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May 28, 2015

To: The Massachusetts Energy Efficiency Advisory Council (EEAC)
From: A Better City
Re: Testimony regarding the draft three-year plan

Thank you for providing the opportunity to submit written testimony to the state's Energy Efficiency Advisory Council (EEAC) on the draft three year energy efficiency plans. A Better City has been actively involved in the development of the Commercial Real Estate (CRE) Roadmap as part of its work with the Commercial Real Estate Working Group. We appreciate Eversource's and National Grid's leadership and collaboration on the development of the roadmap over the past few years. This process included a thorough review of existing literature on the topic of energy efficiency issues and challenges within the CRE sector; along with in-person interviews and focus groups with CRE leaders. We fully support the recommendations that were developed through this process, which included the development of turn-key efficiency programs for small and medium-sized CRE customers, pre-packed incentives options, energy aligned leasing, improving technical assistance, and increasing access to energy data, and hope to see them in the next iteration of the plan.

We would also like to acknowledge the PA's hard work in providing a comprehensive draft document for public comment and review. We applaud several efforts outlined in the draft plan including support of the net zero energy buildings work in Massachusetts, a continued focus on improving efficiency in tenant spaces, and a commitment to rollout energy dashboards.

With feedback from our membership, which includes building owners, property managers, major employers, hospitals, and universities has reviewed the draft plans we have detailed within our testimony some of our perspectives regarding the C&I elements of the draft plans. We look forward to future discussion and collaboration with the PA's on several points:

Targets: We echo the comments of the EEAC consultants who have expressed concern at the decrease in energy efficiency targets, and the contraction of the C&I program budget. This decline is misaligned with state and local targets of 20-25% of emission reductions by 2020. ABC's membership is concentrated in the metro Boston area and many members have supported the development of the City of Boston's climate action goals. We are concerned that that PA's efficiency targets may put these climate goals at risk.

Green Communities Act Compliance: The Green Communities Act (GCA) highlights the needs for plans to address efficiency, conservation, demand response, and load management as part of a comprehensive effort to maximize net economic benefits. Demand response, load management and conservation are all strategies that could particularly benefit commercial customers that are subject to demand charges. The draft plans initial passing reference to these strategies and suggests that further studies and demonstration projects are necessary. For example, the plan indicates there is an ongoing study on behavior change programs, but provides no additional incentives or programming to promote conservation in the C&I sector. While National Grid has indicated it will complete a geo-targeting demonstration process for

demand management, there are no other indications that developing demand response programs is a priority. We believe that these strategies are critical to helping meet the energy cost challenges currently facing C&I sector employers in the Commonwealth and request that the PAs and the Council create and approve concrete and well-funded plans to address these issues. As well, in New York, ConEdison and NYSEDA are actively addressing demand side management by providing incentives for demand response and storage systems; a similar program may be worthwhile in Massachusetts. A Better City would welcome the opportunity to discuss these ideas and work with the PAs to develop actionable projects.

Programmatic Elements: The draft 3-year plans need additional clarity on how utility programmatic efforts will achieve stated targets and a timeline for their implementation. The plans propose no new pilot programs or demonstration projects to achieve deeper energy savings. The EEAC workshops stressed the importance of expanded CHP programs and sector specific incentive programs and outreach. DOER has also demonstrated the viability of virtual energy assessments as a tool to achieve energy savings in small to mid-sized properties. We encourage the PAs to develop actionable strategies for these items in the three year plans. We also encourage the inclusion of the findings and recommendations from the hospital and commercial real estate research reports into the three-year plans. The commercial real estate roadmap in particular was raised as a priority in the last three-year plans ([p. 203, 2013-2015 Three-Year Plans](#)). In addition to the roadmap's primary recommendations, the report also identified several ideas for future exploration that we feel should be explored within the 3-year plans. These include: Alternative Incentive Structures, Packages Linked to Characteristic Tenant Occupancies, Innovative Submetering, Streamlined Whole Building Energy Audits, and Support Services and Financing for Mid-Size Customers.

