STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

IR 22-042

ELECTRIC AND GAS UTILITIES

Investigation of Energy Efficiency Planning, Programming, and Evaluation

Procedural Order Re: Record Requests

The Commission requests 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., Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty, and Northern Utilities, Inc. (together, the Joint Utilities) to respond to the following record requests pertaining to the reporting requirement submissions received on August 1, 2022 and August 31, 2022 per Order No. 26,621 (April 29, 2022).

The following record requests are for information gathering purposes only and should not be construed as the Commission endorsing or disapproving of any particular position, method, or other aspect of energy efficiency planning, programming, and evaluation. As already noted in earlier orders in this docket, the Commission will reach no final decisions in this docket and issue no orders or directives.

Responses are requested in writing. If, in the opinion of the Commissioners, additional discussion and clarification are warranted, then a Commission attended technical session will be convened. Such a technical session is tentatively scheduled on December 6, 2022, at 9:00 a.m. Three hours have been reserved. All written responses are due on or before the close of business on Wednesday, November 30, 2022:

I. **The Granite State Test, the Total Resource Cost Test, and Discount rates:** The Commission wants to better understand the assumptions and parameters used to

estimate the energy efficiency savings generated by each program of the Energy Efficiency Program. The Commission requests that the Joint Utilities submit a joint response to each of the following questions:

1. Please create a document that lists the assumptions used to estimate the energy efficiency gains generated by each program. For each assumption, please cite its source; please include any notes or comments that would be helpful for the commission to understand why these sources were selected and how the assumptions have changed over the program's life.

2. Please report on assumptions used by the other New England States where the Joint Utilities operate or have visibility in developing their energy efficiency programs. Please explain the rationale for any differences between the assumptions used in the other New England States and those used in New Hampshire.

3. Have the Joint Utilities and their consultants conducted, or are they aware of, any analyses that estimate the real-world energy savings of energy efficiency investments? These analyses might include academic studies that use experimental or observational techniques to estimate the impacts that specific energy efficiency investments have on household, commercial and industrial energy consumption.

4. If the Energy Efficiency Program were to directly or indirectly provide funding for smart meters, how might these investments impact the collection of customer data on energy efficiency savings? How would smart meters impact demand-side energy management generally?

5. How do the Joint Utilities determine when free ridership has a material impact on savings figures? How do the Joint Utilities quantify this impact? Please provide answers with respect to the impacts on both the GST and TRCT.

6. Do the Joint Utilities adjust the energy savings calculations to account for the incremental energy demand associated with the projected positive impact on the NH economy generated by the Energy Efficiency Program? Please identify the economic impacts of the Energy Efficiency Program and explain how these are considered by the Joint Utilities.

7. The Commission wants to understand how other regulatory entities determine the discount rate used in evaluating the cost-effectiveness of their energy efficiency programs. Please report on the following:

    i. Please identify the discount rates used by each of the other New England states in 2020 and 2021;

    ii. To the extent the Joint Utilities operate or have visibility on the discount rates identified in I-7-i above, please describe the methodologies used to derive these discount rates; and

iii. Please identify the discount rate used by the U.S. Government to determine the cost-effectiveness of investments for federal energy management and planning programs.

8. Is using either an average of the rate-regulated utilities' Return on Equity (ROE) or using an average of the rate-regulated utilities' Weighted Average Cost of Capital (WACC) an approach that could be used to determine the discount rate used in evaluating the cost-effectiveness of energy efficiency investments? Why or why not?

9. When was the discount rate used to evaluate the cost effectiveness of NH EE Investments first developed? Has the discount-rate setting approach been evaluated or updated since?

10. What would the real discount rate be if the current methodology for calculating the discount rate was applied today? Please cite the day(s) that the prime rate and inflation rate data were collected in making this calculation.

11. Please create a single summary sheet that compares the cost-effectiveness ratios of the GST and TRCT for each program using each of the following discount rates:

i. An average of the Joint Utilities' ROEs;

ii. An average of the Joint Utilities' WACC; and

iii. Real discounts rates of 3%, 5.5%, 8%, and 10%.

