

NEW HAMPSHIRE ENERGY TRUST

BEFORE THE

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

2011-2012 Residential Energy Efficiency Programs
A Proposal for Administration of the Programs
by the
New Hampshire Energy Trust

NHPUC Docket No. DE 10-188

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I. Introduction and Background

The New Hampshire Energy Trust (“NHET” or “the Trust”)¹ submits this filing for the administration of Residential Energy Efficiency programs (the “Programs”) currently administered by the Electric and Natural Gas distribution companies in the State of New Hampshire under the supervision of the New Hampshire Public Utilities Commission (“the Commission” or “PUC”). Upon the recommendation of PUC staff, this filing is being submitted for consideration in docket DE 10-188, “2011-2012 CORE Electric Energy Efficiency Programs and Natural Gas Energy Efficiency Programs.”

This Introduction section of the filing provides background on the origin and mission of the Trust, and why it is compelled to provide the Commission and the citizens of the State of New Hampshire with an alternative administrative proposal for the Programs. The Trust will then briefly review the history of the Programs, prior PUC Orders, and other key principles previously established regarding the intention and administration of the Programs. The Trust maintains that its proposal is more consistent with the goals and principles established over ten years ago by the New Hampshire Energy Efficiency Working Group and the PUC when the Commission initially requested the distribution companies to submit the original versions of their residential energy efficiency programs post de-regulation. The Trust also maintains that its proposal offers significant additional benefits for the State of New Hampshire relative to the utilities’ proposals submitted on August 3, 2010.

Following this introduction, there are two additional sections of this filing. The next section provides a summary of each proposed program, noting key differences relative to the utilities’ programs as proposed in this proceeding. The final section will describe how the Trust will operate and be governed, summarize the Trust’s budget and funding, and propose reporting and evaluation procedures for the Trust.

Origin and Mission of the New Hampshire Energy Trust

The Trust, a non-profit corporation recently established in the State of New Hampshire, was organized and founded by committed energy service professionals and citizens of New Hampshire, with the following guiding principles and objectives:

- Stimulate the demand for and accelerate the adoption of cost-effective energy efficiency measures in New Hampshire, and encourage energy conservation for the benefit of the state and its citizens;
- Develop the capacity of the private energy solutions market to better serve the needs of New Hampshire’s citizens;

¹ The New Hampshire Energy Trust was incorporated as a non-profit corporation in the State of New Hampshire in August 2010.

- Demonstrate and promote the financial returns possible through cost-effective energy efficiency investments, and work with appraisers and lenders to make it easier for the citizens of New Hampshire to finance them;
- Efficiently administer energy efficiency program funds to achieve the greatest amount of energy savings while advancing the PUC strategy towards market transformation;
- Establish a trusted, objective resource that can serve the needs of the people of New Hampshire seeking information about energy efficiency solutions and how to act on opportunities.

To achieve this mission, the Trust seeks to efficiently manage public funds budgeted for energy efficiency and conservation, funds derived through efficiency and conservation charges imposed on energy bills, and other charitable donations.

Like many across New Hampshire, the Trust believes that there is significant untapped potential for cost-effective investments in energy efficiency within the state. Previously, the PUC commissioned GDS Associates to perform a study in 2008 to assess the amount of potential energy savings that could be economically achieved across the state. GDS published its study, “Additional Opportunities for Energy Efficiency in New Hampshire” in January 2009, concluding that in the residential sector, alone, the savings could exceed \$180 million annually. Achieving those savings would require an investment of more than \$500 million, with the investment paid back in roughly 3 years while the savings continued to accrue for the benefit of New Hampshire’s residents. The challenge for the state is how to best identify those opportunities for energy savings and how to motivate its residents to invest in them.

New Hampshire’s Climate Action Plan recommends that New Hampshire strive to achieve a long-term reduction in greenhouse gas emissions of 80 percent below 1990 levels by 2050. The action plan begins with a recommendation to maximize the energy efficiency of New Hampshire’s building stock. For residential buildings, the plan urges the state to develop a program to retrofit existing New Hampshire housing stock to minimize or eliminate net CO2 output, and further, to ensure that current and future investments minimize embedded CO2 output with a phased-in goal to retrofit 30,000 homes annually in order to reduce their net energy consumption by 60 percent.

Currently, the utility energy efficiency programs are retrofitting less than 2,000 homes per year, including the low-income Home Energy Assistance program. Clearly, the pace is too slow to meet the goals of the Climate Action Plan, and it could take half a century at the current rate of investment to achieve the obtainable, cost-effective energy efficiency opportunities that exist in residential buildings, today. The utilities currently do not take any credit for stimulating private investment in residential building retrofits beyond the participants in their programs. The Trust maintains that the utilities’ programs are actually hindering such retrofit investments, regardless of whether it is intentional, through the design of their programs and incentives. Similarly, the Trust believes that its modifications to the residential program offerings will help stimulate significantly greater activity and investment in energy efficiency and conservation for the benefit of New Hampshire.

Energy Efficiency as Economic Engine

Unlike many investments in residential buildings, investments in energy efficiency measures can provide a positive return on investment by generating future energy savings that are greater than the cost for the energy efficiency measure. The rates of return can far exceed many financial investment alternatives like stocks, bonds or savings accounts. The future cash benefits of energy efficient investments are often complemented by government incentives and tax benefits beyond the direct energy savings, adding to the financial benefits for residential investors. Currently, the total investment stimulated by the utility run programs, including the program funds, is less than \$10 million annually, a pitifully small amount in light of the aggressive state energy efficiency goals.

Beyond the direct benefits accruing to the residential investor, there are additional benefits for the New Hampshire economy. The local energy service professionals and product vendors benefit from the residents' purchasing of their energy efficiency solutions. Currently, this is an extremely welcome activity for those in the depressed buildings trades that are seeking work in energy retrofits of residential buildings.

There are second-order economic benefits (i.e., "economic multipliers") for the state, as well. First, those energy service professionals and product vendors located in New Hampshire will have additional income to spend in the New Hampshire economy. The growth in their businesses may also lead them to create jobs within the state. Additionally, as residents spend less of their income on energy in the future, they will have more savings or the option of spending their money in other areas of the New Hampshire economy. Given that most of the energy consumed in New Hampshire is imported from outside of the state, the local spending in lieu of energy spending will further stimulate and enrich the New Hampshire economy. Therefore, when a resident invests in cost-effective energy efficiency, not only will that resident reap significant rewards, but so will the state's economy...which will likely further benefit the resident who chose to invest in energy efficiency!

Investments in energy efficiency will also reduce the negative impact of emissions caused by the combustion of fossil fuels used to generate heat and electricity on the environment and the health of New Hampshire's citizens. The Trust encourages all citizens of New Hampshire to read the New Hampshire Climate Action Plan to better understand both the potential risks of inaction, and the potential benefits of implementing the recommended actions.

Constrained Energy Efficiency Industry

The Trust believes that the pace of realizing the residential energy efficiency potential in New Hampshire is not simply constrained by the size of the energy efficiency program budgets, but also by the design of the programs and their administration. In other words, the Trust believes that the limited program dollars available could stimulate significantly more investment in energy efficiency in New Hampshire if the programs, the allocation of money across various programs and activities, and the administration of the programs, were changed.

To better understand the opportunity for improvement to the current programs, it is helpful to examine some of the program specifics—specifics that are often not detailed in the utilities’ filings, but that greatly affect the decision making of the market participants.

For example, in the Home Performance with Energy Star program (HPwES), the utilities’ program offers a 75% rebate on energy efficiency measures that already pay for themselves at fully installed cost through the energy savings generated by those energy efficiency measures over their expected lifetimes. The amount of rebate money available to any resident is capped at \$4,000, which caps the size of a project eligible for rebates at \$5,333. There is a limited budget for this program, and it allows for less than 1,000 residents to receive retrofit rebates each year. For those lucky enough to participate, the financial benefits are tremendous. Depending on the measures, many also qualify for federal tax deductions on their investments up to 30% of their investment up to a maximum of \$1,500². The simple payback on the resident’s investment can be reduced to less than a year when all of these incentives are combined, and the energy savings will continue for years later. It is a financial no-brainer for anyone that can afford the 25% customer co-pay!

If the program is so great for participants, why does the Trust believe it needs to be changed? Quite simply, demand exceeds supply. In free markets, when demand exceeds supply, it tends to drive prices up. When designing rebate programs, it creates an opportunity to reduce the rebate required to stimulate demand. The utilities have not done this. For example, if the discount is adjusted from 75% to 50% while maintaining the rebate cap at \$4,000, it would generate **three (3) times** the amount of complementary residential investment (co-pay) in energy efficiency, while growing the total investment in residential retrofits by 50% **for the same program budget**. If the discount level was reduced to 25% (remember, these measures already pay for themselves in energy savings without rebates), it would generate **nine (9) times** the amount of complementary residential investment (co-pay) in energy efficiency, while growing the total investment in residential retrofits by 200% **for the same program budget**.

For each retrofit project, there is also a steep price increase for any marginal investments above the \$5,333 level at which rebates are capped. Instead of having to contribute only 25% of each marginal dollar of investment (before tax credits), residents have to pay for 100% of the incremental cost of any energy efficiency measure. As a result, few invest in projects that exceed \$5,333 in size even though their cost-effective savings opportunities may suggest a higher investment is warranted.

The impact of the steep discounts on energy efficiency investments is far greater, however, than simply limiting the amount spent by participants in the program. Imagine the resident that wants to invest in energy efficiency, but is not able to participate in the program because the budget runs dry. The resident has the choice of either waiting a year and potentially being accepted into the program, which could provide them with 75% discounts and up to a \$4,000 rebate on their project, or the resident could invest immediately without participating in the program. From the resident’s perspective, it is like being asked to pay 4 times as much for the same project ($4 \times 25\% = 100\%$) in order to act now. The energy

²This federal tax credit program is currently scheduled to expire on December 31, 2010.

efficiency solution providers will tell you that it is a nearly impossible sale; most potential residential property owners will wait for the chance at a major rebate.

