

**State Of Connecticut
Department of Public Utility Control
Docket No. 01-01-14**

**The Connecticut
Light and Power Company
and
The United Illuminating Company**

2001

**JOINT PROGRAMS
Conservation & Load Management
Plan**

Docket 01-01-14

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Introduction to Joint Programs

In the final decision regarding Docket 99-10-18 the Department stated “Based on the foregoing the Department will require that [the companies] develop identical residential and small commercial and industrial programs in conjunction with [each other] for 2001. In addition, the Department will establish a goal of having CL&P and UI submit a joint conservation filing for the year 2002 programs.” In response to the Department’s requirement UI and CL&P (the companies) have worked diligently with the ECMB and the Board’s consultants to create identical programs. The companies are very pleased to submit to the Department the results of months of planning and development of identical programs. These thirteen (13) identical programs will provide services to residential, commercial, industrial, and special needs markets.

In response to requests by Department staff and in preparation of a joint conservation filing in 2002, the companies have prepared this single document of joint program descriptions. Budget information and Benefit/Cost analysis is intentionally absent. The budget and B/C information is unique to each utility and is included with the individual utility filing of company specific programs.

SmartLiving Catalog

Objective:

Over time, the goal of the SmartLiving™ Catalog is to transform the market for energy efficient lighting products and other earth friendly products. Specific objectives include the following:

- Work with manufacturers to increase the number of Energy Star fixtures available.
- Increase consumer purchases of energy efficient lighting fixtures.
- Provide a link between emerging products and retail distribution and a bridge to the SmartLiving Center.
- Educate consumers on the value of a wide range of energy-efficient products and services and, by so doing, influence current and future buying decisions.
- Support other market transformation initiatives by facilitating product introduction, consumer education, and trade ally support.
- Develop an energy efficiency ethic, especially among children.

Target Market:

All CL&P and UI residential customers, regardless of fuel type used for heating; builders; building officials; and other trade allies.

The catalog is designed to overcome market barriers, while appealing to the large segment of the residential market that shops either through catalogs or on the Internet instead of – or in addition to – shopping in stores.

Program Description: CL&P publishes a direct mail Catalog, updated twice a year, that offers energy efficient products at a substantial discount off the retail price. The catalog also features customer education; information on new technologies; other earth friendly, “healthy home” products and services; and promotion of other residential C&LM programs. Products can be ordered directly over the phone, by mail, or over the Internet. The Catalog includes activities for children that educate and inform them about energy efficiency while entertaining them.

New technologies are also introduced and featured in the SmartLiving Catalog, such as TumbleWash washing machines

and other Energy Star appliances, high efficiency HVAC systems, heat pump water heaters, and advanced lighting fixtures such as energy efficient table lamps. Equipment purchase or technology replacement inquiries generated by the “Featured Technology” section are referred by CL&P directly to appropriate retailers and/or manufacturers.

Marketing Strategy: Before the SmartLiving Catalog is issued and within the first few weeks of its arrival in mailboxes, it is promoted through a variety of channels, including print and electronic mass media. Bill inserts are used strategically throughout the year to reinforce the mailings of the Catalog and take advantage of seasonal events (start of heating season, holidays, etc.). It is also marketed through home and trade shows. A copy of the Catalog is provided as part of routine customer contact, and to participants in other C&LM programs. Builders, building officials, and other trade allies also receive the Catalog. CL&P customers can access the Catalog on the CL&P web site and receive education and information as well as place orders through the Internet. Plans are to provide this service for UI in 2001.

Incentive Strategy: Incentives are designed with the intention of increasing market penetration of energy efficient fixtures and bulbs and increasing the number of products that manufacturers produce. Incentives are also designed to align the prices that are offered in the SMARTLIVING Catalog with retail prices so that the amount a customer would pay through the SMARTLIVING Catalog would approach the amount for the equivalent lighting fixture that the customer might purchase at a retail establishment if coupons were applied.

Identical Program Issues: UI and CL&P have been jointly administering this program identically for the last year, and will continue to do so with increased involvement on the part of UI.

Measures of Success: Energy Savings.

SmartLiving Center

Strategic Initiative: To provide technical assistance, training, information and education to home owners and home buyers, home builders, architects, and designers in energy efficient building techniques and products in order to transform the home building/remodeling market over time.

Target Market: Residential new construction, remodeling, renovation, and equipment replacement markets. Key market actors include homeowners and home buyers, architects, builders, designers, and other trade allies. Other market actors include building officials, realtors, appraisers, and mortgage lenders.

Program Description: SmartLiving Centers serve as high-profile, centrally located facilities for training sessions and other special events. Training session subjects range from the Companies' program offerings and building code compliance, to featured technologies and remodeling design. Information regarding the financing and cost-effectiveness of energy efficiency projects are available. Specific project sessions target "do-it-yourself" homeowners.

The SmartLiving Center is open for typical retail hours and features hands-on, interactive displays/demonstrations of energy efficient appliances, technologies and new construction practices. The Companies' staff or contractors provide technical assistance and project design support.

The SmartLiving Center features the following facilities and programs:

- ENERGY STAR (and other) product displays and information;
- Participating retailer information;
- Information about participating in the ENERGY STAR Homes program and other C&LM programs;
- Energy and environmental reference library;
- Portable exhibits to support home shows;
- Demonstration rooms that resemble "your home";
- An education center for children;
- Good coffee, a friendly atmosphere, and "a one-stop resource for energy efficiency information and ideas."

- Smart Living Catalog purchasing center

Marketing Strategy:

The SmartLiving Center will be promoted through media such as radio and newspapers, cable TV, the Internet, trade publications, the SmartLiving Catalog, targeted mailing, bill boards, and trade shows and home shows.

Identical Program

Issues:

In 2001, UI will develop a center in its service territory. The Companies plan that this center will also be called a SmartLiving Center. CL&P will also explore opening a second Smart Living Center in 2001 in its service territory.

Hot Shot Heat Pump Water Heaters (HPWH)

- Objective: The goal for 2001 is to increase participation in this initiative at CL&P and to initiate the program at UI. The specific goals are:
- To increase use of Hot Shot HPWHs in Connecticut homes in 2001;
 - To continue to improvement of Hot Shot technology; and
 - To increase the number of qualified plumbers and electricians interested in installing the HPWHs;
- Target Market: The approximately 280,000 residential homes in CL&P's service territory and the approximately 2,000 - 3,000 residential homes in UI's service territory that have electric water heaters and residential new construction. (Note: There is uncertainty of the compatibility of a Hot shot with a controlled water heater. The vast majority (22,000) of water heaters in the UI service territory are controlled. UI will conduct research on approximately 8 controlled water heaters to determine compatibility with the Hot Shot. These 8 units will be fully subsidized by UI and monitored for one year.)
- Program Description: The HPWHs extract heat from ambient air in unconditioned space and use it to heat water for domestic purposes. HPWHs can reduce the energy required to heat water by up to 50 percent, thereby lowering electric usage substantially.
- Customers can participate if they respond to the marketing efforts or if they are identified through other programs or referred by participating installers. The HPWH is installed by qualified and trained plumbers and electricians. The cost of the HPWH is subsidized by the Companies, and installers are paid a set fee per HPWH installed. The Companies are exploring options for a portion of the program to provide leases to customers for units in 2001. This is in an attempt to increase penetration and cost-effectiveness and reduce up-front program costs.
- Marketing Strategy: The basic strategy for this initiative is to develop a well-trained infrastructure of potential installers and other trade allies. Once the technology has been demonstrated, and trade allies are made aware of the benefits, trade allies will sell the product.