II. **Performance Incentive:** The Commission wants to understand the history of planned versus actualized energy efficiency savings and how the PI structure has incentivized exceptional performance. The Commission requests that the Joint Utilities submit one response to each of the following questions:

1. Please fill out the table in the attached excel (Tab: Request II.1 - PI) In order to create a comprehensive Energy Efficiency Program-wide dataset on each utility's planned versus actual expenditures, savings, and PI. Please provide planned and actual data for each program, for each completed program year since 2016. Please also calculate the PI if it had been earned beginning at 100% of the planned savings, not the lower amount, for each program for each year. Please comment on all instances where a PI Cap was reached and what the payment would have been if there had been no cap.

2. How do other New England states where the joint utilities operate or have visibility construct performance incentives or other mechanisms to reward Utilities for exceptional work implementing their respective state energy efficiency policies and programs?

3. Please summarize the results of the PI working group and provide any comments reflecting changes in circumstances since the report was issued.

4. Please summarize how the current minimum and maximum PI thresholds were determined.

III. **Impact on New Hampshire Economy:** The Commission wants to understand how the Joint Utilities quantify the positive economic impacts on the State that arise from the Energy Efficiency Plan. The Commission requests that the Joint Utilities submit one response to the following question:

1. Using existing practices and the best data available to the Joint Utilities, please provide calculations that, after adjusting for free-ridership and out-of-state expenditures, provide estimates of the positive economic impacts of the Energy Efficiency Program on NH ratepayers.

IV. **Subsidized Services and Equipment:** During the technical session with the Commission, the Joint Utilities reported that they view subsidies as "loss leaders" to incentivize individuals to participate in the program. To best understand the Joint Utilities business practices, the Commission requests that the Joint Utilities submit a single response to each of the following questions:

1. Please fill out the table in the attached excel (Tab: Request IV.1 - Subsidized Serv.) in order to combine the individual Utilities' 2021 reports on subsidized services filed pursuant to reporting requirement 9.iv into a single program-wide dataset.

2. For Program Year 2021, the how much funding did the EE Programs provide for subsidized services? What percentage of the total project costs were covered? How much funding was spent on programs with a 100% subsidy?

3. How do the Joint Utilities determine the level of subsidy to a given customer?

V. **Market Barriers:** The Energy Efficiency Program was initiated as part of restructuring to ensure that energy consumption reduction measures are still implemented in the investor-owned utility regulatory environment. Over 20 years later, the Commission is unaware of any study conducted to identify what barriers exist and which have been removed by prior Energy Efficiency Program investments. The Commission requests that the Joint Utilities submit one response to each of the following questions:

1. In the 20 years that ratepayer-funded Energy Efficiency programming has existed in New Hampshire, please identify each area where funding provided under these plans has enabled an energy efficiency technology or practice to become market competitive.

2. Please summarize each program where market barriers have been completely overcome. Please also describe each instance where market barriers have been partially overcome and what the pathway is to eliminate that market barrier fully.

3. Do the Joint Utilities believe that any of the Energy Efficiency programming, either current or discontinued, has created market barriers or enabled excessive free-ridership? If so, please describe how those programs can be improved to eliminate market barriers or excessive free-ridership.

VI. **Reporting on Spending by Category:** Reporting requirement 9.iii. required the Utilities to report on their spending by category. To ensure the Commission has the most accurate and clear data, the Commission requests that the Joint Utilities submit one response to each of the following questions:

1. Please define how the Joint Utilities use the term "rebate", and what expenses are included in this category.

2. Please fill out the table in the attached excel (Tab: Request VI.2 - Contractors) in order to compile the individual 2021 Expenses by Contractors reports filed pursuant to reporting requirement 9.iii into a single program-wide dataset while further breaking out the cost of the contracted services from the rebate portion of the total and providing this information by program.

3. Please fill out the table in the attached excel (Tab: Request VI.3 – Program Expenses) in order to combine the individual 2021 Expenses/Revenues by Category reports filed pursuant to reporting requirement 9.vi into a single program-wide dataset while further breaking out the cost of the contracted services from the rebate portion of the total. Please provide planned and actual data for each completed program year since 2016.

4. The Commission understands that rebates flow through contractors and consultants to New Hampshire ratepayers. This request is intended to get a clearer picture of Energy Efficiency Program expenditures on services provided by contractors and consultants to understand to what degree program expenditures are flowing out of the New Hampshire economy. Please calculate the 2021 Energy Efficiency Program expenditures for contractors and consultant services broken out by the New Hampshire and Non-New Hampshire business addresses.

