



MEETING MINUTES

Wednesday, October 13, 2021
Virtual Meeting via Zoom

Voting Councilors Present: Greg Abbe (for Jennifer D Maddox), Cindy Arcate, Jo Ann Bodemer (for Maura Healey), Amy Boyd, Justin Davidson, Elliott Jacobson, Paul Johnson, Deirdre Manning, Cammy Peterson, Robert Rio, Dennis Villanueva, Mary Wambui, Sharon Weber, Commissioner Patrick Woodcock

Voting Councilors Absent: Charlie Harak

Consultants Present: Eric Belliveau, Adrian Caesar, Adam Jacobs, Crystal Johnson, Griffith Keating, Margie Lynch

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

1. Call to Order

McCarey, as Chair, called the meeting to order at 1:05 PM.

2. 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.

Public Comment Listening Session and Contractor Letter

McCarey indicated public comment was provided during a listening session held one hour prior to the Council meeting. McCarey said comments regarding material price increases was

discussed in greater detail in the October 6th Executive Committee meeting, during which the program administrators (PAs) expressed willingness to adjust contractor prices. McCarey requested that the PAs immediately work with contractors to resolve the issue, and hoped to have a resolution at the October 20th Executive Committee special meeting.

3. Updated 2022-2024 Three-Year Plan

Program Administrator Presentation

Porter, Coen, Formica, Georges, Gibbons, and Song, on behalf of the PAs, provided updates on the 2022-2024 Plan. Coen, Georges, and Formica described Residential and Income Eligible sector highlights such as increased weatherization, emphasis on heat pump incentives, increased Income Eligible active demand participation, and Income Eligible Multifamily deep energy retrofits. Gibbons and Song noted that heating electrification for delivered fuel customers, improved HVAC delivery pathways, equitable delivery of services to small businesses, and deep energy retrofits are important Plan improvements for the C&I sector. Song added that the PAs anticipated extensive collaboration with all stakeholders to achieve statewide goals.

Consultant Team Presentation on Updated Savings Goals and Plan Narrative

Belliveau, Keating, Jacobs, Lynch, and Johnson, on behalf of the Consultant Team (C-Team), presented key findings for the updated 2022-2024 Plan related to GHG emissions reduction goals, electrification, equity, workforce development, and active demand management. Belliveau indicated that GHG emissions reductions, Income Eligible fossil fuel heating incentives, transitioning away from lighting measures, and equity targets were remaining Plan considerations for the Council and PAs.

Keating reviewed portfolio-level savings, spending, benefits, and GHG emissions reduction shifts between the April Draft Plan and September Draft Plan. Jacobs highlighted C&I sector adjustments in the September Draft Plan including increased budget and GHG emissions reductions in alignment with stakeholder input, and commitments to establish a C&I Working Group and deep energy retrofit offering. Lynch summarized differences in spending and savings between 2022-2024 Plan drafts across Residential programs and end uses, as well as focus areas like co-delivery of heat pumps and weatherization. Lynch also indicated there was a favorable increase in GHG emissions reductions resulting from Income Eligible electrification between the April and September Draft Plans, but investment in weatherization and heat pump water heaters was insufficient. Lynch and Johnson discussed customer segment-specific equity targets and delivery strategies, unmet Equity Working Group requests, and other key equity considerations for the 2022-2024 Plan.

Council Discussion – Commercial & Industrial Sector

Wambui questioned the underinvestment in retrocommissioning given the significant savings it can produce in large, existing buildings. Jacobs responded that there has been less emphasis on retrocommissioning relative to importance of the measure type, and the focus is optimizing building controls and systems. Jacobs indicated that all building controls incentives accounted for about \$12 million of the budget, but hoped to see higher investment in these measures since they have many energy and non-energy benefits. Jacobs recommended reallocating some of the \$265 million in lighting incentives to retrocommissioning.

Peterson suggested the greenhouse gas (GHG) reduction targets should be achieved for the electric portfolio. Peterson supported the reallocation of lighting incentive spending into retrocommissioning incentives since the lighting market is already transformed. Peterson urged the PAs to further reduce fossil fuel incentives, as fossil fuel incentives have remained largely stagnant with electrification investment layered on top. Peterson was excited for details on deep energy retrofit offerings, especially for municipal buildings, as they are critical to meeting 2030 GHG goals. Peterson indicated serving municipal, university, school, and hospital (MUSH) buildings would benefit the elderly and communities of color that are often hosted in these facilities. Peterson recommended more dedicated offerings for municipalities that include specific municipal baselines since public buildings differ from other C&I buildings.

