

STATE OF NEW HAMPSHIRE  
before the  
PUBLIC UTILITIES COMMISSION

CORE ENERGY EFFICIENCY PROGRAMS  
Docket No. DE 08-120

JOINT PETITION FOR APPROVAL OF AMENDED DESIGN IN THE  
HOME ENERGY SOLUTIONS PROGRAM

Public Service Company of New Hampshire, and Unitil Energy Systems, Inc. (hereinafter the "Electric Utilities" or "Electric Utility") hereby seek an order from the Commission approving a modification of the Home Energy Solutions Program with the enclosed parameters and budgets for a fuel-neutral pilot program. In support of their Joint Motion, the Electric Utilities say the following:

I. In Order No. 24,930 (January 5, 2009), the Commission decided not to approve the fuel-blind pilot program as proposed in the Core Energy Efficiency filing by Public Service Company of New Hampshire ("PSNH") and Unitil Energy Services, Inc. ("Unitil") stating that the comments and questions indicated that the program had not yet been fully developed. Order No. 24,930 at 20. The Commission listed twelve issues or concerns that would need to be addressed if the Electric Utilities were to propose a fuel blind program:

We encourage the Utilities and the parties to continue to consider these issues. For now, we will approve the 2009 Core program filing without fuel blind pilots for the Home Energy Solutions program and note that PSNH and UES may petition at any time to modify their Home Energy Solutions program when they have a more fully developed proposal. *Id.*, at 22.

II. The Commission found that system benefits charge funds could legally be used in a fuel blind weatherization program. The Commission also described some of the benefits to the electric system that might be realized from such a program:

Furthermore, weatherization of any home which uses electric-powered air conditioning or fans for cooling provides system benefits by reducing electricity usage during the peak summer electric loads that are associated with electric home cooling measures. In addition, most non-electric heating

systems, such as fuel oil, propane and wood fired boilers and furnaces, also use electricity to power pumps or fans to circulate water and air. *Id.*, at 19-20.

Although energy efficiency measures such as improved insulation and air sealing may primarily save non-electric fuels in non-electrically heated buildings, there can often be significant electric savings from such measures as well.

III. The Parties have consulted on a proposal circulated by the Electric Utilities. A technical session was held on March 27, 2009 during which PSNH and Unitil responded to several written questions submitted by Staff, the Office of Energy and Planning, and the Office of Consumer Advocate concerning the proposal. The enclosed proposal addresses each of the Commission's concerns contained in Order No. 24,930. The pilot program would be operated by PSNH and Unitil. In addition to the Electric Utilities, the parties supporting the attached proposal are The Office of Energy and Planning, The Department of Environmental Services, the Home Builders & Remodelers Association of New Hampshire, The New Hampshire Community Action Association, LighTec, Inc., Granite State Electric Company, d.b.a. National Grid, and The New Hampshire Electric Cooperative, Inc. No parties have indicated that they oppose the Joint Petition at this time. The Commission Staff, The Office of Consumer Advocate and the Jordan Institute take no position at this time.

WHEREFORE Public Service Company of New Hampshire and Unitil Energy Systems, Inc. respectfully request the Commission to approve the design and budget changes in the Home Energy Solutions program operated by Unitil and PSNH proposed herein, and to order such further relief as may be just and equitable.

Respectfully submitted,

Public Service Company of New Hampshire  
Unitil Energy Systems, Inc.

April 9 2009  
Date

By: Gerald M. Eaton

Gerald M. Eaton  
Senior Counsel  
780 North Commercial Street  
Post Office Box 330  
Manchester, New Hampshire 03105-0330  
(603) 634-2961

#### CERTIFICATE OF SERVICE

I hereby certify that, on the date written below, I caused the attached Joint Petition for Approval of Amended Design in the Home Energy Solutions Program to be hand delivered or sent electronically pursuant to Puc § 203.02 and Puc § 203.11.

