

THE STATE OF NEW HAMPSHIRE  
before the  
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

2013-2014 CORE ENERGY EFFICIENCY PROGRAMS  
Docket No. DE 12-262

Rebuttal Testimony of Thomas R. Belair

December 14, 2012

1 THE STATE OF NEW HAMPSHIRE  
2 before the  
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7 I. **Introduction and Purpose**

8 **Q. Mr. Belair, please state your name, your employment and business address.**

9 A. My name is Thomas R. Belair. I am Customer Solutions Program Manager at  
10 Public Service Company of New Hampshire (“PSNH” or “the company”). My  
11 business address is Energy Park, 780 North Commercial Street, Manchester, New  
12 Hampshire.

13 **Q. Did you provide direct testimony in this docket?**

14 A. No. At the time of the filing deadline for direct testimony, no party to the docket  
15 had raised concerns relative to the issues addressed in my rebuttal testimony.

16 **Q. What is the purpose of your rebuttal testimony in this proceeding?**

17 A. The C&I RFP Pilot Program, also known as the Energy Rewards Program, was  
18 launched on June 1, 2002, and in the 2013-2014 CORE Programs Filing, PSNH  
19 proposes to drop the “pilot” designation and make this a permanent program. The  
20 purpose of my rebuttal testimony is to respond to issues raised in the direct  
21 testimony filed by the Commission Staff on December 7, 2012 relating to this  
22 program. I will also address why I believe the Commission ought to approve a  
23 permanent C&I RFP Program beginning January 1, 2013.

24 While Staff states that it takes no position on the C&I RFP Program, Staff’s  
25 testimony goes on to raise a number of issues. Specifically, Staff’s testimony  
26 suggests:

- 1 1. The program has not garnered enough interest in the target customer group to  
2 be competitive.
- 3 2. It is not clear if any useful information was gained from this program and used  
4 for improving C&I CORE Programs.
- 5 3. More program details should be made available including a draft RFP, a  
6 schedule of the RFP process, and selection criteria.
- 7 4. There should be a yearly report.

8 **Q. Do you agree with Staff's suggestion that there is insufficient customer**  
9 **interest?**

10 A. No, I do not. It is certainly true that over the past 10 years the C&I RFP Pilot  
11 Program has had far fewer participants than the C&I Retrofit Program; however,  
12 by design the RFP Pilot is not aimed at the "mass market". The RFP Pilot's goals  
13 are: (1) to encourage large, comprehensive, multi-measure, innovative projects;  
14 (2) to develop New Hampshire expertise that can design and implement these  
15 more comprehensive energy efficiency solutions; and (3) to promote competition  
16 among potential participants by awarding the program's limited incentive funds  
17 through a competitive request for proposals.

18 As for the specific issue of customer interest, there are several ways to gauge  
19 interest in this program. The first has to do with the annual bidders' conference  
20 conducted by PSNH staff each January to provide attendees with program  
21 requirements, timelines, evaluation criteria, and an opportunity to get answers to  
22 any questions. Invitees include eligible customers, engineering firms, and  
23 contractors. Typical attendance at the bidders' conference has been between 15  
24 and 35. A second measure of interest is the number of proposals and the number  
25 of completed projects. Over the last 10 years, customers have submitted 34  
26 proposals and completed 28 projects. Of note too is the fact that the average  
27 number of projects is increasing. In the past three years, there has been an  
28 average of just over five projects completed annually.

1 Based on the demonstrated customer participation and given the program’s  
2 limited budget – approximately \$500,000 – as well as the fact that each project  
3 requires a minimum investment of \$150,000 and must achieve annual savings of  
4 at least 100,000 kWhs, PSNH believes there is a great deal of customer interest  
5 among customers undertaking major efficiency projects. Add to this the fact that  
6 the RFP Pilot has consistently met or exceeded its savings goal, frequently at the  
7 lowest cost per kWh saved of any program offered by the Company, PSNH  
8 believes the RFP Pilot to be an unqualified success.

