Quarterly Report of the Program Administrators
Second Quarter, 2010
Part 1
July 8, 2010
I. Introduction

Pursuant to the requirements of the Green Communities Act, codified at G.L. c.25, § 22(d), “The electric and natural gas distribution companies and municipal aggregators shall provide quarterly reports to the council 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 second 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 second quarter data is available, with a target of delivery in advance of the August 10, 2010 EEAC meeting, will consist of a quantitative report regarding the estimated costs and savings of program efforts for the quarter, as well as other data including estimated benefits.

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 Second Quarter of 2010) contemplated for the July 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 continue to be refined and enhanced.

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

- Section II: Gas and Electric Program and Pilot Highlights
- Section III: Marketing, Education, and Outreach Highlights
- Section IV: Evaluation/RFP Process and Progress Highlights
- Section V: Financing and Funding
- Section VI: Performance Metrics
- Section VII: Special Focus Topics
- 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 the Plan, with the need for mid-course adjustments in certain programs for certain Program Administrators based upon high participation levels, particularly in residential weatherization programs. Some key areas of success through the second quarter include: the operation of an integrated, statewide gas and electric website, strong uptake on residential weatherization programs, good coordination among Program Administrators, and some major new C&I projects. Key challenges through the second quarter include: obtaining new sources of outside funding/grants to support energy efficiency efforts, working through changes with contractors in certain service areas utilizing new delivery models, low-income program participation levels (which are expected to increase in the later part of the year), and C&I participation levels in some service areas. The information presented below provides more detail as well as special highlighted information. As noted above, the PAs will present quantitative cost and savings data, along with benefits estimates, in Quarterly Report Part 2 for the second Quarter of 2010. With respect to any issues of note below, PAs will keep the EEAC apprised of significant cost and savings variances from Plan goals that become apparent as the PAs continue to implement programs.

<table>
<thead>
<tr>
<th>Program</th>
<th>Highlight</th>
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<tbody>
<tr>
<td>Residential: The Residential Program Steering Committee is meeting on July 8th.</td>
<td>PAs report great success thus far in this program at a statewide level. There is strong program pipeline and participation, leading PAs to believe that the program could exceed 2010 goals. Some PAs do have materially larger participation rates than others, while some PAs continue to struggle meeting the goal for 2010 based upon service territory characteristics.</td>
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<tr>
<td>Residential New Construction &amp; Major Renovation</td>
<td>The JMC has trained and supported over 20 communities on the adoption of the stretch code. The JMC is continuing training and education for builders/contractors to move to higher levels for greater savings and the new ENERGY STAR III guidelines that will be in effect in mid 2011.</td>
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<td>The JMC and EPA will partner in version 3 trainings for builders and raters on July 30th.</td>
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<td><strong>Program</strong></td>
<td>Description</td>
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<tr>
<td>Electric Residential Cooling and Heating</td>
<td>PAs report that goals are on track to be met with the exception of one PA that has had minimal participation due to the state of the economy in its service territory.</td>
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<td>Gas Residential Heating and Water Heating</td>
<td>Attractive customer incentives, increased from previous years, coupled with federal tax incentives, have resulted in aggressive growth in participation. The supply house and contractor outreach efforts have engaged a broader audience of market actors to help fuel this program.</td>
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<td>Mass Save and Heat Loan</td>
<td>This program continues to progress with differing results across the state. Some PAs have had great success with both the Mass Save and Heat Loan programs, while others have reported decreasing demand. Despite recent efforts, the PAs believe that factors such as weather and economic concerns are contributing to those declines. The PAs have kicked off an aggressive statewide radio marketing campaign. The residential management committee (“RMC”) and residential steering committee are reviewing program implementation matters and strategies and there have been numerous meetings with interested parties such as contractors who have provided program enhancement ideas. Please see Section VII for an update on training and job creation.</td>
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<td>Weatherization</td>
<td>This program is progressing with differing results 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. Factors such as weather and territory-specific economic concerns are likely contributing to the decline. The RMC and residential steering committee are reviewing program implementation matters and strategies and there have been numerous meetings with interested parties such as contractors who have provided program enhancement ideas. The program’s Material &amp; Standards were finalized and circulated to the contractors. Home Energy Assessment Protocols report is nearly complete.</td>
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<td>ES Lighting</td>
<td>Strong results for specialty bulbs continue. The statewide standard CFL spiral goal has been exceeded by all PAs. Sponsors signed agreements with retailers to begin promotions to hard-to-reach customers beginning in June. Hard-to-reach customers, or those that have been less likely to have purchased CFLs, include ethnic, lower income (not necessarily low income who are served through the low income program), and elderly customers. In one service territory, the Program Administrator has identified Hispanic, Chinese, Portuguese, Korean and the</td>
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elderly as key hard to reach segments. Using a geo-demographic mapping tool, the PA has been able to identify key towns for these specific hard-to-reach segments, as well as retail establishments which have been selected as serving hard-to-reach audiences. By overlapping this information, the PA has been able to see where the retail market best fits with the specific hard-to-reach audiences. In several areas where there are gaps, the PA intends to conduct a direct mail campaign.

