MA EEAC Consultant Team

Achieving C&I Savings Goals

Presentation to the Council
Gabe Arnold, PE, LC
C&I Consultant Team Lead

Take-aways from September PA C&I Presentation

- PAs' number one priority remains meeting aggressive new savings targets
- PAs are monitoring progress to date, reviewing pipeline, identifying gaps, considering and deploying new strategies to achieve goals
- Management Committees and Consultants are working together to identify and share best practices
- Many new efforts underway to grow savings and achieve Three-Year Plan goals

MA EEAC Consultant Team

Key PA Efforts to Increase Savings

- CHP – Retooling approach and strategy; hiring/assigning dedicated Program Managers
- Segmentation – Developing and deploying new segment strategies (grocery, industrial, data centers, nursing homes, commercial real estate, healthcare, etc.)
- Going Deeper – Enhancing Small Business program for more measures and deeper savings
- Technologies – Targeting new opportunities including thermal oxidizers, RTU controllers, transformers, LEDs, circ pumps, etc.

Key PA Efforts to Increase Savings (cont.)

- Strategic Energy Management Planning and MOUs – Working longer term for deeper savings
- Building Capacity – Hiring new staff and adding more vendors; vendors are adding staff
- Improving Productivity – Process/procedures being streamlined to improve efficiency and customer experience
- Restructuring for New Strategies – New types of positions; staff dedicated to EE sales, marketing, implementation, and engineering
- And more…

Will PAs Achieve 2013 or Three-Year Plan Goals?

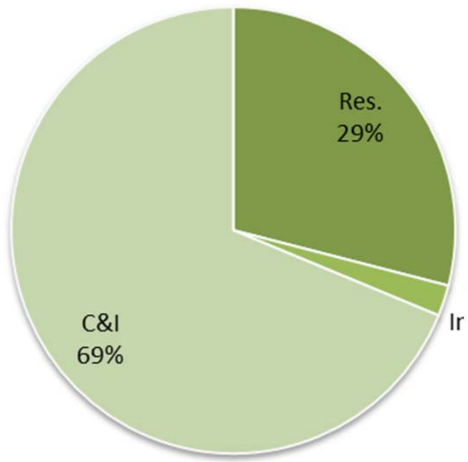
- Statewide, C&I savings are not expected to achieve 2013 goals
- 2013 savings shortfall will need to be made up in 2014/2015 to achieve Three-Year Plan goals
- Key Concern: If another year goes by with 10% underachievement, the numbers become daunting

Electric Savings Goals as % of Retail Sales by Year

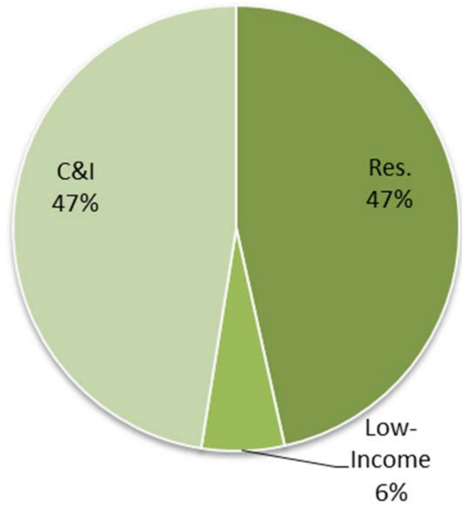
	2013	2014	2015
Statewide	2.5%	2.6%	2.6%
Residential	2.1%	2.3%	2.4%
Low Income	1.3%	1.2%	1.1%
C&I	2.8%	2.7%	2.8%
2014 C&I Goal with 10% 2013 Shortfall:		**3.0%**	

