

# Supporting Energy Efficiency As A Resource in Connecticut

A New Business Model

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# 2019 Base EE Funding Sources (Traditional Regulated) CT Statewide Electric

Regional Greenhouse Gas Initiative Proceeds



Forward Capacity Market Revenues

Ratepayer Funding

\$26.8m

Diversion to Connecticut General Fund



\$185.3m



Revenues

Diversion

Final



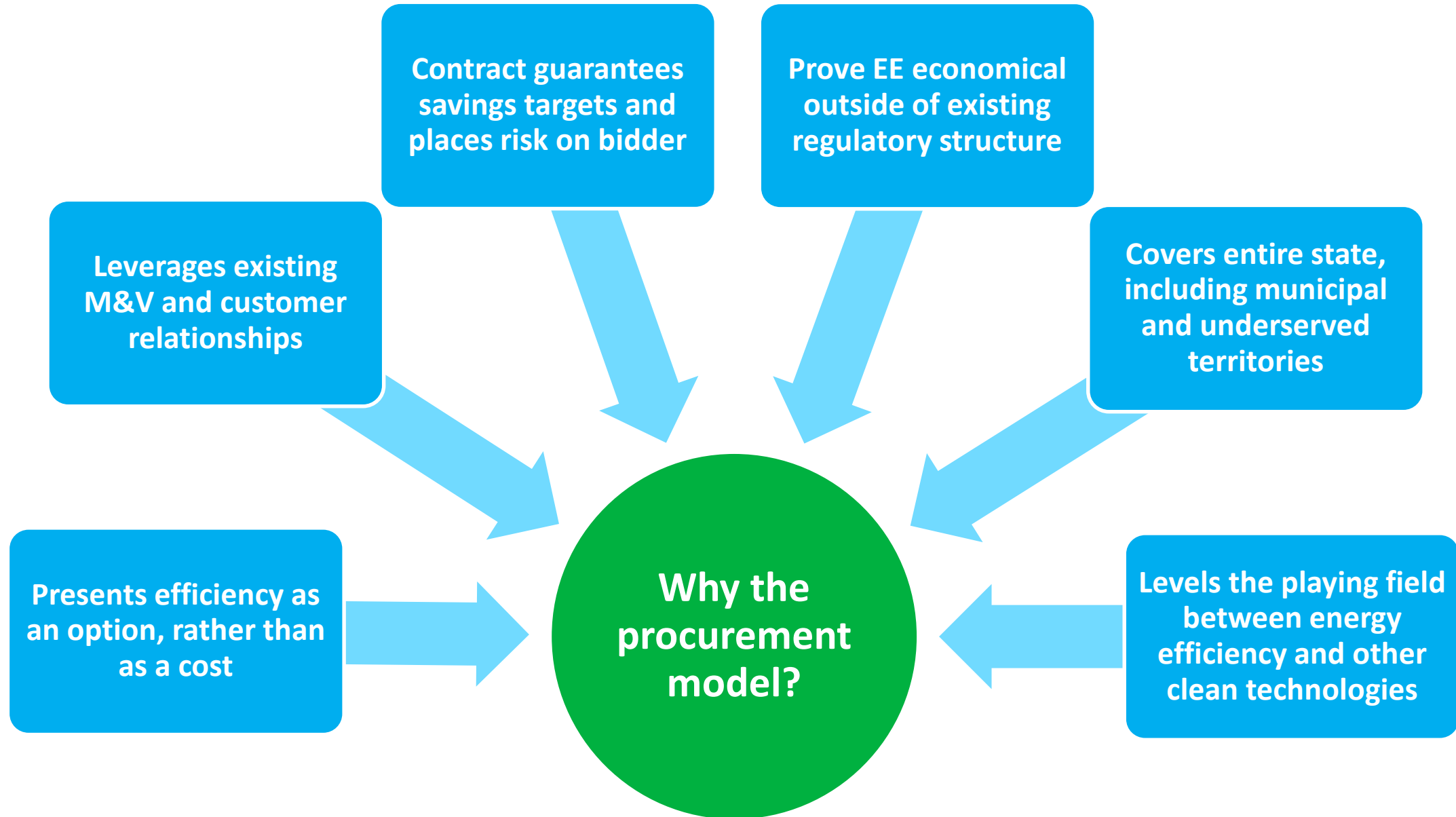
**FY17/18: \$65 million**

**FY18/19: \$55 million**

## Need / Opportunity

- Due to state legislature diversion of funds, and insufficient funding to pursue all cost-effective energy efficiency, **we needed to secure a new source of funding for energy efficiency in Connecticut**
- **One answer was a procurement model** – an energy RFP treating energy efficiency as an equal resource with renewables and other sustainable sources of energy and capacity

