

May 28, 2020

Debra A. Howland  
Executive Director  
New Hampshire Public Utilities Commission  
21 S. Fruit Street, Suite 10  
Concord, NH 03301-2429

**Re: DE 17-136 – Notification, Lifting of Temporary Suspensions and Incentive Changes for Energy Efficiency Programs**

Dear Director Howland:

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. (UES); Liberty Utilities (EnergyNorth Natural Gas) Corp d/b/a Liberty Utilities; and Northern Utilities, Inc. (Northern) (collectively, “the NH Utilities”) hereby provide the following notifications to the NH Public Utilities Commission (the “Commission”) related to lifting of temporary program suspensions and incentive changes, pursuant to The 2018-2020 Statewide Energy Efficiency Plan, Final Compliance Filing, and as detailed below.

**Schedule for lifting temporary suspensions**

On March 18, 2020 the NH Utilities sent a letter to the Commission providing notification of a temporary suspension of certain program activities due to the impacts of COVID-19.

Since that time the NH Utilities have been closely monitoring guidance from the World Health Organization, the Centers for Disease Control and Prevention, the Department of Health and Human Services, and the Governor’s Office.

The NH Utilities are now taking a careful and methodical approach to lifting the temporary suspensions of on-site work done by contracted vendors. Since the suspension of on-premise energy efficiency work in response to the COVID-19 pandemic, new guidelines have been developed through a collaborative process to provide guidance in the performance of energy-efficiency evaluations and installations with input from several energy efficiency market actors, contractors, health & safety specialists and a third-party health & safety consulting firm, Environmental Health & Engineering, Inc. (EH&E). These guidelines will guide work activity and serve as a minimum standard for work done on-site. Suspensions will be lifted sequentially once trainings are complete.

- May 14 – First training for owners and managers of weatherization companies on residential guidelines, Level 1 and 2. Levels 1 and 2 are focused on measures that can be done from the outside or from unoccupied space.

- May 22 – Additional Level 1 and 2 online self-serve training released for Residential installation crews
- June 2 – Vendor owner and manager training for C&I Level 1 and 2
- Followed By – release of C&I Level 1 and 2 online self-serve training and testing modules for installation crews.
- June 11 - Owner and manager training for Level 3, all sectors. Level 3 is focused on measures requiring customer contact
- Followed By – release of Level 3 online self-serve training and testing modules for installation crews.

### **Incentive Changes for certain program offerings**

The 2018-2020 Statewide Energy Efficiency Plan anticipated the potential for incentive changes during the course of the term in order to ensure program continuity and adjustments to market place needs. The types of changes anticipated include, modifying incentive levels, time-based higher incentive offers, and amending project caps.

#### **“4.4 Program Continuity**

The NH Utilities have designed the NHSaves energy efficiency programs to be open and available for the entire year to maximize customer satisfaction and minimize market disruption with key channel partners such as contractors, equipment suppliers and distributors. However, in order to be responsive to the market, ensure consistent program availability and minimize program oversubscription challenges, the NH utilities may make specific program changes as needed during the year, including:

- Adjusting program marketing activity levels to ramp up or slow down demand;
- Modifying incentive levels for certain programs or measure categories;
- Introducing time-based incentives, which could involve promoting more limited period offerings, as well as potentially promoting higher incentive offers during periods of lower or seasonal demand where there may be greater contractor availability;
- Introducing a rebate reservation system process where customers submit an initial application to reserve funds, and those who do not make the initial reservation list are moved onto a waiting list. Customers on the waiting list can move forward once initial reservation list customers have been served, or they can be moved into the following year;
- Transferring available program funds from underperforming programs into programs with higher demand within the same sector;
- Amending per customer maximum project cap levels to help extend program availability;
- Making commitments for a future program year in lieu of a current year incentive.”

2018-2020 Statewide Energy Efficiency Plan, Final Compliance Filing, Revised, January 12, 2018, Bates 36.

The severe marketplace disruption we are now experiencing with COVID-19 creates a situation where incentive changes in order to ensure program continuity are even more critical than originally anticipated.

The NH Utilities view increased incentives as necessary in the marketplace at this time in order to:

1. overcome new customer barriers related to implementing energy efficiency such as, lack of funds, economic uncertainty, attention and efforts focused on other non-energy priorities
2. support the contractor eco-system as they re-enter the market place.

In order to return to work and get trained employees back, contractors need to be assured, as much as possible, that there will be a significant pipeline of projects for them to implement and that they will have the tools and training they need in order to close deals and safely serve customers who are grappling with many additional barriers resulting from the pandemic.

