

**Resolution of the Energy Efficiency Advisory Council  
Regarding the 2013-2015 Massachusetts Joint Statewide  
Three-Year Electric and Gas Energy Efficiency Investment Plan**

November 13, 2012

BE IT RESOLVED THAT

The Voting Members of the Energy Efficiency Advisory Council (“Council”) present the following comments on the 2013-2015 Massachusetts Joint Statewide Three-Year Electric and Gas Energy Efficiency Investment Plan (“Statewide Plan”) and the individual plans (“Individual Plans”) prepared by the Program Administrators (“PAs”) for submission to the Department of Public Utilities (“DPU”) as required by the Green Communities Act of 2008 (“GCA”). These comments represent the thinking of the Council based on its review of the final plans, which were submitted by the PAs on November 2, 2012.

- The Council has reviewed the Statewide Plan that the PAs submitted to the DPU on November 2, 2012. Due to the limited time available to review the final plans, the Council has focused its review on the Statewide Plan, not the Individual Plans. We approve and support the Statewide Plan, as filed with the DPU on November 2, 2012.<sup>1</sup> We find the Statewide Plan to be consistent with the goals and requirements of the GCA.
- We expect the Individual Plans will be fully consistent with the Statewide Plan. Specifically, the energy savings levels and budgets in the Statewide Plan, and reflected in the electric and gas Term Sheets approved by the Council on November 5, 2012, are appropriate for 2013-2015 and, therefore, should be reflected fully in the Individual Plans.
- We confirm that the Statewide Plan includes ambitious energy savings goals, sensible program budgets, and substantial benefits, which are aligned with the GCA requirement to acquire all cost-effective energy efficiency, and that the programs and strategies in the Statewide Plan represent a significant opportunity to maximize the benefits of energy efficiency for the Commonwealth over the next three years.
- Voting Councilors appreciate the significant efforts the PAs have invested in the development of the plans to meet the requirements of the GCA and the priorities of the Council. We recognize and appreciate the hard work of PA staff, Council consultants, and all Councilors in preparing these energy efficiency plans. The Council has met numerous times in public session to set direction for and oversee the development of the plans. We have continued a well-developed custom of collaboration across PAs and among voting members of the Council as we strive to achieve the objectives of the GCA, the Global Warming Solutions Act, and the Massachusetts Clean Energy and Climate Plan for 2020.
- We have seen an enduring commitment from the PAs and all parties toward achieving a shared vision to make the Commonwealth as energy efficient as possible. This commitment has contributed to Massachusetts' #1 ranking by the American Council for an Energy Efficiency Economy (ACEEE) for the past two years.

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<sup>1</sup> In approving this resolution, the Council also acknowledges the right of the DOER, the Attorney General, and any other member of the Council to participate in the proceedings before the DPU.

- We acknowledge and applaud the many areas where PAs have developed enhanced energy efficiency programs and strategies. We expect the 2013-2015 energy efficiency programs will:
  - be more focused on meeting customer needs;
  - be more responsive to customer requirements and circumstances, including through market segmentation;
  - enable deeper energy savings for each participant served;
  - reach more customers, in all customer segments, and in all corners of the Commonwealth;
  - address long-standing hard-to-reach/hard-to-serve challenges such as multi-family housing and renters;
  - serve lower income and working-class communities through the new Efficient Neighborhoods+ initiative; and
  - use sophisticated data analysis, evaluation, marketing, and market research techniques to continuously improve the programs.
  
- We reaffirm our earlier decisions that the Statewide Plan and Individual Plans are expected to achieve the objectives and priorities set forth in the Sense of the Council document of June 12, 2012, the Council’s Resolution of July 23, 2012 (attached), the electric and gas Term Sheets, and all information relied upon by the Council in its negotiations with the PAs to develop the 2013-2015 plans.
  
