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October 29, 2010

***VIA ELECTRONIC MAIL
ORIGINAL BY HAND DELIVERY***

Mark Marini, Secretary
Department of Public Utilities
One South Station, 2nd Floor
Boston, MA 02110

*Re: Petition of the Cape Light Compact for Mid-Term Modifications
D.P.U. 10 - _____*

Dear Secretary Marini:

We are pleased to enclose on behalf of the Cape Light Compact (the "Compact") the Compact's mid-term modification filing submitted pursuant to the Compact's Three-Year Energy Efficiency Plan ("Three-Year Plan"), the rulemaking Orders of the Department in D.P.U. 08-50-A and in D.P.U. 08-50-B, the Department's January 28, 2010 Order in dockets D.P.U. 09-121 – D.P.U. 09-128 ("Gas Order"), and the Memorandum of Jeffrey M. Leupold, Hearing Officer dated September 13, 2010 (the "HO MTM Memo"). Included with today's filing are the following materials:

- 1) The Compact's Petition for Approval of Mid-Term Modifications. The Petition contains:
 - Exhibit A – Executive Summary
 - Exhibit B – PA-Specific Mid-Term Modifications to 2011 Plan Budgets and Savings Goals
 - Exhibit C – EM&V
 - Exhibit D – 2011 Performance Incentives (Not Applicable to the Compact)
 - Exhibit E – Program Administrator Update on Financing/Funding

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Exhibit E-1 – Cape Light Compact Outside Funding Update

Exhibit F – Pilot Programs

Exhibit G – Cost-Effectiveness Materials

Exhibit H – Updated 08-50 Tables

Exhibit I - Appendix

- | | |
|---------------|---|
| Attachment 1: | Technical Reference Manual |
| Attachment 2: | PA-Specific Notifications of Annual Variance of 20% Based Upon Annual Goals |
| Attachment 3: | BCR Screening Models (see CD-ROM) |
| Attachment 4: | Proposed Resolution materials submitted to the Energy Efficiency Advisory Council (“Council”) on October 14, 2010 and presented to the Council at the Council meeting on October 19, 2010 |

2) Affidavit of Kevin F. Galligan

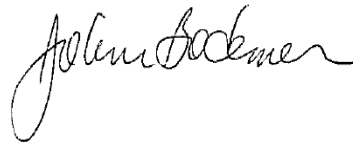
The Compact has worked diligently and collaboratively with its fellow Program Administrators, the Council, the Council’s consultants, the Attorney General, and other interested stakeholders in the preparation of this mid-term modification filing.

Using a collaboratively developed statewide template, the Compact has submitted its modifications, if any exist, in the following categories: 1) 2011 Savings Goals and Budgets; 2) Evaluation, Monitoring, and Verification; 3) Outside Funding and Financing; 4) Pilot Programs; 5) Cost-Effectiveness Screening; and 6) Updated 08-50 Tables. The Compact notes that it has also included a Technical Reference Manual as an Appendix, which will be used by the Program Administrators to report savings for prescriptive measures in 2011 and is the result of an extensive, year-long effort. Additionally, for informational purposes, the Program Administrators will submit to the Department a statewide roll-up of the 08-50 tables of all Program Administrators in early November. The Program Administrators are also updating the Council and Department as to certain program enhancements not rising to the level of a mid-term modification in their third quarter Quarterly Report Part 1, which is being submitted on even date herewith.

Mark Marini, Secretary
October 29, 2010
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The \$100 filing fee is enclosed. Should you have any questions with respect to today's filing, please do not hesitate to contact the undersigned.

Sincerely,



Jeffrey M. Bernstein
Jo Ann Bodemer

JMB:JAB/drb
Enclosures

cc: Jeffrey Leupold, Hearing Officer, D.P.U. (w/enc.) (via email and hand delivery)
Benjamin N. Spruill, Hearing Officer, D.P.U. (w/enc.) (via email only)
EEAC Councilors (w/enc.) (via email only)
EEAC Consultants (w/enc.) (via email only)
D.P.U. 09-119 Service List (w/enc.) (via email only)
Jennifer Kallay, Synapse Energy Economics (via email only)
Kevin F. Galligan, Cape Light Compact (w/enc.) (via email)
Margaret T. Downey, Cape Light Compact (w/enc.) (via email and first class mail)

THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

CAPE LIGHT COMPACT)
_____))
_____)

D.P.U. 10- ____

**PETITION FOR APPROVAL OF MID-TERM MODIFICATIONS
TO THREE-YEAR ENERGY EFFICIENCY PLAN**

The Cape Light Compact (the “Compact”) respectfully requests approval from the Department of Public Utilities (the “Department”), pursuant to Section 3.8 of the Department’s Revised Energy Efficiency Guidelines, D.P.U. 08-50-A and B (2009) (the “Guidelines”) and the Department’s January 28, 2010 Order in dockets D.P.U. 09-116 – D.P.U. 09-120 (“Electric Order”), of certain mid-term modifications to the Compact’s Three-Year Energy Efficiency Plan for the 2011 plan year. In support of this Petition, the Compact states the following:

I. INTRODUCTION

1. Petitioner the Cape Light Compact (the “Compact”) is a governmental aggregator pursuant to 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 D.T.E. 00-47 (August 10, 2000). The Compact maintains a business office within the Barnstable County offices located at the Superior Courthouse at 3195 Main Street in Barnstable, Massachusetts, 02630.

2. The design, implementation, and cost recovery of the Compact’s energy

efficiency programs are subject to the jurisdiction of the Department under the provisions of G.L. c. 164 and Chapter 169 of the Acts of 2008, an Act Relative to Green Communities (the “Act”).

3. On January 28, 2010, the Department approved the Compact’s Three-Year Energy Efficiency Plan which provides energy efficiency programs for the Compact’s residential, low-income and commercial & industrial (“C&I”) customer sectors for calendar years 2010 through 2012 (the “Plan”). The Electric Order, along with the Department’s January 28, 2010 Order in dockets D.P.U. 09-121 – D.P.U. 09-128 (the “Gas Order”) also noted that the Program Administrators’ individual three-year energy efficiency plans were not final for 2011 and 2012 with respect to (1) evaluation, measurement and verification studies (“EM&V”), (2) performance incentives,¹ and (3) pilot program budgets. Electric Order at 142; Gas Order at 134-135. The Department stated that each of these areas would require supplemental filings from the Program Administrators. Electric Order at 142; Gas Order at 134-135.

4. Additionally, the Department acknowledged that the Program Administrators might make filings seeking Department approval to modify savings goals and budgets for 2011 and 2012 in order to reflect actual outside funding levels obtained. Electric Order at 142; Gas Order at 134-135. The Department directed the Program Administrators in the Electric Order, the Gas Order and a Hearing Officer Memorandum to file the referenced updates by October 29, 2010 consistent with the procedure for filing mid-term modifications. Electric Order at 142; Gas Order at 134-135; September 13, 2010 Hearing Officer Memorandum at 1.

¹ As a municipal aggregator and public entity, the Compact does not include performance incentives as part of its energy efficiency plans.

5. In addition to providing the updates specifically requested by the Department, this filing also includes proposed modifications to the Plan pursuant to the provisions for mid-term modifications set forth in the Department’s Guidelines and rulemaking orders. See D.P.U. 08-50-B.

II. OPERATING ASSUMPTIONS

6. The Guidelines, as well as the orders issued in D.P.U. 08-50-A (2009) and D.P.U. 08-50-B (2009), allow the Program Administrators to submit for review and authorization by the Department proposed modifications to approved energy efficiency plans if the modifications are “significant.” Guidelines § 3.8.1. The Guidelines state that “[a] modification is deemed to be significant if it would result in (a) the addition of a new Energy Efficiency Program or the termination of an existing Energy Efficiency Program; (b) a change in an Energy Efficiency Program budget of greater than 20 percent; (c) an Energy Efficiency Program modification that leads to an adjustment in savings goals that is greater than 20 percent; or (d) an Energy Efficiency Program modification that leads to a change in performance incentives of greater than 20 percent.” Guidelines § 3.8.2.

7. In accordance with the foregoing, the Compact and its fellow Program Administrators have sought to keep this initial set of mid-term modification filings focused on those revisions and enhancements to the Plans that were specifically contemplated by the Department in its Orders or otherwise meet the filing “triggers” for material modifications, as set forth in Section 3.8.2 of the Guidelines. The Guidelines and Orders reflect the Department’s general agreement that the Program Administrators should retain the flexibility to make changes to their programs, including budgetary adjustments, provided that such changes

do not meet the triggering thresholds specified in Section 3.8.2 of the Guidelines. See D.P.U. 08-50-A at 64.

8. More specifically, for the limited purposes of this filing and subject to the qualifying notes below, the Program Administrators have adopted four key operating assumptions as to what constitutes a material “mid-term modification” subject to the reporting requirements established by the Department in its Guidelines and Orders.

i. First, the Program Administrators interpret the 20 percent “triggers” (for budgets, savings, and incentives) in Section 3.8.2 of the Guidelines as applying at the program level across the entire three-year term of the Plan. This interpretation is predicated on the three-year nature of the Plans, as well as language issued by the Department in recent rulings. *See, e.g.,* Order on Motion of Western Massachusetts Electric Company for Interim Continuation of Energy Efficiency Programs, D.P.U. 09-118-C (August 23, 2010) (“The Green Communities Act establishes a three-year cycle of budgeting, planning, and reviewing energy efficiency programs. *This three-year cycle allows Program Administrators flexibility with respect to program implementation and budgeting.*”) (emphasis added). Accordingly, for purposes of this filing, the Compact is seeking Department approval of a modification only if the proposed change would exceed an applicable 20 percent threshold at the program level over the full three-year term of the Plan.

ii. Second, based upon discussions with interested stakeholders, the Compact and its fellow Program Administrators have voluntarily agreed, for purposes of 2011 mid-term modifications, that any change involving an annual budget increase at the sector level of 15 percent for C&I programs, or 20 percent for Residential and Low-Income

programs will be submitted for Department approval in order to address bill impact concerns.²

iii. Third, the Compact and its fellow Program Administrators understand that adding or subtracting a program will in all events be treated as a mid-term modification, pursuant to Section 3.8.2 of the Guidelines.

iv. Finally, in the spirit of cooperation and transparency, the Compact is providing notice to the Council and the Department of any program-level variances that exceed 20 percent on an annual basis, with the understanding that the Compact is not seeking approval of any of these variances from the Department as a formal, mid-term modification of its Plan.³

9. The Compact and its fellow Program Administrators emphasize that this filing for the calendar year 2011 is the first mid-term modification being made pursuant to the new framework established by the Act and under the Guidelines.⁴ Although the Program Administrators have adopted these operating assumptions in order to ensure consistency and clarity in their mid-term modification filings, the Program Administrators are not seeking to alter the Guidelines or Department policy through this filing. More importantly, they are not

² The Program Administrators note that use of the stipulated sector level trigger ties to cost recovery mechanisms, which operate at the sector level.

³ The Program Administrators value transparency and have agreed to present certain non-triggering adjustments to the Energy Efficiency Advisory Council (the “Council”) and the Department for notification purposes, based on productive, collaborative discussions with the Council. The Program Administrators emphasize that such non-triggering adjustments do not require Department approval. In contrast, the Program Administrators are submitting to the Department material modifications to the Plans that rise to the Section 3.8.2 thresholds for mid-term modifications. Mindful of this distinction, the Compact and its fellow Program Administrators have focused this filing on matters for which express Department approval is being sought under the Guidelines and Orders.

⁴ The Compact filed a request for mid-year revisions to its 2010 plan, which requested budget re-allocation for certain pilot and C&I program budgets. The Department docketed the matter as D.P.U. 10-106.

seeking to turn this discrete, focused proceeding into a generic rulemaking proceeding.⁵

10. In accordance, with the Guidelines, the Electric Order, and the Hearing Officer's Memorandum of September 13, 2010, the Compact submits this Petition requesting approval for mid-term modification in the following topics, all of which are summarized in the Executive Summary set forth in Exhibit A:

- a. The mid-term modifications to the budgets and savings goals for the Compact's 2011 energy efficiency plan, as approved in the Electric Order, are set forth in Exhibit B;
- b. The statewide EM&V Plan for 2011 set forth in Exhibit C;
- c. The Compact's updated assumptions and plans for outside funding and financing for 2011 are described in Exhibit E,⁶ and also supported in the D.P.U. 08-50 tables set forth in Exhibit H (see Electric Order at 59);
- d. The Compact's 2011 budget for pilot programs and the addition/deletion of any pilot programs as detailed in Exhibit F; and
- e. Exhibit G of this filing provides a narrative discussion demonstrating the cost-effectiveness of the Compact's proposal.

III. THE COUNCIL'S REVIEW

11. Pursuant to Section 3.8.3 of the Guidelines, a Program Administrator seeking to make significant modifications to its Energy Efficiency Plan must submit the proposed

⁵ The Compact notes that the Council has not yet taken any definitive action with respect to its proposed mid-term modifications, including the operating assumptions noted herein.

⁶ The Compact has intentionally omitted Exhibit D to this filing since it relates to performance incentives that are not applicable to the Compact.

modifications to the Council for its review prior to submitting such proposed modifications to the Department.

12. Following a series of informal meetings and discussions, consistent with Sections 3.8.3 and 3.8.4 of the Guidelines, the Program Administrators presented their proposed mid-term modifications to the Council in advance of the Council's October 19, 2010 meeting.⁷ At the October 19, 2010 Council meeting, the Program Administrators made written and oral presentations based on their proposed modifications and responded to questions from Councilors.

13. The Council has not yet taken any definitive action on the Program Administrators proposals. The Program Administrators will keep the Department fully apprised of any Council actions or resolutions on their mid-term modification filings.

IV. THE COMPACT'S PLAN CONTINUES TO MAINTAIN EFFECTIVENESS

14. The Compact's programs, with such modifications as described herein, would continue to be cost effective if all modifications were approved. *See* Exhibits G, H and I (Attachment 3).

15. If approved, the Compact's proposed mid-term modification should allow for a total Plan budget of \$24,899,683 and a total savings of 39,225 Annual MWh. *See* Exhibits G and H.

16. The Department already approved the originally forecast bill impacts associated with the Compact's Three-Year Plan, both with and without acquisition of new outside funding. Electric Order at 89-91. Given that this filing does not propose any material budget increase in

⁷ A full set of the materials submitted to the Council is included as Exhibit I, Attachment 4 to this filing.

any sector, there is no requirement of further bill impact analysis at this time.⁸

17. In further support of the requests made in this filing, the Compact is submitting Appendices, attached as Exhibit I, containing detailed supporting information, including:

- Attachment 1: Technical Reference Manual
- Attachment 2: PA-Specific Notifications of Annual Variances of 20% based on Annual Goals
- Attachment 3: BCR Screening Models (*see* CD-ROM)
- Attachment 4: Proposed Resolution materials submitted to the Council on October 14, 2010 and presented to the Council at the Council meeting on October 19, 2010

V. CONCLUSION

18. This Petition is consistent with the overarching mandate that the Program Administrators pursue “the acquisition of all available energy efficiency.” G.L. c. 25, § 21(b).

19. Based upon the foregoing, as well as the supporting exhibits, the Compact respectfully requests the Department approve the proposed mid-term modifications to its Three-Year Energy Efficiency Plan for the 2011 plan year.

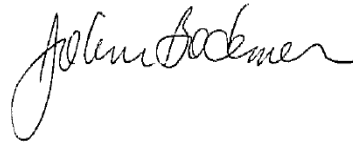
⁸ The Compact notes that a revised bill impact methodology is being developed in the D.P.U. 08-50 Working Group. When the revised methodology is finalized, the Compact will provide updated sample bill impacts analyses to the Department and the Council for informational purposes. For purposes of this mid-term modification filing, if requested, the Compact will furnish a traditional bill impacts analysis for illustrative purposes for those customer sectors where it is seeking approval for material increases to its 2011 budgets.

WHEREFORE, the Cape Light Compact, respectfully requests that the Department:

- a) approve the Compact's proposed modifications to its budget and savings goals, as set forth in Exhibit B;
- b) approve the Compact's 2011 EM&V efforts, as set forth in Exhibit C;
- c) approve the Compact's updated assumptions and plans for outside funding and financing for 2011, described in Exhibit E;
- d) approve the Compact's 2011 pilot program budgets, as set forth in Exhibit F;
- e) determine the Compact's proposed 2011 energy efficiency plan is cost-effective, as set forth in Exhibit G and H; and
- f) provide such other and further relief as may be necessary or appropriate.

Respectfully submitted by,

THE CAPE LIGHT COMPACT
By its attorneys,



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Dated: October 29, 2010

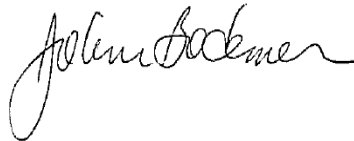
COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

_____))
CAPE LIGHT COMPACT)) D.P.U. 10- ____
_____))

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing documents upon all parties of record in this proceeding in accordance with the requirements of 220 CMR 1.05(1) (Department's Rules of Practice and Procedure).

