



## MEETING MINUTES

Wednesday, August 18, 2021

Virtual Meeting via Zoom

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**Councilors Present:** Greg Abbe (for Jennifer D Maddox), Cindy Arcate, Jo Ann Bodemer (for Maura Healey), Amy Boyd, Cindy Carroll, Tim Costa, Maggie Downey, Paul Gromer, Elliott Jacobson, Paul Johnson, Cindy Luppi (for Mary Wambui), Deirdre Manning, Cammy Peterson, Chris Porter, Robert Rio, Stephanie Terach, Dennis Villanueva, Sharon Weber, Commissioner Patrick Woodcock

**Councilors Absent:** Justin Davidson, Michael Ferrante, Frank Gundal, Andrew Newman

**Consultants Present:** Eric Belliveau, Adrian Caesar

**DOER Staff Present:** Rachel Evans, Maggie McCarey, Emily Webb

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### 1. Call to Order

McCarey, as Chair, called the meeting to order at 1:03 PM.

### 2. Public Comment

**Susan Olshuff** (Energy Save/Cooler Communities)

Olshuff appreciated language in the April Draft Plan regarding the need for workforce development, energy efficiency education, and climate education, particularly in environmental justice communities. Olshuff requested more information on education initiatives conducted in the 2019-2021 term, as well as total spending on said initiatives. Olshuff emphasized that the 2022-2024 Plan must reflect the urgency of the climate crisis. Olshuff noted that Cooler Communities engages with K-12 students and their communities to teach about climate change, energy efficiency, and renewables. In addition, Olshuff said Cooler Communities would gladly collaborate with the program administrators (PAs) to develop education initiatives.

**Hank Keating** (*Passive House Massachusetts*)

Keating commented that the next Plan Draft will require more detail on program design to assess whether Climate Act requirements would be fulfilled, and ensure that program details could be discussed before finalizing the Plan. Keating urged the PAs to consider incorporating the detailed

program proposals submitted by Passive House Massachusetts into the 2022-2024 Plan. Keating indicated that incentive levels would need to drastically increase in order to perform deep energy retrofits needed to meet climate goals. Keating added that most existing properties would experience bill increases by fuel switching from gas to electric without a deep energy retrofit. Keating was also opposed to existing income verification practices since they are invasive and serve as a participation barrier. Regarding workforce development, Keating looked forward to detailed plans on how the Massachusetts Clean Energy Center would utilize the \$12 million funding allocation to train workers. Keating suggested that at least 1,200 workers would need to receive training to support deep energy retrofits and electrification efforts, as opposed to the 120 workers referenced in the Equity Working Group Plan recommendations.

***Paulina Casasola (Clean Water Action/Green Justice Coalition)***

Casasola indicated that lower-cost housing retrofits, heat pumps, appliances, and storage capacity would be needed to support low-income communities. Casasola said equity goals and budgets for each underserved customer segment need to be transparent. Casasola suggested that an equitable Three-Year Plan would provide everyone access to program benefits, especially underserved communities, so changes to policy and implementation practices would be necessary.

***Andrew Yarrows (Conservation Law Foundation)***

Yarrows stated that the Plan targets, investments, and design should center equity to ensure underserved communities are included in the transition to a net zero economy. Yarrows suggested the Plan should invest in equitable heating electrification on pace with the greenhouse gas emissions reduction targets. Yarrows suggested that continued fossil fuel incentives and low investment in fuel switching did not align with the Climate Act. Lastly, Yarrows recommended specific savings, participation, benefits, and spending targets to show a meaningful shift in program delivery and access.

***John Carlson (Ceres)***

Carlson stated that the Commonwealth's climate goals are both ambitious and achievable. Carlson recommended a shift away from all fossil fuel incentives and increased investment in electrification, equity, and workforce development. Carlson supported the Council's position on increased support for C&I customers, environmental justice communities, low-income communities, equity considerations in performance incentives. Carlson suggested that the C&I sector budget and savings need to match or exceed the 2019-2021 term in order to meet climate goals. Carlson also said workforce development initiatives need to include the creation of a robust, multilingual workforce.

**3. Council Updates & Business**

***Virtual Meeting Procedure Review***

McCarey reviewed the virtual EEAC meeting procedures, which included the following:

1. The Council meetings would be recorded.
2. All attendees except for Councilors and presenters would remain muted for the duration of the meeting.

3. Councilors would hold comments until the end of presentations, but Councilors and other participants should speak instead of using any chat functionality.
4. Councilors who disconnect from meetings need to announce when they rejoin.
5. All Council votes would be taken by a roll call for accuracy.

