

**CONNECTICUT FUEL OIL  
CONSERVATION BOARD**

**2009 Oil Conservation Plan**

**Submitted for Public Comment  
December 16, 2008**

**Modified January 28, 2009**



## I. BACKGROUND

In January 2008, the Connecticut Fuel Oil Conservation Board (FOCB) convened for the first time. The FOCB was created through state legislation: PA 07-242 Sec. 116, as amended by June Sp. Sess. PA 07-1 Sec. 131 and June 11 Sp. Sess., PA 08-2 Sec. 7. The legislation will be codified at CT Gen. Stat. sec. 16a-22f. It oversees the programs of the Connecticut Fuel Oil Conservation Fund, Inc. (CFOCF).

On January 14, 2009, legislation was passed, PA 09-1 sec.8, which decreased the FOCB funding by 50% for this fiscal year and eliminates additional funding for the fiscal year beginning July 1, 2009. As a result, the 2009 plan was greatly compromised. The FOCB met on January 28, 2009 to modify the 2009 Plan. This represents the modified version.

An RFP was issued to solicit applicants for an entity qualified to administer and implement conservation and energy efficiency programs for fuel oil customers. The contractor, ultimately retained in October 2008, is The Resource Link, LLC.

The FOCB is currently advising and assisting “the program administrator in the development and implementation of a comprehensive plan. . . that implements cost-effective fuel oil energy conservation programs and market transformation initiatives for residential, commercial and industrial fuel oil customers.” The FOCB has examined “opportunities to offer joint programs providing similar efficiency measures that save more than one fuel resource or to otherwise coordinate programs targeted at saving more than one fuel resource. Coordination with existing energy efficiency programs has begun.

Based on reports from Community Action Agencies (CAA) and the Connecticut Energy Efficiency Fund (CEEF), the FOCB believes that at least 75 to 150 low income oil heat homeowners have been identified with inoperable, unsafe or extremely inefficient furnaces or boilers that must be replaced or upgraded to ensure these households have adequate heat this winter. Low income customers, a particularly vulnerable group in light of volatile oil costs, are in acute need of financial assistance to make these unit purchases and/or repairs. The FOCB prioritized assistance to these households, and developed an immediate plan to provide such assistance. The 2008 Oil Conservation plan, submitted for public comment on October 29, 2008 and adopted by the FOCB on November 4, 2008, addressed these emergency needs as well as began the coordination of FOCB with numerous Connecticut energy efficiency programs currently in place.

## II. PLAN SUMMARY

The 2009 Oil Conservation Plan will carryover 2008 plan programs which include the low income heating system replacement program and residential programs that coordinate with existing statewide conservation programs.

The 2009 plan widens the scope of services to low income residents to include; broader weatherization services (the inclusion of renters) and expansion of the program for oil heating/water systems replacement to include grossly inefficient units, which may be operable.

The 2009 plan had represented a considerable effort on behalf of the FOCB to coordinate with existing energy efficiency programs within the state. By piggy-backing onto the efforts of existing programs, it makes it easier for consumers to receive more comprehensive services and benefits at lower cost, with greater convenience to the consumer and less administrative costs to the FOCB. The plan provided for coordination with the following entities:

CL&P/UI – Docket 08-10-03, (also includes gas companies, Connecticut Natural Gas, Southern Connecticut Gas and Yankee Gas) [www.ctsavesenergy.org](http://www.ctsavesenergy.org)

Community Action Agencies/ Department of Social Services – weatherization programs (through the CT Association for Community Action) [www.ct.gov/dss](http://www.ct.gov/dss) , [www.cafca.org](http://www.cafca.org)

CT Municipal Electric Energy Cooperative – weatherization programs of municipal utilities [www.ctsavesenergy.org](http://www.ctsavesenergy.org)

CT Office of Policy and Management – they are coordinating with the statewide Home Energy Solutions program to offer a home energy audit program for oil heat customers <http://ct.gov/opm>

Due to the severity of the cuts in January 2009, coordination efforts were discontinued on the following programs:

- **Home Energy Solutions** – will not be continuing the efforts of the Office of Policy and Management to provide rebates on clean, tune and tests nor to provide the oil customer who participates in the program with a rebate. Will not be providing clothes washer or water heater rebates
- **Commercial and Industrial** – will no be providing small business customers with rebates on energy management technologies, heating and hot water rebates
- **Residential new construction** – will not be offering oil heat new construction customers rebates
- **Energy efficiency training** – will not be offering conservation training to the heating and cooling sector

Please note that throughout the plan any reference to oil heat is inclusive of bioheat, even if not specifically stated.

