

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 24-088

ELECTRIC & GAS UTILITIES

2024-2026 NHSaves Interim Program Update

Order Indicating Approval of Program Update Petition by Operation of Law

ORDER NO. 27,077

November 20, 2024

In this order, the Commission approves the Electric and Gas Utilities' 2024-2026 NHSaves Interim Program update by operation of law, pursuant to the terms of RSA 374-F:3, VI-a(d)(5). The Commission, however, shares its continuing concerns regarding the analytical framework applied and lack of meaningful regulatory authority over energy efficiency programs.

I. BACKGROUND; PROGRAM UPDATE OVERVIEW

On July 1, 2024, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities, New Hampshire Electric Cooperative, Inc., Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource), and Unitil Energy Systems, Inc. (together, 'Electric Utilities'); together with Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities, and Northern Utilities, Inc. (together, 'Gas Utilities'), filed a petition requesting that the Commission approve an interim program update to the 2024-2026 NHSaves Triennial Energy Efficiency Plan (Plan). The Electric and Gas Utilities filed their petition pursuant to RSA 374-F:3, VI-a(d)(5), and the terms of Commission Order No. 26,908 (November 30, 2023), issued in Docket No. DE 23-068, which indicated the approval of the overall Plan by operation of law.

The Electric and Gas Utilities, within their instant petition, stated that Section 2.1.6 of the Plan specifies that the Electric and Gas Utilities "...will file an interim

program update to apply the updated benefits from the 2024 [Avoided Energy Supply Components (AESC)] study to program years 2025 and 2026. Upon Commission approval of the interim program update, the portfolio planned benefits and net benefits against which utility performance is measured will be adjusted to reflect the updated AESC values.” Petition at Bates Page 2. The Electric and Gas Utilities further stated that they “...herewith present the Commission with the impacts of the recently completed [AESC] study on program years 2025 and 2026 and seek Commission approval to update the Plan and Benefit/Cost...Models (from the currently used 2021 AESC study benefits) with the 2024 AESC study benefits. This Update does not contain a change to program offerings or Plan structure; it is simply an update to the input and output values resulting from the application of the more recent 2024 AESC compared to the 2021 AESC used for the initial Plan proposal.” *Id.*

In the context of this Benefit/Cost update arising from application of the updated 2024 AESC figures, the Electric and Gas Utilities asserted that “...the 2024 AESC results had a negligible impact on the planned program benefits for the [E]lectric [U]tilities. The impact on the [G]as [U]tilities were more pronounced, due to the lower long-term price projections of natural gas in AESC 2024 compared to AESC 2021. Nevertheless, all gas and electric NHSaves programs remain cost effective using the 2024 AESC.” Petition at Bates Pages 2-3.

Eversource, pertaining to its own budgets applied in the Plan, requested two approvals from the Commission. First, Eversource requested approval for a transfer of \$1.5 million of its 2023 Plan program year carry-over balance to its on-bill financing offering. Second, Eversource requested that the Commission approve the continuation of the moderate-income weatherization program, provided by RGGI Grant #18-005, originally set to terminate on December 31, 2024, through “...expansion of the existing

Home Energy Performance program to include a dedicated, income-qualified incentive pathway for moderate-income customers.” Petition at Bates Page 4. Eversource indicated that it could “...fully fund and operate this effort using its 2023 carryover funds and without exceeding 105 percent of the approved sector budget. Consequently, there would be no impact to the budgets of any other Eversource [Plan] programs.” *Id.*

The Electric and Gas Utilities presented a series of supporting Attachments, A through D, presenting the data and proposals outlined above, as part of their interim program update considered here. In their petition, the Electric and Gas Utilities also stated that in their view, pursuant to the terms of RSA 374-F:3, VI-a(d)(5), no hearing would be necessary, and that this statute does not require a hearing; the Electric and Gas Utilities requested that the Commission issue its approval via an Order issued on a *nisi* basis. Petition at Bates Pages 4-5.

The interim program update and related docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted on the Commission’s website at <https://www.puc.nh.gov/Regulatory/Docketbk/2024/24-088.html>

On July 3, 2024, the Commission issued a letter acknowledging the Electric and Gas Utilities’ petition. On July 8, 2024, the Office of the Consumer Advocate filed a letter indicating their participation in this matter. On September 13, 2024, the Commission issued a procedural order presenting record requests to the Electric and Gas Utilities.

The Electric and Gas Utilities provided the responsive data in a filing to the Commission made on September 30, 2024. As part of their response, the Electric and Gas Utilities stated that “...the planned customer counts were not updated in the

latest filing. This interim update filing does not alter the overall [P]lan parameters filed in the 2024-2026 Plan, including the projections of the number of participants.”

Electric and Gas Utilities Response to Commission Record Request #2, filed September 30, 2024. No other substantive filings, or public comments, were made in this instant docket in connection with this interim program update filing.

II. COMMISSION ANALYSIS

The Commission indicated the approval, by operation of law, of the overall Plan for the current energy-efficiency programming cycle in Order No. 26,908, available here: https://www.puc.nh.gov/Regulatory/Orders/2023orders/documents/23-068_2023-11-30_nhpuc_order-26908.pdf. The same statutory provision, RSA 374-F:3, VI-a(d)(5), which took effect on January 1, 2022, governs the Commission’s overview, such as it is, of both full Plan filings by the Electric and Gas Utilities, and any interim program updates during the operational period of a full Plan. Specifically, RSA 374-F:3, VI-a(d)(5) states: “Any utility or party may petition the [C]ommission to approve interim program updates prior to the next 3-year planning period on July 1 of any year during which a 3-year plan is not filed. The [C]ommission shall issue its order approving or denying the interim program updates by the following November 30. If the [C]ommission fails to issue an order on either a 3-year plan or an interim program update during the year in which a petition is filed, the proposed alterations to programs and budgets shall be deemed approved except for changes in performance incentives and recovery of lost base revenues, which the [C]ommission shall promptly review and approve by order. If the [C]ommission denies a 3-year plan or interim program update the most recent 3-year plan, as updated, shall remain in effect until the [C]ommission approves the proposed changes to that plan or program update filing.” RSA 374-F:3, VI-a(d)(5).

