overall purpose and to avoid an absurd or unjust result. *See Conduent State & Loc. Sols., Inc. v. New Hampshire Dep't of Transportation*, 171 N.H. 414, 420 (2018) (internal citation omitted). We do not consider words and phrases in isolation, but rather within the context of the statute as a whole, to better discern the legislature's intent and to interpret statutory language in light of the policy or purpose sought to be advanced by the statutory scheme. *Id.*

RSA Ch. 374-F grants the Commission broad authority to implement statewide electric industry restructuring to reduce costs for all consumers of electricity by harnessing the power of competitive markets, consistent with the directives of part II, article 83 of the New Hampshire constitution. This grant of authority includes: 1) a general authority to order charges and service provisions and to take such other actions that are necessary to implement restructuring (RSA 374-F:4, VIII(a)); 2) a specific prohibition against interpreting any provision within the chapter as restricting the Commission's lawful authorities under RSA Title 34 (RSA 374-F:4, X); and 3) bringing the otherwise de-regulated New Hampshire Electric Cooperative to the Commission's jurisdiction for matters including energy efficiency (RSA 374-F:4, XII). The Chapter also contains an extensive list of policy principles, including principles specific to energy efficiency, such as RSA 374-F:3, X, which states "Restructuring should be designed to reduce market barriers to investments in energy efficiency and provide incentives for appropriate demand-side management and not reduce cost-effective customer conservation." In addition, the Commission is authorized to approve the recovery of utility costs associated with statewide energy efficiency programs through the SBC or LDAC. RSA 374-F:3, VI-a, RSA 374-F:3, VI-a(d)(3), RSA 374:63.

ii. RSA Chapter 374-F's Specific Purpose Regarding Energy Efficiency

Turning to the energy efficiency programming implemented by the Joint Utilities in furtherance of RSA Ch. 374-F's overarching purposes, HB 549 modified the existing 374-F:3, VI policy principle directing that restructuring should be implemented to provide benefits to all customers by separating the SBC-specific guidance into RSA 374-F:3, VI-a, presumably making the SBC its own independent policy priority. In so doing, the General Court set the energy efficiency portions of the SBC and LDAC charges. The Commission, however, is still charged with overseeing Joint Utilities'

energy efficiency programming so it meets the General Court's policies and purposes, including the mandates noted above and the following specific criteria: 1) programming and incentives be optimized to deliver ratepayer savings (RSA 374-F:3, VI-a(d)); 20 percent of expenditures shall be made on low-income programs (RSA 374-F:3, VI-a(c)); each electric utility's planned electric savings shall not fall below 65 percent of overall planned energy savings (RSA 374-F:3, VI-a(d)(4)); and EM&V expenditures shall not exceed five percent of the budget (RSA 374-F:3, VI-a(d)(5)).

The Commission is called upon to review the Joint Utilities' petitions (in the form of the 2022–2023 Plan filing, future triennial plan filings, and interim updates) for consistency with these standards, thresholds, policies, and priorities by evaluating cost effectiveness through benefit-cost testing and other factors. RSA 374-F:3, VI-a(d)(3)–(5). In the event the Commission denies any filing, the prior plan's budgets and programming shall continue until the Commission approves a program update filing, and changes to performance incentives and lost base revenue adders require an affirmative order be issued. *Id.* This review structure, coupled with legislatively established ratepayer funding, constitutes a legislative determination that the Joint Utilities' energy efficiency programming should continue in a predictable manner, with the Commission ensuring that the Joint Utilities operate energy efficiency programming in a manner that will result in reasonable investment of ratepayer money in programming that will be used, useful, and result in both participant and non-participant ratepayer cost savings.

