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August 15, 2008

**VIA ELECTRONIC MAIL  
ORIGINAL BY HAND DELIVERY**

Mary Cottrell, Secretary  
Department of Public Utilities  
One South Station, 2<sup>nd</sup> Floor  
Boston, MA 02110

*Re:* Proposal of the Cape Light Compact to Request Increased Funding for Residential Energy Efficiency Programs for 2008  
DPU 07-47

Dear Secretary Cottrell:

Please find enclosed for filing an original of the Proposal of the Cape Light Compact Seeking Increased Funding for Residential Energy Efficiency Programs for 2008 and Amendment to the Approved Energy Efficiency Plan: 2007 – 2012, in the above-referenced proceeding.

Thank you for your attention to this matter. If you require further information or have any questions, please do not hesitate to contact me.

Sincerely,

Suzy Hong

SH/drb

Enclosures

cc: Benjamin Spruill, Hearing Officer (w/enc.) (via email and hand delivery)  
Jamie Tosches, Assistant Attorney General (w/enc.) (via email and hand delivery)  
Service List (w/enc.) (via email only)  
Margaret T. Downey, Cape Light Compact (w/enc.) (via email and first class mail)

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**COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF PUBLIC UTILITIES**

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Proposal of the Cape Light Compact )  
to Request Increased Funding for ) DPU 07-47  
Residential Energy Efficiency Programs for 2008 )

**PROPOSAL OF THE CAPE LIGHT COMPACT SEEKING  
INCREASED FUNDING FOR RESIDENTIAL  
ENERGY EFFICIENCY PROGRAMS FOR 2008  
AND  
AMENDMENT TO THE APPROVED  
ENERGY EFFICIENCY PLAN: 2007 - 2012**

**I. INTRODUCTION**

**A. Overview**

1. The Cape Light Compact (the “Compact”) hereby submits to the Department of Public Utilities (the “Department” or the “DPU”) its proposal to increase spending for residential heating programs for the 2008 winter season (the “Proposal”).

2. On August 1, 2008 Hearing Officer Spruill issued a Memorandum regarding requests to increase funding for residential energy efficiency programs for the upcoming winter season (the “Memorandum”). The Memorandum set forth filing instructions for proposals. The Memorandum also established a comment procedure for public review of, and input on, program administrators’ (“PAs”) proposals. The Compact submits this Proposal in accordance with the August 1<sup>st</sup> Memorandum.

3. In addition, on August 7, 2008 the DPU issued a letter to all energy efficiency PAs directing them to file 2009 energy efficiency plans on or before December 1, 2008. According to the letter, the filing schedule is necessitated by the fact that the PAs will need to address increased program funding for this winter in their 2009 efficiency plans, and transition to provisions mandated by the Green Communities Act

(St. 2008, c. 169, §11 (G.L. c. 25, §21)), which require the filing of three-year energy efficiency plans by April 30, 2009 for program years 2010-2012.<sup>1</sup> Pursuant to the Department's letter of August 7<sup>th</sup>, the Compact will address increased program funding for the 2009 months of this winter season in its December 1<sup>st</sup> filing.

4. This Proposal, for increased 2008 winter program funding, is based directly on the Compact's currently existing and approved Energy Efficiency Plan: 2007-2012 (the "Plan"). This Proposal employs elements of the Plan for the specific purpose of allowing greater participation in residential heating programs for winter 2008, pursuant to direction from the DPU and the Department of Energy Resources (the "DOER").

**B. Background About the Compact**

5. The Compact is a governmental aggregator under G.L. c. 164, §134 and consists of the twenty-one towns in Barnstable and Dukes Counties, as well as the two counties themselves. It is organized through a formal Intergovernmental Agreement under G.L. c. 40, §4A. The Compact's Aggregation Plan was approved by the Department in DTE 00-47. The Compact maintains a business office within the Barnstable County offices located at the Superior Courthouse at 3195 Main Street in Barnstable, MA 02630.

6. The purposes of the Compact include, among other things, (1) to provide the basis for aggregation of all consumers on a non-discriminatory basis; (2) to acquire the best market rate for electricity supply and transparent pricing; (3) to provide sharing

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<sup>1</sup> Letter from Paul J. Hibbard, Chairman of the DPU, and Tim Woolf and W. Robert Keating, Commissioners of the DPU, to Energy Efficiency Service List (August 7, 2008).

of economic savings to consumers based on current electric rates and/or cost-of service ratemaking approved by the Department; (4) to provide full public accountability to consumers; and (5) to utilize and encourage demand side management and other forms of energy efficiency and to advance consumer awareness and adoption of a wide variety of energy efficiency measures through the implementation of an energy efficiency plan. See Compact Intergovernmental Agreement at Article I.

7. The Compact presently offers a competitive power supply option on an opt-out basis to over 200,000 customers, across all customer classes, who are located within the Compact's service territory. The Department approved the Compact's current form of universal service competitive electric supply agreement in DTE 04-32 (May 4, 2004), pursuant to which the Compact has entered into supply agreements with Consolidated Edison Solutions, Inc. The Compact also operates and administers its own Energy Efficiency Plan.

8. In its Final Order of April 6, 2001, the Department approved the Compact's original Energy Efficiency Plan. Final Order, April 6, 2001, DTE 00-47C ("Final Order"). In its Final Order, the Department found that the Compact was establishing a load aggregation program for purposes of Section 134(b) and that the Energy Efficiency Plan was consistent with state energy conservation goals. See Final Order, DTE 00-47C.

