Quarterly Report of the Program Administrators
First Quarter, 2010
Part 1
April 8, 2010
I. Introduction

Pursuant to the requirements of the Green Communities Act, codified as G.L. c.25, § 22(d), “The electric and natural gas distribution companies and municipal aggregators shall provide quarterly reports to the council\(^1\) on the implementation of their respective plans. The reports shall include a description of the program administrator’s progress in implementing the plan, a summary of the savings secured to date and such other information as the council shall determine.”

Building upon this legislative mandate, as well as the Orders of the Department of Public Utilities dated January 28, 2010 approving Three Year Energy Efficiency Plans for each Program Administrator, this document serves as the first of two documents to report on Program Administrator (“PA”) activities throughout the Commonwealth during the first quarter of 2010. This first document presents narrative status updates regarding program and pilot implementation and specific areas of interest as requested by the Energy Efficiency Advisory Council (“EEAC”). The second document, to be submitted when first quarter data is available, with a target of delivery in advance of the May 11, 2010 EEAC meeting, will consist of a quantitative report regarding the estimated costs and savings of program efforts for the quarter.

This two-phase reporting process has been collaboratively established with the EEAC and its consultants in order to allow for timely qualitative reporting of key trends (Quarterly Report Part 1) and presentation of quantitative statistical data that has been reviewed for accuracy (Quarterly Report Part 2). The PAs plan to present key results reflected in each of the two Quarterly Reports to the EEAC, with the first presentation (Quarterly Report Part 1 for First Quarter of 2010) contemplated for the April 13, 2010 EEAC meeting. The Program Administrators expect that, over time with feedback from interested parties and increased experience, the format and exact timelines for these Quarterly Reports will be refined and enhanced.

The remainder of this Quarterly Report Part 1 for the First Quarter of 2010 is organized as follows:

Section II: Highlights of programs and pilots
Section III: Highlights of marketing, education, and outreach activities and efforts
Section IV: Highlights of evaluation and RFP activities
Section V: Highlights of financing and funding efforts
Section VI: Discussion of progress towards performance metrics
Section VII: Special areas of interest
Section VIII: Miscellaneous

\(^1\) The Department of Public Utilities requires that these Quarterly Reports be provided to it as well for informational purposes. See January 28, 2010 Electric Three Year Energy Efficiency Plan Order at 143-144 and January 28, 2010 Gas Three Year Energy Efficiency Plan Order at 136.
II. Gas and Electric program and pilot highlights:

Summary: Since the Department of Public Utilities approved the Gas and Electric Three Year Energy Efficiency Plans on January 28, 2010, implementation of the Program Administrators’ EEAC-endorsed 2010 programs has been proceeding. Most programs and pilots are progressing according to Plan. The information presented below provides more detail as well as special highlight information. As noted above, the PAs will present quantitative cost and savings data in Quarterly Report Part 2 for the first Quarter of 2010. With respect to any issues of note below, PAs will keep the Council apprised of significant cost and savings variances from Plan goals that become apparent as the PAs continue to implement programs.

<table>
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<tr>
<th>Program</th>
<th>Highlight</th>
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<tr>
<td><strong>Residential:</strong></td>
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| • Residential New Construction & Major Renovation | PAs report great successes thus far in this program. There is strong program pipeline and participation, leading PAs to believe that the program could exceed 2010 goals.  
JMC monthly goal tracker is being implemented.  
The EPA has recently recognized program efforts. |
| • Residential Cooling and Heating | PAs report significant interest in this program. It is too early, however, to say if this program will perform ahead of goals. This is a market-based program that can be weather dependent. |
| • Residential Heating and Water Heating | Attractive customer incentives, increased from previous years, have resulted in aggressive growth in participation. |
| • MassSAVE and Heat Loan          | This program is progressing differently across the state. While one PA has noted an aggressive start to its MassSAVE and Heat Loan programs, others have reported decreasing demand. Despite recent efforts, the PAs believe that factors such as weather and economic concerns are contributing to the decline. PAs are planning more and new local marketing and outreach activities to increase customer interest and participation. Please see Section VII. |
| **Weatherization** | This program is progressing differently across the state. While some PAs are reporting that they are significantly ahead of spending and/or savings targets relative to 2010 Plan levels, other PAs are reporting a slight decrease in interest. |
| **ES Lighting** | Retailer promotions have been extended for specialty bulbs and are ahead of schedule. The statewide standard CFL spiral goal, as of February, appears to be on or ahead of target. Responses to a hard-to-reach RFP were recently received. |
| **ES Appliances** | Refrigerator incentives have been very popular and at least one PA anticipates exceeding its 2010 goal. Another PA notes that the refrigerator and freezer recycling efforts appear to be strong. PAs have coordinated with DOER to prepare for the Mass Save Great Appliance Exchange to launch on April 22, Earth Day, which leverages existing field vendor/retailer relationships with statewide marketing channels to maximize the benefits of this Recovery Act (ARRA) funded initiative. |
| **Multi-family Retrofit** | This program is still being developed by some PAs, but all PAs are progressing with projects as they are able. |