April 9 2009  
Date

Gerald M. Eaton  
Gerald M. Eaton

**2009 CORE ENERGY EFFICIENCY PROGRAMS  
FUEL NEUTRAL HOME ENERGY SOLUTIONS PROGRAM  
PROPOSAL**

**I. INTRODUCTION**

In its January 5, 2009, Order No. 24,930, the Commission approved the Settlement Agreement in DE 08-120 and the amended 2009 CORE Energy Efficiency Programs. In its decision, the Commission determined that the fuel neutral Home Energy Solutions (HES) Program proposed by Public Service Company of New Hampshire (PSNH) and Unitil Energy Systems, Inc. (Unitil) was not ripe for approval. However, in its review of the proposal, the Commission addressed the threshold question as to the legality and merits of using System Benefits Charge (SBC) funds to weatherize homes heated by oil, natural gas, or propane. The Commission concluded that it was “not precluded as a matter of law from authorizing the use of SBC revenues for energy efficiency programs such as the proposed fuel neutral pilot.” The Commission went on to state that PSNH and Unitil may petition at any time to modify the electric only HES Program when they have a more fully developed fuel neutral proposal.

PSNH, Unitil, Granite State Electric Company d/b/a National Grid (“National Grid”) and New Hampshire Electric Cooperative, Inc. (“NHEC”), have collaborated on the development of and support this new fuel neutral HES Pilot proposal. The HES Pilot Program is described herein along with plans for a new applicant screening tool. Also included with this filing are revisions to the 2009 CORE Program Filing Appendices F, G, and H. These Appendices reflect changes to budgets, benefit/cost ratios, and goals associated with the HES Pilot. The revised budgets and goals assume the HES Pilot is approved no later than April 1, 2009. Finally, the Utilities have included with this filing responses to the 12 questions raised by the Commission in its Order approving the 2009 CORE Programs.

PSNH and Unitil are seeking Commission approval to implement the HES Pilot outlined in this filing as part of their 2009 CORE Energy Efficiency Programs. If approved, the HES Pilot would be the only Home Energy Solutions Program offered by PSNH and Unitil and would provide services to all qualified customers regardless of heating fuel. While PSNH and Unitil are not seeking approval for 2010 implementation at this time, they are recommending that the HES Pilot run through 2010 and that an impact evaluation of the Pilot be conducted prior to approval of the 2011 CORE Programs. A decision on the future of the HES Pilot could be made at that time. While National Grid and the NHEC support the proposal, they have no plans to implement it in 2009 as part of the CORE Programs should the Commission approve this HES Pilot Proposal.

## II. PROGRAM DESCRIPTION

<b>Primary objectives</b>	To weatherize residential homes regardless of heating fuel type, capture cost effective opportunities for energy saving, and collaborate with other programs such as the gas utilities' programs to improve program effectiveness.																				
<b>Secondary objectives</b>	To develop a base of weatherization contractors working within the program to assess the industry's ability to serve many applicants. To determine customer demand for fuel neutral weatherization services. To demonstrate the cost effectiveness of a fuel neutral energy efficiency program.																				
<b>Performance goals</b>	<table border="1"> <thead> <tr> <th></th> <th><u>Goal</u></th> <th><u>PSNH</u></th> <th><u>Unitil</u></th> </tr> </thead> <tbody> <tr> <td>Electric Savings (Lifetime kWh)</td> <td></td> <td>2,843,135</td> <td>812,283</td> </tr> <tr> <td>Energy Savings (Lifetime mmBtu)</td> <td></td> <td>144,401</td> <td>21,307</td> </tr> <tr> <td>Participants</td> <td></td> <td>617</td> <td>97</td> </tr> <tr> <td>Benefit to Cost Ratio</td> <td></td> <td>1.09</td> <td>1.2</td> </tr> </tbody> </table>		<u>Goal</u>	<u>PSNH</u>	<u>Unitil</u>	Electric Savings (Lifetime kWh)		2,843,135	812,283	Energy Savings (Lifetime mmBtu)		144,401	21,307	Participants		617	97	Benefit to Cost Ratio		1.09	1.2
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<b>Program design</b>	<p>Design of the Home Energy Solutions (HES) Program will be based on the standards established for the national Home Performance with Energy Star (HPwES). While the PSNH and Unitil (the "Utilities") are confident that our current program meets or exceeds these standards, the program is not certified. The Utilities will submit this program design to the national HPwES program oversight group for review and certification in 2009.</p> <p>HPwES is a national effort sponsored by the U.S. EPA and U.S. DOE with the primary mission of improving the energy performance and comfort of existing homes. The program design offers a comprehensive, whole-house approach to improving energy efficiency and comfort at home, while helping to protect the environment. The HPwES format will provide brand recognition to support this fuel neutral weatherization pilot, to educate customers on the benefits of whole house weatherization and to insure that the program adheres to national best practices in weatherization programming.</p> <p>Program services will be delivered by the NH CORE Utilities including training and recruitment of home improvement contractors and consultants who are qualified to perform comprehensive home energy audits. Qualified contractors must adhere to Building Performance Institute standards when installing approved weatherization measures.</p> <p>A screening process will be used to qualify customers for participation</p>																				