Villanueva asked if there was a breakdown between New Construction and Retrofit for C&I electrification, because existing building electrification would be a challenge. Villanueva suggested that using marginal emissions instead of average emissions reductions would be more appropriate, but the Council needs to implement the most realistic and efficient calculation methodology. Villanueva said the shift to marginal emissions reductions might result in exceeding the GHG goal for the electric portfolio. Villanueva indicated that outdated pneumatic control systems are expensive to convert to direct digital control systems, which is a barrier to retrocommissioning that should be eliminated. Villanueva was also disappointed that the updated Draft Plan did not mention a C&I Working Group. McCarey responded that the Department of Energy Resources (DOER) and C-Team committed to co-managing a C&I Working Group with the PAs, so this commitment should be added to the Plan.

Johnson asked why the PAs invested so much in lighting measures relative to the small retrocommissioning investment. Johnson asked how methane emissions would be mitigated given their large environmental impact. Johnson asked what share of spending was for lighting controls. Johnson asked for more details on the standard weatherization plan for small businesses, and whether home performance contractors could serve these buildings. Jacobs indicated the Center for Eco Technology (CET) and PAs are collaborating to weatherize small businesses like doctor's offices and dentists. Song indicated that current weatherization projects for these customers are all custom, so the PAs are looking to standardize the successful pilot offering. Song indicated that qualified Residential contractors could participate as well, and anticipated weatherization project volumes would increase once the offer is standardized. McCarey added that the pilot is looking to establish tools for providing onsite recommendations and estimates to businesses to help conversion rates.

Rio was concerned about removing combined heat and power (CHP) incentives and the challenges for C&I electrification. Rio suggested that reduction in CHP incentives should be coordinated with the alternative portfolio standard. Rio doubted there would be many more CHP installations, and removing incentives might increase emissions in the short term if C&I customers continue to rely on gas heating. McCarey replied that the Plan includes a gradual phase out of CHP incentives, so some projects would still receive incentives. McCarey added that there are no emissions benefits for CHP, so incentivizing these projects is counter to the Climate Act.

Villanueva agreed conceptually with the CHP phase out as a means of reducing gas consumption, but agreed with Rio that only CHP projects with proven benefits should be incentivized. Villanueva opposed incentives for higher gas efficiency equipment, but supported delivered fuel to gas fuel switching that would yield benefits. Villanueva said fuel switching and CHP need to be treated practically, especially since resilience benefits of CHP benefit buildings like hospitals.

Council Discussion – Residential Sector

Wambui said equity should be embedded in sector-specific discussions. Wambui said language such as, “we are going to prioritize transitioning customers likely to experience reduced heating costs and seamless installations,” would lead to systemic exclusion and future inequity. Wambui indicted this happened in 2008 when the Commonwealth prioritized energy efficiency and abandoned many vulnerable customers. Wambui said equity issues cannot be solved by ratepayer funded programs alone, and asked the Office of the Attorney General to systematically address equity through utility rate structures or integrating technologies like solar.

Abbe asked if the dramatic increase in the Social Cost of Carbon resulted in gas to electric fuel switching becoming cost effective. Porter indicated these conversions are now cost effective and can now be funded under program rules, but added that customers could experience increased heating costs under today’s electric and gas rates. Abbe asked if there were efforts to push electrification in Residential Coordinated Delivery instead of gas equipment and relegate gas equipment to an upstream or rebate program. Porter said the scope of fossil fuel heating incentives is being reduced, but the PAs need to consider counterfactual where support for higher efficiency equipment is not provided and customers resort to lower efficiency equipment. Abbe recognized that getting rid of incentives based on program structure is unlikely, but wondered if heat pumps could be at the forefront of Residential programs. Porter said the general approach has been meeting customer needs and maximizing energy efficiency. Porter added that the PAs are explicitly moving toward an electrification focus in program delivery, particularly for delivered fuel displacements where savings opportunities are large, customer economics are better, and GHG reductions are highest.

Weber commented that the ambitious heating electrification goals across all sectors warrant rigorous tracking and monthly data reporting on heat pump installation progress. Weber’s personal experience with heat pump installation was challenging, so customer technical assistance and data tracking will be critical.

Peterson agreed with Weber, Abbe, and Wambui. Peterson said training, support, and incentives all impact customer decision making, and customers can be discouraged to participate in programs if they get confused. Peterson suggested changing program structure and capitalizing on the higher Social Cost of Carbon to support goals. Peterson was pleased by the 1-4-unit all electric Residential New Construction opportunities, but recommended more offerings since these buildings will last for decades. Peterson also supported a performance-based pathway to support weatherization and electrification codelivery, in addition to applying an approach similar to the Home MVP program.

