

New England States Committee on Electricity

To: ISO-NE
From: NESCOE (contact: Allison Smith)
Date: March 30, 2012
Subject: Comment on Draft Energy Efficiency Forecast

The New England States Committee on Electricity (NESCOE) provides these brief comments on ISO-NE's Draft Energy Efficiency Forecast, which is designed to enable transmission planning in New England to more accurately reflect ratepayers' significant investment in energy efficiency resources and the resulting reduction to New England's load. As you know, and as the data collected to date confirms, New England ratepayers invest considerable dollars in energy efficiency resources. It is imperative that these investments and the resulting, and corresponding reduction to load, is reflected in analysis about the need for - and timing of - new transmission facilities.

NESCOE has not had the opportunity to evaluate the revised forecast ISO-NE distributed to the Energy Efficiency Work Group on the evening of Thursday March 29, 2012, which proposed an adjustment for inflation. Given its timing, NESCOE reserves comment on the proposed change to the methodology and provides only general comments here. NESCOE observes that the issuance of the proposed change departed from the process ISO-NE has used to date in developing the methodology and examining data. We trust there will be discussion of the change before it is considered final and that going forward, proposed adjustments to the methodology will be pursued through the established process.

We expect that, following review of the modified draft, New England's energy efficiency program administrators, state energy efficiency experts and others with expertise in state energy efficiency programs across the region will provide detailed comments on ISO-NE's draft energy efficiency forecast. As we indicated at the outset of this process, it is important for ISO-NE to have regular formal input from the region's energy efficiency

experts. The Energy Efficiency Work Group has been a constructive vehicle in this regard, for energy efficiency program administrators, state budget experts and other market participants who are interested in the subject matter.

Next, NESCOE observes that the draft forecast developed pursuant to ISO-NE's data-based methodology had shown savings levels that were generally comparable to the savings levels projected by NESCOE's proposed methodology (a rolling average of the amount of new passive Demand Response cleared in the three FCM auctions prior to the forecast year). The adjustment ISO-NE circulated on March 29, 2012 departs from that reasonable metric. While the states believed there would be administrative efficiencies in the rolling average methodology, we appreciate ISO-NE's efforts to be flexible in the amount and expected frequency of data collection. This reduces the costs of the data collection effort and is particularly important to energy efficiency program administrators with limited resources.

We appreciate the time and resources ISO-NE dedicated to this matter throughout the 2011 calendar year to ensure that investments in energy efficiency are reflected the 2012 Regional System Plan and in transmission planning studies. The data and draft forecast demonstrate that investments in energy efficiency resources are significant and could even delay the timing of the need for ratepayers to invest in new transmission facilities. For that reason, NESCOE fully supports ISO-NE's plan to include the energy efficiency forecast in all studies and analyses where the load forecast is relevant to the transmission planning process. NESCOE looks forward to supporting this effort as it continues to evolve and offers its full cooperation to ensure its long-term success.