	<p>in the program. Qualified participants will receive a whole house audit which will identify energy savings opportunities and educate customers on weatherization needs and benefits. The audit includes an inspection of the heating and cooling systems, windows, insulation, air infiltration via a blower door test, as well as a safety check of combustion zones. Also included is an inspection to address potential moisture issues and to identify potential health and safety problems within the home.</p> <p>The outcome of a whole house audit is a recommendation report that identifies energy saving opportunities, prioritizes improvements based on a payback analysis, identifies carbon reduction effects and informs customers of health and safety needs. Customers will also be given information regarding additional steps they may take to save energy cost-effectively should energy prices increase.</p> <p>During the audit, each customer may receive at no additional charge energy efficient compact fluorescent lights (CFLs) for high use fixtures, low flow faucet aerators and showerheads, as well as educational materials. Customers identified as needing comprehensive improvements such as air sealing, insulation, and weather stripping will be offered a 75% incentive, up to \$4,000, for cost effective measures that are identified by the auditor.</p> <p>In addition, the HES program will offer incentives to encourage the installation of high-efficiency heating systems. Other measures will be evaluated for cost-effectiveness on an on-going basis and will be added to the program as appropriate. The HVAC incentives are described below, and as a minimum, equipment will be ENERGY STAR® qualified with consideration given to the adoption of higher regional efficiency standards when available. Customers will also be made aware of federal tax credits and state incentives.</p> <p>Customers who do not qualify for a whole house audit may receive educational materials and/or access to a kit containing energy savings materials such as CFLs, low flow showerheads, aerators, and the <b>nhsaves</b> Catalog.</p>
<b>Target market</b>	<p>This program is open to all single and multi-family homes (income eligible customers will be referred to the Home Energy Assistance Program). Multi-family dwellings with greater than four units will not be eligible for full weatherization services but may receive baseload electric savings measures (e.g. CFLs, high efficiency lighting fixtures, aerators, etc.). To be eligible the residence must receive delivery service from one of the participating Utilities. Renters in 1-4 unit homes may participate with permission from the owner/landlord.</p>
<b>Marketing approach</b>	<ul style="list-style-type: none"> <li>• Leverage national HPwES marketing materials</li> </ul>