iii. HB 549 Must Be Applied To Yield Reasonable Results

Taken together, we conclude that the functional role of the Commission must be more than a passive reviewer with no regulatory role in the implementation and

ongoing oversight of this muti-million-dollar program funded primarily through direct ratepayer charges. Interpreting our authority as limited to blanket denial of petitions triggering continuation of previous programming suites (that would include measures that potentially are no longer cost-effective or optimized to meet the stated policy goals) leads to an absurd and anomalous result and does not comport with the overall purpose of the statute. RSA Chapter 374-F begins with a broad goal of using competition to lower energy costs and includes the specific cost-effectiveness thresholds and standards that the Joint Utilities' energy efficiency must operate under. As such, "[w]e reject any strictly literal construction if it contravenes the legislature's intended purpose." *See Nashua Young Women's Christian Ass'n v. State, Dep't of Lab.*, 134 N.H. 681, 684–85 (1991) (*citing Newell v. Moreau, 94 N.H. 439, 446 (1947)).*

This conclusion is supported by considering the potential result if a Joint Utility petition, whether a complete triennial plan or a discreet set of proposed changes in an interim update, could only be approved in its entirety or denied outright. In such a scenario, a Commission determination that even one programming component is inconsistent with an applicable standard or policy directive could only result in denial of the petition, in turn resulting in outdated plans outliving their intended lifespan based on operation of law, rather than the better plan prevailing.

We, therefore, interpret the 2022–2023 Plan filing to be a request for multiple different approvals (in this case the 2022–2023 Plan proposes implementing seven regular programs across all utilities, the continuation of existing pilots and utility-specific programs, a performance incentive mechanism, and several lost base revenue adders). We conclude that each of these programs, the performance incentive mechanism, and the lost base revenue adders are discrete requests for approval,

subject to approval or denial on such terms and conditions as the Commission finds necessary to implement the statutory purpose.

b. Program Analysis

As noted in the 2022–2023 Plan summary above, the Joint Utilities request approval of four residential programs across all utilities, with budgeted spending targets broken down by utility and year for each program in Exhibit 47 at Bates pages 505–06 and 509–10. The core residential programs are the ENERGY STAR© Homes Program, the ENERGY STAR© Products Program, the Home Energy Assistance Program, and the Home Performance ENERGY STAR© Program. The Joint Utilities also request approval of three C&I programs across all utilities, with budgeted spending targets broken down by utility and year in Exhibit 47 at Bates pages 507–08 and 511–12. The three primary C&I programs are: the Small Business Energy Solutions Program, the Municipal Program, and the Large Business Energy Solutions Program.

1. Evaluation of Electric System Savings

HB 549 made several changes to the cost-effectiveness standards, now contained in RSA 374-F:3, VI(d)(4). The General Court introduced a new requirement that "[i]n no instance shall an electric utility's planned electric system savings fall below 65 percent of its overall planned energy savings." The Joint Utilities submitted proposed program offering budgets designed to comply with this requirement. The Joint Utilities calculated the percent electric savings as a percent of overall energy savings on both an annual and lifetime basis. Upon review, the Commission finds that the New Hampshire Electric Cooperative, Inc. (NHEC) program offerings do not meet the requirements of RSA 374-F:3, VI(d)(4) as the projected savings fall below 65 percent when calculated on a lifetime basis. The Commission finds that as the Energy