In effect, the steep discounts for the utility retrofit programs, which are very appealing to the limited number of residents that are able to participate, are nearly shutting down the non-subsidized energy efficiency solutions market. And for energy efficiency service providers, this means that you can only survive if you participate in the utilities' programs, and accept the rules and pricing set by the utilities. Remarkably, the distribution utility monopolies have largely turned the energy efficiency services market into a monopsony market (i.e., "single buyer") for themselves, and they have used their market power to govern the development of the energy efficiency market in New Hampshire.

By virtue of their control over the steep discount dollars that allows the utilities to largely define the energy efficiency service marketplace, the utilities also control the size of the market and its rate of growth. This is an unwelcome revelation for the entrepreneurs seeking to develop new energy efficiency service businesses focused on the New Hampshire residential market. It has also been a depressing realization for many building trades professionals who have invested time and money in developing the new skills, earning the certifications and acquiring specialized equipment required to participate in the market. The size of the pie (i.e., total expenditures on residential energy efficiency) in New Hampshire is not growing faster than the utility budgets, but the number of professional trying to enter it has. If it were not for the additional market boost created by ARRA stimulus funds, it would be a very unattractive market for those new service professionals trying to earn a living in the energy efficiency market in New Hampshire, and those stimulus program dollars will run out soon.

Would residential building owners still be willing to invest in energy efficiency if the discounts were reduced to less than 75%? Given that demand to participate in this program—despite meager marketing—significantly exceeds the available budget, there is good reason to believe that residents may accept a lower discount level. The Trust intends to fully explore this option, while it also improves promotion and education to further stimulate demand. Eventually, the Trust foresees a time that demand levels would permit a significant downward adjustment, if not complete elimination of the types of discounts offered currently.

Similarly, the Trust intends to bring to an end an energy efficiency market that is controlled by the utilities and work toward a free market controlled by consumer demand and better served through a larger and stronger private energy solutions industry. Indeed, the trust believes that an opening of the energy efficiency market is a necessary prerequisite for New Hampshire before it can fully unlock the significant benefits of increased energy efficiency investment in the state. The Trust can begin that process through the modifications to the Programs proposed in this filing, and it can accelerate the transformation of the market through future improvements to the Programs.

Utilities Prefer Not to Spend on Marketing and Education

Close examination of the marketing performed by the utility administrators provides further evidence of the need for a change. The web site used to promote the electric utility energy efficiency programs,

nhsaves.com, is one example of the anemic energy efficiency marketing and promotion performed by the utilities. While the domain name has significant appeal, there is not much more to like about the web site. Where do the utilities educate the consumers about potential opportunities for energy efficiency on the web site? Where are the case studies (reference cases) that communicate the savings opportunities are likely available for the average resident's home? Where do they make clear the phenomenal return on investment that can be realized by residents? The last time the utilities invested significantly in the design and content of the web site was seven years ago. In 2009, the utilities invested only \$3,000 to maintain the site despite the pleas of interested parties to better utilize it to serve citizens interested in energy efficiency. A great mass marketing, customer relations and communications tool is being wasted.

Many residential property owners seek good information and educational opportunities to learn more about how to invest in cost-effective energy efficiency. The electric utilities recently shared that they have held more than 4,000 educational program events since the beginning of the CORE programs in 2002. More than 93% of the events were for third-grade students. An additional 5% were for other students in grades K-12. Not one was for the residential property owners who make the decisions about whether to invest in energy efficiency or not; not one was for the parents of those students. The Trust wonders why.

In last year's docket for the CORE energy efficiency programs, the utilities stated that investing in marketing, education and program promotion to further stimulate the awareness of the program and the demand for energy efficiency solutions was not an appropriate use of limited funds. The utilities opined that it was more helpful to save energy by investing that last dollar in efficiency measures. (Not surprising, as more fully discussed later, the utilities' Performance Incentives rewarded them handsomely for expending funds this way.) Indeed, the electric utilities have consistently under-utilized their marketing and education budgets over the course of the CORE programs, even though their filings demonstrate an intention to spend a significant amount of money on marketing each year. In the 2008 program year, PSNH spent 25% of their proposed residential marketing budget, only \$15,566, promoting residential energy efficiency. That is approximately \$0.04 per account for its more than 400,000 residential customers. PSNH residential program spending exceeded \$6 million in 2008; marketing expenditures were less than 0.3% of the total.

Word-of-mouth referrals are one of the most influential means of generating demand. The potency of referrals is directly related to the number of customers served: fewer people served means fewer potentially satisfied customers who will be able to "tell two friends, and so on..." The steep discounts and concentration of funds on only a small fraction of the residential property owners across the state means few satisfied retrofit customers exist across the state. If the program was designed to serve a larger number of households, energy efficiency retrofits would have a greater chance of "catching on" through word-of-mouth referrals, of reaching the critical mass required to achieve the tipping point of broad market adoption, of achieving the program goals of market transformation. For the few property owners that have been served, the utilities could use nhsaves.com or their web sites or other means of communicating with the market to amplify the success stories of those satisfied customers that have

saved significant amounts of energy. Such case studies of real customer experiences are a close substitute for word-of-mouth referrals. The utilities have chosen not to publish these success stories.

The Trust believes that education and outreach, generating awareness, public relations, trustworthy reference materials, marketing and promotion are critical tools to be used in the campaign to increase the level of energy efficiency investment in New Hampshire. All will contribute to higher demand for the state's energy efficiency incentives and programs, and the higher demand will create an opportunity to lower rebates and stimulate greater overall investment and energy savings with the same limited budget. The Trust proposes to substantially increase the investment in education, outreach and marketing. Indeed, funds utilized currently for Performance Incentives by the utilities, which goes to the shareholders of the investor-owned utilities, can be used by the Trust, a non-profit organization, to generate awareness and understanding of the tremendous opportunities that exist to cost-effectively save energy for the residents of New Hampshire.

Multiple Flavors of Each Program, Multiple Administrative Organizations

Although the "CORE" electric energy efficiency programs are intended to be consistent across the state, in reality the key new construction and retrofit programs are not. They appear similar on the surface (e.g., in their program filings with the PUC), but each utility implements its new construction and retrofit programs independently, and this often leads to variations across the utilities for the same "CORE" program. This can be confusing and challenging for both customers and energy solution providers.

The parallel administrative organizations also generate higher administrative costs, reducing the amount of funds available to benefit New Hampshire citizen. Rather than funding one team to administer a consistent set of programs across the state, the electric utilities have four administrative teams and multiple variations of the Core programs.

The Trust maintains that it can substantially reduce the administrative overhead of managing the electric energy efficiency programs by using one team to deliver a consistent set of programs across the state. This will allow the Trust to invest the administrative savings into additional energy efficiency and conservation programs, to serve more citizens and generate greater energy savings with the same overall budget.³

Nearly 10% of Available Funds Flow to Utility Shareholders

The utilities are eligible to earn a "Performance Incentive" each year for achieving certain program goals relating to the amount of energy saved and the ratio of the savings achieved and the costs to generate them. The utilities set their own performance targets, and, not surprisingly, they tend to exceed those targets each year. In other words, they determine how high to set the bar, and have profited handsomely by clearing it every year. The utilities argue that this rich incentive is required in order to

³ Similarly, the Trust believes that it can reduce the administrative expense and thereby serve more residences by using the same administrative team to manage the two natural gas energy efficiency programs. Please note that while this Introduction, for illustration purposes, most often refers to the Electric CORE programs, the same opportunities for improvement exist for the two, separately administered natural gas energy efficiency programs for the residential sector.

partially make up for the lost future profits caused by the energy efficiency measures. It is not simply a bonus for being good program administrators; it is also recompense for lost future energy sales.

The utilities typically budget for an 8% performance incentive, but can earn up to a 12% performance incentive by exceeding their performance targets...which is set for by themselves. On average, the utilities have been claiming a performance incentive in excess of 10% of the total program budget each year. For the investor-owned utilities, this is profit for shareholders, which is referred to as a “shareholder incentive” for investing in energy efficiency. Some may note that the 10% incentive level is approximately the same as the regulated rate of return allowed for equity investors in utilities. Some may claim that the incentive level appears reasonable and about right. The Trust strongly disagrees.

First, it is important to note that the utilities have no risk of losing money on their administration of the programs. All of the utilities’ expenses, including the expense of outside lawyers who represent them at the PUC in the energy efficiency dockets, can be recovered, and the expenses are recovered out of the energy efficiency program budget itself.

Secondly, although the distribution utilities, as monopolies, are allowed to earn a fair, regulated rate of return on their investment of billions of dollars in transmission and distribution assets, the utilities have invested in almost no assets (that were not paid for out of the energy efficiency program budgets) to administer the energy efficiency programs. There are no utility assets at risk (accept, potentially, goodwill), and the utilities have incurred no debt to fund the programs.

Thirdly, the “profit margin” or “return on investment” comparison is an apples to oranges comparison. It makes no sense. The appropriate profit or contribution margin should be a measure of the level of profit generated, divided by the level of revenue generated for the services provided. In other words, one should divide the incentive amount by the cost of administering the programs, not by the total amount of dollars in the overall budget, most of which is paid out to consumers in the form of rebates and discounts on energy efficiency solutions. For 2011, the electric utilities plan to spend about 75% of the residential budget on actual rebates and services for residential customers. The remaining 25% goes to administrative, marketing, measurement and implementation costs. These are the services that the utilities provide, although they may choose to subcontract many of them. If one adds the performance budgeted incentive of 8% to the service cost of 25%, it equates to 33% of the total budget that is retained by the utilities for administering the program. And of that 33%, 8% is profit for shareholders, which is equivalent to a 25% profit margin...with no risk of any loss.