Dated at Newton, Massachusetts this 29th day of October, 2010.



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EXHIBIT A

I. EXECUTIVE SUMMARY

A. Overview

The Cape Light Compact (the “Compact”) is seeking the Department’s approval of certain modifications and enhancements to the Compact’s Three-Year Energy Efficiency Plan for the years 2010-2012 (the “Plan”). The Plan was approved by the Department in a January 28, 2010 order, subject to certain limited conditions, including the requirement that additional materials be furnished to the Department concerning: (1) evaluation, measurement and verification (“EM&V”) studies; (2) performance incentives¹; (3) outside funding; and (4) pilot program budgets. In addition to providing the updates specifically requested by the Department, this filing includes updates and proposed modifications to the Plan pursuant to the provisions for mid-term modifications set forth in the Department’s Energy Efficiency Guidelines and rulemaking orders. See Section B, *infra*. Although this filing is focused on modifications and updates to the Compact’s 2011 plan year that either (a) were specifically contemplated in the Department’s January 28, 2010 Order, or (b) trigger filing requirements under Section 3.8.2 of the Department’s Guidelines, the gas and electric companies and municipal aggregators (together “Program Administrators”) are also providing written notifications concerning certain changes that do not require formal Department approval, but that are being providing for purposes of transparency.²

¹ As a municipal aggregator and public entity, the Compact does not seek performance incentives.

² The Program Administrators’ third Quarterly Report, which is being filed on even date herewith, includes additional updates on program implementation and enhancements that do not trigger mid-term modification requests (such as program design enhancements, new rental housing delivery strategies/initiatives, community mobilization initiatives in the field, and work on additional opportunities for contractor participation in the Mass Save program).

B. Background of the Three-Year Plans

Pursuant to An Act Relative to Green Communities, Chapter 169 of the Acts of 2008 (“Green Communities Act” or “Act”), the Compact and its fellow Program Administrators have been statutorily charged with developing three-year energy efficiency plans that “provide for the acquisition of all available energy efficiency and demand reduction resources that are cost effective or less expensive than supply.” G.L. c. 25, § 21(b)(1). In developing the three-year gas and electric energy efficiency plans for 2010-2012 (collectively, the “Plans”), the Program Administrators engaged in a collaborative, iterative process, producing multiple draft versions of the Plans and considering the comments of the Energy Efficiency Advisory Council (the “Council”), and other interested stakeholders. On October 30, 2009, the Program Administrators filed their individual Plans with the Department. Following a discovery period and hearings before the Department, the Program Administrators and interested parties submitted briefs to the Department.

On January 28, 2010, the Department issued orders on the Plans in dockets D.P.U. 09-116 – D.P.U. 09-120 (“Electric Order”) and D.P.U. 09-121 – D.P.U. 09-128 (“Gas Order”) (together, the “Orders”), approving the Plans subject to limited specified exceptions and directives. Pursuant to the Act, the Program Administrators are required to provide quarterly reports to the Council, and the Council in turn is charged with providing an annual report to the Department. G.L. c. 25, § 22(d).³ The Department is also required to determine the cost-effectiveness of each Program Administrator’s plan on an annual basis. *Id.*, § 21(d)(2). In addition to these periodic filings, the Department directed the Program Administrators to make

³ Pursuant to the Orders, the Program Administrators also are required to provide a copy of their quarterly reports to the Department for informational purposes. Additionally, the Program Administrators are required to file annual reports with the Department.

additional supplemental filings with respect to with regard to: (1) EM&V studies; (2) performance incentives; and (3) pilot program budgets. *See* Electric Order at 142; Gas Order at 134-135. Additionally, as contemplated in the Plans, the Department approved the Program Administrators' proposal to submit documentation regarding their efforts to obtain outside funding for 2011 and 2012, and as appropriate, to file updated savings goals and program budgets reflecting the actual outside funding levels obtained. *See* Electric Order at 142; Gas Order at 135.

Beyond the filings specifically mandated by the Orders, it was anticipated that the Program Administrators would seek Department approval for significant modifications made by the Program Administrators to the Plans during the term of the Plans. Through the rulemaking orders in D.P.U. 08-50-A and D.P.U. 08-50-B, the Department established standards that "sought to balance the need for Program Administrators to make improvements to energy efficiency programs during the course of the Three-Year Plans, with the need for adequate regulatory review and stakeholder input of significant changes to the Program Administrators' planning assumptions and parameters." Electric Order at 134; Gas Order at 125.

In D.P.U. 08-50-A, the Department mandated that Program Administrators are required to seek Department approval for the following mid-term modifications: (1) the addition of a new program or the termination of an existing program; (2) a change in a program budget of greater than 20 percent; (3) a program modification that leads to an adjustment in savings goals that is greater than 20 percent; or (4) a program modification that leads to a change in performance incentives of greater than 20 percent. D.P.U. 08-50-A at 64; see also Guidelines at § 3.8.2. Procedurally, D.P.U. 08-50-A directed that any Program Administrator seeking such a mid-term modification must first submit its proposal to the Council for review, including in its subsequent

filing with the Department a justification for why the modification is appropriate and a description of how the request was reviewed and ruled upon by the Council. D.P.U. 08-50-A at 41, 64; Guidelines at §3.8.3, §3.8.4. On September 13, 2010, the Department issued a scheduling memorandum, directing the Program Administrators to file all compliance materials contemplated by the Orders as well as all other mid-term modification filings by October 29, 2010.

After a series of informal meetings and discussions, the Program Administrators, consistent with Sections 3.8.3 and 3.8.4 of the Guidelines, presented their proposed mid-term modifications to the Council in advance of the Council's October 19, 2010 meeting.⁴ At the October 19, 2010 Council meeting, the Program Administrators made written and oral presentations based on their proposals and responded to questions from Councilors. As of the date of this filing, the Council has not yet taken any definitive action on the Program Administrators proposals. The Program Administrators will keep the Department fully apprised of any Council actions or resolutions on their mid-term modification filings.

C. Operating Assumptions

While striving to maintain transparency and engage in consistent reporting to the Council, the Compact and its fellow Program Administrators have sought to keep this mid-term modification filing focused on those revisions and enhancements to the Plans that were specifically contemplated by the Department in its Orders or otherwise meet the filing "triggers" for material modifications, as set forth in Section 3.8.2 of the Guidelines. The Guidelines and Orders reflect the Department's general agreement that the Program Administrators should retain the flexibility to make changes to their programs, including budgetary adjustments, provided that

⁴ A full set of the materials submitted to the Council is included as Exhibit I, Attachment 4 to this filing.

such changes do not meet the triggering thresholds specified in Section 3.8.2 of the Guidelines. *See* D.P.U. 08-50-A at 64. The Program Administrators have agreed to present certain non-triggering adjustments to the Council and the Department for notification purposes, based on productive, collaborative discussions with the Council. The Program Administrators emphasize that such non-triggering adjustments do not require Department approval. In contrast, the Program Administrators are seeking Department approval of those material modifications that rise to Section 3.8.2 thresholds. Mindful of this distinction, the Compact and its fellow Program Administrators have focused this filing on matters for which express Department approval is being sought under the Orders and Guidelines.

For the limited purposes of this filing and subject to the qualifying notes below, the Program Administrators have adopted four key operating assumptions as to what constitutes a material “mid-term modification” subject to the reporting requirements established by the Department in its Guidelines and Orders.

First, the Program Administrators interpret the 20 percent “triggers” (for budgets, savings and incentives) in Section 3.8.2 of the Guidelines as applying at the program level across the entire three-year term of the Plan. This interpretation is predicated on the three-year nature of the Plans, as well as language issued by the Department in recent rulings. *See, e.g., Order on Motion of Western Massachusetts Electric Company for Interim Continuation of Energy Efficiency Programs*, D.P.U. 09-118-C (August 23, 2010) (“The Green Communities Act establishes a three-year cycle of budgeting, planning, and reviewing energy efficiency programs. *This three-year cycle allows Program Administrators flexibility with respect to program implementation and budgeting.*”) (emphasis added). Accordingly, for purposes of this filing, the Compact is seeking Department approval of a modification only if the proposed

change would exceed an applicable 20 percent threshold at the program level over the full three-year term of the Plan.

Second, based on discussions with interested stakeholders, the Compact and its fellow Program Administrators have voluntarily stipulated, for purposes of 2011 mid-term modifications, that any change involving an annual budget increase at the sector level of 15 percent for Commercial and Industrial (“C&I”) programs or 20 percent for Residential and Low-Income programs will be submitted for Department approval in order to address bill impact concerns.⁵

Third, the Compact and its fellow Program Administrators understand that adding or subtracting a program will in all events be treated as a mid-term modification, pursuant to Section 3.8.2 of the Guidelines.

Finally, in the spirit of cooperation and transparency, the Compact is providing notice to the Council and the Department of any program-level variances that exceed 20 percent on an annual basis, with the understanding that the Compact is not seeking formal Department approval of any of these variances.

The Compact, and its fellow Program Administrators, emphasize that this filing for 2011 calendar year efforts is the first mid-term modification being made pursuant to the new framework established by the Green Communities Act and under the Guidelines.⁶ Although the Program Administrators have adopted these operating assumptions in order to ensure consistency and clarity in their mid-term modification filings, the Program Administrators are

⁵ The Program Administrators note that use of the stipulated sector level trigger ties to cost recovery mechanisms, which operate at the sector level.

⁶ The Compact filed a request for mid-year revisions related to the re-allocation of certain pilot program budgets which is pending before the Department in D.P.U. 10-106.

not seeking to alter the Guidelines or Department policy through this filing. More importantly, they are not seeking to turn this discrete, focused proceeding into a generic rulemaking proceeding.

D. Summary of Key Components of Filing

The following discussion provides an overview of the Compact's filing. As noted below, certain of the exhibits are uniform across all of the Program Administrators, while others contain information that is specific to the Compact.

1. Compact Specific Modifications

Applying the operating assumptions set forth in Section C above, the Compact is not proposing any "triggering" modifications to its budgets and/or savings goals for 2011. The Compact is, however, proposing budget adjustments to its pilot programs that are more fully discussed in Exhibit F to this filing.

Specifically, at a portfolio level, the Compact's planned 2011 savings and budgets approved in its Three-Year Plan were 39,139 Annual MWh and \$25,270,151, respectively; by this mid-term modification filing, if approved, these values will become 39,225 Annual MWh and \$24,899,683. The Company's updated savings goals and budgets are reflected in the updated D.P.U. 08-50 tables included in Exhibit H.

2. EM&V

Working collaboratively, the Program Administrators are undertaking extensive EM&V efforts designed to ensure accuracy and accountability in program planning and implementation. In accordance with the Department's directive (*see* Electric Order at 132, Gas Order at 122), Exhibit C sets forth a statewide update on EM&V efforts, including new initiatives planned for

2011 that have been collaboratively developed by the Program Administrators and the independent consulting team dedicated to EM&V.

3. Outside Funding and Financing

a. Statewide Update. Pursuant to the directive in the Department's Orders, the Compact and its fellow Program Administrators are providing a discussion of their collaborative efforts to cultivate outside funding sources and develop innovative financing mechanisms. The overarching objective has been to identify, analyze, and implement additional outside financing (loans that are to be repaid) and outside funding (grants/funds that directly offset program costs and that do not need to be repaid) sources and mechanisms over the three-year period that will make energy efficiency programs more attractive to customers, while minimizing bill impacts. Recognizing that the up-front costs associated with installing energy efficiency measures may present a barrier preventing or delaying customers' investments in energy efficiency (particularly in today's challenging economic climate) the Program Administrators have actively explored sources of outside capital and financing that may help to mitigate those financial barriers. As detailed in Exhibit E, the Program Administrators have achieved significant success in developing new financial products to promote energy efficiency, in conjunction with the Massachusetts Bankers Association (the "MBA"). The agreed-upon proposal includes financial products for specific customer segments (owner occupied residential, residential multi-family, landlords/investment property, small business and municipal) that have been developed based on the successful, and nationally recognized HEAT Loan program being administered currently by the electric Program Administrators. The proposal offers rapid expansion of new financial products and streamlines the process for customers to access funds. Ultimately, as described in Exhibit E, the proposal will bring benefits not only to Massachusetts'

customers, but, importantly, to the Massachusetts business community through participating MBA lenders.

b. **Compact Update.** Unique to the Compact, the 2010 outside funding contemplated in its Three-Year Plan has proceeded as planned. The Compact continues to pursue other funding sources, including a recent submittal to the EDC, as well as exploring PACE (as approved as part of the Municipal Relief Act of 2010) with its “top ten” Plan accounts.

4. **Pilot Programs**

Pursuant to the Department’s directive, the Compact is submitting updated budgets for its pilot programs for 2011 and 2012. See Electric Order at 142. The Compact is proposing a reduction to its 2011 pilot program budget of \$178,132 and a reduction to its 2012 pilot program budget of \$53,133. The overall effect is a \$242,065 reduction in pilot budgets over the Three-Year Plan. See Exhibit F for further support.

5. **D.P.U. Tables**

In Exhibit H, the Compact provides updated D.P.U. 08-50 tables reflecting the revised pilot budgets in this filing, as well as updated savings goals and budgets that incorporate the results of the Program Administrators’ extensive EM&V efforts and the assumptions of the finalized Technical Reference Manual (“TRM”).

6. **Cost-Effectiveness**

Consistent with the Act’s mandate that the Three-Year Plans “provide for the acquisition all available energy efficiency and demand reduction resources that are cost-effective or less expensive than supply[,]” *see* G.L. c. 25, § 21, the Council and the Department are each tasked with periodically reviewing and ensuring the continuing cost-effectiveness of programs. *See* G.L. c. 25, § 21(b)(3). In connection with this mid-term modification, the Compact has

conducted updated benefit-cost ratio (“BCR”) screening runs that reflect the continuing cost-effectiveness of the Compact’s programs. *See* Exhibit G. BCR screening was conducted in accordance with the Total Resource Cost test reviewed and approved in the Department’s Electric Order. Electric Order at 48.

7. Technical Reference Manual

Today’s filing includes the first complete version of the statewide TRM. *See* Exhibit I, Attachment 1. This collaboratively developed document provides detailed information, at a measure level, for all prescriptive measures installed by the Compact and other Program Administrators, and the savings assumptions the Compact plans to use when reporting savings as a result of the implementation of its energy efficiency programs. The TRM will be updated and refined over time to reflect new EM&V results, the addition of new measures and the best data available.

E. Conclusion

The Program Administrators wish to emphasize that the Plans have only been in effect for approximately nine months. Accordingly, while considering potential revisions to the Plans—including suggestions advanced by various stakeholders—the Program Administrators have also sought to give their energy efficiency programs an opportunity to take root and mature. As reported to the Council and the Department in their quarterly reports, the Program Administrators are generally delivering savings effectively, and therefore, have refrained from radically altering programs that, in a number of cases, are still in the comparatively early “ramp up” stages. Thus, the Program Administrators have focused these filings on material, significant changes based upon compelling in-the-field experience. The Program Administrators submit that such an approach is consistent with the Guidelines and the Department’s directives in D.P.U.

08-50-B (and avoids a premature re-review of all matters addressed in the Plans by the Department's Orders) but permits material enhancement and adjustments to the Program Administrators' existing energy efficiency efforts, which have been cited as national models of excellence.

EXHIBIT B

PA-Specific Mid-Term Modifications to 2011 Plan Budgets and Savings Goals

Other than budget adjustments to its pilot programs, the Compact is not proposing any significant modifications to its approved Three-Year Plan.

The Compact is not adding or deleting any programs for the 2011 plan year.

The Compact's request for approval of its pilot program expenditures is located in Exhibit F, herein.

In support, the Compact conducted a 20% variance analysis. The result of this analysis is provided in the attached 20% Variance Analysis Table and is also provided electronically.

EXHIBIT C
Evaluation Monitoring & Verification

Introduction

In accordance with the EM&V resolution agreed to on September 8th, 2009, evaluation efforts within the state have been divided into multiple research areas. As presented in Table 1, each research area has contracted an independent evaluation team who is responsible for the completion of all agreed upon evaluation efforts within their research area.

Table 1: Statewide Research Area & Evaluation Contractor

RESEARCH AREA	LEAD EVALUATION CONTRACTOR
Residential Lighting & Appliances	Nexus Market Research
Residential Retrofit & Low Income	Cadmus
Residential New Construction	Nexus Market Research
Non-Residential Small Business	Cadmus
Large Commercial & Industrial	KEMA
Special & Cross-Cutting	Tetra Tech & Opinion Dynamics (2 contracts)

The EEAC continues to oversee the evaluation efforts and the EEAC consultants have participated fully in both contractor selection and evaluation planning.

Current Research

Table 2 details the studies in each of the six research areas that were started in 2010 and are either completed or currently under way.

