



EXECUTIVE COMMITTEE MEETING MINUTES

Wednesday, October 6, 2021
Virtual Meeting: Zoom

Executive Committee Members Present: Greg Abbe, JoAnn Bodemer, Amy Boyd, Emmett Lyne, Maggie McCarey, Dennis Villanueva

Other Attendees: Sagal Alisalad, Eric Belliveau, Adrian Caesar, Joe Dorfler, Maggie Downey, Elliott Jacobson, Paul Johnson, Hank Keating, Audrey Eidelman Kiernan, Sarah McDaniel, Bill Stevens, Heather Deese, Dennis Pasqualino, Wesley Couture, Bob Eckel, Christine McEachern, Jodi Hanover, Jonathan Daley, Kate Peters, Leah Berger, Michael Goldman, Marie Abdou, Dion Alley, Gregory Krantz, Rachel Evans, Jerrold Oppenheim, Samuel Nigro, Margaret Kelly

1. Call to Order

McCarey, as Chair, called the meeting to order at 10:05 AM.

2. Executive Committee Updates and Business

October Meeting Schedule

McCarey discussed the October Council meeting schedule, core agenda topics, and key deliverable dates related to the 2022-2024 Plan. McCarey indicated that the updated Plan narrative would be reviewed during the October 13th Council meeting, and an additional Executive Committee meeting would be held on October 20th to draft the October Resolution on the 2022-2024 Plan, prior to the Council Plan vote during the October 27th Special Council meeting.

3. Best Practices Working Group: Contractor Letter

Johnson indicated that restoring the current workforce and resolving price increases are critical for achieving program goals. Johnson said that 40 pages of material documenting material price increases were shared in May 2021, but no action was taken to address them. Johnson added that contractors are now responsible for performing additional pre-inspections due to the limitations of virtual audits, in addition to post-inspections which lead vendors used to handle.

Couture seconded the concerns Johnson raised, and noted that there is no ongoing mechanism in place to adjust for price increases, which forces participating contractors to absorb costs. Couture recommended a six-month review of prices, or built-in allocations for price increase relief for contractors. Couture reiterated that other burdens caused by utility or lead vendor requests have increased contractor burdens, to the point where some contractors have already stopped participating in the program. Couture also suggested the discontinuation of the RFP process to determine contractor pricing.

Boyd was frustrated that this issue was not handled by the Best Practices Working Group (BPWG) or brought to the Council's attention earlier, especially given the concerns around virtual audit efficacy. Boyd fully supported adjusting contractor pricing to ensure they are appropriately compensated.

Bodemer asked if the contractors desired a 10% price increase to forego issuing an RFP, coupled with ongoing work between contractors and program administrators (PAs) to regularly review prices. Couture confirmed that this was the case, and indicated that contractors need to justify price increases each year in a difficult process, but price increases impact each contractor differently. Couture said that price increases were raised earlier in 2021, but a solution was deferred to the RFP process for adjusting prices.

Abbe asked about individual tasks and responsibilities that have shifted from lead vendors to home performance contractors. Couture replied that contractor crew leads are now required to complete virtual inspection forms for completed jobs with no additional compensation, despite the additional time needed on job sites. Couture also said that virtual audits typically require more in-person scoping by contractors. Abbe asked to what degree contractors were aware of these material price issues impacting Income Eligible programs in addition to market rate Residential programs. Couture assumed Income Eligible program contractors were also impacted since this involves industry-wide pricing.

Peters, Director of Residential Programs for Eversource, stated that the PAs would collaborate with contractors and stakeholders to rectify price increase issues. Peters summarized practices around program pricing, considerations for price increases, and options for pricing relief. Peters proposed two near-term solutions: contractor cost data collection and corresponding price adjustments, or broad-based public price data to estimate cost increases.

McCarey suggested that the Executive Committee should review the solution process. McCarey asked how soon the PAs could collect and review data behind each proposed solution. Peters indicated that using broad-based public data to estimate cost increases would be quicker because the data is public, as opposed to being based on a samples of invoices.

Villanueva sympathized with contractors and cost increases. Villanueva asked what the selection process was for contractors and whether they are reselected each year. Villanueva wanted to ensure that minority businesses were treated fairly since cost implications vary for large companies and small contractors. Peters replied that the PAs are planning to further integrate equity into future solicitations, but the past process for contractor selection had open market elements. Peters said the PAs could follow up with additional details on procurement practices.