In reality, however, the electric utilities average a 10% incentive level, and because they do not spend most of their planned marketing budgets or much of their measurement and evaluation budgets, their actual administration expenses are lower than what is budgeted each year. In 2009, for example, the electric utilities actually spent 20% of the budget to administer the programs. Doing the math based on actual expenses and incentives can yield pre-tax profit margins of 33% or more for a utility each year. And there is no risk of any loss. That is a very attractive business in these challenging economic times.

The Trust believes these profit margins are unnecessarily high. As a non-profit corporation, the Trust when administering the residential energy efficiency programs, will not be seeking performance

incentives. Therefore, under the Trust's administration, the amount of funds available for New Hampshire citizens each year will not be reduced by 10% in order to compensate shareholders for lost future energy sales. Trust will use any funds that would have been paid out as a performance incentive to expand the budget available for the programs that directly benefit the residents of New Hampshire. This difference alone will have the effect of growing the customer benefits of the program by 12%, assuming no other changes to the programs being offered, nor any administrative efficiency savings.

Energy Efficiency Programs Background

As noted in the filing by the electric utilities, the design of the CORE Energy Efficiency Programs have been largely based upon the consensus recommendations of the Energy Efficiency Working Group ("the Working Group") (Docket No. DR 96-150) that were developed between May 1998 and June 1999 and largely approved by the Commission in November 2000. The final report of the Working Group is still accessible on the PUC web site's via a link at the bottom of the web page regarding the Core electric energy efficiency programs. The initial CORE programs were introduced in June 2002.

The Gas programs are also significantly influenced by the recommendations of the Working Group. In PUC Order 24,109, the Commissioners note:

On March 15, 2001, the Commission accepted and approved the New Hampshire Gas Collaborative Final Report (Final Report) in the gas restructuring docket. Gas Restructuring- Unbundling and Competition in the Natural Gas Industry, 86 NH PUC 131 (2001). The Final Report recommended:

that the issue of whether natural gas utilities should re-institute demand side management or energy efficiency programs within their service territories is a matter that would be better addressed in a separate proceeding. (p.15)

It is anticipated that the Commission's order on energy efficiency programs for electric utilities may, in some respects, provide guidance regarding the potential development and administration of such programs for natural gas utilities that warrant the Commission's consideration when addressing the future of energy efficiency programs for natural gas utilities. (p.15)

On March 20, 1998, the New Hampshire Public Utilities Commission issued Order No. 22,875 in DR 96-150. The Commission emphasized that the Energy Efficiency Working Group needed to take a "fresh look" at utility-sponsored energy efficiency programs in light of the following principles laid out in the Commission's order:

- Build in [program] obsolescence wherever possible;
- Transform markets;
- Complement new energy markets, do not hinder their development;
- Move as quickly as possible from the payment of lost revenues for DSM programs;
- Undertake energy efficiency programs that avoid more costly distribution system alternatives; and

- Work within any funding limitations set by the legislature for utilities with rates above the regional average.

In PUC Order 23,574 Order, “Establishing Guidelines for Post-Competition Energy Efficiency Programs,” the Commission noted the Work Group’s recommendation that “efficiency programs are designed in a manner such that they complement and do not hinder the development of private sector efficiency products, services, and programs and that they encourage the development of private sector products, services and programs whenever possible, with the ultimate goal of achieving energy efficiency markets that operate effectively without ratepayer funding.” The Trust is concerned that the Core programs are, unfortunately, having the opposite effect on the private sector energy efficiency markets. Intentionally or not, the utilities appear to be hindering the development of the markets that their programs are supposed to be nurturing.

The Commission also stated in Order 23,574 that after a period of time, it would reevaluate whether the efficiency programs should be administered by a third party or should be continued under the current framework of utility administration. One factor it intended to use in that determination is which format moves toward market transformation in the most cost-effective and efficient way. No re-evaluation by the Commission of the administration of the programs has taken place so far. The Trust maintains that the time to re-evaluate program administration is overdue given the limited progress towards market transformation being achieved by the programs under utility administration. The Trust also believes that its administration is clearly more cost-effective and efficient, as is detailed further in Section III of this filing (Residential Energy Efficiency Programs).

Time for a Change

For the foregoing reasons, and upon the merits of the improvements proposed to the Programs that are presented in the next section, the Trust maintains that it is time for a change in the administration of residential energy efficiency programs in New Hampshire. As a non-profit established for the single purpose of transforming the energy efficiency market for the betterment of the State of New Hampshire, the Trust is proud to present its proposed Plan. The Trust is confident that its proposed Plan will accelerate the residential sector towards achieving the aggressive goals set by the State in its Climate Action Plan and help to bring about the market transformation the PUC envisioned.

II. Residential Energy Efficiency Programs

Overview

To achieve the State of New Hampshire's ambitious, long-term energy efficiency goals, the Trust will implement a portfolio of comprehensive programs designed to capture the cost-effective energy savings opportunities in the residential market. These opportunities fall into the following four categories:

- Construction of high-performance, energy efficient homes and residential buildings
- Whole-house weatherization and efficiency retrofits of existing homes
- Energy efficient appliances, lighting and consumer electronics
- Installation of advanced heating systems

Initially, the Trust will build on the current utility programs, modifying them in order to provide a consistent set of improved programs statewide. Budgeting adjustments will more benefits to flow to customers, although the overall budget will remain the same. A description of each program, including the key initial modifications, is provided in this section of the filing.

The Trust believes that an effective energy efficiency program must not only target the needs of end customers, but also the industry participants involved in bringing equipment and services to end-users, including manufacturers, distributors, retailers, service providers, and outreach organizations.

Beyond individual program areas, the Trust believes that an effective plan must be designed to be greater than the mere sum of its parts. This means taking a holistic approach to the markets and customers it is addressing by incorporating the following strategies:

- **Cross-promotion to consumers:** The Trust recognizes that consumers are not best served when programs are completely independent of each other. As a result, the Trust's programs, where possible, are designed to "cross-pollinate." For example, the home retrofit program will serve as a one-stop-shop to actively promote incentives for efficient heating systems and Energy Star appliances and lighting, even though these are conceivably distinct "program" areas, and also to assist customers in identifying other potential sources of funding (e.g., federal incentives). The Trust will further promote and leverage the ENERGY STAR brand across its programs.
- **Coordinate market channel efforts:** The Trust's plan includes a market channel coordination function that will serve to engage key channel participants including contractors, retailers, wholesalers and manufacturers. This function is designed to be cross-cutting, addressing all relevant participants for each program (weatherization, heating systems, appliances, lighting, consumer electronics, etc.) across the targeted markets.

Plan Tenure

The Trust requests approval to administer the residential energy efficiency programs for at least a two-year period, initially. In order to assume administration, effect the recommended changes and begin

evolving the programs as proposed to support the growth of New Hampshire's residential energy efficiency market, the Trust believes it will need at least two years to establish the modified programs and demonstrate the merits of its proposals.

Total Resource Cost and Cost-Effectiveness Screening

The Trust proposes to work with the PUC and other interested parties on the development of a transparent set of parameters and algorithms to define the avoided cost methodology and assumptions to use in measure and program screening. The Trust is reluctant at this point to compare proposed avoided cost numbers side-by-side with those provided by the utilities due to the lack of transparency on how the utilities' numbers have been calculated. Given the inability to compare the savings and cost-effectiveness of the alternate proposals side-by-side, the Trust recommends that the staff consider how the budgets are being allocated, the amount of the budget that is allocated towards customer rebates and services that stimulate energy savings, and the number of participants served.

Budgets Allocated To Spur Market Transformation

The Trust proposes to decrease the amount of funding for administration (including the entire shareholder incentive), increase the number of rebates and participants, and make significantly larger investments in long-term educational, outreach, developmental, and marketing campaigns designed to increase the awareness and demand for energy efficiency services, and the capacity of New Hampshire's energy solutions industry to meet those demands. These initiatives will include but not be limited to:

- Supporting the Homebuilders and Remodelers Association initiatives to train its members and promote energy efficiency practices throughout the building industry;
- Supporting community and outreach organizations to generate awareness and understanding of energy savings opportunities, including initiatives like "Button-Up New Hampshire" and efforts of local energy committees across the state;
- Assisting energy services professionals to succeed in the market by offering business development, marketing, sales and general management training in addition to helping them stay current on new technologies and technical skills;
- Assisting with job placement for newly certified energy service professionals;
- Actively promoting success stories and publishing reference cases to generate greater awareness and reduce the perceived risks of making investments in energy efficiency;
- Working with lenders and appraisers to make it easier to finance energy efficiency investments.

But none of the proposed investments suggest above will make much difference if fundamental changes are not made to the current residential energy efficiency programs. In order to achieve its aggressive energy efficiency goals, New Hampshire must act now to remove the constraints hindering the growth of the energy services market in New Hampshire. The trust proposes the following programs to begin that process. For practical reasons, the initial changes are modest, but they represent the initials steps required to achieve the goal of a much larger, less-subsidized energy efficiency market in the future.

1. ENERGY STAR Homes Program (Residential New Construction)

Residential New Construction in New Hampshire

The Trust will encourage both builders and buyers of new homes in New Hampshire to achieve at least ENERGY STAR energy efficiency levels for all new construction, and it will reach out to appraisers, lenders and realtors to encourage them to recognize and consider the importance of energy efficiency when valuing homes. The Trust will continue to provide incentives that partially offset the costs of having new homes achieve ENERGY STAR certification, with a larger incentive available for more energy efficient construction.

Key Modifications

The Trust will provide significantly more training and technical assistance to new residential construction builders in New Hampshire, as well as to architects, developers and the buyers of new homes to help them better understand how to incorporate cost-effective energy efficiency measures into the design and construction of new homes.

Cash incentives will favor the achievement of producing more energy-efficient homes, and will provide fewer subsidies for simply performing the required rating services.