| ES Appliances | Refrigerator incentives continue to be popular and most PAs have exceeded refrigerator goals; in contrast, freezer incentives have not had much traction. Since there are currently no qualifying room air conditioners available in the market, the goal related to room air conditioners will not be met by any of the PAs. |
| Multi-family Retrofit | Following a competitive procurement process, RISE Engineering was selected on May 5th as the Multi Family Market Integrator (MMI) by the PA working group to provide protocols, work-flow process, data tracking and training. To date, the MMI process has met all of its target milestones and is on track to initiate implementation on July 15, 2010, which implementation also includes the launch of a new statewide toll-free number (800-594-7277). |
| Low Income: | Results differ; some PAs are on track with savings and spending, while other PAs continue to experience a lack of participation for the program, which demand is expected by LEAN to increase as the year progresses. PAs are working with LEAN to address this issue. One PA notes a depletion of Federal DOE and ARRA weatherization funding for the program with utility money being utilized at a greater rate of spending for all weatherization activities going forward. PAs continue to work with LEAN to aggressively deliver services to this market segment. |
| LI Multi-family Retrofit | Program details are still under development by some PAs, however, the PAs are progressing with projects to the extent they are ripe for implementation. One PA is working on a possible large multi-family low-income project and hopes to be able to report further next quarter. |
### Commercial and Industrial:

The C&I sector reports the following:

- **Integrated Gas and Electric Technologies Training**: Conducted the first of three trainings on June 22nd for PAs focusing on electric and gas energy efficiency training including identifying opportunities in customers’ facilities and reviewing the process for providing integrated delivery services to customers.

- **Energy Show**: PAs sponsored 2010 Energy Efficiency Conference to maximize customer participation. Featured new technologies, financial benefits through better energy efficiency practices and improved sustainable practices. **More than 500 attendees** and channel partners attended the event.

- **Mass Save Website**: Approved Phase II enhancements for the Mass Save website include content related to “Industry Professionals” and the Multifamily Program, and increased communication with customers through an online suggestion/satisfaction form.

- **PAs are working together on additional multi-year deep-dive customer commitments spanning both gas and electric opportunities in customers’ facilities.**

#### Small Retrofit / Direct Install

Technical specs were finalized and used by the DI vendors to provide pricing for the installation of the gas DI measures. Pricing was submitted, reviewed and approved. DI vendors are now surveying customers’ facilities for gas and electric DI measures, making gas and electric recommendations and installing measures. The program continues to ramp up with a minimum number of DI gas measures installed to date.

Some PAs are experiencing success with their small business programs and anticipate meeting or potentially exceeding goals. Other PAs are not achieving similar results due to challenging economic conditions within their service areas.
| **Large C&I** | Some PAs are experiencing success with their large business programs and anticipate meeting or potentially exceeding goals. Other PAs are not achieving similar results due to challenging economic conditions within their service areas. The PAs are working cooperatively with each other and the EEAC consulting team to share best practices and ideas for enhanced success. One PA has entered into agreements and anticipates completion of several Large C&I projects towards the end of the third quarter. |
| **CHP** | A CHP Forum was conducted on May 10th that was a collaboration among the PAs, DOER and others with a target audience of customers and vendors intending to promote the energy efficiency benefits of CHP. PAs held a CHP training for 100 field representatives to provide an overview of CHP technologies, technical resources, marketing, interconnections and the incentive application process flow. |
| **R&D and Pilots:** | **Residential Deep Energy Retrofit** PAs sponsored a state-wide training for contractors on June 15th in Worcester and have begun work with ERS, the evaluation contractor, on formulation of a more detailed scope for evaluation of the pilot. PAs are exploring leveraging synergies of on-site monitoring funded by DOE’s Building America program. There is growing interest from customers, but most potential applicants find that costs are prohibitive. However, it is believed that participation will reach Plan levels.  
 | **Residential New Construction-Major Renovation** PAs report that there are 16 active projects, with the first project having been completed in June. There are approximately 15 leads still in the design and planning stage. Applicants and participants have expressed interest in participating in the Mass Save RCS Heat Loan Program and receive the free air sealing and attic hatch insulation cover now being offered by the program. |
| • Residential New Construction- Multi-Family | Nine third-party verifiers have been qualified to work in the program. Mid-point inspections for four program projects are currently taking place. All registered projects have opted to enroll in the High Performance Building Adder. EPA has taken an interest in the program format as a means to implement their MFHR ENERGY STAR BOP standard. |
| • Residential New Construction- V3 Energy Star® Homes | The V3 Pilot Program Report is slated for completion in time for a final report to be reviewed at the August JMC Meeting. Two projects have been completed through the Program to date, one of which achieved the Tier III incentive level. All Raters, builders, and HVAC contractors have been interviewed and all Version 3 site visits have been completed. All the participants and Raters involved in the pilot find the final Version 3 checklists to be less challenging and easier to use than previous versions. However, contractors seem to be struggling with the HVAC Contractor checklist. The Program is identifying ways to get HVAC contractors trained to understand the technical aspects of this Version 3 checklist. |
| • Residential Community-Based | PAs report that the Community based pilots are progressing, largely as planned. Please see Section VII, Special Focus Topics, for an expanded discussion. |
III. Marketing, Education, Outreach Highlights