Currently the program is marketed through direct mail to eligible electric-water heat customers, in newspapers and on cable television. Hot Shot HPWHs are displayed and demonstrated at the SmartLiving Center to builders, owner-builders, architects and designers, and other residential customers who visit the Smart Living Center.

A longer-term strategy for the Hot Shot Program is to begin to decrease the cost of the unit by increasing volume of sales. The Company hopes to accomplish this by meeting its own targets, as well as by finding other utilities who will utilize the technology. For instance, UI will begin to use the technology in 2001. The Company also plans to decrease its own cost for the program by implementing in 2001 a leasing program for the units which will over time increase customer contribution for the units.

Incentive Strategy: The Companies are exploring the possibility of offering a financing program to customers who participate in the program. By offering neutral or positive financing, the Companies hope to remove the barrier of high initial cost and therefore high costs to implement the program. Customer payments would be offset by reduced energy consumption as a result of the installation of the unit.

Identical Program Issues: During 2001, the Companies will work toward having identical programs. UI is currently taking steps to integrate the program into its service territory.

Measures of Success: Energy Savings.

Residential Retail Appliances Program (ENERGY STAR™ Appliances Initiative)

Objective: The ENERGY STAR Appliances Initiative is designed to establish high-efficiency clothes washers and other major ENERGY STAR consumer appliances (refrigerators, room air conditioners and dishwashers) as standard, competitive product offerings in the Northeast. This is a regional market transformation initiative, coordinated by Northeast Energy Efficiency Partnerships (“NEEP”).

Target Market: CL&P and UI residential customers who purchase new appliances in retail stores and residential new construction. Approximately 52,000 clothes washers, refrigerators (slightly more) and dishwashers (slightly fewer) are sold in the state each year.

Program Description: Program strategies have been developed to directly address the key market barriers. Specifically, the Companies will offer training and education on energy efficient appliances to retailers and consumers and assist retailers with the placement of the point-of-purchase display collateral.

“In-store promotions” (demonstrations) and product display and demonstration at the SmartLiving Center will be conducted to assist retailers in promoting the program and to educate consumers on the positive benefits of the energy efficient technologies.

Past efforts and rebates for the ENERGY STAR clothes washer have been successful in transforming the market. Thus, plans are to drop the consumer rebate in mid year 2001, although dealer incentives and advertising will continue. The Companies are exploring rebates for additional appliances and are attempting to overcome the many barriers to developing a cost-effective program. Recent increases in appliance standards have resulted in many ENERGY STAR products no longer being able to qualify for the ENERGY STAR Label. Thus, the number of available ENERGY STAR Label appliances will drop significantly until manufacturers are able to meet the new standards. Further, the new standards make it difficult for the Companies to provide incentives cost effectively, since the baselines are higher. The Companies will monitor top-loading machine sales to determine the effect of dropping the rebate.

Marketing Strategy: Consumers obtain most information used in purchasing appliances from retailers. Therefore, the primary marketing strategy for The TUMBLEWASH™/ENERGY STAR Appliances

Initiative is the enlistment of retailers, and the provision of training and point-of-purchase marketing support. The Companies also participate in a strong consumer marketing campaign in conjunction with national and regional marketing efforts where the technologies and the ENERGY STAR brand is promoted to consumers. Venues include home shows, consumer home magazines, newspapers, television and co-operative advertising with retailers. The program is also promoted and supported through the SmartLiving Catalog and the SmartLiving Center(s).

Incentive Strategy: Incentives for clothes washers (the TUMBLEWASH program) were targeted to help “jump start” the market for high efficiency horizontal axis washers and to promote other washer technologies that earned the branding of ENERGY STAR. Current studies (The NEEP Market Assessment, published RLW Analytics) indicate that a significant market share of 22.1% has been attained. Therefore, regional incentives will be eliminated in the second half of 2001.

The Companies will offer incentives on refrigerators and dishwashers for those customers who participate in the ENERGY STAR New Construction Program. The Companies are evaluating recent proposed changes to minimum efficiency standards adopted by the federal government, and what the impact will be on available products that have previously qualified as ENERGY STAR.

Identical Program
Issues:

In this program, the Companies provide customers with the same rebate. Dealer spiffs and co-op advertising are other strategies the Companies will use. (Spiffs are small financial rewards.) Marketing and advertising are done jointly.

Measures of Success: Energy Savings.

Retail Lighting Program

Strategic Initiative: The Retail Lighting Program is designed to support the development, introduction, sale and use of energy efficient, high quality residential lighting products through national and local market distribution channels.

The overall goals of the program are to continue to create and sustain positive change in the residential lighting market, and increase availability, consumer acceptance and use of energy efficient hard-wired and screw-based lighting products. Specific program elements are designed to address identified market barriers.

Target Market: CL&P and UI residential customers who purchase new lighting fixtures from retailers and lighting suppliers as part of replacement/renovation activities or remodeling and new construction projects.

Program Description: CL&P and UI will develop and implement a statewide retail program compatible with the plans of over 40 other Northeast regional electric utility program sponsors who are also participating in the Regional Lighting Initiative facilitated by NEEP. The regional approach has been adopted to send a strong, clear, consistent message to consumers, retailers and manufacturers.

To help improve product acceptance, the Companies provide identical point-of-purchase (“POP”) rebates for ENERGY STAR fixtures and qualifying compact fluorescent lamps. The Companies offer instant rebates and mail-in rebates. Staff and/or contractors enlist lighting retailers and suppliers to participate in promoting and stocking ENERGY STAR products (CFLs and fixtures). The Companies provide technology and program training and education to retailers, and the Companies also provide retailers with POP marketing materials and other display collateral. Special “in-store promotions” (including demonstrations) are scheduled and conducted to assist retailers in promoting the program and to educate consumers on the positive benefits of the energy efficient technologies. For example, the Company expects to work to develop recessed can technology through the Recessed Can Technology Procurement effort, and the Company will then facilitate movement of the result into all appropriate programs.

