

EEAC Resolution Concerning
The July 16, 2009 Statewide Electric and Gas Energy Efficiency Plans

Approved July 28, 2009

The voting members of the Energy Efficiency Advisory Council appreciate the hard work that program administrators (PAs) have put into development of three year energy efficiency plans to meet the mandates of the Green Communities Act and the shared goals of the Energy Efficiency Advisory Council. We have observed unprecedented collaboration among program administrators, as well as productive openness and a spirit of cooperation that will, if continued, result in better plans and programs, greater participation in energy-saving efforts, and higher total energy and cost savings for Massachusetts consumers and businesses.

Voting Councilors agree that we have made significant progress toward improved program designs, statewide consistency of programs, streamlining the customer experience, integration of energy efficiency delivery across fuels and across traditional silos, and development of strategies to get deeper savings and reach more customers. We note that much of what Massachusetts efficiency program administrators are trying to do has never been done before, and we believe that all program administrators have demonstrated an important commitment to meeting the many challenges that lay before us. There has been a basic rethinking of residential audits and implementation that should result in both deeper and broader investments and savings for residential consumers. Program administrators are taking on the challenge of presenting unified messages, education, and points of entry for all customers, which should remove barriers to participation in business and residential efficiency efforts. In addition we are seeing progress toward development of a program for multifamily housing, a historically underserved area.

We also acknowledge and appreciate that meeting the goals of the Green Communities Act and tackling the Commonwealth's energy challenges through acquiring all available cost-effective efficiency will require an ongoing commitment to trying new things, learning lessons, and adapting strategies based on what we learn. We acknowledge that the July 16th draft plans are snapshots of plans that continue to be developed, and we understand the program administrators are committed to continuing to improve and refine the plans between now and October, and on an ongoing basis after that.

Voting Councilors agree that the plans as submitted to the Council on July 16th are a significant improvement over the April 30 plans, and the plans address and respond to many Council comments and questions. Voting Councilors also agree that the July 16th plans are incomplete, and we have insufficient information to draw final conclusions and make final recommendations. We note that this is expected and is a function of the immense amount of work that program administrators and the Council have undertaken, not a result of inadequate work or insufficient attention. But significant work remains, and some changes are needed, before we can responsibly offer a final and complete opinion.

We appreciate the improvements and revisions to the program descriptions as represented in the July 16th plans, and we believe the program descriptions are for the most part on the right track. We support the to-be-completed steps delineated in the program descriptions and roadmaps to finish the program descriptions for the final plans.

We support the additional efforts set forth in the plans to acquire deeper energy savings for consumers and businesses. All energy efficiency programs, to the maximum practical extent, should employ whole building approaches and comprehensive program offerings to maximize overall energy savings and enable the customer to understand all of their energy efficiency options.

The Council commends the PAs for the planning that has been undertaken to move toward integration of the delivery of electric and gas efficiency services to customers. The Council looks forward to seeing those plans fulfilled in early 2010 as the programs begin seamless delivery of services to the customer, thereby eliminating duplication and reducing confusion and complexity.

We have not yet sufficiently addressed evaluation, measurement and verification (EM&V), and have significant questions and concerns about the PAs' proposal. Given the increased savings targets and increased spending, and the fact that the energy efficiency budget is no longer capped, any EM&V regime must be sufficiently independent to maintain public trust and support.

We have not yet sufficiently addressed performance incentives, and we expect to work together with program administrators to develop a shared proposal, as directed by the Department of Public Utilities.

We acknowledge that savings goals, program costs, program benefits, and rate and bill impact numbers are not final and will continue to change as program designs are refined and finalized. Some factors underlying this reality include the soon-to-be-published update of the most recent regional avoided cost values that need to be incorporated into the screening analyses; the need to incorporate evaluation results that will affect much of the residential sector results; the on-going work in designing the multi-family program which will require further refinement of program costs and savings; and the detailed work on C&I program design which may also require adjustments to costs and savings. Voting Councilors cannot render final opinions before we have more complete information on these total numbers.