9 **Q. Has any useful information been gained from this program? Has there been**  
10 **any applicability to the C&I CORE Programs?**

11 A. PSNH believes that the RFP Pilot has helped to inform the CORE Programs in  
12 several ways. The first relates to rebate levels appropriate for retrofit projects.  
13 Like the retrofit option under the Large Business Energy Solutions Program  
14 (formerly called the Large C&I Retrofit Program), the RFP Pilot provides  
15 incentives for retrofit projects. Unlike the Large Business Energy Solutions  
16 Program which offers customers a 35% prescriptive retrofit rebate, RFP  
17 customers are required to “bid” the incentive level their companies require to  
18 move forward with their proposed project. Incentive bids have ranged between  
19 10% and 61% and have averaged 44%. Based on these results from the RFP  
20 Pilot, PSNH believes the 35% prescriptive rebate for large business retrofits is  
21 reasonable.

22 In addition to the “rebate level validation” described above, PSNH believes that  
23 the RFP Pilot has helped efficiency efforts in other ways. Specifically, the RFP  
24 Pilot has fostered the development of comprehensive, multi-measure projects that  
25 would likely not be attempted under the large business retrofit program. By  
26 encouraging customers and third party engineers/contractors to collaborate on  
27 larger multi-measure projects and by eliminating the incentive caps and  
28 prescriptive rebates that apply under the large business retrofit program, there is  
29 an increasing number of customers taking more comprehensive steps to improve

1 the efficiency of their facilities. The lesson learned from PSNH's experience with  
2 the RFP Pilot is that by bringing together interested customers along with  
3 experienced experts and financial incentives, the Company can promote larger,  
4 more comprehensive, and innovative projects than will typically result from a  
5 prescriptive rebate program. In short, PSNH believes there is a place in our  
6 efficiency program portfolio for both a prescriptive program serving the needs of  
7 the "mass market" as well as the C&I RFP Pilot which appeals to customers with  
8 larger more comprehensive projects.

9 **Q. Has PSNH ever provided a copy of the RFP, a schedule of the RFP process,**  
10 **or any information regarding the selection criteria?**

11 A. Yes, this information is readily available to any interested party. PSNH has  
12 provided an overview of the program in every CORE Program Filing.  
13 Complementing the filing, there is a complete description of the program along  
14 with a copy of the RFP including a schedule and the selection criteria on the  
15 Company's website<sup>1</sup> (the RFP is included here as Attachment A). In addition, at  
16 the annual bidders' conference, PSNH staff reviews the program in detail  
17 including: proposal requirements, program timeline, project cost-effectiveness,  
18 bid evaluation, and the Terms and Conditions that would apply to any incentive  
19 award. The next bidders' conference is scheduled for January 11, 2013.

20 **Q. What reports have been provided on the C&I RFP Pilot Program?**

21 A. The level of reporting for the C&I RFP Pilot Program has been comparable to that  
22 provided for any other CORE or Utility Specific Program. The C&I Pilot  
23 Program has been a part of the quarterly CORE Program reports filed with the  
24 Commission since 2002. These reports provide program budget, expenditure,  
25 participation, and savings details. In addition, PSNH has responded to any  
26 questions arising at the quarterly meetings regarding this or any other program.

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<sup>1</sup> See <http://www.psnh.com/SaveEnergyMoney/Large-Power/Energy-Rewards-Program.aspx>

1 **Q. In addition to the reviews conducted at quarterly meetings, has Commission**  
2 **Staff reviewed the C&I RFP Pilot at other times?**

3 A. Yes, the C&I RFP Pilot has been reviewed as part of the annual CORE Program  
4 audits since 2008. In the course of its audits, the Commission Audit Staff has  
5 asked questions specific to the C&I RFP Pilot; however, to date, no issues or  
6 concerns have been identified regarding this program.

7 **Q. In addition to the CORE Filings, quarterly reports, the Commission audits,**  
8 **bidders' conferences, and PSNH's website, has the Company provided**  
9 **additional details regarding the C&I RFP Pilot Program?**

10 A. Yes, since the RFP Pilot was launched in June of 2002, as part of CORE docket  
11 discovery, no fewer than 13 RFP Pilot related interrogatories have been  
12 propounded on the Company. The data responses addressed many of the same  
13 issues discussed above including: program participation, program timeline,  
14 copies of customer proposals, proposal evaluation and scoring matrices, the  
15 competitive nature of the program and the level of incentives awarded.

16 **Q. To the best of your knowledge, have there ever been any outstanding issues**  
17 **related to the C&I RFP Pilot Program at the conclusion of the discovery**  
18 **phase of any CORE docket?**

19 A. No, Staff's testimony in DE 12-262 provides the first indication that there may be  
20 any concerns with the RFP Pilot.