To help achieve long-term objectives, the Companies, in cooperation with the regional lighting working group facilitated by NEEP, will identify specific product needs and work with manufacturers to develop, manufacture and distribute new products meeting those needs.

Marketing Strategy:

The Companies plan to participate in a strong consumer marketing campaign in conjunction with the marketing efforts for the NEEP Regional ENERGY STAR{SYMBOL 226 \F "SYMBOL" \S 12} Lighting Initiative. Print and media advertising will continue, and updated supporting POP material will be displayed at retailers. Supplemental marketing featuring ENERGY STAR{SYMBOL 226 \F "SYMBOL" \S 12} lighting will be done through home shows, open-houses, consumer “home” magazines, newspapers, television and cooperative advertising with retailers.

Special events provide good education to consumers and will be executed to supplement retailer efforts. The SmartLiving Center displays ENERGY STAR products available at local stores and serves to demonstrate and educate consumers regarding ENERGY STAR lighting. POP coupons are also available at the Smart Living Center. CFLs and energy efficient lighting fixtures will continue to be offered through the SmartLiving Catalog.

The Companies plan to be aggressive in promoting the retail lighting program. They will explore some additional means of promotion and utilize those which prove promising. These include an assessment of: mentioning benefits of compact fluorescent lights in generic advertising (e.g., they reduce energy bills and light up quickly;) coordinating generic advertising with retail outlets to promote the rebates used at POP sales; and sponsoring public radio and public television to obtain referral to an 800 hotline.

Incentive Strategy:

Incentives are designed with the intention of setting coupon levels high enough to gain the attention of the buyer in order to influence their buying decision. In time, as energy efficient bulbs and fixtures gain a larger market share, the incentive amount will be gradually eliminated. This strategy is consistent with regional efforts currently being promoted. The Companies anticipate that the CF bulb market will be transformed to a pin-based technology, thereby lowering bulb costs to the consumer over time.

Identical Program

Issues:

The Companies have POP rebates in stores and special events. UI is exploring adding mail-in rebates for those retailers who choose not to offer POP rebates. Both companies plan to sponsor joint events in stores, as well as joint print ads and TV ads.

Measures of Success:

Energy Savings, number of ENERGY STAR lighting products rebated through all residential programs, with at least x% being recessed cans and portable fixtures.

Energy Star Homes

Objective: The overall goal of the ENERGY STAR Homes program is to increase builder and consumer awareness and understanding of the benefits of energy efficient building practices, and to effect permanent market movement to more energy efficient residential construction in the State of Connecticut. A key objective is to facilitate implementation of the building energy code and to develop and maintain the linkage between utility energy efficiency programs and building energy code upgrades. For the low-income market, the goal is to make energy more affordable, thereby bringing down the overall cost of housing for the poor.

Target Market: The Companies will target residential new construction projects of all types including single and multifamily dwellings. In addition to prospective new home buyers, key market actors to be targeted include developers, builders, real estate agents, and building officials. Furthermore, the Companies will target appropriate agents of single and multi-family housing for low-income families, including Public Housing Authorities, community development entities, and organizations such as Habitat for Humanity.

The current projection of housing permits to be issued in Connecticut in year 2001 is 9,200 housing permits (this figure groups single-family units and multi-family units, and is the same as the projection as of August 2000 for the entire year of 2000). Currently, a large portion of single-family units are custom homes.

Program Description: The ENERGY STAR Homes Program is part of a national energy efficiency campaign sponsored by the Environmental Protection Agency and the Department of Energy. It was created to help home builders and buyers design and construct homes that use less energy than homes built to Model Energy Code. Beyond the marketing logos and program guidelines provided by the above federal agencies, the Companies activities center on participant recruitment and training (covered below in the Marketing Strategy section), home certification, and the provision of incentives.

Home Certification - an ENERGY STAR Home is one that scores at least an 86 on the Home Energy Rating System (“HERS”). The HERS scoring mechanism is one that rates the home by assessing the building components’ energy efficiency

value and is verified by field inspections, as well as building air tightness as measured by a blower door test. In 2001, the Companies will establish rating practices that are consistent.

Incentives - The Companies offer incentives to program participants in order to overcome market barriers to participation.

Custom Builder Incentive - The Companies will offer developers and builders incentives that are based on builders' individual needs to build ENERGY STAR Homes.

Lighting - for each home the Companies will provide up to 10 free, hardwired, ENERGY STAR lighting fixtures, three of which can be high efficient, low some bath fan/light combinations, with a maximum total incentive of \$500. The bath fan/light combinations are an excellent way to help participants meet the program requirement of mechanical ventilation to insure adequate indoor air quality. Participants are free to purchase any of these fixtures from either their retail or wholesale provider or the SmartLiving Catalog. Purchases from this program can be combined with SmartLiving Catalog and other program purchases.

Appliances - The Companies will explore the concept of an "ENERGY STAR Kitchen", perhaps as a builder option, to encourage the installation of more energy efficient appliances. The Companies will offer the following incentives:

Refrigerators - \$100 Dishwasher - \$100

Domestic Hot Water - for each home the Companies will provide the following:

GFX Heat Recovery Coil - \$75 - This device when used in conjunction with an electric hot water heater can provide energy savings by capturing heat from home drain pipes.
Hot Shot HPWH - for each home that heats its water with an electric water heater, the Companies will provide this device (valued at \$1,000). The customer will be responsible for the installation charge (currently \$150 from CL&P's trained contractors). (The GFX incentive is available only for electric water heaters.)

Central Air-Conditioners - The Companies will provide \$55 or \$85 per ton for participants that install SEER 12 or SEER 13

A/C units. There may be an increase in the national efficiency standard which may necessitate a subsequent adjustment to program requirements.

HVAC Commissioning - During 2001, the Companies will investigate the costs and benefits of supporting such an offering.

Marketing Strategy: The Energy Star Homes program is marketed to generate both a "pull" for these homes through mass marketing to customers as well as a "push" to developers and builders through face to face contact.

Targeted marketing may include newspaper, magazine, electric bills, radio, and TV.

Face to face contact will be accomplished through agents of the Companies and involve presentations, field training and demonstration, home shows, and seminars at the SmartLiving Centers.

For the low-income sector, the Companies will develop relationships with public housing authorities, contractors who work in low-income housing construction, Habitat for Humanity and perhaps builders of manufactured housing in order to promote the program and overcome the initial identified barriers.

Incentive Strategy: Incentives are designed with the intention of overcoming market barriers by increasing the awareness of the benefits of ENERGY STAR Homes among consumers, builders, lenders, realtors and other market players; by increasing the number of builders who are qualified to build ENERGY STAR homes, and increasing the market share for the ENERGY STAR Homes Program. The program offers various incentives for the purchase and installation of ENERGY STAR qualifying appliances such as refrigerators, dishwashers, lighting and bathroom ventilation fans. There are also incentives for GFX Heat Recovery Coil, and per ton incentives for SEER 12 and SEER 13 Central Air Conditioners. In addition, the program currently provides the HERS certification to Energy Star qualifying homes.