Johnson agreed with Weber's request for monthly heating electrification reports. Johnson was glad the Plan included an HVAC specialist consultant. Johnson supported a performance-based approach to weatherization. Johnson said weatherization should be free for customers that install a heat pump. Johnson also recommended incentives for HVAC and weatherization contractors that promote weatherization and heat pumps.

Boyd urged the PAs to meet the GHG reduction goal specific to the electric portfolio, and to have robust reporting on codelivery of weatherization and heat pumps. Boyd also suggested close reporting of C&I heating electrification progress since the program delivery model will require continuous improvement. Boyd indicated that electrification can be a complicated process, so the customer journey needs to be optimized and supported by tools like the GHG calculator.

Jacobson suggested that an Income Eligible Best Practices Working Group would be helpful given the amount of information and effort required to electrify Income Eligible homes. Jacobson said there are a few key barriers to heat pump adoption which would be helpful to discuss with a stakeholder working group. Wambui reiterated that transparency and detailed data reporting are critical.

Abbe wondered if as PAs considered changing contractors incentives based on customer outcomes in order to support holistic upgrades as opposed to simple measure installations.

Council Discussion – Income Eligible Sector

Wambui asked when a resolution on mixed income protocols would be provided since it has been an issue for several years. Jacobson indicated that the PAs were evaluating a proposal from LEAN for a “quarterbacking” model, and agreed that mixed income protocols should be sorted out immediately. Porter said the PAs would provide an update at the next Executive Committee or Council meeting. Formica said the PAs are working to get market rate vendors contracted to work under this mixed income model, but would provide further updates in Q4. Wambui requested that the update is provided publicly. McCarey said the Council should be updated on the mixed income protocol and the start of its implementation.

Peterson was encouraged by the increased investment in electrification and weatherization. Peterson recommended additional investments in Income Eligible storage, electric vehicle charging, and water heating. Peterson was also supportive of the Multifamily Affordable Housing deep energy retrofit offering, and wanted to assess how aligned the details were with public comment offered by LISC and Passive House Massachusetts.

Commissioner Woodcock reinforced Peterson's comments. Commissioner Woodcock suggested that new delivered fuel equipment installations receive heavy scrutiny and are limited to emergencies only. Commissioner Woodcock said heat pumps need to be considered when making heating system upgrades and hoped the final Plan would reflect the need for substitutes to delivered fuel heating.

Johnson agreed with Peterson's suggestion to increase Income Eligible storage and water heating. Johnson said heat pump water heater installations need to increase at least tenfold given their high benefit-cost ratios and impacts on customer perception of heating electrification. Johnson added that the PAs need to describe a specific strategy for moderate income weatherization and identify how many renters would be targeted.

Abbe asked why there was significant underinvestment in Income Eligible weatherization and insulation relative to the market rate Residential sector. Jacobson noted that the data did not include HEARTWAP investments. Abbe recommended increased investment in Income Eligible weatherization.

Wambui hoped for frequent reporting on Income Eligible program performance in order to determine how well the increased investments were working and what program improvements are needed.

Council Discussion – Equity

Commissioner Woodcock highlighted a core component of plan, which is aligning program goals for equity and electrification with performance incentives. McCarey added that this would also help ensure equity targets are met. McCarey said stakeholders have identified 38 communities that meet the criteria for Environmental Justice Communities. McCarey said the performance incentive is being redesigned to ensure there is specific pool of funding for these target communities.

Jacobson noted that 82% of units LEAN serves are rental units. Jacobson advocated for implementing the Department of Housing and Urban Development standard for moderate income, which is 80% of state median income, in order to reach more customers.

Boyd asked whether the PAs committed to equity targets. McCarey said specific equity targets and budgets were still being determined. McCarey said the PAs have agreed to equity targets and reporting for groups like renters and moderate-income customers.

Wambui thanked the PAs for their cooperation in producing the investment for target customer segments. Wambui emphasized importance of transparency and data reporting. Wambui said current literature on carbon emissions and climate change suggest that even higher GHG reduction targets might be required. Wambui indicated the C-Team clearly described unmet Equity Working Group requests and requested that the PAs address them in the Final Plan. Wambui was grateful that Commissioner Woodcock mentioned performance incentives, and said the performance incentive needs to be transparent. Wambui noted that the underinvestment in serving renters is a concern, especially since Environmental Justice Communities have high concentrations of renters. Wambui urged the PAs to have an inclusive and intentional collaboration process with each municipal partner in the Community First Partnerships to address their unique needs. Wambui also noted that the PAs need to describe workforce development strategy coordination with the Clean Energy Center. Wambui said encouraging diverse business enterprises to participate in programs is not the same as implementing structural changes to procurement that have inhibited their participation.

