

Massachusetts Energy Efficiency Advisory Council
 Meeting Minutes (DRAFT)
 Tuesday, October 27, 2009

Councilors Present:

Voting	Present (designee)	Non-Voting	Present (designee)
Heather Clark	X	Derek Buchler	X
Martha Coakley	Jed Nosal	James Carey	Patricia Walker
Penn Loh	X	Penni Conner	X
Lucy Edmondson	X	Alisha Frazee	
Philip Guidice	Frank Gorke	Kevin Galligan	X
Debra Hall	X	George Gantz	X
Charles Harak	X	John Ghiloni	
Elliot Jacobson	X	Paul Gromer	
Samuel Krasnow	X	Andrew Newman	
Rick Mattila	X	Richard Oswald	X
Robert Rio	X	Michael Sommer	X
		Timothy Stout	X

DOER: Mike Sherman, Steven Venezia

Consultants: Paul Horowitz, Jeff Schlegel, John Livermore

Present:

Max Chang	Jeanne Cherry	Sheila Doiron
Jack Habib	Tina Haggerty	Natalie Hildt
Lyn Huckabee	Margie Izzo	Birud Jhaveri
Briana Kane	Erin Malone	Lisa Shea
Tilak Subrahmanian	Paul Tappen	Christine Vaughan
John Walsh	Matt Zenni	Wanda Milecki
Crystal Beauregard	James Keshian	Alex Patriguin
Don Wells	Michael McAteer	Charles Lincicum
Katie O'Rourke		

I. Introduction

Gorke convened the meeting at 2:09 pm and thanked everyone for their hard work. He said this is a momentous meeting, and also welcomed the folks who are doing the audio recording of the meeting. He reminded the Council that the RCS filing requires a separate regulatory process, but the good news is that everything in the plans will be consistent regarding content. This will need to be filed before November 1st. Gorke said that the main task of the day is to review plans and consider Council action on the plans.

II. Summary Reports on Key Components of the 2010-2012 Electric & Gas Plans

Schlegel explained that the plans are very impressive package and will result in \$6.5 billion in net benefits to the Commonwealth over the 3 years (electric & gas).

Schlegel presented, and the Council reviewed and approved each of the following 'key components' of the 2010-2012 Electric and Gas plans.

PA Savings Goals and Council-Approved Savings Targets:

Goals are either close to or exceed council savings targets adopted in resolution. Very good news. 98.8% of savings target is proposed by the electric PAs. Gas savings goals exceed Council targets in all years.

PA Proposals for Flexibility for Individual PAs: Savings Goals and Performance Incentives:

1) Some PAs (2 electric, 2 gas) propose slightly lower savings goal, 2) 75% would apply to their goal individual savings goal. Consultants recommend Council acceptance of PA flexibility proposal. Nosal commented that we've come up with a win-win, addressing some of the most difficult issues with the small PAs without compromising the statewide goal.

Program Costs and Consultant Analysis of Costs:

We weren't able to resolve all of the cost issues, but we focused on 2010 and were able to resolve most of the issues in 2010. For 2010, the Consultants recommend that the Council approve electric costs. For gas, we remain concerned about some high costs and variation in unit costs. We recommend the Council accept the gas costs for now. The consultants documented this in a memo. The gas costs still need some work. There is an opportunity to adjust the costs in the mid-course adjustment process in 2010. The Consultants recommend working with the Gas PAs on costs prior to the Technical session on November 12th, as we don't want to delay DPU approval of plans. The gas PAs should file with the DPU revised 08-50 gas tables by May 15, 2010.

'Other funding' amounts in the Electric plans show a slight shortfall over recommended amounts, \$180 million rather than \$200 million. Lyne indicated he would double-check data entry in the table as it is the most likely explanation. The sources of outside funding have not yet been determined, but options include state bond issuance, Federal monies, and on-bill financing options. Gas plans are at the recommended 'other funding' amounts.

Cost-Effectiveness Analysis: Benefits, Costs, and Net Benefits:

The Electric plan achieves \$5.35 billion in benefits at a total PA budget of \$1.26 billion. The Gas plan achieves \$1.18 billion in benefits at a total PA budget of \$329 million. All the programs are cost-effective in all sectors.

Bill Impact Analysis and Scenario Analysis

The bill impact analysis has been completed for Residential and C&I sectors. It is important to note that bill impacts are significantly affected by level of other funding. Jhaveri presented slides showing bill impacts for electric customers. Buchler presented slides showing bill impacts for gas customers. Schlegel emphasized that the main message is that there are bill impacts but they are reasonable.

Performance Incentive Mechanism:

Details of the performance incentives (Savings, Benefits, Performance metrics) have not been completely worked out so this section is not included in plan. Performance metrics will be in a supplemental filing. The Consultants' recommendation is that the Council should act on the supplement prior to it being filed with the DPU.

