



Connecticut Chapter
P.O. Box 270595
West Hartford, Connecticut 06127
connecticut.sierraclub.org

April 27, 2022

Connecticut Department of Energy and Environmental Protection
Energy Bureau
79 Elm Street
Hartford CT 06106-5127
Via email: DEEP.EnergyBureau@ct.gov

On behalf of the Sierra Club and our more than 40,000 members and supporters in Connecticut, thank you for the opportunity to comment on DEEP's draft determination on the 2022-2024 Conservation and Load Management (C&LM) Plan.

The Sierra Club is committed to defending everyone's right to a healthy world by tackling the serious challenges of a warming climate and unprecedented levels of pollution. Though Connecticut's Global Warming Solutions Act requires a reduction of greenhouse gas emissions below 2001 levels by 45% by 2030 and 80% by 2050 in alignment with climate science, DEEP's latest greenhouse gas inventory shows that we are not on track to meet these goals. We must do much, much more than has been done to date to meet these goals. Additionally, many Connecticut residents struggle with high energy burden as a result of old, drafty, rental housing combined with low-income and high utility costs.

We commend steps taken by DEEP to phase out residential gas incentives and prioritize overburdened and underserved communities and customers with the largest arrearages and shutoffs. Below, Sierra Club offers responses to DEEP's questions as well as comments and recommendations on aspects of the plan.

Question 1. The Draft Determination sets a goal of phasing out residential natural gas incentives over the course of the 2022-2024 C&LM Plan. a. Are the interim steps described in the Draft Determination sufficient to achieve a complete phase-out of residential natural gas incentives during this Plan term? b. Does the proposal to transition to an all-electric new construction program by July 2023 provide a reasonable timeframe to develop the program and start accepting projects? Why or why not?

Sierra Club strongly supports phasing out residential methane gas incentives over the course of the 2022-2024 C&LM Plan. The Conservation and Load Management Plan is the primary tool by which Connecticut can assist residents and businesses in taking the necessary steps to move away from fossil fuels and towards beneficial electrification of buildings. It incentivizes market transformation. Methane gas incentives are not a transformative investment, they displace the opportunity to invest in all-electric heat pumps, and lock us into decades of gas use at a time when we must be shifting away from fossil fuels to meet the science-based greenhouse gas emission reduction targets of the Global Warming Solutions Act.

Condition #13 calls for a 100% all-electric new construction program by July 2023. This is a critical first step to phasing out residential methane gas incentives and is a reasonable timeframe given that an all-electric program already exists. It is also feasible for all residential building types. We

Phone: (860) 578-4750 -- Email: Connecticut.chapter@sierraclub.org



Connecticut Chapter
P.O. Box 270595
West Hartford, Connecticut 06127
connecticut.sierraclub.org

recommend that DEEP further specify that non-gas incentives should not be allowed for new residential construction being built with gas outside of the all-electric program. We further recommend that higher incentives be available for low-income customers.

Condition #3 calls for “investigating the continued need to incentivize certain high efficiency natural gas furnaces, boilers, and boiler water circulator pumps.” Such investigation should outline steps for replacing gas incentives with all-electric incentives. Sierra Club recommends that all gas incentives be eliminated over the course of the 2022-2024 plan.

Sierra Club supports DEEP’s recommendation for fuel-neutral efficiency upgrades (Condition #11) that will allow customers to select more efficient equipment regardless of their fuel source.

Sierra Club also supports strategies to bring down the operating cost of heat pumps, and prioritizing the co-delivery of electrification and other supportive measures, such as weatherization, solar, and battery storage.

Question 3. Condition of Approval #14 directs the Utilities to reach certain communities and goals in future rounds of the Community Partnership Initiative. a. What are the most cost-effective uses of Community Partnership Initiative funds to reach overburdened and underserved communities? b. How can the Community Partnership Initiative prioritize areas of low program demand?

