



Energy Efficiency Board
June 9, 2021 | 1:30 – 3:30 pm

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MINUTES

1. Process

A. Roll call of Board Members: Neil Beup, Amy McLean, Ron Araujo, Steve Bruno, Amanda Fargo-Johnson, Joel Kopylec, Michael Li, Elizabeth Murphy, John Viglione, John Wright

Others in attendance: Amy Findlay, Claire Sickinger, Daniel Robertson, Devan Willemsen, Emily Rice, George Lawrence, Glenn Reed, Jeff Pollock, Peter Millman, Richard Faesy, Ruth Georges, Samantha Dynowski, Violette Radomski, Ashley Nicholls, Brendan Thomas, Clarke Read, Diane Del Rosso, Donna Wells, Gina-Marie Cummings, Hammad Chaudhry, John DiModica, John Khatcherian, Jon Velasquez, Joseph Roy, Kate Donatelli, Lawrence Rush, Mark Grindell, Mike Uhl, Mike Weissmann, Nick Jones, Nicolette Karakos, Philip Mosenthal, Robert Auer, Rose Croog, Russell King, Sheri Borrelli, Tim Fabuien

B. Minutes – Approve minutes from May 2021 Board Meeting

Ms. Amy McLean motioned to approve the May meeting minutes. Mr. John Viglione seconded. Mr. Michael Li indicated he hadn't been able to review them and abstained. The motion passed with five votes.

C. Public Comments – 3 minutes per organization

Mr. Peter Millman requested to speak, Mr. Neil Beup acknowledged Mr. Millman and asked for an introduction. Peter Millman, Eastern Connecticut Green Action and Board Member of People's Actions for Clean Energy, thanked the Board for the opportunity to comment. Regarding the 2022-2024 Plan, Mr. Millman stated that we need to improve CT energy efficiency programs by ending rebates for fossil fuel appliances and equipment. Mr. Pullman noted that we are using too much fossil fuel to heat buildings and cook. Mr. Millman explained that we shouldn't be incentivizing fossil fuel burning equipment with rate payer funds. This is partly due to gas leakage in distribution and transmission, of which natural gas has far greater greenhouse gas emissions than proponents of the fuel claim. Mr. Millman added there's a growing body of evidence that shows burning natural gas to cook in homes has a real impact on indoor air quality and, therefore, health. Mr. Millman asserted there are better ways to cook. Mr. Millman offered that increased incentives for heat pumps is a solution but added that we can't achieve emission targets with heat pumps only, we need to reduce consumption. Mr. Millman also stated that weatherization is an important part of energy efficiency and that a program which removes barriers like mold and asbestos that inhibit installation for weatherization work. Mr. Millman thanked the Board for its work and said that we need to move more quickly towards electrification.

Ms. Sam Dynowski, Sierra Club of Connecticut, echoed Mr. Millman's comments and indicated the Sierra Club is looking forward to learning about the draft of the 2022-2024 Three-Year Plan during the meeting. Ms. Dynowski stated that more and more information regarding the impacts of gas and fossil fuel equipment and appliances on health and climate. Ms. Dynowski indicated that the Sierra Club would like to see an end to

rebates for fossil fuel equipment and a ramp up of rebates for alternatives like heat pumps. Ms. Dynowski emphasized the need to increase deployment of heat pumps by increasing incentives and expanding eligibility as well as by ensuring heat pumps are used for both heating and cooling. Ms. Dynowski acknowledged the steps taken to-date and great advancements in addressing health and safety barriers. Ms. Dynowski also expressed the desirability for real and ambitious remediation targets in the next Three-Year Plan that would enable all rate payers paying into the fund access to the program.

2. Programs and Planning (115 Minutes)

A. Performance Management Incentives and 2022-2024 Plan – Consultants/Companies

Mr. Glenn Reed provided a presentation that had been rescheduled from the May meeting on performance management incentives (PMIs) for the next Three-Year Plan. Mr. Reed's presentation offered a quick, condensed overview of PMIs, in terms of what they are, why we have them, the structure in Connecticut, which is particularly important, and a summary of recommended changes. PMIs are a means to incentivize and encourage Companies to meet goals. PMIs help achieve savings and balance spending and savings. Secondary metrics are focused at the sector level and recently an evaluation data metric was added to ensure timely provision of data from Companies for evaluation purposes.

Mr. Glenn Reed offered attributes of good performance incentives and the current PMI incentives, which are 4.5% incentive for achieving 100% of goal and increasing to 8% for achieving 135% of goal. Mr. Reed covered four proposed areas for change.

Mr. Beup noted that a frequent public input questions whether rebates/incentives should be provided for delivered fossil fuels. Mr. Beup noted that Mr. Reed commented that by and large savings attributed to these delivered fuels is from weatherization, HES and HES-IE versus rebates and asked if this was accurate. Mr. Reed responded that the new construction program provides a small amount of propane savings and is pretty sure the vast majority is from envelope measures like duct sealing and insulation. Mr. Reed added that the Consultants continue to discuss, but have not made, specific decisions regarding energy optimization, i.e., fuel switching for decarbonization through the use of heat pumps to reduce fossil fuel use through additional electric consumption.