***July Executive Committee Meeting Minutes – Vote***

Bodemer motioned to approve the minutes as submitted. Boyd seconded. All were in favor, with none opposed or abstaining. The minutes were approved, as submitted, by the Executive Committee.

***July EEAC Meeting Minutes - Vote***

Abbe motioned to approve the minutes as submitted. Peterson seconded. All were in favor, with none opposed or abstaining. The minutes were approved, as submitted, by the Council.

***July Special EEAC Meeting Minutes - Vote***

Manning requested to add “and lead HVAC staff to override” when referencing building controls in larger building environments.

Johnson said the minutes did not adequately convey the urgency of discussion of third-party program administration. Villanueva agreed, and added that discussion during the August Executive Committee indicated the Council would work toward a third-party administration working group before finalizing the 2022-2024 Plan.

McCarey felt the minutes accurately captured meeting discussion and Arcate’s July 28<sup>th</sup> motion to have the Council explore alternative program administration models. Arcate concurred with McCarey that the minutes conveyed what was discussed during the July 28<sup>th</sup> Special Meeting, as well as the directive that the Council determine a process to research alternative implementation models.

Commissioner Woodcock also believed the minutes were accurate, and directed Villanueva and Johnson to provide specific amendments if anything was mischaracterized or omitted.

Johnson said discussion during the July 28<sup>th</sup> Special Meeting indicated that third-party administration would be pursued at the following Council meeting. Commissioner Woodcock stated that Arcate’s motion and accompanying discussion directed the Council to discuss the process for exploring alternative administration models. Arcate agreed with Commissioner Woodcock.

Villanueva indicated that the desire to discuss third-party administration during the September Council meeting should be included. McCarey said this would not be appropriate to include in the meeting minutes since it was not discussed. Arcate commented that third-party administration was included on the August Council meeting agenda, the July 28<sup>th</sup> Special Meeting minutes were accurate, and the exact timing for discussing third-party administration was never established. Arcate agreed that the Council should take up this issue rapidly and intently to have an impact on the 2022-2024 Plan, but the timing was not specified.

Commissioner Woodcock welcomed specific amendments to the minutes from Councilors, and indicated that “Clean Peak Commission” should be corrected to “Clean Heat Commission’ on page 6.

Villanueva said “continuous retrocommissioning” should be amended to “continuous commissioning” on page 2 of the minutes.

Johnson thanked McCarey and DOER for the paragraph added to the Resolution, but thought that third-party administration would be discussed during the next Council meeting. Commissioner Woodcock said discussing third-party administration in August was discussed, but this was not included in Arcate’s motion.

Peterson motioned to approve the minutes as amended. Arcate seconded. All were in favor, with none opposed. Boyd and Harak abstained. The minutes were approved, as amended, by the Council.

### ***September and October EEAC Meeting Schedule***

McCarey presented the proposed September and October Council meeting schedule, as well as primary agenda topics for each meeting leading up to the Final Council Resolution. McCarey proposed two Council meetings in October to discuss the updated Plan narrative, program details, and data.

### ***July 28<sup>th</sup> Motion – Coordination***

Villanueva asked if the Executive Committee decided the proposed September 9<sup>th</sup> Council meeting was unnecessary. McCarey replied that DOER and the PAs concluded that the meeting should be delayed, allowing the Council and Consultant Team (C-Team) adequate time to review updated Plan information. Villanueva asked when the Council would work toward Arcate’s July 28<sup>th</sup> motion regarding third-party program administration. McCarey recommended that in order to move forward on the motion, a working group charter, proposed members, and deliverables would need to be established. McCarey suggested that the Council would not have bandwidth to form the working group before finalizing the 2022-2024 Plan, so the first priority should be agreeing on a process. McCarey sensed that some Councilors wanted to immediately explore alternative administration models, but felt it would detract from 2022-2024 planning efforts.

Arcate agreed that establishing the working group would take considerable effort, but felt the working group’s objectives should be documented in the Plan or a separate Department of Public Utilities (DPU) resolution. Arcate said before October, the Council should determine specific parameters and budgets for third-party administration, communicate with the DPU on the subject, and cement the third-party administration research into strategy moving forward. Arcate reiterated the need to flesh out core strategies around third-party administration and get the DPU to approve of a budget and high-level approach.

Peterson generally agreed with McCarey’s interpretation of the Arcate’s July 28<sup>th</sup> motion, as the Council voted to explore third-party administration and report findings in 2022. Peterson requested to continue discussing performance incentives and PA mid-term modifications, as those were still on the meeting agenda.

Gromer also supported moving onto the remaining agenda topics, and agreed with McCarey that the timing of third-party administration work is important. Gromer cautioned against presuming an outcome for the third-party administration research, as the Council only agreed to investigate potential models and report findings in 2022.

