

THE STATE OF NEW HAMPSHIRE

CHAIRMAN
Amy L. Ignatius

COMMISSIONERS
Michael D. Harrington
Robert R. Scott

EXECUTIVE DIRECTOR
Debra A. Howland



PUBLIC UTILITIES COMMISSION
21 S. Fruit Street, Suite 10
Concord, N.H. 03301-2429

TDD Access: Relay NH
1-800-735-2964

Tel. (603) 271-2431

FAX (603) 271-3878

Website:
www.puc.nh.gov

February 27, 2013

Debra A. Howland, Executive Director
N.H. Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301



Re: Docket No. DE 10-188 and DE 12-262 CORE Energy Efficiency
Staff Recommendation on NH Electric Utilities Informational Filing for
Use of 2012 RGGI funds per Order No. 25,425

Dear Ms. Howland:

Background and Summary of Recommendation

On July 13, 2012, the Commission issued a supplemental order directing the electric utilities to file proposals for the use of presently available RGGI funds. The electric utilities filed a proposal on August 10, 2012 to expand the Home Energy Assistance (HEA) Program, ENERGY STAR® Appliance Program, and NH Home Performance with ENERGY STAR® Program. The proposal also included some program expansions and rebate changes. The Commission approved the proposal on October 17, 2012 by Order No. 25,425 and directed the electric utilities to file amended budgets reflecting an additional \$1,490,000 to fund the HEA program and directed the electric utilities to inform the Commission on how the CAAs will allocate the HEA funds. Order at 16. In the event the CAAs production capability changed, the utilities were authorized to reallocate the funds to other CAAs after filing informational material with the Commission. Order at 18.

On February 11, 2013, PSNH submitted its informational filing addressing the following:

1. Allocation of the additional \$1,190,000
2. HEA program changes, and
3. A revised production schedule for 2013

Staff has reviewed the filing and provides the following comments and recommendations. Staff supports the filing and recommends the Commission accept the filing via a Secretarial Letter. Staff has provided the below comments to the utilities and other parties and has incorporated the various comments into this letter.

NHPUC FEB27'13 PM 1:06

Comments and Recommendations

Allocation of the additional \$1,190,000: The filing, at Table 1, provides a utility-by-utility allocation of additional HEA program expenditures funded by RGGI. The amounts are broken down into two components: the original HEA budget amount proposed by the utilities in the “Joint Utility Proposal for the Use of RGGI Funds” filed with the Commission on August 10, 2012 in Docket No. DE 10-188 and the additional budget amount of \$1.19 million allocated to the HEA program by the Commission in Order No. 25,425. The original HEA budget amount of \$300,000 was allocated based upon the CAAs production capabilities, and the additional \$1.19 million is allocated to the electric utilities based on total 2011 megawatt-hours delivered by the utilities.

Staff believes the allocation methodology and the amounts are appropriate.

HEA Program Changes: The filing indicates that, due to unique program circumstances with US DOE (filing, p. 1), it appears that there will be limited opportunities to co-fund the HEA program with RGGI monies (i.e. \$1,490,000) and DOE Weatherization Assistance Program (WAP) monies. In the past, the HEA program has benefited from a co-funding arrangement. However, because most of the federal funds for the WAP Program Year 2012, which ends March 31, 2013, have been committed, there is limited ability to co-fund with DOE WAP funds. According to the filing, this leaves RGGI/CORE funds alone to support program operations until federal funds become available later this year.

Because of the limited opportunity to co-fund, the filing seeks permission to increase the rebates for the HEA program by entirely funding these increases with RGGI monies (i.e., \$1,490,000). Specifically, the filing proposes to increase the rebate cap from \$5,000 to \$8,000, to add an additional \$5,000 to \$6,500 rebate for the installation of Energy Star® heating systems, and to add an additional \$1,000 to \$1,900 for the installation of water heaters.

The following Table 1 is based on the informational filing and shows that the loss of DOE WAP co-funding converts to a significant reduction in the number of low-income dwellings that are served.