- Authorized under Connecticut Public Act 15-107
- One of several RFPs issued by Connecticut and neighboring states
- Open to renewables, energy efficiency, and energy storage
- Bids evaluated based on price and qualitative factors
- Sized to deliver desired MW demand savings, compensated as MWh energy savings are delivered over 15 years



- Harvesting easiest measures without pushing for deeper savings undermines program objectives
- Proposals need to be evaluated based on qualitative metrics
- Programs need to be evaluated for net-to-gross and other issues (i.e., measure life changes)





- Externally funded installation of measures as a passive demand resource
- Measures consistent with the delivery and mix of existing programs
- 34 MW of energy efficiency installed over 4 years
- 15-year term for the sale of energy efficiency MWh savings
- Guaranteed performance levels and annual M&V requirements

# Eversource Clean Energy Program

**EVERSOURCE**

- Buildout funded by utility shareholders

**Inception**



- Monthly revenue increases with installations

**Growth**



- Payments plateau, then slowly decline over 15-year term

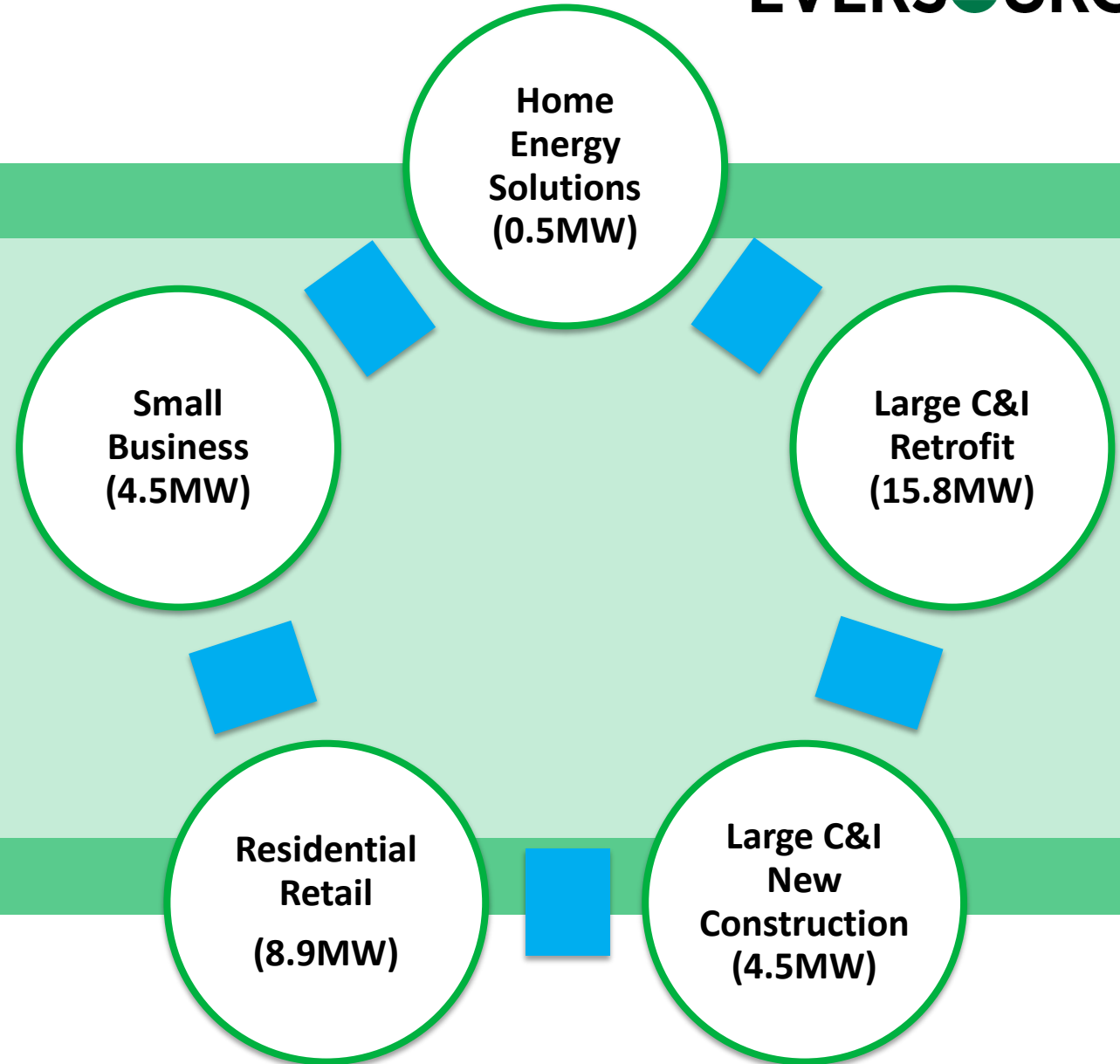
**Maturity**



- Eversource funds installation of measures over 4 years
- Over 15 years, Eversource collects revenue for each kWh saved (contract/order to sell energy)
- Eversource subject to penalties if guaranteed kWh not achieved
- Not narrowly targeted; covers a variety of measures and sectors
- Measures receive the same EM&V treatment as core EE programs

Deliver identical offerings that achieve savings incremental to current portfolio.

Program cost and depth of savings adjustable to meet procurement goals.



# Process Flow & Installation Timeline



PURA has 90 days from the receipt of application to respond to request for a PURA Order.

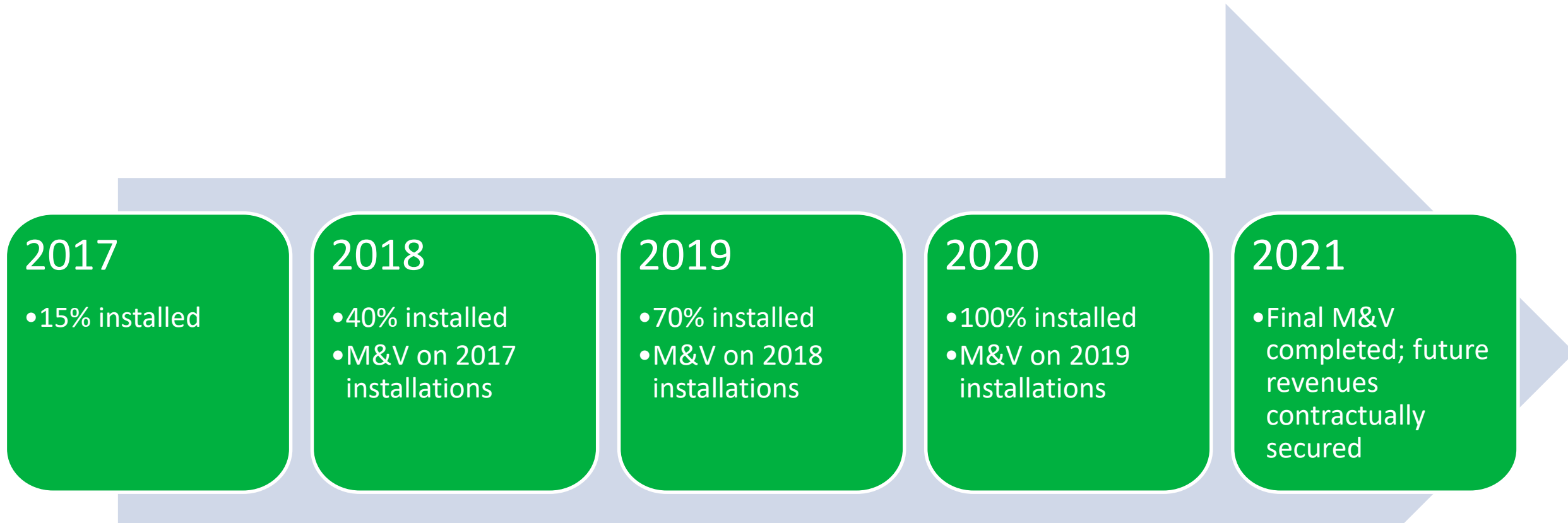
EE and Incremental EE costs and savings are shared on a pro-rata basis with applicable programs.

Savings tracked from the prior month installations are used to create monthly invoices to Eversource. This occurs for 15 years.

