

DE 10-188
Core Electric and Natural Gas Energy Efficiency Programs
OCA's Responses to Staff's Data Requests – Set #5

Date Received: April 4, 2012
Request No.: Staff 5-4

Date of Response: April 18, 2012
Witness: Stephen R. Eckberg

Request: Reference page 8, lines 22-24.

- a. With respect to the provision of electricity, do you believe that implementing the proposed fuel-blind program is consistent with RSA 374-F:3, VI? Please explain.
- b. With respect to cost and benefit shifting issues, do you believe that implementing the proposed fuel-blind program is consistent with RSA 374-F:3, VI ? Please explain.

Response:

- a. RSA 374-F:3 VI states:

Benefits for All Consumers. Restructuring of the electric utility industry should be implemented in a manner that benefits all consumers equitably and does not benefit one customer class to the detriment of another. Costs should not be shifted unfairly among customers. A nonbypassable and competitively neutral system benefits charge applied to the use of the distribution system may be used to fund public benefits related to the provision of electricity. Such benefits, as approved by regulators, may include, but not necessarily be limited to, programs for low-income customers, energy efficiency programs, funding for the electric utility industry's share of commission expenses pursuant to RSA 363-A, support for research and development, and investments in commercialization strategies for new and beneficial technologies.

I am not an attorney, and I do not offer the following response as a legal opinion of whether "the proposed fuel-blind program is consistent with RSA 374-F:3, VI."

Yes, I believe that the full implementation of the fuel blind HPwES is consistent with RSA 374-F:3, VI, because it would benefit all customers equitably; it would not benefit one customer class to the detriment of others; and it would not shift costs unfairly among customers.

- b. See response to Staff 5-4 a.

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Request: Reference page 4, lines 20-24. With respect to your comments pertaining to the benefits/cost (B/C) ratio, please respond to the following questions:

- a. Does the B/C ratio address the fairness issue? Please explain.
- b. Do you believe that any costs are being unfairly shifted from one group of residential customers (i.e., Group 2 oil heating customers) to another group of customers (i.e., Group 1 electric and/or natural gas heating customers)? Please explain.

Response:

- a. Within the context of New Hampshire's CORE Energy Efficiency programs the Benefit/Cost (B/C) ratio of an energy efficiency program and/or the ratio calculated for a group of programs offered to a particular customer class (e.g. Residential EE Programs) is calculated using the Total Resource Cost Test. The B/C ratio is calculated by summing all the quantifiable benefits (electric savings, non-electric energy savings, avoided costs, environmental benefits, etc.) and dividing that sum by the total quantified costs of the program. If this ratio is numerically greater than 1.0 the program is said to be "cost effective." It is my understanding that the current methodologies for quantifying the benefits and costs do not include any quantification of subjective criteria such as "fairness."
- b. RSA 374-F:3, VI, refers to "customer class," which I interpret to mean "Residential Class" and "Commercial and Industrial Class" not the "Group 1" and "Group 2" customers which have been defined and described in the Staff testimony. Therefore, because the portion of SBC funds for energy efficiency being collected from Residential customers are spent on Residential EE programs and the portion of SBC funds for energy efficiency being collected from Commercial and Industrial (C&I) customers is being spent on C&I programs (but for the portion collected from both sectors that is spent on low income residential weatherization), I do not view costs as being shifted unfairly from one customer class to another.