C&I is Majority of Most 2013-15 Portfolio Goals

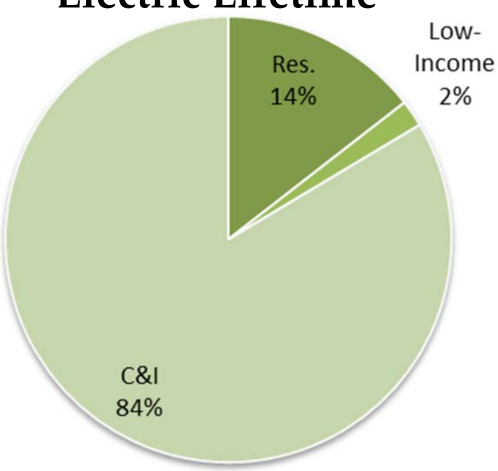
Electric Annual



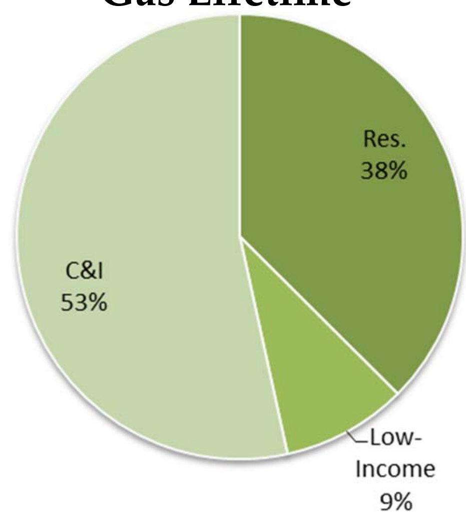
Gas Annual



Electric Lifetime



Gas Lifetime



Achieving the C&I Goals – Consultant Team Perspective

- Massachusetts does not have the luxury of taking program designs from other jurisdictions. Old models, old ways of doing business will not achieve the current targets.
- Qualitatively, we need
  - Less conventional, more aggressive
  - Challenge the status quo
  - Break ties to old program delivery models
  - Overcome entrenched resistance to change
  - Enable innovation