Identical Program: Please see program description and marketing above

Measures of Success: Energy Savings, market share of Energy Star Homes completed and/or committed.

Low Income Energy Care

Objectives: The objectives of the Low Income Energy Care Program are:

- To provide comprehensive weatherization, energy conservation and education services to low-income customers in order to reduce their energy burden; and
- Make utility bills more affordable, houses safer and more comfortable.

In addition, efforts will be taken in 2001 to explore the possibility of a low-income first time home buyers mortgage program with Fannie Mae and community organizations.

Target Market: Customers whose income is below 200 percent of the federal poverty level, and for whom the energy burden (percent of total annual income spent on energy) is high. The Companies will also attempt to target low-income customers for whom other factors interfere with their ability to take advantage of conservation services. An example is group living settings (such as residential treatment facilities, group homes, halfway houses, and shelters).

Program Description: The program offers a full range of energy conservation measures to address inefficient lighting, water heating, inefficient heating equipment, refrigeration, and insufficient insulation. Measures include (where cost-effective): CFLs, lighting fixtures, water heater wraps or replacement, heat pump water heaters (Hot Shot), low-flow shower-heads, low-flow faucet aerators, waterbed insulated covers, door sweeps, thermostats, weatherization and insulation, energy efficient refrigerators and freezers, broken window replacement, and burner and furnace replacement.

The program coordinates CL&P and UI-funded services with those funded by the state and by the Department of Energy. Some services are funded by The Connecticut Natural Gas Corporation and Yankee Gas Service Company; these services are also coordinated with this program. Such coordination enables CL&P and UI to leverage its outreach to the low-income community and to serve more families.

The following listed services are to be delivered by contractors who have won the right to provide them through competitive bidding, or by CAAs themselves, as appropriate:

- Conduct a fuel-blind energy survey of the household;
- Identify causes of high electricity use related to lighting and appliances;
- Identify solutions to high-use problems by working cooperatively with customers in their homes;
- Install all cost-effective energy saving measures including those listed above;
- Educate customers on use and care of the measures to ensure continued savings;
- Provide budget and credit counseling when appropriate and requested;
- “Piggy-back” service delivery whenever possible to services being delivered through public or other utility funding, in order to reduce administrative costs as well as inconvenience to the customer through multiple home visits;
- Conduct periodic energy conservation workshops to reinforce education provided during home visits.
- Conduct neighborhood canvassing to targeted areas to maximize participation.

Comprehensive energy use education will be provided to every household visited, and budget management and counseling will be provided when needed and requested. CL&P will also send a newsletter (“Help Line”) with energy education, conservation tips, safety information, and other useful resource listings to participants and other low-income customers. Finally, CL&P and UI will provide training for the network of CAAs that deliver the direct services.

Intake will be conducted by several entities including CL&P Community Relations staff and UI’s staff, the Special Assistance group within CL&P and UI’s Collections Department, Community Action Agencies, Infoline, and DSS.

Infoline

An agreement between CL&P and UI and Infoline has been finalized that recognizes Infoline’s existing expertise in utility

services, and outreach and intake capabilities, in order to provide expanded energy-related services to the target population, and to maximize benefits for participants in those services. The agreement encompasses the following provisions:

- Infoline staff will expand the information they provide to callers regarding UI and CL&P programs.
- Infoline will identify callers as potential recipients of all energy-related services, including WRAP, UI Helps, NU Start, UI MAPP, budget billing, energy assistance, winter protection, other DSM services, and gas arrearage forgiveness.
- Infoline will determine the level of assistance needed by a caller to access the identified appropriate services and will proceed accordingly:
 1. If a customer is illiterate, Infoline staff will prepare program applications for the caller's signature;
 2. Infoline staff will call CL&P and UI Special Assistance or Customer Relations group to arrange necessary energy services;
 3. Infoline will call a CAA for energy assistance help or refer the caller to the local CAA;
 4. Infoline will refer the caller to another human service agency; and
 5. Infoline will provide more extensive follow-up.

Community Action Agencies (CAAs)

An agreement between CL&P and UI and each of the CAAs will be finalized that spells out the expanded intake role of the CAAs going forward, as follows:

- Working with the CAAs, CL&P and UI will develop educational materials to be provided to customers at the time of audits and installations by CAAs or subcontractors. Education will focus on the end uses that require the highest electricity use in each home, including lighting, cooking, heating, cooling, and appliances. Customers will be informed about the best ways to manage these uses more efficiently;
- CAAs will continue to expand their outreach activities in order to increase participation by customers not traditionally served;

- CAAs will continue to refer customers, if eligible, to CL&P and UI for appropriate payment assistance, NU Start, winter protection, or non- DSM services if not eligible for weatherization services, and/or to the appropriate human service agency for non-energy-related services;
- CAAs will provide fuel assistance funds if a customer is eligible;
- CAAs will follow up all referred customers with telephone calls or home visits, if necessary, to ensure appropriate service delivery.

Program Administrators staff will work with the Special Assistance group, human service agencies, Infoline, and the CAAs to monitor delivery of energy-related services to this vulnerable population of customers.

Specifically:

- Community Relations staff will closely coordinate with Special Assistance staff in order to help customers work out a budget or arrearage forgiveness plan, or develop other innovative strategies to help people pay their electric bills, if necessary, while conservation and education services are provided to lower those bills;
- Community Relations staff will conduct workshops and meetings, provide training sessions and materials, conduct surveys, review, evaluate, assess, and refine strategies, to ensure that the initiative is being successfully implemented; and
- Special Assistance staff will provide knowledgeable coverage for the toll-free telephone line.

The Program Administrators will continue to jointly provide training and workshops to the CAAs and auditors, to provide consistency, quality control, cost-effectiveness, and standardization in that training.

The Program Administrators will explore bulk purchasing of refrigerators and other materials such as lightbulbs, showerheads, aerators, waterbed covers, and water heater wraps, in order to obtain discount pricing and assure quality.

For those customers referred by Infoline, Infoline will follow up with telephone calls to ensure that customers received the services for which they are entitled.

Marketing Strategy

- Take advantage of the broad awareness among Connecticut citizens of the availability and expertise of Infoline and build on a well-established, highly respected organization. Build on Infoline's visibility and marketing of the 211 emergency help telephone number.
- Expand outreach to CAAs, social service agencies, mental and public health agencies, senior citizen organizations, family welfare agencies, public housing authorities, half-way houses, churches, mosques, synagogues, and the Connecticut Association for Human Services to disseminate the information necessary to reach the target market.
- Expand the Special Assistance Group within CL&P and UI's Collections Department to answer the telephone line, and provide coordination and follow-up.
- Simplify the message delivered to all entities and to the target low-income population to maximize understanding, and therefore participation.