9. In its Order of October 23, 2003, the Department approved the Compact's Energy Efficiency Plan, Phase II, 2003-2007 ("Phase II Plan"). Order, October 23, 2003,

DTE 03-39.<sup>2</sup> In certifying the Phase II Plan, the Department found that the Compact was establishing a load aggregation program for purposes of Section 134(b), and that the revised Energy Efficiency Plan was consistent with state energy conservation goals. See October 23, 2003 Order, DTE 03-39.

10. The Department stamp-approved the Compact's Energy Efficiency Plan, Phase III, 2005-2007 ("Phase III Plan"), on November 8, 2005. See Stamp Approval, DTE 05-34.

11. The Department also stamp-approved the Compact's current Plan on December 24, 2007. See Stamp Approval, DPU 07-47. The current Plan is an outgrowth of the Compact's previous energy efficiency programs which the DPU had already approved.<sup>3</sup> The Plan provided for updates and amendments to the Plan as necessary to respond appropriately to market and regulatory developments as well as other changes in the Massachusetts energy efficiency industry.

**C. Development of the Proposal**

12. On July 16, 2008, the MassSAVE/RCS Network<sup>4</sup> issued a letter to the DOER proposing actions to mitigate the negative impacts of expected high heating costs on residential customers whose incomes fall between 60-80% of the state median income.

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<sup>2</sup> The Department certified all but one of the Compact's programs. That program was the subject of a Motion for Reconsideration filed by the Compact on November 12, 2003 which the Department denied on October 20, 2004.

<sup>3</sup> The Compact's original Energy Efficiency Plan was filed with the Department in 00-47C, the Phase II Plan was filed with the Department in 03-39 and the Phase III Plan was filed with the Department in 05-34. The Compact's Energy Efficiency Plan: 2007-2012 was filed with the Department in 07-47. Upon request, the Compact will submit the prior and existing plans to the Department, or any other interested person.

<sup>4</sup> The MassSAVE/RCS Network is a coalition of electric and gas energy efficiency PAs in Massachusetts, including the Compact, who meet at least monthly and work to advance residential energy efficiency programs through the MassSAVE-branded program. See Letter from MassSAVE/RCS Networks to the DOER (July 16, 2008).

On July 31, 2008 the DOER issued a letter responding positively to the MassSAVE/RCS Network's proposals to mitigate the impacts of expected high heating costs on certain residential customers.<sup>5</sup>

13. Also on July 16, 2008 the DOER filed a letter with the DPU requesting consideration of "an immediate increase in the funding available this summer for residential energy efficiency audits and recommended energy efficiency measures administered through the ratepayer-funded efficiency programs."<sup>6</sup> In its letter, the DOER was particularly concerned with likely winter heating problems for many customers due to higher energy prices.

14. On July 25, 2008 the DPU issued a letter responding to the DOER's concerns and directing energy efficiency PAs to file proposals to increase spending for residential heating programs for the 2008 winter season. According to the DPU's letter, the proposals should include "revised 2008 program budgets that will allow for the implementation of the maximum achievable level of cost-effective expenditures on residential heating programs for the remainder of 2008."<sup>7</sup> In addition, the proposals should include:

- the energy efficiency programs that are targeted at residential heating end-uses;
- the additional dollars the company projects it can spend in a cost-effective manner;

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<sup>5</sup> Letter from Mike Sherman, Energy Efficiency Group Manager (DOER), to the MassSAVE/RCS Network (July 31, 2008).

<sup>6</sup> Letter from Philip Guidice, Commissioner of DOER, to Paul J. Hibbard, Chairman of the DPU, and Tim Woolf and W. Robert Keating, Commissioners of the DPU (July 16, 2008).

<sup>7</sup> Letter from Paul J. Hibbard, Chairman of the DPU, and Tim Woolf and W. Robert Keating, Commissioners of the DPU, to Energy Efficiency Service List (July 25, 2008).

- the constraints that limit the additional dollars the company projects it could spend cost-effectively;
- the additional number of residential customers that will be served;
- the additional kilowatt-hour, kilowatt, therms or mmbtu savings that will be achieved;
- the dollar savings on monthly bills that additional participants will be expected to realize;
- the effect on the cost-effectiveness of the applicable programs; and
- the company's proposed mechanism for recovery of incremental expenditures.

15. On July 29, 2008 the DPU held a technical conference to discuss issues and concerns regarding its request to increase funding for residential energy efficiency programs for winter 2008. Memorandum at p. 1.

16. This Proposal requests increasing funding for residential heating end-uses within the following programs:<sup>8</sup>

- Low Income Single Family
- Low Income Multi-family
- MassSAVE/RCS

Descriptions of each of these programs are attached as Appendix A.

17. The Compact projects it can spend an additional \$357,000 in a cost-effective manner, as illustrated in the Updated 2008 Program Budget table (attached as

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<sup>8</sup> The Compact is also planning on increasing public education and outreach efforts that underlie the delivery of all of the Compact's programs. However, this will not require any additional funding as the Compact plans to rely on existing and volunteer efforts.

Appendix B). The breakdown of these expenditures by budget category within each program is illustrated in the Updated 2008 Budget Detail table (attached as Appendix C).

18. The main constraint that limits the additional amount the Compact projects it could spend cost-effectively is the staffing ability of the Compact's vendors and qualified sub-contractors to ramp up the provision of services within the three to four month timeframe necessary to address the needs of residential customers for the upcoming winter season.