	<ul style="list-style-type: none"> <li>• Utility bill inserts, newsletters, the Internet, trade shows and outreach to affinity and community groups.</li> <li>• Develop trade allies to recruit participants through contractor marketing efforts.</li> <li>• Collaboration with gas utilities and other strategic groups</li> </ul>																																				
<b>Target end uses</b>	The program targets any cost-effective energy-saving improvements in the house shell, domestic hot water and heating systems, cooling systems, lighting improvements and refrigeration.																																				
<b>Recommended technologies</b>	Recommended technologies include air sealing, duct sealing, insulation, thermostats, heating system controls, high efficiency domestic hot water and heating system replacements, lighting and refrigerator upgrades, and other cost effective improvements																																				
<b>Financial incentives</b>	<p>The incentive for recommended cost effective weatherization is 75% of the cost of installing those measures up to a maximum of \$4,000. The incentive package is structured to offer the same rebate cap as the Home Energy Solutions program.</p> <p><b>High Efficiency HVAC</b></p> <p>In addition to the incentives noted above, the following rebates will be made to program participants to encourage high efficiency HVAC equipment. HVAC incentives are not counted towards the \$4,000 incentive cap specified above.</p> <table border="1"> <thead> <tr> <th>Measure</th> <th>Gas Rebate<sup>1</sup></th> <th>Oil/Propane Rebate</th> <th>A.F.U.E. <sup>*2</sup></th> </tr> </thead> <tbody> <tr> <td>High Efficiency Furnace</td> <td>\$100</td> <td>\$300</td> <td>Gas: 92% Oil: 85% Propane: 90%</td> </tr> <tr> <td>High Efficiency Furnace w/ ECM<sup>*3</sup></td> <td>\$400</td> <td>\$400</td> <td>Gas: 92% Oil: 85% Propane: 92%</td> </tr> <tr> <td>High Efficiency Steam Boilers</td> <td>\$200</td> <td>\$400</td> <td>82%</td> </tr> <tr> <td>High Efficiency Hot Water Boilers</td> <td>\$500</td> <td>\$500</td> <td>85%</td> </tr> <tr> <td>High Efficiency Hot Water Boilers</td> <td>\$1,000</td> <td>\$500</td> <td>90%</td> </tr> <tr> <td>Indirect/On Demand Water Heaters</td> <td>\$300</td> <td>\$300</td> <td>NA</td> </tr> <tr> <td>ENERGY STAR residential water heater</td> <td>\$50</td> <td>\$50</td> <td>NA</td> </tr> <tr> <td>Boiler Reset and energy savings controls</td> <td>\$100</td> <td>\$100</td> <td>NA</td> </tr> </tbody> </table> <p>*1. The gas rebates will be comparable with those offered by the Gas NetWorks<sup>®</sup> Collaborative.</p> <p>*2. A.F.U.E. = Annual Fuel Utilization Efficiency</p> <p>*3. High efficiency electronically commutated motor</p>	Measure	Gas Rebate <sup>1</sup>	Oil/Propane Rebate	A.F.U.E. <sup>*2</sup>	High Efficiency Furnace	\$100	\$300	Gas: 92% Oil: 85% Propane: 90%	High Efficiency Furnace w/ ECM <sup>*3</sup>	\$400	\$400	Gas: 92% Oil: 85% Propane: 92%	High Efficiency Steam Boilers	\$200	\$400	82%	High Efficiency Hot Water Boilers	\$500	\$500	85%	High Efficiency Hot Water Boilers	\$1,000	\$500	90%	Indirect/On Demand Water Heaters	\$300	\$300	NA	ENERGY STAR residential water heater	\$50	\$50	NA	Boiler Reset and energy savings controls	\$100	\$100	NA
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<p><b>Delivery mechanism</b></p>	<p>The program is administered by the Utilities offering fuel neutral weatherization services to their customers. The program sponsors will meet regularly to develop program best practices, to plan jointly sponsored training opportunities, to leverage other regional programs and to insure the success of this program. The sponsoring Utilities will recruit contractors to provide weatherization services to program participants in a competitive market environment. All participating contractors will comply with Building Performance Institute (BPI) standards and local codes as appropriate to insure that all materials and services provided through this program meet BPI technical standards. All participating contractors will be subject to quality assurance inspections from the program sponsor and from the BPI organization to insure that customers receive high quality products and services.</p>
<p><b>Program Collaborative Goals</b></p>	<ul style="list-style-type: none"> <li>• Apply for RGGI funding. Work collaboratively to incorporate renewable technologies into pilot, such as Solar Thermal or Combined Heat Power equipment.</li> <li>• Leverage National Grid and Unutil gas programs to coordinate services for gas heated homes. Gas companies pay for improvements on gas heated homes and claim related gas energy savings. Create fossil fuel HVAC rebates which duplicate gas HVAC rebates.</li> <li>• Collaborate with regional Utilities to leverage program marketing materials, training opportunities and best practices.</li> </ul>
<p><b>Measurement &amp; Verification</b></p>	<p>Working with the Commission Staff, the Utilities will develop an impact evaluation plan for the Fuel Neutral Pilot Program. The initial step in this process will be to develop a common set of metrics and data collection requirements to ensure that information need to conduct the evaluation will be available. The Pilot will be in operation for a minimum of 12 months before conducting the evaluation. The Utilities propose that study results be available for the consideration of interested Parties and Staff prior to making recommendations to the Commission regarding the 2011 CORE Programs.</p>