Johnson suggested that the PAs implement an immediate price increase since contractors already submitted 40 pages of price data in May 2021. Johnson opposed a 2022-2024 Plan that did not include price increase remediation strategy because the workforce would be inadequate without it. Johnson requested that Peters share the referenced report on price increases with the Council. Peters agreed. Johnson indicated that the \$16 million estimated impact of a 10% increase in contractor prices is small relative to Residential program spending on weatherization. Johnson said that the 10% increase should happen now, and that contractors cannot afford to wait on PA data analysis.

Jacobson clarified that Income Eligible programs have a two-year procurement prescribed by the Department of Energy, which was currently underway and could factor in price increases.

Bodemer asked how long it would take for the PAs to collect public price index data and provide a price increase. Bodemer also asked what the long-term process for addressing price increases would look like. Peters responded that discussion of public price data would take a few weeks. Peters said future procurement through RFPs would need to include the proper mechanisms to establish a suitable pricing structure, since materials are usually about 20% of overall job costs. Peters added that the intent was to put out RFP in mid-November, but price reviews could occur annually moving forward. Bodemer asked if the PAs could implement a price increase in November after public data review, then maintain price increases until the contractors and PAs work out an ongoing pricing mechanism. Bodemer agreed with Johnson that the contractors need to be compensated fairly and the impact of a 10% price increase would be worth supporting the existing workforce.

McCarey agreed with Bodemer and emphasized that the solution for a short-term price increase needs to be streamlined. McCarey suggested that the PAs provide an update on pricing data and the price increase proposal at the October 20th Executive Committee meeting. Peters said the PAs would discuss the exact process and timing of a price increase with contractors. Johnson said enhanced COVID-19 incentives were implemented, but to support project pipelines, but contractors still absorbed the cost increases.

Johnson noted that contractors opposed the existing RFP process since contractors who bid lowest prices typically get the most jobs, which results in more experienced contractors getting less work. Peters replied that this is not the mechanism used to assign jobs, and quality of work and customer experience are the top priority. Peters said RFPs are made effective by incorporating a competitive element to drive market-based pricing, and the PAs would revisit contractor proposal scoring criteria since 20% of scoring is based on bidder price.

Lyne said the PAs could connect Villanueva with Bob Eckel to further discuss procurement practices. Villanueva wanted to ensure procurement and compensation were determined through equitable and consistent processes.

4. 2022-2024 Three-Year Planning Process

McCarey indicated the Consultant Team and PAs would provide a review of the updated 2022-2024 Plan narrative and data, key program priorities, and Plan recommendations during the next Council meeting. McCarey said Webb began drafting the October Resolution on the Plan and would work with the Executive Committee to incorporate Council feedback.

Evans announced that the Department of Public Utilities (DPU) issued a pre-hearing memorandum yesterday regarding the procedural process for 2022-2024 Plan review. Evans said the process includes two stages of participation and filing deadlines if stakeholders wanted to comment on filed Plans. Evans added that the Council submits feedback through the Council Resolution, but Councilors and others can provide more detailed, separate comments if they choose.

5. Mass Save Program Update – Implementation Efforts During COVID-19

Lyne announced that three contractors tested positive for COVID-19 in September, nine households were notified of the positive tests, but there were no reports of contractors transmitting COVID-19 to customers. Lyne said the contractor safety protocols have been very successful in mitigating COVID-19 spread.

6. October 13th EEAC Meeting –Agenda Finalization

McCarey noted the October 13th Council meeting would include detailed presentations and discussion on the updated 2022-2024 Plan, as well as a presentation on Cape Light Compact's enhanced incentives and a vote on the Unitil mid-term modifications. McCarey also noted the meeting would be extended by 30 minutes to allow for discussion time.

7. October 20th Special Executive Committee Meeting

McCarey stated that the October 20th Special Executive Committee meeting would be held at 1:00 PM.

8. October 27th Special EEAC Meeting – Draft Agenda Topics

McCarey noted the October 27th Council meeting would focus on the Council Resolution on the 2022-2024 Plan, and a vote on the Resolution. McCarey indicated the October 27th Special Council meeting would also be extended by 30 minutes.

9. November 17th EEAC Meeting

McCarey said that the planning discussion for the Working Group on complementary and alternative program implementation models would likely be included in the November 17th Council meeting agenda.

10. Adjournment

McCarey, as Chair, adjourned the meeting at 11:20 AM.