19. The Compact anticipates that the vast majority of increased funding will go directly to existing eligible program measures and does not anticipate that any substantial portion of the increased funding will go to administrative expenses, such as Compact staffing. However, the Compact emphasizes that this is likely only true for this filing and notes that it anticipates increased costs for administrative expenses in 2009.

20. Approximately 1,100 additional residential customers are anticipated to be served by the additional budget proposed, as estimated by the Compact's program delivery vendors.

21. All of the programs, including the proposed additional expenditures, are expected to save roughly 12,100,000 kWh per year, leading to a lifetime energy savings of roughly 114,400,000 kWh, and roughly 2,600 kW in annual summer demand savings, leading to a lifetime summer demand savings of roughly 31,900 kW. The updated total electric savings for 2008 is illustrated in the Updated 2008 Program Goals table (attached as Appendix D). All of the programs, including the proposed additional expenditures, are expected to save roughly 24,200 MMBtus.

22. The proposed additional expenditures are expected to save roughly

300,000 additional kWh per year, leading to an additional lifetime energy savings of roughly 4,400,000 kWh, and roughly 140 kW in additional annual summer demand savings, leading to an additional lifetime summer demand savings of roughly 2,760 kW. The proposed additional expenditures are expected to save roughly 5,700 additional MMBtus.

23. The dollar savings on monthly bills that additional participants will be expected to realize will be consistent with the dollar savings on monthly bills that all other program participants realize, typically a 20% savings. However, please note that actual savings will vary from this estimate based on the opportunity and level of investment. For example, a homeowner could see as much as 50% energy savings with the installation of air-sealing, insulation and a replacement of an inefficient heating system.

24. The Compact believes that its Proposal, and all of the individual programs it administers, are cost effective according to the DPU's total resource cost ("TRC") test. On average, all of the Compact's efficiency programs are estimated to have a benefit-cost ratio of approximately 3.20, taking into account capacity demand-response-induced price effects. The cost-effectiveness of the programs, including the effects of the proposed additional expenditures, is illustrated in the Updated 2008 Benefit-Cost Analysis table (attached as Appendix E). The benefits of the programs, including the effects of the proposed additional expenditures, are illustrated in the Updated 2008 Benefit Detail table (attached as Appendix F)<sup>9</sup>.

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<sup>9</sup> The cost-effectiveness updates reflect more than the impact of the incremental expenditures. They also reflect updates to certain parameters as part of the 2008 program planning cycle coordinated among all the  
*Footnote continued on next page.*

25. The Compact's proposed mechanism for recovery of incremental expenditures is two-fold and includes: (i) a fully reconciling funding mechanism administered by NSTAR, to become effective January 1, 2009, if approved by the Department; and (ii) pre-approval of interim "overspending" through short-term borrowing at the government bond rate, if required; such interim "overspending" to be recouped as program costs in the 2009 energy efficiency plan filing.

26. The recently amended G.L. c. 25, §21 (St. 2008, c. 169, §11) envisions a joint electric efficiency investment plan for electric distribution companies and municipal aggregators. The plan elements include "a fully reconciling funding mechanism which may include, but which shall not be limited to, the charge authorized by [G.L. c. 25, §19]." G.L. c. 25, §21(b)(2). In addition, section 21 states that the DPU "shall approve a fully reconciling funding mechanism for the approved plan and, in the case of municipal aggregators, a fully reconciling funding mechanism that requires coordination between the distribution company and municipal aggregator to ensure that program costs are collected, allocated and distributed in a cost-effective, fair and equitable manner." G.L. c. 25, §21(d)(2).

27. Currently, the Compact and NSTAR are parties to an Energy Efficiency Plan Operating Agreement which allows NSTAR to collect energy efficiency funds through a system benefits charge in distribution rates on behalf of the Compact and transfer those funds to the Compact for the Compact's energy efficiency programs.

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PAs, including: updates to avoided energy supply costs during 2008 planning, implementation of common assumptions agreed to by all PAs for many measure lives, impact factors, energy and demand savings and non-electric benefits, and evaluation updates to specific assumptions based on reports that became  
*Footnote continued on next page.*

28. NSTAR proposes to collect the increased funding for its winter 2008 proposal through an adjustment to the distribution charge to become effective January 1, 2009. The Compact has coordinated with NSTAR on the details of the proposed reconciling funding mechanism.

29. The Compact supports NSTAR's proposal to collect increased funding through an adjustment to the distribution charge. The Compact believes that such a funding mechanism is the type of mechanism contemplated by the recent legislation. Putting such a funding mechanism into effect in anticipation of the 2008 winter season and joint electric efficiency investment plan will meet current needs as well as facilitate future coordination.

30. If the Department approves NSTAR's proposal to collect increased funding through an adjustment to the distribution charge, the Compact and NSTAR will coordinate the allocation and distribution of increased funding. The Compact and NSTAR will coordinate pursuant to the provisions of the Green Communities Act regarding the fully reconciling funding mechanism, their existing Operating Agreement and any amendments required thereto.

31. The Compact is in a unique situation relative to other PAs. As noted above, NSTAR collects energy efficiency funds on behalf of the Compact and transfers those funds to the Compact for the Compact's energy efficiency programs. If the Department approves the reconciling mechanism proposed by NSTAR, funds will not be collected and distributed until 2009. In the interim, the Compact will be required to

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available after the EEP: 2007-2012 plan was approved. Additionally, the Compact recently reallocated funds to a solar water heating pilot and allocated funds carried over from 2007 across all programs.