### III. PROGRAM ELIGIBILITY AND SCREENING

The program will be offered to customers on a first come first served basis. The Utilities plan to use a screening process to qualify customers for participation in the program. Two such processes will be used in the pilot: one is based on a telephone interview designed to assess customer interest and readiness to move forward with comprehensive services and the other is more of a self-service approach designed to identify customers with high usage as well as readiness to make improvements.

The telephone interview process has been used successfully by National Grid and Unutil in other states. An example of the interviewer's screening guidance used to qualify customers who will receive a whole house audit appears on page 7.

The Utilities also plan to introduce a qualification process based on fuel usage which has been piloted by the NHEC. Customers have the ability to determine their eligibility for a whole house audit and to apply for the program using a very simple screening tool. The tool will serve multiple purposes:

- 1) Allow customers to benchmark their home against a code-built home to see how well they are doing.
- 2) Identify high use customers who would likely be eligible for comprehensive program services.
- 3) Direct customers with energy efficient homes to educational materials that will help them make further improvements.

To use the screening tool customers will be asked for their annual heating energy consumption and the square footage of their home. With this information the screening tool will generate a Home Heating Index (HHI) score based on the customer's Btu/ft<sup>2</sup>/Heating Degree Day results. The HHI is a numeric score ranging between 0 and 32. The table on the next page provides a correlation between the HHI score and the home's efficiency. A customer's home scoring a nine or above (65,000 Btu/ft<sup>2</sup>/HDD) would be eligible for a home audit. The Utilities will review and adjust this threshold as needed to control program participation and to insure that program energy savings goals are met. Homes scoring below the threshold are already comparatively energy efficient. These customers would be given educational materials to assist them in achieving even further energy reductions.

Customers will be able to access the screening tool at [www.nhsaves.com](http://www.nhsaves.com) and on their Utility's website. In addition, customers may contact their Utility's call center to receive assistance in completing the form or to request a paper form that they can complete at home and return.

## Interviewer's Screening Guidance

### Answering the Call:

- Greet customer
- Announce Program Name and Program Sponsors
- Introduce self

### Building Rapport:

- Obtain Customer's Name
- Using the customers name during the call will help build trust & a good rapport with customers.

Screen for Eligibility: Inform customer that in order to provide them with the best possible service, you'll need to ask them a few questions.

- Low Income Eligibility
- Participating Utility
- Residential Account Holder
- Screen for Multi-Family Eligibility

