



SPECIAL MEETING MINUTES

Tuesday, October 26, 2021
Virtual Meeting via Zoom

Voting Councilors Present: Greg Abbe (for Jennifer D Maddox), Cindy Arcate, Jo Ann Bodemer (for Maura Healey), Amy Boyd, Elliott Jacobson, Cammy Peterson, Dennis Villanueva, Mary Wambui, Sharon Weber (for Martin Suuberg), Commissioner Patrick Woodcock

Voting Councilors Absent: Justin Davidson, Charlie Harak, Paul Johnson, Deirdre Manning, Robert Rio

Consultants Present: Adrian Caesar, Gretchen Calcagni, Adam Jacobs, Margie Lynch, Jeff Schlegel

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

1. Call to Order

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

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.

3. 2022-2024 Three-Year Plan Updates

Data and Programmatic Highlights, Term Sheet Overview, and Performance Incentives

McCarey indicated the purpose of the meeting to cover changes to the 2022-2024 Plan since the October 13th Council meeting, review the Council's October Resolution on the 2022-2024 Plan, and review the performance incentive mechanism. McCarey provided a status update on the 2022-2024 Planning process, and reminded Councilors that the October 26th and 27th Special Council meetings would be used to review the final Term Sheet, 2022-2024 Plan updates, and October Resolution for a Council vote. McCarey noted that the final 2022-2024 Plan would be filed on November 1st instead of October 31st.

Commissioner Woodcock thanked the Department of Energy Resources (DOER), Consultant Team (C-Team), program administrators (PAs), and other stakeholders for their contributions to the Planning process. Commissioner Woodcock also reiterated the importance of equity and electrification in the 2022-2024 Plan.

Lynch and Jacobs presented sector-specific highlights and expected Plan improvements to be documented in the October Resolution. Schlegel summarized the 2022-2024 performance incentive (PI), which was updated to reflect stakeholder priorities on equity and electrification.

Council Questions – Performance Incentives

Peterson asked if the 125% total portfolio cap would limit investments in the Equity and Electrification PI components. Schlegel indicated the overall cap on the PI is meant to limit the total amount that can be earned to 125% across all components.

Arcate asked if differences in PA service territories were factored into the PI design, since some PAs may have more opportunities to for Community First Partnerships for instance. Schlegel replied that the presentation represented statewide figures, but the weights for the PI components would vary across PAs. Arcate asked when each PA's performance incentive breakouts would be available. Schlegel said these would be included in the statewide data tables and PI model prior to Plan filing, but the PAs have provided some initial data. Arcate asked for an assessment of the rate of return earned by each PA on their earned performance incentives. Schlegel said this could be calculated based on ratepayer investment, but the performance incentive is usually looked at as a percentage of program costs. Arcate suggested that calculating rate of return on performance incentives could provide more valuable insights into what motivates PAs to act. Schlegel added that the performance incentive's contribution to earnings per share would also be a suitable metric.

Council Questions – Term Sheet and Sector Highlights

Arcate asked about integrated home energy scorecards. McCarey said home energy scorecards would be integrated into the home energy assessment process to provide asset-based scores and how to improve scores by implementing energy efficiency measures.

Villanueva asked if C&I Working Group meetings should be restricted to a quarterly basis, or if there would be flexibility for additional meetings. McCarey said four meetings was just a minimum, but the meeting schedule should allow for adequate synthesis of information between meetings. McCarey said the C&I Working Group charter would flesh out meeting cadence, and language could be added into the Council Resolution to reflect flexibility around the schedule.

Council Discussion and Comments

Boyd asked if only all-electric New Construction would be eligible for incentives under new offerings. Formica responded that, to date, the PAs have provided enhanced incentives for all-electric New Construction in 1-4-units buildings, so the new offering would provide much larger incentives for electric space and water heated homes. Formica added that a new workforce development initiative to complement passive house would launch to ensure builders and customers are informed on the offer.