**Low Income:**

PAs note a drop in demand for programs due to factors such as Federal DOE and ARRA weatherization funding activities. PAs are working with delivery vendors to address this issue. One PA notes that it is slightly behind usual production rates due to a requirement that all efficiency vendors meet background checks. The PA’s efficiency team and procurement group have been working very closely with Action, Inc. to address these issues in a timely manner. The PA is tracking its progress and does not anticipate a significant impact on estimated savings as a result of the slight delay at this time.

| **LI Multi-family Retrofit** | This program is still being developed by some PAs, but all PAs are progressing with projects as they are able. |
The C&I sector reports the following:

A common portfolio of C&I Programs:
- In-process / transition phase to integrate gas measures with electric measures where applicable;
- In-process / transition phase to develop custom screening tool for integrated gas & electric projects.

Commercial Electric and Gas Prescriptive Forms are completed and available at www.masssave.com.

Strategized and developed an enhanced energy services delivery structure in MA:
- Single Point-of-Contact – PA Clearinghouse;
- Basic Customer Lead Form/Data Gathering Form.

Streamlined program administration efforts:
- Common applications for both gas & electric forms;
- Joint Trade Ally Open Houses: The PAs have conducted four out of five trade ally open houses, providing business partners with information on the Plan including program information such as consistent technical requirements, incentive levels, and application forms.

- Small Retrofit / Direct Install

The Direct Install Working Group identified six direct install measures and is currently developing the measures’ technical specifications.

One PA notes that a significant increase in its incentives has led to a dramatic increase in proposals being submitted
There was a program roll-out to CHP vendors and consultants on February 26, 2010, with approximately 70 attendees. The PAs are working with many CHP vendors on projects at various customer facilities. There are many consulting firms bringing potential CHP installations to the PAs’ attention and numerous Technical Studies are in process.

As Gas PAs have offered CHP in the past, gas sales staff and account managers have been marketing to larger customers with significant year-round gas loads.

<table>
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<tr>
<th><strong>R&amp;D and Pilots:</strong></th>
<th>One PA is actively working with a community development agency in the construction of a single family home with Energy Star certification in an economically challenged neighborhood.</th>
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<tr>
<td>• Residential Deep Energy Retrofit</td>
<td>PAs report a lot of interest from customers, but that many find the cost prohibitive. However, PAs still believe that participation will reach Plan levels.</td>
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<tr>
<td>• Residential Community-based</td>
<td>PAs report that the Community based pilots are progressing as planned. Please see Section VII, Special Updates, for an expanded discussion.</td>
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III. Marketing, education, outreach highlights

The new MassSAVE website, www.masssave.com, went live on February 25, 2010. This new site serves as a user-friendly common portal for access to energy efficiency services, incentives, trainings, and information designed to promote energy efficiency. This new integrated web site represents a key achievement of one of the EEAC’s very first priority goals and reflects the results of a broad-based, collaborative effort. The next steps in this process will include brainstorming new ideas and enhancements.

A new media campaign is prepared to launch, including advertising with the following media outlets: WEEI (Red Sox radio) on April 19, 2010, HGTV (including Lifetime, E, TLC & FoodNetwork), and HG Green Home Giveaway in Plymouth.

A baseline survey has been drafted and will launch in mid-April, 2010, to 400 residential and 200 small C&I customers.

Cadmus was selected as the winning bidder for work on new statewide marketing efforts after an extensive RFP process. The kick-off meeting with Cadmus was held on March 19, 2010. The selection of this vendor marks an important milestone on the path to ensuring that customers understand the full benefits of the Plans and fostering broader and deeper savings through the use of statewide messages consistent with the EEAC’s priorities.

For further information, please refer to Mass Save Marketing and Education presentation available under Minutes and Documents of the March 9, 2010 meeting of the EEAC at http://www.ma-eeac.org/docs.htm.

IV. Evaluation / RFP process and progress highlights

Taking the lead role for all PAs based upon their experience, procurement departments from NSTAR, National Grid and Western Massachusetts Electric issued RFPs for three, two and one Statewide Research Areas respectively. The PAs issued RFPs for three year evaluation contracts for the following Research Areas:

1. Residential New Construction
2. Non Residential Large Retrofit and New Construction
3. Non Residential Small Retrofit
4. Residential Retrofit and Low Income
5. Residential Retail Products
6. Special Cross-Sector Studies

Between February 19 and March 5, 2010 the PAs received a total of 20 bids for the six Research Areas. Winning bids have been selected for all Research Areas but contract negotiations with the PAs’ procurement departments continue and winners have not been notified yet. Work is expected to begin in April for all six Research Areas.
These RFPs are a key step in implementing the new EM&V structure developed with the EEAC and set forth in the Three Year Plans; the use of competitive bid processes is in compliance with the goals of the Green Communities Act.