- Example of Success: Upstream Lighting

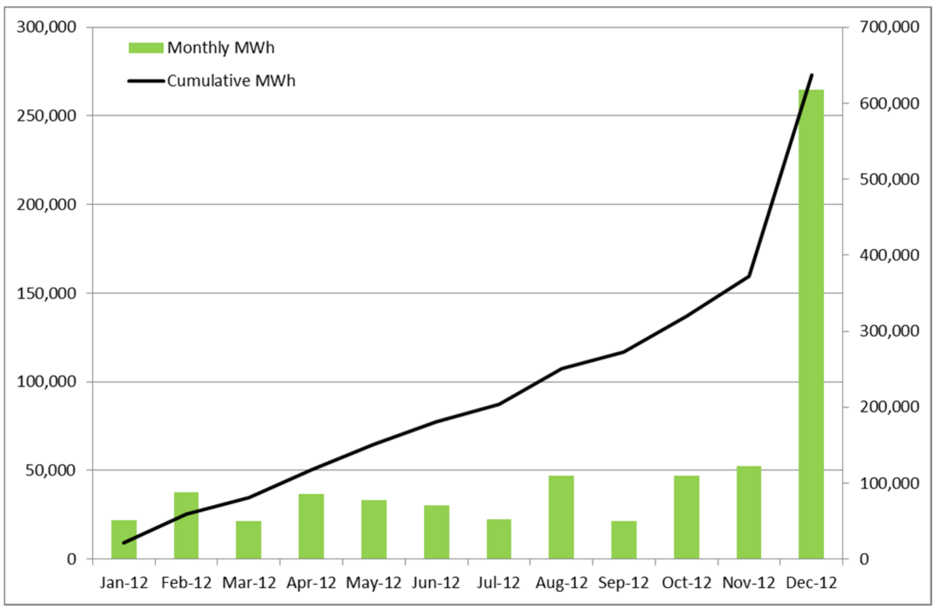
MA EEAC Consultant Team

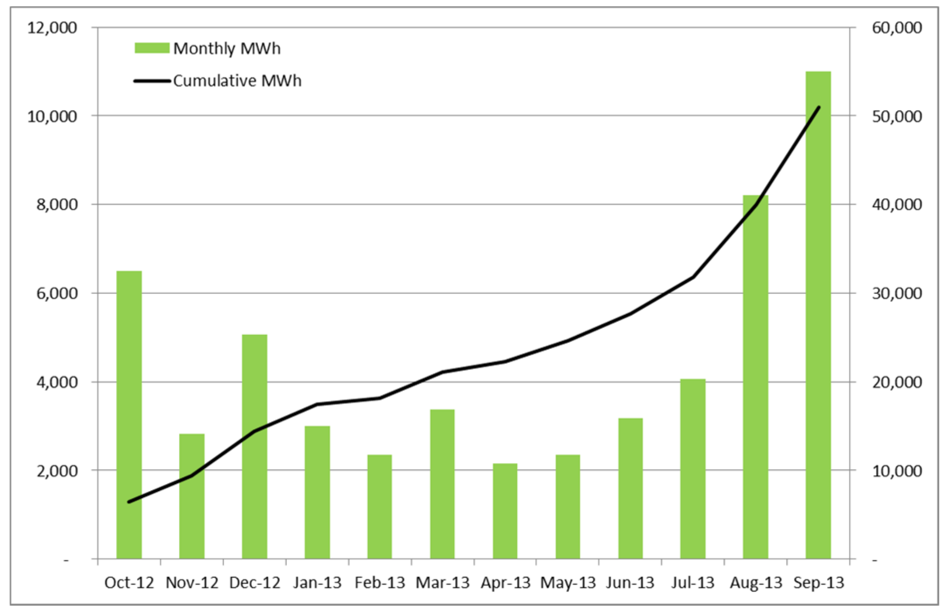
Achieving the C&I Goals – Specific Recommendations

- More upstream, more quickly. HVAC, gas, commercial kitchens
- More segmentation and segment-based strategies
- More market-based delivery approaches
- More engagement and leveraging of trade allies & partners
- Deeper savings: maximize every customer opportunity
- Better selling of energy efficiency (Pro Forma)
- Better tuning of offerings and incentives to customer needs
- Better identification and implementation of Best Practices
- More feet on the street to work with customers
- More resources to build and accomplish all of the above

