Massachusetts Energy Efficiency Advisory Council
Meeting Minutes
Tuesday, September 11, 2012

Councilors Present:

<table>
<thead>
<tr>
<th>Voting</th>
<th>Present (designee)</th>
<th>Non-Voting</th>
<th>Present (designee)</th>
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<tbody>
<tr>
<td>Nancy Seidman</td>
<td></td>
<td>Elizabeth Cellucci</td>
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<td>Martha Coakley</td>
<td>Matt Saunders</td>
<td>James Carey</td>
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<td>Penn Loh</td>
<td>Staci Rubin</td>
<td>Penni Conner</td>
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<td>Mark Sylvia</td>
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<td>Michael Ferrante</td>
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<td>Debra Hall</td>
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<td>Alisha Frazee</td>
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<td>Charles Harak</td>
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<td>Maggie Downey</td>
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<td>Elliot Jacobson</td>
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<td>Cindy L. Carroll</td>
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<td>Jeremy McDiarmid</td>
<td>Emily Norton</td>
<td>John Ghiloni</td>
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<td>Rick Mattila</td>
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<td>Paul Gromer</td>
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<td>Robert Rio</td>
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<td>Andrew Newman</td>
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<td>Deirdre Manning</td>
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<td>Richard Oswald</td>
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<td>Michael Sommer</td>
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<td>Carol White</td>
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<td>Tilak Subrahmanian</td>
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<td>Robert Gyurian</td>
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DOER: Sue Kaplan, Lyn Huckabee
Consultants: Jeff Schlegel, Eric Belliveau, John Livermore

Present:
Emmett Lyne      Paul Johnson      Frank Gundal
Marie Abdou      JoAnn Bodemer     Geoff Chapin
Larry Chretien   Jack Habib       Lisa Shea
Jodi Hanover     Loie Hayes        Natalie Hildt
Jeff Leupold     Meredith Miller   Cara Mottola
Matthew Nelson   Barry Perlmutter  Jeremy Shenk
Margaret Song    Judy Stasack      Trish Walker
Jayden Wilson    Ken Rauseo        Lynn Westerlin
Annette Tran     Robert Bitman     Andrew Derrig
Petra Hall       Clayton Hale      Joe Fiori
Thomas Piper

Sylvia called the meeting to order at 2:06 and welcomed everybody. He recognized Staci Rubin sitting in for Penn Loh, and Emily Norton sitting in for Jeremy McDiarmid.

Public comment
Several interested parties commented on the PAs’ draft plan during the public comment period, including David Minasian (GJC), Cindy Luppe (GJC), and Paul Johnson (GreenTek).

General Updates
Consultant monthly update
Belliveau gave the Council an update, highlighting the in-depth analysis being performed on costs and cost drivers. He noted that the Consultants did an analysis on performance metrics, are working on EE guidelines, are working on the TRC update, and are launching a third wave of EM&V studies. He also noted the extensive Consultant review of the 3-Year Plan, and reporting to the Council, that will begin next Monday and continue through October.

**DPU 11-120 Net Savings**
Schlegel informed the Council that the DPU proposed a working group, and agreed with the concept of looking forward on a multi-year basis on net savings. He noted that the DPU will schedule a working group session at a time to be determined.

**DPU Bill Impacts Comments**
Sylvia updated the Council on the recent DPU session and a joint letter on concerns about incorporating benefits into the impact model. He noted the deadline of September 14th for comments, and that DOER is preparing a letter emphasizing the importance of including benefits along with costs.

**September Draft Plan**
Sylvia said that the next draft of the 3-Year Plan is scheduled to be submitted by the PAs on September 17th.

**Update on new Councilors**
Sylvia explained that the new Energy Bill creates five new Council positions (four voting, one non-voting). Within 90 days (on or about November 1st) certain aspects of the law become effective, he explained, and we need to make sure these Councilors are appointed by this date. He noted that DOER is reaching out to organizations for names, and DPU will need to approve the appointments. For the EE business representative, he said, DOER has directed the Consultants to put together the structure and process to indentify candidates.

**August EEAC Meeting Minutes**
Sylvia presented the August 10th EEAC meeting minutes. Downey suggested a minor edit. Harak motioned for a vote, Hall seconded. The Council voted and approved the minutes.

**Executive Committee meeting minutes**
Sylvia presented the August 24th EC meeting minutes. Saunders suggested a minor edit. Saunders motioned for a vote, Rio seconded. The Council voted and approved the minutes.

Sylvia introduced the August 30th EC meeting minutes. Saunders motioned for a vote, Rio seconded. The Council voted and approved the minutes.
Executive Committee Budget update – Consultant budget
Sylvia referenced the memo from the EC on the Consultant team request to increase their budget. He noted that the EC is recommending increasing the 2012 budget by $85k. Seidman motioned for a vote, Rio seconded. The Council voted and approved the request.