Efficiency program is concerned with long-term savings, not just annual consumption abatement, and that the requirements of RSA 374-F:3, VI(d)(4) must be calculated over the lifetime of the proposed program offerings. As such, the NHEC's suite of programming is not consistent with the requirements of RSA 374-F:3, VI(d)(4). In determining how to address this fault with NHEC's programming, we give weight to three factors: 1) NHEC's previous suite of programming; 2) NHEC's proposed suite of programming; and 3) the application of a new standard based on an expedited process. First, the suite of programming NHEC is currently implementing, based on the 2021 4th quarter report, shows NHEC's 2021 C&I spending totaled $1,019,652, while residential spending totaled $3,234,210. *See* Docket DE 17-136, Tab 288, pages 20 and 22. Comparing that to planned spending in the 2022–2023 Plan, we note that NHEC plans to increase annual C&I spending in 2022 to $1,755,534, a sharper increase than to its residential suite, which it plans to increase to $3,659,194. *See* Exh. 47 at Bates pages 506, 508. This shift appears to show that NHEC is planning to target more electric energy savings though C&I programming than its currently implemented programming, making the proposed suite of offerings for NHEC closer to the 65 percent goal requirement than its prior offerings. We also understand that the Commission had not interpreted RSA 374-F:3, VI(d)(4) prior to the 2022–2023 Plan filing. As such, we conclude that approving this programming is the most reasonable result, and do so with the condition that the NHEC's programming suite, and indeed all of the Joint Utilities' programming suites, meet the requisite electric energy savings threshold of 65 percent in both the annual electric energy savings and lifetime electric energy savings categories in the 2024–2026 triennial plan.

2. Evaluation of Energy Efficiency Program Optimization

In Order 26,553, the Commission determined that the GST could not be solely relied upon to analyze the cost-effectiveness of energy efficiency programs and required that the Joint Utilities analyze programs using both the GST and TRCT.

HB 549, amended RSA 374-F:3 VI-a (d)(4) to require the Commission to use the GST as the primary cost-effectiveness test and the TRCT as the secondary cost-effectiveness test.[13] The primary difference between the current formulation of the TRCT and GST is that the TRCT includes participant costs and non-energy benefits, whereas the GST does not.

Subsequent to the passage of HB 549, the Joint Utilities filed Energy Efficiency cost-effectiveness models, which analyzed proposed programs using the GST and the TRCT. The Commission finds that these models are compliant with the requirements of RSA 374-F:3, VI-a(d)(4). In reviewing program offerings, the Commission will utilize the GST as the primary guidepost, as directed by the legislature. Consistent with the legislature's intent of mandating the TRCT as the secondary test, in situations where the cost-benefit ratios have significant variance between the GST and TRCT, the Commission will further analyze the cost-effectiveness of the relevant program. We note that the utilities define program cost effectiveness as a GST of greater than one for all programs except pilots, low income, and municipal programs.

No model is perfect, and when balancing a model's structure and inputs, many factors must be considered. The Commission, however, has a duty to ensure rational

[13] From the inception of the Energy Efficiency program in New Hampshire in 1999, a Total Resource Cost Test (TRCT) was used to evaluate program offerings. The TRCT balances the estimated aggregate costs of a program against the projected aggregate benefits of the program. As part of the planning process for the 2018–2020 plan, the joint utilities revisited the TRCT, and a working group developed a new cost-effectiveness test called the Granite State Test (GST). The GST balances the direct cost of a program against the projected energy savings of the program.

assumptions are being made and that the parameters applied are well justified. In reviewing the models, the Commission questions whether the discount rate utilized in both the GST and the TCRT accurately accounts for present investments' future risk and value. The Joint Utilities rely on the Final Energy Efficiency Group Report, dated July 6, 1999, in DR 96-150 to determine the Triennial plan's discount rate. This methodology has led to a real discount rate of 1.41 percent for cost-effectiveness calculations in the plan. We conclude the program optimization should be revisited generally regarding the methodology of determining the model parameters, inclusions, exclusions, and thresholds for the GST and the TCRT, including the discount rate. Nonetheless, until that technical process is completed and can be used to inform future decisions, the Commission approves the model paraments used in the GST and TCRT for the current plan.