Sierra Club commends DEEP on its proposal to reach overburdened and underserved communities in Condition #14, and to focus on customers with the largest arrearages and shutoffs in Condition #24. It also commends DEEP for developing Phase 1 Equitable Energy Efficiency¹ goals, for recommending examination of how future equity analyses can be conducted in alignment with Justice40 principles, and concurs with DEEP on the need to reexamine the definition of “equitable distribution” stated in the draft determination. On the final point, Sierra Club recommends that DEEP explicitly adopt the principle that equity in efficiency (and electrification) funding distribution will be assessed in terms of vertical equity. “Vertical equity” requires that the distribution of assistance be explicitly varied to reflect differences in needs. Unlike “horizontal equity,” which provides that everyone be treated equally, vertical equity provides that persons with greater needs should receive greater resources. A vertical equity regime recognizes that “equity” often requires different levels of treatment to achieve equal outputs. Exclusively thinking in terms of horizontal equity, and/or failing to meet vertical equity standards, is a form of passive discrimination.

As highlighted in Trinity College Action Lab’s report, “Energy Burden in Hartford, CT,”² neighborhoods like Hartford’s Upper Albany are experiencing high energy burden that can be relieved by energy efficiency investments. While the CL&M plan alone cannot achieve an affordable burden for residents, it can greatly improve energy burden. Energy burden, poverty and energy insecurity are key data points to identifying the most vulnerable community members, and

¹ <https://portal.ct.gov/-/media/DEEP/energy/ConserLoadMgmt/Final-E3-Phase-I-Determination.pdf>

² <https://action-lab.org/energyburdenhtfd/>



Connecticut Chapter
P.O. Box 270595
West Hartford, Connecticut 06127
connecticut.sierraclub.org

in alignment with the equity principle in the Governor's Council on Climate Change in its Phase One Report³, "Equitable policies prioritize the well-being of the most vulnerable community members."

Partnering with community organizations to reach overburdened and underserved communities is a needed addition to outreach about energy efficiency. Community outreach should be focused on residents and businesses in communities where energy burden *and* poverty *and* energy insecurity are all high; this data needs to be compiled to identify communities to be the priority of the next round of the Community Partnership Initiative.

The Community Partnership is an important outreach activity needed to achieve outcomes. We urge DEEP to require that the entire CL&M plan to set and achieve equitable *outcomes* for overburdened and underserved communities where residents and businesses are experiencing energy burden, poverty, and energy insecurity. Clear outcomes and metrics should be outlined in the plan, including:

Cost Saving Equity Outcomes: CL&M should achieve the same savings in low-income homes as in non-low-income homes. Metric: Ratio of the percent of low-income energy savings per home to the percent of residential savings per home. A ratio of 1.0 is an indicator of equity.

kWh Savings Equity Outcomes: CL&M should reach a proportionate share of low-income homes with deep savings. Metric: Ratio of the sum of the average kWh shared per home times the number of low-income homes treated to the average kWh shared per home times the number of residential homes treated. A ratio equal to the percentage of income-eligible households amongst all households is an indicator of equity.

Carbon Reduction Equity Outcomes: CL&M should achieve the same carbon reduction in low-income homes as in non-low-income homes. Metric: Ratio of the average carbon reduction in low-income homes to average carbon reduction in residential homes. A ratio of 1.0 is an indicator of equity.

Energy Burden Equity Outcomes: CL&M should generate a substantive improvement in low-income home energy burdens through a reduction in energy usage. The outcome desired from CL&M is an *improvement* in energy burdens. In measuring the impacts on energy burdens, it would be unreasonable to establish an objective of using CL&M to *achieve* an affordable burden for all treated households. Some households have high energy burdens not because of high energy use, but rather because of very low incomes. In these instances, achieving an affordable burden is not a function of energy efficiency standing alone, but rather a function of combining energy efficiency with bill assistance. Sierra Club commends DEEP for recognizing the need for this kind of approach by recommending a focus on customers with the largest arrearages and shutoffs in Condition #24. One such program to consider is the Payment Troubled Customer Initiative in

³ https://portal.ct.gov/-/media/DEEP/climatechange/GC3/GC3_Phase1_Report_Jan2021.pdf



Connecticut Chapter
P.O. Box 270595
West Hartford, Connecticut 06127
connecticut.sierraclub.org

Michigan, the result of a settlement agreement⁴, that coordinates efficiency services with payment troubled customers enrolled in payment plans.