Table 2: Current EM&V Research

STUDY	DESCRIPTION	SCHEDULED COMPLETION
Residential Lighting & Appliances		
Market, Impact and Process Evaluation of Residential Lighting Program	This study includes research in support of a market, impact and process evaluation of the residential lighting program.	February 2011
Market, Impact and Process Evaluation of Appliance Recycling Program	This study includes research in support of a market, impact and process evaluation of the appliance recycling program.	December 2010
Residential Retrofit & Low Income		
Process and Impact Evaluation of Gas High-Efficiency Home Energy programs	This study includes research in support of a process and impact evaluation of the gas residential high-efficiency heating equipment program.	November 2010

STUDY	DESCRIPTION	SCHEDULED COMPLETION
Study of Mass Save Audit Report Formats	The study includes focus group research to assess the effectiveness of the home energy report that utility customers receive after having an energy assessment through the Mass Save program in order to pinpoint consumer needs and preferences for the home energy audit report so there is an effective and consistent report format that can be used throughout the state of Massachusetts.	December 2010
Process Evaluation of Mass Save	The goal of this research is to assess program processes and identify similarities and differences between the perspectives and assumptions of program staff, trade allies, and customers regarding the goals, design, and implementation of the program. Additionally, while assessing consistency, the evaluation contractor will perform a comprehensive review of all of the measure assumptions utilized by PAs and implementation contractors. Based on the findings of this effort recommendations will be made, as needed, regarding the standardization of assumptions.	December 2010
Process Evaluation of Deep Retrofit Pilot	The goal of this research is to assess the impact of completed projects; estimate the contribution of specific measures to total observed savings; and explore topics identified that will determine the potential reach, viability, and design of a full-scale DER program.	April 2011
Impact Evaluation of Brushless Fan Motor Pilot	This study seeks to identify savings associated with BFM retrofits in residential HVAC applications; quantify underlying parameters in the savings, such as hours of operation; and determine factors that may drive savings.	September 2011

STUDY	DESCRIPTION	SCHEDULED COMPLETION
Multi-family Potential Study	The goal of the evaluation is to provide a descriptive, cross-sectional assessment of the market size and characteristics of multifamily buildings (consisting of five or more units) within the state.	June 2011
Process Evaluation of Low Income Programs	This evaluation will center on reviewing the data collection and reporting activities for each of the 28 CAP agencies and their PAs.	December 2010
Residential New Construction		
Assessment of Potential Savings from Code Upgrade and Compliance Efforts	This study includes estimating potential savings from different code upgrades, levels of compliance and construction activity as well as outlining possible PA actions to increase compliance.	December 2010
Phase I: Analysis of Code Upgrade Program Impacts	This research includes on-going efforts to investigate potential savings estimates from possible areas for code upgrades.	December 2010
Phase I: Analysis of Code Compliance Enhancement Impacts	This study includes on-going research into the appropriate documentation of code compliance support efforts and analysis of potential additional code compliance measures.	December 2010
DOER Code Pilot Study	This evaluation includes interviews of code officials, a baseline assessment of 50 homes and testing of the Checklist by HERS raters.	April 2011
Process Evaluation of Major Renovation Pilot	The focus of this analysis will be on collecting process information through a series of depth interviews.	December 2010
Process Evaluation of Energy Star Homes Version 3 Pilot	The focus of this analysis will be on collecting process information through a series of depth interviews.	December 2010
Process Evaluation of Multi-Family Pilot Program	The focus of this analysis will be on collecting process information through a series of depth interviews.	December 2010
Mystery Shopping Study	This research includes mystery shopping with real estate agents who have received training on promoting ENERGY STAR homes as well as real estate agents who have not received such training.	October 2010

STUDY	DESCRIPTION	SCHEDULED COMPLETION
Baseline Study/Code Compliance Assessment	This evaluation includes recruiting homes, completing on-site visits collecting sufficient data to create a new User Defined Reference Home. In addition the study includes collecting information via site visits and surveys to approximate code compliance rate.	March 2011
Non-Residential Small Business		
Lighting Controls Impact Evaluation	This study includes a pre- and post-installation logger study to determine initial savings associated with lighting controls in several building types.	May - June 2011
Lighting Operating Hours Logger Impact Evaluation	This study includes a post installation logger study to compare reported and actual operating hours for lighting measures.	March 2011
Multi-Tier Program Structure Assessment	This study includes an analysis of program tracking and customer databases, program staff and vendor interviews, and surveys of participants and non-participants to assess opportunities for a multi-tier direct install approach.	March 2011
Large Commercial & Industrial		
Phase I: Non-Residential New Construction Market Assessment Study	This initial phase focuses on quantifying the volume of new construction projects and interviewing market actors.	March - May 2011
Phase I: Chain and Franchise Market Assessment Study	This initial phase focuses on quantifying characterizing this sector and interviewing market.	March 2011
High-Bay Lighting Market Effects Study	This study researches if rebates for this technology have accelerated its adoption outside of the state.	May 2011
Prescriptive VSD Impact Evaluation Study	This study researches the energy savings achieved through prescriptive VSD installations.	December 2011
Custom HVAC Impact Evaluation	This study researches the energy savings achieved through large and unique electric measures involving HVAC systems.	June 2011
CHP Market Assessment Study	This research aims to quantify the cost effective opportunity for CHP in the state.	April 2011

STUDY	DESCRIPTION	SCHEDULED COMPLETION
CHP Impact Evaluation Planning	This effort develops a formal evaluation plan for CHP starting in 2011.	December 2010
Custom Gas Impact Evaluation	This study researched the energy savings delivered through large and unique gas measures.	June 2011
Prescriptive Gas Impact Evaluation	This study researched the energy savings delivered through prescriptive gas measures.	June 2011
Comprehensive Design Assistance Process Evaluation	This effort researches the delivery structure for comprehensive efficiency projects at each program administrator and the reasons for differences in program performance.	December 2010
Comprehensive Design Assistance Impact Evaluation	This study researches the achieved energy savings delivered comprehensive efficiency projects.	June 2011
Overall Large C&I Process Evaluation	This effort documents the current delivery structure of energy efficiency programs at each PA as a benchmark for our efforts for consistent program design through the state.	December 2010
NEEP Prescriptive HVAC Load Shape Study ¹	This study researches the energy savings achieved through the installation of efficient unitary air conditioners.	December 2010
Special & Cross Cutting		
Phase I: Behavioral Pilots	Participant/Non-participant Behavioral Survey	December 2010
	Participant In-Depth Interviews (CLC)	December 2010
	Process Study	May 2011
	Impact Study (National Grid)	May 2011
Phase I: Community Based Pilots	This research includes a review of currently planned programs, interviews with PA staff and other stakeholders and a literature review of recent evaluations as well as the production of program theory/logic models.	December 2010
Phase I: Umbrella Marketing	Integration	December 2010
	Channeling	March 2011
	Process & Impact	May 2011
Non-Energy Impacts	Focus on residential and low-income	March 2011

¹ This study is not managed under the Large Commercial & Industrial Evaluation Contract. The effort involves many program administrators outside of Massachusetts and is therefore being managed by the Northeast Energy Efficiency Partnership (“NEEP”).

STUDY	DESCRIPTION	SCHEDULED COMPLETION
Incentive Level Research Study	This study includes research into the program incentive levels offered throughout the country as well as contextual depth interviews with program stakeholders.	October 2010

Planned Future Research

Table 3 presents the next phase of evaluation studies that are planned for each research area once the majority of the current phase is complete. It should be noted that this table only includes those studies that have been planned and that additional evaluation will be planned throughout 2011 and into 2012. In addition, these studies are tentative and subject to change based, among other things, on the results of in-progress evaluation studies. Finally, we will continue to provide updates to the 3-year EM&V plan in future filings once specific evaluation studies have been planned for 2011 and 2012.

The acceptance of a Technical Reference Manual is expected to influence the timing of evaluations in 2011 and beyond. The use of any new savings algorithms in 2011 may require that impact evaluations of prescriptive measures be completed on installations occurring in 2011 since realization rates should not be developed from savings calculated using out of date algorithms. Each research area will determine which prescriptive measures are appropriate to evaluate in 2011 based on the algorithm used in the TRM, the planned and historical measure participation, and the reasonableness of real time sampling for evaluation purposes.

Table 3: Planned Future EM&V Research

STUDY	DESCRIPTION	EXPECTED START
Residential Lighting & Appliances		
Market Study for Hard-to-Reach Lighting market	This study is designed to better identify hard-to-reach market. CLC has conducted a focus group in 2010; new study can be integrated with this effort.	March 2011
Impact Study for Specialty Lighting	This study will focus on developing impact factors for specialty lighting.	March 2011
Impact study on CFL measure life	Recently there has been discussion to reduce CFL measure life on CFLs. Study would aid in determining new measure life proxy.	May 2011
Evaluation of Smart Powerstrips	The details of this study are not yet determined.	Not yet determined.
Market study on changes in consumer electronics	The market is changing rapidly in the consumer electronics. This study should help to better understand this changing market.	July 2011

STUDY	DESCRIPTION	EXPECTED START
Market assessment to identify additional areas for residential energy efficiency savings	This study will identify additional programs that can be deployed to increase energy efficiency savings. Likely areas will include new technology in lighting, appliances and consumer electronics.	March 2011
Process study to streamline appliance rebate programs	This study will focus on statewide integration and streamlining of appliance rebate program process and administration.	March 2011
Follow-up Evaluation of Appliance Recycling program	This evaluation will provide a more in-depth study and supplement results from refrigerator recycling program.	July 2011
Net-to-Gross study for selected appliance rebates	This study will focus on developing impact factors for appliances.	July 2011
Residential Retrofit & Low Income		
Follow-up Evaluation of Residential High-Efficiency Heating Equipment programs	This research should include an evaluation of program spillover and other research based on a review of the 2010 Process and Impact evaluation report.	Not yet determined
Baseline Study/Impact Study of Mass Save program	This study will recruit homes, complete on-site visits to participant and non participant homes. Collect data necessary to create a baseline home of the Mass Save program. Data from the site visits may inform engineering and/or billing analyses to quantify savings values for the program.	March 2011
Baseline Study/Impact Study of Low Income program	This study will recruit homes, complete on-site visits to participant and non participant homes. Collect data necessary to create a baseline home of the Low income program. Data from the site visits may inform engineering and/or billing analyses to quantify savings values for the program.	March 2011
Residential Potential Study work	Data collected during site visits to support the Mass Save and the Low Income impact evaluation may be leveraged with data collected during 2010 evaluation activities for multifamily to conduct a residential potential study.	May 2011

STUDY	DESCRIPTION	EXPECTED START
Process and Impact evaluation of Multifamily Program	Once the program changes are fully incorporated into the Multifamily program during the summer and fall of 2010, the evaluation team will conduct process and impact evaluations of the re-designed program. Detailed evaluation plans will be developed in 2011 and 2012.	May 2011
Residential New Construction		
Phase II: Analysis of Code Upgrade Program Impacts	This research includes on-going efforts to investigate potential savings estimates from possible areas for code upgrades.	January 2011
Phase II: Analysis of Code Compliance Enhancement Impacts	This study includes on-going research on the appropriate documentation of code compliance support efforts and analysis of potential additional code compliance measures.	January 2011
Major Renovation Pilot	The focus of this study will be an <u>impact evaluation using modeling</u> .	July 2011
Lighting Design Pilot	The focuses of this study will be completing process and impact evaluations of the <u>pilot program</u> .	January 2011
Homebuyer Survey	This study includes a survey of homebuyers to investigate their perceptions and understanding of the RNC program, as well barriers to participation both perceived and real.	July 2011
Non-Residential Small Business		
Integrated Program Process Evaluation	This study will focus on statewide integration of gas and electric program measures and administration; will also assess integration of any recommendations from the multi-tier structure analysis and opportunities survey work.	July 2011
Lighting Billing Analysis Evaluation	This study will supplement results from the <u>lighting logger impact evaluation</u> .	April 2011
Market Assessment	This study will supplement or elaborate 2010 market assessment work in the large C&I research area as it applies to any identified tiers.	April 2011
Net-to-Gross Study	Possible application of cross cutting methods evaluation to 2010 small business program, including free riders and spillover. This may be managed in the Special & Cross Cutting research area.	July 2011

STUDY	DESCRIPTION	EXPECTED START
Large Commercial & Industrial		
Phase II: Non-Residential New Construction Market Assessment Study	The second phase of this research will focus on visiting a sample of newly constructed commercial facilities (both program participants and non-program participants).	May 2011
Phase II: Chain and Franchise Market Assessment Study	The second phase of this research will focus on visiting chain and franchise facilities inside and outside the PAs territories.	April 2011
Custom Electric Measures Impact Evaluations	These studies assess the energy savings of specific to the custom end-use group projects completed each year.	March 2011
Custom Gas Measures Impact Evaluation	These studies assess the energy savings of a sample of custom gas efficiency projects completed every year.	March 2011
Prescriptive Measure Impact Evaluation	These studies will assess the energy savings resulting from prescriptive measure installations. The actual measures to be evaluated will depend on the algorithms agreed on in the TRM as well as historic and planned participation.	February 2011
CHP Impact Evaluation	This study will result in realization rates for the avoided electricity generation and waste head utilization.	January 2011
Net-to-Gross Study	This study will determine the freeridership and spillover rates for measures implemented in 2010. This may be managed in the Special & Cross Cutting research area.	January 2011
Special & Cross Cutting		
Phase II: Behavioral Pilots	Analysis of "channeling" to other PA efficiency programs	December 2010
	Participant and Non-participant behavioral survey	September 2011
	PA specific billing analyses	March 2011
Phase II: Community Based Pilots	This research will include participant interviews, participation analysis and impact analysis.	May 2011
Phase II: Umbrella Marketing	This study will further quantify the effects of umbrella marketing strategies.	June 2011
C&I Net-to-Gross Study	This study will use revised methods to estimate C&I net-to-gross ratios and may be split and conducted within Small and Large C&I research areas.	February 2011
Non-Energy Impacts 2011 - C&I: non-Custom	Survey-based study of benefits like savings in water, O&M, reduced spoilage, etc.	March 2011

STUDY	DESCRIPTION	EXPECTED START
Gas Training Evaluation	This research should review and quantify savings associated with GasNetworks training events.	Not yet determined

Research Priorities

All future research will continue to aim to efficiently assess the achieved energy savings of our programs, continuously improve our program offerings, and better understand the potential for energy savings in the Commonwealth. It is important to note that the current evaluation research being completed will inform future evaluation decisions including the required 2012 Technical Potential Study. Each research area will review the results of current evaluation work and program activity as an input to future evaluation needs.

The remainder of this section presents the specific research priorities for each of the six research areas. These priorities form the strategy that will drive additional evaluation activities beyond the current phase (shown in Table 2) and the next phase (shown in Table 3).

Residential Products Evaluation:

Further evaluation work will be determined by future program structure and the relative importance of other products beyond lighting and standard appliances. Results from current studies underway will influence decisions regarding which studies to begin in the future. It is likely that future studies will be chosen based on the magnitude of savings associated with each evaluation category and the need to update evaluation reports for all evaluation categories according to a regular schedule.

Residential Retrofit & Low Income Evaluation:

Program changes have an important role in future evaluation efforts. The Program Administrators along with the evaluation contractor need review and discuss findings of work being performed in 2010 in order to determine future evaluation needs. Later this year we will review current evaluation work and program activity to plan future evaluation needs.

Residential New Construction Evaluation:

Future evaluation tasks should include an analysis of code compliance, and analysis of code upgrade program impacts, an analysis of code compliance enhancement impacts, and an analysis of the Major Renovation pilot. These tasks may be modified or changed based on the results of 2010 and 2011 evaluation efforts. Additional tasks and other issues may be investigated as the needs become clearer.

Non-Residential Small Business Evaluation:

Future evaluation work will be defined according to the evolution of the program structure, the relative importance of other measures beyond lighting and project financing mechanisms. Likely candidates for 2012 evaluation include an impact study of the integrated gas and electric program and customer response to new and/or changed financial incentives.

Large Commercial & Industrial Evaluation:

Future studies assessing the achieved energy savings of the Large C&I programs will be chosen based on the magnitude of savings associated with each evaluation category and the need to update evaluation reports for all evaluation categories according to a regular schedule. Impact evaluations are being completed on both electric and gas measures. In addition, the results of the studies currently underway will influence decisions regarding which studies to begin in the future. Specifically, the results of the customer visits occurring in 2011 as part of the market assessment studies will influence decisions regarding potential baseline studies.

Special & Cross-Cutting Evaluation:

The Program Administrators along with the EEAC evaluation consultants and the evaluation contractor will review and discuss the findings of evaluation work being performed in 2010 and 2011 in order to determine the future evaluation needs. In addition, much of the evaluation planning for the Special & Cross-Cutting research area is dependant on when specific programs are launched, particularly within the Behavioral, Umbrella Marketing and Community Based area.

EXHIBIT D

2011 Performance Incentives

As a municipal aggregator and public entity, the Compact does not include performance incentives as part of its energy efficiency plans.

