

| NEEP/RAP/OPTIMAL | Utilities | Discussion Notes |
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| <ul style="list-style-type: none"> • A deliberate ramp-up of targets toward goals comparable to those within the region will allow for economies of scale and drive down administrative costs as a percentage of program costs • Enable Economies of Scale (drive down administrative costs) • Reference: “Energy Efficiency Target Setting” presentation –Optimal Energy | <ul style="list-style-type: none"> • Establish long term electric kilowatt-hour and natural gas MMBtu <u>savings goals</u>; with ultimate objective of achieving all cost effective energy efficiency over time • Establish short term electric kilowatt-hour and natural gas MMBtu savings goals based upon demonstrated performance and the level of energy efficiency funding available to the electric and natural gas utilities with the intent of meeting long-term savings goals over • Overtime increasing goals based on demonstrated performance – incremental approach • Reference: Utilities’ EERS “Targets” presentation | <ul style="list-style-type: none"> • Definitions: <ul style="list-style-type: none"> ○ Short term – 2 – 3 years (2 years consistent with Core; 3 years used by ACEEE, MA, CTR and VT) ○ Long term – 10 years • Develop Gas and Electric Savings Targets • Establishing short term targets for only regulated fuels • Include low income program savings in targets • Possible target definitions: <ul style="list-style-type: none"> ○ % of sales ○ % reduction of peak demand ○ % reduction of kWh ○ Intensity measure • Fuel neutral – don’t set targets, but track and include in saving targets? • Consider building codes and compliance standards but do not include savings towards meeting targets • Pre-defined targets or targets that adjust and adapt to the changing market? • Should fuel blind program savings count towards targets? • Should fuel switching count towards targets? • To the degree possible, develop consistent programs statewide • To Do: <ul style="list-style-type: none"> ○ Define energy efficiency ○ Should fuel switching be considered? ○ Determine whether the following should be considered in an EERS, and if so, then when (short or long term): <ul style="list-style-type: none"> ▪ demand side management ▪ geo-targeting ▪ CHP ▪ Greenhouse gas reductions ▪ Peak demand reductions |

Guiding Principles related to Targets:

1. Establish long term electric equivalent kilowatt-hour and natural gas MMBtu savings goals; with ultimate objective of achieving all cost effective energy efficiency over time
2. Establish short term electric kilowatt-hour and natural gas MMBtu savings goals based upon demonstrated performance and the level of energy efficiency funding available to the electric and natural gas utilities with the intent of meeting long-term savings goals over

**EERS Targets
Meeting Results****

| <u>TOPIC</u> | <u>RESULT</u> |
|--|---------------------------|
| 1. Short term savings target objective (performance period): annually but cumulative over 3 years ¹ | Agreed |
| 2. Long-term savings target objective (performance period) - qualitative or quantitative? | Further discussion |
| 3. Establish different savings targets for electric and gas sectors. | Agreed |
| 4. Savings targets (short-term) to be measured in terms of percentage of sales forfeited. | Agreed |
| 5. Base year for measurement: 2014 kWh sales | Agreed |
| 6. Savings targets to be disaggregated among utilities based on individual utility characteristics. | Further discussion |
| 7. Level of implementation to vary by utility with proportion to be decided among the utilities. | Further discussion |
| 8. Not necessary to adopt separate low income savings targets (maintain current procedure). | Agreed |
| 9. Do not factor-in greenhouse gas reductions as part of savings targets. | Agreed |
| 10. Savings to be reported on a “fuel blind” or “fuel neutral” basis. | Further discussion |
| 11. Two-tier savings goals measured in both kWh and kW. | Further discussion |

*** Numbered list for reference purposes; not priority*

Definitions:

Short Term = 3 years (annual targets but savings to be measured cumulatively over 3 years)

Base year = 2014 kWh sales

¹ Subject to certain exogenous factors such as legislative changes to the building code.

“Achievable” cost effective energy efficiency savings = the level of energy efficiency measures a given market or service territory can absorb.