



October 19, 2011

Daniel Esty, Commissioner
Department of Energy and Environmental Protection
79 Elm Street
Hartford, CT 06106

Kimberley J. Santopietro, Executive Secretary
Public Utility Regulatory Authority
10 Franklin Square
New Britain, CT 06051

Re: Energy Efficiency Board Letter of Support for the 2012 Electric and Natural Gas Conservation and Load Management Plan

Docket No. 11-10-03 – Review of the 2012 Electric and Natural Gas Conservation and Load Management Plan

Dear Commissioner Esty and Ms. Santopietro:

The Energy Efficiency Board herein submits this letter of support for the 2012 Electric and Natural Gas Conservation and Load Management Plan (Plan) prepared by the Connecticut Light & Power Company, the United Illuminating Company, the Connecticut Natural Gas Corporation, the Southern Connecticut Gas Company, and the Yankee Gas Services Company (the Companies).

The Energy Efficiency Board has assisted and advised the Electric and Natural Gas Companies in the development of the 2012 Plan. The Board reviewed the Plan and draft components of the Plan during its meetings in June through September 2011, and the Board has approved the following Resolution in support of the Plan. As part of its Resolution, the Board highlights several priority issues addressed in the Plan, for consideration by the Department of Energy and Environmental Protection (DEEP) and the Public Utilities Regulatory Authority (PURA).

In addition to this letter of support, the Board will submit three supplemental documents for the 2012 Plan, for consideration by DEEP and PURA:

- Public Input and Comments Matrix
- 2011-2012 Marketing Plan
- Final Report on the Initial Marketing Review

These documents, which the Board reviewed at its October 12, 2011 meeting, are being separately submitted to DEEP and filed with PURA in parallel to this letter of support.

1. The Energy Efficiency Board supports the 2012 Electric and Natural Gas Conservation and Load Management Plan.

The Board supports the cost-effective electric and natural gas programs proposed in the Plan to increase energy efficiency in Connecticut and reduce customer energy costs. The programs will provide utility bill savings for customers and economic, environmental, and jobs benefits to meet Connecticut’s policy objectives.

The electric and natural gas programs are aimed at capturing opportunities for reducing energy bills and providing other benefits through a wide range of strategies. Every customer in Connecticut has an opportunity to benefit from the programs because the programs deliver services to all classes of customers across a wide array of energy end uses.

2. The 2012 Plan includes an Increased Savings Scenario (Chapter 8) to achieve significantly higher energy savings and benefits, including annual electric savings equivalent to 2.1% of retail sales, natural gas savings equivalent to 0.7% of retail sales, additional fuel oil and other fuel savings, and over \$800 million in benefits.

The energy savings, benefits, and budgets for the Increased Savings Scenario compared to the Base Scenario are summarized in the table below.

2012 Plan	Base Savings as a % of Annual Energy Sales	Increased Savings as a % of Annual Energy Sales	% Increase
Electric	0.80%	2.13%	166%
Gas	0.35%	0.70%	100%
	Benefits for Customers (\$, millions)		% Increase
Electric	\$317 M	\$756 M	138%
Gas	\$27 M	\$53 M	96%
Total	\$344 M	\$809 M	135%
	2012 Base Budget	2012 Increased Savings Budget	% Increase
Electric*	\$105,561,749	\$218,896,200*	107%
Gas	\$19,127,475	\$34,203,989	79%
Total	\$124,689,224	\$253,100,189	103%

* The Increased Savings budget includes \$17 million in proposed oil funding in the amount above.

3. The Board supports and recommends the achievement of the goals, energy savings, and benefits proposed in the Increased Savings Scenario.

The Increased Savings Scenario would provide over \$800 million in benefits to consumers and businesses in Connecticut. The programs would deliver over \$2 in benefits for every dollar of total investment, and over \$3 in benefits for every dollar of ratepayer funding. The \$253 million in ratepayer funding would support and leverage about \$500 million of customer energy efficiency projects in 2012.¹

While the Increased Savings Scenario with a 2.1% savings goal for electric may appear to be an unrealistically large increase from the 0.8% savings level in the Base Scenario, the Board notes that the 2011 programs are on track to achieve about 1.5% electric savings with strong customer interest exceeding the available funding in several programs. The lower savings in the Base Scenario are solely a result of the lower base funding available in 2012.