21 **Q. To the best of your knowledge, have other parties expressed any concerns**  
22 **with the C&I RFP Pilot Program?**

23 A. No, I am not aware of any concerns related to the RFP Pilot held by other parties.

1 **Q. Can you cite any examples of projects which demonstrate the value added by**  
2 **the C&I RFP Pilot Program?**

3 A. Yes, of the 28 completed customer projects, I would like to share the specifics of  
4 three projects that are larger, more comprehensive or innovative than what might  
5 be found in the Large Business Energy Solutions Program.

6 First, an extremely innovative project was undertaken by Southeastern Container  
7 at their two liter bottling facility in Hudson, NH. In 2005, Southeastern Container  
8 submitted a proposal and implemented a project whereby they installed  
9 specialized equipment manufactured in Switzerland that allowed them to capture  
10 and reuse compressed air from their two liter bottling process line. This was the  
11 first time this Technoplan Air Recycling System was installed at a manufacturing  
12 facility of this scale in North America. As part of this RFP project, Southeastern  
13 Container also installed an elaborate air compressor control system and retrofit  
14 their 400 and 1,000 watt metal halide lighting fixtures with efficient high bay high  
15 output T5 lighting fixtures equipped with occupancy sensors. They told us they  
16 would not have done these projects all at once had it not been for the RFP  
17 Program. Southeastern Container used their New Hampshire plant to pilot this  
18 technology before considering it for other plants around the United States.

19 A second example highlights a comprehensive project implemented by Smiths  
20 Medical, a world leader in the design, manufacture, and distribution of medical  
21 devices with manufacturing facilities in Keene, NH. Smith's Medical  
22 implemented a \$600,000 energy efficiency project replacing 4 air compressors  
23 with a new high efficiency compressor system, repairing all air leaks in their air  
24 distribution system, installing variable frequency drives to control their 50 HP  
25 supply air fans, and installing occupancy sensors on over 130 light fixtures in  
26 their two buildings. Smith's Medical has completed several smaller projects over  
27 the years, and they told us the RFP Program enabled them to undertake this large  
28 scale project all in one year.

1 The third project I want to highlight was implemented by Durgin & Crowell  
2 Lumber Company, one of New England's largest manufacturers of kiln-dried  
3 Eastern White Pine lumber located in Springfield, New Hampshire. Durgin &  
4 Crowell replaced their 150 HP air compressor with a new 135 HP variable speed  
5 air compressor with specialized control features and a new cycling air dryer.  
6 They also replaced 180 400-watt metal halide lighting fixtures with 6-lamp high  
7 performance T8 fixtures. Durgin & Crowell took advantage of the RFP Program  
8 to develop a comprehensive energy solution that lowers their costs and positions  
9 them for the future.

10 These three examples illustrate the possibilities of what can be done when  
11 motivated companies, technical expertise, and appropriate incentives are brought  
12 together. Attachment B to my testimony provides additional details on each of  
13 these projects.

14 **Q. Would you please summarize your testimony.**

15 A. Yes. After implementing this program for the past 10 years, the C&I RFP  
16 Program has gained sufficient customer interest as shown by the number of  
17 projects submitted, the number and size of projects completed, and the interest in  
18 this program by customers, manufacturers, engineering firms and contractors.

19 In addition the C&I RFP Program provides useful information about the incentive  
20 levels needed to motivate customers to implement energy efficiency projects.  
21 Information about this program is readily available as part of the CORE Program  
22 filing, the Quarterly and Year-End Reports, at the annual bidders' conference and  
23 on the PSNH website. PSNH has also responded to numerous discovery requests  
24 since 2002 and successfully completed four Commission Staff audits with no  
25 issues or findings related to the C&I RFP Pilot Program.

26 Finally, PSNH believes this C&I RFP Program helps the market progress by  
27 encouraging customers and contractors to work together in a multi-discipline way

1 to develop larger, more comprehensive, multi-measure projects to maximize  
2 energy savings.  
3 I urge the Commission to approve PSNH's Company Specific C&I RFP Program  
4 as filed.

5 **Q. Does that conclude your testimony?**

6 **A.** Yes, it does.