Massachusetts Energy Efficiency Advisory Council
Resolution Regarding the 2016-2018 Massachusetts Joint Statewide
Three-Year Electric and Gas Energy Efficiency Investment Plan

October 26, 2015

BE IT RESOLVED THAT

The Members of the Energy Efficiency Advisory Council ("Council") present the following comments on the draft 2016-2018 Massachusetts Joint Statewide Three-Year Electric and Gas Energy Efficiency Investment Plan ("Statewide Plan") submitted to the Council on October 23rd, 2015, and the individual plans ("Individual Plans") prepared by each of Program Administrators ("PAs") for submission to the Department of Public Utilities ("DPU") as required by the Green Communities Act of 2008 ("GCA"). Under the GCA, the Council is charged with reviewing the PAs Statewide Plan and submitting its approval and comments to the DPU and the PAs. The Council recognizes and commends the PAs on the significant achievements made during the first two Statewide Plans, in particular the economic and energy benefits that nation-leading comprehensive energy efficiency programs have delivered to the ratepayers of Massachusetts.

The 2016-2018 Statewide Plan recognizes energy efficiency as a resource, setting nation-leading savings levels for both electric (2.93% of retail sales) and gas (1.24% of retail sales). The proposed plan also ensures continued growth of energy efficiency in the Commonwealth with year over year increases in annual and lifetime savings goals for both electric and gas. These goal levels represent a significant increase from the 2013-2015 Three Year Plan, including a 15% increase in electric (2.55% of retail sales) and a 10% increase in gas (1.13% of retail sales).1

In developing its input on this Statewide Plan, the Council undertook a comprehensive engagement process to solicit and discuss input for the development of the 2016-2018 plans, starting with creating an engagement plan in Q3 2014. The Council held a special meeting for public comments in January 2015. Following that, the Council held seven topical workshops in February and March, led by the Department of Energy Resources ("DOER") that featured extensive and in-depth discussion between Councilors, PAs and the EEAC Consultants. The workshops and public comments informed the Council’s March 31st, 2015 resolution regarding the Statewide Plan and culminated in specific programmatic recommendations from the Councilors2.

The PAs submitted a draft of the Statewide Plan on April 30, 2015. Some of the recommendations from the Council were included in the plan but the consensus of the Council was that the savings goal levels proposed were too low, there were program details missing, and the projected cost per unit of savings was too high. The Council held another special meeting for public comments in May as well as two facilitated workshops in June to develop comments on the draft Statewide Plan. These efforts informed the July 21st, 2015 EEAC resolution to the DPU3.

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1 These goal levels also represent a significant increase from the PA’s April draft Statewide Plan, while reducing the cost to achieve; annual electric goals increased 17% while the cost per unit of savings decreased 13%, and annual gas goals increased 15% while the cost per unit of savings decreased 6%.
2 Briefing Documents, presentations, and meeting summaries from the workshops are available at ma-eeac.org
In July through September of 2015, the DOER, the Executive Office of Energy and Environmental Affairs (“EEA”), and the Attorney General’s Office (“AGO”) met to discuss and explore common agreement of the 2016-2018 goals and budgets with the PAs. These goals were incorporated into the September 23rd draft plan which was presented to the Council. Through September and October the Council provided additional input on the draft Plan, culminating in this resolution.

**Overall Plan Comments**

The Council appreciates the significant efforts the PAs have invested in the development of the Statewide Plan to address the priorities of the Council and stakeholders. We recognize and appreciate the significant contributions of PA staff, Council consultants, Councilors, the Low-Income Energy Affordability Network (“LEAN”), and stakeholders in preparing these energy efficiency plans. The development of the 2016-2018 Statewide Plan reflects significant collaboration across PAs and among members of the Council, DOER, EEA and the AGO.

These comments present the judgment and determination of the Council based on its review of the draft of the Statewide Plan, which was submitted by the PAs on October 23rd, 2015:

- The Council has reviewed the Statewide Plan that the PAs submitted to the EEAC on October 23rd, 2015. We approve and support the 2016 – 2018 Statewide Plan, as these savings levels represent record levels of energy efficiency savings in the United States and continue Massachusetts on a path to achieving all cost effective energy efficiency.4

- We confirm that the Statewide Plan5 includes ambitious energy savings goals, sensible program budgets, and substantial benefits to Massachusetts consumers as required by the GCA, and highlights a continued commitment to innovation and technology, demand/peak reduction efforts, and contractor engagement. 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, and represent an increasing commitment to gas and electric savings through energy efficiency.