The Mass Save web portal has begun Phase 2 enhancements which will include: greater prominence of the Multi-Family program, community news and events, and testimonial customer feedback, in addition to other improvements. An “interactive house” component has just been completed and was presented to the RMC on July 1st. The PA team will work with Pixel Media to incorporate this into the Mass Save website.

In addition to website enhancements, the Statewide Marketing Group is currently working to finalize the Mass Save Brand Style Guide. The baseline survey for Residential and Commercial customers is complete and final results are available (as of June 24, 2010) with CDs in the mail to Sponsors. Additionally, the Red Sox radio campaign is going strong. The MassSavers contest being conducted in conjunction with WEEI campaign has generated close to 600 entries as of June 30th. Efforts continue with regard to Paid Search to maximize exposure for internet search engines.

The Statewide Marketing Group is in the process of developing Mass Save collateral materials (e.g., trade show booth, templates, C&I toolkit, event toolkit, etc). Mass Save brochures have been developed as part of the Mass Save feature in the HGTV Green Home Tour and media on HGTV and other channels. A landlord brochure is under development and nearing completion. Community Outreach continues with event research and contact by target audiences. Participation is scheduled at the following events: Lowell Folk Festival, Caribbean Festival-Kid’s Day, Barnstable County Fair, Festival Betances, The Big E and the Topsfield Fair.

IV. Evaluation / RFP Process and Progress Highlights

After a competitive RFP process, the PAs have awarded contracts for the six Research areas (listed below) and work has begun in all 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

Residential New Construction: Kick-off meeting was held on May 14th. The evaluation plan has been finalized and a number of discussions have been held to incorporate and leverage DOE grant funds that DOER has received to undertake code compliance work with similar work for the Residential New Construction statewide evaluation.

Non Residential Large Retrofit and New Construction: Kick-off meetings were held on June 1st and June 2nd. The evaluation team has begun drafting the work plans for each of the seven evaluation projects. The evaluation team has finalized sample design and selection for Customer HVAC and Customer CDA evaluations. Finally, the team has completed several in-depth interviews with PA program staff in support of general process evaluation effort.
Non Residential Small Retrofit: The Non Residential Small Retrofit Research area kick-off meeting was held on May 12th. PAs and Consultants have been working on finalizing the work plan. Due to similar evaluation activities taking place through NEEP’s EM&V forum, the limited amount of information available on the piloting of the “Main Street” and mid-tier direct install approaches (300kW-750kW), some changes are being contemplated for the evaluation plan which was discussed on a July 1st call.

Residential Retrofit and Low Income: This evaluation team had its kick-off meeting on May 17th. Since then, the lead contractor has issued data requests to the PAs to gather information in order to begin this evaluation. The evaluation includes Multi-Family (both standard and low income), RCS, Low Income 1-4, HVAC and Deep Energy Retrofit.

Residential Retail Products: Kick-off meeting for this evaluation took place on June 15th. Residential lighting evaluation is currently underway with a focus on pricing analysis, supplier interview and market segmentation. Appliance research is still being finalized, but the group has approved the process for ex ante savings research for the refrigerator and freezer recycling program.

