

STATE OF NEW HAMPSHIRE

before the

PUBLIC UTILITIES COMMISSION

DE-08-120

2009 CORE Energy Efficiency Programs

**RESPONSE OF THE OFFICE OF ENERGY AND PLANNING
TO THE HOME ENERGY SOLUTIONS FUEL BLIND PILOT PROGRAM**

At the settlement hearing for the 2009 Core Energy Efficiency Programs (DE 08-120) on December 11, 2008, the Commission offered intervening parties and staff the opportunity to supply additional written comments. OEP appreciates this opportunity and has categorized its comments into two questions below, both pertaining to the Home Energy Solutions Program.

Question 1:

Can funds from the System Benefits Charge (SBC) be used to support ratepayer weatherization programs for buildings heated by means other than electricity?

It is OEP's position that funds from the SBC need not be limited solely to buildings heated by electricity. To support this position, OEP presents the following:

Precedent:

There is a precedent for allowing SBC funds to go towards energy efficiency measures other than those focused exclusively on electricity. The Home Energy Assistance (HEA) Program is one example, offering weatherization measures to **all** income eligible ratepayers. It is not subject to any specific heating fuel source.

Additionally the Energy Star Homes Program has operated as a fuel neutral program, offering energy efficiency measures to new home construction.

OEP does not agree with PUC staff's assertion that, notwithstanding RSA 374-F:3,VI which dictates the types of programs SBC funds can support, HEA is acceptable because it has been treated separately from other CORE programs and is thereby immune to the provisions in RSA 374-F:3,VI. The fact remains that SBC funds have gone towards weatherization programs for buildings heated by means other than electricity and it is in the public's best interest for these types of programs to continue.

Whole Building Energy Use:

The use of energy in a building is complex and intertwined. For example an oil fired furnace system doesn't solely rely on oil to supply heat but also requires electricity to run its pumps and sensors. A halogen lamp may be used primarily for light but also emits a great deal of heat. OEP contends that weatherization improvements to a building heated by a source other than electricity, will still result in electricity savings. This is especially the case in buildings that use electrically powered air conditioners to cool in summer months and would experience a direct reduction in electrical use because of weatherization measures installed. OEP also believes that any building receiving weatherization services should be also be offered other energy efficiency measures specific to electricity, such as light fixtures, bulbs, and refrigerator rebates.

Question 2:

Is the Home Energy Solutions Fuel Blind Pilot Program sufficiently structured to receive approval?

OEP recognizes that there is a serious and real need for energy efficient services, especially for low-income and middle-income residents. It also recognizes that the need for energy efficiency services is not limited solely to electrically heated homes but spans all customers, regardless of their heating fuel. At face value it would appear to be an easy transition to offer HES weatherization measures from electric heat customers to non-electric heat customers. However, OEP has a number of concerns with the implementation of the program and it is reluctant to support the program as it is currently proposed. OEP's concerns are as follows:

- 1) The revised HES fuel blind program was presented to the parties and staff at the December 11, 2008 hearing and minimal time has been given to review the program. Given the number of questions asked about the HES fuel blind program at the settlement hearing, is apparent that staff and parties have several unresolved issues on the implementation and evaluation of the program. There currently is no plan in place for how these comments will be incorporated into restructuring the HES Fuel Blind Program if the Commission were to approve it.

- 2) The goals for the pilot program and the electric portion of HES need clarification. Exhibit 4 offers an overview of the HES fuel blind program for PSNH; the relationship these goals have with the electric portion of HES, however, is not clear.
- 3) OEP has a number of concerns over the evaluation of the program.
 - a. There appear to be two different methodologies PSNH and Unitil are using to calculate the lifetime MMBTU savings. These should be standardized between the two utilities.
 - b. The evaluation of the program is currently limited to the lifetime kWh and lifetime MMBTU measures. While these parameters are valuable, there is an additional need to evaluate the qualitative aspects of the program, such as quality of service provided to customers.
 - c. PSNH's legal memorandum dated 12/11/08, cites a need to gain experience in offering fuel blind HES services. It is unclear what experience PSNH is seeking to gain from the pilot program. A list of the areas PSNH seeks to evaluate will help to gauge the effectiveness and success of the program.
- 4) In testimony at the settlement hearing on December 11, 2008, PSNH mentioned that it would first choose participants from the HES waiting list of approximately 600 people but it would expect to solicit additional customers. PSNH also testified that it was concerned about over promising and under delivering on the HES fuel blind program if it were promoted to the public at large. Therefore it is unclear how PSNH would solicit additional customers without offering it to all ratepayers. OEP is concerned that the HES program would operate as a silent program whereby it would only be offered to those ratepayers who know about the pilot project or are inadvertently offered the services of the program by electric utility representatives.
- 5) It is unclear how PSNH and Unitil intend to prioritize the customer list to determine who will be offered the HES fuel blind pilot program services.

Recommendation:

There is a conundrum before the commission. On one side is an express need for additional weatherization services for all customers and there is an outlined program to meet a small portion of the need. On the other side is a program that has numerous concerns over how it will be evaluated and what experiences are sought to be gained by offering such a program. Additionally it is unrealistic to expect the electric utilities to create a new program and it would not be prudent to reallocate the funds to another residential program without additional discussion. Therefore OEP suggests that there are three options before the Commission.

Option A: The Commission supports the revised HES fuel blind pilot program in full as presented at the settlement agreement hearing on December 11, 2008.

Option B: The Commission holds funding for the HES program aside and requests an additional meeting(s) for the intervening parties and staff to discuss the HES fuel blind pilot program. Discussions shall be limited to topics about the prioritization of the customers for the program and the evaluation of the program. An agreement would be presented to the Commission and funds would be released through a subsequent order. Timeline to release funding would be March 2009 at the latest.

Option C: The Commission deny the expenditure of funds to the HES fuel blind pilot program. Funds in the program shall be retained and be reallocated to another residential program at a later time.

Given the limited time available to make a decision and the very present need for weatherization services, OEP reservedly supports option B above for the 2009 CORE program only. In future years, OEP will look for filings to be supplied at an earlier date and for more innovative programs to be developed, such as low cost financing mechanisms for ratepayers.

Conclusion:

In closing, OEP is aware of the immense need to develop a customer focused energy efficiency program in New Hampshire that is seamless, equitable and available. With additional funds from RGGI and RPS beginning to be administered, New Hampshire should take advantage of the timely opportunity to create such a program. The Energy Efficiency and Sustainable Energy Board will have an integral role in creating the strategic plan to achieve this goal. Support should be offered to this group and advice should be sought from them.

Respectfully submitted,

OFFICE OF ENERGY AND PLANNING

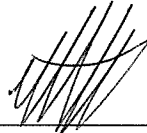


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Certificate of Service

I certify that on this date a copy of the foregoing was hand-delivered to PUC staff and the Office of Consumer Advocate, and sent electronically to the Utilities and all other persons on the Service List in DE-08-120.

December 17, 2008



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