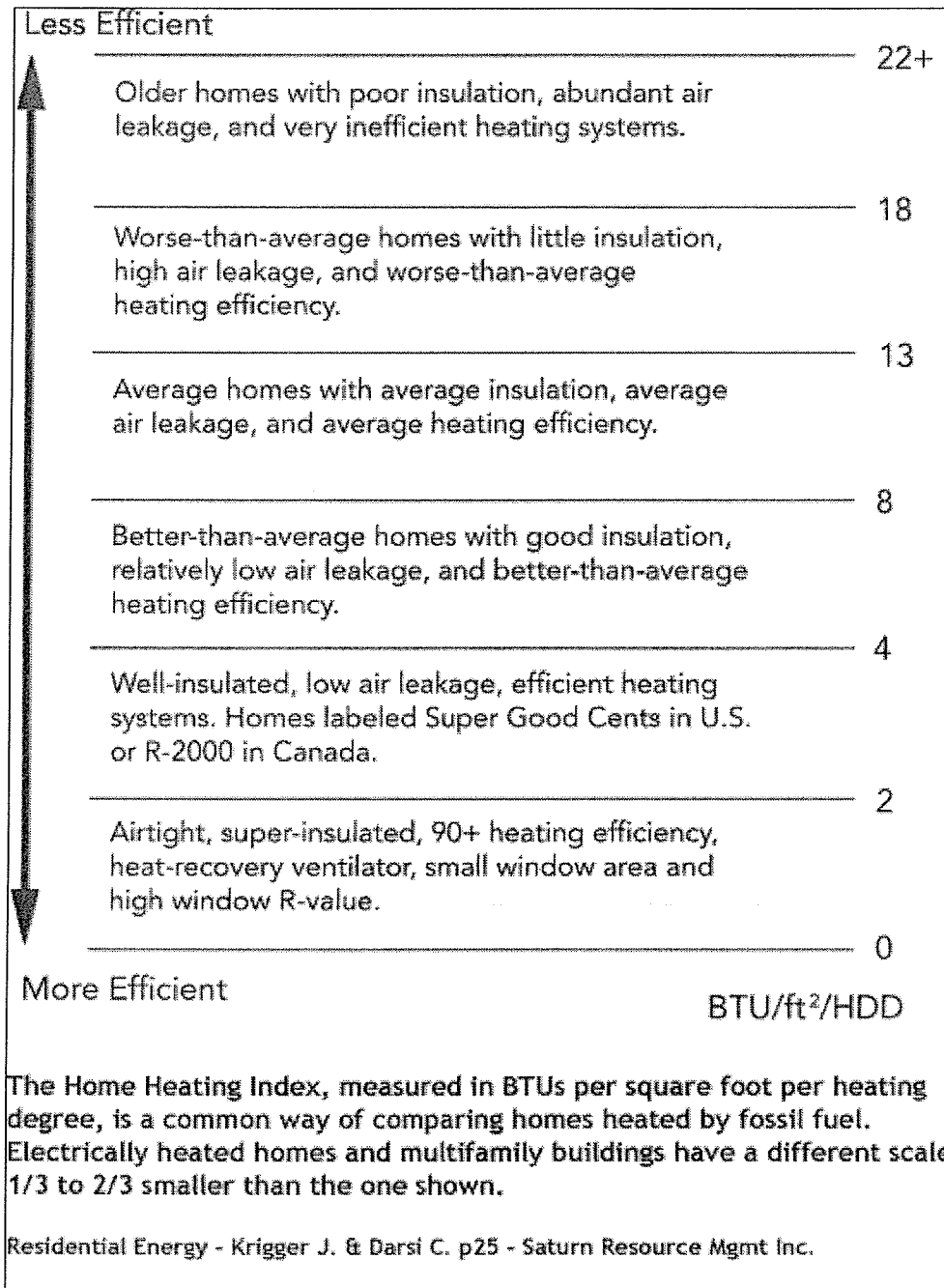
### Determine Reason for Call:

- Determine customer's reason for call. Understand pain point for today's call
- Ask questions
- Engage the customer in dialogue but control the call.
- Listen to the callers concerns and...ask questions.
- Finish by quickly summarizing the callers concerns
- *Does the customer have specific concerns and is the customer interested in investing in energy efficiency for the home?*

Determine best service available based on customers concerns/issues/situation

- Refer customer to website for rebates or to access Energy Efficiency or Renewable Energy program offerings
- Offer On-line Audit if available
- Offer Energy Usage Profile for high electric usage concerns if available
- Needs additional technical assistance-arrange for follow up from appropriate technical resource
- Offer informational and educational literature if customer is not prepared to invest in energy efficiency improvements at this time
- Schedule home energy audit

Home Heating Index



#### IV. QUESTIONS MERITING FURTHER CONSIDERATION

It is clear from the comments made at 2009 CORE Programs Merits Hearing, and the additional written comments, that the proposed fuel-neutral HES Pilot Program needed further development. In its Order the Commission posited 12 questions for further consideration. Reproduced here are the Commission's questions presented in italics followed by the Utilities' responses in normal type.