Commissioner Woodcock said it is incumbent on the Council to make equity initiatives successful, and community partnerships will have to be a key focus.

Wambui asked for an expanded definition of community partnerships in the Final Resolution as it was unclear how community partnerships were relevant to meeting targets. McCarey noted that this was meant to reflect the expanded definition of community partnerships that was included in equity targets, but the Resolution's language could be refined prior to the vote.

Arcate hoped the weatherization requirement for moderate-income heat pump incentives would be delayed given it would be another moderate-income participation barrier. McCarey said the Council Resolution would request a delay for the weatherization requirement until a comprehensive co-delivery model is developed.

Jacobson indicated that LEAN and Community Action Agencies are committed to working closely with Environmental Justice communities to ensure successful community partnerships.

Peterson also supported delay of the moderate-income weatherization requirement since it would create additional barriers specific to underserved populations. Peterson recommended closer assessment of whether the requirements would make sense even though heat pumps perform best in weatherized buildings. Peterson said if mandatory weatherization is deemed appropriate within the delivery model, then it should be implemented.

Wambui reassured Commissioner Woodcock that many people are collaborating directly with municipalities to participate under the Community First Partnerships model for the 2022-2024 plan. Wambui also supported delaying the moderate-income weatherization requirement in order to prevent additional participation barriers.

Jacobson was concerned that communities may be confused about which entity should be contacted for participating in programs, since multiple offerings or pathways may be available for customers. Commissioner Woodcock said there needs to be full transparency on the appropriate resource for program participation. McCarey said this would be addressed through integrated program design.

Boyd suggested that customers need to be educated on Income Eligible program offerings even if the weatherization requirement is not in place. Boyd said customers may be confused by different vendors offering low- and moderate-income services. McCarey agreed that customers should know there is full coverage for weatherization and pre-weatherization barrier mitigation.

Bodemer recommended that the Council's July Resolution included support for the Cape and Vineyard Electrification Offering, so it should be reiterated in the October Resolution. McCarey said this would be added to the October Resolution.

Villanueva requested an estimate of rate and bill impacts for the 2022-2024 Plan, given recent developments on energy cost increases. Menges said some PAs might have estimated impacts by the end of the week, but detailed estimates would be provided during the Plan filing process. Commissioner Woodcock also wanted the PAs to provide estimated rate and bill impacts, as well as timing of the impacts, to better inform the Plan vote.

Arcate agreed with Villanueva and Commissioner Woodcock. Arcate also asked what impacts would be offset by budget carryover from the current term. Arcate said the gravity of potential bill impacts led the PAs to suggest non-ratepayer funding sources, and suggested discussing rate and bill impacts prior to the Plan vote. McCarey said there would be some budget carryover since a few MTMs were proposed due to underspending.

Bodemer said the PAs should give a sense of how reconciliation filings would affect potential bill impacts and when the reconciliations would occur.

Porter replied that the PAs can provide estimated rate and bill impacts at the October 27th Special Council meeting. Porter clarified that budget carryover would offset 2022 rates, but there was larger carryover from 2020 to 2021 for most PAs. Porter said forward capacity market revenues and carryforward factor into rate and bill impacts, but the energy efficiency surcharge generally corresponds with budget increases. Porter added that this varies across PAs, fuels, and sectors. Villanueva asked if budget increases would be a reliable proxy to estimate rate and bill impacts. Porter said budget increases typically provide directional guidance on rate increases.

Peterson asked when fossil fuel generators would be phased out of active demand programs. McCarey said there could be a one-year transition, but the PAs are determining whether it could happen sooner to avoid one season of fossil fuel generator participation in programs.

McCarey announced that today's feedback would be incorporated into the Resolution in preparation for the Council vote. McCarey also noted that rate and bill impact estimates and a Cape Light Compact mid-term modification would be included in October 27th Council meeting discussion.

4. Adjournment

McCarey, as chair, adjourned the meeting at 11:55 AM.