



**State of Connecticut
Energy Conservation Management Board (ECMB)**

**Request for Expedited CEAB Approval of the
2008-2009 C&LM Funding Increases
Proposed in the 2008 Integrated Resource Plan**

April 10, 2008

On February 7, 2008 the Energy Conservation Management Board (ECMB) submitted comments on the Integrated Resource Plan for Connecticut prepared by Connecticut Light & Power and United Illuminating (the Companies). The Plan was prepared pursuant to Section 51 of Public Act 07-242, An Act Concerning Electricity and Energy Efficiency, which requires the electric distribution companies to submit a comprehensive resource plan to the Connecticut Energy Advisory Board (CEAB).

In its February 2008 comments, the ECMB:

1. Found that the Plan established ambitious yet achievable energy and peak demand savings targets for the demand side management (DSM) programs through 2018 as part of the overall effort to acquire all cost-effective energy efficiency and demand reduction resources, as required by PA 07-242.¹
2. Supported the findings and recommendations in the Plan to aggressively increase cost-effective DSM programs and funding, in order to maximize the benefits for Connecticut.
3. Recommended the expeditious implementation of the first five years of the DSM-Focus solution set forth in the Resource Plan.
4. Recommended that expeditious ramp up to increased levels of DSM and Conservation and Load Management (C&LM) program activity should begin in 2008.
5. Recommended that, while the CEAB may have concerns about the completeness and level of detail of some portions of the Resource Plan, the DSM portion of the Plan, supported by the successful track record of and expanding customer demand for the cost-effective C&LM programs, is adequate to support a CEAB recommendation to proceed aggressively to implement the first five years of the DSM-Focus strategy.

The ECMB understands the CEAB will review the Plan through July 2008, and submit a report and modified Plan to the Department of Public Utilities (DPUC) on August 1, 2008. In light of this revised CEAB review schedule, the ECMB respectfully requests the CEAB approve and

¹ Section 51(c) of PA 07-242 states: "Resource needs shall first be met through all available energy efficiency and demand reduction resources that are cost-effective, reliable and feasible."

recommend to the DPUC the early, expeditious ramp up of DSM and the C&LM programs, supported with Procurement Plan funding. Specifically, the ECMB requests CEAB approve and recommend to the DPUC:

1. The expeditious ramp up of the C&LM programs, beginning in 2008, as part of the overall effort to acquire all cost-effective energy efficiency and demand reduction resources, as required by PA 07-242.
2. The increases in 2008 and 2009 C&LM funding levels set forth in the Plan, which are necessary to support the ramp up of the C&LM programs. The proposed increases in C&LM funding are \$9.9 million in 2008 and \$33.2 million in 2009, to be funded through the Procurement Plan process.²
3. C&LM funding flexibility to encourage and support a faster ramp up to the higher levels of C&LM program activity. The 2008 and 2009 C&LM funding increases should be viewed as floors, and additional funding should be made available if the cost-effective C&LM programs can be expanded and ramped up more quickly than represented in the Plan.

The DSM-Focus solution set forth in the Plan is reasonable and achievable, and the savings resulting from the implementation of the DSM-Focus solution will reduce total customer costs and help meet Connecticut's energy, climate, and environmental goals. The ECMB strongly recommends the expeditious implementation of the first two years (2008 and 2009) of the ramp up of the DSM-Focus solution, beginning as soon as possible in 2008. This would also allow the ECMB and the Companies to incorporate the DSM-Focus initiatives and level of effort into the 2009 C&LM Plan, which is to be submitted to the DPUC on October 1, 2008.

The program concepts and strategies that will be used to achieve the 2008 and 2009 DSM savings targets in the Plan are based on the sound design and proven track record of the existing C&LM programs. However, the C&LM programs are currently facing overwhelming demand from customers and are becoming over-subscribed. The C&LM programs are in a vulnerable transition period with escalating customer demand and expanding programs and strategies, while being severely limited by current budget constraints. Connecticut consumers and businesses may lose some opportunities to reduce their energy costs unless an increased financial commitment is made.

There is broad public support for Recommendation No. 1 of the Plan, to maximize the use of DSM to reduce peak load and energy consumption. In its March 7, 2008 Status Report, the CEAB noted that the vast majority of public commentators strongly supported the DSM element of the Plan, and "many commentators encouraged immediate implementation and funding of DSM irrespective of whether other central elements of the Plan are ready to move forward at this time."³ CEAB approval of an early, expeditious ramp up to higher levels of C&LM program activity would be responsive to public input, and the expanded programs would help customers reduce their energy costs sooner than waiting until after the full Plan is reviewed by the CEAB.