3. Performance Incentives

In Docket DE 89-187, the Commission examined the concept of performance incentives as a means to influence the decision-making of regulated utilities, with the goal to incentivize the selection, from a range of reasonable options available to a prudent utility manager, so that those demand-side options that "capture extra benefits for ratepayers may overcome utility managers' and stockholders' perceptions of financial loss from pursuing [conservation and load management]." *Re Incentives for Conservation and Load Management*, Order No. 19,905 (August 7, 1990). The Commission has characterized PI as a mechanism providing "…partial compensation to the utility for the fact that the more successful the efficiency program, the lower the utility's sales and correspondingly the lower the utility's net income…" *Gas and Electric Utilities*, Order No. 24,203 at 13 (Sept. 5, 2003). The Commission has described PI as being one of three options "…intended to weaken the link between

sales volumes and revenue recovery and lessen the impact on utility revenues associated with reductions in sales volumes from increased efficiency and conservation…" Order No. 24,934 at 20 (January 16, 2009).[14] The Commission has also previously directed incentives to be focused on electric savings over non-electric savings to incent electric savings and has also stressed the importance of the pursuit of exemplary performance in program administration; *See* Order No. 25,569 at 7 (September 6, 2013) and Order No. 25,932 at 35 (Aug. 2, 2016).

The rationale for utility performance incentives has often related to compensation for reduced energy load as well as the need to incentivize utility spending on energy efficiency. Nonetheless, the utilities are compensated for loss of load in the current plan through either decoupling mechanisms or recovery of lost base revenues. The decoupling mechanism should sever any remaining link between sales volume and utility shareholder value.

Pursuant to HB 549, the Joint Utilities are now statutorily identified entities with guaranteed ratepayer funding for energy efficiency program spending, *see* RSA 374-F:3, VI-a(d)(1) (mandating "Total plan overspending shall be treated as a carry-under balance, and not as a charge to utility shareholders"). This statutory change eliminates any risk to utility shareholders of failing to live within an energy efficiency budget in the triennial period.

However, the current performance incentive standards all but assure some level of incentive payment will be earned by the utilities, as the thresholds for achieving any of the requisite plan goals range between only 65 and 75 percent, a level of achievement that does not appear to be representative of exemplary performance.

[14] The three options identified in Order 24,934 are (1) performance incentives, (2) rate design, and (3) reconciling rate adjustment mechanisms.

According to Commission records, all utilities have received a performance incentive in every year since at least 2016.

Electric Utilities					
	2016	2017	2018	2019	2020
Eversource	8.35%	6.53%	6.03%	5.78%	4.55%
Unitil	7.60%	5.95%	5.94%	5.48%	6.15%
Liberty	10.00%	6.67%	5.88%	5.13%	5.36%
NHEC	7.90%	5.83%	5.21%	5.21%	5.71%
Gas Utilities					
Unitil	8.00%	5.45%	5.97%	5.97%	2.98%
Liberty	8.78%	5.27%	6.17%	5.39%	4.91%

Witnesses for DOE and the OCA voiced concerns about the necessity and practicality of Eversource's 6% SmartStart Performance Incentive. According to testimony at hearing, the Smart Start Performance incentive is in addition to the overall performance incentive of up to 6.875%, which is calculated based on program dollars spent and savings achieved. We share the DOE's concern that Eversource is already adequately incentivized through the overall performance incentive to use energy efficiency funds to support the SmartStart program, we therefore expect that this specific incentive shall be eliminated in the next triennium, and conclude that the continuation of the SmartStart incentive for the remainder of the 2021–2023 triennium is consistent with HB 549.

For all of the reasons identified above, we are of the opinion that the overall energy efficiency incentive structure allows missed opportunities and may result in overspending and inefficient outcomes for ratepayers. We conclude that the performance incentive structure should be revisited generally to ensure that it is optimized to incent exemplary performance. Although we find the performance incentive mechanism as proposed to be consistent with HB 549, and approve it as

such, we direct additional reporting requirements that will help inform the development of a future incentive mechanism better tailored to optimize ratepayer benefits.