Need to Achieve More Savings, Earlier in the Year

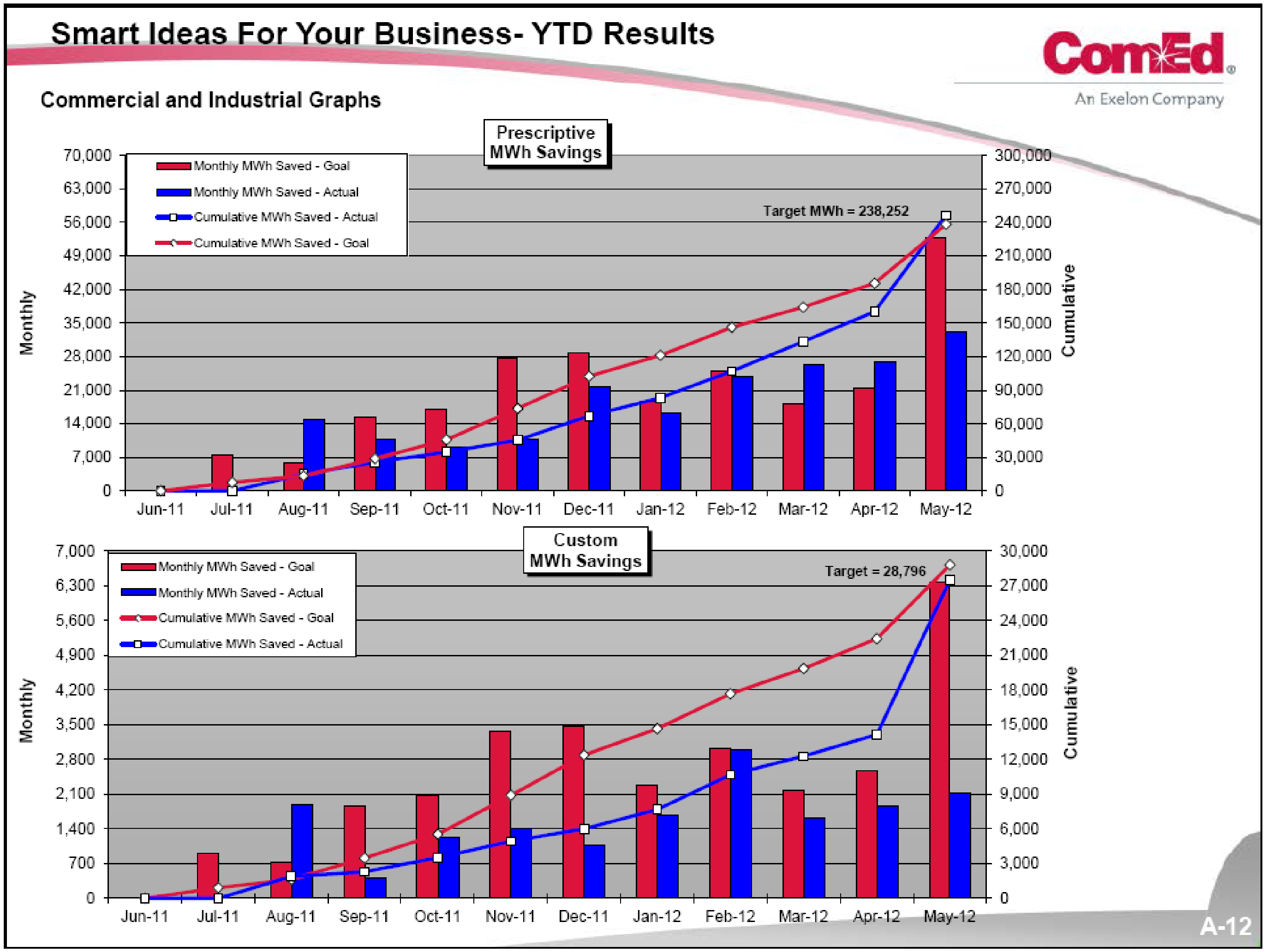
- A common problem in this industry, but worse in Massachusetts





