

EEAC Resolution
On Evaluation, Measurement, and Verification
Approved 9-8-09

The Energy Efficiency Advisory Council recognizes that the deployment of the energy efficiency programs by the electric and gas Program Administrators (“PAs”), in support of the mandates of the Green Communities Act, is expected to produce energy savings and related benefits to the Commonwealth that involve the expenditures of unprecedented levels of customer and public monies. It is therefore critical that the programs be evaluated, measured, and verified in a way that provides confidence to the public at large that the savings are real and in a way that enables the Program Administrators to report those savings to the Department of Public Utilities with full confidence. There is a need to ensure both the reality and the perception of the independence and objectivity of EM&V activities, as well as the need to help ensure consistency, timeliness, and credibility of the results.

The Council also recognizes that the evolution of more uniform statewide programs necessarily leads to greater use of statewide evaluation studies as well as other organizing principles.

Accordingly, the Council adopts the following principles and policies -- divided into the topics of policy /authority and implementation -- regarding the evaluation, measurement, and verification of energy efficiency programs:

POLICY/AUTHORITY

Decision Making:

- The EEAC will assume an oversight role over the EM&V activities of the Program Administrators to ensure the objectivity and independence of those activities, and the perception of such, and to help ensure consistency, timeliness, and credibility. While PAs and EEAC Consultants (acting on behalf of the EEAC) will continue to work diligently to reach a consensus on evaluation issues, where there are areas of difference that may arise that cannot be resolved through consensus during the on-going interactive process between the EEAC Consultant and the PA evaluation staff, authority for decision-making will reside with the EEAC or its Designee.
- **Appeals:** To enable the Program Administrators to fulfill their responsibility to report program savings to the DPU with full confidence, an appeals process shall be established, through which the PAs may bring decisions made by the Council or its Designee for review and resolution. This process will be implemented through the formation of a standing evaluation committee (“Standing Committee”) of the Council, whose responsibility in this area will be to hear the matter under dispute and rule so that the study may proceed in a timely way. In general, it is expected that this review process will be completed within 72 hours once an issue is elevated to the Standing Committee.
- **Resolution of Disputes:** This Standing Committee will consist of three voting members of the Council, including DOER. Consistent with general Council proceedings, the Standing

Committee will include and consult with, in both deliberations and decision-making, a representative of both the PAs and the EEAC consultant team, neither of whom shall have a vote in the standing committee. The Committee will review the issues related to the disputed matter, hear from the PA evaluation staff and EEAC Evaluation Consultant (the “principals”), and make a determination on the outcome of the matter. The decision will be recorded, along with a description of the applicable issues. The participants in the appeal will sign the record of the decision, indicating their acceptance of, the representation of the issues and of the decision. In exceptional cases, where the PAs perceive there to be significant risk to their ability to manage the energy efficiency programs in the near term, the PAs will note their disagreement with the decision of the Standing Committee on the record of the decision and reserve the right to immediately petition the DPU on the Standing Committee’s decision. The PAs shall be able to submit any such documents to the DPU in conjunction with the filing of the Energy Efficiency Plans and Annual Reports. The DPU will be able to review the record of this decision in its review of Plans and Annual Reports.

IMPLEMENTATION

- **A. Statewide Focus:** Impact evaluations, and other studies, should be performed at a statewide rather than an individual Program Administrator level to the maximum extent possible, while enabling to the extent necessary results at the Program Administrator level. It is recognized that circumstances could occur where a service territory specific or non-statewide evaluation or study would be appropriate. Such EM&V activities should only be undertaken following an assessment of the need and value of a non-statewide study and agreement between the PA evaluation staff and EEAC Evaluation Consultant.
- **B. Research Areas:** The range of evaluation activities should be divided into 5 to 7 semi-permanent statewide research areas, each oriented primarily to specific target markets (e.g., residential retrofit, large C&I), each with a long-term research and contract manager from the PAs, an independent evaluation contractor to conduct the studies under a long-term contract, and the EEAC Evaluation Consultant. The PAs and the EEAC Evaluation Consultant shall jointly prepare a statewide research management plan to carry this out. The EEAC Evaluation Consultant shall have the opportunity to comment on the proposed assignments of the PA research area managers. The EEAC will have the authority to remove assigned research area managers if they do not perform effectively in accordance with pre-established objective standards for research area managers. Those standards will be developed jointly by the EEAC Consultant and the PAs.
- **C. Evaluation Planning:** The research area managers and EEAC Evaluation Consultant will jointly prepare a proposed statewide evaluation plan and illustrative budget and submit it to the EEAC for approval¹. We expect that this plan will be reviewed and updated annually. Consideration will be given to regional EM&V activities and FCM requirements, and will be responsive to DPU directives about EM&V in the development of the evaluation plan.