4. The Board notes that additional funding is needed in 2012, for the Increased Savings Scenario and for measures in oil heated homes, and the Plan includes some options for additional funding and funding mechanisms for consideration by DEEP and PURA.

The strategies outlined in the Plan for the Increased Savings Scenario would require additional funding. The Companies and the Board have developed a budget for these strategies and for the Increased Savings Scenario overall and have identified some options for sources of the additional funding. However, the Board has not recommended specific sources or a specific allocation for the additional funding.

Also included in the Plan are a summary of needed monies for measures in oil heated homes and some options for sources of such funding, for consideration by DEEP and PURA.

While the Board supports expanding conservation and energy efficiency programs and the benefits the Increased Savings Scenario would provide to both individual customers and the state, the Board recommends that further analysis be completed to fully assess the appropriate funding mechanisms or combination of mechanisms to implement the Increased Savings Scenario. The Board and the Companies are currently conducting additional analysis of the funding mechanisms and options and will forward the findings of the analysis to DEEP and PURA in a supplemental document.

5. The 2012 Plan focuses on providing comprehensive services to residential and business customers, to increase the energy savings and benefits customers experience.

Whether in Home Energy Solutions, Small Business Services, or C&I Retrofit, the focus of the 2012 programs is on comprehensive, whole-building, multi-fuel efforts to provide significant energy savings to customers. Rather than delivering lower levels of savings in a one-shot, single-measure approach, the programs engage and offer each customer a complete package of integrated and multi-fuel opportunities to save energy, resulting in higher cost savings on the customer's utility bill.

¹ The 2012 Total Resource Cost will be \$409M

Integrated programs across the electric and natural gas companies provide opportunities for cross-promotion to shared customers, are more convenient for customers, reduce costly duplication of effort, and enhance the quality of the energy efficiency services provided. A single, integrated electric and gas 2012 Plan supports and enhances the integrated programs.

6. The 2012 programs, cost-effective in their own right, also provide valuable economic and environmental co-benefits that help to meet important policy objectives in Connecticut.

The 2012 energy efficiency programs will support jobs and provide additional economic benefits in Connecticut, including from the re-spending of energy savings locally to boost the in-state economy. The programs also help Connecticut meet its environmental objectives, including air quality requirements and climate goals. These economic and environmental co-benefits are not considered or fully accounted for within the cost-effectiveness analysis framework that the Board, DEEP and PURA use to analyze cost-effectiveness, yet they provide significant value to Connecticut residents and businesses.

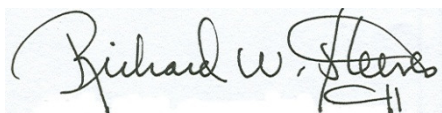
7. The Board and the Companies, with significant interaction with and approval of DEEP and PURA, have been developing innovative approaches to leverage ratepayer funding, develop financing, and achieve higher benefits for customers.

The Energy Efficiency Board is focused primarily on increasing comprehensiveness to provide more energy cost savings per customer, helping customers become more effective managers of their own energy use, and leveraging the ratepayer funding using financing and additional sources of funding. These program strategies are focused on achieving deeper savings per customer, with the participating customers (who receive the higher energy cost savings) paying for a larger portion of the total project costs, supported by innovative financing, continuous improvement/strategic energy management, and market transformation initiatives.

The Board and the Companies have implemented financing for Small Businesses, for customers in existing homes through the Home Energy Solutions program, and for Commercial and Industrial customers. The Board is coordinating with CEFIA to develop additional or replacement financing offerings for customers in market segments where lack of financing is a key market barrier, and where addressing key market barriers through convenient and attractive financing would increase participation. The Board, in concert with DEEP and CEFIA, is committed to exploring and improving financing approaches where appropriate and effective, as well as to pursue other sources of financing capital.

Thank you for the opportunity to submit this Board letter in support of the 2012 Plan.

For the Energy Efficiency Board,

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

Richard W. Steeves
First Vice-Chair