EXHIBIT E

PROGRAM ADMINISTRATOR UPDATE ON FINANCING/FUNDING

Both prior to, and since, the approval by the Department of Public Utilities (the “Department”) of the Program Administrators’ (“PA”) respective Three-Year Plans (the “Plans”), the PAs have explored the acquisition of new outside capital in the interest of making energy efficiency programs more financially accessible to customers. The objective of the PAs has been to identify, analyze, and implement additional sources and mechanisms for outside financing (loans that are to be repaid) and outside funding (grants/funds that directly off-set program costs and that do not need to be repaid) over the three-year period that will make energy efficiency programs more attractive to customers, while minimizing bill impacts, in order to achieve (or even surpass) the ambitious savings goals proposed by the PAs in their Plans. With that in mind, the PAs, with the support of the Energy Efficiency Advisory Council (the “EEAC”), have set aggressive targets for outside financing and funding, and have factored such outside financing and funding into their savings goals.

The PAs regard outside capital as an important tool in reducing or removing financial barriers that may prevent or delay customers’ investments in energy efficiency measures. Such financing mechanisms can help potentially address barriers associated with the substantial (in some cases) up-front costs of installing energy efficiency measures and the difficulties customers may encounter in securing financing independently. Customers—from residential to large C&I—may refrain from installing cost-effective energy efficiency measures due to concerns regarding initial capital, budgeting constraints or other financial impediments. In confronting these barriers, outside capital can: (1) assist customers in identifying a financing source by engaging lenders already versed in the elements and benefits of the programs; (2) facilitate and expedite the lending process; and (3) potentially better align customers’ cash flow and the benefits they derive from the investment in Energy Efficiency

The PAs have committed to savings goals in 2010 that include already-known levels of outside financing, such as the HEAT Loan program. The Plans expressly contemplate that the PAs would be in a position to offer expanded energy efficiency programs that are supported by a larger amount of outside funding and financing by 2011, and the PAs, in conjunction with DOER and the EEAC, have set target levels of \$100,000,000 of outside funding and financing for 2011, and \$200,000,000 in 2012. For planning purposes, the PAs assumed that sixty percent (60%) of these dollars will be available in the form of funds/grants that would directly off-set program costs, similar to FCM and RGGI funds, with the other forty percent (40%) of these dollars forming a loan or similar pool that would provide capital to customers, which would be repaid through on-bill or other mechanisms. The successful achievement of these targets for outside financing and funding (both dollar targets and the 60%/40% allocation of outside funds) are embedded in the savings goals and bill impact analyses for 2011 and 2012 set forth in the Plans.

With regard to funding, over the last several months, the Program Administrators have coordinated with each other and with several EEAC members and organizations to identify and pursue grants for funding. Obtaining grants to help off-set energy efficiency charges for customers has presented a challenge for the PAs, as nearly all current federal grants for energy

efficiency have been exhausted. However, the PAs continue to work with councilors and multiple other interested parties in identifying alternative approaches to accessing grant funding. Among other efforts, as detailed in the Company's 2009 Annual Report, the PAs have researched, identified, and contacted multiple possible funding sources at the federal, state, and private level, with over 70 possible government grants and multiple possible private foundation grants identified. The Program Administrators are currently totaling the amount of outside funding received in 2010, or expected in 2011, including funds associated with the American Recovery and Reinvestment Act of 2009..

With regard to financing, the PAs have achieved significant success. The Program Administrators have engaged in requests for information ("RFI") and requests for proposal ("RFP") activities related to outside financing. Further, the Program Administrators have met extensively with banks, lenders, state agencies, and industry experts to pursue effective financing opportunities and these efforts. Details of this effort were included in the Company's 2009 Annual Report.

In assessing various financing options, the PAs have focused on identifying options that minimize the overall cost of financing to energy efficiency participants, including (i) upfront/setup costs; (ii) ongoing administration costs; (iii) opportunity cost of (any tied-up) capital and (iv) cost of money (interest rate charged by lenders); and mitigate risk to ratepayers. After several months of exploring these options, the PAs are pleased to report their success in developing new financial products to promote energy efficiency, in conjunction with the Massachusetts Bankers Association (the "MBA").

The agreed-upon proposal (see Attachment 1, hereto) includes financial products for specific customer segments (owner-occupied residential, residential multi-family, landlords/investment property, small business and municipal) that have been developed based on the successful, and nationally recognized HEAT Loan program being administered currently by several of the PAs. The proposal offers rapid expansion of new financial products and streamlines the process for customers to access funds. Attachment 2 represents an Expression of Interest from the MBA and potential participating lenders in support of the proposal. Ultimately, as described herein, the proposal will bring benefits not only to Massachusetts customers, but also, importantly, to the Massachusetts business community through participating MBA lenders.

For the first phase, residential loans would be available from a minimum of \$500 for periods of up to 24 months (for all applicable customer segments) to a maximum of \$15,000 for periods of up to 84 months. For the first time investment property would be included with loan sizes of \$5,000 to \$25,000. Also for small business customers, and in an expansion of the program, loans from \$5000 to \$100,000 would available. The financial products would be offered by member banks, with the PAs providing funds through their respective energy efficiency budgets to "buy-down" the applicable interest rate to zero percent. The proposed rates are presented in Attachment 1, on page 12.

These loans have no up-front costs, no new administrative costs, and do not tie-up capital (opportunity cost). The loan terms and interest rates would differ depending on the customer segment being served. This approach minimizes the overall cost while being responsive to the

unique needs of each segment. Further segment expansion will be discussed for a second phase roll-out.

Customers will benefit from these expanded financing options by having access to new sources of zero interest loans for Energy Efficiency with reasonable payback terms. In addition, a common application would be used by participating lenders to ensure ease in customer applications, especially those who operate in various jurisdictions of the State. Although the lending protocols would be bank specific according to their protocols since they would be responsible for the loans, the banks will agree to some minimum underwriting guidelines.

Lenders will benefit by having access to potential new customers that may otherwise not seek credit to pursue Energy Efficiency. They will have control over the lending associated with the program by owning the loans, administering them and maintaining responsibility for risk. In addition, the lenders will receive the interest associated with program loans “up front”, rather than over time as is typical for most loans. Finally, increased loan activity potentially may result in additional jobs in the Commonwealth for participating lenders.

Finally, this approach keeps lending in the hands of those for whom it is their core business – in this case, Massachusetts lenders. In tandem with lenders, the PAs will play an integral role in facilitating the process. Ultimately, lenders, PAs and customers will benefit by expanding access to easy-to-understand, low-cost financing to more customers than have had the opportunity to take advantage of HEAT loans, consistent with the goals of the Green Communities Act.

In addition to the efforts described in the 2009 Annual Reports, and the MBA program described herein, the PAs performed a comprehensive review of current financing options specifically for larger commercial and industrial customers (“C&I”). Through this effort, the PAs have identified multiple customizable financing vehicles for large private sector, MUSH (Municipal, University, School and Hospital) and Federal C&I customers, with a minimum project size of \$250,000. Customers work directly with a participating lender and the PA provides transaction support. Based on current market conditions, interest rates are expected to fall between 3 and 9 percent, with customized financing terms to allow savings from energy efficiency to pay the cost of financing. Additionally, the loans may be structured so the balance sheets of participating customers would not be adversely affected. Attachment 3 includes customized financial products for larger C&I customers. PAs are currently undertaking exploratory initiatives to assess various financing vehicles.

**Joint Program Administrator / Massachusetts Bankers Association Taskforce
Energy Efficiency Loan Product Matrix
Prescriptive Financing**

Phase 1 Rollout

	Min Loan Amt	Max Loan Amt	Max Term (months)	Min Credit Guidelines (FICO, LTV, Income level, Debt/Income, Dunn & Bradstreet Credit Rating, etc.)	Interest Rate ¹	Interest Rate Floor ²	Customer Interest Rate (Utility buy down to:)
Residential (1-4 units, Owner Occupied)							
Micro	\$ 500	\$ 2,000	24	650 FICO	Prime + 100 bp	5.00%	0.00%
Standard	\$ 2,001	\$ 15,000	84	650 FICO, debt/income < 50%	Prime + 100 bp	5.00%	0.00%
Landlord/Investment Property							
Standard	\$ 5,001	\$ 25,000	84	Same as Standard Small Business	Prime + 100	6.25%	0.00%
Small Business, Non-Profits							
Standard	\$ 5,001	\$ 25,000	84	YTD Financials, 2yr tax return, Personal Fin Sta. Current receivable and payables	Prime + 100	6.25%	0.00%
Large	\$ 25,001	\$ 100,000	84	TBD	Prime + 100	6.25%	0.00%

1. Prime rate as published in the Wall Street Journal on October 14, 2010 is 3.25%. Interest rate is fixed at closing.
2. Interest rate floor subject to change based on market conditions.

Future Rollout

	Min Loan Amt	Max Loan Amt	Max Term (months)	Min Credit Guidelines (FICO, LTV, Income level, Debt/Income, Dunn & Bradstreet Credit Rating, etc.)	Interest Rate	Interest Rate Floor	Customer Interest Rate (Utility buy down to:)
Residential (1-4 units, Owner Occupied)							
Large	\$ 15,001	\$ 35,000	TBD	TBD	TBD	TBD	TBD
Landlord/Investment Property							
Micro	\$ 500	\$ 5,000	24	TBD	TBD	TBD	TBD
Large	\$ 25,001	\$ 100,000	84	TBD	TBD	TBD	TBD
Small Business, Non-Profits							
Micro	\$ 500	\$ 5,000	24	TBD	TBD	TBD	TBD
Custom	\$ 100,001	\$ 250,000	TBD	TBD	TBD	TBD	TBD
Municipal (tax-exempt)							
Micro	\$ 500	\$ 5,000	24	TBD	TBD	TBD	TBD
Standard	\$ 5,001	\$ 25,000	84	TBD	TBD	TBD	TBD
Large	\$ 25,001	\$ 100,000	84	TBD	TBD	TBD	TBD
Custom	\$ 100,001	\$ 250,000	TBD	TBD	TBD	TBD	TBD

October 14, 2010

Mr. Tilak Subrahmanian
Mr. Birud Jhaveri
NSTAR Electric Company
One NSTAR Way
Westwood, MA 02090

Dear Gentlemen:

On behalf of the Massachusetts Bankers Association (MBA), I am writing in enthusiastic support of the proposal developed by the Massachusetts Energy Efficiency Program Administrators (PAs)¹ for new, low-cost financing options for Massachusetts energy efficiency programs. Since our initial discussions on March 24, 2010, the MBA has recognized the potential benefits of reaching many additional mutual customers through the use of proven financing mechanisms aimed at furthering the goals of the Massachusetts Green Communities Act of 2008. We have been pleased to join the PAs in an Energy Efficiency Financing Task Force over the last several months to help design these new financing options.

Based on the response to our joint PA/MBA Energy Efficiency Financing meeting on September 20, 2010, I am pleased to inform you that our membership is excited to offer new financial products to promote cost-effective energy efficiency. The agreed upon proposal includes financial products for specific customer segments (owner-occupied residential, residential multi-family, landlord/investment property, small business and municipal) that have been developed based on the successful HEAT Loan program currently being administered by several of the PAs.

For the first phase, residential loans would be available from a minimum of \$500 for periods of up to 24 months (for all applicable customer segments) to a maximum of \$15,000 for periods of up to 84 months. For the first time, rental investment property would be included with loan sizes of \$5,000 to \$25,000. Also, for small business customers, in an expansion of the programs offered by some PAs, loans from \$5,000 to \$100,000 would be available. This segmented approach ensures that costs will be minimized as compared to a program design without customer class-specific terms. Further segment expansion will be discussed for a second phase roll-out.

The financial products would be offered by member banks, with the PAs providing funds through their respective energy efficiency budgets to "buy-down" the applicable interest rate to zero percent. A common application would be used by participating lenders to ensure ease in customer applications, especially those who operate in multiple locations across the state. Although the lending protocols would be bank specific according to their protocols since they would be responsible for the loans, the banks will agree to some minimum underwriting guidelines.

¹ The PAs are Bay State Gas Company, d/b/a Columbia Gas of Massachusetts, The Berkshire Gas Company, Boston Gas Company, Essex Gas Company and Colonial Gas Company, d/b/a National Grid, the Cape Light Compact, Fitchburg Gas & Electric Light Company, d/b/a Unitil, Massachusetts Electric Company and Nantucket Electric Company, d/b/a National Grid, New England Gas Company, NSTAR Electric Company, NSTAR Gas Company and Western Massachusetts Electric Company.

Mr. Tilak Subrahmanian
Mr. Birud Jhaveri
October 14, 2010
Page 2

The MBA hopes that these new financing options can be launched as soon as practicable and that the PAs take any necessary corporate or regulatory steps that may be appropriate for each of them in order to ensure a smooth roll out in the near future. We look forward to continued discussions with the PAs over the next several months to identify additional local and regional lenders that are interested in participating in this effort.

Sincerely,



David Floreen
Senior Vice President

Program Administrator
Large C&I Energy Efficiency Loans
Custom Financing

Exploratory Initiatives

	Min Loan Amt	Max Loan Amt	Max Term (months) ¹	Financier	Financing Type ¹	Min Credit Guidelines ¹	Interest Rate Range ²	Customer Interest Rate buy down to: ³
Large C&I								
MUSH (Muni, University, School, Hospital)	\$ 250,000	No Max	Varies	Local & National Lenders	Finance & Lease	Varies	3% - 8%	Varies
Private Large C&I	\$ 250,000	No Max	Varies	Local & National Lenders	Finance & Lease	Varies	5% - 9%	Varies
Federal	\$ 250,000	No Max	Varies	Local & National Lenders	Federal Finance	Varies	4% - 6%	Varies

1. Financing vehicle and terms are customized based on project.

2. Interest rate range based on current market environment. Actual interest rate will vary based on customer credit rating and project specifics.

3. Interest buydown is not applied across the board. PAs may use this option to incentivize customers at their discretion.

EXHIBIT E-1

Cape Light Compact Outside Funding Update

Unique to the Compact, the 2010 outside funding contemplated in its Three-Year Plan is proceeding as planned. Any funds committed during 2010 that may still be unspent by year end will be carried forward to plan year 2011. The Compact continues to pursue other funding sources, including a recent submittal to the EDC,¹ as well as exploring PACE (as approved as part of the Municipal Relief Act of 2010) with its “top ten” plan accounts. The Compact continues to support all statewide efforts to secure outside funding for energy efficiency.

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¹ By letter dated, October 22, 2010, the EDC notified the Compact that its proposed project was selected and directed the Compact to submit a full grant application. See EDC Letter, attached as Attachment E-1.



Cape Cod Economic Development Council
3225 Main Street Barnstable, MA 02630

RECEIVED

OCT 26 2010

BARNSTABLE COUNTY
COMMISSIONERS

October 22, 2010

Ms. Margaret Song
Cape Light Compact
P.O. Box 427
Barnstable, MA 02630

Dear Ms. Song,

The Cape Cod Economic Development Council's Grant Review committee has selected your proposed project for the development and submission of a full grant.

Your grant proposal to build a more qualified local weatherization contractor infrastructure training program on Cape Cod must follow the format of the evaluation criteria as outlined in the enclosed information. The committee noted that you are collaborating on another grant with Cape Cod Regional Technical High School to build a performance and efficiency upgrade training program at the school. The committee would strongly encourage you to work more closely with CCRTHS to submit a single grant between you that will satisfy both your program needs. The CCEDC makes every attempt to avoid duplicate funding when possible. If this further collaboration does not suit either one of you for reasons that are not apparent to the committee, please state why in your submission.

There are twelve submissions selected for this final grant round. Selection for full grant submission in no way guarantees funding, as our total grant requests far exceed the dollars available.

Information and guidelines for grant applications are available on our web site: www.capecodedc.org (click on the license plate) and are also enclosed here.

Deadline for submission is Noon, Wednesday, Nov 10. Grants received with a later postmark or delivered after the date and time designated will be considered unresponsive and returned.

We look forward to reading your grant.

Sincerely Yours,

A handwritten signature in black ink, appearing to read "Felicia Penn", is written over the typed name.

Felicia Penn, Committee Chair

EXHIBIT F
Pilot Programs

On January 28, 2010, the Department approved the Compact's Three Year Plan, and in its Order agreed with the Council's limited approval for pilot programs to plan year 2010. Department's Order, D.P.U. 09-116 – D.P.U. 09-120 at page 47-48.¹ On August 10, 2010, the EEAC adopted a resolution regarding the Compact's proposed mid-year revisions to its energy efficiency programs for the plan year 2010. Specifically, the EEAC endorsed the Compact's effort to propose mid-year revisions to its pilot programming for 2010. See Council Resolution, dated August 10, 2010. Subsequently, the Compact filed with the Department its proposed mid-year revisions to its energy efficiency programs for the plan year 2010 and was docketed by the Department as D.P.U. 10-106.

