



Jessica Chiavara
Counsel, Eversource Energy

June 15, 2021

Cell phone: 315-313-3264
jessica.chiavara@eversource.com

Via Electronic Mail Only

Diane Martin, Chair
Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, New Hampshire 03301-2492

Re: DE 20-092 – Program Status Update

Dear Chair Martin:

Pursuant to RSA 363:31, II(a) exception to ex parte communications for adjudicative proceedings, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty; New Hampshire Electric Cooperative, Inc.; Public Service Company of New Hampshire d/b/a Eversource Energy; Unitil Energy Systems, Inc. (UES); Liberty Utilities (EnergyNorth Natural Gas) Corp d/b/a Liberty; and Northern Utilities, Inc. (Northern) (collectively, “The NH Utilities”) submit the following second quarter status report of the 2021 NHSaves energy efficiency programs. This status report provides an account of the approach to the programs, as well as program activity and administration during the first half of 2021 and presents time-sensitive future program impacts in the absence of a final order in DE 20-092.

On December 29, 2020, the Public Utilities Commission (“Commission”) issued Order No. 26,440, approving a temporary extension of the 2020 System Benefits Charge rate to be applied to the already-existing energy efficiency program structure until a final order regarding the proposed 2021-2023 Statewide Energy Efficiency Plan is issued. In the six months since that temporary extension, the NH Utilities have been administering the programs under these parameters, maintaining participation and working with customers and vendors to achieve energy savings. However, there are a growing number of challenges faced by the NH Utilities, our vendors and our customers under these temporary conditions. Therefore, the NH Utilities take this opportunity to present the status of the programs and existing challenges for the Commission’s review and information.

Since the end of the first quarter of 2021, the NH Utilities have continued to see high demand within the residential programs. Adjustments have been made by the NH Utilities to balance the strong demand with the temporarily approved funding rates, which were originally set and approved to fund 2020 energy efficiency goals. The Utilities have adjusted rebates for some programs in order to slow demand for certain measures, while other programs are now utilizing waitlists for interested customers, which will defer these projects and expenditures until a later, undetermined date. Unitil has submitted a notification letter stating that despite these course corrections, the company’s gas Home Performance with Energy Star (“HPwES”) program has already exceeded 120% of its 2020 budget. While the NH Utilities continue to

operate the programs under the guidance of the temporary Order, available solutions to the problems faced are becoming increasingly less effective.

The commercial and industrial (“C&I”) programs are beginning to return to normal after the interruptions experienced in 2020 and are seeing strong demand. Energy efficiency improvements remain an important avenue to help our small business customers recover from pandemic-related financial impacts by reducing operating costs. Some larger commercial customers have begun to move forward with efficiency projects that were paused during 2020. Additional efforts have been taken to assist schools with safe re-openings in the fall. Schools were invited to participate in a webinar to learn about technical assistance offered by the NH Utilities to help them identify energy efficiency opportunities that can help offset increased operating costs due to higher ventilation rates. These assessments can also provide schools with the information they need to successfully apply for available federal aid programs due to the COVID pandemic.

The pipeline of C&I projects is healthy, and the pipeline of residential projects is outpacing the funding at 2020 rate levels. The NH Utilities eagerly await the forthcoming final order setting budgets and goals for the 2021-2023 term in order to best serve the ever-growing pipeline of customer projects.

Notwithstanding the NH Utilities’ deep appreciation for continued program funding, there are growing impacts to the programs and the marketplace that are occurring, or will soon occur, due to the absence of a final order on the 2021-2023 Plan. It is increasingly difficult to manage programs’, vendors’ and customers’ expectations in the absence of approved program goals or budgets for 2021-2023. Further, the temporarily approved SBC rates (2020 funding level) are insufficient to achieve 2020 electric savings goals given significant changes to savings assumptions vetted by the EM&V Working Group and documented in the 2021 Technical Reference Manual. It is also increasingly difficult to effectively manage programs and provide accurate messaging to customers regarding future availability of program incentives. Several new program offerings proposed in the 2021-2023 Plan have each passed time-sensitive deadlines to move forward this year, and thus have been deferred indefinitely.

In the spirit of transparency, the following table describes in more detail the evolving impacts of continued operation under Order No. 26,440.

Administration and Goals

Topic	Description	Timing/Impact
Achieving Goals	<ul style="list-style-type: none"> • Program staff and vendors are operating without specific budgets and goals for the year, impairing planning capacity. • With one-sixth of the proposed 2021-2023 term having elapsed with lower than proposed revenues, proposed savings targets will need to be revised. 	July 1 and beyond – Progressively Challenging

Finalizing Goals - Electric	<ul style="list-style-type: none"> 2020 funding levels will not achieve 2020 savings goals in 2021, due to the application of the new TRM and adjustments to savings assumptions. It is unclear what savings goals are associated with the current level of funding under the temporary Order. 	July 1 and beyond – Progressively Challenging
Finalizing Goals – Natural Gas	<ul style="list-style-type: none"> Increased rates for Natural Gas Programs, as proposed in the Plan, were approved by the Commission in the Liberty and Unitil Cost of Gas filings in late 2020. It is unclear what savings goals are associated with the funding. 	July 1 and beyond – Progressively Challenging

Customers

Customer impact and uncertainty	<ul style="list-style-type: none"> NH Utilities are working with staff and contractors to minimize negative impacts to customers. Budget and savings goals certainty is needed to ensure accurate communication to customers about program offerings. Customer and vendor uncertainty about program offerings and stability could take months to overcome, even after a final order is issued. 	July 1 and beyond – Progressive Risk and Challenge
--	---	--