- We recognize that performance incentives are an integral part of the planning and implementation of the energy efficiency programs. We accept, consistent with DPU Guideline 3.6, the performance incentives set forth in the Statewide Plan, including the performance incentive pool (emphasizing the maximum performance incentive pool at the design level shall be \$96 million, comprised of \$80 million for electric programs and \$16 million for gas programs), the three performance incentive components, and the weights of the performance incentive components,<sup>2</sup> subject to DPU review and approval.
  
- We believe that the costs to implement and operate energy efficiency programs should be kept as low as possible, while achieving the objectives and requirements of the GCA. We appreciate the willingness of the PAs to plan for sensible program budgets consistent with the Council’s priorities. Together, achieving ambitious energy savings at sensible program costs will provide significant and lasting benefits to ratepayers, businesses, and the Commonwealth.
  
- Given the experience of the 2010-2012 Plan, the voting members of the Council have some concern that the PAs may underspend their three-year budgets, and leave significant savings and benefits unrealized. We strongly urge the PAs to exercise best efforts to ensure adequate allocation of program budgets and resources that are focused on achieving or exceeding the Plan savings and benefits.
  
- While it currently appears that the overall savings, budgets, and benefits proposed in the Statewide Plan are generally appropriate, there may be particular details or variations

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<sup>2</sup> Performance incentives metrics will be submitted in a supplemental filing. The performance incentive component weights may change slightly to reflect the final number and meaningfulness of the performance incentive metrics.

across PAs that merit more careful review than is afforded the Council by this limited timeline for review of the Statewide Plan filed on November 2, 2012. The Council encourages the PAs to continue the joint planning and best practices efforts, which to date have resulted in more consistent planning inputs and reduced variations across the individual PAs. The Council and its consultants will continue to review the detailed inputs to the plans, including, but not limited to, the non-energy impacts<sup>3</sup> and any significant unexplained variations in savings, benefits, or costs across the PAs.

- We recognize that minimizing bill impacts on customers is an essential consideration. The approach in the final plans to pursue ambitious savings goals at sensible program costs, summarized above, indicates that most PAs' customer bill impacts are expected to be moderately low. The Council and PAs will continue working together to ensure that the cost-effective savings are being delivered cost-efficiently, including maintaining a keen eye on program costs.
- The PAs, the Council, and all stakeholders should maintain best practices to evaluate, measure, and verify the savings and benefits of the energy efficiency programs through the planned Evaluation, Monitoring, and Verification activities.
- We expect the PAs and the Council to collaborate on data management solutions to improve the timely access, accuracy, transparency, and efficacy of energy efficiency program data management.
- We expect to continue working with the PAs on strategies for outreach and marketing of the programs, including through the prominent integration and placement of the Mass Save mark as the statewide brand, to help ensure robust participation in the programs and successful implementation of the ambitious plans.
- We expect the Council and PAs will continue to work collaboratively throughout the three-year roll-out of the Individual Plans, as directed by the GCA, through continued quarterly reports and regular meetings that focus on issues to be determined by the Council. We have learned much from the implementation of the first three-year plans, and we have a better understanding of the implementation and administrative challenges the PAs face. In conjunction with improvements under current consideration at the DPU regarding the existing Energy Efficiency Guidelines, we anticipate that the need for mid-term modifications should decrease. Finally, we expect the Council to sustain its collaboration with PAs to analyze new lessons learned, develop adjustments, and put them into practice.

Accordingly, the Voting Members of the Energy Efficiency Advisory Council in recognition of the aforementioned reasons, respectfully request the Commissioners of the Department of Public Utilities to approve the 2013-2015 Massachusetts Joint Statewide Three-Year Electric and Gas Energy Efficiency Investment Plan and the Individual Plans of the electric and natural gas companies and municipal aggregators, to the degree that the Individual Plans are fully consistent with the Statewide Plan. We further request that said approval consider, embrace and reflect the comments that we articulate above.

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<sup>3</sup> Non-energy impacts are also known as "non-resource benefits" in the DPU 08-50 data tables.