“overspend” in order to fund the expansion of programs set forth in this Proposal. Such “overspending” may require short-term borrowing on the part of the Compact. The Compact requests Department pre-approval of interim “overspending.” If necessary, the Compact will meet its increased budget needs through short-term borrowing at the government bond rate. However, like any other utility program administrator, the Compact must be made whole for its program costs. The Compact requests that it be made whole for all costs (interest, fees and other transaction costs) associated with any short-term borrowing required under this Proposal. Therefore, the Compact requests that such interim “overspending” and any related costs be pre-approved for inclusion as program costs in the 2009 energy efficiency plan filing.<sup>10</sup>

32. The Compact is an active participant in the ISO New England Forward Capacity Market (the “FCM”) and receives FCM revenues. Also, it is the Compact’s understanding that there will be future allocations of funds from the Regional Greenhouse Gas Initiative (“RGGI”). However neither of these funding sources is expected to be available for the funding increases requested in this Proposal. The Compact expects that FCM revenues received through December 31, 2008 will pay for administrative costs related to participation in the FCM and be allocated to compensate for a projected reduction in ratepayer system benefits charge revenues due to reduced electricity sales in 2008.<sup>11</sup> The Compact understands that RGGI auctions are scheduled

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<sup>10</sup> For purposes of illustration, should the Compact require a short-term loan of \$175,000 for a 3-month term at the short-term government bond rate of 2.55% per annum (as of August 11, 2008), the program costs related to the interest on that short-term loan that would be included in the 2009 energy efficiency program budget would be approximately \$1,116.

<sup>11</sup> Electricity usage on Cape Cod and Martha’s Vineyard for the first and second quarters of 2008 is approximately 2.5% lower than the same periods in 2007. The Compact estimates a shortfall of about \$169,000 of projected energy efficiency revenues if this electricity usage reduction continues throughout  
*Footnote continued on next page.*

for September and December of 2008 and that the distribution of any RGGI funds to PAs will be available for 2009 program planning.

33. In the June 29<sup>th</sup> technical conference parties discussed the equities of increasing funding for residential customers for 2008 winter programs without providing corresponding benefits to commercial and industrial (“C&I”) customers. The Compact is sensitive to the needs of all of its customers and plans on working with its C&I program vendors to address needs specific to C&I customers in 2009. The Compact’s 2009 proposal may include a higher percentage of funding for C&I programs.

34. The Compact consulted with other PAs, DOER staff and local community advocates throughout the development of this Proposal.

35. The Energy Efficiency Committee of the Compact Governing Board reviewed and unanimously approved the attached Energy Efficiency Plan Update (Appendix A) on August 13, 2008.

## **II. OVERVIEW OF THE FILING**

36. The Compact is submitting the following documents with this Proposal:

Appendix A: Descriptions of Programs Utilizing Proposed Increased Funding

Appendix B: Updated 2008 Program Budget

Appendix C: Updated 2008 Budget Detail

Appendix D: Updated 2008 Program Goals

Appendix E: Updated 2008 Benefit - Cost Analysis

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2008. Due to this projected shortfall, the Compact plans on using available FCM proceeds to fulfill existing 2008 program commitments.

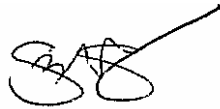
Appendix F: Updated 2008 Benefit Detail (including benefits from capacity demand-response-induced price effects only)

**III. PRAYERS FOR RELIEF**

37. Wherefore, the Compact respectfully requests that the DPU approve its Proposal for increased funding for residential energy efficiency programs for winter 2008.

Respectfully submitted,  
THE CAPE LIGHT COMPACT

By its attorneys,



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Dated: August 15, 2008

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**Appendix A. Descriptions of Programs Utilizing  
Proposed Increased Funding**



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**The Cape Light Compact  
Energy Efficiency Plan  
2007-2012  
*2008 EEP Update*  
Providing Comprehensive Energy Efficiency Services  
to Cape Cod and Martha's Vineyard  
Through Municipal Aggregation**

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**August 13, 2008**

## **The Cape Light Compact as Municipal Aggregator**

The Massachusetts Electric Utility Restructuring Act of 1997 allows municipalities that aggregate electricity customers to: (1) formulate an Energy Efficiency Plan, (2) submit the plan to town meetings for approval, (3) submit the plan to the Massachusetts Department of Public Utilities (formerly the Department of Telecommunications and Energy (the “Department” or the “DPU”)) for review and certification; and (4) recover the energy efficiency funds raised from consumers for use in implementing local energy efficiency programs.

The Cape Light Compact (the “Compact”) was formed in 1997 following two years of study and votes of town meeting, boards of selectmen, and town council. It is organized through a formal intergovernmental agreement signed by the towns and Barnstable and Dukes Counties. The Compact’s Aggregation Plan was approved by the Department in DTE 00-47 (August 10, 2000).

The purpose of the Compact, among other things, is to advance the interests of consumers in a competitive electric supply market, including the promotion of energy efficiency. Each participating municipality has a representative on the Compact Governing Board, which sets policy and works with technical and legal support to put the Compact programs in place.

The Energy Efficiency Committee of the Compact Governing Board unanimously approved this Energy Efficiency Plan Update (the “EEP Update”) on August 13, 2008.