Nosal asked if Council will have enough time to look at the supplement in a meaningful way, and can we come to the DPU with a concrete proposal? Lyne responded that we've had productive discussions and that he is cautiously optimistic.

Schlegel noted that we want to get this done as quickly as possible, as it is a very important part of the plan. Krasnow suggested just setting a date that will allow time to review this. Schlegel responded that the next Council meeting is November 10th and that we can get you a proposal for review at that meeting. Nosal suggested flagging this when plans are filed with DPU. Schlegel said it's in the discussions and that we're working to stay true to the Council's agreements.

Statewide and Individual PA 08-50 Data Tables:

The Consultants have reviewed the statewide and individual PA 08-50 data tables.

Evaluation (EM&V) Plan:

The Evaluation plan is included as a section in the plans. The two primary topics are: 1) Administrative approach, highlighting the development of the statewide research areas, staffed by research area managers, 2) Preliminary lists of evaluation projects, by research area. Work is continuing to refine list of research projects.

Council resolution: Use actual measures results, except use deemed savings for gas for 2010. For electric, and for 2011 and 2012 gas, use actual results but limit the impact of the evaluation results to a bandwidth of +/-25% at the sector level. The Consultants recommend changing electric resolution to sector, not portfolio level – consistent with gas.

Waivers for Pilots and Hard-to-Measure Program Elements:

Lyne indicated that the PAs believe that the statute calls for waivers at the 1% budget level for hard-to-measure program elements. The PAs have just gotten the data tables together and need to work together with consultants as to which pilots are 'hard to measure'. Lyne asked that we continue working on this and present proposal at the November 10th meeting. It is looking like about 1.4% in 2010.

Jobs and Economic Impacts:

There is a revised section in the latest version of the electric and gas plan text, plus highlighting in the executive summary. Consultants and DOER have reviewed and recommend this section.

III. Program Descriptions

Councilors were emailed electric and gas program descriptions over the weekend. Horowitz indicated that the Consultants reviewed and sent a few clarifying requests. Lyne said the PAs have worked very hard to make the documents as up to date as possible and have tried very hard to tackle all of the additional pieces. Horowitz noted that the Consultants will review these documents and get final feedback to PAs to include in the plans to be submitted on Friday.

Clark mentioned some important points she would like to see addressed in the plans or in upcoming discussions: 1) Make sure historic utility data is available, 2) Consistent diagnostic testing, 3) Correct sizing of mechanical equipment, 4) Lack of energy modeling in 4-8 story program. She said overall we're going to see some really positive results from the plans. Lyne indicated he would follow up on these points.

Regarding the reporting process, a significant update report is scheduled for the end of 2nd quarter, and the Council will need a 1st quarter report too. Clark suggested coming up with a plan for how the Council can continue to work with the PAs on program design and implementation issues going forward.

Hall commented that metrics are high on the priority list of the Low Income Multifamily program. Loh thanked everyone and said he is happy that the community mobilization initiatives are in the plans. He commented on the good language on diversifying the workforce.

Schlegel informed that Council that this is our final report to you, and that the Consultants are recommending approval of the plans as represented in the draft resolution. He emphasized that the overall set of plans is impressive and will provide significant benefits to the Commonwealth.

Break (3:18-3:30pm)

IV. Council Resolution on the 2010-2012

Gorke explained that we now are at the long anticipated moment when we consider the 3-year plans. He said that after we get past this moment the real work begins where we Do, Learn, Adapt. He asked for a motion to consider the resolution as currently drafted. Krasnow motioned, Edmondson seconded.

Gorke noted that this was written before we arrived at agreement on Performance Incentives (PI), and that minor language modification to reflect that entire PI metric construct will be reviewed on November 10th.

Regarding the proposal to change 'portfolio' to 'sector' in evaluation results bandwidth, Clark motioned and Harak seconded. The Council voted and had unanimous approval on edits to resolution.

Loh proposed three minor language changes. 1) integrating best practices into 2011 & 2012, 2) added a phrase recognizing that outside funding is important to reduce bill impacts, 3) in Workforce section adding statement about complying with state statutes on misclassification of contractors, and wage and hour laws, so that full-time workers treated as full-time workers.

Clark asked for confirmation that this is not a prevailing wage thing? Nosal confirmed that this is different from prevailing wage. Edmondson asked Council to make sure we understand what this is doing, that we're clarifying that there is a law in effect. Rio asked if the language shouldn't say that PAs notify contractors that they need to be in compliance.

Stout indicated he ran some language by NGRID's HR/Procurement folks and that they have very specific language on compliance with all legal requirements. He said that the intention is good but that he is hesitant about including language without having a lawyer look at this. Mattila suggested editing the language slightly to combine the phrases.

Lyne noticed hearing common theme here and indicated that the PAs would like to work with this language a bit. He said there still could be some tweaking and still maintain the thrust of the intent. Lyne indicated that the PAs are comfortable putting in their contracts that contractors have to comply with all legal requirements, but would like to get rid of the ambiguity about 'livable wage' as it's a bit subjective.