4. Impact on the New Hampshire Economy

The Commission notes the importance of the Plan in helping achieve cost-effective energy savings for ratepayers, potential for spurring economic activity in New Hampshire, and more efficient use of tax dollars for municipal building projects (Exhibit 47 at Bates page 7, and per the hearing on March 21, 2022). While the Commission believes that economic impact analysis conducted by the utilities needs improvement, the Commission agrees that the Plan has the potential to have a positive impact on the New Hampshire economy through not only energy savings achieved, but also through the long-term multiplier effect that the energy efficiency projects trigger locally.

With respect to the need for improvements in the economic impact analysis going forward, the Commission highlights three points that require further development. First, for a proper long-term impact analysis, it is important to use appropriate discounting to capture rate payers' time-preference.[15]

Second, the Plan states that "lower energy bills free up participating residential customers' household budgets to be directed to other needs, goods, and services. Participating C&I customers will lower their energy bills, allowing owners to invest in other company operations, such as labor, materials, and other business-related resources." Exh. 47 at Bates page 7. The Commission notes that incremental investment and spending in goods, services, materials, factors of production,

[15] Time-preference is the current relative valuation placed on receiving benefits at an earlier date compared to receiving it at a later date.

business-related resources, and other needs that result due to the 2022–2023 Plan do have energy-intensity and spillover implications,[16] so any economic analysis focused on New Hampshire ideally should reasonably estimate the plan's benefits by accounting for those implications.

Third, it would be helpful to track the extent to which energy efficiency funds are directed to consultants and contractors inside and outside of New Hampshire to better estimate the benefits for New Hampshire ratepayers and citizens.

5. Market Barriers

Pursuant to RSA 374-F:3, X, the restructured electric market should also be implemented to "reduce market barriers to investments in energy efficiency and provide incentives for appropriate demand-side management and not reduce cost-effective customer conservation" and "[u]tility sponsored energy efficiency programs should target cost-effective opportunities that may otherwise be lost due to market barriers." The parties have identified up-front costs and lack of information on availability and energy savings for various energy efficiency measures as the primary market barriers the plan is designed to eliminate. The Commission finds these sufficient for our analysis of the 2022–2023 Plan. We also find that further inquiry and a more in-depth identification of market barriers to energy efficiency and the Plan's ability to remove those barriers going forward is necessary. As such, we find the 2022–2023 Plan compliant with the statutory directives and direct further reporting.

[16] *See* https://www.eia.gov/todayinenergy/detail.php?id=48976#. EIA defines energy intensity as total energy consumption divided by real gross domestic product (GDP), but there are other nuanced definitions based on different measures of the quantity of energy; *see* https://www.energy.gov/eere/analysis/overview-energy-intensity-indicators. To the extent the plan spurs incremental economic activity, it does lead to greater use of energy, and the measure of future energy savings should reasonably adjust for this reality. Likewise, if there are any spillover impacts (otherwise not captured by the Plan's Net-to-Gross analysis) due to incremental economic activity, they need to be reasonably accounted for.

6. Low-income customers

Since the beginning of the restructuring of the electric utility industry, New Hampshire has focused on ensuring the benefits of the reorganization inured to low-income customers. RSA 374-F:3 VI was amended by the 2020–2021 State Budget trailer Bill (2019 NH Laws, ch. 346) to require that no less than 20 percent of funds collected for the Energy Efficiency component of the SBC must be expended on programs for low-income customers.

Among other changes, HB 549 clarified and reiterated the requirement that a minimum of 20 percent of the energy efficiency component of the SBC be expended on programs for low-income customers. The Joint Utilities propose to meet this requirement by budgeting 20 percent of the projected SBC funding to the HEA program, an income-based weatherization program, and increasing the maximum rebate amount from $8000 to $15,000 per project, with exceptions to the rebate cap available with a utility supervisor's approval. Exh. 47 at Bates pages 63–70. While the Commission has concerns with this model, we will attend to this concern through monitoring and reporting. At this time, we find the structure and financing of the HEA program compliant with the requirements of RSA 374-F:3, VI(c).