## **Urgent Need to Serve 2008 Residential Heating Customers**

The continued increases in price and volatility of fuel oil, natural gas and electricity underscore the benefits of and urgent need to reduce energy use through increased spending for residential energy efficiency heating programs as soon as possible in advance of this winter 2008 – 2009. The newly enacted Green Communities Act (St. 2008, Chapter 169) will enable increased funding for energy efficiency programs offered in program years 2010 – 2012. However, the Compact and all energy efficiency program administrators (the “PAs”) have been directed by the Division of Energy Resources (the “DOER”) and DPU to “file proposals to increase spending for residential heating programs effective as soon as feasible, and covering the 2008 winter season.”<sup>1</sup> The DPU requested proposals be filed no later than August 15, 2008 for increases in funding for programs for the upcoming winter season.

On August 7, 2008, the DPU issued a letter to all energy efficiency PAs directing them to file 2009 energy efficiency plans on or before December 1, 2008, so that the PAs can address increased funding to meet the immediate needs of the upcoming winter heating season and transition to new joint three year plans mandated by the Green Communities Act.

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<sup>1</sup> DPU Memorandum from Hearing Officer Benjamin Spruill dated August 1, 2008 re: Request to Increase Funding for Residential Energy Efficiency Programs.

## Update to 2008 Energy Efficiency Programs

The programs included in this EEP Update are limited to those that, based on vendor support, can implement the maximum achievable level of cost-effective expenditures in residential and low income energy efficiency programs for winter 2008. This EEP Update is an update to and is consistent with the Compact's existing DPU-approved Energy Efficiency Plan: 2007 – 2012 (the "EEP")<sup>2</sup>. In addition to the specific increased funding proposed through the identified program delivery vendors, the Compact has developed methods to advance consumer awareness and adoption of energy efficiency measures. Energy efficiency initiatives at the community level present opportunities for extensive local involvement, and help develop an energy efficiency ethic that can support market transformation beyond the implementation of individual technologies or practices, resulting in long-term, sustained energy efficiency savings.

The Compact's updated 2008 programs are designed to comply with state energy efficiency goals and policies and to meet the urgent residential heating needs of customers this winter. The updated programs are consistent in design and delivery with those previously approved by the DPU. In this way, the marketing and delivery of the increased services can address the unique character of the Compact communities.

The updated 2008 programs included in this EEP Update are: (a) baseload, weatherization and heating system repair/retrofits for low-income Single Family customers, (b) weatherization for low-income Multi-Family customers, (c) residential weatherization and heating system retrofits through the RCS/MassSAVE program and, (d) increased public education and outreach efforts that underlie the delivery of all of the Compact's programs.

This EEP Update includes the following programs (*program enhancements are noted by bold and italic text*):

- The Low-Income Single Family Program, which provides low-income customers in single-family dwellings with assistance in purchasing and installing efficient lighting, appliances, and weatherization measures. *The Compact is working with its program vendor Housing Assistance Corporation, the Low Income Energy Affordability Network ("LEAN") and the Department of Housing and Community Development (the "DHCD") to target increased program funding to residential heating measures, including weatherization measures and heating system replacements.*
- The Low-Income Multi-Family Program, which provides owners and managers of low-income multi-family dwellings with assistance in purchasing and installing efficient lighting, appliances and space heating measures. *The Compact is working with its program vendor Housing Assistance Corporation, LEAN and DHCD to*

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<sup>2</sup> The DPU approved the Compact's current Energy Efficiency Plan: 2007 – 2012 on December 24, 2007 (D.P.U. 07-47). The EEP contemplated filing updated budgets on an annual basis and "in response to market developments or other changes to the energy efficiency industry in Massachusetts." (EEP at p. 4.)

*target increased program funding to residential heating measures, including weatherization measures.*

- The Residential Massachusetts Home Energy Services Program (“MassSAVE”), which provides interested residential customers with a home energy audit and financial incentives for numerous electric and non-electric (such as thermal and space heating) efficiency measures. *In addition the Compact is working closely with its program delivery vendor, RISE Engineering, and is proposing to implement the changes offered by the MassSAVE/RCS Network consistent with the DOER response of July 31, 2008,<sup>3</sup> including:*

*(1) working with LEAN and its members to increase customer incentives from 50% to 100% of the value of eligible installed thermal measures for customers with household incomes between 60% – 80% of median income;*

*(2) increasing customer incentives from 50% to 75% of the value of eligible installed thermal measures, up to \$2,000, for customers with household incomes above 80% of median income to assist customers who wish to implement cost-effective measures;*

*(3) modifying the HEAT Loan offer to allow customers to receive incentives in addition to the zero or low interest HEAT Loans of up to \$10,000 contemplated by the HEAT Loan pilot program required by the Green Communities Act; and*

*(4) increasing outreach and promotion of programmable thermostat rebates and weather sensitive heating system controls through retailers, distributors and heating contractors<sup>4</sup>.*

### **Increased Public Education and Outreach**

In addition to the above program enhancements, the Compact will utilize its extensive network at the community and local government level to help increase customer awareness of energy efficiency programs and facilitate greater program participation by:

1. Expansion of its compact fluorescent lamp (“CFL”) giveaway program for civic and community group events. The Compact has been providing CFLs for non-profit agencies to give away at community events, in order to increase visibility of available programs and participation. Since 2007, the Compact has been represented at over 50 community events and has distributed over 5,900 CFLs. Currently, the program is restricted to a small amount of bulbs per organization per year, and demand has risen dramatically. The Compact proposes to expand the program to include a more formalized process that includes the ability of

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<sup>3</sup> Letter from Mike Sherman, Energy Efficiency Group Manager (DOER), to the MassSAVE/RCS Network (July 31, 2008).

