

Memo

→ CONSULTANT TEAM

To: **DOER and the EEAC**
From: **Eric Belliveau, Optimal Energy**
Date: **November 5, 2021**
Subject: **2021 Consultant Budget Request**

In 2020, the Council approved a budget increase to the Consultant Team 2020 Budget via a shift of \$82,092 from the approved 2020 Operating Budget. However, the total 2020 EEAC budget, as approved by the Council and the DPU did not change. This additional amount was originally allotted for 2021 in the Consultant Team 3-year-contract budget but was moved to the Consultant's 2020 budget to account for unforeseen work in 2020 related to the pandemic as well as moving several tasks originally slated for 2021 into 2020. These tasks included the avoided cost study (AESC), the Consultant Team assessment of potential, and a variety of working groups assembled for planning last fall. The \$82k 2020 budget increase reflected our best estimate of what the additional work through the remainder of the year would require. Although the Team used some of the additional \$82k budget in 2020, approximately \$68.5k remained unspent at the end of the year. However, unknown work in 2021 has required more budget than originally contemplated. To support the Council with our anticipated tasks through the end of the year, the Consultant Team would like to request the unspent \$68.5K from 2020 be added back to our 2021 budget. This change will not affect the Consultant's full 3-year-contract budget.

The table below summarizes this request.

	2020 Budget	2021 Budget
Contract Budget Approved by Council (as previously amended in 2020)	\$1,639,670	\$1,772,190
Remaining Budget at the End of 2020	\$68,467	
Additional Amount Being requested for 2021		\$68,467

The following table shows the Consultant Team's expected budget by Advisory Group as well as the budget spent to date. For two of the Advisory Group budget categories, Planning and Analysis and Residential, the Consultant Team has spent or nearly spent the full 2021 budget with two months remaining in the year. The higher than expected spending in these two categories is largely due to unanticipated budget needed to develop a scenario to achieve the state GHG goal, support the Equity Working Group, and support the Avoided Energy Supply Cost (AESC) Natural Gas add-on study. These items are described in more detail below. Although some Advisory Group budget categories have been underspent, we expect the Consultant Team to exhaust its remaining funds given the remaining work to be done this year. Remaining tasks include reviewing the final filed Plan and associated BCR models and data tables, supporting the Council and DOER through the DPU Plan review process, reviewing PA Q3 results, and developing a work plan for 2022 in addition to the normal tasks of supporting management committees, EEAC meetings, and other implementation oversight work areas.

	Planning & Analysis and Active Demand	C&I	Residential	EM&V	Technical Services	Totals
Budget 01/01/2021 to 12/31/2021	\$695,754	\$271,462	\$329,373	\$360,650	\$114,950	\$1,772,190
Cost - Budget Period to Date 01/01/2021 to 10/31/2021*	\$681,763	\$214,378	\$330,670	\$281,791	\$24,220	\$1,532,823
Budget Remaining	\$13,991	\$57,084	(\$1,297)	\$78,859	\$90,730	\$239,368
% Budget Spent	98%	79%	100%	78%	21%	86%
% Budget Remaining	2%	21%	0%	22%	79%	14%

*October budget invoice still being finalized and is subject to change

Developing a Scenario to Achieve Statewide GHG Goal

On July 15, the Baker-Polito Administration established greenhouse gas (GHG) emissions reduction goals for the 2022-2024 Plan. This goal is the first of its kind to be set in Massachusetts. To support the Commonwealth with ensuring the 2022-2024 met the statewide GHG goal, the Consultant Team analyzed the April Draft Plan against the GHG reduction goal. We then developed a scenario to maximize GHG savings and achieve the statewide goal, which we presented to the Council at the July EEAC meeting. Work to both assess the metric and its impacts on the Plan as well as to develop a Plan scenario to meet the goal is outside of the tasks we expected to undertake as part of the 2022-2024 Planning process and resulted in an additional level of effort than our approved budget for the year. This task accounted for a significant portion of the additional Planning and Analysis budget category spending.

Equity Working Group

In May of 2020, the EEAC created the Equity Working Group (EWG) to identify and recommend priority actions, plans, and partnerships to increase participation among underserved groups as identified in the non-participant studies completed earlier in the year. The EWG has continued to meet through the 2022-2024 Planning process and have provided a framework and critical recommendations for including equitable outcomes as a priority for the Plan. As EWG members, the Consultant Team has supported the EWG's work throughout the year including preparing for and attending EWG meetings, analyzing data related to equity, and helping to develop equity targets for the Plan. This task accounted for additional budget spent in the Residential budget category.

Avoided Energy Supply Cost (AESC) Natural Gas Add-on Study

In summer 2021, the Massachusetts natural gas energy efficiency Program Administrators (gas EE PAs) contracted with the Synapse Team to provide more detailed information on avoided costs for natural gas energy efficiency programs than was provided in the AESC 2021 Study. The Consultant Team supported this unanticipated study by participating in planning meetings and reviewing and providing feedback on the draft methodology, outline, results, and report as they were available. This task accounted for additional budget spent in the Planning & Analysis budget category.

Conclusion

We request that the EEAC add the \$68.5k that was unspent in 2020 and originally planned for 2021 back into our 2021 budget. We ask for the money to be available as we manage workloads through the end of the year. The Team budget is never simply transferred to Optimal Energy and must have the appropriate invoice and backup to be accessed. In the last 7 years, the Team has carefully managed its budget and left a balance at the end of the year. We will continue to manage the budget carefully and only use the amount needed to effectively complete the tasks assigned to the Team. Upon the advice of DOER, this change can be made in a similar manner to the change that the Council approved in 2020. We propose that the overall EEAC 2021 budget be adjusted by transferring \$68.5k from the EEAC Operating Budget to the EEAC Consultant budget, which will not impact the total EEAC budget for 2021.