4. Does the approach to cost-effectiveness testing described in Attachment B adequately capture C&LM program impacts related to greenhouse gas emissions and administrative costs? a. Which of the non-embedded greenhouse gas emissions costs included in the Avoided Energy Supply Component (AESC) Study (and described in Attachment B) are most appropriate for capturing the impact of greenhouse gas emissions in Connecticut's cost-effectiveness test? b. What is an appropriate non-energy impact (NEI) value for quantifying the system impact of reduced arrearages, collection costs, debt write-offs, and/or administrative costs?

Sierra Club supports DEEP Recommendation 2 in Attachment B to modify the primary CTET to capture avoided greenhouse gas emissions. This is an important step needed to implement a cost-effectiveness test methodology that values the full range of benefits and costs, including non-energy benefits. This should be implemented as a first step, and DEEP should continue to update the cost-effectiveness test to capture the broad benefits of energy efficiency measures. Other leading states rely on a robust version of the total resource cost test (e.g., Massachusetts⁵ and Rhode Island⁶) or a societal cost test (e.g., Maryland⁷). Such tests ensure all of the benefits of energy efficiency measures can be adequately quantified and captured. Broadly capturing energy efficiency benefits is consistent with the "Universal Principles" that are detailed in the National Standard Practice Manual for Assessing Cost-Effectiveness of Energy Efficiency Resources, which states that "cost-effectiveness practices should account for all relevant, substantive impacts (as identified based on policy goals,) even those that are difficult to quantify and monetize."⁸

5. Comment on the pathways described in Attachment D and whether they provide an accurate, reasonable, and measurable standard for weatherization in single family homes? Describe any specific adjustments that should be made to the proposed pathways and standard.

⁴ https://66f28e57-02e8-44f5-8613-feb302092242.usrfiles.com/ugd/66f28e_dfc7481f490a4b50ad888276d1a20d4c.pdf

⁵ Massachusetts Efficiency Programs, D.T.E. 98-100 (1999).

⁶ See, e.g., Vermont Energy Investment Corp./Optimal Energy Consultant Team, Cost-Effectiveness Report: National Grid's 2018 Energy Efficiency and System Reliability Procurement Plan, submitted to the State of Rhode Island Energy Efficiency & Resource Management Council (Nov. 17, 2017), at 5-6, available at http://rieermc.ri.gov/wp-content/uploads/2017/11/cost-effectiveness-report-2018_v3_2017-11-08.pdf (explaining that the "Rhode Island Test" adds to the traditional TRC test consideration of benefits associated with reduction in GHG emissions and benefits associated with economic development resulting from investment in energy efficiency).

⁷ Maryland Pub. Serv. Comm'n, Order No. 87082, Case No.s 9153-9157, 9362 (July 16, 2015), at 6-7 (establishing societal cost test as primary test, but to be used in conjunction with the TRC test). If Connecticut moves forward with a societal cost test, it should ensure that it adopts an appropriate corresponding discount rate. As the Maryland Public Service Commission explained, "The SCT generally assumes a social discount rate that reflects the benefit to society of the energy efficiency investment over the long term." Id. at 16.

⁸ https://www.nationalenergyscreeningproject.org/wp-content/uploads/2017/05/NSPM_May-2017_final.pdf. See p.viii.



Connecticut Chapter
P.O. Box 270595
West Hartford, Connecticut 06127
connecticut.sierraclub.org

Sierra Club shares the concern of others that a basic definition of weatherization should serve as a baseline as it is not adequate to achieve our state's climate goals.

Regarding Workforce

Sierra Club applauds the focus on workforce training in distressed communities. The need to increase the energy efficiency and clean energy workforce to meet the growing demands for these services is an ideal opportunity to provide training and employment opportunities for residents of distressed communities, and to prioritize delivering the training through experienced local minority trainers. Leveraging IIJA WAP funding will create enormous opportunities to do this important work. Equity metrics must be established to ensure equitable outcomes in workforce training.

Thank you for considering our comments.

Sincerely,

Samantha Dynowski, State Director
Sierra Club Connecticut