## **Plan Cost Effectiveness**

The FOCB will evaluate programs it adopts for cost-effectiveness and report this information to the state legislature on an annual basis. Programs included in the plan must be “evaluated as to cost-effectiveness by comparing the value and payback period of the program benefits to the program costs to ensure that the programs are designed to obtain fuel oil savings, the value of which are greater than the costs of the program.”<sup>1</sup> The first annual report to the legislative committees having cognizance of matters relating to energy and the environment is due on January 1, 2009. However, as FOCB program implementation began in December 2008, insufficient data will be available to conduct appropriate evaluation by this date.

The FOCB has researched existing oil cost effectiveness models that would allow the FOCB to calculate and compare benefit/cost ratios using the total resource cost, societal and participant tests. The model we seek must also allow the FOCB to calculate the program benefits related to emission reductions (SOX, NOX, CO2, particulates) and low income program benefits such as increased comfort, increased safety and reduced energy costs. The FOCB has entered into discussions with two prominent organizations with experience in oil cost effectiveness to provide assistance and expertise to the FOCB Program Administrator to develop an approach to calculating cost effectiveness ratios at both the program and measure level.

This cost effectiveness analysis will begin in January 2009 and conclude in late February 2009. The results of the modeling will be used to modify, if necessary and as appropriate, program design or implementation of the 2009 plan and report to the legislature. The final analysis will be posted to the FOCB website ([www.ctfocb.com](http://www.ctfocb.com)).

## **Plan Goals/Budgets**

The total funding level for the CFOCF programs from 2008 through June 30, 2009 is \$5 million \$0 after July 1, 2009. See Appendix 1 for a plan summary of programs, participation levels and budgets.

The FOCB plans to closely monitor its programs as they are rolled out and implemented. The FOCB will review on a monthly basis the programs goals, budgets and customer participation levels and

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<sup>1</sup> Connecticut General Statutes sec. 16a-22/ (d)(2)(2008 Supplement)

adjust the goals and budgets depending on progress. Estimated fund allocations for the programs may be moved between programs to meet demand and need, as appropriate.

CFOCF funding is to be deposited by the Connecticut Comptroller's Office into a FOCB interest bearing account. Interest collected on such account will be allocated by the FOCB to plan programs.

### **III. Residential Programs**

#### **1. Rebates Offers – Home Energy Solutions/Home Energy Savers**

##### **Program Description**

In 2009, the Connecticut Energy Efficiency Fund (CEEF), administered by Connecticut Light and Power and United Illuminating, will offer rebates to electric and gas customers participating in the Home Energy Solutions (HES) program for a host of electric and gas measures. The FOCB will fund rebates for HES oil heat customers to add wall or attic insulation. The FOCB will also fund similar rebates if offered by the CT municipalities within the structure of their Home Energy Savers program.

##### **Implementation/Coordination**

The oil related rebates will piggy-back the existing rebate package that is part of the HES program. While providing HES program services, the technician will also evaluate oil heat/water homes regarding the need for additional wall or attic insulation..

When HES rebate forms are revised, the FOCB will work with the HES program administrators to include the oil component to the rebate form for simplification. Only if warranted will a separate oil rebate form be developed for oil. The oil rebate amounts for insulation will remain consistent with the electric/gas rebate levels unless it is determined that for cost effectiveness purposes, it should be modified.

To further coordinate efforts, all customer rebate forms, regardless of heating fuel, will be processed by the HES third party vendor, currently EFI, Inc., and invoiced to the HES program administrator. The FOCB will be invoiced for any oil rebates by the HES program administrator and provide rebate reports to the FOCB on a monthly basis on oil savings.