The Trust will do more to reach out to appraisers, realtors and lenders across the state to encourage them to request and incorporate energy efficiency information into their practices and decision making, including, especially, how they determine a home's value.

Due to the current market for new home starts, it is important to maintain flexibility within this program. The Trust will consult with the HBRA to ensure services, rebate dollars, educational, and marketing campaigns are working towards the goal of driving both supply and demand for energy efficient construction and remodeling services across the state.

Overview of Residential New Construction in New Hampshire

According to the New Hampshire Office of Energy and Planning, the residential new construction market in New Hampshire created 62,732 new homes during the years 2000-2008, averaging around 7,841 annually, of which about 60% are single-family and 40% multi-family residential units. In 2009, only 2,287 new residential units were constructed.

While most multifamily buildings are speculatively built by developers who will then rent or sell the units, over 80% of single-family homes in New Hampshire are built for a specific owner, and approximately 20% are built by owners acting as their own general contractor.

In many other states, the home- building industry is dominated by large-volume builders who construct hundreds, or even thousands, of homes every year. In that context, energy-efficiency efforts can focus on those large builders and have substantial impacts. By contrast, new homes in N.H. are built mostly by individual builders and owner/builders who are much harder to reach. While there are a handful of larger and more technically knowledgeable builders in the more-populated regions, a typical builder in

N.H. builds 3-12 homes annually, has a very small staff, uses local subcontractors, and builds specifically for a known customer.

The builders purchase products through local channels and have little time or money to spend learning about new practices or products. This makes reaching and influencing the efficiency decisions made by these builders challenging and makes change in standard building practices a comparatively slow process. Homebuyers typically work closely with their builders, trust them to build well, and rely on them as a primary source for advice and information on how to build their houses. The builders tend to rely on their own local relationships to provide them with the supplies, equipment, and expertise that they need. The characteristics of the New Hampshire new residential construction market certainly make it challenging to accelerate the adoption of energy-efficient building practices.

Customers who may not normally think of investing in energy efficiency are likely to be interested in comfortable, safe, and healthy homes. They also typically want and expect that the major house systems will be reliable and require little maintenance. Others may have a great deal of general interest in sustainability in their homes and communities. All of these desires can be tied to efficiency.

It is the intention of the Trust to generate greater awareness in both the new home buyer and new homebuilder segments of the market that energy efficiency investments are inherently connected to many of the primary attributes sought by new home buyers, and that the financial returns on most construction premiums tied to efficiency investments warrant the increased expenditures.

Key Market Barriers to Energy Efficiency in Residential New Construction

Lack of awareness, understanding and training

- Many builders and homebuyers are still not aware of the magnitude of either the energy savings possible from improved construction practices or the non-energy benefits (e.g., improved comfort, lower maintenance costs) often associated with them.
- Many builders still have only a minimal understanding of the nature of key efficiency losses in a home and how to address them.
- Many builders, especially given the devastating drop in homebuilding demand, lack the resources required to perform the research and obtain the training necessary.
- It is difficult for homebuyers, real estate agents, lenders, and even the builders themselves to judge the accuracy of claims of efficient building.

Risk aversion

- Builders are concerned about changes in practices that could adversely affect their costs, production schedules or customer satisfaction and callbacks; they typically view suggestions to adopt unfamiliar practices or products as risky.
- Many builders (and many homebuyers) are skeptical about claims regarding benefits of more efficient construction; builders doubt their ability to recover additional costs of efficiency investments from homebuyers.

- Many HVAC contractors oversize heating and cooling equipment (which increases the value of the sale), and few install central air conditioners for optimal performance.

Split incentives

- For homes built without significant input from the homebuyer, the builder or developer making investment decisions will not bear the long-term energy costs of those decisions.
- Builders competing on price or struggling to generate profits will build with a goal of the lowest first-cost (e.g., installing incandescent bulbs instead of CFLs).

Valuing and financing improvements that reduce operating costs

- The market value of a home, as determined by appraisers, does not take into consideration the energy efficiency (i.e., operating costs) of the home.
- Most mortgage lenders and lending programs do not factor in the effect of lower utility costs caused by energy efficiency improvements when calculating the value of a home and the amount of debt service that can be assumed by the borrower.

Summary of the Trust's ENERGY STAR Homes Program (Residential New Construction)

The Trust intends to meet the desires of New Hampshire's new homebuyers for high-quality, comfortable, and safe homes while simultaneously meeting the goal of embedding cost-effective energy efficiency measures into each new home that will generate energy savings for decades into the future.

The Trust's objectives in this market are to:

- Help builders improve their knowledge base and technical expertise, adding value to the homes they build and strengthening their businesses;
- Help builders identify and maximize the energy savings potential for in each new home;
- Increase the quality and comfort of New Hampshire's new homes ;
- Establish New Hampshire as a market leader in energy- and resource-efficient, safe, and healthy residential building ; and
- Work towards a transformed market that demands energy efficiency as the standard.

The key energy efficiency measures promoted through this program include:

- Insulation upgrades to the building envelope; Advanced duct sealing and insulation; advanced air sealing and ENERGY STAR windows as a cohesive system of integrated parts
- ENERGY STAR furnaces (with efficient fans), boilers, and ventilation fans
- ENERGY STAR refrigerators, clothes washers, dishwashers and appliances
- Compact fluorescent light bulbs (CFLs) and fluorescent fixtures; the Trust will also closely monitor, evaluate and consider promoting emerging LED fixtures as they come to market
- ENERGY STAR air conditioning, with proper sizing and installation

Training and Technical Assistance

The Trust will train and motivate builders to achieve better than ENERGY STAR homes and to have their efficiency ratings shown on the MLS listing sheet. The Trust wants to work with builders to map out a roadmap to success in regards to selling value, comfort, and energy savings. To that end, the Trust will collaborate with the Homebuilders and Remodelers Association of New Hampshire, the New Hampshire University system, and other sources of training and outreach for the construction industry to help the industry better understand the value of energy efficient building practices and solutions.

Simultaneously, the Trust will work with the industry to generate consumer demand for more efficient new construction by reaching out to residential property owners and those considering new construction to educate them about the benefits of investing in energy efficient construction.

Online and on-call technical assistance regarding state-of-the-art energy efficiency designs, technologies, and construction methods will be available to New Hampshire builders, architects, developers and home buyers. Project-specific services will be provided in the context of helping builders meet or exceed the performance requirements for NH ENERGY STAR Homes. Services will be provided by staff and subcontracted energy specialists. Assistance shall be given to ENERGY STAR Homes participants from as early in the planning and construction process as possible in order to influence practices and decisions. Specifically, the Trust will offer:

- Assistance in setting project energy objectives;
- Preliminary plan reviews;
- Preliminary energy ratings;
- Energy and economic analyses that can help inform decisions about energy-efficiency measures;
- On call assistance throughout projects to answer questions and help solve problems as they arise

Discounted ENERGY STAR Certifications

A certification that shows that a new home meets the ENERGY STAR standard provides a builder with a marketing tool that may help him or her recover the costs of efficiency investments. It gives the buyers a quality-assurance tool that allows them to differentiate between standard and energy-efficient homes. In certifying that the home meets ENERGY STAR standards, the Trust will provide a final inspection that includes verifying insulation levels, testing ventilation system effectiveness, evaluating the integrity of forced air distribution systems, and performing post blower door testing.

Initially, the Trust will offer the same incentive levels proposed by the utilities. In the future, as residential demand for new homes climbs and the market has developed a greater awareness and understanding of the value of ENERGY STAR certification, the incentive levels will be gradually reduced and eventually eliminated.

Collaboration with Lenders, Appraisers and Realtors

The Trust will reach out to lenders, appraisers and realtors across the state to advocate for the inclusion of energy efficiency ratings in their standard documentation. The Trust will also offer work with

organizations representing these groups to discuss and develop how to better incorporate the consideration of energy efficiency into their decision making and valuations. With realtors, the Trust will also collaborate on the development of marketing and training materials that can be used to recognize and promote the value of energy efficient homes and measures.

Optional Services

The Trust has identified several new optional services that it believes may be of value to homebuilders. The Trust proposes to begin developing these concepts in the coming contract period and will propose to implement those that it believes will offer cost-effective improvements in program participation and per-participant savings. Currently under consideration are:

Residential Commissioning Services

This parallels the type of commissioning service being offered for business project equipment; it would provide quality assurance to the homebuyer by ensuring that all systems in the house were installed and operating properly, resulting in greater occupant comfort, optimized energy consumption, and the greatest energy savings. Commissioning of air conditioning systems is considered to be one of the most effective means of reducing peak demand, since correct installation and system set-up are often overlooked, yet are essential to efficient system operation. Building to this standard would allow builders to offer assurances and even an optional comfort and energy cost performance guarantee to the purchaser, and it may reduce builder call-backs. The service would be offered at an additional cost and could be attractive to high-end builders as a means of assuring the value added by efficient building.

Near Zero Energy Demonstration Homes

As a research and public information effort, the Trust would work with interested builders to build and promote several “near zero energy homes,” homes constructed with advanced integrated designs and systems with the objective of using very little net energy without a hefty price tag. These projects would be used to draw attention to the value of energy efficiency and integrated design and to showcase high-efficiency products and practices.

Key Measures of Success

- Usage of technical assistance resources
- Number of homes rated
- Number of homes that achieve ENERGY STAR certification or better
- The expected energy savings of homes rated ENERGY STAR or better vs. a home built to code
- Homebuilder attendance at training sessions

Goals/Budget⁴	<u>2011</u>	<u>2012</u>
Estimated Number of Customers to be served:	533	600
Total Budget:	\$1,246,392	\$1,266,240

⁴ Budgets by activity for each program for 2011 and 2012 are included in Attachments A and B, respectively.

