

Talking Points for Public Comment at the MAEEAC Meeting

August 16, 2017 1:00 to 4:00 PM

Thank you to the commissioners, PAs, and consultants for allowing me to speak today. I believe that this is the first time that Steve Cowell has spoken from my new forum of E4TheFuture rather than CSG. First I wanted to recognize the PAs for all their work on the Mass Save Program. My hope is that my comments will help provide constructive feedback and demonstrate that our new focus as E4TheFuture that we want to go beyond residential efficiency to improve the program for local SMBs.

E4TheFuture has joined Boston Chamber of Commerce and recently I have had the opportunity to work with representatives of the small business community and want to shout out to Jessica Bergman from the Chambers for Innovation for her leadership as well as others who have joined this effort which includes CABA, E2, Mass Energy, A Better City, ACEEE and Acadia Ctr. Together we identified some key issues we would like to see addressed.

Increasing Program Participation and Savings Rates

First, we would we would like to see higher energy savings goals and participation rates for the SMB sector.

As has been discussed here at the MAEEAC, there is evidence

that small business customers do not receive the same attention as their larger counterparts. In the 2015 Customer Profile Report it was shown that only 2.3% of small businesses were participating in the Mass Save program. In contrast, the report shows that 69.9% of larger customers participate.

It is essential that for the next three-year plan, we increase our goals for SMB participation. Currently, our PA's are hitting the goals that have been set and we need to raise the bar to help our state reach its emission reduction goals. As you well know, the Global Warming Solutions Act requires that the Commonwealth reduce its greenhouse gas emissions 25% by 2020 and 80% by 2050. With SMBs making up 99.7% of all employers nationally, and commercial buildings accounting for 40% of total electric consumption in the US, SMBs play a critical role that cannot be understated.

According to the 2015 MAEEAC Customer Profile Report, it is apparent that the potential for energy savings is high. The report shows a clear trend - higher percentage of participant savings in small customers over larger customers, with 26.6% savings for the smallest class to 3.2% savings for the largest class. Trends are similar in the gas market, with 1.1% participation in the smallest customer class to 24.3% in the largest customer class, and 48.4% savings in the smallest customer class to 2.8% savings in the largest customer class.

We hope this can be addressed and want to highlight that in order to address this we firmly believe SMB goals must be

segregate from larger C&I customer goals. We are further concerned that Mass SAVE C&I contractors either naturally or explicitly pursue larger facilities in order to achieve more savings per audit and thus a more cost-effective program and the vendors will achieve higher sales per audit. Incentives should be aimed at achieving all the energy savings that cost less than buying energy - good economic policy and state law. The Green Communities Act specifically states that the program should save all the energy that is cheaper than supply.

Increasing Program Marketing and Outreach Budget

In addition to increasing the participation goals for the SMB community, the allies feel strongly that there needs to be increased marketing and outreach support (not only allocated to encouraging participation from the SMB community, but actually spent). According to data from MassSaveData.com, the PAs budget range from 0% to 23% for marketing and advertising for the C&I program. Not only is this number different for each PA, but we have seen continual underspending on this line item which negatively impacts program participation.

This issue, of underspending and low resource allocation, has been highlighted before at the MAEEAC but has yet to be resolved. Given the resulting trends in the 2015 Customer Profile Report, it is clear that the cumulative savings from the SMB market would help to capture all available cost-effective

energy efficiency.

Under spending on SMBs EE programs has larger repercussions that not only impact program awareness but also participation rates. To remedy this, we would like to see a comprehensive program budget that details the multi-touch approach being taken to engage local SMBs in the Mass Save program.

We would also like to see more transparency on program spending for the SMB community and firmly reject the false notion that servicing SMB customers is not a cost-effective solution.

Furthermore, it would be good to standardize the marketing and advertising budget across utilities.

Small Business Program 2016 Actual Marketing Costs				
Fuel/ PA	Marketing and Advertising	Sum of Total Program Costs	Sum of Participants	Marketing Costs as % of Total Costs
Electric	\$ 501,089	\$ 65,735,496	3,787	1%
Cape Light Compact	\$ 35,102	\$ 2,442,122	259	1%
Eversource (NSTAR Electric)	\$ 101,623	\$ 31,828,551	1,503	0%
Eversource (WMECo)	\$ 18,789	\$ 7,632,109	276	0%
National Grid Electric	\$ 345,575	\$ 22,370,569	1,665	2%
Unitil Electric	\$ -	\$ 1,462,145	84	0%
Gas	\$ 130,970	\$ 1,587,627	955	8%
Berkshire Gas	\$ 34,758	\$ 229,604	19	15%
Columbia Gas of MA	\$ 9,049	\$ 590,587	275	2%
Eversource (NSTAR Gas)	\$ 1,853	\$ 272,940	279	1%
Liberty Utilities	\$ 19,441	\$ 163,703	227	12%
National Grid Gas	\$ 65,869	\$ 292,388	153	23%
Unitil Gas	\$ -	\$ 38,405	2	0%
Grand Total	\$ 632,059	\$ 67,323,123	4,742	1%

Implement Customer Segmentation for the C&I Community

The current plan lumps small and medium businesses with the larger C&I sector which we firmly believe waters down accountability to engage SMBs in existing energy efficiency

programs. The small business market segment is defined as any commercial facility with a peak demand of less than 300 kW. This aligns with the eligibility requirements for the current Small Business Direct Install (DI) program but also casts a wide net, which includes a very eclectic mix of business types and sizes with a diverse range of barriers. We would like to see more emphasis on higher recruitment, especially on the sub-segments that can be more difficult to reach. Wearing my old CSG hat, we ran a small C & I program on Long Island for LIPA and confronted the reality that the energy needs and opportunities vary widely by type of small business. A clothing store and a restaurant are miles apart with respect to opportunities. I admit that we fell back to lighting only to reduce complexity and recommended ending the program design and modifying to provide more customized incentives. I would also urge consideration of a program implementer focused on a common type of SMB that have similar technology opportunities and verticles.

Improve Program Accessibility

One of the barriers identified by MAEEAC consultants in 2015 as a reason for low participation levels from the SMB community is lack of program awareness. This issue still persists today and must be addressed with easily accessible program information (across a variety of platforms) and the creation of SMB specific collateral that is devoid of jargon.

Additionally, program information is mainly available online

and focuses on large commercial customers. The burden is placed on the SMB owner to identify the right solution for their building. There is no mention of the Small Business Program and SMBs who called their PAs to sign off often complain they never received an energy assessment.

Increased Program Transparency

We would also like more program transparency to ensure members of the SMB community are being properly serviced through the Mass Save program. There has been concern raised that there is interest from the SMB community to participate in existing EE programs but oftentimes local business owners are not followed up with or discouraged from moving forward.