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Via Electronic Mail Only

Debra A. Howland, Executive Director
Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, New Hampshire 03301-2492

Re: DE 17-136, Eversource 2020 Year-end Program Spending Update

Dear Director Howland:

This letter serves as a 2020 program funding update and request to the Commission that the approval of the funds transfer from the Commercial and Industrial (“C&I”) Sector budget to the Residential Sector budget, approved by the Commission on December 22, 2020, be reversed. This also serves as notification that several C&I Sector programs will be exceeding 120% of original program budgets, but that the overall C&I Sector spending will remain under 100% of its original budget. All spending figures are preliminary estimates for 2020, which may shift as Eversource (“the Company”) conducts the QA process and finalizes these figures for the end of year filing, which is due June 1, 2021.

On November 23, 2020 the Company submitted a request to transfer \$3,088,661 from its C&I Sector budget to its Residential Sector budget, with the transferred funding to be used primarily for the Company’s low-income program. On December 22, 2020, the Commission approved the Company’s request. The Company appreciates the expedient attention and support of the Commission and Commission Staff in approving the transfer request. However, the actual project completions through the end of 2020 differed from the projections provided in November subsequently making the approval of such a transfer unnecessary. The Company requests a reversal of the approval for this reason and the Company requests that the Commission confirm that the original Residential and C&I Sector budgets be applied based on the following information.

In November of 2020, the Company forecasted that annual spending for the Residential Sector would exceed 110% of the original budget, but that the C&I Sector would significantly underspend its budget at a forecasted 84%, for a total portfolio spending of 98% of total budgeted funds. Now that year-end project completions and payments have been accounted for, the Company has been able to compare the differences between the November projections and the initial year-end totals that will be included in our 2020 Fourth Quarter Report to the Commission. A number of large multi-family low-income projects that were planned for completion in December have moved into 2021 and will end up being projects during the current calendar year, mainly due to constraints in contractor capacity and other timing adjustments.

At the same time, commercial customers and contractors were able to complete more jobs in December than forecasted when the Company made the funds transfer request on November 23, 2020.

Current calculations indicate the following:

- The low-income Home Energy Assistance program is projected to spend 98% of its original budget. Any final underspend in this program will be carried forward and remain in the low-income program.
- The Residential Sector is projected to spend 94% of its original budget
- The C&I Sector is projected to spend 99% of its original budget.
- Within the C&I Sector, the following programs are projected to meet or exceed the 120%, therefore requiring Commission notification. Total Sector spending will remain under 100% of the original Sector budget. The overspend in the below three areas is covered by underspend in Large C&I, the C&I RFP program and the Customer Engagement Platform.
 - The Small Business Programs will come in at approximately 142%
 - Eversource utilized enhanced incentives in 2020 in order to overcome customer initial cost barriers and provide viable energy efficiency projects to help customers mitigate economic impacts resulting from COVID-19. . Small business customers responded positively to these offerings, as they looked to energy efficiency improvements as an opportunity to reduce operating costs. Eversource was able to actively pursue these projects with small businesses and balance the lower uptake experienced in the Large Commercial and Commercial RFP programs.
 - Smart Start administration (not a full program but is an itemized line in the budget) will come in at approximately 120%
 - This is the budget line for administration of the separate Smart Start revolving loan fund. Staff time spent was more than planned.
 - The C&I Demand Response demonstration will come in at approximately 164%.
 - The overspending in this offering was due to robust participation by a larger number of customers than initially anticipated.

The 2018-2020 NH Statewide Energy Efficiency Plan states the following: “The NH Utilities shall provide notification to the Commission if an individual program’s actual expenditures are forecasted to exceed 120 percent of the program’s budget.” Section 4.3, Bates page 35, adopted by Commission Order No. 26,095.

Please see Table 1 below for a comparison of 2020 original budget, anticipated spending as of November 23, and spending calculated for the Quarter Four Report.

Table 1

Residential Programs	Original Budget	Anticipated Spend 11/23 Letter	Anticipated Spend Q4 Report		Q4 Report VS Original Budget	Q4 Report % of original budget
Home Energy Assistance	\$ 8,110,149	\$ 10,674,265	\$ 7,908,121		\$ (202,028)	98%
ENERGY STAR Homes	\$ 2,271,812	\$ 1,625,087	\$ 1,824,466		\$ (447,346)	80%
HP w/ENERGY STAR	\$ 6,543,680	\$ 7,592,970	\$ 6,149,887		\$ (393,792)	94%
ENERGY STAR	\$ 5,745,856	\$ 5,867,836	\$ 5,668,661		\$ (77,195)	99%
Residential DR Program	\$ 128,459	\$ 128,459	\$ 107,580		\$ (20,879)	84%
Forward Capacity Market Expenses	\$ 48,000	\$ 48,000	\$ 12,967		\$ (35,033)	27%
Customer Engagement Platform	\$ 267,703	\$ 267,703	\$ 165,113		\$ (102,590)	62%
Total Residential	\$ 23,115,659	\$ 26,204,320	\$ 21,836,795		\$ (1,278,863)	94%
Commercial & Industrial						
Large C&I - Retrofit	\$ 13,583,836	\$ 9,187,513	\$ 11,024,765		\$ (2,559,071)	81%
Small Business - Retrofit & Direct Install	\$ 6,678,372	\$ 7,845,379	\$ 9,505,311		\$ 2,826,939	142%
Municipal Program	\$ 1,447,985	\$ 1,097,757	\$ 1,497,279		\$ 49,295	103%
Smart Start	\$ 30,000	\$ 30,000	\$ 36,005		\$ 6,005	120%
C&I Customer Partnerships	\$ 23,124	\$ 23,124	\$ 1,854		\$ (21,269)	8%
C&I RFP Program	\$ 1,482,952	\$ 1,020,610	\$ 962,329		\$ (520,623)	65%
Education (Electric)	\$ 290,517	\$ 267,826	\$ 209,434		\$ (81,084)	72%
Forward Capacity Market Expenses	\$ 102,000	\$ 150,000	\$ 27,919		\$ (74,081)	27%
Large Business DR Initiative	\$ 380,187	\$ 380,187	\$ 624,260		\$ 244,072	164%
Customer Engagement Platform	\$ 373,126	\$ 373,126	\$ 231,471		\$ (141,655)	62%
Total Commercial & Industrial	\$ 24,392,100	\$ 20,375,522	\$ 24,120,628		\$ (271,472)	99%
Total Residential and C&I (without PI)	\$ 47,507,758	\$ 46,579,842	\$ 45,957,424		\$ (1,550,335)	97%

The Company requests the approval of the transfer of \$3,088,661 be vacated to reinstate the original Sector budgets and hopes that this update and preliminary figures serve as informative to the current status of the 2020 Eversource EERS programs and budgets. Should there be any questions about any of the above, please do not hesitate to contact me.

Very truly yours,



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cc: DE 17-136 Service List (by electronic mail only)