2. Home Performance with Energy Star Program

Residential Energy Efficiency Retrofits

New Hampshire's home energy retrofit or weatherization market includes approximately 550,000 households. Retrofit opportunities primarily include the built envelope (improving insulation, air sealing, windows and doors); heating, cooling and hot water systems (installation of high-efficiency or renewable energy systems, or improving the existing systems); and lighting and appliances (notably installing more efficient lighting and early retirement of old, inefficient refrigerators). There are significant untapped energy efficiency opportunities in the retrofit market in New Hampshire, and the Trust will be dedicating significantly more resources to accelerate the growth of this market and capture those energy savings.

In addition to a significant consumer outreach campaign to stimulate the demand for energy efficiency retrofits, the Trust will also support energy solution providers and their distributors to improve the quality and availability of solutions in the market. The Trust will implement market discovery and facilitation solutions to make it easier for all parties to find each other, to work together and to utilize the support services and incentives available through the Trust. The Trust will also reach out to the finance industry to stimulate and make accessible more financing solutions to address the upfront cost barriers that hinder the market. Cash incentives will reward investments in cost-effective solutions, not merely identifying the opportunities.

Key Modifications

Customers will be able to choose their service professionals from a list of contractors that are pre-qualified and closely monitored by the Trust, and customers will be encouraged to share their feedback with the Trust and other homeowners on their experiences. The Trust will make customer feedback publicly available and easily accessible.

The program will be fuel-blind. The Trust will reach out to the gas and electric distribution companies and offer to help them identify and target-market their customers that have relatively high energy expenses. The Trust will employ permission-based marketing, and will respect the privacy and confidentiality of customer data in accordance with all applicable laws and regulations.

The Trust will provide significantly more training and technical assistance to energy service professionals and their suppliers in New Hampshire, as well as to architects, retailers and homeowners to help them better understand how to identify and address cost-effective energy efficiency opportunities in New Hampshire's existing homes.

Cash incentives will be used to motivate the implementation of energy-efficiency measures, not simply identifying them. Energy auditing expenses will only be subsidized when homeowners implement prescribed measures.

The discount provided on energy efficiency measures will be reduced from 75% to 50%, initially, and will be further reduced as the demand for retrofit services grows. The amount of rebates allowed will depend on the percentage of energy savings achieved. Initially, there will be two tiers:

- Tier 1 will provide a maximum rebate of \$1,500 for houses that achieve a minimum 25% savings in total energy consumed, and
- Tier 2 will provide a maximum rebate of \$3,500 for houses that achieve a minimum 40% savings in total energy consumed.

The quantity of retrofits and energy savings will be more than doubled in the first year; a significantly larger portion of the total budget is being allocated to this program in an effort to build demand and to assist the State of New Hampshire achieve its aggressive Climate Action Plan goals.

Overview of Residential New Construction in New Hampshire

A Perfect Storm of Opportunity

Currently, there are several multi-year initiatives across New Hampshire to train and certify energy service professionals. There are a large number of unemployed or under-employed construction workers due to the traumatic decline in the housing industry, and those workers and small businesses see energy efficiency services as one avenue for finding work. The ARRA stimulus funding of low-income weatherization programs has caused a temporary surge in the demand for energy service professionals. And homeowners, continuing to feel the pinch of the recession and stagnant economy, are seeking opportunities to save money and are fearful of a return to the high energy prices of 2008 as world economic growth rebounds.

The conditions are ripe to deploy a motivated and newly trained workforce to assist homeowners with energy efficiency retrofits. Unfortunately, if New Hampshire cannot increase the pace of growth in the non-Low Income segment of the market, many of those struggling building professionals who have invested time and money to pursue the residential energy efficient market may find themselves out of work again once the temporary stimulus funds run dry.

The Trust maintains that its proposal will allow New Hampshire to more than double the size of the non-Low Income market in the first year of its program, and continue to grow the market significantly thereafter.

Incentive Structure

Homeowners shall be offered two levels, or tiers, of incentives:

- **Tier 1 Incentive:** Achieve a minimum of 25% energy savings and receive an incentive of 50% of total project cost (labor and materials) up to a maximum incentive of \$1,500 per dwelling unit;

- **Tier 2 Incentive:** Achieve a minimum of 40% energy savings and receive an incentive of 50% of total project cost (labor and materials) up to a maximum incentive of \$3,500 per dwelling unit.

Less expensive projects generally receive the full percentage-based incentive, but more expensive projects may be subject to the cap. For example, if a Tier 1 project cost \$2,000, 50% of the cost would be applied for an incentive of \$1,000. However, if a Tier 1 project cost \$6,000, 50% of the cost would exceed the cap so the incentive would be \$1,500. Similarly, a Tier 2 project that cost \$5,000 would earn the full 50% incentive of \$2,500, while a Tier 2 project that cost \$10,000 would be subject to the \$3,500 cap. A project can be qualified for only one incentive tier. Similarly, each home can qualify for only one incentive.

Energy Audit Requirement

All incentive approvals are contingent upon the satisfactory completion of an energy audit by a Trust-approved and pre-qualified energy services professional. The service professional evaluates the home, recommends the appropriate efficiency improvements, and calculates the installation cost and projected annual energy savings for those recommendations. Energy savings are projected using a Trust-approved energy modeling application. Trust staff reviews the energy audit and application, and provide a written pre-approval for those measures that meet the minimum requirements established by the Trust. The installation contractor(s) may only proceed with the project after it has been pre-approved. Preapproval is required to ensure that incentives are not being applied to work that has already been performed, to allow for pre-retrofit quality assurance inspections, and to ensure funding is reserved for the homeowner.

Whole-house Focus

The Home Performance with Energy Star program is focused on comprehensive weatherization projects that include air sealing and insulation, rather than just single systems in the home such as a new heating system or appliance. The minimum requirement for participation is an energy savings projection of at least 25%. It is unlikely that merely replacing the heating system or an appliance would yield 25% energy savings for the average home, although these measures may be appropriate if included in a more comprehensive retrofit. If the home can benefit from weatherization, it may be possible to install a smaller, more efficient heating system and qualify for a significant rebate while cutting heating fuel consumption by 25% or more.

Customer Choice

It is the responsibility of the homeowner to select a Trust-approved and pre-qualified energy services professional. The Trust will make a list of approved professionals readily available. Homeowners will be encouraged to use due diligence when selecting a professional to assist them. Trust pre-qualification and approval for acceptance into the program is not an endorsement by the Trust of any particular company or individual. Customers will be asked to share feedback with the Trust and other homeowners on their experience working with their energy service professionals.

The Trust's listing of approved energy services professionals will include information about the products and services offered by each participant and the geographic territory served. The Trust will not offer any recommendations or referrals beyond the information made available in its listings. Participating service professionals will be encouraged to market their services directly to homeowners and to generate their own project leads.

Assessments

There is often a fee associated with the assessment (i.e., energy audit). Those fees will be set by the energy services professionals, not the Trust. The extent and nature of the assessment may vary depending on the age, style, and condition of the home, how the home is being used, a review of annual energy expenditures, and the scope of the assessment requested. Homeowners should discuss the fee and scope of work with the energy services professional before agreeing to having any work performed or signing any contract.

Assessments will typically include the use of diagnostic equipment such as a blower door, infrared camera, and combustion testing equipment. Generally, a blower door test is required as part of the assessment unless the service professional determines that it cannot be performed for safety reasons. Service professionals will need to have access to all areas of the home, including the basement and attic, and will have numerous questions about how the residents purchase and use energy in the home. The results of the energy assessment are more accurate and useful to homeowners if they participate in the process.

Energy Modeling

Assessments must include a computer-generated energy model of the residential building/dwelling unit using software modeling tools and parameters approved by the Trust. The Trust will provide access to at least one modeling application to participating professionals at no charge. The Trust will provide training and support to authorized users of the application. At least initially, energy models created with TREAT and REM/Rate will be acceptable.

Eligible Energy Efficiency Measures

The program is first and foremost a weatherization (air sealing and insulation) program. Weatherization must be the primary or leading measure implemented unless the home has been recently weatherized, or if there are technical barriers to additional weatherization as determined by the energy services professional.

Typical energy-saving measures may include, but are not necessarily limited to:

- Air sealing
- Insulation
- Low-flow showerheads and aerators
- Pipe and/or duct insulation
- Programmable thermostats and other controls
- High efficiency heating equipment
- High efficiency water heating equipment

Other measures that may not directly result in energy savings but which are required to ensure occupant health and safety may also be included in the scope of work against which the incentive is applied. These measures may include, but are not necessarily limited to:

- Mechanical ventilation equipment such as exhaust fans or heat exchangers
- Repairs to prevent leaks
- Mold and mildew remediation
- Replacing rotted or damaged structural components
- Chimney repairs and/or venting repairs to combustion equipment

When estimating the incentive amount, the service professional can include the costs of labor, equipment, materials, and taxes that are required to complete the project and achieve the savings. This also includes any required health and safety elements, such as providing adequate make-up air for combustion for heating appliances, or ventilation improvements to provide adequate indoor air quality for occupants as per the ASHRAE requirements, or other repairs related to the efficiency improvements. Since the energy audit is a required component of an installation project, that cost can also be included in the total project cost of an approved installation project when calculating the incentive. There no rebate available for the building assessment without a program pre-approved installation. Heating system tune-ups and other measures that do not result in persistent energy savings are also not eligible for rebates.

Quality Assurance Process

In order to assure high-quality energy assessments and installations and achieve high levels of customer satisfaction, Trust staff will manage a comprehensive quality assurance process for the HPWES program:

- The qualification requirements to for service professionals are high and include training and certification to Building Performance Institute and EPA standards;
- Building assessments and incentive application submittals will be reviewed for accuracy and completeness by Trust staff;
- All projects are subject to random and/or targeted on-site inspections. These inspections will occur at a minimum of 20% of the project sites and include pre-installation, in-process, and post-installation inspections. On-site quality inspections shall include, at a minimum, a visual inspection of all installed efficiency measures, a comparison of reported efficiency measures to actual installations, and health/safety checks as required by the Building Performance Institute including, but not limited to, combustion appliance safety testing. Blower door tests will also be performed and, when possible, infrared thermography will be used to verify both the quality installation of efficiency measures and the accuracy with which the work was reported to the Trust;
- Energy savings estimates will be subject to monitoring and verification reviews to ensure that the final reported savings estimates are reasonable and defensible. Energy savings factors and algorithms will be refreshed annually, or more frequently as needed.