² The CL&P C&LM funding increases are \$9.2 million in 2008 and \$26.0 million in 2009. The UI C&LM funding increases are \$0.7 million in 2008 and \$7.2 million in 2009.

³ CEAB Review Status Report; March 7, 2008; page 3.

Early ramp up and expansion of the C&LM programs in 2008 and 2009 would provide significant benefits, and there is no meaningful downside for Connecticut for several reasons:

1. Any modified Plan resulting from further CEAB review in 2008 is very likely to recommend increasing C&LM significantly, similar to the Companies' Plan, because there is a large amount of cost-effective DSM available in Connecticut,⁴ and PA 07-242 requires the acquisition of all available cost-effective DSM.
2. There is much more DSM available in Connecticut than the amounts proposed in the Plan for 2008 and 2009. The DSM budget and savings amounts in the Plan for 2008 and 2009 are based on estimates of how quickly the C&LM programs could ramp up and expand to achieve additional savings – and not on the total amount of DSM available.
3. DSM is a flexible resource consisting of many small units. Early ramp up will not limit or restrict the CEAB in its review of DSM resources for future years.
4. All C&LM programs are required to be cost-effective.
5. There is significant oversight and regulatory review of the C&LM programs. The ECMB reviews and provides recommendations on C&LM program design, implementation, cost-effectiveness analysis, savings goals, and evaluation results. The DPUC reviews and approves the programs and the C&LM plans, and monitors C&LM portfolio and program performance. In fact, the DPUC would have to review and approve any proposed 2008 and 2009 early ramp up of the Resource Plan prior to its implementation.

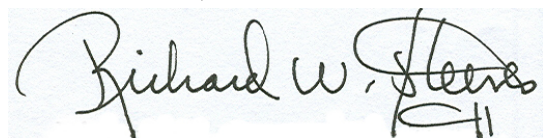
Also, it is not necessary to identify the precise amount of cost-effective energy efficiency and demand reduction resource potential available in Connecticut in order to expand the C&LM programs in the first two years.

The most important action for Connecticut is to begin the ramp up and expansion of cost-effective DSM as soon as possible in 2008, and utilize the present C&LM momentum to achieve the goals set forth in the Resource Plan. Therefore, the ECMB recommends the expeditious implementation of the 2008 partial year and 2009 full year of the DSM-Focus solution.

The ECMB respectfully requests the CEAB consider and act on the ECMB recommendations in a timely manner, at or prior to its May 2, 2008 meeting. The ECMB and Companies are available to answer any questions and provide additional information as needed.

Thank you for the opportunity to submit this request regarding the Integrated Resource Plan, and for the ongoing coordination between the CEAB and the ECMB.

For the ECMB,

A handwritten signature in black ink that reads "Richard W. Steeves". The signature is written in a cursive style and is positioned above a light blue rectangular background.

Richard W. Steeves
Chairman

⁴ As documented in the Final Report of the Energy Efficiency Achievable Potential Study, prepared for the ECMB, June 2004. The ECMB is conducting a potential study in 2008 to update the results of the 2004 study.

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04/11/2008 06:27 AM

To
gdeans@cerc.com
cc
Julie.Cammarata@ct.gov, jathas@lacapra.com
Subject
ECMB letter and request to CEAB, 2008 Integrated Resource Plan

Attached is an ECMB letter and request to the CEAB regarding the 2008 Integrated Resource Plan.

Pasted below is the key section of the ECMB request.

I've also copied Julie Cammarata and John Athas.

Thank you

Jeff Schlegel
Consultant to the ECMB
520-797-4392

The ECMB understands the CEAB will review the Plan through July 2008, and submit a report and modified Plan to the Department of Public Utilities (DPUC) on August 1, 2008. In light of this revised CEAB review schedule, the ECMB respectfully requests the CEAB approve and recommend to the DPUC the early, expeditious ramp up of DSM and the C&LM programs, supported with Procurement Plan funding. Specifically, the ECMB requests CEAB approve and recommend to the DPUC:

1. The expeditious ramp up of the C&LM programs, beginning in 2008, as part of the overall effort to acquire all cost-effective energy efficiency and demand reduction resources, as required by PA 07-242.
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3. C&LM funding flexibility to encourage and support a faster ramp up to the higher levels of C&LM program activity. The 2008 and 2009 C&LM funding increases should be viewed as floors, and additional funding should be made available if the cost-effective C&LM programs can be expanded and ramped up more quickly than represented in the Plan.

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