¹ The PAs and the EEAC recognize that the DPU has the ultimate authority to review and approve each PA’s energy efficiency plan, including the PA’s evaluation plan and budget.

- **D. Coordination of Studies:** All studies² in which Massachusetts PAs participate should be included in the statewide evaluation plan for the purposes of coordination of evaluation and promotion of consistent methods, and conducted by the research area independent evaluation contractors. Some studies, however, may be excluded from the statewide research area contracts. The EEAC Consultant and PAs will develop guidelines for assessing which studies may be excluded from the statewide research contracts and will apply them as necessary to identify mutually agreed upon studies that will be conducted outside of the statewide evaluation contracts. Research area managers, the PAs, and the EEAC Consultant should make every effort over time to determine if these studies may be included in research area contracts. Under the circumstances where a study is not included in a research area contract, the appropriate research area manager shall manage the study and represent Massachusetts statewide evaluation interests in the execution of the study. The EEAC Evaluation Consultant may participate in regional evaluation projects directly, upon the direction of the EEAC.
- **E. Integration:** Electric and gas evaluation efforts should be fully integrated to the maximum extent possible. Each of the statewide research areas should cover both electric and gas evaluation efforts.
- **F. Contracting:** The Program Administrators will be the main mechanism for contracting with the independent evaluation contractors.
- **G. Implementation:** As is current practice, statewide evaluation studies will be coordinated by staff from Program Administrators, with a lead from one of them (the “Study Manager”), and an EEAC Evaluation Consultant. This will enable Program Administrators and the EEAC to collaboratively provide their expertise in the planning, scoping, management, review of methods and draft protocols, and review, acceptance, and application of results of the individual studies. In many cases the Study Manager and the statewide research area manager will be the same individual. The Study Manager shall manage study efforts so that the approved evaluation study budgets are not exceeded³. The EEAC Evaluation Consultant should have the authority to recommend to the EEAC removal of the assigned Study Manager if they do not perform effectively in accordance with pre-established objective standards for Study Managers. Those standards will be developed jointly by the EEAC Consultant and the PAs.
- **H. Communication and Documentation:** The Study Manager will communicate regularly with the EEAC Evaluation Consultant about issues related to study execution. The Study Manager will document decisions made in the course of a study, for potential review by the EEAC, DOER, the DPU, and/or any other party.

² Some Massachusetts PAs are multi-jurisdiction utilities and may propose expanding some Massachusetts studies to include those other jurisdictions, where appropriate. If mutually agreed-to by the research area manager and the EEAC Consultant, these cross-jurisdictional efforts will proceed.

³ At times, the scope of an evaluation study is modified for good reasons. The Study Manager and the EEAC Consultant agree to review proposed changes in scope with the Standing Committee when the change in scope is likely to lead to an increase in study cost of more than 10% or to adversely affect the study timeline.

We expect and encourage the PAs to perform the evaluation roles assigned to them in this framework in an effective and timely way.

We recognize that there are details that remain to be worked out under this framework and that the framework may evolve over time. We encourage the EEAC Consultant and PAs to continue discussions on these topics to establish an effective process that leads to high quality and useful evaluation results, mindful of the need to maintain public confidence in the overall conduct of these programs. The process, roles and responsibilities should be reviewed and modified, as necessary, after twelve months first, and bi-annually thereafter.