7. EM&V

The 2022–2023 Plan outlines a dispute resolution process, where, if the EM&V Working Group is unable to reach a consensus, any member may seek a Commission determination on the issue. Each party would be able to provide a written position statement for the Commission's consideration before making a determination. We find that this process is reasonable and approve it.

The Joint Utilities request the Commission's approval to continue to expend funds on third-party evaluation for 2022 and 2023. The Joint Utilities' first priority is

to resume two studies that had been initiated in 2021 but were put on hold due to Commission Orders restricting EM&V activities.

The plan outlined that the EM&V Working Group approach is to make the most effective use of New Hampshire evaluation resources by leveraging the efforts of neighboring jurisdictions, by both collaborating with other states' program administrators to conduct joint evaluations and by adopting results from other states' evaluations where appropriate. The Commission expects the collaboration to continue and new opportunities for cost saving in the EM&V to be explored. The filing provided a list of New Hampshire specific studies. In this context, the Commission reminds the parties to consider the difference between neighboring states and New Hampshire. The balance between accuracy and costs should be achieved in well-thought-out EM&V plans.

Although the EM&V section of the plan described the process in general terms and listed a few planned studies to take place over the 2022–2023 term, the Commission would encourage the parties to develop a more specific EM&V plan with activities related to timeline and detailed itemized cost estimation, with a level of detail similar to that contained in its Request for Proposals in all future filings.

The Joint Utilities' 2022–2023 Plan estimated the energy efficiency programs will change the electric utilities' revenue requirements by -0.4 percent on average, or -$158.8 million in total, over the life of the measures installed during the term and across all programs, and by -1.0 percent on average, or -$58.5 million in total for Gas utilities. The Commission expects that these changes will be reflected (measured and reported) in all future rate case filings.

8. Evaluation of Lost Base Revenue Adders

The 2022–2023 Plan briefly described the Lost Base Revenue methodology and reporting requirements as outlined in the Lost Base Revenue working group report of August 29, 2018, which was subsequently approved in Docket No. DE 17-136. Lost Base Revenue is intended to provide utilities with revenue recovery for distribution revenues that are otherwise lost due to the implementation of the efficiency measures and projects, holding the utilities harmless for sales reductions directly resulting from the efficiency measures. The collection of Lost Base Revenue terminates with the implementation of any decoupling mechanism. The process of transitioning from the Lost Base Revenue to decoupling is an integral part of any decoupling proposal and is subject to any settlement agreement terms and subsequent approval in the order of the rate case. Therefore, a rate case order approving a decoupling mechanism should be the basis of any Lost Base Revenue recovery after a decoupling mechanism is implemented.

Although the plan identified Eversource and Unitil as the only NH Utilities collecting Lost Base Revenue in 2022–2023, i*d.* at Bates page 93, Liberty has also requested recovery of outstanding Lost Base Revenue for its Granite State Electric subsidiary. *Id.* at Bates pages 595–98. Although Liberty implemented a decoupling mechanism in July of 2021, Liberty requested recovery of outstanding lost base revenue from 2019 and 2020 while deferring collection of lost base revenue from the first six months of 2021 to a later request. On April 25, 2022, Liberty filed Exhibit 55, which is a Revised Attachment F3 to the 2022-2023 Plan that was filed on March 1, 2022. The revision provides an updated calculation of 2023 energy efficiency program revenues and expenses.

The Commission finds that substantial changes were made in this filing including an apparent request for recovery of the additional lost base revenue from the first six months of 2021. These last moment changes, without any explanation, do not provide the Commission or other parties to this docket a meaningful opportunity to evaluate the reasonableness of the Lost Base Revenue rates proposed by Liberty. As a reconciling mechanism, the Commission does not see harm in approving the lower Lost Base Revenue rate request at this time, without prejudice to Liberty's ultimate ability to request recovery of the 2021 Lost Base Revenues at the time of its next reconciliation. Therefore, the Commission approves Liberty's original Lost Base Revenue rate request of $0.00114/kWh for effect from May 1, 2022 through December 31, 2022.