VII. **Reporting on Low-Income Program Offerings:** The Legislature requires that a minimum of 20% of the program expenditures are spent on low-income ratepayers. In order for the Commission to understand the rationale of meeting this requirement through separate programming, as opposed to fully including low-income ratepayers within the general programming, the Commission requests that the Joint Utilities submit one response to each of the following questions:

1. Please report on the history of when and why programming for low-income individuals was separated from the general program offering.

2. Please report on how much was expended for low-income ratepayers during the program year 2021 and please demonstrate that the statutory requirement of 20% was fully met.

3. Please calculate the benefit-to-cost ratio for the Home Energy Assistance Program (HEA) in 2021 and how it compares to the other programs. Have the Joint Utilities explored other more cost-effective options to serve low-income ratepayers?

4. Please calculate how much has been spent on the HEA program since 2016. Of this amount, how much was spent on rebates, and how much on contractor and consultant services? Please break the contractors and consultant services expenditures out by New Hampshire and Non-New Hampshire business addresses.

5. Please provide data on the aggregate program year 2021 cost of the SBC paid by ratepayers who also qualify for the HEA Program.

VIII. **Reporting made to other regional or regulatory organizations:** A significant amount of federal, state, and regional reporting is required of the utilities. Currently, little coordination appears to have been conducted to reduce the regulatory burden on the utilities and increase the data usage of this reporting for the public. The Commission requests that the Joint Utilities submit one response to the following question:

1. Please provide a recommendation, and the concrete actions necessary to implement it, on how various Commission-mandated reporting related to Energy Efficiency programming can be better aligned with outside reporting the utilities must compile. Please provide these recommendations consistent with the objective of increasing the standardization and usability of the data reported by the utilities. The Commission is particularly focused on the ability of the public to access data in a manner conducive to comparing changes over time or other research purposes that the public may have.

So ordered, this first day of November, 2022.

Daniel C. Goldner
Chairman

Pradip K. Chattopadhyay
Commissioner

Service List - Docket Related

Docket#: 22-042

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IR 2022-042
Investigation of Energy Efficiency Planning, Programming, and Evaluation

Record Request - Datasets

Instructions:
For each record request that requires data to be reported to the Commission in a dataset format, please fill out the data tables in the sheets of this document consistent with the instructions.

The Joint Utilities are to return one live Excel file, with each table filled out with the requested data.

Instructions:
In order to create a comprehensive Energy Efficiency Program-wide dataset on each utility's planne
actual data for each program, for each completed program year since 2016. Please also calculate t
lower amount, for each program for each year.

Utility	Planned/Actual	Year	Sector	Program

ed versus actual expenditures, savings, and PI. Please provide planned and
he PI if it had been earned beginning at 100% of the planned savings, not the

Expenditures	EE Savings	PI	PI Starting at 100%

Instructions:
In order to create an Energy Efficiency Program-wide dataset on subsidized services, please combine the individual Utilities' 2021 reports on subsidized services filed pursuant to reporting requirement 9.iv into a single program-wide dataset.

Please add as many rows to the table as necessary.

Utility	Subsidy %	Projects	Total Project Cost	Total Incentive

Instructions:
In order to create a comprehensive Energy Efficiency Program-wide dataset on program expenditu
please compile the individual 2021 Expenses by Contractors reports filed pursuant to reporting rec
wide dataset while further breaking out the cost of the contracted services from the rebate portior
information by program.

Utility	Sector	Program	Contractor State	Services

res on contractors and consultants,
uirement 9.iii into a single program-
n of the total, and providing this

Rebate	Total Amount

Instructions:
In order to create a comprehensive Energy Efficiency Program-wide dataset on planed and actual p
wide dataset while further breaking out the cost of the contracted services from the rebate portion

Please add as many rows to the table as necessary.

Planned/Actual	Year	Utility	Sector	Program

rogram expenditures by program, please combine the individual 2021 Expenses/Revenues by Categ
n of the total. Please provide planned and actual data for each completed program year since 2016.

Internal Admin	External Admin	Services	Rebate	Implementation Se

ory reports filed pursuant to reporting requirement 9.vi into a single program-

Marketing	EM&V	Performance Incen	Total PA Cost