PA Response to July Resolution – discussion
Sylvia reminded the Council that they had adopted a resolution in response to the last draft of the 3-Year Plans outlining a number of things they would like to see in the next draft plan, including increasing savings goals and decreasing budgets. White presented a set of slides updating the Council on the PAs’ response to the items in the resolution. She thanked the Council for comments on the July 2nd draft, and noted that a key area of focus for the PAs has been on increasing savings and reducing costs. She noted the PAs continued commitment to integrated electric and gas efforts, and to deeper and broader.

White highlighted specific areas of PA focus, including: planning to overcome landlord-rental split incentive barrier, targeting 60-80% median income customer through Efficient Neighborhoods+, support of Green Communities with direct install initiatives, building on on-going partnership with DEP, assessing CHP opportunities, targeting the property management/real estate sector, and engaging stakeholders. The Council engaged in a discussion about the PA response to the resolution. Seidman suggested that there is a link between supporting municipalities and looking at Green Communities holistically. Hall said she would like to see the Efficient Neighborhoods+ program expanded to include multifamily. Song commented that everything is on the table now as the initiative is being developed. Sylvia thanked the PAs for keeping the momentum on increasing savings goals and reducing costs. He said the Council will want to see a comprehensive package in the next draft that addresses these issues.

Variations among PAs – presentation, discussion
Sylvia noted that BCRs and costs to achieve have been quite different between the PAs, and that Westerlind would be giving a presentation. Westerlind presented a set of slides addressing the issue of PA key indicator differences. She noted that some variations are appropriate, and that variations between PAs prior to 2012 were greater (before TRM, common assumptions, etc). She highlighted the key developing trend of fewer variances between PAs going forward, due in part to common program designs and on-going discussions with stakeholders, DOER, and the Consultant team. She noted that participant incentives are the main cost driver for C&I for both MWh and therms. Westerlind noted that the PAs will look at the September 17th numbers to see if there are still variances, and then dig a little deeper into the variance analysis if needed.

Saunders asked the PAs, based on prior years’ experience, what has been done to reduce the overestimation of costs going forward? White responded that the 2010-2012 plan was the first time PAs did this and they did a poor job of budgeting. She expressed not wanting to have budget impacts larger than needed, and said the PAs are working through the major cost drivers with the Consultant team. Sylvia said that the Council wants to see more consistency in the next plan draft. Schlegel noted that the Consultants highlighted the issue of consistency across PAs to help identify opportunities to increase individual performance to the level of the highest performers, in order to achieve more benefits for ratepayers.
**Performance Incentive Model - Performance Metrics**

Schlegel presented a set of slides on the performance incentive model and performance metrics. He noted that the Consultants had distributed a memo addressing building on the current approach, and proposing a set of simplified metrics for 2013. Schlegel explained that the main reason to have performance metrics is to target certain components not directly addressed by savings/benefits goals. He said that, if the decision is made to have performance metrics, they should be clear, effective and meaningful, and fewer in number than in the past. He noted that the Consultant proposal includes six performance metrics focused on deeper savings (5) and renters (1). Schlegel asked the Council to give feedback: Do we want to continue to do metrics, and are these six the right ones? He presented a table of potential modifications to the existing performance incentive mechanism, including: Increase the threshold (minimum performance level for which an incentive is offered), scale the incentive by offering higher incentive for performance above 100%, and increase the percentage weight on the savings component.

Sylvia asked to hear from Council members. Rubin expressed support for having metrics and suggested expanding the rental metric to include 1-4 family homes, and oil. She said she would need baseline data to know whether or not 7.5% is the right target. Gundal noted that, if the metric target is too high, it’s a distraction from the primary goals, and that the target needs to be within striking distance. Gromer asked if there is something that really motivates the PAs? White noted that DPU is not excited about performance metrics and that, if there is a strong desire to have performance metrics, it would be better to develop them at the management working groups, as opposed to at the Council. Sylvia explained that the intent is not to set performance metrics, but to give Councilors a chance to weigh in on some ideas. Gyurian noted that the low income program may be going to a deemed savings per home approach, so it could be difficult to measure improvements in capturing deeper savings. Sylvia noted that the PAs have now heard some of the Council feedback and they can incorporate this into their next draft plan.

**Critical Path Update**

Schlegel said that the PAs are working on a revised critical path schedule, including the next draft plan on September 17th and the next EEAC meeting on September 27th at the DPU. Lyne noted that the PAs are looking at October 5th as the target date to do a revised draft after the September 27th meeting, and he said that the PAs will be in touch with the Council to confirm this. Sylvia noted that the next EC meeting is September 20th.

**Adjourn**

Sylvia adjourned the meeting at 4:16pm.