V. Financing and Funding

The PAs are engaged in a number of discussions supporting outside financing and funding with specific attention to the following:

- Having on-going discussions with large C&I customers to understand motivation and need for financing;
- Obtaining lessons learned from other utilities across the nation;
- Having discussions with firms that offer financial products to this industry;
- Engaging consultants supporting financing for this industry.

The PAs have segmented the market to better understand customer needs and have identified specific financial tools that are readily available and can be adapted and adopted for Massachusetts.

The PAs have actively participated in the On-Bill Repayment Working Group and have collaboratively worked with other stakeholders to develop ‘business rules’ for on-bill financing for residential and small C&I customer segments. Some PAs have engaged consultants to design unique financing solutions for specific customers, and one PA is involved in an RFI process to solicit indications of interest in financing and will share results with the other PAs.

The PAs, in collaboration with the DOER, have applied for Federal grants and have worked with the City of Boston to secure funding for the Boston Housing Authority energy efficiency/retrofit initiative.

VI. Performance Metrics

Performance metrics were amended per the DPU’s orders and submitted to the DPU with EEAC approval on March 12, 2010 with a single update to the financing and funding metric filed on April 1, 2010. EEAC approval on the final financing and funding metric was conditional on details to be worked out.

VII. Special Focus Topic: Training and Jobs

Through March 31, 2010, the PAs supported 19 Massachusetts Residential and Commercial Energy Code Training sessions offered across the state. These PA-supported trainings, scheduled through August, 2010 provide building code officials, builders, architects, and HVAC professionals review of the IECC 2009 and optional stretch energy code changes.

The PAs have also provided support to the Massachusetts Plumbing, Heating and Cooling Contractors Association (MA PHCC) as well as the International Association of
Plumbing and Mechanical Officials (IAPMO) for its training of the Commonwealth’s mandatory continuing education requirements for plumbers and gas fitters.

The PAs provided energy efficiency short-course instruction as part of the Clean Energy Workforce Training program through a grant from the Commonwealth Corporation and the Economic Development Council of Barnstable County.

The PA-sponsored Weatherization Boot Camps continue to provide training to contractors. Classes were near capacity in January and were completely full in February and March. Field Proctoring continues as well.

**Special Focus Topic: Expanded PA activities:**

*Community Mobilization Initiatives:*

Community Mobilization Initiatives (CMIs) are a form of community-based pilot and are taking place in Chinatown, Boston, New Bedford, and Chelsea. The scope of the CMIs includes the treatment of single family units, multi-family units, and small businesses.

For the above mentioned CMIs, outreach services will be provided by community groups who will contract directly with the PAs involved. Implementation services will be provided by sub-contractors who will work with the PAs’ primary vendors for each market sector. These contractors are required to meet the qualifications stipulated by the primary vendors.

*PA specific marketing and outreach efforts:*

Meetings with Government and Community Based Organizations: Some PAs with smaller and/or economically depressed territories have been meeting with local government officials, Community Development officials, local Public Housing Authorities, neighborhood organizations, and community groups. The goal is to communicate the benefits of deeper and broader savings through energy efficiency and to target local government and community groups who can directly support customers in these efforts.

Networking with Business Community: A number of PAs have been scheduling meetings with local banks and/or banking associations to ascertain interest in partnering with local utilities to finance residential and commercial loans. Certain meetings have gone particularly well and the banks have expressed interest in becoming active in the programs.

Local Advertising: Many PAs are placing ads in local papers and radio outlets to promote the MassSAVE and Low Income programs to increase program demand by letting customers know about new and improved incentives. A number of these efforts are meant to target hard-to-reach customer segments in keeping with the EEAC’s goals.
VIII. Miscellaneous

In addition to the highlights of program implementation presented above, many PAs have been devoting substantial time and resources in the first quarter to the following activities:

- Energy efficiency regulatory reviews, including discovery responses, EERF proceedings, hearings, and other such activities. The level of this activity is higher than has been the case historically and is continuing into the second quarter;
- The PAs worked with the EEAC’s consultants on developing possible template for quarterly reports and optimal reporting schedules;
- The PAs participated in the January, February, and March EEAC meetings;
- Work on the Technical Reference Manual is continuing;
- The PAs have each provided extensive data for the DOER’s PARIS database.