



January 1, 2007

State of Connecticut
Energy and Technology Committee - Room 3900
Environment Committee - Room 3200
Legislative Office Building
Hartford, CT 06106

RE: Preliminary Report of the Energy Conservation Management Board on Year 2006 Gas Conservation Programs

Dear Committee Members,

As required by Connecticut General Statutes (CGS) § 16-32f(c)(2), as amended by Section 22 of Public Act 05-01, June Special Session, *An Act Concerning Energy Independence* (Energy Independence Act), the Energy Conservation Management Board (EMCB) provides this preliminary report documenting funding and expenditures for the 2006 natural gas conservation programs and preliminarily evaluating their cost-effectiveness, including any increased cost-effectiveness relating to saving more than one fuel resource.

While year-end results are not yet final for the three natural gas utilities – Yankee Gas Services Company (Yankee Gas), Connecticut Natural Gas Corporation (CNG) and Southern Connecticut Gas Company (SCG) (together the "Companies"), the ECMB is providing the information it currently has available, in compliance with the reporting requirements in the Energy Independence Act. A more complete gas conservation report will be included in the upcoming ECMB annual legislative report due to the Energy and Technology and Environment Committees on March 1, 2007. Inclusion of the final 2006 gas conservation program results in the ECMB's annual report to these Committees is intended to provide comprehensive reporting of both electric and gas efficiency programs in a single convenient document for reference by legislators and the public.

BACKGROUND

In 1998, the Connecticut legislature created the ECMB to guide the state's electric distribution companies in the development and implementation of cost-effective energy conservation programs and market transformation initiatives (CGS § 16-245m). In 2005, the Energy Independence Act added the natural gas distribution companies to the ECMB's membership and tasked the ECMB with advising and assisting the gas distribution companies in the development and implementation of gas conservation plans to implement cost-effective conservation programs and market transformation initiatives.

On November 1, 2005, pursuant to CGS § 16-32f, as amended by Section 22(b) of the Energy Independence Act, the gas utilities, with advice and assistance from the ECMB, filed the Joint Connecticut 2006 Natural Gas Conservation Program Plan (Plan) in Docket No. 04-10-02, *DPUC Review of the Connecticut Gas Utilities Forecast of Demand and Supply- Forecast of Demand for Period 2005-2009* with the Department of Public Utility Control (Department). In this filing, the gas utilities acknowledged the current energy environment required a more aggressive approach to balancing the needs of all customers. It also recognized that an expansion of existing gas conservation programs was an important ingredient in assisting its customers with rising energy costs.

The gas utilities worked collaboratively with the ECMB and its consultants to revise and develop an expanded gas conservation program for 2006 (Revised Plan). The Revised Plan was filed with the Department on February 10, 2006. The primary difference between the Plan filed on November 1, 2005 and the Revised Plan was the addition of a new General Weatherization Program (GWP), which did not limit eligibility based on income. In addition, as a result of the inclusion of the GWP in the Plan, the gas utilities' combined program budgets were increased by approximately \$1.5 million, to a total of \$2.4 million. The Revised Plan coordinated existing electric Connecticut Energy Efficiency Fund programs with gas programs to provide more comprehensive and effective conservation services to customers who utilize both gas and electric service.

On August 9, 2006, the Department issued its decision in Docket No. 04-10-02, approving the Revised Plan with modifications. It held a subsequent technical meeting on September 25, 2006.

PRELIMINARY RESULTS

As noted above, the gas utilities' year end results are not yet final. Thus, the results shown in Table 1 (see Attachment 1) are projected year-end program information data for the 2006 gas conservation programs. It is important to note that Department approval of the GWP program was not received until late in the year, significantly impacting the ability to fully implement the program in 2006. Unexpended 2006 funds will be carried over to the 2007 plan year.

Jeffrey Gaudiosi, Esq.
ECMB Chairperson

Attachment

Attachment 1

Table 1
2006 Preliminary Report
Joint Gas Conservation Programs

	<u>2006 Year End Projected</u>
Low Income Weatherization and Heating System Program	\$ 987,847
General Weatherization Program	\$ 214,000
CHIF Loan Program	\$ 118,059
RCS Audit Program	\$ 44,500
ECMB and Evaluation	<u>\$ 10,326</u>
Total Expenditures	\$ 1,374,732
	<u>2006 Year End Projected</u>
<u>Energy Savings Information</u>	
Annual Energy Savings (ccf Reduction Goal)	177,606
Lifetime Energy Savings (ccf Reduction Goal)	3,527,791
Annual Cost Rate (\$/ccf)	\$ 7.74
Lifetime Cost Rate (\$/ccf)	\$ 0.39
Total Gas Benefit	\$ 2,659,623
Total Gas System Benefit-Cost Ratio	\$ 1.93
Total Resource Benefit ¹	\$ 3,169,816
Homes Served	3,346
Lifetime Savings per Home (ccf)	1,054
Program Cost per Home	\$ 411
Benefit per Home	\$ 795

¹ Total Resource Benefit includes non-gas system benefits and any benefits achieved from saving more than one fuel resource.