Specific marketing tactics for low-income customers will include the following:

- CL&P will publicize the program in the newsletter "Help Line" it sends to low-income, elderly and disabled customers;
- CL&P and UI will re-institute the popular "Good Neighbor Energy Calendar" that provides energy tips and publicizes the program; and
- CL&P and UI will provide bill inserts advertising availability of the program to eligible customers.

Incentive Strategy:

Incentives are designed to pay for 100% of all measures that are cost effective regardless of heating and domestic hot water fuel source. Measures included in the program such as lighting and refrigeration are chosen in order to maximize the potential savings that a customer might realize by participating in the program.

Identical Program
Issues:

The Companies target the same types of customers. Delivery mechanisms are similar, with some overlapping contractors. The Companies agree that the program will be fuel blind for weatherization measures as long as the gas companies continue to offer weatherization services. CL&P has agreed to incorporate the Neighborhood Canvassing Program into its program. The Companies have agreed to implement standardized measures and institute quality control protocols. Joint marketing materials will be developed. UI will enter into an agreement with Infoline. The Companies have agreed to hold regular meetings between each other and with the CAAs.

Measuring Success:

Number of low income Customers Served, Energy Savings.

School Energy Education Program

Objective: The vision of the energy education program is to develop an energy conservation ethic among students encouraging both students and their parents to incorporate energy conservation practices in their schools and homes. This vision incorporates a short and long-term objective. The short-term objective is to explore appropriate, effective methods of working with educators to gain long term support for the concepts and teachings of energy efficiency as a subject matter. In 2001, the energy education program will work to create and test mechanisms of communication and measure their effectiveness for students in grades K-12. Each mechanism will be designed with the objective of "how can we increase student awareness of the importance of energy efficiency and provoke student creativity to apply it to their own lives". The long-term objective of the program is to create a demand for the knowledge of energy efficiency, create the infrastructure to supply the demand and then support the demand.

Target Market: In 2001, the energy education program will target the primary and secondary students (grades K-12) throughout UI and CL&P territories. The marketing emphasis in CL&P's territory will be on approximately six pilot communities. UI's emphasis will remain territory wide. The ongoing C & I programs of each utility will be utilized to provide incentive support for energy conservation improvements to schools and other buildings.

Program Description: Many offerings are being considered for this development year including but not limited to the following: a) statewide energy efficiency poster contest, b) a K-3 energy efficiency curriculum for teachers to integrate into their current curriculum, c) a web based K-3 curriculum for those schools that support PC based learning, d) support and/or participation in local science fairs, e) introduce the STEM (Savings Through Energy Management, a high school curriculum currently being offered by UI) program to all Vocational Technical schools within the State, building a model for future program usage, f) offer "energy pep rallies" to students in K-3 grades and, g) offer web site links from Company homepages that make kids want to go there. The 2001 program year would be the first phase of the Statewide Energy Efficiency Education Program to allow for the development of the concepts, design of instruments of implementation, testing and redesigning as needed. Subsequent program phases would then evolve around

increasing statewide participation and developing curriculum for higher grades.

The short term objective of integrating conservation into the day - day curriculum of students will observe guidelines from the State Board of Education (BOE) and include review from their Bureau of Curriculum and Instruction staff to ensure that it will be a worthwhile interdisciplinary study which is integrated into and improves upon the existing curriculum.

The long-term objective is to develop strategic alliances that will ultimately influence the State Board of Education to include energy conservation education as a mandated component of a student's curriculum. UI plans to assume the lead responsibility for development of a long-term strategy for a statewide energy education program. Such strategies will include, but not be limited to, the development of the necessary statewide infrastructure to embrace and support energy efficiency education in grades K-12, as well as appropriate exit strategies. A strategic alliance with Eastern Connecticut State University is being explored as an integral part of the program with an effort to broaden the impact of the Institute of Energy. In addition, other alliances with Federal and State agencies like EPA, DOE, Rebuild America, State Board of Education, Office of Policy & Management (OPM), and the Connecticut Energy Council for Teachers (CONNECT) will be developed. The success of these alliances will be instrumental in achieving the long-term objective of a statewide energy education program.

Marketing Strategy:

The energy education program will be marketed by the utilities' Community Relations department, account executives, the contractors for the program, their partners, and web sites. In addition to direct marketing and participation at select conferences, UI & CL&P are exploring Science Fairs, such as CPTV's Science Expo and a statewide energy conservation poster contest. Using the Smart Living Center as an integral part of the program is being explored.

Identical Program
Issues:

In 2000, each educational program was different in its methodology but communicated the same message. However, for year 2001, the energy education program will be delivered statewide utilizing a consistent methodology and conveying an identical conservation ethic message.

Measure of Success: Program success is difficult to quantify. Therefore various forms of measurement will be tested, such as student participation, message retention, pre & posttest scores, and energy savings. Concepts to be measured will evolve around such goals as: how well students recognize and understand the significance of the Energy Star label, how well they understand the environmental impact of ignoring energy efficiency and how everyday life choices impact energy usage.

Community Based Pilot Program (CBP)

Objectives: Increase the adoption of energy efficiency measures by using a community-based pilot approach in one community in 2001.

- Build enthusiasm and establish an energy efficiency and conservation ethic within the community.
- Create an “umbrella” conservation identity under which all of UI’s programs can be implemented.
- Address the energy needs of the community with a community-based focus on respecting the environment, saving scarce resources and decreasing property losses while contributing to economic development.
- Develop a pilot model for a community-based program that can be adapted to other cities and towns in UI’s service territory

Target Market: The CBP will focus primarily on small commercial and residential (including low-income) customers within a community, as well as on schools and other municipal buildings. However, the CBP will provide a broad range of services to all segments of the community through the utilities’ current programs.

Program Description: The CBP will target at least one community in UI’s service territory in 2001 for efficiency and resource conservation with a unified message that is supported by community officials and is promoted to businesses and residents of the community. A community structure will coordinate targeted efforts over a period of 18 to 24 months by focusing on the following:

- electric efficiency;
- resource savings such as water, natural gas and oil;
- energy-related safety
- housing improvements for low-income residents.

The community-based structure will have flexibility on how to implement and promote the program, such that the exact nature of the program will depend on what the selected community wants to do.

Community-defined services

The selected community will work with UI to determine the most effective ways to meet the needs of the community.

UI will provide the impetus and financial support for getting the program started, including but not limited to offering funding or co-funding for an energy resource manager or local coordinator / facilitator / promoter within the community to coordinate marketing, awareness campaigns, and implementation, who will work closely with community officials and other entities. This person will need to have good people skills, know or be able to learn the community, have or be able to gain the trust of community leaders, and know or be able to learn about UI's programs quickly.