When errors, omissions or inconsistencies in the submittals by service professionals are revealed, a discovery process will be initiated. First, Trust staff will contact the service professional to see if the apparent problem may be due to a simple mistake, misunderstanding or miscommunication that can be easily corrected or answered. If so, the correction or clarification is made, the resolution is noted in the project files, and no further action is required. If the discovery process reveals a more significant problem, a site inspection and/or further investigation may be necessary. If, as a result of the investigation, the problem is—in the opinion of Trust staff—the result of careless, reckless, deceptive, flagrant, or unprofessional actions on the part of the service professional, the service professional, at a minimum, is asked to correct the situation and is given a written warning. If a problem or event from the same service professional rises to this level 3 times within a 12-months period, or the next 50 projects (whichever comes first), that service professional will be suspended from the program, removed from the approved energy services professional list, and not allowed to submit additional project applications nor complete any pre-approved projects for a period of at least 6 months from the suspension date. After the suspension has been served, the contractor may re-apply for acceptance into the HPwES program.

Key Market Development Actions: 2011-2013

In 2011, the Trust's main priority will be to ensure that the revised HPwES program achieves increased participation by initiating the following activities:

- Deploy a marketing campaign aimed at raising public awareness about the program, and encouraging homeowners to participate in the program;
- Coordinate and co-sponsor training courses for professionals interested in obtaining the program's required certifications;
- Continuously improve the Trust's administrative processes and the quality of the services being provided to customers and service professionals.

In 2012-2013, the Trust will begin implementing changes to the program aimed at laying the foundation for meeting New Hampshire's aggressive long-term residential retrofit goals. These additional efforts will maintain momentum and ensure that a broader spectrum of the population can participate in the program. Some of the actions that the Trust plans to take include the following:

- Work with lenders and appraisers to refine incentives, develop trustworthy energy savings documentation, and consider alternative incentive types that can enable and make readily accessible attractive financing for residential retrofit investments;
- Establish a performance-based incentive mechanism for participating contractors to encourage higher conversion rates and deeper energy savings. Contractors will receive financial incentives based on two factors: the number of weatherized homes and the depth of energy savings (i.e., the percent of energy saved per project);
- Work closely with contractors and equipment suppliers to design and implement effective co-marketing campaigns;

- Provide financial incentives to assist towns in organizing activities that will promote energy conservation and the HPwES program. Through this strategy, the Trust will provide participating communities an incentive for every project initiated;
- Examine closely the option and alternatives for providing incentives to “do-it-yourself” homeowners for self-installed weatherization measures while still ensuring project quality;
- Consider adding a “direct install” component to the initial energy audit, installing at no cost to the customer, while the audit is conducted, simple, highly cost-effective measures where appropriate (e.g., light air sealing, simple domestic hot water measures, electronic thermostats, and CFLs) to add immediate value to consumers and ensure a minimum amount of energy savings to offset upfront audit costs;
- Given the size and type of ownership of multi-family buildings housing 5 or more units, collaborate with the commercial and industrial energy efficiency programs to find the most effective means of delivering measures;
- Develop strategies and incentives to address the split incentive barrier for rental housing;
- Work toward adoption of energy labeling of homes and buildings.

Over time, the program will be adjusted to reflect the market’s ability to independently sustain retrofit efforts. The Trust will also, in order to remove some market barriers and reduce – though not likely eliminate – the need for incentives (see the Enabling Strategies section for more information).

Key Measures of Success

- Number of approved energy-services professionals serving the New Hampshire market
- Number of homes assessed
- Number home retrofits performed, subtotaled by Tier
- Expected energy savings
- Dollars invested in energy savings measures (by Trust, by Customers)
- Energy savings stimulated by program budget
- Quality assurance outcomes

Goals/Budget:	<u>2011</u>	<u>2012</u>
Estimated Number of Customers to be served:	2,288	2,487
Total Budget:	\$6,900,649	\$7,215,649

3. Home Energy Assistance Program (Low Income Weatherization)

The Trust does not propose any modifications to this program or the overall budget levels proposed in the utilities' filings. The Trust does propose re-allocating more than \$500,000 of the utilities' proposed external administration costs and certain additional overhead expenses to customer rebates and services each year. The Trust estimates that this will allow the CAAs to serve several hundred additional homes each year at the same proposed funding levels (assuming the average incentive per home remains at the \$2,272 level).

The program will continue to have a strong educational component specifically tailored for income eligible customers, designed to help them better understand their home and the factors that drive up energy expenses.

Goals/Budget:	<u>2011</u>	<u>2012</u>
Estimated Number of Customers to be served:	1,374	1,537
Total Budget:	\$3,433,068	\$3,802,123

4. Energy Star Lighting Program

The Trust does not plan to modify this program significantly for 2011. Given the significant market penetration and awareness of compact fluorescent lights, the Trust is significantly reducing the budget for this program, and will re-allocate more of the remaining budget towards marketing, promotion and educational initiatives. The Trust may request that utilities include articles in newsletters and/or bill inserts to assistance in the promotion of this program.

The program will be open to all residential customers and will (1) offer rebates for interior and exterior ENERGY STAR labeled bulbs and fixtures, (2) promote the efficiency and environmental benefits of the latest lighting technologies, (3) leverage the ENERGY STAR branding across three programs – Lighting, Homes, and Appliances, (4) establish an outreach and educational campaign for existing Residential Services Firms to enhance the private marketplace's ability offer energy efficiency thru lighting as a value added service, (5) establish a fund to deliver lighting appliance upgrades through HPwES Program.

Efforts shall be made to overcome market barriers for the small hardware stores that currently sell at higher costs and do not participate in the lighting program.

For 2012, the Trust plans to begin reducing the incentive level for compact fluorescent lights, and will explore the option of buying down the product costs through New Hampshire lighting distribution channels instead of using coupons at the point of sale.

Goals/Budget:	<u>2011</u>	<u>2012</u>
Estimated Number of Customers to be served:	291,147	340,845
Total Budget:	\$718,110	\$727,186

5. Energy Star Appliance Program

The Trust does not propose any significant modifications to this program during the initial 2-year program period. The Trust may request that utilities include articles in newsletters and/or bill inserts to assistance in the promotion of this program.

The Trust proposes to reduce the budget for this program from the level proposed by the utilities. The Trust intends to reach a participation rate of 14,000 (vs. the utility projections of 16,402) by first paring overhead expenses before reducing the number of rebates available to customers.

Goals/Budget:	<u>2011</u>	<u>2012</u>
Estimated Number of Customers to be served:	14,000	17,333
Total Budget:	\$532,711	\$632,711

6. Residential Heating System and Controls Program

An examination of heating system retrofit opportunities is a component of the Home Performance with Energy Star program, but they are typically only cost-effective under that program if a more extensive weatherization project is being undertaken.

For natural gas customers only, this program offers an opportunity to partially offset any premium pricing incurred when customers choose to replace their existing heating systems with new, energy-efficient heating equipment. This program is offers incentives for retrofits that are not part of a HPwES project for the following measures:

- Boiler Reset controls
- Indirect fired hot water heater
- Modulating Furnace 94%+ AFUE

It is important to note that after receiving energy efficiency measures, the heating system can be properly sized and matched to the building's heating load for even greater energy savings and lower maintenance costs.

Goals/Budget:	<u>2011</u>	<u>2012</u>
Estimated Number of Customers to be served:	500	500
Total Budget:	\$303,679	\$303,679

III. New Hampshire Energy Trust Operations

The Trust's primary responsibility will be the efficient administration, implementation, and ongoing development of energy efficiency programs to New Hampshire's citizens. The following section of the filing defines the scope of Trust's responsibilities, services, and business functions.

The Trust's goals for statewide Energy Efficiency programs include:

- Achieving the maximum magnitude of societal net benefits while acquiring comprehensive cost-effective energy efficiency savings;
- Responding appropriately to markets in order to increase the level of and comprehensiveness of energy efficiency services available in New Hampshire;
- Effectively capturing potential "lost opportunity" markets; and
- Striving for distributional equity of benefits across customer classes and geographic regions.

The Trust will approach the delivery of energy efficiency services with innovative and effective strategies to accelerate energy savings, maximize program integration efforts, and promote market transformation. The Trust will develop and maintain reliable administrative and monitoring procedures that will allow evaluation of the effectiveness of its efforts, provide a basis for program modification, and document its accomplishments. The Trust's staff will possess both a proven capability to deliver energy efficiency program services efficiently and effectively (via in-house staff, subcontractors, or a combination of both), and a demonstrated capacity to design and implement innovative approaches to securing energy efficiency improvements.

Organization of This Section

The functions to be performed by the Trust are grouped into three major tasks, outlined here and then detailed in below:

1) General Administration

- (a) Budgeting
- (b) Financial Management
- (c) Contract Management
- (d) Dispute Resolution
- (e) Information Technology, Data Collection and Management
- (f) Reporting

2) Service Planning, Operations and Implementation

3) Transition

General Administration

As an independent non-profit corporation, the Trust shall be responsible for the development and monitoring of its own management and operational systems. This includes: (1) budgeting; (2) financial management; (3) contract management; (4) dispute resolution; (5) information technology, data collection and management; and (6) preparation and submission of required reports.