Bodemer agreed that the meeting should continue onto other agenda items. Bodemer added that the McCarey's approach seemed reasonable, and the Council voted to evaluate alternative program administration strategies before deciding to enact any such strategies.

Arcate stated that the C&I program budget and savings presented in the April Draft Plan was a failure on behalf of the PAs that spurred discussion of third-party program administration. Arcate said the Council would either decide to move forward with alternative program administration models, or the PAs would need to rectify the C&I sector's shortcomings. Arcate stressed that the Council would need to determine a viable solution before finalizing the Plan in October.

Rio leaned toward Bodemer's perspective, and recommended a defensible, transparent, and thorough process for exploring alternative program administration models. Rio said the benefits, costs, and consequences of alternative models need to be well understood and documented.

Johnson said that research on third-party administration needs to begin in September. Johnson believed that this competitive threat to the PAs would push them to improve performance, and the 2022-2024 Plan would be unsuccessful without it. Johnson recommended conducting initial research on third-party administration to determine which entities would be interested.

Commissioner Woodcock said the consensus that the C&I budget and benefits are unacceptable is reflected in Resolution, but the PA response was still pending. Commissioner Woodcock acknowledged the urgency around third-party administration, but noted that the Council agreed to start the task of exploring options. Commissioner Woodcock added that the Council, DOER and PAs were amid the busiest period of Three-Year Plan development. Commissioner Woodcock said the Plan needs to be transformative on delivering on electrification and energy efficiency, and the Equity Working Group should be used as a template for third-party administration research. McCarey indicated the PAs would provide an update on C&I programs.

#### **4. Eversource Mid-Term Modification (MTM)**

##### ***Program Administrator Update***

Chambers, on behalf of Eversource, provided an update on MTMs related to Large C&I program underspending. Chambers noted that new implementation strategies failed to achieve the 80% spending threshold for Large C&I programs, which is why Eversource maintained the MTM. Request.

Belliveau stated that meeting the 80% spending threshold before year-end was highly unlikely, despite PA efforts, and recommended passage of the MTM. Belliveau believed there was a critical need to revamp C&I programs starting now and leading into 2022.

### ***Council Discussion and Vote***

Commissioner Woodcock wondered why New Construction underspending was higher than expected given that there was construction activity during the pandemic. Chambers responded that New Construction projects have long lead times, so 2021 was impacted more than prior term years. Commissioner Woodcock asked whether projects were not moving forward, or full-scale projects that would have higher budgets were not moving forward. Chambers said there was a general overestimation of projects that would occur in the 2019-2021 term.

Peterson urged the PAs to ramp up efforts for technical assistance, marketing, and outreach, as well as Small Business weatherization and steam traps, in alignment with the C-Team's recommendations. Chambers replied that a Gas C&I Supervisor position was created to focus on these initiatives, but low benefit-cost ratios for Small Business weatherization was a barrier. Peterson indicated that cost-effectiveness only needs to be achieved at the sector level, so some projects should be considered more holistically. McCarey said a number of small business evaluations on weatherization were in progress, and hoped the Social Cost of Carbon would also increase benefits.

Woodcock asked if any Councilors needed more time to consider the Eversource MTMs prior to voting. Weber and Rio indicated they were prepared to vote, but Villanueva requested more time to review the MTMs. Villanueva suggested there were several large New Construction projects with limited access to incentives, and felt this was an opportunity to review incentive structures. McCarey announced that the MTM vote would be postponed until September.

## **5. Performance Incentive (PI) Mechanism**

### ***PI Mechanism Overview***

Schlegel, on behalf of the C-Team, provided an overview of the 2019-2021 PI mechanism, 2022-2024 Plan goals, and considerations for a revised 2022-2024 PI mechanism that incorporates Plan goals. Schlegel indicated that the PI mechanism has been effective in supporting energy efficiency program performance, but equitable program delivery had not been achieved.

### ***2022-2024 Three Year Plan PI Discussion***

Harak noted that underserved populations are scattered beyond environmental justice communities (EJCs), and asked if there were alternatives to using EJCs as an indicator for equitable program delivery. Schlegel indicated that EJCs seemed to be the best indicator, especially when cross-referenced with available zip code-level program data to specify which EJCs have been underserved. McCarey added that EJCs were more likely to have high rates of nonparticipation, even though some target customer groups live outside of them. Jacobson said there were some low-income neighborhoods in Boston with high participation, so community targeting is not as intuitive.