As previously held by the Commission in Order No. 26,908, RSA 374-F:3 VI-a(d)(5) removes the Commission's ability to conduct substantive analytical review to inform its approval of full Plans and interim program update filings as of January 1, 2022. *See* Order No. 26,908 at 3-8. As stated in Order No. 26,908, “[t]o quote Black’s Law Dictionary page 94 (5th ed. 1979), which in turn cites to *McCarten v. Sanderson* 111 Mont. 407, 109 P.2d 1108, 1112, ‘Approval’ implies knowledge and exercise of discretion after knowledge.” *Id.* at 7. The net effect of the Legislature’s enactment of RSA 374-F:3, VI-a(d)(5) is to make Commission review of Plan interim program updates, as it does to full Commission review of Plans at large, to be a mechanistic exercise by severely restricting discretion regarding the substantive content of such updates. This renders any “approvals” to be a mere application of the operation of law.

The Commission noted in Order No. 26,908 and notes again here, that numerous analytical defects arise from the current framework. As discussed at length in Order No. 26,908, at Pages 12 through 19, we see several issues with the measures of Plan cost-effectiveness metrics that, by “freezing” metrics such as discount rate methodologies without any Commission capability for substantive modification or correction, likely result in Plan programs having overstated cost-effectiveness. This is especially significant insofar as the overall trend of reduced cost-effectiveness for Plan offerings noted last year in Order No. 26,908, Page 18, has continued as reflected in the data provided for this interim program update, most especially for the Gas Utilities. The Commission also noted in Order No. 26,908 that the performance metrics do not appropriately capture the benefits and costs and their impact on all New Hampshire ratepayers.¹ Given the high level of ongoing spending for Plan offerings, extracted from the ratepayers in this State through the System Benefits

¹ Societal benefits and costs; as discussed in Order No. 26,908, *see* Pages 12-19.

Charge, the enshrinement of likely uneconomic programming through performance measurement that lacks adequate analytical vigor to capture up-to-date discount rates and better accounting of benefits and costs is a concern for the Commission. The Commission believes that a rigorous analytical framework ultimately is very likely to produce greater benefits for the ratepayers, by better targeting funds to most cost-effective programs.

The Commission will repeat its recommendations from Order No. 26,908, Pages 18 and 19, which still hold true in relation to current conditions:

1. Weighting benefits and costs as symmetrically as possible, and in doing so:
 - o Assess whether the current methodology of deriving a discount rate results in a sound and predictable discount rate.
 - o Consider whether cost effectiveness and program design appropriately reflect both societal costs and social benefits.
2. Study how the joint utilities determine customer incentive levels, focusing on ways to achieve greater penetration of energy efficiency for more ratepayers.
3. Consider more granular tracking of recipient classes for all customer classes to focus better on cost-effectiveness for both participants and non-participants.
4. Consider more granular tracking of recipient categories of income-eligible program offerings to differentiate between owner-occupants, tenants, and landlords so that benefits target income-eligible recipients.
5. Study the declining trend in the ratio of benefits to costs, with emphasis on measures and programming that benefit all customers and not only participants, enabling more cost-effective use of funding, ratepayer savings, and system benefits.

In conclusion, the Commission indicates the APPROVAL, by operation of law through RSA 374-F:3, VI-a(d)(5), of the interim program update petition presented by the Electric and Gas Utilities on July 1, 2024.

Based upon the foregoing, it is hereby

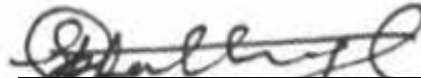
ORDERED, that the Electric and Gas Utilities' 2024-2026 NHSaves Interim Program update petition is APPROVED by operation of law, pursuant to the terms of RSA 374-F:3, VI-a(d)(5); and it is

FURTHER ORDERED, that the Eversource-specific interim program adjustments referenced in this instant petition are APPROVED by operation of law, pursuant to the terms of RSA 374-F:3, VI-a(d)(5).

By order of the Public Utilities Commission of New Hampshire this twentieth day of November, 2024.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner

Service List - Docket Related

Docket#: 24-088

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Email Addresses

ClerksOffice@puc.nh.gov
Michelle.Azulay@libertyutilities.com
john.butler@eversource.com
campbellm@unitil.com
jessica.chiavara@eversource.com
Energy-Litigation@energy.nh.gov
paul.b.dexter@energy.nh.gov
downesm@unitil.com
kimberly.dragoo@libertyutilities.com
jay.e.dudley@energy.nh.gov
sandra.gagnon@eversource.com
Robert.Garcia@libertyutilities.com
sgeiger@orr-reno.com
donald.m.kreis@oca.nh.gov
marc.lemenager@eversource.com
Molly.M.Lynch@energy.nh.gov
main@unitil.com
mainc@unitil.com
morans@unitil.com
nhregulatory@eversource.com
elizabeth.r.nixon@energy.nh.gov
amanda.o.noonan@energy.nh.gov
ocalitigation@oca.nh.gov
katherine.peters@eversource.com
tina.poirier@libertyutilities.com
michael.sheehan@libertyutilities.com
karen.sinville@libertyutilities.com
eric.stanley@libertyutilities.com
mark.p.toscano@energy.nh.gov
jacqueline.m.trottier@energy.nh.gov
george.yeghyayan@eversource.com
Adam.Yusuf@Libertyutilities.com