In order to maximize customer savings, the voting Councilors expect the PAs to continue to revise the program savings goals to approach the estimates of all cost-effective efficiency identified in the July 14 Council resolution, specifically, a low of 2.8% and a high of 3.0+% for electric (inclusive of CHP), and a low of 2.0-% and a high of 2.0+% for natural gas. The council expects wherever feasible the PAs will continue to revise the program savings goals towards the high end of those ranges.

We note that the plans now include important commitments to public education and outreach to encourage energy customers to choose to become more energy efficient, and also note that many stakeholders have expressed a need for still more and better communication, in diverse ways and to diverse communities, about energy saving programs and opportunities. We commend the PAs for their many references to "grassroots community outreach" (e.g., electric plan, p. 121) and to "harness the power of communities to achieve broad-based participation" (electric plan, p. 121), but we also urge the PAs, at a minimum, to pilot particular areas of the state for innovative

community outreach efforts that will demonstrate partnerships with communities that can significantly increase participation in the energy efficiency programs.

The plans must include strengthened commitments to make on-bill financing available to customers and make aggressive efforts to tap other sources of money to support or exceed achievement of program goals at lower total cost to ratepayers. At the August 11 Council meeting, the Council should reserve one hour for the development of an On-Bill and/or other appropriate Financing working group, to be comprised of interested Councilors, the Council Consultants and PAs, and, to the extent possible, the creation of a long-term workplan to analyze and develop appropriate On-Bill Financing plans for use by the PAs.

We commend the plans for including information about how much these measures will reduce greenhouse gas emissions and request that the plans also quantify reductions in the air pollutants required for Massachusetts to meet federal air quality standards. In addition, the plan should specifically include energy efficiency programs that address high electric demand days in order to reduce ozone concentration on those days. Such reductions on high electric demand days are an emerging and new strategy for reducing ozone concentrations, and can also help reduce electricity costs.

The PAs provide a good discussion of job retention, job training, and job creation issues in the plans and the Council notes that the soon-to-be-published avoided cost study will include quantification of these economic development benefits. The electric and gas plans, and individual company plans, should commit not only to working with colleges and universities on workforce development (as noted, e.g., on p. 124 of the electric plan) but also to partnering with union-supported training programs that are designed to lead directly to existing jobs in the energy efficiency field. Moreover, the PAs should make transparent the RFP process and rating criteria by which contractors are selected (see, e.g., electric plan., p. 36); consider whether the interval between sending of RFPs may inhibit new entrants; and also consider whether any bundling of tasks within those RFPs (audit delivery; quality control; monitoring and evaluation; marketing; etc.) and the geographic area the PAs expect bidders to cover may also inhibit new entrants who are well-qualified to perform some, but not all, tasks currently bundled in the RFPs. We also urge the PAs to work with their vendors and contractors to make sure individual workers are provided with a livable wage and fair benefits, and that those workers have the opportunity to move along a career path.

We expect program administrators to meet the statutory requirements to procure all energy efficiency services and vendors through an open and competitive process, and to also develop proactive strategies to identify, recruit, partner with, train, and use new firms and new workers to achieve planned targets. We also expect program administrators to publish clear guidance for any and all interested parties to review regarding procurement plans as well as qualification and certification requirements for doing work in the programs.

We expect program administrators to remain committed to robust planned and evaluated pilots and experimentation, within the limits of cost-effectiveness, to develop new strategies and tactics as well as new programs or program designs as appropriate.

Voting councilors expect to review another draft of appropriate elements of the statewide plans by September 15th, and each program administrator's individual plan, before submission to the Department of Public Utilities, to make sure that all efforts are consistent with the Green Communities Act and the Council's goals and priorities. At the August 11 Council meeting we expect that the full Council will devote at least an hour and half and a vote to reach a resolution on the subject of EM&V. At least one week prior to the August 11 meeting, the Council expects its consultants to distribute EM&V recommendations. At an August 25 Council meeting we expect that the full Council will devote at least an hour and half and a vote to reach a resolution on the subject of performance incentives. At least one week prior to the August 25 meeting, the Council expects its consultants to distribute performance incentive recommendations.

Voting Councilors agree that we will continue to work on these and other outstanding issues to further develop and refine the statewide and individual plans that will be filed with the DPU at the end of October, and we appreciate the commitment of the program administrators to the same. We look forward to our continued interactions with the program administrators.