Table 1
Estimated Number of Low Income Dwellings Served
With and Without DOE WAP Co-Funding

	<u>With DOE</u> <u>Co-Funding</u>	<u>Without DOE</u> <u>Co-Funding</u>
RGGI Funds (Order No. 25,425)	\$1,490,000	\$1,490,000
Rebate Paid by RGGI (filing, p. 3, graph)	\$ 2,852	\$ 5,421
No. of Low-Income Dwellings	522	275

This table indicates that loss of DOE WAP co-funding results in an estimated reduction of close to 50 percent in the number of low-income dwellings that might be weatherized. Given the unique program circumstance with DOE WAP funding, as noted above, in order to continue the program with the same weatherization services, RGGI funds alone must be used. Although this reduces the number of low-income dwellings that can be served, Staff supports the proposed use of RGGI funds alone to fund the rebates. Staff notes that other parties support this use of RGGI funds including, the Office of Consumer Advocate, the Office of Energy & Planning, the Department of Environmental Services, the Jordan Institute, the Community Action Agencies, and The Way Home.

It is important to note that Staff's support for the additional rebates applies only to the 2012 RGGI funds of \$1,490,000, as authorized by Order No. 25,425. Further, Staff notes that the electric utilities have not provided goals for the number of low-income dwellings to be served by the RGGI funds. Therefore, in order to stay on target, Staff recommends that the electric utilities provide a revised production schedule related to these RGGI funds.

In addition, given the importance of co-funding the cost of weatherizing low-income dwellings, Staff believes that availability of more information about DOE WAP funds would be helpful. Therefore, Staff recommends that the utilities, in conjunction with the CAAs and the Office of Energy Planning, continue to monitor the status of DOE WAP funding. Specifically, Staff seeks the following information for the DOE WAP funds, provided such information is available: program year budgets (12-months, April-Mar), adjustments to program year budgets, and actual expenditures/commitments. Staff understands this exact information may not be immediately available but knowledge of the WAP funding levels even if estimates will enhance the leveraging of CORE and DOE WAP funds. During their quarterly meetings, Staff and the other parties will discuss how any additional information will be reported to the Commission.

Finally, Staff believes that there are potential minor inconsistencies with respect to the priorities for DOE WAP funding and CORE HEA funding. Specifically, the priorities assigned by DOE versus the priorities assigned by the CORE HEA program are not entirely in sync. DOE requires that priorities must be given to providing weatherization assistance to: (1) elderly, (2) persons with disabilities, (3) families with children, (4) high residential energy users, and (5) households with a high energy burden.¹ Although the CORE HEA program provides for collaboration with interested parties to increase the number of jobs jointly funded by the DOE WAP and CORE, the CORE HEA program, at the same time, has different goals than the DOE WAP program, such as attaining planned energy savings goals.² Staff recommends that the interested parties discuss these differences and how, or whether, to align the priorities of the DOE WAP funds and the CORE HEA funds. Staff believes this issue can be addressed in the context of Quarterly Core Team meetings and we are happy to facilitate such talks.

A Revised Production Schedule for 2013: With respect to 2013 CORE HEA funding (i.e. \$3,769,904), the informational filing states that "should the utilities intend to implement these same changes for use of 2013 CORE HEA funds, a separate request will be made to the Commission" (filing, p. 3). Since this is a utility action that may or not materialize, it does not appear ripe for

¹ Source: 10 CFR 440.16.

² Source: DE 12-262, CORE Filing, page 34.

February 27, 2013

Page 4

discussion at this time. Therefore, Staff will await the utilities intentions with respect to changes for 2013 CORE funds. Staff believes, however, that is important to note that we are supportive of the continuation of co-funding the 2013 HEA program, and that the recommendations on reporting and re-aligning of priorities, as noted above, should foster the continued use of co-funding, a practice that has worked well in the past.

In conclusion, Staff believes the electric utilities' February 11, 2013 filing is responsive and compliant with Order No. 25,425 and Staff supports the proposed uses of the RGGI funds. In the instant filing, the electric utilities do not propose to use CORE funds approved by Order No. 25,462 (February 1, 2013) but reserve the right to propose changes to the CORE programs through a formal filing in DE 12-262. Staff presumes any changes will be vetted at the CORE Quarterly Meetings. Given the nature of the proposed changes to address the lack of WAP funding, Staff recommends the electric utilities provide a revised production schedule related to the RGGI funds. Staff believes the availability of more information about the DOE WAP funds will be helpful. Staff recommends the electric utilities, in conjunction with the CAAs and OEP, monitor the status of the DOE WAP funding and discuss how this information may be reported to the Commission as part of the CORE Quarterly Meetings. Further, Staff recommends the interested parties discuss the differences between the DOE WAP and CORE HEA programs and how, or whether, to align the priorities of the two programs as part of the CORE Quarterly Meetings.

Sincerely,

A handwritten signature in blue ink that reads "Marcia A. Brown". The signature is written in a cursive, flowing style.

Marcia A. Brown
Staff Attorney