Budgeting

The Trust shall develop, monitor and manage the overall budget for its operation, within certain broad parameters established by the PUC Board that will be embodied in the Board's contract with The Trust. These broad parameters are likely to include fund shifting limitations between residential and business energy efficiency services, and may include other spending requirements to address equity considerations

At the start of operations, a detailed budget will be developed and provided to the PUC. This detailed budget shall be divided into the following areas: (1) general administration; (2) information technology ("IT") development and maintenance; (3) energy efficiency service delivery and monitoring, and (4) costs related to the transition from the current utility administration of the programs to the Trust (this area applies to the transition period only).

Financial Management

The Trust shall develop, implement and maintain the necessary budgeting, invoicing, expenditure approval, payroll, and financial accounting systems to review, approve, and track budgets, invoices and payments to subcontractors, program implementers, employees, and, in some cases, customers. It will maintain financial and accounting records consistent with Generally Accepted Accounting Principles ("GAAP"). The Trust shall provide information and documentation required for independent audits, which the Trust shall have performed on an annual basis.

Contract Management

The Trust will solicit, hire and/or contract with all necessary staff and contractors to perform effectively the scope of services outlined in this proposal. The Trust will maintain the administrative capability to manage these resources and ensure the completion of each task and sub-task effectively. The Trust shall develop and implement procedures to assign, monitor, review, and approve completed work, and to ensure contractors are compensated in a timely manner.

Dispute Resolution

In conjunction with the PUC, the Trust will develop protocols according to which it will deal with complaints concerning performance of its responsibilities from customers and stakeholders such as the natural gas or electric utilities, subcontractors, and trade allies. The protocols will include notification to customers and stakeholders of their right to appeal and, if they are still unsatisfied with the proposed outcome, their right to petition the Commission for relief. The Trust will participate fully, promptly, and in good faith in these dispute resolution processes.

Information Technology, Data Collection and Management

The Trust will develop and maintain an information management system that is capable of the reporting and monitoring tasks proposed.

Data will be the property of the Trust and shall be kept in a relational database format and be organized in such a way that a third party could easily utilize necessary information for performing assessment tasks. Information in this system will include, but not be limited to, tracking data on participating customers, trade allies, and program services, and general program operation, financial and management data. In addition, the system should have the ability to produce *ad hoc* reports for periodic information requests from the PUC.

Managing Customer-Specific and Competitively Sensitive Information

The Trust shall develop and maintain systems and procedures that provide appropriate protections in the collection, processing, storage and retrieval of information that is customer-specific, private and/or confidential. The Trust will be responsible for managing such systems and, when appropriate, providing the information to its employees, subcontractors, regulators, and distribution utilities in accordance with applicable laws and regulations regarding the usage of the customer data. Accordingly, The Trust will develop and maintain a process with clearly defined standards and safeguards to govern sharing of that information with subcontractors, PUC staff, and distribution utilities to ensure customer confidentiality is maintained and entities are not provided an unfair competitive advantage.

Program Data Collection

The Trust will collect and electronically compile data needed to monitor, assess, and evaluate its program performance, to report on its activities, and to improve the design and delivery of the core programs. Data from both subcontractors and employees should be collected and stored electronically in a consistent format in the following categories:

- Customer/Client Data;¹⁹
- Customer Usage Data;
- Program Measures and Services Data;
- Trade Ally Data;
- Distribution Utility Account Data;
- Baseline and Market Indicator Data; and
- Other Data for Evaluation Purposes.

19. Including data on potential customers/clients that contact, or are contacted by, the Trust individually but not actually served.

Administrative and Financial Data

The Trust will keep records of administrative and financial data consistent with the needs outlined in the scope of services section of this proposal and with Generally Accepted Accounting Principles ("GAAP") as defined by both the Governmental Accounting Standards Board and the Financial Accounting Standards Board. This includes systems to track general project management, invoicing, payroll and subcontractor payments, and to produce the necessary reports for monitoring these duties.

Required Reports

The Trust will prepare and submit Monthly, Quarterly, and Annual Reports. The contents of these reports are detailed below. Standard formats will be developed for each report that satisfy the needs of the appropriate stakeholders. These standard formats will be designed so the reports build on each other in order to further minimize the administrative burden on the Trust, (*e.g.*, financial comparisons shall have a similar format in the Monthly, Quarterly, and Annual Reports). Monthly Reports will be easily expanded into Quarterly and Annual Reports through the addition of more comprehensive information.

Monthly Reports

The Trust will prepare and submit Monthly Reports to the PUC. These reports shall include: (1) actual expenditures for administrative, information technology, and service delivery costs compared to the budget amounts; and (2) projected lifetime kWh and MMBTU (fuel) savings estimates and key operational metrics (*e.g.*, # of participants) as appropriate for each program and activity reported. Monthly Reports include numerical data that document progress toward achieving The Trust's overall savings targets, and are considered to be activity monitoring reports. An example of a potential Monthly Report is attached.

Quarterly Reports

The Trust will prepare and submit Quarterly Reports to the PUC. Quarterly Reports will include: (1) actual expenditures for administrative, information technology, and service delivery costs compared to the annual component of the approved budgets; (2) committed customer incentive payments (as evidenced by a signed incentive contract that specifies that a future incentive payment will be made to a customer for energy efficiency measures); (3) report of progress made towards achieving savings targets, and other agreed-upon indicators of performance; (4) a summary of activity highlights for the quarter; and (5) a summary of any significant changes or anticipated changes in implementation strategies and services.

Annual Reports

The Trust will prepare and submit an Annual Report to the PUC. The Annual Report shall include: (1) actual expenditures for administrative, information technology, and service delivery costs, compared to the annual component of the approved budget; (2) committed customer incentive payments as evidenced by a signed incentive contract that specifies that a future incentive payment will be made to an The Trust customer for energy efficiency measures; (3) a summary of progress and highlights for the year, including any significant changes in strategies or services and indirect savings acquisition activities; (4) report of progress toward achieving savings targets, and other agreed-upon indicators of performance; and (5) the annual savings claim, with adequate supporting data to meet the requirements of the PUC.

Occasional Reports to Distribution Utilities

The Trust will provide information to individual distribution utilities for planning and ratemaking purposes consistent with methods to be determined. On a quarterly basis, the Trust proposes to provide each distribution utility with a list of active and completed large projects in its service territory. A template for this list is attached as.

In April and September of each year, The Trust will provide each distribution utility with detailed information for distributed utility planning purposes. A common format for this data shall need to be determined. This paragraph does not create an obligation of The Trust to create information specifically for a utility company.

Information Requests

The Trust will respond in a timely and complete manner to any information requests regarding program budgets, expenditures, savings, and activities submitted by the PUC, and to reasonable requests from any member of the OCA.

Service Planning, Operations and Implementation

The Trust will be required to manage, oversee and implement energy efficiency services to the markets addressed by the Programs directly or through subcontractors as it chooses. Important aspects of delivering these services include: (1) ensuring consistent and effective service designs; (2) using creative and effective marketing strategies; and (3) providing accessible and widespread program delivery. The Trust shall develop methods to ensure that the services and initiatives are meeting their adopted objectives, and that SBC funds are being spent effectively.

Planning of Service Offerings

The Trust will have primary responsibility for the development and revision of Program offerings, including discontinuing existing programs and services and offering new programs and services, when appropriate. On a periodic basis the Trust will review the services offered and their effectiveness for the purpose of improving and modifying service designs. The Trust will have broad discretion to design service offerings, provided all markets served by the Programs continue to be served, and the Trust is making appropriate progress towards achieving its performance goals, as specified in its contract with the PUC.

Annual Plan

Each year, the Trust will prepare and submit an Annual Plan to the PUC. The Annual Plan will summarize the Trust's market intervention strategies, program offerings, emerging markets initiatives, and other planned implementation activities for the coming year. These components shall be presented as part of an integrated strategy for stimulating investment in energy efficiency and achieving market transformation in New Hampshire.

In developing each year's Annual Plan, the Trust shall consult with the PUC, the Office of Energy and Planning and other interested parties at its discretion or the direction of the PUC. It shall also make use of the following information:

- Findings from the Trust's market assessment, measurement and evaluation activities undertaken in conjunction with the PUC;
- The Trust's Quality Assurance system (including participant satisfaction/feedback records);
- Feedback from subcontractors;
- Ongoing, informal feedback from individual participants;
- Ongoing solicited and unsolicited input from businesses, professional and trade associations, trade allies, and other groups with which the Trust interacts with over the year; and
- The Trust's knowledge of regional and national information regarding energy efficiency technologies and opportunities, program experiences and evaluation results.

Cost-Effectiveness Screening

The Trust shall work in conjunction with PUC and OEP staff, and other appropriate parties on the development of proper calculation metrics and define the avoided cost methodology and assumptions that the Trust will use in measure and program screening. The Trust will also incorporate into its screening tools any new avoided costs approved by the PUC, and any revised risk or externality adjustments ordered or approved by the PUC for use in system-wide programs.

The Trust must assess the cost-effectiveness of efficiency measures and programs for both program design and delivery purposes. The Trust shall use a statewide cost-effectiveness screening tool provided by a vendor of the Trust's choosing in its planning and implementation activities.

The Trust will not be responsible for the development, maintenance, distribution or support of statewide cost-effectiveness screening tools other than for the Trust's own use in regards to this proposal.

Technical Reference Manual

A Technical Reference Manual will be a regularly-updated, comprehensive list of all measure and program assumptions used in determining measure and program cost-effectiveness. The Technical Reference Manual will need to be created by the Trust, and it will continue to update the Technical Reference Manual so that it contains current documentation on all measure and program assumptions. Changes to existing measure characterizations and program assumptions, and all assumptions for new measures and service offerings, would be coordinated with the PUC and the OEP. All changes will be documented in the Technical Reference Manual, including the basis for the new assumption. The manual will be readily available to the public.