Mr. Neil Beup asked whether Mr. Reed was going to provide secondary metric details. Mr. Reed answered in the affirmative and added that this presentation is intended to offer direction for consideration of the overall metric structure and primary metrics. Mr. Reed noted that secondary metrics discussions are ongoing at the Committee level. Secondary metrics recommendation will be brought to the Board as draft recommendations in subsequent Board presentations.

A copy of Mr. Reed's presentation can be found in the materials folder.

In response to Mr. Reed's presentation on revised sector PMI weights/allocations, Mr. Steve Bruno offered that the Companies support combined statewide budgets for consistency across companies and state. Mr. Ron Araujo added that gas budgets and electric budgets need to be aligned given that many measures offer savings for both fuels, regardless of how the home is heated.

Mr. Steve Bruno stated that the performance-based model has worked well, based on performance in the state and ACEEE rankings for the state. With the significant changes in the next Three-Year Plan, like reduced lighting incentives, Mr. Bruno ascertained goals will be more difficult to achieve. Mr. Steve Bruno added that the Company recommendation regarding the incentive for achieving more than 100% should be increased relative to the payout proposed in some of Mr. Reed's figures.

Mr. Beup appreciated the Consultants work on this and noted his view on the current PMI structure which has

been critical of the current performance incentive. Mr. Beup stated that he appreciated Mr. Bruno's comments, but that he believes the PMI shouldn't be any higher than it needs to be, particularly double for higher than 100%. Mr. Beup ascertains that performance incentives that double for greater than 100% is an indication that the initial estimates/goals are far off and should not be rewarded. Mr. Beup added that the goals need to be appropriate and disincentivize getting such a large payout for consistently overachieving. Mr. Beup stated that we've got to take a more critical look at what we do here and make it more rational and easily understood by the public, by stakeholders and, frankly, by ratepayers as well.

Mr. Beup questioned why the return on equity was a part of the discussion and believes it is not relevant because these are rate payer dollars. Ms. Amanda Fargo-Johnson agreed with Mr. Beup and asked what New England states use for comparison and noted that we need to ensure we are comparing with appropriate portfolios.

Ms. Amy McLean asked what the process would look like to make a determination on the PMIs. Mr. Beup suggested a vote on the PMI structure independent of the vote for the overall plan. Mr. Beup also encouraged stakeholders to provide comments. Ms. Fargo-Johnson agreed a vote would be desirable. Mr. Beup suggested that this be teed up for a Board vote at the next meeting and requested a single slide with the incentives.

B. 2022-2024 Plan Update – Companies/Consultants

- Schedule for Plan Text review

Mr. Glenn Reed shared the Plan schedule and remaining activities. Mr. Reed indicated there have been considerable discussion at the Committee level, as well as sector-focused and PMI discussions. Consultants and Companies continue to work through topics and anticipate talking about the initial draft plan and the revised PMI structure in July. The week of June 28, the Companies will integrate Consultant comments into the draft plan, which will then be delivered to the Board in advance of the July meeting. Public Input Sessions are expected in July or August but will occur after the draft has been released.

- Residential, C&I and Marketing Plan text outlines

Mr. Reed shared that the outlines for C&I, Residential and marketing workforce development are on the Board website. The Executive Secretary provided the link to attendees.

<https://app.box.com/s/43qlddtxd0cxg4z9z4iaon4k0fc1utbh>

C. Marketing, Community Engagement, Workforce Development and 2022-2024 Plan – Companies

Ms. Violet Radomski provided a presentation on the Companies' marketing strategy to support the 2022-2024 Plan. Energy affordability, equity, and decarbonization are significant pillars of the proposed Plan. Ms. Violet Radomski provided an overview of the Plan's key themes of energy affordability, reducing the energy burden to customers through energy efficiency offerings, decarbonization, supporting high efficiency low carbon technologies and demand reduction strategies, and equity reaching customers who have not traditionally engaged in energy efficiency including the energy efficiency workforce.

Ms. Devan Willemsen shared information on a new community engagement initiative beginning in early July. The Companies have learned a tremendous amount from stakeholders thus far, and will continue to communities around one program management, and its feedback they received from participants.

Ms. Ruth Georges provided information on Company plans around workforce development, which includes Certified Auditor trainings, certifications, and e-learning training. Ms. Georges indicated that the Companies are currently exploring opportunities and best approaches to reach more talent in order to support recruitment into the energy efficiency workforce. They are thinking through how to brand these opportunities, how to promote them on the website and through the contractor network. During this next plan, they will continue to identify opportunities to partner with contractors to support necessary trainings to train new recruits into the industry.

Ms. Amy Findlay shared information on previous customer engagement. Previously, the home energy report

program and energy savings plan tool have been personalized through data analytics and different channels than they were using before. Companies are taking a different approach, leveraging usage data to gain insight and provided targeted customer service. The underlying philosophy here is delivering a customized, personalized experience to motivate customers to either participate in the energy efficiency programs or to change their behavior. One aspect is emailing customers information about their usage and applicable weather information. Mr. Mike Li asked if the usage data was adjusted and Ms. Amy Findlay responded that the data is not weather-normalized. Customers do receive information about impactful weather-events and there is a bill-comparison tool coming online soon.