1. *Whether PSNH or UES might first modify their existing Home Energy program requirement, which limits participation to customers who use electricity for more than 65% of their heating needs, to target customers who still use electricity for a large or even majority portion of their heating needs, but less than 65%, or who otherwise have significantly higher than average electric usage, such as might be due to high air conditioning loads.*

Customers using non-electric fuels for more than half of their heating needs are currently participating in the Home Energy Solutions Program. The requirement for participation in the current HES program is that a customer's home has 30% or more of the heat coming from electric heat, demonstrated in their monthly bills. The utilities have been working their way down the list of customers who appear to heat 30% or more through electric heat. The utilities believe there are fewer and fewer opportunities to serve homes which use electricity to supply a significant portion of their heating needs.

2. *Whether the funds in the Home Energy Solutions program that PSNH and UES do not expect to be utilized in 2009 with their present criteria might be better directed into the Home Energy Assistance program with a somewhat higher income eligibility cap such as has been put into place for this year's Fuel Assistance Program.*

Allocation of the System Benefits Charge funds has been guided by two principles both of which originated with electric industry restructuring. The first of these principles was established by the legislature in RSA 374-F:3.VI which required that restructuring be "...implemented in a manner that benefits all consumers equitably and does not benefit one customer class to the detriment of another." The second principle comes from the Commission's order on restructuring<sup>1</sup> which requires that all customers contribute equally to programs for low income customers.

These principles are fundamental to the preparation of program budgets. For example, in preparing the 2009 CORE Programs Filing, the utilities worked with the Parties and Staff and reached an agreement to fund the low income energy efficiency programs at 13.5%. The remaining System Benefits Charge funds were then allocated to residential and business programs in proportion

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<sup>1</sup> Statewide Utility Restructuring Plan 82 NH PUC Rep. 122, 183 (February 28, 1997)

to SBC contributions from residential and business customers. The Utilities believe that this approach to program funding adheres to the principles established by the legislature and the Commission. Furthermore, redirecting HES funds to HEA may overstep both the principle to have all customers contribute equally to low income programs and the requirement not to benefit one customer class to the detriment of another.

3. *Whether PSNH's use of its waiting list is the most appropriate method to select program participants.*

PSNH plans to open the program to all residential customers not eligible for the Home Energy Assistance Program. Program eligibility will be determined using the applicant screening tool described above in Section III of this filing. Customers who do not qualify for weatherization services will be directed to educational materials that will help them lower their energy use. PSNH will attempt to notify wait listed customers of the new program, but participation will be on a first come, first served basis.

4. *The discrepancy between PSNH and UES on the projected benefit to cost ratio for the existing and proposed fuel neutral Home Energy Solutions program; where PSNH's ratio is 0.90, below the cost-effectiveness threshold of 1.0, while UES's ratio is 1.9, well above the cost-effectiveness threshold.3 Ex 1, Attachment A, at 71 and 75, respectively.*

The projected benefit to cost ratio for PSNH and UES in this proposal is 1.09 and 1.2 respectively. In developing this proposal the companies reviewed their assumptions used to calculate the benefit to cost ratio. Significantly impacting the final result were the assumptions related to energy savings and measure life. Both companies have assumed average heating fuel weatherization savings of 17 MMBtus (approximately 15%) and have modeled the savings based on individual measure lives. (A "blended" measure life had been used in the original filing).

5. *Whether, in light of a benefit to cost ratio of less than 1.0, the PSNH expanded fuel-neutral program merits approval for other reasons, such as the learning value provided by a pilot or the market transformation value that may lead to a cost-effective program.*

As noted above in the Utilities' response to Question #4, PSNH's benefit to cost ratio is 1.09.

6. *Whether a broad fuel neutral home energy efficiency program should be designed consistent with the national "Home Performance with Energy Star" standards promoted by the U.S. Environmental Protection Agency and Department of Energy and used in neighboring states.*

Design of the Home Energy Solutions (HES) Program will be based on the standards established for Home Performance with Energy Star (HPwES). While the NH CORE Utilities are confident that our current program meets

or exceeds these standards, the program is not certified. Attaining certification will be a priority in 2009.