The CBP will be implemented by a variety of entities, including municipal officials, the utilities, private contractors and energy service companies and interested local businesses, requiring a high degree of cooperation and collaboration between and among the implementers. The CBP will primarily promote participation in UI's existing energy efficiency programs, but will also provide enhanced and innovative ways for the community to save other resources. The community may meet with the water, oil, gas companies and other interested businesses within the community to try to develop coordinated efforts with them.

- *Financing/Funding*

A major component of the CBP will be to facilitate easy access to fast, simple, no-cost or low-cost and unsecured financing for energy efficiency efforts, perhaps by working with a local bank or banks to offer and process loans with interest free funding by UI. A revolving line of credit for projects can be established that will be self-sustaining as the UI migrates the program into other communities. CHIF loans will be promoted to those that qualify.

The CBP will be designed to leverage other sources of funding for non-electric energy saving projects, such as wastewater treatment, oil and gas savings, water conservation, renewable energy, and distributed generation. The UI will work with the communities to tap these other sources, such as federal or state grants, and will coordinate projects in which energy savings can be combined with other savings or benefits.

- *Coordination with Other Programs and Efforts*

The CBP will coordinate with other economic or environmental improvement activities being undertaken in the

community. These could be associated with a number of different initiatives, including but not limited to, US EPA's Energy Star Buildings, Green Lights and Rebuild America, or other utility-sponsored efforts to make businesses more competitive and efficient. All of UI's existing and future programs will be promoted and marketed specifically to businesses within the selected community, and early participants will be prevailed upon to convince others on the benefits of participating.

- *Services to Schools and Other Municipal Buildings*

UI will assess all schools and other municipal buildings in the community for additional opportunities for electricity and other resource savings, including oil, natural gas, and water, through the UI's current Schools and Municipals programs. Particular attention will be directed to improving school indoor air quality when it is a benefit associated with energy savings and where school administrators indicate it is a priority and are willing to monitor it. *If not already being implemented, a comprehensive recycling program may be instituted and become part of the message to protect the environment while saving money.*

The CBP will ensure that any new school or municipal building, or any undergoing renovation or rebuilding, participates fully in UI's Energy Blueprint Program.

Small Business Program

The CBP will ensure that the small businesses within the community have an opportunity to participate in UI's Small Business Energy Advantage Program within the time frame of the pilot (to the extent possible). The CBP will enlist the local Chamber of Commerce, Lions Club, Rotary, Civitan and other civic organizations, to disseminate education and information, and to help sponsor "energy efficiency" and/or "environment" days in the community to promote the Community Based Program.

Residential Programs

UI will promote all of its residential initiatives through the CBP, using the education and awareness campaign described below to increase participation. Efforts will especially focus on the market transformation initiatives such as Energy Star

Lighting, Energy Star Appliances, and Energy Star Homes. Special promotions within the community will make the connection for people between buying energy efficient lights and appliances and being environmental stewards.

In addition, UI will make concerted efforts to promote the Energy Star Homes program within the community, along with enhancements, such as: the CBP could include the promotion of renewable energy along with energy efficiency to potential builders/buyers of new homes.

In addition, the CBP could offer a time-of-sale home energy rating and in-home delivery of energy efficiency services to buyers and sellers of existing homes to bring a home closer to the Energy Star efficiency level. This effort would involve realtors, lenders, appraisers, insurers, and access to favorable mortgage rates and other loans such as CHIF.

Also, the UI will consider piloting on-site program services, such as audits or retrofit services, possibly even for general use customers. In this pilot, UI also intends to explore the possibilities of a refrigerator program for non-low income customers.

Low-income

The low-income component of the CBP will incorporate the “Neighborhood Blitz” concept that is currently part of UI’s program, as well as an approach to program implementation by the local CAA. Program implementers will coordinate their efforts with the community’s hazardous waste efforts in order to deliver potential weatherization and efficiency services. Implementers will also work with local social service and eldercare agencies to identify energy conservation opportunities.

Marketing Strategy:

UI will work with community leaders and volunteers on a coordinated campaign to raise the level of consciousness among the citizens in the pilot community through an education and awareness campaign. These efforts will be coordinated with UI’s campaign to educate consumers about electric industry restructuring and the benefits of managing energy use efficiently in order to minimize costs and protect the environment. The messages will also remind customers that they are paying for these efforts through the system benefits charge on their electric bills.

In addition to UI promoting its energy efficiency programs through normal channels, and using respected community leaders to promote the CBP, the CBP will include sponsoring and participating in community events that could include energy fairs, ethnic festivals, public building openings or renovations, workshops for high school students in efficiency or environmental skills, craft fairs, or any other activity or venue where messages about energy efficiency and environmental stewardship could be promoted. Torchieri turn-ins, demonstrations of efficient and renewable technologies, information on recycling, how to reduce energy and water consumption or improve water quality, and information on UI's programs could be a part of each of these types of events.

The messages will be reinforced through school curricula that build off UI's existing school program and that incorporate projects within the schools and the community that students can undertake to save energy and the environment. Programs in the community parks that promote the environment and water conservation may also be included.

These efforts could be tied to a community recycling effort, making the connection between re-use and the saving of scarce resources. In addition, household hazardous waste collection could be included. UI also intends to tie its efforts to the extent practicable to the Energy Star and the Rebuild America Programs.

Identical Program

Issues:

Both utilities plan to offer this program, but the entire point is to allow customization for each community that is involved. Thus, while many elements will be the same, the CBPs of CL&P and UI will differ in their particulars, depending upon the differing needs of the selected communities as well as the unique capabilities and interests of the two Companies, and the differences between their current program offerings. In this way, experience gained from different models (or different elements in similar models) can be used to refine the program designs and build on successful design elements for future implementation.

Measures of Success:

Energy Savings including a "kicker" for the savings from this program

RFP Program for Competitive and Economic Market Development

- Objective:** To promote competitive market development in the C&LM industry by encouraging third parties to bid to undertake C&LM projects on a competitive basis. The RFP program is aimed at energy efficiency potential from large C/I projects that are not participating through other existing C&LM programs.
- Target Market:** The minimum customer size is 350 kW of demand and the minimum project energy saving is 100,000 kWh per year (can be aggregated sites). C/I customers of CL&P and UI, energy service companies and other third party service providers representing C/I customers are eligible to participate in this pilot program.
- The respondents to the RFP can be any customer, organization, group or individual who contracts with CL&P or UI to provide energy savings from an approved energy efficiency project. It is expected that bidders typically will be of two types: 1) customers with significant in-house technical capability, or 2) customers allied with firms that specialize in implementing energy efficiency projects and have a staff of professionals trained to identify energy efficiency opportunities, calculate potential savings, design system modifications, manage construction and installation of energy efficiency measures, and measure energy savings.
- Services Offered:** The program offers incentives for measurable energy savings achieved by the installation of energy efficiency measures as specified in a project agreement. Eligible improvements include energy-efficient equipment, products, and measures that are cost-effective according to the criteria established by the DPUC. The estimated savings are verified using approved protocols. The estimated savings are measured from a baseline of the more efficient of what the customer would install without utility intervention or code required minimum efficiency.
- Some eligible measures include replacing standard fluorescent lighting with high efficiency fluorescent lighting, installing variable speed drives on motors, installing lighting controls to reduce lighting operating hours, and replacing low efficiency air conditioning equipment with high efficiency equipment.