Contractors/Vendors/Workforce

HEA Program and Community Action Agency Capacity	<ul style="list-style-type: none"> The planned ramp-up of the HEA low-income program, which is based on a dedicated, minimum percentage of overall portfolio budget, has been delayed due to uncertainty over budgets both for 2021 and for the 2021-2023 period. Strained workforce capacity requires sufficient planning to meet whatever 2021-2023 goals are ultimately approved. 	July 1 and beyond – Progressive Risk and Challenge
Impact to local contractors	<ul style="list-style-type: none"> Residential contractors are primarily small, locally-owned businesses. Hiring additional workers and crews to build capacity will be needed to meet the proposed higher savings goals, but the continued uncertainty makes that both a major, and now risky, investment. 	July 1 and beyond – Progressively Challenging

Program Offerings

Liberty AIM Offering	<ul style="list-style-type: none"> The proposed launch of the Liberty Gas Aerial Infrared Mapping (AIM) program in CY2021 is dependent on a precise window of optimum aerial data collection climate conditions, which was anticipated to be between mid-March and early-April (e.g., cool ambient temperatures, roofs with no snow cover, and prior to tree leaf growth). As the deadline has passed, this program has been delayed until further guidance is provided. 	Critical Deadline Passed
Liberty Active Demand Response Offering	<ul style="list-style-type: none"> In order for the Liberty Electric C&I Load Curtailment Program to launch in 2021, data transfer infrastructure needed to be established with various 3rd party implementation vendors. This work has yet to start even as the summer season begins. As the deadline has passed, this program has been delayed until further guidance is provided. 	Critical Deadline Passed
Active Demand Response	<ul style="list-style-type: none"> Eversource and Unitil's C&I and residential Active Demand Response programs are currently enrolled at the pilot levels from 2020. As the summer season continues, new customers are being added to the waitlist and may not be able to fully participate. 	Critical Deadline Passed for New Enrollments
Eversource Home Performance with Energy Star	<ul style="list-style-type: none"> Eversource's HPwES program has numerous committed projects in queue due to approved projects moving from 2020 into 2021. Uncertainty as to the total budget amount for 2021 and whether the new planning term is for one year or three, leaves this program struggling to determine whether or how to adjust offerings in order to avoid over-commitment while maintaining market stability. 	July 1 and beyond – Progressive Risk and Challenge
New Hampshire Electric Cooperative Home Performance with Energy Star	<ul style="list-style-type: none"> NHEC's HPwES program has numerous committed projects in queue due to approved projects moving from 2020 into 2021. Uncertainty as to the total budget amount for 2021 and whether the new planning term is for one year or three, leaves this program struggling to determine whether or how to adjust offerings in order to avoid over-commitment while maintaining market stability. 	July 1 and beyond – Progressive Risk and Challenge
Unitil Home Performance with Energy Star	<ul style="list-style-type: none"> Unitil's electric HPwES program has numerous committed projects in queue, and its gas HPwES program has more than fully expended the 2020 budget for this program. Unitil is now providing audit-only services to new customers and waitlisting all existing customers who have had audits completed. 	July 1 and beyond – Program Waitlist

Liberty Home Performance with Energy Star	<ul style="list-style-type: none"> Liberty’s HPwES program has numerous committed projects in queue and has fully committed the temporary budget for this program. Coupled with the uncertainty as to the total budget amount for 2021 and what the new planning term is, Liberty has begun waitlisting all new customers interested in this program. 	July 1 and beyond – Program Waitlist
Energy Star Products	<ul style="list-style-type: none"> Incentives reduced on highest volume models with our largest partners to reduce forecasted expenditures and stretch temporarily approved funding further into 2021. Further adjustments may be needed as 2021 progresses. 	July 1 and beyond – Progressively Challenging
Energy Optimization	<ul style="list-style-type: none"> Work to further define and execute an Energy Optimization Pilot, focused on assessing the overall energy saving implications of heat pump technology, is on hold, which will impact the ability to adequately evaluate the pilot during this term. Given the uncertainty to date, it is unlikely that the pilot can be launched in 2021, even if an Order is issued soon. 	July 1 and beyond – Progressively Challenging
Codes and Standards	<ul style="list-style-type: none"> Work to develop and implement a utility-driven codes and standards offering is on hold. Baseline research was planned to begin in 2021 in order to have claimable savings evaluated and claimed in 2023. 	July 1 and beyond – Progressively Challenging
Workforce Development	<ul style="list-style-type: none"> The vendor contract has been limited to initial planning work, as the full scope cannot be finalized without three-year budgets and goals; execution of a workplan for enhancing the energy efficiency workforce in New Hampshire is therefore delayed and further complicated by overall uncertainty related to the Energy Efficiency Resource Standard. 	July 1 and beyond – Progressively Challenging
EM&V and Strategic Evaluation Plan	<ul style="list-style-type: none"> The EM&V Working Group has delayed issuance of a comprehensive RFP for multiple research projects due to the absence of a firm budget or defined planning term. Further, the delay on the part of the PUC to renew its contract with third-party evaluation consultants has directly impacted two evaluation studies that went out to bid in 2020, and for which evaluation vendors have been selected and are under contract. This will push back the conclusion of planned studies and the application of the studies’ findings. Continued uncertainty has hampered the ability of the EM&V Working Group to develop and pursue a research agenda. 	July 1 and beyond – Progressive Risk and Challenge



The NH Utilities provide this status update in order to communicate the current operation of programs and evolving and upcoming challenges.

Pursuant to Commission policy, this filing will be made electronically only; paper copies will not follow. Please do not hesitate to contact me with questions.

Regards,

A handwritten signature in blue ink, appearing to read "J. Chiavara".

Jessica A. Chiavara
Counsel, Eversource Energy
o/b/o the New Hampshire Utilities

cc: DE 20-092 service list