Based upon these proposed revisions, the Compact's 2010 - 2012 pilot program budgets are as follows:

¹ Subsequent to the filing of its Three Year Energy Efficiency Plan with the Department of Public Utilities ("Department") on October 29, 2010, the Cape Light Compact ("Compact"), along with the other electric program administrators (collectively the "Program Administrators"), sought the Energy Efficiency Advisory Council's ("Council") express authorization of budgeted expenditures relating to pilot energy efficiency programs. At its November 10, 2009 meeting, the Council adopted a resolution approving "the expenditure of funds for the pilots proposed by the electric PAs for 2010, only." Council Resolution, dated November 10, 2009.

Pilot Budgets as Revised Per DPU 10-106 2010 Mid-Year Revisions ³
Program Administrator: Cape Light Compact

TABLE 2				
Program	PA Costs (\$) ¹			
	2010 ²	2011	2012	2010-2012
Deep Energy Retrofit	\$83,333	\$350,000	\$58,333	\$491,666
Behavior/Feedback Pilot ⁴	\$233,333	\$41,667	\$0	\$275,000
Residential New Construction & Major Renovation - Major Renovation statewide pilot	\$257,547	\$278,452	\$308,752	\$844,751
Residential New Construction Multi Family (4-8 story) statewide pilot	\$0	\$0	\$0	\$0
Residential New Construction Lighting Design statewide pilot	\$22,222	\$22,222	\$22,222	\$66,666
Residential New Construction V3 Energy Star Homes statewide pilot	\$0	\$33,333	\$0	\$33,333
Heat Pump Water Heater Pilot	\$11,111	\$11,111	\$11,111	\$33,333
Home Automation	\$10,800	\$19,800	\$19,800	\$50,400
Pilot Total	\$618,346	\$756,585	\$420,218	\$1,795,149

Notes

1. Includes PP&A, Marketing, Incentives, STAT and EM&V costs.
2. As approved in EEAC Resolution Adopted on 8/10/2010 supporting \$150,000 shift from Deep Energy Retrofit to Behavior/Feedback Pilot
3. Budgets from the As-filed and Final 08-50 Tables included in DPU 09-119 Order include minor budget variances
4. The Cape Light Compact's Behavior/Feedback Pilot is the Power Monitor Pilot

The Compact is proposing the following proposed budgets for its 2011 & 2012 pilot programs and is also providing its most up to date projections of budgets for its 2010 pilots.

Pilot Budgets as Revised Per 10/29/2010 2011 Mid-Term Modifications
Program Administrator: Cape Light Compact

TABLE 3				
Program	PA Costs (\$) ¹			
	2010	2011	2012	2010-2012
Deep Energy Retrofit	\$83,333	\$80,000	\$0	\$163,333
Behavior/Feedback Pilot ²	\$233,333	\$161,667	\$0	\$395,000
Residential New Construction & Major Renovation - Major Renovation statewide pilot	\$257,547	\$278,452	\$308,752	\$844,751
Residential New Construction Multi Family (4-8 story) statewide pilot	\$0	\$0	\$0	\$0
Residential New Construction Lighting Design statewide pilot	\$22,222	\$22,222	\$22,222	\$66,666
Residential New Construction V3 Energy Star Homes statewide pilot	\$0	\$0	\$0	\$0
Heat Pump Water Heater Pilot	\$11,111	\$11,111	\$11,111	\$33,333
Home Automation	\$0	\$25,000	\$25,000	\$50,000
Pilot Total	\$607,546	\$578,453	\$367,085	\$1,553,084

Notes

1. Includes PP&A, Marketing, Incentives, STAT and EM&V costs.
2. The Cape Light Compact's Behavior/Feedback Pilot is the Power Monitor Pilot

Table 4 highlights the budget adjustments by pilot by year. The overall effect is a \$242,065 reduction in pilot budgets over the 3-year plan.

Pilot Budget Differences Between Table 3 and Table 2 ²
 Program Administrator: Cape Light Compact

TABLE 4				
Program	PA Costs (\$) ¹			
	2010	2011	2012	2010-2012
Deep Energy Retrofit	\$0	-\$270,000	-\$58,333	-\$328,333
Behavior/Feedback Pilot ³	\$0	\$120,000	\$0	\$120,000
Residential New Construction & Major Renovation - Major Renovation statewide pilot	\$0	\$0	\$0	\$0
Residential New Construction Multi Family (4-8 story) statewide pilot	\$0	\$0	\$0	\$0
Residential New Construction Lighting Design statewide pilot	\$0	\$0	\$0	\$0
Residential New Construction V3 Energy Star Homes statewide pilot	\$0	-\$33,333	\$0	-\$33,333
Heat Pump Water Heater Pilot	\$0	\$0	\$0	\$0
Home Automation	-\$10,800	\$5,200	\$5,200	-\$400
Pilot Total	-\$10,800	-\$178,132	-\$53,133	-\$242,065

Notes

1. Includes PP&A, Marketing, Incentives, STAT and EM&V costs.
2. Table 4 = Table 3 - Table 2
3. The Cape Light Compact's Behavior/Feedback Pilot is the Power Monitor Pilot

As shown by Table 4, the major reduction proposed is to the Deep Energy Retrofit Pilot. This proposed reduction is based on projections of participation and expenditures as a result of the first nine months of implementation. While the Compact is pleased to report the Deep Energy Retrofit Pilot has generated customer interest and to date one project is underway, uptake is not as high as originally projected. Another proposed change, reflected in Table 4, is an increase to the Behavior/Feedback Pilot. This is based on successful evaluation results from the Phase 1 that began in 2009. The Compact looks forward to increased participation and the opportunity to learn and apply the findings from these efforts to future programs. Finally, we propose a minor revision to the 2011 V3 Energy Star Homes pilot budget. Given this option has been launched as part of the Federal Energy Star Homes program and will be incorporated into the Massachusetts Residential New Construction program for 2011, a pilot budget is no longer required for 2011.

Each of the pilot efforts is described in the Compact's approved Three Year Plan. As previously reported to the Council, while mindful of the one percent threshold contemplated by the Green Communities Act (the "Act"), the electric Program

Administrators' pilot program budgets were slightly more than one percent of the total program budget on a statewide basis in 2010, but was projected to be slightly less than one percent over the three year plan period. See Program Administrators Request for Authorization of Pilot Program Expenditures, dated November 9, 2009 at Exhibit 1.

With respect to the Compact's current Three-Year Plan:

- Its 2010 pilot budget, as revised, represents 3.26% of its 2010 total budget;
- Its 2011 pilot budget represents 2.32% of its 2011 total budget;
- Its 2012 pilot budget represents 1.14% of its 2012 total budget and;
- Its 2010-2012 total pilot budget represents 2.05% of its 2010-2012 total budget.²

To the extent that the pilot budgets exceed one percent in any of the three years or across all three years (either on a statewide level or on a Program Administrator-specific level), the amounts are reasonable and warranted by the benefits of program innovation and development. The pilot programs were developed by the Program Administrators with the collaboration and thoughtful input of the Council and interested parties, and these innovative programs are critical in advancing the bold goals of the Act. Although the pilot programs require some expenditures associated with ramp-up that, in some cases, cause the program budgets to reasonably exceed the one percent baseline, it is the Compact's belief that the slight deviation is justified by the value of the programs.

The Compact hereby respectfully requests that the Department approve the proposed expenditures for its pilot programs for the plan year 2011 as detailed above.

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² At this time, the Compact is unable to provide an analysis of the 2011 statewide pilot budget compared to the statewide total budget. This information will be available in early November, once the statewide roll-up of budgets is completed.

EXHIBIT G

Cost Effectiveness Materials

The Program Administrators have updated the cost-effectiveness screening associated with the energy efficiency programs and services they plan to administer in 2011 using the Total Resource Cost (“TRC”) test, consistent with Department’s directive in D.P.U. 08-50-A (confirming the Department’s long-standing policy established in D.T.E. 98-100 (2000)). All Compact programs continue to be cost-effective based on these analyses, consistent with the Act’s mandate that the Plans “provide for the acquisition all available energy efficiency and demand reduction resources that are cost-effective or less expensive than supply[.]” see G.L. c. 25, § 21.

In support, please see the accompanying updated 08-50 Tables, annexed to this filing as Exhibit H, as well as the Compact’s BCR screening tool, provided electronically.

EXHIBIT I

Attachment 2

Notification of Annual Budget Increases of 15% Across C&I Programs or 20% Across Residential & Low Income Programs at the Sector Level

At this time, there are no annual budget increases of 15% across Commercial and Industrial (“C&I”) programs at the sector level or annual budget increases of 20% across Residential and Low-Income programs at the sector level, when compared to the Compact’s 2011 sector-level budgets and savings approved by the Department in the Electric Order.

Please refer to the Variance Summary table provided in Exhibit B for the supporting data.

Explanation of Annual Budget Increases of 15% Across C&I Programs or 20% Across Residential & Low Income Programs at the Sector Level

As there are no annual budget increases of 15% across Commercial and Industrial (“C&I”) programs at the sector level or annual budget increases of 20% across Residential and Low-Income programs at the sector level, no explanation is required.

Notification of Annual 20% Variances by Program

At this time, there is one program with a 2011 annual savings variance greater than 20%, when compared to the Compact’s 2011 savings approved by the Department in the Electric Order.¹ The 2011 Low-Income Multi-Family Retrofit program has an annual savings variance of 22%, when compared to the 2011 Low-Income Multi-Family Retrofit program annual savings approved by the Department in the Electric Order. The budget for the 2011 Low-Income Multi-Family Retrofit program did not have an annual variance of 20% or greater.

Please refer to the Variance Summary table provided in Exhibit B for the supporting data.

Explanation of Annual 20% Variances by Program

Low-Income Multi-Family Retrofit

The annual savings variance is due to changes in deemed savings assumptions for several measures in order to align with the deemed savings assumptions documented in the TRM. The

¹ The Compact’s Residential New Construction program did not have a positive or negative annual variance of 20% or greater for budget or savings. However, the Compact finds it prudent to provide the following explanation of the positive savings variance. The variance in savings is due to two adjustments 1) a new code adjustment which decreased savings and 2) updated savings based on more recent data which increased savings. The updated savings based on more recent data more than offset the new code adjustment. The Compact’s updated savings now reflect 2008 to mid-2010 data. Previously, savings were based on 2007 to mid-2009 data. Please also note that due to the fact that the Compact is small relative to other Program Administrators, savings are based on more than one year of data in order to ensure that the savings are representative.

projected installed quantities for measures did not change. This program continues to be cost effective.

EXHIBIT I
Attachment 3

BCR Screening Model is provided in the enclosed CD-ROM and via email.



ATTORNEYS AT LAW

The firm has attorneys also admitted
to practice in District of Columbia,
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MEMORANDUM

TO: Energy Efficiency Advisory Council ("Council")
FROM: BCK Law, P.C./JAB
DATE: October 14, 2010
RE: Council Resolution Concerning Mid-Term Modifications

On behalf of the Cape Light Compact (the "Compact"), we are pleased to submit the enclosed resolution ("Resolution") concerning the Compact's proposed 2011 mid-course modification filing, with supporting exhibits, to the Council for its review and approval. As mandated by the Department of Public Utilities (the "Department") in Section 3.8.3 of its D.P.U. 08-50-B Energy Efficiency Guidelines and its January 28, 2010 Order in dockets D.P.U. 09-116 – D.P.U. 09-120 ("Electric Order"), any Program Administrator seeking to make significant modifications to its Three-Year Energy Efficiency Plans (the "Plan") must submit the proposed modifications to the Council for review prior to submitting such proposed modifications to the Department. The proposed resolution addresses all such modifications proposed by the Compact for 2011.

In preparing the proposed filing (which is the first mid-term modification filing submitted under the new framework created by the Green Communities Act),¹ and as presented at the September 14, 2010 Council meeting, the Compact and its fellow Program Administrators have utilized four core operating assumptions for purposes of this 2011 mid-term modification filing, each as noted below. The Program Administrators are cognizant that certain Councilors have expressly reserved the right to recommend changes to the Guidelines or the mid-term modification triggers/process in future years based upon actual experience gained in this filing and other factors, and the Resolution explicitly reflects these reservations of rights and the diverse views on these triggers.

¹ On August 13, 2010, the Compact filed with the Department its proposed revisions to its 2010 plan year budget.

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Ketchum, Idaho 83340
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First, the Program Administrators interpret the 20 percent “triggers” (for budgets, savings, and incentives²) in Section 3.8.2 of the Guidelines as applying at the program level across the entire three-year term of the Plan. This interpretation is predicated on the three-year nature of the Plans and the recent directives of the Department: “The Green Communities Act establishes a three-year cycle of budgeting, planning, and reviewing energy efficiency programs. *This three-year cycle allows Program Administrators flexibility with respect to program implementation and budgeting.*” Order on Motion of Western Massachusetts Electric Compact for Interim Continuation of Energy Efficiency Programs, D.P.U. 09-118-C (August 23, 2010) (emphasis added). Accordingly, except as indicated below for purposes of this proposed filing, the Compact is seeking Department approval of a modification only if the proposed change would exceed an applicable 20 percent threshold at the program level over the full three-year term of the Plan.

Second, in the spirit of cooperation and transparency, the Compact is providing notice to the Council and the Department of any program-level variances that exceed 20 percent on an annual basis, but is not seeking approval of that variance from the Department as a formal, significant mid-term modification of its Plan.

Third, the Compact and its fellow Program Administrators have voluntarily stipulated, for purposes of their 2011 mid-term modifications, that any change involving an annual budget increase at the sector level of 15 percent for Commercial and Industrial (“C&I”) programs or 20 percent for Residential and Low-Income programs will be submitted for Department approval in order to address bill impact concerns.³

Fourth, the Compact and its fellow Program Administrators understand that adding or subtracting a program will in all events be treated as a mid-term modification, pursuant to Section 3.8.2 of the Guidelines.

As noted above, the Resolution does not require the Council to adopt these assumptions on any precedential basis, but use of the operating assumptions allows all parties to present focused filings to the Department for review in an administratively efficient manner.

The Compact has included quantitative tables reflecting proposed changes to program budgets and savings goals as Exhibit A to the Resolution. Additionally, on or before October 29, 2010, the Compact will provide more detailed D.P.U. 08-50 tables which have been updated to incorporate the revised budgets and savings goals, finalized EM&V studies, and revised pilot programs that underlie today’s filing, as well as any applicable updates based upon Council feedback, as may be agreed to by the parties. Further, the Compact will provide updated benefit-cost ratio (“BCR”) screening runs to the Council that tie to the updated D.P.U. 08-50 tables prior to the Council’s November meeting. Because the revised bill impacts methodology being developed collaboratively in the D.P.U. 08-50 Bill Impact Work Group is still being finalized and because the Compact is not proposing any material budget increases, the Compact

² As a municipal aggregator and public entity, the Cape Light Compact does not participate in performance incentives.

³ The Program Administrators note that use of the stipulated sector level trigger ties to cost recovery mechanisms, which operate at the sector level.

has not included any updated bill impacts analyses with today's submission. Where applicable, the Program Administrators will work collaboratively with the Council and its Consultants, however, to provide such information using traditional bill impact presentations if requested.

The Program Administrators are also finalizing the first complete version of the Technical Reference Manual ("TRM") and will provide the TRM to the Council and to the Department on or before October 29, 2010. The TRM represents the accomplishment of an important milestone for all parties under the Plans.

The Program Administrators also note that there are multiple areas where they continue to work on program design, refinements, and enhancements—such as in rental market strategies, optimizing rebate levels, Mass Save market-model optimization and financing strategies—that do not entail mid-term modification triggers. The Program Administrators plan to provide an update of these efforts for the residential, low-income, and commercial & industrial sectors on or before October 29, 2010. While they are not mid-term modifications requiring Department approval under the Guidelines, these enhancements are an important element of the Program Administrators' ground-breaking energy efficiency efforts as they head into 2011.

Overall, the Compact and its fellow Program Administrators emphasize that this is the first mid-term modification being made pursuant to the new framework established by the Green Communities Act and under the Guidelines. In preparing this filing, the Program Administrators have sought to work collaboratively with the Council and its Consultants to maintain transparency and achieve a workable framework for mid-term modification filings. The Program Administrators understand that this is an evolving process, and they look forward to working with the Council and its consultants to ensure continuing excellence in the delivery of energy efficiency programs within the Commonwealth. Finally, the Compact and its fellow Program Administrators would emphasize that today's materials reflect a continued commitment to pursuing the unprecedented statewide effort reflected in the Plans, as originally approved by the Council and the Department, reflecting the best information for 2011 currently available, based upon in-the-field experience to date.

If you would like to receive a hard copy of these materials please contact us and we will provide it to you.