<sup>4</sup> The Compact is working with Cape and Islands Self Reliance to promote the installation of heating system energy efficiency measures, specifically to their oil cooperative members and dealers.

community organizations to request speakers, demonstrations, and product to begin saving energy today. This has proven to be a very effective method of dissemination of information with a very low implementation cost.

2. Outreach to human services agencies and faith-based organizations. For the past couple of years, the Compact has been working with faith-based organizations on the Cape and Vineyard. Recently, requests from religious groups for information and speakers have increased dramatically. In response, the Compact has been meeting on a monthly basis to organize an event to provide a forum for faith-based advocates to work together to help their constituents during the winter, when many may have issues paying their utility bills. Through this effort, the Compact has developed relationships with many of the key human service agencies as well as the faith-based organizations. These agencies and organizations are focused on community service and are trusted within their communities. All of the agencies and organizations have indicated their willingness to help increase marketing of available programs through their agencies and organizations.
3. Continuing to find new opportunities, technologies and practices in collaboration with community advocates, town energy committees, town/government leaders and the emerging clean-energy workforce. The Compact, in an effort to create new, innovative programs for the Cape and Vineyard, has been working in collaboration with many different groups to look at the viability of programs that focus on energy savings, but that do not fit into currently existing programs. The Compact has already started a pilot program to replace existing hot water heaters for families of four or more with solar domestic hot water. Additionally, the Compact is examining potential programs for major energy efficiency renovations and superinsulation. In anticipation of the goal of least-cost procurement in the Green Communities Act, the Compact is evaluating technologies and practices in the near-term but is not proposing adding new programs in 2008. Program changes, or new programs, resulting from this examination will be proposed in future Compact energy efficiency plans (2009 and beyond).

CAPE LIGHT COMPACT

**Appendix B. Updated 2008 Program Budget**

**Update of Table 3.1 Program Budget Summary**

**Including Increased Spending for Residential Heating Programs for the 2008 Winter Season**

	<b>2007</b>	<b>2008</b>
<b>Total Estimated Collections</b>		
Forecasted MWh Sales		
Residential	1,151,001	1,151,001
Commercial and Industrial	941,728	941,728
Total Forecasted Sales (MWh)	2,092,729	2,092,729
Efficiency charge (mills/kWh)	2.5	2.5
Total Estimated Collections (\$)	5,231,823	5,231,822
<i>Total 2007 Carryover (\$) *</i>		<i>253,200</i>
<i>Total Additional Residential Funds (\$)</i>		<i>260,000</i>
<i>Total Additional Low-Income Funds (\$)</i>		<i>97,000</i>
<i>Total Additional Funds (\$)</i>		<i>357,000</i>
<i>Total Collections, 2007 Carryover &amp; Additional Funds (\$)</i>		<i>5,842,022</i>
<b>Total Estimated Allocations</b>		
<i>Residential</i>	<i>2,228,756</i>	<i>2,650,116</i>
<i>Low-Income</i>	<i>648,746</i>	<i>765,586</i>
Commercial and Industrial	2,354,320	2,426,320
<i>Total</i>	<i>5,231,822</i>	<i>5,842,022</i>

Please note: Additions and updates are displayed in italics

\* Total 2007 Carryover (\$) are unspent funds from program year 2007 for use in 2008 programs.

**Appendix C. Updated 2008 Budget Detail**

Update of Table A.3 Cost Detail by BCR Activity  
Including Increased Spending for Residential Heating Programs for the 2008 Winter Season

Sector	BCR Activity	Program	Program Planning & Admin	Program Marketing	Customer Incentives	Sales, Tech Assist & Training	Evaluation & Market Research	Total Program
<b>A - Residential</b>			<b>296,679</b>	<b>94,652</b>	<b>1,371,941</b>	<b>754,862</b>	<b>131,984</b>	<b>2,650,116</b>
	A02a Residential	Lost Opportunity	42,329	15,050	189,491	87,849	30,491	365,210
		A02a Residential New Construction	42,329	15,050	189,491	87,849	30,491	365,210
	A02b Residential	HVAC	0	0	0	0	10,000	10,000
		A02b Residential HVAC	0	0	0	0	10,000	10,000
	A03a Residential	Retrofit 1-4	153,596	48,935	827,350	432,461	44,113	1,506,455
		A03a Residential Conservation Service	153,596	48,935	827,350	432,461	44,113	1,506,455
	A04a Residential	Lighting	54,914	15,712	178,548	118,349	31,953	399,476
		A04a Energy Star Lighting	54,914	15,712	178,548	118,349	31,953	399,476
	A04b Residential	Appliances	45,840	14,955	176,552	116,203	15,425	368,976
		A04b Energy Star Appliances	45,840	14,955	176,552	116,203	15,425	368,976
<b>B - Low Income</b>			<b>107,491</b>	<b>37,551</b>	<b>428,813</b>	<b>167,627</b>	<b>24,104</b>	<b>765,586</b>
	B03a Low-Income	Retrofit 1-4	96,742	33,796	368,182	151,314	21,694	671,727
		B03a Low-Income Single-Family Program	96,742	33,796	368,182	151,314	21,694	671,727
	B03b Low-Income	Retrofit Multifamily	10,749	3,755	60,631	16,313	2,410	93,859
		B03b Low-Income Multi-Family Program	10,749	3,755	60,631	16,313	2,410	93,859
<b>C - Commercial &amp; Industrial</b>			<b>287,216</b>	<b>99,984</b>	<b>1,617,531</b>	<b>336,202</b>	<b>85,388</b>	<b>2,426,320</b>
	C02a C&I	Lost Opportunity	28,638	8,049	120,975	27,477	6,471	191,610
		C02a C&I New Construction	9,983	3,549	61,386	12,071	2,854	89,843
		C02b C&I Govt New Construction	5,624	2,000	33,608	5,687	1,608	48,526
		C04c C&I Products & Services	13,030	2,500	25,982	9,719	2,010	53,241
	C03a Large C&I	Retrofit	59,758	21,247	326,585	89,629	22,082	519,302
		C03a C&I Large Retrofit	14,764	5,249	71,686	30,171	9,220	131,090
		C03c C&I Govt Large	44,995	15,998	254,899	59,458	12,862	388,211
	C03b Small C&I	Retrofit	198,820	70,689	1,169,970	219,095	56,834	1,715,408
		C03b C&I Small Retrofit	122,469	43,543	704,240	151,401	35,009	1,056,662
		C03d C&I Govt Small	76,350	27,146	465,730	67,695	21,825	658,746
<b>Grand Total</b>			<b>691,385</b>	<b>232,188</b>	<b>3,418,284</b>	<b>1,258,690</b>	<b>241,475</b>	<b>5,842,022</b>
<b>Percent of Total</b>			<b>11.8%</b>	<b>4.0%</b>	<b>58.5%</b>	<b>21.5%</b>	<b>4.1%</b>	<b>100.0%</b>