Special and Cross Sector Studies: The kick-off meeting took place in early June. The evaluation team has conducted interviews with the PA program managers for each Community Based Effort (CBO) and Community Mobilization Initiative (CMI) and is in the process of setting up interviews with CMI partners. In addition, the team has spoken with the program managers for the various behavior programs in the state and is in the process of drafting an evaluation plan. Finally, the evaluation team has put together a preliminary list of NEBs by program that it will research.

V. Financing and Funding

Major initiatives in the second quarter are:

- The PAs have participated in the OBR task force convened by the DOER which issued its report on May 10, 2010 after extensive work and extensive input from the PAs. The PAs continue to work on the Rental OBR Subgroup convened by DOER.

- After outreach by the PAs, a well-attended meeting was held with the Massachusetts Bankers Association and all PAs regarding funding of energy efficiency programs on June 28, 2010. The participants decided to establish a task force to develop financial products for various customer segments.

- An RFP for a financial consultant was released by the PAs, bids have been received, and bid clarification calls have commenced; all options are currently being assessed.

- NSTAR and National Grid held a finance and technology conference to educate customers on financing options and benefits.
• NSTAR, National Grid and DOER participated in the ACEEE 2nd Annual Finance Conference to identify alternative financing solutions.

• The PAs are currently working with National Renewable Energy Laboratory (NREL) to develop federal alternative financing for federal customers.

• The PAs are conducting discussions with several EEAC members and organizations to identify grants for funding. In particular, obtaining funding and grants to help off-set energy efficiency charges for customers presents a challenge for the PAs and the PAs will continue to work with councilors and other interested parties in this area.

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, which was subsequently accomplished.) DPU review of the amended metrics is ongoing; the evidentiary record is closed and an order has not yet issued. The PAs plan to provide further information with respect to performance metrics in Part 2 of this quarter’s report.

VII. Special Focus Topics:

A. Training and Jobs

Home Performance Services RFQs: A concerted effort was made during May by the PAs to recruit independent energy audit firms and weatherization contractors to mobilize for the aggressive energy savings goals. The RFQs were designed to assess the benefits and viability of engaging independent energy auditors in the comprehensive home assessment services of the Mass Save program, including determining the approximate pool of qualified individuals and companies. Meetings were held by the PAs in several locations across the state to review the RFQs, review the goals of the GCA, and address issues that potential contractors may have in working within the Mass Save network.

The 10th Annual GasNetworks® Training for Heating Contractors will be held on September 23, 2010 at The Lantana in Randolph, Massachusetts. This is the flagship training event for GasNetworks and typically attracts 350-450 contractors, as well as 25 exhibitors. Planning is underway and the training committee is working to integrate HVAC training into the event, which is typically geared towards high efficiency heating and water heating technologies.
B. Expanded PA activities

i. Community Mobilization Initiatives:

Chinatown
NSTAR and National Grid have accepted proposed pricing for the outreach services as well as the installation of residential weatherization measures. Coordination with the Renew Boston program is required to launch the effort in the residential sector. Discussions on pricing for the electrical work associated with the Small Business and Multi-family program are still on-going.

New Bedford
NSTAR has accepted the outreach proposal provided by the City of New Bedford. Pricing for the residential weatherization measures has been agreed upon. The launch for the 1-4 unit residential program is expected in July 2010. Pricing on the electrical measures for the Small Business and Multi-family program will be forthcoming.

Chelsea
Conversations have resumed with the PAs, CLU, and the Chelsea Collaborative, with a formal proposal outreach issued to the PAs on June 28th.

PAs will provide a formal review of the outreach proposal with responses to CLU in the coming weeks.

Pricing and contractor selection remain as outstanding issues in Chelsea. The PAs will be working closely with CLU and the contractor to resolve concerns in the most efficient manner possible.

ii. PA specific marketing and outreach efforts:

WMECO and Bay State Gas partnered with the Springfield City Council’s Green Commission to create informational door hangers for 500 local homes, featuring suggestions for managing energy bills and keeping cool this summer. The hangers were distributed door-to-door on June 26th by upwards of 25 volunteers, including members of the Green Commission, local business people and students from UMASS-Amherst.

Additionally, PAs have been involved in the following activities in the second quarter:

Meetings with Government and Community Based Organizations:
Some PAs have met with CET to explore possible CBO/CMI initiatives in the fall of 2010.

Networking with Business Community
New England Gas Company plans to host the Fall River Chamber of Commerce Business after Hours event on July 22nd which will focus on energy efficiency programs.