EXHIBITS TO MID-TERM MODIFICATION RESOLUTION

Exhibit A: 20% Variance Table

Exhibit A-1: 20% Variance MTMs and Additions/Deletions of Any Program

Exhibit A-2: Notification of Annual 20% Variance by Program

Exhibit B: Performance Incentives (BLANK)

Exhibit C: EM&V

Exhibit D: Pilots

Exhibit E: Outside Funding Update

EXHIBIT A

20% Variance Table Cape Light Compact

Variance Summary
 Program Administrator: Cape Light Compact

Sector	Program	2011 Only				2010-2012							
		PA Costs (\$)		Net Annual Savings (MWh)		PA Costs (\$)		Net Annual Savings (MWh)					
		Plan ²	Updated Plan ³	Variance ⁴	Plan ²	Updated Plan ³	Variance ⁴	Plan ²	Updated Plan ³	Variance ⁴			
Residential	Residential New Construction B Major Renovation	\$ 237,058	\$ 237,170	0%	264	287	13%	\$ 869,101	\$ 869,176	0%	809	841	4%
Residential	Residential Cooling & Heating Equipment	\$ 855,245	\$ 858,855	-1%	637	585	9%	\$ 2,722,733	\$ 2,710,302	0%	1,612	1,650	3%
Residential	Multi-Family Retrofit	\$ 510,862	\$ 510,185	0%	778	782	-1%	\$ 1,636,076	\$ 1,637,055	0%	2,359	2,353	0%
Residential	MassSAVE	\$ 7,412,844	\$ 7,416,268	0%	5,410	5,244	3%	\$ 22,323,406	\$ 22,357,922	0%	15,895	15,731	-1%
Residential	Behavioral Feedback Program	\$ 1,982,139	\$ 2,018,933	2%	11,033	11,220	2%	\$ 5,442,415	\$ 5,458,649	0%	26,803	28,950	1%
Residential	ENERGY STAR Upfront	\$ 354,460	\$ 361,416	-1%	1,156	1,199	4%	\$ 1,182,458	\$ 1,180,928	0%	3,759	3,801	1%
Residential	ENERGY STAR Appliances	\$ 185,000	\$ 195,000	0%				\$ 506,000	\$ 585,000	0%			
Residential	Residential Education Program	\$ 15,000	\$ 15,000	0%				\$ 45,000	\$ 45,000	0%			
Residential	Workforce Development	\$ 45,000	\$ 45,000	0%				\$ 135,000	\$ 135,000	0%			
Residential	Heat Loan Program	\$ 80,000	\$ 80,000	0%				\$ 240,000	\$ 240,000	0%			
Residential	R&D and Demographics	\$ 41,667	\$ 161,667	285%				\$ 844,751	\$ 844,751	0%			
Residential	Behavioral Feedback Pilot	\$ 278,462	\$ 278,462	0%				\$ 844,751	\$ 844,751	0%			
Residential	Residential New Construction & Major Renovation - Major Renovation statewide pilot	\$ 22,222	\$ 22,222	0%				\$ 66,667	\$ 66,667	0%			
Residential	Residential New Construction (Multi Family (4-8 story) statewide pilot)	\$ 11,111	\$ 11,111	0%				\$ 33,333	\$ 33,333	0%			
Residential	Residential New Construction Lighting Design statewide pilot	\$ 20,000	\$ 20,000	0%				\$ 60,000	\$ 60,000	0%			
Residential	Heat Pump Water Heater Pilot	\$ 9,000	\$ 9,000	0%				\$ 27,000	\$ 27,000	0%			
Residential	Residential Technical Development	\$ 18,000	\$ 25,000	25%				\$ 50,000	\$ 50,000	0%			
Residential	Home Automation	\$ 50,000	\$ 50,000	0%				\$ 150,000	\$ 150,000	0%			
Residential	Community Based Pilot	\$ 125,000	\$ 125,000	0%				\$ 375,000	\$ 375,000	0%			
Residential	Statewide Marketing & Education	\$ 28,505	\$ 28,505	0%				\$ 85,517	\$ 85,517	0%			
Residential	DOER Assessment	\$ 13,000	\$ 13,000	0%				\$ 39,000	\$ 39,000	0%			
Residential	Statewide & Subscriptions	\$ 30,742	\$ 33,722	10%	12	14	14%	\$ 95,710	\$ 98,699	3%	30	40	4%
Low Income	Low Income Residential New Construction	\$ 2,048,478	\$ 2,046,375	0%	1,627	1,614	-1%	\$ 6,102,505	\$ 6,102,484	0%	4,639	4,625	0%
Low Income	Low Income 1 or 4 Family Retrofit	\$ 749,450	\$ 745,404	0%	580	639	23%	\$ 2,300,130	\$ 2,320,074	0%	1,587	1,887	8%
Low Income	Low Income Multifamily Retrofit	\$ 24,000	\$ 24,000	0%				\$ 72,000	\$ 72,000	0%			
Low Income	Statewide Marketing & Education	\$ 600,926	\$ 600,889	0%	2,071	2,002	-3%	\$ 1,772,599	\$ 1,772,469	0%	5,899	5,927	0%
Low Income	DOER Assessment	\$ 607,407	\$ 606,888	0%	1,902	1,939	2%	\$ 2,176,563	\$ 2,176,563	0%	5,854	5,790	-1%
Low Income	C&I New Construction and Major Renovation - Government	\$ 281,926	\$ 281,842	0%	720	666	-9%	\$ 1,269,679	\$ 1,266,595	0%	3,439	3,413	-1%
Low Income	C&I Large Retrofit - Government	\$ 650,292	\$ 649,697	0%	1,271	1,229	-3%	\$ 2,815,251	\$ 2,814,997	0%	5,918	5,875	0%
Low Income	C&I Small Retrofit	\$ 4,465,530	\$ 4,464,619	0%	7,747	7,747	0%	\$ 12,524,321	\$ 12,523,992	0%	21,129	21,129	0%
Low Income	C&I Small Retrofit - Government	\$ 2,639,625	\$ 2,639,763	0%	4,101	4,101	0%	\$ 9,107,680	\$ 9,108,917	0%	12,247	12,247	0%
Low Income	Community Based Pilot	\$ 95,636	\$ 95,636	0%				\$ 287,431	\$ 287,431	0%			
Low Income	Statewide Marketing & Education	\$ 15,331	\$ 15,331	0%				\$ 45,991	\$ 45,991	0%			
Low Income	DOER Assessment	\$ 10,910	\$ 10,910	0%				\$ 33,175	\$ 33,175	0%			
Low Income	Sponsorships & Subscriptions	\$ 12,659,918	\$ 12,387,974	-2%	19,168	19,318	1%	\$ 37,489,739	\$ 37,191,868	-1%	63,236	63,389	0%
Low Income	Subtotal	\$ 2,851,462	\$ 2,854,275	0%	2,159	2,266	6%	\$ 8,686,766	\$ 8,686,570	0%	6,392	6,392	0%
Low Income	Subtotal	\$ 9,759,771	\$ 9,659,518	-1%	17,812	17,612	-1%	\$ 30,039,118	\$ 29,939,864	0%	64,681	64,361	0%
Low Income	Total	\$ 25,270,161	\$ 24,991,767	-1%	35,139	35,195	0%	\$ 78,204,609	\$ 78,030,390	0%	114,060	114,117	0%

Notes
 1. Includes PPSA, Marketing, Incentives, STAT and EM&V costs.
 2. As approved in D.P.L. DPU 09-115.
 Also includes revisions per DPU 10-108 2010 Mid-Year Revisions.
 3. Includes the following types of adjustments:
 - pilot program budget adjustments
 - TRM implementation
 - changes in incentives and quantities
 - removal of EEAC Consultant budgets, as EEAC Consultant fees on the electric side are paid through the "other" 20% of RGGI proceeds, and do not come out of the PA's budgets.
 4. Variance is calculated as (Updated Plan - Plan)/Plan
 5. Performance incentive calculations are not shown as the Cape Light Compact does not have performance incentives.

EXHIBIT A-1

20% Variance MTMs and Additions/Deletions of Any Program

The Compact is not adding or deleting any programs for the 2011 plan year.

Other than budget adjustments to its pilot programs, the Compact is not proposing any significant modifications to its approved Three-Year Plan.

The Compact's request for authorization of its pilot program expenditures is located in Exhibit D, herein.

EXHIBIT A-2

Notification of Annual 20% Variance by Program

At this time, there are no variances greater than 20% between the Compact's projected 2011 plan year budgets and savings, as compared to the Compact's 2011 budgets and savings approved by the Department in the Electric Order.

EXHIBIT B

Performance Incentives

As a municipal aggregator and public entity, the Cape Light Compact does not participate in performance incentives.

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EXHIBIT C

Evaluation Monitoring & Verification

Introduction

In accordance with the EM&V resolution agreed to on September 8th, 2009, evaluation efforts within the state have been divided into multiple research areas. As presented in Table 1, each research area has contracted an independent evaluation team who is responsible for the completion of all agreed upon evaluation efforts within their research area.

Table 1: Statewide Research Area & Evaluation Contractor

RESEARCH AREA	LEAD EVALUATION CONTRACTOR
Residential Lighting & Appliances	Nexus Market Research
Residential Retrofit & Low Income	Cadmus
Residential New Construction	Nexus Market Research
Non-Residential Small Business	Cadmus
Large Commercial & Industrial	KEMA
Special & Cross-Cutting	Tetra Tech & Opinion Dynamics (2 contracts)

The EEAC continues to oversee the evaluation efforts and the EEAC consultants have participated fully in both contractor selection and evaluation planning.

Current Research

Table 2 details the studies in each of the six research areas that were started in 2010 and are either completed or currently under way.

Table 2: Current EM&V Research

STUDY	DESCRIPTION	SCHEDULED COMPLETION
Residential Lighting & Appliances		
Market, Impact and Process Evaluation of Residential Lighting Program	This study includes research in support of a market, impact and process evaluation of the residential lighting program.	February 2011
Market, Impact and Process Evaluation of Appliance Recycling Program	This study includes research in support of a market, impact and process evaluation of the appliance recycling program.	December 2010
Residential Retrofit & Low Income		
Process and Impact Evaluation of Gas High-Efficiency Home Energy programs	This study includes research in support of a process and impact evaluation of the gas residential high-efficiency heating equipment program.	November 2010

STUDY	DESCRIPTION	SCHEDULED COMPLETION
Study of Mass Save Audit Report Formats	The study includes focus group research to assess the effectiveness of the home energy report that utility customers receive after having an energy assessment through the Mass Save program in order to pinpoint consumer needs and preferences for the home energy audit report so there is an effective and consistent report format that can be used throughout the state of Massachusetts.	December 2010
Process Evaluation of Mass Save	The goal of this research is to assess program processes and identify similarities and differences between the perspectives and assumptions of program staff, trade allies, and customers regarding the goals, design, and implementation of the program. Additionally, while assessing consistency, the evaluation contractor will perform a comprehensive review of all of the measure assumptions utilized by PAs and implementation contractors. Based on the findings of this effort recommendations will be made, as needed, regarding the standardization of assumptions.	December 2010
Process Evaluation of Deep Retrofit Pilot	The goal of this research is to assess the impact of completed projects; estimate the contribution of specific measures to total observed savings; and explore topics identified that will determine the potential reach, viability, and design of a full-scale DER program.	April 2011
Impact Evaluation of Brushless Fan Motor Pilot	This study seeks to identify savings associated with BFM retrofits in residential HVAC applications; quantify underlying parameters in the savings, such as hours of operation; and determine factors that may drive savings.	September 2011
Multi-family Potential Study	The goal of the evaluation is to provide a descriptive, cross-sectional assessment of the market size and characteristics of multifamily buildings (consisting of five or more units) within the state.	June 2011

STUDY	DESCRIPTION	SCHEDULED COMPLETION
Process Evaluation of Low Income Programs	This evaluation will center on reviewing the data collection and reporting activities for each of the 28 CAP agencies and their PAs.	December 2010
Residential New Construction		
Assessment of Potential Savings from Code Upgrade and Compliance Efforts	This study includes estimating potential savings from different code upgrades, levels of compliance and construction activity as well as outlining possible PA actions to increase compliance.	December 2010
Phase I: Analysis of Code Upgrade Program Impacts	This research includes on-going efforts to investigate potential savings estimates from possible areas for code upgrades.	December 2010
Phase I: Analysis of Code Compliance Enhancement Impacts	This study includes on-going research into the appropriate documentation of code compliance support efforts and analysis of potential additional code compliance measures.	December 2010
DOER Code Pilot Study	This evaluation includes interviews of code officials, a baseline assessment of 50 homes and testing of the Checklist by HERS raters.	April 2011
Process Evaluation of Major Renovation Pilot	The focus of this analysis will be on collecting process information through a series of depth interviews.	December 2010
Process Evaluation of Energy Star Homes Version 3 Pilot	The focus of this analysis will be on collecting process information through a series of depth interviews.	December 2010
Process Evaluation of Multi-Family Pilot Program	The focus of this analysis will be on collecting process information through a series of depth interviews.	December 2010
Mystery Shopping Study	This research includes mystery shopping with real estate agents who have received training on promoting ENERGY STAR homes as well as real estate agents who have not received such training.	October 2010
Baseline Study/Code Compliance Assessment	This evaluation includes recruiting homes, completing on-site visits collecting sufficient data to create a new User Defined Reference Home. In addition the study includes collecting information via site visits and surveys to approximate code compliance rate.	March 2011
Non-Residential Small Business		

STUDY	DESCRIPTION	SCHEDULED COMPLETION
Lighting Controls Impact Evaluation	This study includes a pre- and post-installation logger study to determine initial savings associated with lighting controls in several building types.	May-June 2011
Lighting Operating Hours Logger Impact Evaluation	This study includes a post installation logger study to compare reported and actual operating hours for lighting measures.	March 2011
Multi-Tier Program Structure Assessment	This study includes an analysis of program tracking and customer databases, program staff and vendor interviews, and surveys of participants and non-participants to assess opportunities for a multi-tier direct install approach.	March 2011
Large Commercial & Industrial		
Phase I: Non-Residential New Construction Market Assessment Study	This initial phase focuses on quantifying the volume of new construction projects and interviewing market actors.	March - May 2011
Phase I: Chain and Franchise Market Assessment Study	This initial phase focuses on quantifying characterizing this sector and interviewing market.	March 2011
High-Bay Lighting Market Effects Study	This study researches if rebates for this technology have accelerated its adoption outside of the state.	May 2011
Prescriptive VSD Impact Evaluation Study	This study researches the energy savings achieved through prescriptive VSD installations.	December 2011
Custom HVAC Impact Evaluation	This study researches the energy savings achieved through large and unique electric measures involving HVAC systems.	June 2011
CHP Market Assessment Study	This research aims to quantify the cost effective opportunity for CHP in the state.	April 2011
CHP Impact Evaluation Planning	This effort develops a formal evaluation plan for CHP starting in 2011.	December 2010
Custom Gas Impact Evaluation	This study researched the energy savings delivered through large and unique gas measures.	June 2011
Prescriptive Gas Impact Evaluation	This study researched the energy savings delivered through prescriptive gas measures.	June 2011

STUDY	DESCRIPTION	SCHEDULED COMPLETION
Comprehensive Design Assistance Process Evaluation	This effort researches the delivery structure for comprehensive efficiency projects at each program administrator and the reasons for differences in program performance.	December 2010
Comprehensive Design Assistance Impact Evaluation	This study researches the achieved energy savings delivered comprehensive efficiency projects.	June 2011
Overall Large C&I Process Evaluation	This effort documents the current delivery structure of energy efficiency programs at each PA as a benchmark for our efforts for consistent program design through the state.	December 2010
NEEP Prescriptive HVAC Load Shape Study ¹	This study researches the energy savings achieved through the installation of efficient unitary air conditioners.	December 2010
Special & Cross Cutting		
Phase I: Behavioral Pilots	Participant/Non-participant Behavioral Survey	December 2010
	Participant In-Depth Interviews (CLC)	December 2010
	Process Study	May 2011
	Impact Study (National Grid)	May 2011
Phase I: Community Based Pilots	This research includes a review of currently planned programs, interviews with PA staff and other stakeholders and a literature review of recent evaluations as well as the production of program theory/logic models.	December 2010
Phase I: Umbrella Marketing	Integration	December 2010
	Channeling	March 2011
	Process & Impact	May 2011
Non-Energy Impacts	Focus on residential and low-income	March 2011
Incentive Level Research Study	This study includes research into the program incentive levels offered throughout the country as well as contextual depth interviews with program stakeholders.	October 2010

¹ This study is not managed under the Large Commercial & Industrial Evaluation Contract. The effort involves many program administrators outside of Massachusetts and is therefore being managed by the Northeast Energy Efficiency Partnership ("NEEP").

Planned Future Research

Table 3 presents the next phase of evaluation studies that are planned for each research area once the majority of the current phase is complete. It should be noted that this table only includes those studies that have been planned and that additional evaluation will be planned throughout 2011 and into 2012. In addition, these studies are tentative and subject to change based, among other things, on the results of in-progress evaluation studies. Finally, we will continue to provide updates to the 3-year EM&V plan in future filings once specific evaluation studies have been planned for 2011 and 2012.

The acceptance of a Technical Reference Manual is expected to influence the timing of evaluations in 2011 and beyond. The use of any new savings algorithms in 2011 may require that impact evaluations of prescriptive measures be completed on installations occurring in 2011 since realization rates should not be developed from savings calculated using out of date algorithms. Each research area will determine which prescriptive measures are appropriate to evaluate in 2011 based on the algorithm used in the TRM, the planned and historical measure participation, and the reasonableness of real time sampling for evaluation purposes.