The Commission has also determined that the rates proposed by Eversource and Until are reasonable and consistent with corresponding rate case settlements. The Commission reminds all the parties that the Lost Base Revenue is a reconcilable component of SBC rates subject to audit and should be treated as such during the transition from Lost Base Revenue to decoupling.

9. Reporting Requirements

As part of ongoing review of Energy Efficiency programs, and pursuant to RSA 365:19 and RSA 374-F:4, X, the Commission requires reporting on the categories outlined below. All requested information for program year 2021 shall be provided by July 31, 2022, and all requested information for program year 2022 shall be provided by January 31, 2023.

i. GST v TRCT & Discount Rates

1. For 2021 and 2022, provide an analysis of the actual performance of each program, using both the GST and the TRCT, in live excel spreadsheets with all assumptions clearly stated, justified, and referenced. Do not link to spreadsheets that are not also

provided or include hard-coded numbers without a reference to where the figure originated from. For reference, this request is analogous to updating table 10 of the Synapse Report with data delineated as requested.

2. Provide an accounting of all of the discount rates used by the Utility, including but not limited to internal capital planning, FERC reporting, federal, state, and local tax, the weighted costs of capital, and energy cost forecasting for 2021 and 2022. For each rate reported, please justify why it is the appropriate measure for that specific instance.

ii. Performance Incentive

1. For 2021 and 2022, provide an analysis of the planned and actualized energy efficiency savings, broken out by the program, savings category, and customer class. Please provide this analysis in live excel spreadsheets with all assumptions clearly stated, justified, and referenced. Do not link to spreadsheets that are not also provided or include hard-coded numbers without a reference to where the figure originated from.

a. As part of this reporting, calculate the estimated annual performance incentive—as both a percentage and aggregate dollars—for each Utility based on the current formula and calculate the performance incentive—as both a percentage and aggregate dollars—if the minimum achievement level was changed from 65%-75% to 100% for each category as outlined in tables 5-1 and 5-2 of the proposed EE Plan (Bates pages 88–89).

b. Include a separate simple report on SmartStart performance incentive spending in dollars and percentage.

iii. Impact on New Hampshire Economy

1. In order to assist the Commission in accounting for the economic impact of the Energy Efficiency industry in New Hampshire, please report the amount of funding expended on all Energy Efficiency contractors and consultants in 2021 and 2022. Please list the contractors' names, and business addresses, appropriately redacted. Summarize the expenditures by US state and foreign country.

2. For 2021 and 2022, report the amount of energy efficiency funding expended in each New Hampshire municipality. Please include the total spending over this period and the amount expended that cannot be tied back to a project in an NH municipality. Please include the number of projects funded in each NH municipality, number of ratepayers in each municipality, and dollars spent per municipality and per ratepayer in each municipality.

3. Please comprehensively conduct a study and report on the 2021 and 2022 Plan's long-term impact on the NH economy that quantifies all factors noted in the 2022–2023 Plan at Bates pages 6 and 7 by properly accounting for discounting that reflects ratepayers' time-preference, and by estimating the energy savings to reflect both the

energy intensity and the spillover impacts also associated with future incremental economic activity prompted by the Plan. Submit this study by January 31, 2023.

iv. Subsidized Services and Equipment

1. See the Table below. For any energy efficiency project that a ratepayer avails, the column “Subsidy” represents the share of the total cost of the project that is paid for by the utility. Please provide the requested information for all customer projects for program year 2021 and 2022 per the table below:

Subsidy (%)	Number of Projects	Total Project Cost ($)
100%		
80–99%		
60–79%		
40–59%		
20–39%		
1–29%		

