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## OLR Bill Analysis

sHB 7091

### ***AN ACT CONCERNING AUDITS OF THE UTILITY PROGRAMS OVERSEEN BY THE ENERGY CONSERVATION MANAGEMENT BOARD.***

#### **SUMMARY**

This bill generally requires the Auditors of Public Accounts (APA) to audit the state's ratepayer-funded energy efficiency programs. By law, the state's electric distribution companies (i.e. Eversource and United Illuminating) and gas companies must triennially submit to the Energy Conservation Management Board (ECMB) a plan to implement cost-effective energy conservation programs, demand management, and market transformation initiatives ("energy efficiency programs"). ECMB and the Department of Energy and Environmental Protection (DEEP) commissioner must approve the plan, and the programs in it are funded by a charge on ratepayers' bills.

The bill requires APA to audit these programs and assess certain aspects, such as the cost-effectiveness of retrofitting existing buildings over new construction, savings due to residential behavior programs, and whether demand response programs would be better focused on commercial and industrial sectors.

The bill also brings APA into an existing statutory process for evaluating the programs, primarily by (1) requiring APA (rather than the DEEP commissioner) to determine program cost-effectiveness and (2) involving APA in the program evaluation process.

EFFECTIVE DATE: October 1, 2025

#### **APA AUDIT OF ENERGY EFFICIENCY PROGRAMS**

The bill requires APA to audit (presumably, annually) the ECMB's programs based on their activities during the prior year. The audit must at least:

1. calculate any savings due to residential behavior programs,
2. examine the programs' cost-effectiveness in terms of whether retrofits or renovations to existing buildings would have a greater return on investment than investments in new construction that is subject to the State Building Code's energy efficiency requirements,
3. assess whether the existing focus of demand response funds on residences would have a greater impact if allocated to commercial and industrial sectors where greater reductions in peak energy demands are possible,
4. assess the efficiency of the Home Energy Solutions audit for low-income individuals, and
5. assess the effectiveness of community outreach programs in increasing participation and recommend whether funds may be better spent on efficiency upgrade incentives.

The bill requires the following to give APA any information it needs to conduct the audit: ECMB, the DEEP commissioner, electric distribution companies, gas companies, and any consultants hired by ECMB as evaluation administrators for the programs.

### **EVALUATING ENERGY EFFICIENCY PROGRAMS**

Current law requires the energy efficiency programs to be screened through cost-effectiveness testing reviewed by the DEEP commissioner annually. The bill instead requires APA to audit their cost-effectiveness annually, and as under current law, incorporate the results of the evaluation process required by law (see below). As under current law, if a program fails the cost-effectiveness test it generally must either be modified to meet the test or terminated.

***Program Evaluation Process.*** Current law requires the DEEP commissioner to adopt an independent, comprehensive program evaluation, measurement, and verification process to ensure that the programs meet certain requirements (e.g., that they comply with

statutory requirements, are cost effective, and have timely and accurate evaluation reports). The bill requires this process to be for the audit conducted by APA.

It otherwise maintains current law's requirements for the evaluation process, except that it:

1. requires the independent evaluation administrator that oversees the evaluation process to implement it consistent with APA's decisions, rather than the DEEP commissioner's;
2. requires the evaluation administrator to file its evaluation reports with APA (in addition to ECMB and the DEEP commissioner, as under current law); and
3. allows ECMB, including electric and gas company representatives, to file written comments about an evaluation with APA, instead of the DEEP commissioner.

Under current law, within 14 days after an evaluation report is filed, the commissioner, ECMB members, or other interested parties may request a transcribed technical meeting, which the commissioner must hold to review the evaluation's methodology, results, and recommendations. The bill also allows APA to request this meeting and requires the commissioner to hold it in conjunction with APA.

## **COMMITTEE ACTION**

Government Oversight Committee

Joint Favorable Substitute

Yea 12    Nay 0    (03/18/2025)