Table 3: Planned Future EM&V Research

STUDY	DESCRIPTION	EXPECTED START
Residential Lighting & Appliances		
Market Study for Hard-to-Reach Lighting market	This study is designed to better identify hard-to-reach market. CLC has conducted a focus group in 2010; new study can be integrated with this effort.	March 2011
Impact Study for Specialty Lighting	This study will focus on developing impact factors for specialty lighting.	March 2011
Impact study on CFL measure life	Recently there has been discussion to reduce CFL measure life on CFLs. Study would aid in determining new measure life proxy.	May 2011
Evaluation of Smart Powerstrips	The details of this study are not yet determined.	Not yet determined.
Market study on changes in consumer electronics	The market is changing rapidly in the consumer electronics. This study should help to better understand this changing market.	July 2011
Market assessment to identify additional areas for residential energy efficiency savings	This study will identify additional programs that can be deployed to increase energy efficiency savings. Likely areas will include new technology in lighting, appliances and consumer electronics.	March 2011
Process study to streamline appliance rebate programs	This study will focus on statewide integration and streamlining of appliance rebate program process and administration.	March 2011
Follow-up Evaluation of Appliance Recycling program	This evaluation will provide a more in-depth study and supplement results from refrigerator recycling program.	July 2011
Net-to-Gross study for selected appliance rebates	This study will focus on developing impact factors for appliances.	July 2011
Residential Retrofit & Low Income		

STUDY	DESCRIPTION	EXPECTED START
Follow-up Evaluation of Residential High-Efficiency Heating Equipment programs	This research should include an evaluation of program spillover and other research based on a review of the 2010 Process and Impact evaluation report.	Not yet determined
Baseline Study/Impact Study of Mass Save program	This study will recruit homes, complete on-site visits to participant and non participant homes. Collect data necessary to create a baseline home of the Mass Save program. Data from the site visits may inform engineering and/or billing analyses to quantify savings values for the program.	March 2011
Baseline Study/Impact Study of Low Income program	This study will recruit homes, complete on-site visits to participant and non participant homes. Collect data necessary to create a baseline home of the Low income program. Data from the site visits may inform engineering and/or billing analyses to quantify savings values for the program.	March 2011
Residential Potential Study work	Data collected during site visits to support the Mass Save and the Low Income impact evaluation may be leveraged with data collected during 2010 evaluation activities for multifamily to conduct a residential potential study.	May 2011
Process and Impact evaluation of Multifamily Program	Once the program changes are fully incorporated into the Multifamily program during the summer and fall of 2010, the evaluation team will conduct process and impact evaluations of the re-designed program. Detailed evaluation plans will be developed in 2011 and 2012.	May 2011
Residential New Construction		
Phase II: Analysis of Code Upgrade Program Impacts	This research includes on-going efforts to investigate potential savings estimates from possible areas for code upgrades.	January 2011
Phase II: Analysis of Code Compliance Enhancement Impacts	This study includes on-going research on the appropriate documentation of code compliance support efforts and analysis of potential additional code compliance measures.	January 2011
Major Renovation Pilot	The focus of this study will be an impact evaluation using modeling.	July 2011
Lighting Design Pilot	The focuses of this study will be completing process and impact evaluations of the pilot program.	January 2011

STUDY	DESCRIPTION	EXPECTED START
Homebuyer Survey	This study includes a survey of homebuyers to investigate their perceptions and understanding of the RNC program, as well barriers to participation both perceived and real.	July 2011
Non-Residential Small Business		
Integrated Program Process Evaluation	This study will focus on statewide integration of gas and electric program measures and administration; will also assess integration of any recommendations from the multi-tier structure analysis and opportunities survey work.	July 2011
Lighting Billing Analysis Evaluation	This study will supplement results from the lighting logger impact evaluation.	April 2011
Market Assessment	This study will supplement or elaborate 2010 market assessment work in the large C&I research area as it applies to any identified tiers.	April 2011
Net-to-Gross Study	Possible application of cross cutting methods evaluation to 2010 small business program, including free riders and spillover. This may be managed in the Special & Cross Cutting research area.	July 2011

STUDY	DESCRIPTION	EXPECTED START
Large Commercial & Industrial		
Phase II: Non-Residential New Construction Market Assessment Study	The second phase of this research will focus on visiting a sample of newly constructed commercial facilities (both program participants and non-program participants).	May 2011
Phase II: Chain and Franchise Market Assessment Study	The second phase of this research will focus on visiting chain and franchise facilities inside and outside the PAs territories.	April 2011
Custom Electric Measures Impact Evaluations	These studies assess the energy savings of specific to the custom end-use group projects completed each year.	March 2011
Custom Gas Measures Impact Evaluation	These studies assess the energy savings of a sample of custom gas efficiency projects completed every year.	March 2011
Prescriptive Measure Impact Evaluation	These studies will assess the energy savings resulting from prescriptive measure installations. The actual measures to be evaluated will depend on the algorithms agreed on in the TRM as well as historic and planned participation.	February 2011
CHP Impact Evaluation	This study will result in realization rates for the avoided electricity generation and waste head utilization.	January 2011
Net-to-Gross Study	This study will determine the freeridership and spillover rates for measures implemented in 2010. This may be managed in the Special & Cross Cutting research area.	January 2011
Special & Cross Cutting		
Phase II: Behavioral Pilots	Analysis of "channeling" to other PA efficiency programs	December 2010
	Participant and Non-participant behavioral survey	September 2011
	PA specific billing analyses	March 2011
Phase II: Community Based Pilots	This research will include participant interviews, participation analysis and impact analysis.	May 2011
Phase II: Umbrella Marketing	This study will further quantify the effects of umbrella marketing strategies.	June 2011
C&I Net-to-Gross Study	This study will use revised methods to estimate C&I net-to-gross ratios and may be split and conducted within Small and Large C&I research areas.	February 2011
Non-Energy Impacts 2011 - C&I: non-Custom	Survey-based study of benefits like savings in water, O&M, reduced spoilage, etc.	March 2011

STUDY	DESCRIPTION	EXPECTED START
Gas Training Evaluation	This research should review and quantify savings associated with GasNetworks training events.	Not yet determined

Research Priorities

All future research will continue to aim to efficiently assess the achieved energy savings of our programs, continuously improve our program offerings, and better understand the potential for energy savings in the Commonwealth. It is important to note that the current evaluation research being completed will inform future evaluation decisions including the required 2012 Technical Potential Study. Each research area will review the results of current evaluation work and program activity as an input to future evaluation needs.

The remainder of this section presents the specific research priorities for each of the six research areas. These priorities form the strategy that will drive additional evaluation activities beyond the current phase (shown in Table 2) and the next phase (shown in Table 3).

Residential Products Evaluation:

Further evaluation work will be determined by future program structure and the relative importance of other products beyond lighting and standard appliances. Results from current studies underway will influence decisions regarding which studies to begin in the future. It is likely that future studies will be chosen based on the magnitude of savings associated with each evaluation category and the need to update evaluation reports for all evaluation categories according to a regular schedule.

Residential Retrofit & Low Income Evaluation:

Program changes have an important role in future evaluation efforts. The Program Administrators along with the evaluation contractor need review and discuss findings of work being performed in 2010 in order to determine future evaluation needs. Later this year we will review current evaluation work and program activity to plan future evaluation needs.

Residential New Construction Evaluation:

Future evaluation tasks should include an analysis of code compliance, and analysis of code upgrade program impacts, an analysis of code compliance enhancement impacts, and an analysis of the Major Renovation pilot. These tasks may be modified or changed based on the results of 2010 and 2011 evaluation efforts. Additional tasks and other issues may be investigated as the needs become clearer.

Non-Residential Small Business Evaluation:

Future evaluation work will be defined according to the evolution of the program structure, the relative importance of other measures beyond lighting and project financing mechanisms. Likely candidates for 2012 evaluation include an impact study of the integrated gas and electric program and customer response to new and/or changed financial incentives.

Large Commercial & Industrial Evaluation:

Future studies assessing the achieved energy savings of the Large C&I programs will be chosen based on the magnitude of savings associated with each evaluation category and the need to update evaluation reports for all evaluation categories according to a regular schedule. Impact evaluations are being completed on both electric and gas measures. In addition, the results of the studies currently underway will influence decisions regarding which studies to begin in the future. Specifically, the results of the customer visits occurring in 2011 as part of the market assessment studies will influence decisions regarding potential baseline studies.

Special & Cross-Cutting Evaluation:

The Program Administrators along with the EEAC evaluation consultants and the evaluation contractor will review and discuss the findings of evaluation work being performed in 2010 and 2011 in order to determine the future evaluation needs. In addition, much of the evaluation planning for the Special & Cross-Cutting research area is dependant on when specific programs are launched, particularly within the Behavioral, Umbrella Marketing and Community Based areas.

EXHIBIT D

Pilots

COMMONWEALTH OF MASSACHUSETTS

ENERGY EFFICIENCY ADVISORY COUNCIL

**REQUEST BY THE CAPE LIGHT COMPACT FOR AUTHORIZATION OF PILOT
PROGRAM EXPENDITURES FOR THE PLAN YEARS 2011 & 2012**

Subsequent to the filing of its Three Year Energy Efficiency Plan with the Department of Public Utilities (“Department”) on October 29, 2010, the Cape Light Compact (“Compact”), along with the other electric program administrators (collectively the “Program Administrators”), sought the Energy Efficiency Advisory Council’s (“Council”) express authorization of budgeted expenditures relating to pilot energy efficiency programs. More specifically, pursuant to G.L. c. 25, § 21(B)(2), each Program Administrator’s three-year Plan shall include “(C) programs for research, development and commercialization of products or processes which are more energy-efficient than those generally available; [and] (D) programs for development of markets for such products and processes, including recommendations for new appliance and product efficiency standards... provided, however, that not more than 1 percent of the fund shall be expended for items (C) and (D) collectively, without authorization from the advisory council[.]” At its November 10, 2009 meeting, the Council adopted a resolution approving “the expenditure of funds for the pilots proposed by the electric PAs for 2010, only.” Council Resolution, dated November 10, 2009.

On January 28, 2010, the Department approved the Compact’s Three Year Plan, and in its Order agreed with the Council’s limited approval for pilot programs to plan year 2010. Department’s Order, D.P.U. 09-116 – D.P.U. 09-120 at page 47-48. On August 10, 2010, the

EEAC adopted a resolution regarding the Compact's proposed mid-year revisions to its energy efficiency programs for the plan year 2010. Specifically, the EEAC endorsed the Compact's effort to propose mid-year revisions to its pilot programming for 2010. See Council Resolution, dated August 10, 2010. Subsequently, the Compact filed with the Department its proposed mid-year revisions to its energy efficiency programs for the plan year 2010 and was docketed by the Department as D.P.U. 10-106. Based upon these proposed revisions, the Compact's 2010 - 2012 pilot program budgets are as follows:

Pilot Budgets as Revised Per DPU 10-106 2010 Mid-Year Revisions ³
Program Administrator: Cape Light Compact

TABLE 2				
Program	PA Costs (\$) ¹			
	2010 ²	2011	2012	2010-2012
Deep Energy Retrofit	\$83,333	\$350,000	\$58,333	\$491,666
Behavior/Feedback Pilot ⁴	\$233,333	\$41,067	\$0	\$275,000
Residential New Construction & Major Renovation - Major Renovation statewide pilot	\$257,547	\$278,452	\$308,752	\$844,751
Residential New Construction Multi Family (4-8 story) statewide pilot	\$0	\$0	\$0	\$0
Residential New Construction Lighting Design statewide pilot	\$22,222	\$22,222	\$22,222	\$68,888
Residential New Construction V3 Energy Star Homes statewide pilot	\$0	\$33,333	\$0	\$33,333
Heat Pump Water Heater Pilot	\$11,111	\$11,111	\$11,111	\$33,333
Home Automation	\$10,800	\$19,800	\$18,800	\$50,400
Pilot Total	\$618,346	\$755,585	\$420,218	\$1,795,149

Notes

1. Includes PP&A, Marketing, Incentives, STAT and EM&V costs.
2. As approved in EEAC Resolution Adopted on 8/10/2010 supporting \$150,000 shift from Deep Energy Retrofit to Behavior/Feedback Pilot
3. Budgets from the As-filed and Final 08-50 Tables Included in DPU 08-119 Order include minor budget variances
4. The Cape Light Compact's Behavior/Feedback Pilot is the Power Monitor Pilot

Pursuant to the Department's Guidelines, the Program Administrators will be filing with the Department, on October 29, 2010, their proposed mid-term modifications to their 3-year energy efficiency plans. As part of this filing, the Compact will be presenting the following proposed budgets for its 2011 & 2012 pilot programs and will also be providing the following most up to date projections of budgets for its 2010 pilots.

Pilot Budgets as Revised Per 10/29/2010 2011 Mid-Term Modifications
 Program Administrator: Cape Light Compact

TABLE 3				
Program	PA Costs (\$) ¹			
	2010	2011	2012	2010-2012
Deep Energy Retrofit	\$83,333	\$80,000	\$0	\$163,333
Behavior/Feedback Pilot ²	\$233,333	\$161,667	\$0	\$395,000
Residential New Construction & Major Renovation - Major Renovation statewide pilot	\$257,547	\$278,452	\$308,752	\$844,751
Residential New Construction Multi Family (4-8 story) statewide pilot	\$0	\$0	\$0	\$0
Residential New Construction Lighting Design statewide pilot	\$22,222	\$22,222	\$22,222	\$66,666
Residential New Construction V3 Energy Star Homes statewide pilot	\$0	\$0	\$0	\$0
Heat Pump Water Heater Pilot	\$11,111	\$11,111	\$11,111	\$33,333
Home Automation	\$0	\$25,000	\$25,000	\$50,000
Pilot Total	\$607,546	\$578,453	\$367,085	\$1,553,084

Notes

1. Includes PP&A, Marketing, Incentives, STAT and EM&V costs.
2. The Cape Light Compact's Behavior/Feedback Pilot is the Power Monitor Pilot

Table 4 highlights the budget adjustments by pilot by year. The overall effect is a \$242,065 reduction in pilot budgets over the 3-year plan.

Pilot Budget Differences Between Table 3 and Table 2 ²
 Program Administrator: Cape Light Compact

TABLE 4				
Program	PA Costs (\$) ¹			
	2010	2011	2012	2010-2012
Deep Energy Retrofit	\$0	-\$270,000	-\$58,333	-\$328,333
Behavior/Feedback Pilot ³	\$0	\$120,000	\$0	\$120,000
Residential New Construction & Major Renovation - Major Renovation statewide pilot	\$0	\$0	\$0	\$0
Residential New Construction Multi Family (4-8 story) statewide pilot	\$0	\$0	\$0	\$0
Residential New Construction Lighting Design statewide pilot	\$0	\$0	\$0	\$0
Residential New Construction V3 Energy Star Homes statewide pilot	\$0	-\$33,333	\$0	-\$33,333
Heat Pump Water Heater Pilot	\$0	\$0	\$0	\$0
Home Automation	-\$10,000	\$5,200	\$5,200	-\$400
Pilot Total	-\$10,000	-\$178,132	-\$53,133	-\$242,065

Notes

1. Includes PP&A, Marketing, Incentives, STAT and EM&V costs.
2. Table 4 = Table 3 - Table 2
3. The Cape Light Compact's Behavior/Feedback Pilot is the Power Monitor Pilot

As shown by Table 4, the major reduction proposed is to the Deep Energy Retrofit Pilot. This proposed reduction is based on projections of participation and expenditures as a result of the first nine months of implementation. While the Compact is pleased to report the Deep Energy Retrofit Pilot has generated customer interest and to date one project is underway, uptake is not as high as originally projected. Another proposed change, reflected in Table 4, is an increase to the Behavior/Feedback Pilot. This is based on successful evaluation results from the Phase 1 that began in 2009. The Compact looks forward to increased participation and the opportunity to learn and apply the findings from these efforts to future programs. Finally, we

propose a minor revision to the 2011 V3 Energy Star Homes pilot budget. Given this option has been launched as part of the Federal Energy Star Homes program and will be incorporated into the Massachusetts Residential New Construction program for 2011, a pilot budget is no longer required for 2011.

