

DE 04-182

**GRANITE STATE ELECTRIC CO.,
NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC., PUBLIC SERVICE
COMPANY OF NEW HAMPSHIRE AND UNITIL ENERGY SYSTEMS, INC.**

2005 “CORE” ENERGY EFFICIENCY PROGRAM FILING

Order *Nisi* Approving 2005 Programs

ORDER NO. 24,410

December 3, 2004

On October 5, 2004, the New Hampshire Public Utilities Commission received a filing from the state’s four electric utilities (Granite State Electric Company, New Hampshire Electric Cooperative, Inc., Public Service Company of New Hampshire and Unitil Energy Systems, Inc.) describing the “Core” energy efficiency programs they propose to offer during 2005. At issue are the energy efficiency programs that are funded by the System Benefits Charge paid by retail electric customers as authorized by RSA 374-F:VI. “Core” refers to programs offered by all four companies, although the filing also includes certain programs offered only by individual utilities. The Commission approved the concept of the Core programs in *Electric Industry Restructuring – Energy Efficiency Programs*, 85 NH PUC 684 (2000), and endorsed specific plans for program implementation in *Concord Electric Co.*, 87 NH PUC 378 (2002) (for 2002 and 2003 programs) and *Granite State Electric Co.*, 88 NH PUC 624 (2003) (for 2004 programs).

The utilities submitted a letter on December 1, 2004 outlining certain changes to their 2005 proposal. The letter noted that, subject to those changes, the utilities had obtained the concurrence of the Office of Energy and Planning, the Office of Consumer Advocate, the Save Our Homes Organization and the Commission Staff for approval of the 2005 programs described in the filing.

In essence, the utilities propose extending through 2005 the same Core Energy Efficiency Programs offered statewide in 2004, as well as certain programs that are specific to individual utilities but also funded via the System Benefits Charge. The Core Programs comprise programs for residential customers (Energy Star Homes, a Home Energy Solutions program designed to retrofit existing residences, Energy Star Lighting and the Energy Star Appliance Program), low-income customers (the Home Energy Assistance Program) and commercial/industrial customers (the New Equipment Construction Program, the Large C&I Retrofit Program, the Small Business Energy Solutions Program and certain educational programs). The utilities further propose continuing the existing performance incentive program, whereby the utilities' shareholders and, in the case of the New Hampshire Electric Cooperative, the members receive incentive payments upon the achievement of performance standards. Consistent with past practice, in connection with approval of the 2005 programs, the utilities seek authority to make commitments in 2005 that involve projects to be completed in 2005, 2006 and 2007.

The utilities propose a budget calling for expenditures of \$17,878,026 on Core Programs in 2005, of which \$8,217,305 would be allocated to residential customers (including low-income customers) and the remaining \$9,660,721 would be allocated to programs for commercial and industrial customers. Additional expenditures are included in the proposed budget to account for projected utility incentives and educational programs, resulting in a total planned budget of \$19,959,029. (See October 5, 2004 filing at 72.) The budget includes details for each utility, including the amounts allocated to administrative costs as well as program monitoring and evaluation. As in 2004, the utilities seek authority to transfer up to 20 percent of an individual program's budget to one or more other programs. Any such transfers out of the Home Energy Assistance Program, however, would require prior Commission approval. The

utilities estimate that in 2005, the proposed energy efficiency programs will save 779,855,866 kilowatt-hours over the life of the measures implemented through the programs.

We review the utilities' proposal to determine whether it is consistent with the requirements of RSA 374-F and the public interest generally. *See Granite State Elect. Co.*, 88 NH PUC 624. It is our determination that the proposal merits approval on this basis. As the utilities and the other signatories to the December 1 letter note, the Core Energy Efficiency Programs have been successful since their implementation in 2002. Additional administrative efficiencies can be achieved as established programs continue and, should any individual utility not perform according to identified standards, the utility will suffer consequences through the incentive mechanism. The utilities note that, as the Core Programs mature, the monitoring and evaluation process will shift from baseline and process evaluations to impact evaluations, which pinpoint the amount of energy savings actually achieved by customers. This, too, is appropriate, given the public's interest in understanding how the proceeds of the System Benefits Charge are advancing the public good.

Based upon the foregoing, it is hereby

ORDERED *NISI*, that subject to the effective date below, the 2005 Core Energy Efficiency Programs proposed by Granite State Electric Company, the New Hampshire Electric Cooperative, Inc., Public Service Company of New Hampshire and Unitil Energy Systems, Inc., as conditioned by the applicants' December 1, 2004 letter, are hereby APPROVED; and it is

FURTHER ORDERED, that the applicants shall cause a copy of this Order *Nisi* to be published once in a statewide newspaper of general circulation or of circulation in those portions of the state where operations are conducted, such publication to be no later than

December 10, 2004; and to be documented by affidavit filed with this office on or before December 27, 2004; and it is

FURTHER ORDERED, that all persons interested in responding to this petition be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than December 17, 2004 for the Commission's consideration; and it is

FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than December 27, 2004; and it is

FURTHER ORDERED, that this Order *Nisi* shall be effective January 3, 2005; unless the Petitioner fails to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date.

By order of the Public Utilities Commission of New Hampshire this third day of December, 2004.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Michael D. Harrington
Commissioner

Attested by:

Debra A. Howland
Executive Director & Secretary