##### **Target Audience**

- Customers who participate in the Home Energy Solutions/Home Energy Savers programs and their home audit indicates additional insulation is appropriate to improve energy efficiency
- Customers who heat with oil or bioheat

##### **Marketing/Outreach**

Modifications to existing HES material to include the availability of these rebates will be coordinated between the FOCB and the CEEF program administrators to promote this program. It is part of the customer package that is provided to Home Energy Solutions customers. The FOCB will include this program in all future educational and marketing efforts, including the FOCB website, [www.ctfocb.com](http://www.ctfocb.com) and linking to a variety of other websites that the consumer would typically access for this type of program information.

##### **Cost Effectiveness**

Please refer to the explanation of our cost effective strategies as outlined in II. Plan Summary above.

## Goals/Budget

Program Name	Target Audience	Projected # Customers 1/1/09 thru 6/30/09	Projected Avg. cost per participant	Proposed Budget 1/1/09 thru 6/30/09*
Rebates - Insulation, HES program	Residential/ all incomes	1,000	\$ 500	\$ 500,000

*\*includes, CEEF administration, outside services, incentives, marketing, carryover from 2008*

## 2. Low Income Heating and Hot Water System Program

### Program Description

To fund the replacement/upgrade of inoperable, unsafe or grossly inefficient oil heating and hot water systems for Connecticut households with income at or below 60% of the state median income (see Target Audience section below for complete eligibility requirements).

### Implementation

The CFOCF plans to continue to contract with the Connecticut Association for Community Action (CAFCA) and member CAAs to implement this program in conjunction with their energy and weatherization assistance programs and to contract with others including CEEF administrators and municipal utility conservation program administrators, as appropriate. The program is designed to:

- Utilize the CT Department of Social Services (DSS) intake network for energy assistance, to determine eligibility for this FOCB program. Like the DSS energy assistance program, eligibility is capped at 60% state median income, and the DSS energy assistance program asset limits are also applied. Income and assets are determined in accordance with the DSS energy assistance program guidelines. This facilitates leveraging other assistance for program beneficiaries.
- Operate with a streamlined FOCB authorization process to enable a quick response in emergency situations.
- Capture and analyze data points for use in evaluation of cost-effectiveness.
- Result in installation of ENERGY STAR heating and/or hot water units as frequently as practical.
- Provide the FOCB program administrator the flexibility to authorize licensed HVAC technicians independent from current networks to perform the heating system replacement or repair work provided the income levels and asset test of the participant have been met.
- Expand program services to include cost-effective replacement of grossly inefficient or unsafe heating systems that may be operable.
- Expand program services to include cost-effective repairs or upgrades on systems, rather than a complete replacement, and clean, tune and tests.
- Coordinate efforts with existing statewide programs providing weatherization services to the same audience to fast track FOCB program recipients for weatherization to treat these homes with a holistic approach, including the Connecticut Energy Efficiency Fund (CEEF), municipal utilities and Community Action Agencies.
- Ensure energy conservation education is a component of the weatherization assistance provided to program participants.

## Target Audience

Connecticut residents who want to be considered for participation in this program must meet the following requirements:

1. Status of resident – owner (no co-funding requirement)
2. Housing type - Single family, owner occupied homes of 1-4 unit dwelling units, where the owner permanently resides in one of the four units. All units can be included in the FOCB program.
3. Income and asset requirements – household income must be at or below 60% of the CT state median income and under the asset limits in the “2008/2009 Allocation Plan for the Low Income Home Energy Assistance Program Block Grant.” Income and assets shall be calculated as they are in this allocation plan.
4. Heating and hot water systems – units must be certified by licensed HVAC contractors as inoperable, unsafe, unrepairable and/or unable to attain a 75% AFUE. Priority will be given to inoperable units and those relied upon for domestic water use and where possible repairs would be too costly.
5. Heating Fuel type – oil, bioheat
6. Weatherization – participating households must agree to participate in a weatherization program that FOCB designates.
7. Research – participating households must agree to participate in pre/post inspections and be responsive to customer surveys regarding this program and any related weatherization services.