Each of the pilot efforts is described in the Compact's approved Three Year Plan and was previously summarized for convenience in the Program Administrator's November 5, 2009 memorandum to the Council. As previously reported to the Council, while mindful of the one percent threshold contemplated by the Green Communities Act (the "Act"), the electric Program Administrators' pilot program budgets were slightly more than one percent of the total program budget on a statewide basis in 2010, but was projected to be slightly less than one percent over the three year plan period. See Program Administrators Request for Authorization of Pilot Program Expenditures, dated November 9, 2009 at Exhibit 1. With respect to the Compact's current Three-Year Plan:

- Its 2010 pilot budget, as revised, represents 3.26% of its 2010 total budget;
- Its 2011 pilot budget represents 2.32% of its 2011 total budget;
- Its 2012 pilot budget represents 1.14% of its 2012 total budget and;
- Its 2010-2012 total pilot budget represents 2.05% of its 2010-2012 total budget.²

To the extent that the pilot budgets exceed one percent in any of the three years or across all three years (either on a statewide level or on a Program Administrator-specific level), the amounts are reasonable and warranted by the benefits of program innovation and development. The pilot programs were developed by the Program Administrators with the collaboration and thoughtful input of the Council and interested parties, and these innovative

² At this time, the Compact is unable to provide an analysis of the 2011 statewide pilot budget compared to the statewide total budget. This information will be available in early November, once the statewide roll-up of budgets is completed.

programs are critical in advancing the bold goals of the Act. Although the pilot programs require some expenditures associated with ramp-up that, in some cases, cause the program budgets to reasonably exceed the one percent baseline, it is the Compact's belief that the slight deviation is justified by the value of the programs.

The Compact hereby respectfully requests that the Council authorize the proposed expenditures for its pilot programs for the plan year 2011 as detailed above.

Respectfully submitted by,



Kevin F. Galligan
Energy Efficiency Program Manager
Cape Light Compact

Dated: October 14, 2010

**Resolution regarding the Cape Light Compact's
Pilot Program Expenditures for Plan Year 2011**

The Council acknowledges the request by the Cape Light Compact regarding the expenditure of budget funds for its 2011 pilot program, as previously described in its approved Three Year Energy Efficiency Plan (D.P.U. 09-119). The Council finds that these pilot programs will provide information and insight that will inform future program opportunities. The Council anticipates that one or more pilots undertaken may be able to continue as standalone programs or integrated elements of existing programs. The Council, therefore, approves the expenditure of funds for the pilots as proposed by the Compact for its plan year 2011.

EXHIBIT E

PROGRAM ADMINISTRATOR UPDATE ON FINANCING/FUNDING

Both prior to, and since, the approval by the Department of Public Utilities (the "Department") of the Program Administrators' ("PA") respective Three-Year Plans (the "Plans"), the PAs have explored the acquisition of new outside capital in the interest of making energy efficiency programs more financially accessible to customers. The objective of the PAs has been to identify, analyze, and implement additional sources and mechanisms for outside financing (loans that are to be repaid) and outside funding (grants/funds that directly off-set program costs and that do not need to be repaid) over the three-year period that will make energy efficiency programs more attractive to customers, while minimizing bill impacts, in order to achieve (or even surpass) the ambitious savings goals proposed by the PAs in their Plans. With that in mind, the PAs, with the support of the Energy Efficiency Advisory Council (the "EEAC"), have set aggressive targets for outside financing and funding, and have factored such outside financing and funding into their savings goals.

The PAs regard outside capital as an important tool in reducing or removing financial barriers that may prevent or delay customers' investments in energy efficiency measures. Such financing mechanisms can help potentially address barriers associated with the substantial (in some cases) up-front costs of installing energy efficiency measures and the difficulties customers may encounter in securing financing independently. Customers—from residential to large C&I—may refrain from installing cost-effective energy efficiency measures due to concerns regarding initial capital, budgeting constraints or other financial impediments. In confronting these barriers, outside capital can: (1) assist customers in identifying a financing source by engaging lenders already versed in the elements and benefits of the programs; (2) facilitate and expedite the lending process; and (3) potentially better align customers' cash flow and the benefits they derive from the investment in Energy Efficiency.

The PAs have committed to savings goals in 2010 that include already-known levels of outside financing, such as the HEAT Loan program. The Plans expressly contemplate that the PAs would be in a position to offer expanded energy efficiency programs that are supported by a larger amount of outside funding and financing by 2011, and the PAs, in conjunction with DOER and the EEAC, have set target levels of \$100,000,000 of outside funding and financing for 2011, and \$200,000,000 in 2012. For planning purposes, the PAs assumed that sixty percent (60%) of these dollars will be available in the form of funds/grants that would directly off-set program costs, similar to FCM and RGGI funds, with the other forty percent (40%) of these dollars forming a loan or similar pool that would provide capital to customers, which would be repaid through on-bill or other mechanisms. The successful achievement of these targets for outside financing and funding (both dollar targets and the 60%/40% allocation of outside funds) are embedded in the savings goals and bill impact analyses for 2011 and 2012 set forth in the Plans.

With regard to funding, over the last several months, the Program Administrators have coordinated with each other and with several EEAC members and organizations to identify and pursue grants for funding. Obtaining grants to help off-set energy efficiency charges for customers has presented a challenge for the PAs, as nearly all current federal grants for energy

efficiency have been exhausted. However, the PAs continue to work with councilors and multiple other interested parties in identifying alternative approaches to accessing grant funding. Among other efforts, as detailed in the Company's 2009 Annual Report, the PAs have researched, identified, and contacted multiple possible funding sources at the federal, state, and private level, with over 70 possible government grants and multiple possible private foundation grants identified. The Program Administrators are currently totaling the amount of outside funding received in 2010, or expected in 2011, including funds associated with the American Recovery and Reinvestment Act of 2009..

With regard to financing, the PAs have achieved significant success. The Program Administrators have engaged in requests for information ("RFI") and requests for proposal ("RFP") activities related to outside financing. Further, the Program Administrators have met extensively with banks, lenders, state agencies, and industry experts to pursue effective financing opportunities and these efforts. Details of this effort were included in the Company's 2009 Annual Report.

In assessing various financing options, the PAs have focused on identifying options that minimize the overall cost of financing to energy efficiency participants, including (i) upfront/setup costs; (ii) ongoing administration costs; (iii) opportunity cost of (any tied-up) capital and (iv) cost of money (interest rate charged by lenders); and mitigate risk to ratepayers. After several months of exploring these options, the PAs are pleased to report their success in developing new financial products to promote energy efficiency, in conjunction with the Massachusetts Bankers Association (the "MBA").

The agreed-upon proposal (see Attachment 1, hereto) includes financial products for specific customer segments (owner-occupied residential, residential multi-family, landlords/investment property, small business and municipal) that have been developed based on the successful, and nationally recognized HEAT Loan program being administered currently by several of the PAs. The proposal offers rapid expansion of new financial products and streamlines the process for customers to access funds. Attachment 2 represents an Expression of Interest from the MBA and potential participating lenders in support of the proposal. Ultimately, as described herein, the proposal will bring benefits not only to Massachusetts customers, but also, importantly, to the Massachusetts business community through participating MBA lenders.

For the first phase, residential loans would be available from a minimum of \$500 for periods of up to 24 months (for all applicable customer segments) to a maximum of \$15,000 for periods of up to 84 months. For the first time investment property would be included with loan sizes of \$5,000 to \$25,000. Also for small business customers, and in an expansion of the program, loans from \$5000 to \$100,000 would be available. The financial products would be offered by member banks, with the PAs providing funds through their respective energy efficiency budgets to "buy-down" the applicable interest rate to zero percent. The proposed rates are presented in Attachment 1, on page 12.

These loans have no up-front costs, no new administrative costs, and do not tie-up capital (opportunity cost). The loan terms and interest rates would differ depending on the customer segment being served. This approach minimizes the overall cost while being responsive to the

unique needs of each segment. Further segment expansion will be discussed for a second phase roll-out.

Customers will benefit from these expanded financing options by having access to new sources of zero interest loans for Energy Efficiency with reasonable payback terms. In addition, a common application would be used by participating lenders to ensure ease in customer applications, especially those who operate in various jurisdictions of the State. Although the lending protocols would be bank specific according to their protocols since they would be responsible for the loans, the banks will agree to some minimum underwriting guidelines.

Lenders will benefit by having access to potential new customers that may otherwise not seek credit to pursue Energy Efficiency. They will have control over the lending associated with the program by owning the loans, administering them and maintaining responsibility for risk. In addition, the lenders will receive the interest associated with program loans "up front", rather than over time as is typical for most loans. Finally, increased loan activity potentially may result in additional jobs in the Commonwealth for participating lenders.

Finally, this approach keeps lending in the hands of those for whom it is their core business – in this case, Massachusetts lenders. In tandem with lenders, the PAs will play an integral role in facilitating the process. Ultimately, lenders, PAs and customers will benefit by expanding access to easy-to-understand, low-cost financing to more customers than have had the opportunity to take advantage of HEAT loans, consistent with the goals of the Green Communities Act.

In addition to the efforts described in the 2009 Annual Reports, and the MBA program described herein, the PAs performed a comprehensive review of current financing options specifically for larger commercial and industrial customers ("C&I"). Through this effort, the PAs have identified multiple customizable financing vehicles for large private sector, MUSE (Municipal, University, School and Hospital) and Federal C&I customers, with a minimum project size of \$250,000. Customers work directly with a participating lender and the PA provides transaction support. Based on current market conditions, interest rates are expected to fall between 3 and 9 percent, with customized financing terms to allow savings from energy efficiency to pay the cost of financing. Additionally, the loans may be structured so the balance sheets of participating customers would not be adversely affected. Attachment 3 includes customized financial products for larger C&I customers. PAs are currently undertaking exploratory initiatives to assess various financing vehicles.

Cape Light Compact Outside Funding Update

Unique to the Compact, the 2010 outside funding contemplated in its Three-Year Plan is proceeding as planned. Any funds committed during 2010 that may still be unspent by year end will be carried forward to plan year 2011. The Compact continues to pursue other funding sources, including a recent submittal to the EDC, as well as exploring PACE (as approved as part of the Municipal Relief Act of 2010) with its "top ten" plan accounts. The Compact continues to support all statewide efforts to secure outside funding for energy efficiency.

**Joint Program Administrator / Massachusetts Bankers Association Taskforce
Energy Efficiency Loan Product Matrix
Prescriptive Financing**

Phase 1 Rollout

	Min Loan Amt.	Max Loan Amt.	Max Term (months)	Min Credit Guidelines (FICO, LTV, Income level, Debt/Income, Debt & Bradstreet Credit Rating, etc.)	Interest Rate ¹	Interest Rate Floor	Customer Interest Rate (Utility buy down 1st)
Residential (1-4 units, Owner Occupied)							
Micro	\$ 500	\$ 2,000	24	650 FICO	Prime + 100 bp	5.00%	0.00%
Standard	\$ 2,001	\$ 15,000	84	650 FICO, debt/income < 50%	Prime + 100 bp	5.00%	0.00%
Landlord/Investment Property							
Standard	\$ 5,001	\$ 25,000	84	Same as Standard Small Business	Prime + 100	6.25%	0.00%
Small Business, Non-Profit							
Standard	\$ 5,001	\$ 25,000	84	YTD Financials, 2yr tax return, Personal Fin Sta. Current receivable and payables	Prime + 100	6.25%	0.00%
Large	\$ 25,001	\$ 100,000	84	TBD	Prime + 100	6.25%	0.00%

1. Prime rate as published in the Wall Street Journal on October 14, 2010 is 3.25%. Interest rate is fixed at closing.
2. Interest rate floor subject to change based on market conditions.

Future Rollout

	Min Loan Amt.	Max Loan Amt.	Max Term (months)	Min Credit Guidelines (FICO, LTV, Income level, Debt/Income, Debt & Bradstreet Credit Rating, etc.)	Interest Rate	Interest Rate Floor	Customer Interest Rate (Utility buy down 1st)
Residential (1-4 units, Owner Occupied)							
Large	\$ 15,001	\$ 35,000	TBD	TBD	TBD	TBD	TBD
Landlord/Investment Property							
Micro	\$ 500	\$ 5,000	24	TBD	TBD	TBD	TBD
Large	\$ 25,001	\$ 100,000	84	TBD	TBD	TBD	TBD
Small Business, Non-Profit							
Micro	\$ 500	\$ 5,000	24	TBD	TBD	TBD	TBD
Custom	\$ 100,001	\$ 250,000	TBD	TBD	TBD	TBD	TBD
Municipal (tax-exempt)							
Micro	\$ 500	\$ 5,000	24	TBD	TBD	TBD	TBD
Standard	\$ 5,001	\$ 25,000	84	TBD	TBD	TBD	TBD
Large	\$ 25,001	\$ 100,000	84	TBD	TBD	TBD	TBD
Custom	\$ 100,001	\$ 250,000	TBD	TBD	TBD	TBD	TBD

Massachusetts Bankers Association

October 14, 2010

Mr. Tilak Subrahmanian
Mr. Birud Jhaveri
NSTAR Electric Company
One NSTAR Way
Westwood, MA 02090

Dear Gentlemen:

On behalf of the Massachusetts Bankers Association (MBA), I am writing in enthusiastic support of the proposal developed by the Massachusetts Energy Efficiency Program Administrators (PAs)¹ for new, low-cost financing options for Massachusetts energy efficiency programs. Since our initial discussions on March 24, 2010, the MBA has recognized the potential benefits of reaching many additional mutual customers through the use of proven financing mechanisms aimed at furthering the goals of the Massachusetts Green Communities Act of 2008. We have been pleased to join the PAs in an Energy Efficiency Financing Task Force over the last several months to help design these new financing options.

Based on the response to our joint PA/MBA Energy Efficiency Financing meeting on September 20, 2010, I am pleased to inform you that our membership is excited to offer new financial products to promote cost-effective energy efficiency. The agreed upon proposal includes financial products for specific customer segments (owner-occupied residential, residential multi-family, landlord/investment property, small business and municipal) that have been developed based on the successful HEAT Loan program currently being administered by several of the PAs.

For the first phase, residential loans would be available from a minimum of \$500 for periods of up to 24 months (for all applicable customer segments) to a maximum of \$15,000 for periods of up to 84 months. For the first time, rental investment property would be included with loan sizes of \$5,000 to \$25,000. Also, for small business customers, in an expansion of the programs offered by some PAs, loans from \$5,000 to \$100,000 would be available. This segmented approach ensures that costs will be minimized as compared to a program design without customer class-specific terms. Further segment expansion will be discussed for a second phase roll-out.

The financial products would be offered by member banks, with the PAs providing funds through their respective energy efficiency budgets to "buy-down" the applicable interest rate to zero percent. A common application would be used by participating lenders to ensure ease in customer applications, especially those who operate in multiple locations across the state. Although the lending protocols would be bank specific according to their protocols since they would be responsible for the loans, the banks will agree to some minimum underwriting guidelines.

¹ The PAs are Bay State Gas Company, d/b/a Columbia Gas of Massachusetts, The Berkshire Gas Company, Boston Gas Company, Essex Gas Company and Colonial Gas Company, d/b/a National Grid, the Cape Light Compact, Fitchburg Gas & Electric Light Company, d/b/a Unitil, Massachusetts Electric Company and Nantucket Electric Company, d/b/a National Grid, New England Gas Company, NSTAR Electric Company, NSTAR Gas Company and Western Massachusetts Electric Company.

Massachusetts Bankers Association, Inc.
One Washington Mall, 8th Floor
Boston, Massachusetts 02108-2603
Tel: 617-523-7595/Fax: 617-523-6373
<http://www.massbankers.org>

Mr. Tilak Subrahmanian
Mr. Birud Jhaveri
October 14, 2010
Page 2

The MBA hopes that these new financing options can be launched as soon as practicable and that the PAs take any necessary corporate or regulatory steps that may be appropriate for each of them in order to ensure a smooth roll out in the near future. We look forward to continued discussions with the PAs over the next several months to identify additional local and regional lenders that are interested in participating in this effort.

Sincerely,



David Floreen
Senior Vice President

Program Administrator
Large C&I Energy Efficiency Loans
Custom Financing

Exploratory Initiatives

	Min Loan Amt.	Max Loan Amt.	Max Term (months) ¹	Financier	Financing Type ¹	Min Credit Guidelines ¹	Interest Rate Range ²	Customer Interest Rate buy down (c.) ³
Large C&I								
MUSH (Muni, University, School, Hospital)	\$ 250,000	No Max	Varies	Local & National Lenders	Finance & Lease	Varies	3% - 8%	Varies
Private Large C&I	\$ 250,000	No Max	Varies	Local & National Lenders	Finance & Lease	Varies	5% - 9%	Varies
Federal	\$ 250,000	No Max	Varies	Local & National Lenders	Federal Finance	Varies	4% - 6%	Varies

1. Financing vehicle and terms are customized based on project.
2. Interest rate range based on current market environment. Actual interest rate will vary based on customer credit rating and project specifics.
3. Interest buydown is not applied across the board. PAs may use this option to incentivize customers at their discretion.

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF PUBLIC UTILITIES

Cape Light Compact to the Department of Public Utilities for Approval of Mid-Term Modifications to Its Three-Year Energy Efficiency Plan)
D.P.U. _____)

AFFIDAVIT OF KEVIN F. GALLIGAN

Kevin F. Galligan does hereby depose and say as follows:

I, Kevin F. Galligan, certify that the Petition and attached Exhibits filed on this date, on behalf of the Cape Light Compact, were prepared by me or under my supervision and are true and accurate to the best of my knowledge and belief.

Signed under the pains and penalties of perjury.



Kevin F. Galligan

Dated: October 29, 2010