Market Assessment Activities

The Trust will collect, compile, and assess information on the characteristics and current status of markets targeted by the Programs. This information will include, for example, changes or expected changes in these markets, technology changes, design and management strategies to increase energy efficiency, and the status and progress of funded programs in capturing the potential for cost-effective energy savings. The Trust will need this information to achieve its objectives, assess its performance, and recommend changes to programs. This information must be adequate to provide the basis for improving and redesigning programs. The Trust could coordinate its information collection activities with PUC information needs for future estimates of energy efficiency potential and monitoring and evaluation activities.

The Trust's responsibilities with respect to collecting information related to market transformation effects will be limited to data about its efforts (for example, the Trust will collect information about its installations, but it will not be responsible for collecting information about awareness of new energy efficient technologies among NH residents).

Manage Subcontractors and Service Providers

The Trust will solicit, select, hire and oversee employees and subcontractors to deliver energy efficiency program services, and develop methods for managing the performance and compensation of its employees and contracted service providers. The Trust will place a high priority on developing methods to assure coordination, integration, and joint promotion of efforts that are relevant to more than one market.

The Trust will develop and oversee compensation levels and mechanisms for direct employees and for subcontractors, and will collect and compile information for documenting performance. It will review, approve, and pay subcontractor, service provider, and other service-related expenses in a timely manner.

Quality Assurance

The Trust will develop and maintain quality assurance standards and tracking and monitoring mechanisms for each initiative, ensuring that both direct employees and subcontractors apply the quality assurance standards and methods set forth by The Trust. The Trust shall ensure that such standards and tracking and monitoring mechanisms are operating effectively for all services and initiatives.

Performance Assessment⁵

The Trust will be responsible for collecting, maintaining and providing information sufficient to assess service and market performance for the purpose of assessing its own effectiveness as well as the performance of its subcontractors. The Trust will make this information available to PUC staff and independent evaluation firms. It is not anticipated that The Trust will conduct formal "process" evaluation activities. If it is determined those are necessary or desirable, they would be paid for out of funds set aside for formal evaluation activities.

Program Marketing, Consumer Information, and Education

The Trust will develop and implement a public and consumer information strategy to:

- Promote customer participation in and market awareness of energy efficiency solutions;
- Increase consumer awareness and understanding of the benefits of energy efficiency both for participants and non-participants;
- Increase consumer demand for energy efficient products and services; and
- Influence consumer decision-making in consumer-driven energy efficiency choices.

To facilitate positive interactions with the Trust, it will provide: (a) a toll-free number; (b) a web site that is easy to navigate, describing services available to customers, (c) effective customer response and referral procedures; and (d) a system for addressing and resolving customer complaints promptly.

The Trust will also develop and implement energy education and technical training services and initiatives, including cooperative activities with NH educational institutions, vocational training, and continuing education such as, but not limited to: a program of knowledge for high schools and vocational technical schools by using personnel experienced in the field to provide half to full day workshops and trainings in classrooms related to the building trades so as to show future trades-people the great benefits of energy efficiency and how to obtain it , along with the chance to mentor future trades-people.

Additional Funding Sources

The Trust will seek funds through charitable donations and grants beyond the funding provided through the PUC. Such funds will be used to reduce the overhead burden of the Trust's activities and to complement the Programs in a manner consistent with the goals of the Trust and any restrictions placed on the funds donated.

⁵ This proposal makes an important distinction between performance "assessment" (which is the responsibility of The Trust) and performance "evaluation" (which is the responsibility of the PUC or independent evaluation firms). Assessment is a managerial review function, similar to that performed internally by all companies. Evaluation is the formal examination of the Trust's performance by an outside entity in accordance with the performance metrics to be established.

Forward Capacity Market

The Trust intends to take all necessary steps and to work cooperatively with the electric utilities to qualify capacity supply obligation from its programs' capacity reductions in future Forward Capacity Markets (FCM). Estimated ISO-NE payments for 2011 and 2012 due to prior energy efficiency program measures have been included in the 2011-2012 Energy Efficiency Program budgets. These FCM payments were split first 14.5% for Home Energy Assistance (HEA) and of the remainder, 70% went for C&I and 30% for Residential programs (HEA budget calculated at 15% for 2012).

Continuing the policy approved by the Commission in 2008, the Trust shall report to ISO-NE the demand savings achieved via these energy efficiency programs in Forward Capacity Market. Customers who participate in these energy efficiency programs must agree to forego any associated ISO-NE qualifying capacity payments and allow their electric utility to report kW savings and collect the payments on behalf of all customers. All ISO-NE capacity payments received will be used to supplement future energy efficiency program budgets.

Coordination With Existing Market Participants

The Trust will coordinate its efforts with existing market participants, such as vendors, builders, contractors, trade allies, trade associations, engineers, design professionals, schools, outreach organizations, and other municipal agencies in order to more efficiently deliver energy efficiency services to New Hampshire residents. The Trust's efforts in this area may include education and training of existing market participants, subcontracting for the delivery of energy efficiency services, cooperation regarding service delivery, or other means of coordination.

The Trust will coordinate its efforts with other public and private energy efficiency efforts, at the state, regional, and national levels, to address structural market deficiencies related to the adoption of cost-effective energy efficiency measures and practices, and to share best practices. The Trust shall evaluate the potential benefits of those efforts and participate in them in a manner that is consistent with New Hampshire's energy efficiency vision and goals. Specifically, the Trust will seek to integrate and coordinate its Program activities with those of: (1) the Department of Energy/Environmental Protection Agency Energy Star Program; (2) the Northeast Energy Efficiency Partnerships ("NEEP"); (3) the Leadership in Energy and Environmental Design ("LEED") green building rating system; (4) existing financial institutions' loan programs (to the extent possible); (5) the NH Weatherization program; (6) efforts to promote advanced building design; (7) efforts to encourage customer energy cost monitoring; and (8) efforts to adopt energy efficiency product standards.

Program Transition Responsibilities

The Trust will work with the current utility program administrators to accomplish as smooth a transition as possible. The transition must be performed in an organized and efficient manner with a minimum of disruption to customers, vendors, trade allies, contractors, design professionals, and other energy efficiency service partners.

In addition, if need be, the PUC may want the Trust to fulfill the outstanding terms of existing customer and vendor contracts entered into by the current program administrators.⁶ This may include assuming the existing financial obligations and requirements of program delivery such as providing customer incentives, and technical and design assistance.

The Trust looks forward to working with the current program administrators and the PUC to effect an efficient, rapid and smooth transition of administrator responsibilities.

Conclusion

The New Hampshire Energy Trust is very grateful to have the opportunity to present this proposal to administer the residential energy efficiency programs for consideration by the Commission. The Trust intends to be transparent in its operations, and fully open to collaboration with all channel partners and other interested parties who support realizing the benefits of greater energy efficiency in the residential sector of New Hampshire. The Trust looks forward to sharing additional details about its plans, and to answering any questions that either the PUC or other interested parties may have regarded this filing and the Trust's proposal to administer the residential energy efficiency programs currently administered by the natural gas and electric utilities.

⁶ The Trust will expressly strive to create a "pipeline" of projects that extend beyond the end of the current contract term. This requirement recognizes that many customer projects have a lengthy lead time, and the Trust does not want energy efficiency contractors to "ramp down" their efforts as the end of the contract approaches. The goal of providing cost-effective energy efficiency services to New Hampshire residents should not be affected by the approach of the end of a contract.

Attachment A

2011 Proposed Residential Energy Efficiency Budget for the New Hampshire Energy Trust

RESIDENTIAL PROGRAMS	Customer					Total Program Budget (\$)	Participant Goals
	Internal Admin (\$)	External Admin (\$)	Rebates & Services (\$)	Marketing & Education (\$)	Measurement & Evaluation (\$)		
ENERGY STAR HOMES	79,980	79,412	850,000	237,000		1,246,392	533
ENERGY STAR w/ Home Performance	233,275	229,884	5,719,490	525,000	193,000	6,900,649	2,288
Home Energy Assistance	144,242	15,000	3,122,691	32,135	119,000	3,433,068	1,374
Energy Star Appliances	75,313	22,398	420,000	15,000		532,711	14,000
ENERGY Star Lighting	79,312	11,798	552,000	75,000		718,110	291,147
Residential Heating Rebates	12,000	1,679	275,000	15,000		303,679	500
Total Residential Programs	\$624,122	\$360,171	\$10,939,181	\$899,135	\$312,000	\$13,134,609	309,842

Trust Overhead Expenses	
Web Design and Maintenance	45,000
Software	150,000
Insurance	11,000
Facilities	75,000
Fleet & Transportation	55,000
General Admin	66,650
Executive Director	166,625
Overhead Subtotal	\$569,275

Total Budget for 2011	\$13,703,884
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2012 Proposed Residential Energy Efficiency Budget for the New Hampshire Energy Trust

RESIDENTIAL PROGRAMS	Customer					Total Program Budget (\$)	Participant Goals
	Internal Admin (\$)	External Admin (\$)	Rebates & Services (\$)	Marketing & Education (\$)	Measurement & Evaluation (\$)		
ENERGY STAR HOMES	79,980	79,412	956,848	150,000		1,266,240	600
ENERGY STAR w/ Home Performance	273,275	229,884	6,219,490	300,000	193,000	7,215,649	2,487
Home Energy Assistance	149,242	15,000	3,491,746	34,135	119,000	3,802,123	1,537
Energy Star Appliances	75,313	22,398	520,000	15,000		632,711	17,333
ENERGY Star Lighting	79,312	11,798	558,076	75,000	3,000	727,186	340,845
Residential Heating Rebates	12,000	1,679	275,000	15,000		303,679	500
Total Residential Programs	\$669,122	\$360,171	\$12,021,160	\$589,135	\$315,000	\$13,947,588	363,302

Trust Overhead Expenses	
Web Design and Maintenance	45,000
Software	150,000
Insurance	11,000
Facilities	75,000
Fleet & Transportation	55,000
General Admin	66,650
Executive Director	166,625
Overhead Subtotal	\$569,275

Total Budget for 2011	\$14,516,863
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