Measures that are not eligible include new construction projects, any power-producing project such as cogeneration, switching from electric energy to another fuel (fuel switching), new construction projects, and any repair or maintenance project.

Because one of the program's goals is to assess the degree to which projects require incentives, this program will not have published incentives. Each proposal will need to identify the required incentive amount. All bids are evaluated based upon a comparison of energy savings and other price and non-price variables. Non-price variables include such factors as whether the project includes items other than lighting (HVAC and process) and whether the environmental impacts reduce on-site emissions or waste stream impacts. All projects must be qualified on the basis of established cost-effectiveness criteria.

The RFP solicits responses for proposals in two tracks, a Project Track and a Study Track . The Project Track seeks proposals that can be developed in a short period of time and still have sufficient detail to accurately estimate energy savings, project costs and other parameters. The Study Track seeks proposals for projects which appear to have sufficient energy savings but need additional study due to complexity, engineering study costs or other reasons.

Marketing: CL&P & UI have a list of potential bidders and key customers whom the Companies contact through the mail, in person and over the phone. Collateral materials are available to educate these groups on the RFP Program. Potential bidders are invited to "kickoff" sessions and "bidders conferences" to learn how to participate in the program

Incentive Strategy: Incentives are intended to be market driven in that bidders (or potential participants) request the incentive level that is needed to implement a retrofit or replacement energy efficient project. Competition is a result of receiving incentive requests which exceed budgeted funding.

Identical Program Issues: CL&P and UI began to implement this program jointly in 2000 and plan to continue joint implementation in 2001.

Measures of Success: Energy Savings.

Small Business Energy Advantage Program

- Objective:** To provide cost-effective, turnkey C&LM services for small business customers.
- Target Market:** All Commercial & Industrial (C&I) (non-municipal/government) customers with an average 12-month peak demand of 100 kW or less are eligible for this program.
- Program Description:** The Companies provide (through a network of approved contractors) direct or “turn key” services to minimize the amount of effort required for the customers to improve efficiency operations. These direct services include energy assessments and installation of measures. Typical projects range from \$4,000 to \$10,000 in total cost.
- Because financial constraints are one of the primary barriers for this market, there are no up-front customer costs. The Companies pay incentives for relevant energy-efficiency measures within cost-effectiveness constraints. To cover the customer’s share of the costs, Energy Advantage offers a zero-percent financing option to credit-qualifying customers. The loan repayment term is set at a level, which will provide the customer with a positive cash flow based upon the estimated energy savings resulting from measures installed.
- Further, this program includes an educational component to inform the customers of the benefits that can be achieved through energy efficiency efforts.
- Marketing Strategy:** This program will be marketed through the contractor network and targeted direct mail. A joint brochure has been completed.
- In 2001, increased marketing will take place. The Companies will explore a variety of additional marketing activities such as: targeting specific industries or neighborhoods, and working with trade groups, chambers of commerce, the Connecticut Department of Economic and Community Development and town officials. Based upon exploration of these additional avenues, those which offer promise will be implemented. Additionally, the program will be marketed through the community program.
- Incentive Strategy:** Incentives for lighting measures are prescriptive and are capped at 50% of total installed cost, within cost-effectiveness constraints. Incentives for non-lighting measures range

between 50% - 100% of total installed costs, within cost-effectiveness constraints. CL&P and UI are continuing to work toward a uniform incentive structure to be implemented in January 2001. In addition to incentives, the Company offers zero-percent financing of the customer's share of project cost which can be paid in tandem with their utility bill (i.e., one check).

Identical Program

Issues:

Both companies target the same types of customers. Delivery mechanisms are the same, with some overlapping contractors. The Companies have very similar incentive structures and financing options and are working to establish identical incentives for 2001. For 2001, both Companies will have a variety of measures to address HVAC, lighting, refrigeration and other end uses. A joint brochure has been completed.

Measures of Success:

Energy Savings.

Operations and Maintenance Request for Proposal (RFP) Program

Objective: To identify, through a Request for Proposal to qualified companies and organizations, one or more initiatives for each utility which will lead to sustained energy savings improvements in facility O&M for a significant number of customers. Bidders will be asked to submit proposals for the design and implementation of effective O&M initiatives which improve energy efficiency. “Sustained” means that the changes in practices and activities to improve O&M efficiency will continue well after the period of utility funding and would ideally carry beyond those individual customers served by utility funding to additional customers. These efforts will complement and not duplicate existing O&M initiatives at CL&P and UI.

It has been difficult to penetrate the O&M market, and this program will allow other entities besides utilities to engage in program design in an area where there are opportunities to expand energy efficiency beyond current programs.

Target Market: Energy Service Companies, consultants, and organizations capable of designing and implementing conservation programs will receive the request for proposals. Commercial and industrial facility O&M is the target market for customers.

Program Description: For the purposes of the RFP, *Operations and Maintenance Efficiency* is defined as improvements to daily, scheduled, or periodic maintenance or building operations which do not involve significant new investments in equipment or reconditioning existing equipment beyond its useful life. Cost-effective O&M energy savings need to be compared to energy savings from equipment replacement programs to assure the most cost-effective approach is taken.

Some examples of types of concepts to create sustainable market change are:

1. Work with a group of O&M contractors to develop a specification or checklist for an “energy efficient” O&M contract. Then use an independent third party (not a single contractor) to promote the checklist as a “quality label”. Enlist contractor support in promotion and conforming to the checklist. The checklist could focus on a specific type of equipment (e.g., unitary HVAC, chillers) or on a facility type.
2. Incorporate case studies showing financial benefits of good O&M into continuing education for corporate, facility, and financial managers. Management support has been shown to be a significant barrier to efficient O&M.