## Marketing

The FOCB program administrator will work with the CAFCA staff to provide updated program information and participate in training sessions for the CAAs weatherization directors to inform and educate about this program and implementation. For the public, updated program information will be available on the FOCB website, [www.ctfocb.com](http://www.ctfocb.com). Additionally, the FOCB will create educational and marketing materials required to get the word out about this program. These efforts will include piggy-backing on existing materials and the development of new materials. The FOCB will work with fuel banks, DSS, oil dealers, municipalities, social service providers and others as needed to raise awareness of the program.

## Cost Effectiveness

Please refer to the explanation of our cost effective strategies as outlined in II. Plan Summary above.

## Goals/Budget

Program Name	Target Audience	Projected # Customers 1/1/09 thru 6/30/10	Projected Avg cost per participant	Proposed Budget 1/1/09 thru 6/30/10*
Low Income Heating/Water System Replacement Program	Residential/ low income	489	\$ 4,500	\$ 2,200,500
Low Income Heating/Water System Repair/Upgrade Program	Residential/ low income	263	\$ 2,000	\$ 526,000

**Total \$ 2,726,500**

\*includes, CAA/DSS application intake, general contract management by CAA, HVAC labor/parts, outreach and carryover from 2008 plan

### 3. Low Income Weatherization Program

#### Program Description

To fund a comprehensive direct install weatherization program that serves Connecticut low income oil heat/hot water customers. Participants of the FOCB heating and water system replacement programs will be prioritized for weatherization services to ensure a holistic approach. The FOCB will partner with existing low income weatherization programs, such as those being implemented by the Connecticut Energy Efficiency Fund (CEEF), Connecticut Municipal Electrical Energy Cooperative (CMEEC) and the Community Action Agency (CAA) programs (funded through the Connecticut Department of Social Services -- DSS). FOCB funds will supplement these existing programs by funding oil energy efficiency weatherization work for their program participants.

#### Implementation

The most immediate and cost effective way to coordinate the funding and installation of these oil saving measures is by piggy-backing on the current Connecticut Energy Efficiency Fund (CEEF), Connecticut Municipal Electrical Energy Cooperative (CMEEC) and the Community Action Agency (CAA) programs (funded through the Connecticut Department of Social Services - DSS). The FOCB can direct interested residents to these programs to apply and receive services.

The program will be structured to take into account the following:

- The FOCB will provide a budgeted funding level to each partner based on projected number of oil customers to be served in 2009.
- The FOCB will piggy-back existing marketing and outreach efforts on those providing services.
- The FOCB will abide by the current weatherization program requirements for income eligibility of each of the existing weatherization programs to simplify outreach efforts.
- The FOCB will define the oil measures that qualify for direct installation in each of the existing programs funded by CEEF, CMEEC and CAA. An agreed upon price per measure will be in place for monthly invoicing of oil only measures to the FOCB. Measures currently part of the oil portion of measures are blower door audit, air leakage sealing, water saving measures, insulation measures and a clean, tune and test.
- All contractors will work with the FOCB to provide accurate consumer and installation reporting to capture and analyze oil energy savings in a cost-effective manner and invoice the FOCB monthly.
- Ensure energy conservation education is a component of the weatherization program provided to program participants.

#### Target Audience

Connecticut residents who want to be considered for participation in this program must meet the following requirements:

1. Housing type - priority will be given to single family homeowners, particularly those who participated in the heating system replacement program funded by FOCB. Renters who pay for their own oil heat and live in buildings with up to 4 units are eligible; however, based on the partner program guidelines, landlord co-pay and authorization may be required. The FOCB will work within the guidelines of these existing programs to maintain consistency, subject to meeting FOCB cost-effective analysis.
2. Income and asset requirements – household income must meet the criteria for the partner program in which the household is participating. For example, CAA weatherization program requires income be at or below 60% of state median income and

under the asset limits in the "2008/2009 Allocation Plan for the Low Income Home Energy Assistance Program Block Grant." Assets are not an eligibility factor in the receipt of weatherization services.