2. For 2021 and 2022, Please provide an analysis of energy efficiency and net present value, for all services and equipment provided at no direct cost to the end customer. Separate into logical categories, including low income. Please provide this analysis in live excel spreadsheets with all assumptions clearly stated, justified, and referenced. Do not link to spreadsheets that are not also provided or include hard-coded numbers without a reference to where the figure originated from.

v. Market Barriers

1. For 2021 and 2022, please conduct an analysis quantifying, in terms of net present value, the market barriers listed in Tables 2.1 and 3.1 of the proposed EE Plan (Bates Pages 27, 28, 49, and 50). Please provide this analysis in live excel spreadsheets with all assumptions clearly stated, justified, and referenced. Do not link to spreadsheets that are not also provided or include hard-coded numbers without a reference to where the figure originated from

vi. Reporting on Spending by Category

1. Please report on annual expenditures, on a program-by-program basis broken down by categories including, but not limited to, internal administrative costs, costs associated with external consultants, and costs paid to subsidiaries. Please provide these figures in single tables with annual funding, annual budget, and actual annual spending (including any carryforward funds expended). Provide this data beginning year 2016 up through 2021 in the first filing and through 2022 in the second filing.

vii. Reporting on Low-Income Program Offerings

1. Please report the number of projects which received rebate funding in 2021 and 2022 which fall into the following ranges and to whom the benefits directly accrue.

	Low Income Ratepayer	Landlord
a. $0–$9k		
b. $9k–$12k		
c. $12k–$15k		
d. $15k+		

2. Please provide a brief narrative for each project that receives a rebate of over $15,000. Do not structure program rebates to avoid this additional reporting requirement.

viii. Reporting made to other regional or regulatory organizations

1. Please provide copies of all filings utilities made to regional or regulatory organizations regarding Energy Efficiency programs during 2021 and 2022. Examples include Forward Capacity Market (FCM), Regional Greenhouse Gas Initiative (RGGI), etc.

Based upon the foregoing, it is hereby

ORDERED, that the Joint Utilities' request for approval of the 2022–2023 Plan's programming and budget allocations, including for statewide programming, utility specific programming, pilots, and EM&V activities is GRANTED, as discussed and conditioned herein above; and it is

FURTHER ORDERED, that the Joint Utilities request for approval of the 2022–2023 Plan's Performance Incentive structure and budget is GRANTED, as discussed and conditioned herein above; and it is

FURTHER ORDERED, that the Joint Utilities' request for approval of the 2022–2023 Plan's Lost Base Revenue adder for Public Service Company of New Hampshire d/b/a Eversource Energy as separate SBC adder of 0.185 cents per kWh from May 1, 2022, until December 31, 2022, and of 0.205 cents per kWh from January 1, 2023, until December 31, 2023, is GRANTED; and it is

FURTHER ORDERED, that the Joint Utilities' request for approval of the 2022–2023 Plan's Lost Base Revenue adder for Until Energy Systems, Inc. as separate SBC adder of 0.003 cents per kWh from May 1, 2022, until December 31, 2022, is GRANTED; and it is

FURTHER ORDERED, that the Joint Utilities request for approval of the 2022–2023 Plan's Lost Base Revenue adder for Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities as separate SBC adder of 0.114 cents per kWh from May 1, 2022, until December 31, 2022, is GRANTED as discussed herein above; and it is

FURTHER ORDERED, that all Lost Base Revenue adders are approved as reconciling mechanisms, subject to audit and future reconciliation; and it is

FURTHER ORDERED, that each of the utilities shall report to the Commission and parties per Section 9 of the Commission Analysis of this order. This reporting shall be in addition to the reports already provided by the utilities.

By order of the Public Utilities Commission of New Hampshire this twenty-ninth day of April, 2022.

Daniel C. Goldner	Pradip K. Chattopadhyay	F. Anne Ross
Chairman	Commissioner	Special Commissioner

Service List - Docket Related

Docket# : 20-092
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