Jacobson expressed being in full sympathy with the intent of the proposed language, but LEAN agencies just went through whole Davis-Bacon transition which requires extensive paperwork. He said he is concerned about increased paperwork.

Gorke indicated that we would like to resolve this today in this meeting, so let's table this and consider the other two proposed amendments first: 1) climate-air benefits, 2) small PA flexibility. Edmondson suggested, since GCA references climate goals, to add a clause: These plans will contribute to climate and air quality benefits. Harak motioned, Rio seconded. Council voted and reached unanimous consent on 'climate-air benefits' amendment.

Oswald proposed adding language approving flexibility for small PAs on their savings targets (Berkshire Gas, Fitchburg gas & electric, NE Gas, WMECO). Motion was made to consider, Loh seconded. Council voted and reached unanimous consent on 'PA flexibility' amendment.

Harak commented that one of the higher priority tasks (after October 30th) is to take a look at how contracts are structured and whether people have fair access to those contracts.

Clark motioned to vote on Loh's first two amendments, Mattila seconded. Council voted and reached unanimous consent.

Schlegel emailed updated language to Lyne's blackberry.

Break for PAs to review proposed language on contractor requirements (4:06-4:33pm)

Councilor reviewed proposed amendment language that Schlegel typed up, and there was general agreement on language change. Gorke thanked the PAs for editing during the meeting break. Edmondson motioned for a vote, Mattila seconded. Council voted and approved with unanimous consent.

Lyne indicated that some of the PAs would feel more comfortable if the Council could guide PAs today on what statewide level of budget on pilots is appropriate; would 2% be acceptable? Gorke said we've spent some time talking about this at previous council meetings and there has been general support for exceeding 1% for good pilots. Schlegel encouraged the Council to take action on this just for 2010. Lyne commented that for years 2 and 3 it's not an issue. Harak and Clark both articulated that they are not opposed to going to 2%, as strong pilots are important, but would want some language that the DPU needs to thoroughly review the individual pilots. Gorke said that the Council anticipates being comfortable going over the 1% provided we get the justification by the November 10th meeting.

Gorke asked the Council to now consider the plans. Nosal pointed out that the AG's office wears two hats, 1) Council hat, 2) Role in DPU regulatory process. He said that there are parts of the plans that the Councilors haven't had a chance to look at yet, but that's ok because we have the regulatory process to work them out. Krasnow said he is thrilled to be here at this moment, as the benefits to the Commonwealth are numerous: 1) consumer savings, 2) job creation benefits, 3) dramatic reductions in greenhouse gases. He emphasized that we can be a model for the country, and that these plans will make the Commonwealth a leader in national energy policy. Hall mentioned the new multifamily program and the multiple economic benefits, and thanked everyone for their time.

The Council voted and approved the resolution as amended with unanimous consent.

V. Council work plan/schedule and Next Steps

Sherman informed that the Council that the \$1.2 million contract for consultant services will be exhausted by next month due to all of the additional tasks that were required and requested by the Council. He said that an additional \$600,000 is available to pay the Consultants for their services and that we'll bring this up formally at the next meeting. He commented that there's been great value that's come from the Consultants' work, and that we'll need a slightly reduced monthly expenditure rate going forward.

Gorke reminded everyone that the next Council meeting is on November 10th. He proposed to go back to monthly meetings on the second Tuesday of the month, and asked Councilors to send thoughts on agenda items.

Jacobson said that many contracts end on December 31st and we need guidance on what rate we should be spending at in January and February, the higher rate in these new plans? If not, he said there is a danger of not meeting goals. And what about the marketing plan? Gorke suggested putting this on the agenda for November 10th. Nosal indicated that there is language that addresses this and allows continuation of contracts during the period in which the DPU is reviewing plans.

Edmondson said she wanted to particularly thank the Consultants. Harak said he'd like to talk more about marketing with the PAs, and would also like to look at current contracting arrangements and how we can get more contractors participating.

Mattila pointed out that Massachusetts just went from 7th last year to 2nd this year in the ACEEE rating of state's energy efficiency efforts. He noted that the article specifically mentioned the Energy Efficiency Advisory Council.

Loh acknowledged the efforts of the public and offered appreciation for Frank Gorke's leadership.

VI. Public comment

Clean Water Action, on behalf of environmental/labor voices, expressed a big thank for taking into considering the range of issues they've raised. This is unprecedented, and they plan to publicize this nationally as a model that meets multiple goals and raises us to higher ground. We plan to be very integral in 'next steps' to make sure the pieces move forward. Thanks to Frank Gorke for leading this process.

Adian Maynard said that the program descriptions need to address the home performance contractor workforce. He said they continue to visit houses that have had MassSAVE work; they continue to go above and beyond MassSAVE standards. He said that they're still in competition with these programs and that they're not getting a clear message about how they can be involved.

VII. Gorke adjourns meeting at 5:09pm.