Funding: As proposed, the draft three-year plans propose a 7.5% budget decrease from 2015 to 2016 for the C&I sector. The benefit-cost-ratio of C&I programs is expected to be 2.78 for 2016-2018 for the C&I sector versus 2.16 for residential ([p. 205, Draft Three Year Plans](#)). As the C&I sector contributes significantly to the emissions of the Commonwealth of Massachusetts, it is unclear why this budget shift is occurring and how costs will be allocated across rate classes with this shift. We urge the PAs to re-examine the shift and to consider targets that are in line with the goals of the GCA and the targets of previous plans.

Stakeholder Engagement: We greatly appreciate the efforts of the PAs to work with and engage a wide range of stakeholders in the development of these plans and related reports and studies. The outreach effort conducted as part of the CREWG roadmap sought out and included the views from Class A building owners, Class B building owners, property managers, and sector based organizations, which helped shape a strong roadmap and recommendations. As well, as members of ABC, we are very appreciative of Eversource's and National Grid's help in guiding the initial development of our Challenge for Sustainability program, which is working directly with building owners and large employers representing close to 50 million square feet of commercial space, to reduce energy use and increase their sustainability.

In conversations with our membership, we were made aware of opportunities to increase cross-sector engagement. Property managers in CRE sub-sectors, such as office buildings, are unaware of strategies that they may be able to leverage from other parties, such as hotels or

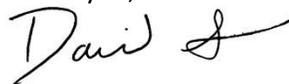
universities. Despite CRE segmentation being raised as an opportunity area for the C&I working groups, additional clarity on the outreach strategy for the CRE sector for the next three-year cycle is desired. We encourage the PAs to continue their leadership role in supporting innovation that can achieve deeper C&I savings.

Innovative programs in Oregon have funded energy managers to serve a small group of small-to medium-sized customers to generate savings. Reformed retrocommissioning programs can also be a pathway to engage existing building staff and expand offerings to C&I customers. B.C. Hydro's Continuous Optimization programs establish a partnership with CRE properties with access to retrocommissioning consultants and real-time energy dashboards in exchange for implementing any measures with quick payback period. This [innovative program](#) results in an average of 7.8% reduction in kWh usage with medium-sized office properties in the program. We recognize the PA's are actively working to revise their retrocommissioning program, and hope that this example of engagement can serve as a model and illustration of the full potential of savings for the C&I sector.

As the three-year plans are discussed and evolve, we encourage the PA's and state agencies to view energy efficiency programs as a tool for private sector economic development in addition to a means of meeting environmental goals. Energy costs have made it difficult to attract manufacturers into areas of Massachusetts, who sought out lower costs in other New England [states](#). States such as North Carolina use energy policy as a tool for targeted private sector economic development by offering reduced energy rates to commercial customers that commit to expanding their workforce. For instance, Duke Energy, which serves many states in the Southeast, offers special [economic development riders](#) and efficiency incentives for new businesses moving to the Carolinas and Florida. Similarly, the energy efficiency programs in Massachusetts have significant potential to create private sector jobs by lowering energy costs for commercial enterprises. While ABC supports expanded program funding for residential customers and the continued work by the PAs to improve the efficiency of state and local government buildings, we would like to see the C&I elements of the plan enhanced. Given that the Commonwealth competes with 50 states and dozens of countries to attract and retain employers, we would encourage the council, the Baker administration and the PAs to examine how the efficiency programs could be used to better support the C&I sector energy customers that both drive the Massachusetts economy and provide the majority of the funding for the plans.

We look forward to continuing to participate in upcoming public comment sessions and reviewing the draft 3-year plan. We hope these comments and suggestions can guide future discussions.

Thank you,

A handwritten signature in black ink, appearing to read "David Straus". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

David Straus

Director of Development & Programs