7. *Whether it is appropriate to subsidize 75% of the cost of non-electric weatherization measures for other than low income customers who might otherwise be able to afford the cost of such measures.*

Motivating customers to make energy efficiency improvements has traditionally been a difficult proposition regardless of income. Customers who undertake improvements on their own generally take a piecemeal approach like weather-stripping a door or installing attic insulation. Comprehensive retrofits create the opportunity for larger energy and peak demand savings.

It has been the Utilities' experience that few customers will undertake a comprehensive retrofit even if significant incentives are offered. In 2008 the traditional electric-heat based HES program was marketed to 8,500 PSNH electric space heating customers. While program incentives were approximately 75% of the installed costs, fewer than 4% expressed any interest in the program.

Other considerations that went into the proposed 75% rebate level include maintaining consistency with other regional fuel neutral programs and improving collaboration with similar New Hampshire gas weatherization programs.

8. *Whether the 25% up-front customer co-payment might prove to be a market barrier for moderate income customers in light of current economic conditions.*

The Utilities propose a \$100 up-front payment for customers whose usage qualifies them for a whole house audit. The payment provides some level of assurance that the customer is not only interested, but also has the financial wherewithal to make the investment in identified energy saving measures. The up-front payment will be applied to the 25% co-payment should the customer proceed with comprehensive services.

At a minimum, customers making the \$100 up-front payment will receive a whole house audit, a check-up of their heating and cooling systems including a combustion safety check, and an inspection to address potential moisture issues. In addition, the customer will be given a recommendation report that identifies energy saving opportunities, prioritizes improvements based on a payback analysis, identifies carbon reduction effects and informs the customer of any health and safety needs.

The up-front co-pay is intended to screen out customers who would likely not move forward and install comprehensive weatherization measures. The Utilities will monitor the impact of the co-payment on this objective and make adjustments as appropriate.

9. *Whether the “Smart Start” program might be modified to make it more accessible to customers who might not be able to afford up front co-payments.*

Opening Smart Start to fuel neutral weatherization projects on a statewide basis raises some difficult issues. For example, the majority of the weatherization savings will come from fossil fuel savings and will not appear on customers’ electric bills; however, the Smart Start charge will appear. It will be more difficult for customers – and impossible for the utility – to verify the fundamental tenant of the Smart Start Program – that monthly savings exceed the monthly Smart Start payments.

In the 2009 CORE Programs Settlement Agreement the Utilities agreed to discuss alternative financing agreements including Smart Start and to develop consensus recommendations on expanded financing alternatives. The Utilities believe that consideration of statewide Smart Start financing for a fuel-neutral residential weatherization program should be deferred until the Parties to the Settlement Agreement have had an opportunity to discuss the issues and bring forth their recommendations. Experience with the fuel neutral weatherization program can further aid these discussions on alternative financing.

10. *How “competing” home energy programs might interact in areas where there are both gas and electric utility programs.*

Although the gas programs are currently different from the electric weatherization programs, the utilities will work together to serve all customers the same way. If serving a gas customer, gas saving measures will be paid for by the gas company and electric savings will be funded by the electric System Benefits Charge. If gas funding has been exhausted for a year, and an approved gas home is ready for weatherization, the electric Utility will pay for all cost-effective measures offered under the fuel-neutral HES Program.

11. *What results should utility performance incentives be based on and whether PSNH and UES should have different incentive structures.*

The Utilities believe that the performance incentives should remain as approved by the NHPUC. The kWh savings will be reflected as part of the Lifetime kWh Savings goal, and both the kWh savings and the MBTU savings will be included in the Benefit / Cost ratio calculation.

12. *How the programs will be evaluated, quantitatively and qualitatively.*

The Utilities plan to continue with the current practice of quality assurance, inspecting all weatherization projects of every new contractor, and then a sampling of projects from contractors with a proven track record of quality workmanship. In addition, the Utilities anticipate that the NHPUC will include the fuel-neutral HES Program as part of their M&E responsibilities.