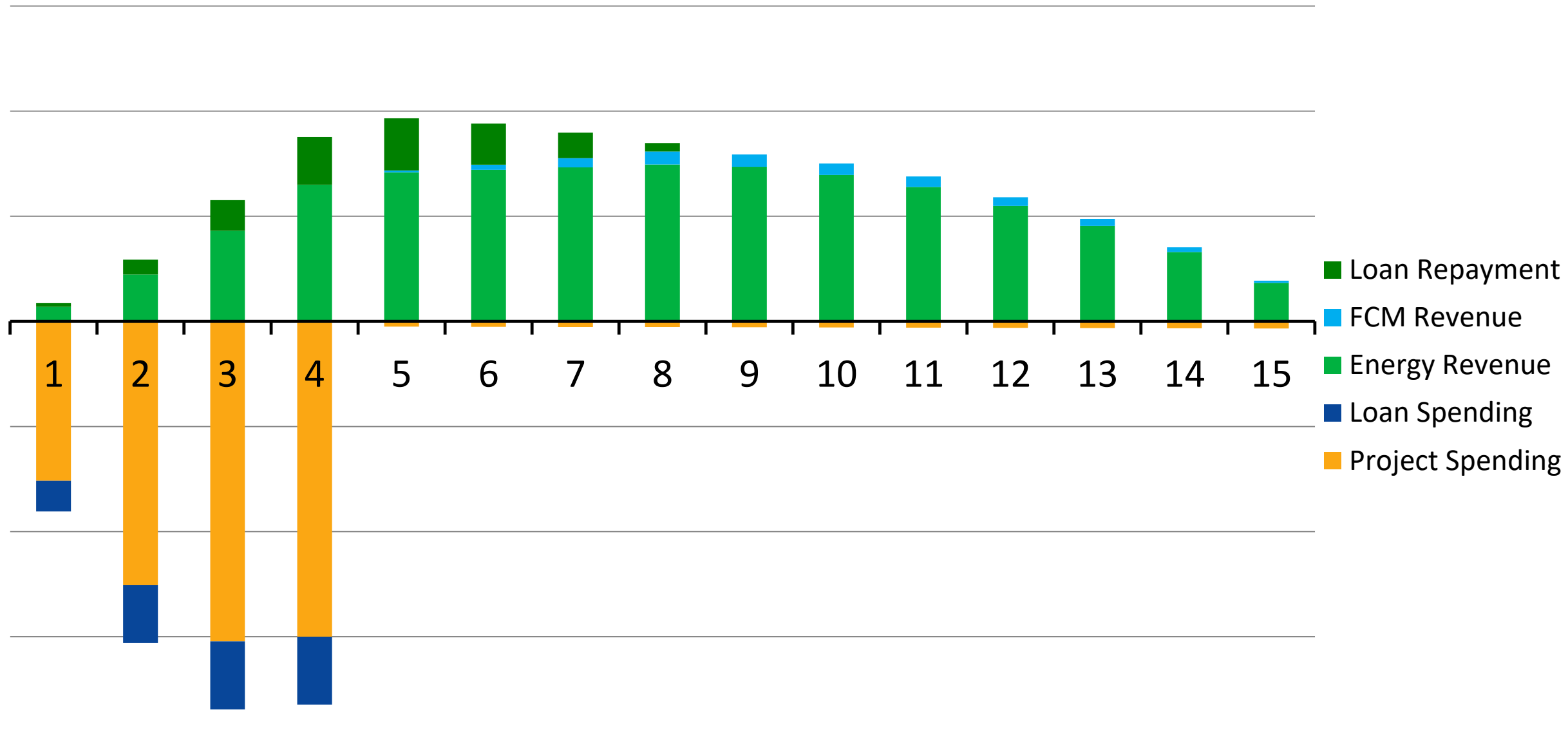
Eversource will get cost recovery from FMCCs on a monthly basis following the 1<sup>st</sup> FMCC filing.

Eversource will file an annual M&V Certification for each of the four installation years.

# Process Flow & Installation Timeline



# Cash Flow Revenues & Expenses by Year



- In jurisdictions where different parts of government take different approaches to funding efficiency and/or energy efficiency funding is not available
- As a supplement or component whenever clean energy procurement is being considered

# Thank You!

For further questions:  
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