Peterson wanted clarity on the Remaining Portfolio Benefits component of the PI in order to ensure appropriate prioritization of weatherization and barrier mitigation. Peterson was also glad to see electrification called out in the Equity Benefits component, but wondered if the Remaining Portfolio Benefits component should only be triggered if the Equity and Climate Act/Electrification Benefits reach a certain threshold. For weatherization benefits, Schlegel

indicated the PAs could earn performance incentives from serving EJs or the Remaining Portfolio. Schlegel suggested the eligible benefits that come from weatherization would be adequate to encourage pursuit of these projects, but geographic location would be important to consider. On the earning threshold, Schlegel indicated there was a similar proposal to base the portion of Remaining Portfolio Benefits eligible for a performance incentive on achievement of Equity Benefits. Schlegel said the priority is a simple mechanism that aligns with goals, so thoughts from Councilors on how to best achieve that end are encouraged.

Luppi said the Nonparticipant Study showed a stark difference in EJs given challenges around systemic racism, language barriers, and immigration. Luppi suggested that Wambui would support the proposed PI given the specific Equity and Climate components. Luppi recognized that there are underserved customers dispersed throughout the Commonwealth, but felt that EJs are important to target given the Nonparticipant Study. Luppi added that there needs to be a high bar for the PI in these communities given that they have paid into programs for several years without receiving fair benefits. Schlegel responded that this was the basis for the separate PI metric to ensure program equity. Schlegel added that Equity Benefits would count toward the portfolio total, but also toward the Equity Benefits earning threshold. Luppi recommended mapping each EJ to its PA service territory to allow for greater transparency.

Boyd strongly supported the proposed PI concept, but feared tracking across each category would be onerous and prone to errors. Boyd asked which category C&I benefits would fall. McCarey said Small Business Benefits would fit into the Equity category, but categorizing Large C&I projects would be a challenge. Boyd asked whether whole home electrification for non-EJ projects would be included in the Climate or Remaining Portfolio component. Schlegel replied that all electrification would fall into the Climate component, while weatherization would be included in the Remaining Portfolio component.

Abbe believed that the Climate component would push the PAs to only focus on heat pumps, deep energy retrofits, and all-electric new construction as opposed to emissions reductions at large. Schlegel indicated the inclusion of emissions reductions in all benefits calculations, in addition to the Social Cost of Carbon, would encourage the PAs to pursue all emissions reductions. Schlegel added that the intent was to focus the Climate component on newer electrification measures that will require high achievement. Abbe was still concerned that GHG reductions might be lost if the PAs only focus on the measures highlighted in the PI concept. Commissioner Woodcock said placing an emphasis on those measures would increase the likelihood of achieving 2030 GHG reduction targets.

Johnson proposed removing the Remaining Portfolio Benefits component from the PI, and asked whether the DPU would even approve the proposed PI categories. Schlegel responded that the DPU ruled against PIs for very specific items, like a Renter component in the 2019-2021 Plan that was struck due to duplicative benefits. Schlegel indicated the suggested PI concept would not double count any benefits because the categories are distinct by measure and geography. In addition, Schlegel noted that the Climate Act and historical inequity in programs offer strong support for the PI concept.

Harak recalled that there was a large participation gap for 1–4-unit housing, and asked if this was considered in the PI metrics. McCarey said the logic was to emphasize underserved buildings, and also avoid fluctuations in benefits due to large one-off projects that may occur. Jacobson noted that 5-15-unit housing is likely the most underserved segment.

Villanueva liked the segmented approach to the PI mechanism. Villanueva reiterated a recommendation from a prior Council meeting, which was to consider marginal generation displacement when calculating benefits of emissions reductions. Villanueva believed such a change in calculation methodology could help achieve GHG reduction goals.

Dyke-Redmond reminded the Council of the Nonparticipant Study presentation given on March 18<sup>th</sup>, 2020. Dyke Redmond indicated the greatest participation gaps were across areas with high and low renter concentrations. Dyke-Redmond said differences in participation across income levels and languages were smaller. Dyke-Redmond also noted that the success of LEAN programs was made evident by higher depth of savings in low- and moderate-income areas.

Commissioner Woodcock said the PAs and DOER have had good conversation about isolating different Plan priorities the PI mechanism and was encouraged by progress thus far.

Boyd asked how the definition of EJC's relate to renter concentrations, as there was sure to be significant overlap. McCarey replied that the percentage of renters in each community is included in underlying data being used to determine the PI mechanism, so any overlap would be clear.

McCarey requested feedback on the initial direction of the PI mechanism in order to assemble a more detailed proposal for the Council. McCarey also announced the Council meeting schedule would be updated and agendas would be finalized in upcoming Executive Committee meetings.

## **6. Adjournment**

McCarey, as chair, adjourned the meeting at 3:21 PM.