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VIA HAND DELIVERY & ELECTRONIC SERVICE

Debra A. Howland, Executive Director and Secretary

New Hampshire Public Utilities Commission

21 S. Fruit Street, Suite 10

Concord, NH 03301-2429

***Re: Core Energy Efficiency Programs, DE 12-262;
Unitil Energy Systems, Inc.
Combined Heat and Power Pilot Measure***

Dear Director Howland:

This letter is submitted on behalf of Unitil Energy Systems, Inc. (“Unitil” or the “Company”) to provide an update regarding the Company’s Combined Heat and Power (“CHP”) Pilot Measure. In short, Unitil recently learned that the CHP pilot project selected by the Company unexpectedly withdrew from the program prior to installation. The Company expects to be able to use the funds earmarked for the CHP pilot for other Large Commercial and Industrial (“C&I”) projects during the 2014 program year, and intends to include the pilot again in its 2015-2016 program filing.

The CHP Pilot measure was originally included in the 2013-2014 program filing, but was subsequently explored more deeply by Staff and the parties during the first half of 2013. In the development of the pilot measure, UES worked with Staff and the Parties to investigate the many benefits of CHP. UES’ proposal and Staff’s recommendation regarding that proposal are included in Docket DE 12-262. *See Assented-to Motion for Expedited Approval of UES’ Proposed Combined Heat and Power Pilot Measure* (May 14, 2013); *Staff Recommendation on CHP Pilot Project* (July 9, 2013). On July 29, 2013, the Commission approved the CHP Pilot measure, noting the potential for significant energy savings. *See Order Approving Unitil Energy Systems’ Combined Heat and Power Pilot Measure*, Order No. 25,555 (July 29, 2013).

After Commission approval, the Company pursued the CHP Pilot measure by issuing two requests for proposals¹ (“RFP”) and selecting a project which included two 75 kW systems to be installed at a single site. However, due to circumstances beyond the Company’s control, the

¹ The original RFP issued in September 2013 did not result in a viable project, so the Company decided to re-issue the RFP in December 2013. The project at issue in this letter was selected via that second RFP process.

selected customer unexpectedly withdrew its participation before installation occurred. As a result, the CHP Pilot, as approved, cannot be completed during the 2014 program year.

CHP is an important part of the energy efficiency toolkit and Until intends to move forward with CHP by including the pilot in its 2015-2016 Core Program proposal. Based on positive experiences in Massachusetts, Until believes that CHP should be included in the suite of measures approved for commercial and industrial customers in New Hampshire. The Company hopes to re-issue the RFP and select a new pilot project shortly after Commission approval of the 2015-2016 Core programs.

CHP measures provide substantial electric and thermal energy savings. These measures are typically very advantageous for a select group of customers, especially those with at least 6,000 hours of heating and/or hot water requirements. The Company is committed to continuing to explore the use of this measure as part of the Core programs.

As indicated above, the Company expects to be able to use the funds which were to be allocated to the CHP Pilot for other energy efficiency measures within the Commercial and Industrial Program. Because the CHP Pilot is a measure within the Large Commercial and Industrial Program, no budgetary changes are required as a result of the circumstances described above. The Company has a significant project queue that will benefit from the availability of these funds.

Please do not hesitate to contact me with any questions or concerns about this matter.

Yours truly,



Rachel Aslin Goldwasser

cc: Electronic Service Lists for Docket DE 12-262

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