3. Train facility engineers in highly motivated organizations (and/or contractors who work regularly with those organizations to recommission their facilities. Provide demonstration activities to further promote recommissioning. The primary concern with this strategy has been finding facilities where staff or contractors have both the requisite background and available time to recommission facilities.
4. Demonstrate the benefits of highly innovative, but market ready and cost-effective hardware and/or software to operate or “tune up” unitary HVAC systems, chillers, or entire buildings.¹ Different types of tools have been proposed for buildings of varying levels of complexity.
5. Provide a package of energy accounting and other informational services that will help demonstrate to corporate managers that there are significant opportunities in O&M. Prior experiments involving simple provision of tabulated and graphic data without additional customer assistance have proven inadequate in many facilities; customers did not always have the time, skills, or motivation to know what to do based on the data. Proposals need to define and provide follow-up services required to achieve customer action. (Installation of a new Energy Management System is considered a capital measure, not an O&M action.)
6. On the other hand, cleaning or replacing a filter is considered an O&M measure because the capital cost is trivial and regular replacement involves organizing labor to take care of the equipment.
7. Repairing controls, economizers or other equipment to restore efficiency, reprogramming energy management systems, and efforts to monitor and further calibrate controls are considered to be “recommissioning” of buildings and are considered a subset of O&M.
8. Commissioning of new buildings is not considered part of O&M.

This program will:

- Seek one or more contractor(s) to develop and implement one or more O&M initiative(s) over a period of up to three years;
- Where necessary, support limited market research to assure that concepts have reasonable prospects and sizable markets.
- Where appropriate (i.e., usually) pilot or test the initiatives before implementing them statewide;
- Look at proposers to identify and qualify the type of events, customers and opportunities they intend to address within the complex and fragmented O&M market; and

Note: CL&P does not intend through this RFP to fund significant development of hardware or software. A separate research, development, and demonstration RFP will address products that are not ready for market delivery. Neither does CL&P wish to pay for installation of permanent energy management systems through this RFP. CL&P’s other efficiency programs provide opportunities to install energy management systems.

- Leave the overall approach and mechanism open to a wide variety of proposals.

Plans are for the program to disallow O&M approaches which utilize hardware which do not meet all applicable industry standards and specifications.

Proposal review and selection will proceed through three stages: (1) a concept proposal stage; (2) an initial interview; and (3) a detailed proposal stage.

Concept Proposal

Concept proposals should be six pages maximum, excluding qualifications of the firm, resumes, etc. Each proposal must provide:

- A description of the overall concept and how it will sustainably change O&M markets.
- A description of the target markets
- A brief description of any innovative technology or services.
- An explanation of what this proposal will do that is not accomplished by existing market forces or pre-existing program services.
- Description of any market research, market planning, and/or pilot testing needed before the concept can be implemented on a statewide basis. A proposal for how the concept will be piloted prior to full implementation.
- An approximate budget for CL&P/UI support over the life of the initiative.
- Indication of what co-funding from other private or public resources is available.
- An assertion that any proprietary technology or products are under the control of the proposers, or an indication of what costs are involved in acquiring them.
- A brief, frank assessment of the market-readiness of the product or service. What are the major steps required before it can go to market? How will CL&P/UI help with those steps?

Other than costs, we expect the concept proposal to include a modest amount of numerical information. The intent is to describe the idea, and why it is compelling.

Initial Interview

For each proposal selected for further consideration, there will be a one-to-two hour in-person (or by phone if this proves more practical) interview to discuss the merits and details of the concept.

Detailed Proposal

For each proposal that is continued, a detailed proposal should incorporate information from the concept proposal, but further detail the market plan, work plan, and budget, and provide more support for assertions in the concept proposal. Detailed proposals will also

include proposed *success benchmarks* to be part of the basis for payment. These could, for example, be based on:

- Achieving acceptance of a services approach among a certain number of vendors and customers,
- Achieving energy savings goals,
- Acceptance of O&M financial benefits training information by certain management training curricula,
- Demonstration of x% energy savings employing certain techniques in five buildings

Marketing Strategy: Since target market for the O&M Request for Proposal is energy service companies and consultants capable of designing and implementing conservation programs, all marketing efforts will be directed to this group. The marketing will include directed efforts using existing utility mailing lists, trade organizations such as NAESCO and NEEC and potential bidders suggested by the ECMB consultants and others. Other available resources such as Energycentral.com, Energy User News and other Internet and print media will also be used to publicize the RFP. The marketing program will include personal contact, group presentations, direct mail, informational meetings and a bidder's conference.

Incentive Strategy: Incentives or other reimbursements will be tailored based upon the specific nature of each proposal. Among proposals of merit, the Companies will favor those with significant cost sharing with other parties and those with lower costs.

Identical Program Issues Both UI and CL&P will implement this program in 2001. Plans are to issue a common RFP for both Companies and to deliver the program jointly.

Measures of Success Energy Savings.

Residential HVAC Program

Objective: The Residential Heating Ventilation and Cooling (HVAC) Program is designed to increase the number of high-efficiency Central Air Conditioners (AC) and Heat Pumps installed throughout Connecticut. This residential program complements the regional, commercial HVAC program marketed as *Cool Choice*.

The objectives of the program are:

- To encourage equipment dealers to stock high efficiency products
- To encourage HVAC contractors to sell customers more efficient equipment
- To encourage customers to purchase high efficiency HVAC products

Target Market: The approximately 280,000 residential homes in UI's service territory and the approximately 1,033,155 residential homes in CL&P's service territory.

Program Description: Incentives will be offered to the customer to upgrade new and replacement central AC systems and Air to Air Heat Pumps and Package Terminal Heat Pumps. High efficiency central AC systems and Air to Air heat pumps with a SEER rating of 12 or greater and High efficiency "Package Terminal System" heat pumps having a SEER rating of 10 or greater will qualify.

Through a combination of strategic marketing, dollar incentives and trade ally support, the program will increase the penetration of high efficiency equipment in dealer warehouses and customer's homes.

Residential HVAC equipment and heat pumps are generally purchased under one of two conditions: 1) A new construction project or 2) existing equipment is failing. In either case the HVAC contractor is a primary decision-maker, helping the consumer select the equipment. The program will influence this time-sensitive purchase decision.

Marketing Strategy: Marketing will be designed to employ multi-level intervention, working with all the market actors. Marketing will be designed for influencing manufacturers to build high efficiency equipment, retailers to stock them, sales people to sell, and consumers to buy. This "push/pull" strategy is already taking

place through the regional Cool Choice program on the upstream side of the commercial market. The manufacturer intervention that takes place via Cool Choice has a direct benefit for the residential market due to the fact that the residential and commercial equipment is identical. Additional marketing will be focused on the downstream side (consumer) of the market. Upstream marketing efforts employ the use of circuit riders who work directly with product distributors, providing training and point-of-purchase materials. In addition, area HVAC contractors will be marketed to via a variety of mediums including direct mail, trade shows, and special promotions. Marketing to customers will be done with the aid of point of purchase materials, rebates and direct sales via the contractor network.

Incentive Strategy: Incentives are prescriptive and are intended to pay for up to 100% of the incremental cost of installing an energy efficient central air conditioner (SEER 12 and SEER 13) versus that of standard efficiency equipment subject to cost effective constraints.

Identical Program Issues: In this program both companies provide customers with the same rebate and application process:

Measures of Success: Energy Savings.