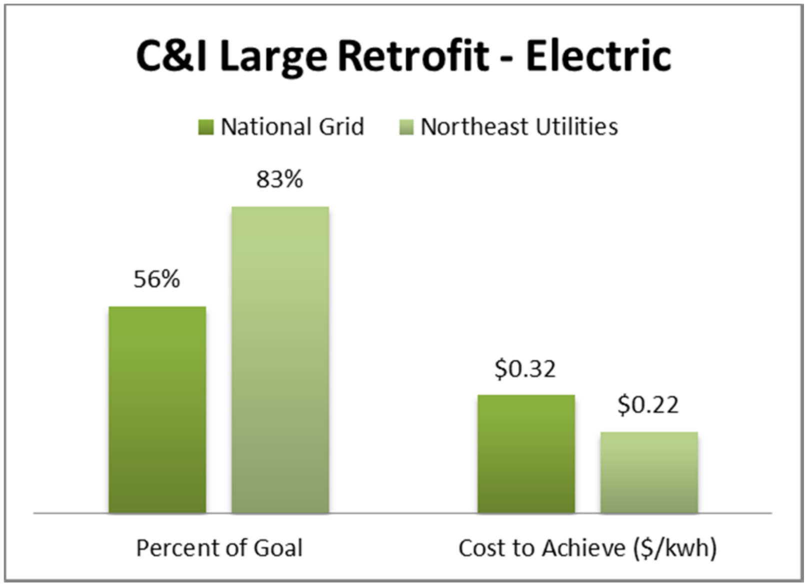
MA EEAC Consultant Team

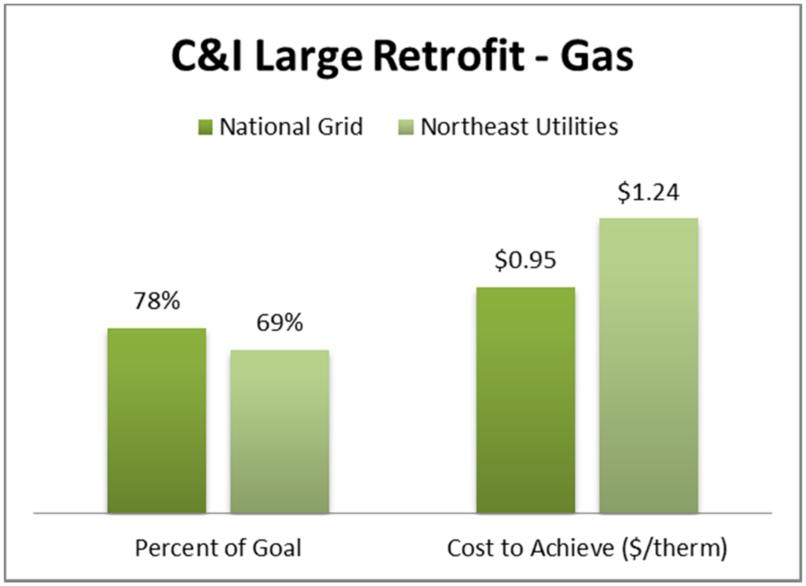
Savings Pattern more Driven by PA Deadlines than Customer Cycles



PA Differences, Best Practices, and Data

- There continues to be significant differences in PA performance and costs
- Example from 2012:





PA Differences, Best Practices, and Data

- Many differences are valid and acceptable, but what can we learn from them?
- What drives PA differences?
  - Differences in service territory, demographics, firmographics
  - Differences in “measure mix”
  - Differences in PA strategy or tactics?
  - Differences in PA processes?
  - Differences in incentive policy? Selling techniques? Staff Resources?
- Understanding specific reasons for PA differences is key to identifying best practices
- Adoption of best practices is key to improving statewide performance

MA EEAC Consultant Team

PA Differences, Best Practices, and Data

- One part of the solution is newly proposed EM&V study: **"How PA Differences Affect Program Outcomes"**
- Initially proposed by Consultant Team; now a collaboration
- Study looks at differences in both firmographics and PA processes
- Use credibility and neutrality of EM&V study
- Use results in a **positive** way – this is critical to any effort that compares PAs differences and identifies best practices
- Currently in development, complete in July 2014

PA Differences, Best Practices, and Data

- Specific, granular, up to date, and comparable data is critical to identify best practices
  - Measure level – What specific measures are each PA having success with? Why is one PA having more success than another?
  - Project level – What types of customers and projects are each PA having success with? Why is one PA having so much more success than another?
- On C&I, this data does not exist or is not being looked at
  - Plans and Annual Reports: not enough detail to be useful
  - DOER PARIS Data: Not comparable, too many holes, lagged availability
  - EM&V Database: Confidential, considerable cost to build each year due to differences in PA data and tracking, lagged availability

Achieving the Goals: Consultant Team Role

- Provide strategic and tactical support to ensure achievement of goals, plan commitments, and Council priorities
  - Push and encourage
  - Connect the dots, coordinate
  - Bring forward ideas
  - Identify Best Practices, both national and in-state, encourage adoption
  - Monitor programs and results
  - data, use to improve statewide performance

Consultant / PA Best Practice Reports

- Focused on important market segments aligned with plan commitments or where we think there is opportunity
  - Hospitality (Restaurants and Lodging) (Q4 2013)
  - Retrocommissioning (Q4 2013)
  - Direct Install Measure Best Practices (Q4 2013)
  - Healthcare and Hospitals (Q1 2014)
- Joint effort to identify national best practices and opportunities to enhance programs
  - Consultant Team does research of best practices
  - PAs & Consultants work together on resulting recommendations
  - PAs implement recommendations

Concluding Thoughts

- This is a heavy lift
- There are tremendous changes ongoing at the PAs to align with new goals
- It's not too late
- PAs, Consultants recognize the issues
- Focus on making required progress

MA EEAC
Consultant Team

Thank you