If the NH Saves programs do not resume with increased incentives, there is a risk that there will be a very low volume of projects over the summer and fall and relatedly, further damage to the energy efficiency ecosystem (contractors, distributors, etc) which will be harder to repair as time goes on.

The NH Utilities are informing the Commission of the following planned changes.

### **Residential**

- Home Energy Assistance
  - Increase per home incentive cap from \$8,000 to \$20,000.
    - Currently, heating systems are additional above the \$8,000 cap. The new \$20,000 cap would include heating systems.
    - Over \$20,000 allowed on an exception basis, for example if additional cost-effective work is achievable
  - Change applies through the end of 2020
- Home Performance with ENERGY STAR
  - Increase incentive for insulation and health & safety from 50% to 90%.
  - Increase per home incentive cap from \$4,000 to \$8,000
    - Over \$8,000 allowed with utility supervisor review
    - New cap includes heating systems. include heating system incentives
  - Customer must install recommended electric savings measures in order to get weatherization incentives
  - Increased incentives initially available for projects that complete by November 15.

- ENERGY STAR Products
  - Multiple special offers available through on-line marketplace, such as for smart thermostats, dehumidifiers, room air conditioners, air purifiers and lighting products.
  - Increased incentive from \$30 to \$60 for appliance recycling between June 1 and August 30

### **Commercial, Industrial and Municipal (“CI&M”)**

The 2018-2020 Plan describes incentive approaches for the Commercial, Industrial and Municipal programs. The primary approaches are Prescriptive Incentives and Custom Incentives, with turnkey offerings for small business and municipal customers. These approaches are described in a similar way for the Large Business, Small Business and Municipal programs. See 2018-2020 Statewide Energy Efficiency Plan, Final Compliance Filing, Bates 107-108, 116, and 124 for those descriptions.

CI&M incentives are designed to offset barriers associated with lack of funding or insufficient payback thresholds, which are the most significant barriers to project implementation. Prescriptive incentives encourage customers to choose equipment from a prequalified list of measures and receive an incentive that covers a significant percentage of installed cost of retrofit projects and incremental installed cost of new equipment projects. Custom incentives encourage customers to consider energy efficiency technologies for complex projects for which prescriptive savings are not applicable. NH Utilities assess project eligibility and incentives on a case-by-case basis and typically perform a technical analysis to detail energy-savings opportunities and overall project costs.

The NH Utilities intend to utilize these same incentive approaches for the remainder of 2020. However, the customer barriers related to funding and payback thresholds is likely to be higher than had been anticipated in the pre-COVID marketplace. The NH Utilities anticipate that prescriptive and custom incentives will increase by approximately 25% more than originally planned. Small business and municipal customers working with turnkey vendors may require increased incentives from 50% up to 100%, depending on the individual situation, in order to move projects forward.

### **Cost Effectiveness**

The NH Utilities remain committed to administering a cost-effective portfolio of programs in 2020, even with increased incentive levels. Projects receiving increased incentives will be reviewed by utility staff for cost effectiveness. As is always the case, some non-cost-effective projects may be allowed, especially in the case of low-income, non-profit or municipal customers.

Without increased incentives the NH Utilities foresee extreme difficulty in moving jobs forward, an almost certainty that the goals will not be met, and risk of more permanent damage to the workforce and EE ecosystem required to deliver robust programs in future years. With the increased incentives, contractors can safely get back to work and capture savings in spite of the

barriers during the remainder of the year. Exactly how customers will respond, and at what rate they will move forward with jobs, even with increased incentives, is still unknown. Additional incentive changes or modifications to what is detailed here may be necessary in the weeks and months ahead as we see how the market responds to these adjustments and whatever new obstacles or challenges are presented moving forward.

The NH Utilities understand that our customers and members are juggling health and safety concerns, financial concerns, and a host of other family and community concerns at this time. We are also very concerned about the impact of the program suspension and changing market conditions on our vendors, including home performance contractors, many of whom own or work for small businesses. These individuals and businesses are essential to serving customers and sustaining successful energy efficiency programs in the State now and in the future.

We are committed to working together with regulators, customers and vendors to navigate an expeditious return to the marketplace for suspended activities and to achieving energy savings during this unprecedented time.

Please feel free to contact us if you have any questions.

Sincerely,

The NH Electric and Natural Gas Utilities

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cc: DE 17-136 Service List