Local Advertising: One PA has participated in Chamber of Commerce expos and continues to advertise in the local newspapers.
VIII. Miscellaneous

A. Increase Energy Conservation Standards for Residential Furnaces

Berkshire Gas, Bay State Gas, National Grid, New England Gas, NSTAR, and Unitil have submitted letters to the Department of Energy in support of increased energy efficiency standards for warm air furnaces. One letter is in support of a DOE Docket: EE-2009-BT-STD-022 and RIN 1904-AC06. The other letter is support of Petition of Massachusetts Furnace Efficiency Standard EERE-BT-PET-0024.

B. Energy Education

Four Cape Cod schools participating in Cape Light Compact’s Energy Education Program were chosen as winners of the National Energy Education Development (NEED) Project’s 2010 Youth Award for Energy Achievement for their outstanding energy projects and community outreach efforts. Winning students and their teacher-advisors were honored at a National Recognition Ceremony in Washington, DC on June 28th.

C. Annual Reports/Mid-Term Modification Schedule

The PAs are preparing annual reports for 2009 to be submitted on or before August 2, 2010 per DPU instructions. The PAs will submit 2009 annual reports in historical formats, with additional information as set forth by the DPU in its Memorandum of June 22, 2010. The PAs are also actively participating in the D.P.U. 08-50 Working Group, which is working on establishing annual report templates for future annual reports, beginning with the program year 2010 and on issues regarding mid-term modifications. The PAs currently anticipate that the DPU filing date for mid-term modifications for effect in 2011 would be on or about October 29, 2010 and will look to address exact scheduling and format matters with the D.P.U. 08-50 Working Group and the EEAC. The PAs seek to ensure that all parties’ scheduling expectations are fully synchronized.

D. Support for State Energy Program Funds

Three PAs filed a letter of Support for MA energy efficiency program pilot as part of NASEO Multi-state Application to the DOE for State Energy Program Funds. The pilot, if approved, will integrate the proposed energy assessment/labeling program with the home energy audits provided through the Mass Save program.

E. Statewide RFP for QA/QC Inspection Services

The statewide QA/QC inspection RFP was launched by National Grid on behalf of all of the PAs on June 30th. The following programs are encompassed in this effort: Multi-Family, Low Income, Mass Save and New Construction. It is expected that this contract will be awarded in August.
F. Some Notable “Pipeline” Projects

This new section of the quarterly report responds to suggestions from the EEAC and provides highlights of several notable “pipeline” projects. The section is intended as a qualitative snapshot of some of the major efforts on tap for future delivery. The PAs expect to refine this presentation in future reports.

Deep Energy Retrofit

One PA has four Deep Energy Retrofit Pilot projects (six units) under way and another 55 units in various stages of exploration or the application process. Two Boston area large Multifamily DER projects are in the exploration stages. The pilot also conducted an all day workshop for 70 contractors and customers on June 15 in Worcester and held the third pilot open house on Saturday June 12 in Belchertown.

The following is an excerpt from a column written by one DER participant who is also a State Representative: “National Grid, has a “Deep Energy Retrofit” program which our plans turn out to fit. When we began talking with them, they pushed us to upgrade our insulation plan in several ways. National Grid works with excellent building scientists and having them involved has given us additional confidence that we are using the best available techniques.” See https://www.powerofaction.com/der/ for more information about the program.

Major Hospital Project - National Grid & NSTAR joint EE project
National Grid and NSTAR are working together on TA study for a ventilation project with a major hospital facility in Boston. Ventilation rates to their labs and offices will be reduced based on occupancy and air quality. Energy Savings potential of 240,000 therms and 2,630,800 kWh/year. Time line is late 2010 or early 2011.

Processing - National Grid TA study
National Grid is working with one of the largest specialized agricultural processors in the country to help maximize their energy efficiency in their steam plant. They are implementing measures now with completion by the end of the summer/early fall. Measures include heat recovery and combustion controls. Energy Savings potential of 80,000 therms.

Manufacturing CHP Project
A major manufacturer is in the progress of installing one 555 kW gas fired internal combustion engine with generator and controls. The CHP plant is expected to meet the following performance criteria.

Annual production of A) 4,612,605 kWh, B) 363,090 ton-hrs of chilled water, C) 200,000 Therms of heat recovery as hot water

The installation is expected to be completed in late summer/early fall.
G. **Success Stories**

Building on the presentation by NSTAR at the June 9, 2010 EEAC meeting regarding the MIT project, the PAs will present several case studies of successful projects at the EEAC meeting on July 13, 2010. Materials to be presented by the PAs are being provided under separate cover.