Ms. Amanda Fargo-Johnson asked whether the Companies have site data like click rates, etc. Ms. Findlay answered in the affirmative and indicated that data on clicks from customer emails and on the website is collected. Ms. Fargo-Johnson asked if the Companies will track savings, and Ms. Findlay indicated that yes, savings from a behavioral perspective will be tracked; though this is a study and more time will be required, about a year, to have enough data to gain insight from.

Ms. Violet Radomski shared information about various marketing tactics and messaging, each of which will have its own set of measurement. Within each tactic, messaging will be adjusted based on performance, taking into consideration things like conversions from completing a lead form or downloading a rebate application. Ms. Radomski shared marketing promotions from 2020-2021, showing an increase around fall that was related to COVID. Tactics include paid and non-paid media tactics. Companies plan to continue targeted direct response for residential customers.

Mr. Mark Grindell provided an overview of customer engagement enhancement and and cross promotion to energy efficiency and services, quick snapshot on July 2022 to 2024 strategy, 2020 residential & commercial marketing efficiency and tracking, and 2021 and beyond residential and commercial marketing.

A copy of the presentation can be found in the materials folder.

D. Other Company Updates

- Community Engagement Plan – Ms. Devan Willemsen provided this update under Item 2C.
- Energize CT website update – Ms. Violet Radomski shared that the contractor has been brought on board and contracts are signed. Contractors are taking over things on the backend and will be conducting a review to identify immediate action items before a complete rebuild is initiated. Contractors may be reaching out for input and the Companies anticipate a new site by the start of 2022.

E. Health and Safety Barrier Remediation Update – Amy McLean

Ms. Amy McLean provided an update. She stated that DEEP, Consultants and stakeholders are working with DSS and the LIHEAP Board to acquire \$2 million from LIHEAP funds to use for health and safety barriers. This approach was voted on and approved and now is with the Governor and applicable legislative committees before it will go to HSS for final approval. The group is still working on the proper language that will enable this approach to work. DEEP also is putting together a plan to access ARPA funding which would provide a one-time \$7 million dollar allocation through LIHEAP. This process is approximately 80% complete.

F. Proposed Board comments on E3 Proposed Phase 1 Actions and Recommendations – Consultants

Mr. Glenn Reed shared the schedule for DEEP's E3 Phase 1 proposed actions and recommendations. The draft was released May 5 and a technical hearing was held May 20. A public input session was held May 27 and comments are due June 18. It's anticipated that the Phase 1 Determination will be released in July 2021. Mr. Reed presented the eight recommendations and associated actions that can be found in the E3 materials on the Energize CT website. The Board's Technical Consultants and Evaluation Administrators are drafting Board comments, which will be provided to the Residential Committee Board members for initial feedback June 11-

June 14, and shared with the Board June 15 in order to be filed with DEEP on June 18.

G. Update RE: DEI Consultant – DEEP

Mr. Mike Li provided recommendations for the Board to bring on a Diversity, Equity and Inclusion Consultant. DEEP would assist the Board in developing the Scope of Work and the Board would issue an RFP. The Consultant Committee would then conduct the RFP process and the full Board would vote to approve the final Consultant selection. The Consultant would serve at the will of the Board and within a budget defined by the Board. Potential Consultant activities could include building relationships with external partners, organize outreach and engaging with the business community, or take a look at DEI metrics. Additionally, the Consultant could review programs in other jurisdictions and enumerate best practices and concepts and/or conduct a DEI audit.

Ms. Amy McLean voiced support for hiring a DEI Consultant. Mr. Neil Beup asked what DEEP was seeking from the Board and for clarity on the Board's role, given that this Consultant would function differently than other Consultants. Mr. Li responded that it would be helpful if the Board could provide input on prioritization of the potential consultant activities outlined, which will inform the scope of the RFP. Mr. Beup suggested that that committees take a look and provide input and Ms. McLean agreed that was a good idea. Mr. Beup asked Mr. Glenn Reed and Executive Secretary to ensure this topic is included on the July Agenda.

3. Closing Public Comments - 3 minutes per organization)

Ms. Samantha Dynowski reflected on a couple of things she heard. One from Glenn Reed about most of the emission savings come from insulation and air sealing. Ms. Dynowski sees this as justification for the Board to phase out fossil fuel incentives and leaning in on insulation and air sealing measures. Ms. Dynowski also hopes there can be some quantification of how many fossil fuel appliances and equipment are currently and being installed and planned for alternatives. Ms. Dynowski expressed support of marketing around affordability and decarbonization and equity and suggested leveraging actual climate laws and what climate science indicates. Ms. Dynowski hopes decarbonization can be more than a marketing strategy in order to ensure we avoid the worst impacts of climate change.

4. Adjourn

Ms. Amanda Fargo-Johnson motioned to adjourn and Ms. Amy McLean seconded. The motion passed with three votes. The meeting was adjourned.