- We expect the Individual PA Plans will remain fully consistent with the Statewide Plan. Specifically, the energy savings levels and budgets in the Statewide Plan, and reflected in the electric and gas Terms Sheet should be reflected fully in the Individual Plans.

- While the current savings, budgets, and benefits proposed in the Statewide Plan are appropriate, there exists significant variation in the plan details among individual PAs. The Council urges the PAs to continue their joint planning and best practices efforts, with the goal of achieving programmatic consistency and equivalency while fostering creativity and providing equitable service for customers across the Commonwealth.

- We recognize the opportunity for energy efficiency to reduce energy usage at times of peak demand and mitigate energy and capacity prices. We support the establishment of a Demand Savings Group with participation from interested and qualified Councilors and

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4 This approval is provided there are not unexpected or contrary data or details that appear in later PA submissions. 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.

5 http://ma-eeac.org/plans-updates/
other stakeholders, to address opportunities to reduce peak demand in an expeditious way.

- 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 $118 million, comprised of $100 million for electric programs and $18 million for gas programs).

- 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 project reduced costs to achieve savings and plan for sensible program budgets consistent with the Council’s priorities as defined in the Council’s July 21st Resolution. Achieving ambitious energy savings at sensible program costs will provide significant and lasting benefits to ratepayers, businesses, and the Commonwealth.

- We expect that the PAs will use competitive procurement whenever possible to obtain the highest quality, lowest cost service providers in the implementation of the Statewide Plan.

- We recognize that minimizing bill impacts on customers is an essential consideration. The approach in the Statewide Plan to be filed on October 30th, 2015 pursues ambitious savings goals at sensible program costs, and indicate that most PAs’ customer bill impacts are expected to result in moderately low incremental cost compared to prior years. The Council and PAs will continue working together to ensure that savings are being delivered cost-efficiently, including maintaining a keen eye on program costs.

- 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 specific updates in regular meetings that focus on topics to be determined by the Council. We expect the PAs to analyze new lessons learned, develop adjustments, and put them into practice.

On a statewide basis, the October 23rd, 2015 Statewide Plan reflects the highest levels of efficiency savings goals, as well as close PA attention to Council recommendations from the July 21st resolution, and inclusion of many specific recommendations. We appreciate that these elements are reflected in the plan including:

- A renter-specific initiative to be rolled out in Q1 2016, including semi-annual PA reports to the EEAC that will include timely rental visit metrics including participation levels and conversion rates by renters and their landlords by PA, and qualitative information on any barriers encountered and plans to address them.

- A moderate income initiative beginning in Q1 2016, including semi-annual PA reports to the EEAC on participation rates by PA.

- PAs will continue to work with the Commonwealth’s housing financing agencies and LEAN (with mutual expectations and deliverables) to develop and implement enhanced approaches to leverage multi-family refinancing events to maximize retrofit potential.
The parties will specifically consider performance-based retrofit products. The PAs will present the results of these efforts and specific proposals derived from them by the close of Q1 2016.

- More detail about the PA’s Massachusetts Technology Assessment Committee (MTAC), and semi-annual updates to the Council on progress reviewing and implementing new technologies into programs.
- A clear commitment to Combined Heat and Power (CHP) installations, and tracking CHP project savings and expenditures (subject to customer confidentiality requirements) against PA’s CHP Plan projections in semi-annual presentations to the EEAC and in data sets provided on Mass Save Data.
- Regular and specific updates to the Council on C&I program progress and penetration (including segment specific approaches - especially for challenging subsectors such as small and mid-size commercial, small hospitals, non-profits, and multifamily - measures such as street lighting and LED costs and conversion, and innovations such as strategic energy management) through semi-annual presentations to the EEAC. The PAs will collaborate with DOER by the end of 2015 to consider how best to present this information (e.g., potential use of roundtables, webinars, etc.) and to develop a schedule for updates on specific topics.

However, data tracking and reporting issues have yet to be satisfactorily resolved by the Mass Save Data website. We recommend that the DPU continue to investigate the need for greater state-wide data transparency and reporting by the PAs through its open proceeding D.P.U. 14-141 Response of the Department of Public Utilities to Data Privacy and Data Security Issues Related to the Statewide Energy Efficiency Database.

The PAs have recently provided the Technical Reference Manual (TRM), 2016-2018 Plan Version, which provides the important supporting details for the savings included in the Statewide Plan. The Statewide Plan commits that an online Technical Reference Library (TRL) will be available in 2016. Since the Council has not had an opportunity to review the TRM and subsequent TRL, the Council reserves its rights to complete a review of these documents and provide comments to the DPU as appropriate.

Accordingly, the 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 2016-2018 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.