CAPE LIGHT COMPACT

**Appendix D. Updated 2008 Program Goals**

**Update of Table 2.2 Program Goals**

**Including Increased Spending for Residential Heating Programs for the 2008 Winter Season**

Year	Lifetime Energy Savings (kWh)	Lifetime Summer Demand Savings (kW-years)	Value of Non-Electric Benefits (\$000)	Total Net Benefits (\$000)
2007	106,389,000	18,754	\$ 6,617	\$ 13,826
2008	114,351,614	31,888	\$ 9,020	\$ 24,517

## Appendix E. Updated 2008 Benefit - Cost Analysis

Update of Table A.1 Benefit - Cost Summary with Capacity DRIPE and Table A.2 Benefit - Cost Summary without Capacity DRIPE Including Increased Spending for Residential Heating Programs for the 2008 Winter Season

BCR Activity			w/o Adders		Incl. Capacity DRIPE		Incl. Capacity and Energy DRIPE		Incl. Capacity and Energy DRIPE and CO2	
	Total Costs (\$000)	PA Costs (\$000)	Total Benefits (\$000)	TRC Benefit/Cost	Total Benefits (\$000)	TRC Benefit/Cost	Total Benefits (\$000)	TRC Benefit/Cost	Total Benefits (\$000)	TRC Benefit/Cost
<b>Residential</b>										
A02a Residential Lost Opportunity	\$447	\$365	\$532	1.19	\$536	1.20	\$546	1.22	\$570	1.28
A02b Residential HVAC	\$10	\$10	\$0	0.00	\$0	0.00	\$0	0.00	\$0	0.00
A03a Residential Retrofit 1-4	\$2,418	\$1,506	\$7,947	3.29	\$8,135	3.36	\$8,251	3.41	\$8,631	3.57
A03b Residential Retrofit Multifamily	\$0	\$0	NA	NA	NA	NA	NA	NA	NA	NA
A04a Residential Lighting	\$529	\$399	\$3,956	7.48	\$4,106	7.76	\$4,944	9.34	\$6,300	11.91
A04b Residential Appliances	\$679	\$369	\$1,490	2.19	\$1,722	2.54	\$1,801	2.65	\$1,961	2.89
A07x Performance Incentive Tax Liability		\$0								
<b>Subtotal: Residential</b>	<b>\$4,083</b>	<b>\$2,650</b>	<b>\$13,926</b>	<b>3.41</b>	<b>\$14,499</b>	<b>3.55</b>	<b>\$15,541</b>	<b>3.81</b>	<b>\$17,462</b>	<b>4.28</b>
<b>Low Income</b>										
B02a Low-Income Lost Opportunity	\$0	\$0	NA	NA	NA	NA	NA	NA	NA	NA
B03a Low-Income Retrofit 1-4	\$672	\$672	\$3,300	4.91	\$3,318	4.94	\$3,379	5.03	\$3,578	5.33
B03b Low-Income Retrofit Multifamily	\$94	\$94	\$583	6.21	\$586	6.24	\$592	6.30	\$609	6.49
B07x Performance Incentive Tax Liability		\$0								
<b>Subtotal: Low Income</b>	<b>\$766</b>	<b>\$766</b>	<b>\$3,884</b>	<b>5.07</b>	<b>\$3,904</b>	<b>5.10</b>	<b>\$3,971</b>	<b>5.19</b>	<b>\$4,187</b>	<b>5.47</b>
<b>Com/Ind (1)</b>										
C02a C&I Lost Opportunity	\$240	\$192	\$365	1.52	\$383	1.60	\$409	1.71	\$481	2.01
C03a Large C&I Retrofit	\$606	\$519	\$1,170	1.93	\$1,235	2.04	\$1,338	2.21	\$1,598	2.64
C03b Small C&I Retrofit	\$1,931	\$1,715	\$4,276	2.21	\$4,496	2.33	\$4,870	2.52	\$5,795	3.00
C07x Performance Incentive Tax Liability		\$0								
<b>Subtotal: C&amp;I</b>	<b>\$2,778</b>	<b>\$2,426</b>	<b>\$5,811</b>	<b>2.09</b>	<b>\$6,115</b>	<b>2.20</b>	<b>\$6,617</b>	<b>2.38</b>	<b>\$7,874</b>	<b>2.83</b>
<b>Grand Total</b>	<b>\$7,626</b>	<b>\$5,842</b>	<b>\$23,620</b>	<b>3.10</b>	<b>\$24,517</b>	<b>3.21</b>	<b>\$26,129</b>	<b>3.43</b>	<b>\$29,523</b>	<b>3.87</b>