Peterson thanked the PAs for their planning efforts, but agreed with Wambui that there were still required improvements including specific equity metrics and targets. Peterson stated that there were too few details on the income verification process, renter strategies, and codelivery of weatherization and heating measures. Peterson was disappointed that the requirement for weatherization prior to heat pump installation was in place without having details on delivery strategy. Peterson suggested that unchanged incentives would not encourage moderate-income participation given the marginal cost left for customers. Peterson said the level of investment in renters is not sufficient relative to the number of renters in the Commonwealth. Peterson supported the 100% weatherization incentive, but urged the PAs to incorporate more strategies. Peterson also concurred with Wambui regarding specific funding for environmental justice communities, underserved communities, and inclusive community partnership collaboration.

Johnson opposed investment in workforce development since the current workforce is dwindling. Johnson was thankful that the Executive Committee was working to address material and labor price increases. Johnson commented that virtual audits are insufficient and require additional scoping, which is costly for contractors. Johnson recommended an immediate 10% increase in contractor prices, and annual price increases based on data analysis. Johnson said training new workers will not yield benefits work if there are no contractor companies to employ them. McCarey said this subject would be discussed again at the next Executive Committee meeting. Peters indicated the PAs were meeting with contractors tomorrow to discuss current pricing, a short-term price increase, and an ongoing process to address contractor pricing.

Formica said the majority of Income Eligible and moderate-income customers are renters and hoped the new Residential Education Grant program and Community First Partnerships would support renters and Environmental Justice Communities. Formica added that targeted marketing for small Multifamily buildings, renters, and landlords would be supported by data analysis.

Wambui suggested that recommendations from the C-Team presentation and public comment listening session were worth exploring. Wambui also believed that there were missed energy efficiency opportunities at the time of home purchases. Wambui hoped to receive reports on Residential Education to keep track of outcomes.

Villanueva left the virtual meeting at 4:20 PM.

Council Discussion – Active Demand

Weber was pleased by the evaluation of charging based approaches to electric vehicle charging equipment included in the updated Plan narrative, as well as the intent to have statewide offering by the summer of 2022. Weber hoped existing electric vehicle charging offerings would remain in place until the new offering becomes available. Weber also said there was an indication that significant battery storage dispatch is coming from gas and diesel generators, which is counter to Council recommendation.

Johnson asked what share of the 20% of homes with smart thermostats were connected, and what the participant incentives are for direct load control and battery storage. Johnson seconded Song's comment that the Council and PAs are facing a big challenge, and recommended that the

PAs add new staff. Johnson opposed voting in favor of a Plan that did not include details on strategies for achieving program goals.

Boyd echoed Weber's comments, especially on eliminating fossil fuel incentives in active demand management programs.

Peterson agreed, and reiterated support for additional Income Eligible active demand participation.

Wambui and McCarey appreciated the PAs efforts in the planning process.

4. Cape Light Compact (CLC) Enhanced Incentives

Cape Light Compact Presentation

Downey, on behalf of Cape Light Compact (CLC), presented an overview of CLC's proposed enhanced incentives for the 2022-2024 Plan as required by the Department of Public Utilities. Downey indicated the CLC Board will discuss and vote on CLC's proposed enhanced incentives on October 14th.

Council Discussion

Peterson supported all enhanced incentives and thought it was useful to learn about CLC's work. Peterson felt their programs could be strong statewide, and was curious if the enhanced incentives would be proven effective by the evaluation study. Peterson wanted the results of the evaluation to be disseminated among the other PAs. Downey indicated that the study would not be completed before Plan filing, but the PAs could adjust incentive levels if there are favorable results from the evaluations.

5. Next Steps and Council Resolution on the 2022-2024 Three-Year Plan

McCarey noted that the Executive Committee would meet on October 20th and the Equity Working Group would meet on October 15th to refine Plan recommendations.

6. Unitil Mid-Term Modifications (MTMs)

Downes, on behalf of Unitil, described MTMs resulting from underspending for Unitil's electric C&I Retrofit program. Downes indicated Unitil would continue to implement projects through the end of the year, but would not reach the 80% required spending threshold.

Council Discussion and Vote

McCarey indicated there was additional data and C-Team recommendations included in the Council Resolution for the Unitil MTM included in the Council meeting materials.

Manning motioned to approve the Council Resolution on the Unitil MTM. Abbe second. All were in favor, with none opposed or abstaining. The Council Resolution on the Unitil MTM was approved, as submitted, by the Council.

7. Adjournment

McCarey, as chair, adjourned the meeting at 4:37 PM.