3. Heating Fuel type – oil, bioheat

### Marketing

The FOCB will work with fuel banks, DSS, oil dealers, municipalities, social service providers and others as needed to raise awareness of the program. These efforts will include piggy-backing on existing materials and the development of new materials. The FOCB is developing a marketing/educational plan for its overall energy conservation plans and intends to include this program in all future educational and marketing efforts, including the FOCB website, [www.ctfocb.com](http://www.ctfocb.com). Additionally, the FOCB will create the necessary educational and marketing materials required to get the word out about this program.

### Cost Effectiveness

Please refer to the explanation of our cost effective strategies as outlined in Section II. Plan Summary, above.

### Goals/Budget

Program Name	Target Audience	Projected # Customers 1/1/09 thru 6/30/09	Projected Avg cost per participant	Proposed Budget 1/1/09 thru 6/30/09*
Low Income Heating/Water System Replacement Program	Residential /low income	2,000	\$ 750	\$ 1,500,000

*\* Includes application intake costs, general contract management by CAA/CEEF, HVAC labor/parts, outreach and carryover from 2008 plan*

## V. Other Programs

### Program Planning and Evaluation Reporting

In 2009, the FOCB will engage industry experts to assist with a fundamental review of the FOCB programs for impact and process assessment. The full scope of the research and evaluation will be determined with input from the FOCB members and industry experts. The final scope of work will be posted on the FOCB website.

### Goals/Budgets

Program Name	Target Audience	Proposed Budget 1/1/09 thru 6/30/09
Program Planning and Evaluation Reporting	C&I and Residential	\$ 23,500

## VI. FOCB Budget

The budget for the FOCB's direct responsibilities for 2008-2010 is as follows:

		<b>Proposed Budget 1/1/09 to 6/30/09</b>
Grant revenue	\$	5,000,000.00
Efficiency program expenses	\$	4,750,000.00
<b>General Administration Expenses</b>		
Program Administration (staffing and operational costs ie. Office, mileage, supplies)	\$	150,000.00
Legal Fees - prepare and file organization paperwork,	\$	15,000.00
Accounting Fees - 501C IRS application fee	\$	25,000.00
Travel Expenses	\$	1,000.00
Insurance - Directors Errors and Omissions Insurance.	\$	2,000.00
Advertising Expense	\$	5,000.00
Contingencies	\$	52,000.00
<b>Total General Administration Expenses</b>	<b>\$</b>	<b>250,000.00</b>

### Contact Information

Requests for additional information and/or to submit additional comments should be directed to:

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Appendix 1

**CT FUEL OIL CONSERVATION BOARD 2009 PLAN Modifications 1.28.09**

	Program Name	Coordination with existing program	Projected # customers served 12/08 thru 6/30/09	Avg \$ per customer	Proposed Budget 1/1/08 thru 6/30/09 <sup>1</sup>	% of total
<b>Residential Programs - all incomes</b>						
1	Insulation rebates (OPM/CEEF/CMEEC)	√	1,000	\$ 500	\$ 500,000	
				<i>Sub-Total</i>	\$ 500,000	10%
<b>Residential Programs - low income</b>						
1	Low Income Heating System Replacement Program	√	489	\$ 4,500	\$ 2,200,500	
2	Low Income Heating System Repairs Program	√	263	\$ 2,000	\$ 526,000	
3	Low Income Weatherization	√	2,000	\$ 750	\$ 1,500,000	
				<i>Sub-Total</i>	\$ 4,226,500	85%
<b>Other Programs</b>						
1	Program Evaluations, Potential Study	New Initiative	NA	NA	\$ 23,500	
2	HVAC energy conservation training	New Initiative	NA	NA	\$ -	
3	FOCB expenses (administration budget = 5% or less of fiscal yr total)	NA	NA	NA	\$ 250,000	
				<i>Sub-Total</i>	\$ 273,500	5%
				<b>Total</b>	<b>\$ 5,000,000</b>	<b>100%</b>
<i>1 Includes total 2008 budget carryover and contractor admin fees</i>						