

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

IR 22-042

ELECTRIC AND GAS UTILITIES

Investigation of Energy Efficiency Planning, Programming, and Evaluation

Procedural Order Re: Record Requests

The Commission invites all participants to reply to the following record requests. Additionally, we welcome white papers on any other topic of interest relating to Energy Efficiency planning, programming, or evaluation. We request Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty, New Hampshire Electric Cooperative, Inc., Public Service Company of New Hampshire d/b/a Eversource Energy, Unitil Energy Systems, Inc., Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty, and Northern Utilities, Inc. (together, the Joint Utilities) make a joint response. All written responses are due on or before the close of business on Wednesday, November 30, 2022.

The following questions are for information-gathering purposes only and should not be construed as the Commission endorsing or disapproving of any particular position, method, or other aspects of energy efficiency planning, programming, and evaluation. As already noted in earlier orders in this docket, the Commission will reach no final decisions in this docket and issue no orders or directives.

Topic I. Granite State Test (GST), Total Resource Cost Test (TRCT), Discount rates

- a)** The Commission is generally interested in understanding approaches to assessing the cost-effectiveness of energy efficiency programs based on statutory or other implementation frameworks. Please provide information on approaches to assessing cost-effectiveness by or based on:
 - i.** Other state utility commissions;
 - ii.** Federal regulatory entities;
 - iii.** Economic theory that addresses social welfare impacts; and
 - iv.** Statutory definitions of “cost-effective” from other jurisdictions.

- b)** The Commission is aware that in some cost-benefit models, economists use two different discount rates to analyze the cost-effectiveness of investments; a social discount rate, sometimes referred to as the rate of social time preference, and a capital discount rate, sometimes referred as the marginal cost of capital. A social discount rate is used to depreciate the flow of future benefits of an investment into present terms over the lifetime of the investment. The capital discount rate is used to depreciate the present value of an investment over the lifetime of the investment. Both the GST and the TRCT appear to use a singular discount rate to depreciate the costs of Energy efficiency investments and the estimated benefits of energy savings.
- i.** Do the participants view the discount rate used in the GST and TRCT as a capital discount rate or a social discount rate?
 - ii.** Is there a specific rationale for using a single discount rate to represent the marginal cost of capital and society's preference for time?
 - iii.** Between utility ratepayers, utility companies, and potential investors, whose discount rate is most appropriate to use given the sources of funding?

We encourage participants to provide any information/documents/research that pertains to questions a) and b) above.

Topic II. Performance Incentive

- a.** Through HB 549 of the 2022 session, the legislature mandated that the existing performance incentive (PI) remain in place until changed by an order or operation of law, and future PI structure is not prescribed.
- i.** What was the original purpose of the PI?
 - ii.** Does the current PI structure achieve the purpose provided in response to question II-a-i above?
 - iii.** Has the purpose of PI changed? Please address this purpose with respect to changes in Lost Base Revenue and Decoupling mechanisms.
 - iv.** Is there a simpler and/or more effective way to achieve this purpose through the PI structure?
 - v.** Are the current PI thresholds and rates effective at maximizing energy savings?
 - vi.** Are the current PI thresholds too high or too low?

Topic V. Market Barriers

“Market Barriers,” as used in the Energy Efficiency Program, is not a statutorily defined term; as such, the Commission solicits the submission of information responsive to the following:


- a) The 1999 Energy Efficiency Working Group was unable to reach a consensus on what constituted a Market Barrier¹, and 23 years later, neither the Commission nor the General Court appears to have adopted a formal definition. Consistent with RSA 374-F:3, X, please submit definitions of “Market Barrier” based on the following:
- i. Economic theory;
 - ii. The practices of other state utility commissions; and
 - iii. Any applicable practices of federal regulatory entities.

Topic VII. Reporting on Low-Income Programming

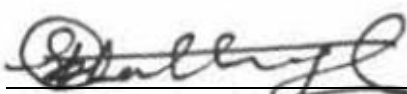
Given the legislative mandate that 20% of total program expenditures be made for the benefit of low-income ratepayers, the Commission solicits information responsive to the following question:

- a) Have the participants considered other programmatic designs that are less reliant on the Home Energy Assistance program, and which might provide a more direct financial benefit to low-income ratepayers and/or have greater overall cost-effectiveness?

So ordered, this fourth day of November, 2022.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner

¹ Final Energy Efficiency Group Report of DR 96-150, dated July 6, 1999: last accessed November 2, 2022 at: [https://www.puc.nh.gov/Electric/96-150%20%20NH%20Energy%20Efficiency%20Working%20Group%20Final%20Report%20\(1999\).pdf](https://www.puc.nh.gov/Electric/96-150%20%20NH%20Energy%20Efficiency%20Working%20Group%20Final%20Report%20(1999).pdf)

Service List - Docket Related

Docket#: 22-042

Printed: 11/4/2022

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