**Appendix F. Updated 2008 Benefit Detail (including benefits from capacity demand-response-induced price effects only)**

Update of Table A.4 Benefit Detail by BCR Activity  
Including Increased Spending for Residential Heating Programs for the 2008 Winter Season

BCR Activity	Total Benefits												kW Saved			kWh Saved		Value	
	Total Benefits	Capacity					Energy				Non Electric		Sum	Win	Life	Ann	Life	Energy	Non Electric
		Generation		Trans	MDC	DRIPE	Winter		Summer		Resource	Non-Resource						DRIPE	CO2
		Sum	Win				Peak	Off Peak	Peak	Off Peak									
A - Residential	\$14,498,617	\$1,890,151	\$0	\$347,326	\$1,297,101	\$572,954	\$1,480,958	\$1,577,268	\$970,336	\$825,508	\$5,144,086	\$392,928	1,688	1,708	20,286	7,970,044	61,632,542	\$1,042,841	\$1,920,821
A02a Residential Lost Opportunity	\$536,102	\$16,219	\$0	\$2,748	\$10,264	\$3,707	\$20,493	\$21,667	\$10,286	\$10,540	\$395,412	\$44,764	10	42	164	75,251	837,050	\$9,951	\$23,930
A02b Residential HVAC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	0	0	\$0	\$0
A03a Residential Retrofit 1-4	\$8,134,523	\$1,143,915	\$0	\$182,968	\$683,301	\$187,239	\$287,242	\$301,305	\$387,755	\$214,194	\$4,743,395	\$3,210	518	120	11,423	962,337	16,379,977	\$116,158	\$380,797
A03b Residential Retrofit Multifamily	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	0	0	\$0	\$0
A04a Residential Lighting	\$4,106,190	\$192,490	\$0	\$48,413	\$180,801	\$150,336	\$1,042,144	\$1,115,186	\$507,332	\$533,380	\$0	\$336,108	411	1,546	2,544	6,333,959	39,227,160	\$837,588	\$1,356,094
A04b Residential Appliances	\$1,721,802	\$537,528	\$0	\$113,196	\$422,735	\$231,672	\$131,078	\$139,110	\$64,963	\$67,394	\$5,278	\$8,846	749	1	6,154	598,497	5,188,355	\$79,144	\$160,000
																0	0		
B - Low Income	\$3,903,927	\$86,235	\$0	\$15,564	\$58,124	\$20,410	\$203,350	\$213,965	\$103,950	\$104,790	\$1,063,997	\$2,033,543	97	293	893	711,774	8,662,042	\$66,751	\$215,907
B03a Low-Income Retrofit 1-4	\$3,318,187	\$75,800	\$0	\$13,669	\$51,047	\$17,782	\$187,288	\$197,040	\$95,785	\$96,514	\$796,120	\$1,787,143	85	265	785	647,360	7,986,443	\$60,974	\$198,439
B03b Low-Income Retrofit Multifamily	\$585,740	\$10,435	\$0	\$1,895	\$7,077	\$2,629	\$16,062	\$16,925	\$8,165	\$8,275	\$267,877	\$246,400	11	28	108	64,414	675,598	\$5,777	\$17,468
																0	0		
C - Commercial & Industrial	\$6,114,655	\$1,070,578	\$0	\$190,169	\$710,193	\$303,573	\$1,225,330	\$799,828	\$909,009	\$520,901	\$0	\$385,074	830	471	10,709	3,431,284	44,057,031	\$502,700	\$1,256,578
C02a C&I Lost Opportunity	\$382,992	\$75,048	\$0	\$12,820	\$47,875	\$17,837	\$74,127	\$43,449	\$61,079	\$28,813	\$0	\$21,945	49	24	739	175,405	2,661,802	\$26,356	\$71,235
C03a Large C&I Retrofit	\$1,235,190	\$231,916	\$0	\$41,099	\$153,487	\$65,113	\$261,246	\$171,026	\$183,803	\$103,381	\$0	\$24,119	178	88	2,314	703,053	9,186,050	\$102,391	\$260,497
C03b Small C&I Retrofit	\$4,496,473	\$763,614	\$0	\$136,250	\$508,832	\$220,623	\$889,957	\$585,352	\$664,127	\$388,707	\$0	\$339,010	603	359	7,656	2,552,827	32,209,179	\$373,953	\$924,847
																0	0		
<b>Grand Total</b>	<b>\$24,517,199</b>	<b>\$3,046,964</b>	<b>\$0</b>	<b>\$553,058</b>	<b>\$2,065,418</b>	<b>\$896,938</b>	<b>\$2,909,637</b>	<b>\$2,591,061</b>	<b>\$1,983,295</b>	<b>\$1,451,199</b>	<b>\$6,208,083</b>	<b>\$2,811,546</b>	<b>2,614</b>	<b>2,472</b>	<b>31,888</b>	<b>12,113,102</b>	<b>114,351,614</b>	<b>\$1,612,291</b>	<b>\$3,393,306</b>