



## **EXECUTIVE COMMITTEE MEETING MINUTES**

**Wednesday, January 5, 2022**  
Virtual Meeting: Zoom

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

**Other Attendees:** Adrian Caesar, Emily Webb, Paul Johnson, , Wesley Couture, Bill Graham, Bob Eckel, Elliott Jacobson, Martjin Fleuren, Alyssa Vargas, Christine McEachern, Christopher Graham, Dan Carroll, Eric Belliveau, Gregory Krantz, Joe DiPietro, John Lanzi, Jonathan Whipple, Kate Peters, , Kathleen Lyons, Margaret Downey, Margie Lynch, Marie Abdou, Mark Tempel, Nick DelMonaco, Nina Mascarenhas, Rachel Evans, Rick Taglienti, Frank Gundal, Audrey Eidelman Kiernan, Calvin Day, Dennis Pasqualino, Jodi Hanover, Tom Rossmassler, Samuel Nigro

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### **1. Call to Order**

McCarey, as Chair, called the meeting to order at 10:06 AM.

### **2. Executive Committee Updates and Business**

McCarey announced that all intervening parties in the 2022-2024 Three-Year Plan DPU docket filed briefs last Wednesday, and there was broad support for the 2022-2024 Plan. McCarey said reply briefs are due January 6<sup>th</sup>, and the DPU order on the Plan is due by the end of January. McCarey said a link to the DPU file room would be distributed to all Councilors.

### **3. Home Performance Contractor (HPC) Home Energy Audit Pricing**

Peters provided an update following discussion at the December 2021 Council meeting regarding contractor pricing. Peters indicated that an immediate \$25 increase to the contractor home energy audit (HEA) fee and \$75 weatherization completion fee paid on project invoices. Peters noted that the program administrator (PA) committee received a letter from contractors last night expressing discontent with the contractor pricing conservations thus far, despite PA efforts to facilitate collaborative discussions. Peters stated that HEAs previously provided substantial savings from lighting while driving customers toward weatherization, so changes in the 2022-

2024 Plan related to lost lighting savings need to be addressed. Peters said that the PAs were concerned by operational costs covered by audit fees while HEAs no longer generate direct savings. Peters suggested that the PAs are seeking to realign revenue structures with program and Plan goals. Peters said the first step in the realignment process is the immediate HEA pricing increase, but further critical adjustments to audit fees will occur during the next six weeks. Peters added that National Grid and Eversource will focus on solidifying the further adjustments prior to releasing the next Weatherization Pricing RFQ to inform contractor bids. Peters also noted that the structure for ongoing discussions on contractor pricing will be determined, but lead vendors, PAs, and contractors will continue to discuss program pricing and costs in an appropriate forum.

Boyd suggested that the history behind lead vendor/independent installation contractor (IIC) and HPC pathways is an important consideration. Boyd said the transition away from lighting and into decarbonization efforts at which to evaluate the entire delivery model. Boyd recommended determining the best business model for accomplishing program goals. Peters responded that there is both a need and room for both contractor models, but they need to be more clearly differentiated for customers. Peters welcomed the opportunity for further discussion on contractor delivery models. McCarey wondered if the C-Team and PAs should provide a refresher on the current contractor models and challenges related to lost lighting savings and shifting program priorities.

Abbe believed that such a presentation would be beneficial to the Council, as many may not understand the separate delivery pathways within Mass Save.

McCarey asked why the estimated lighting revenue amount of \$43 the PAs presented was lower than the HPC estimate of \$66 in a prior presentation. Peters replied that there was a range across PAs, and the National Grid average was used. Peters said the Eversource average was in the \$60 range, but they could determine the average across all PAs.

Johnson indicated that HPCs have a different view from what Peters presented and felt it would be appropriate to hear from contractors participating in the meeting. The Executive Committee members agreed that this would be appropriate.

Couture noted that HPCs look forward to continued pricing conversations, but the PA proposal is an order of magnitude different from what real financial data from the four largest HPCs suggested was appropriate. Couture suggested that the weatherization conversion fee is essentially a convoluted quarterly bonus structure, and every PA has different requirements for earning it. Couture said contractors typically ignore this, but want to collaborate with the PAs to turn it into a more reliable source of potential compensation. Couture indicated that HPCs have always driven full weatherization, even back in 2015 when HPCs would net \$20 in earnings per HEA. Couture said costs have risen and lighting revenue has phased out, so HEAs are no longer valuable for HPCs. Couture added that HPCs yield good weatherization conversion rates, but lead vendors/IICs have a revenue stream that is designed to absorb marketing and operational fees, unlike the HPCs. Couture also noted that the PAs and contractors discussed implementing HVAC and heat pump measures through the HPC pathway, but not all HPCs provide such services. Couture commented that needing to perform additional services to break even on an

HEA would not make sense. Couture supported further discussion on the pros and cons of both contractor pathways. At the start of RFP process, HPCs believed there would be one contractor pathway in the program, so contractor pricing would determine how much work HPCs would get in the program. Couture stated that this changed, the HPCs were informed there would still be two contractor pathways, and HPCs could only subcontract 25% of their work. Couture said that HPCs offer work to IICs at a discount because the HPCs need to administer the entire project, while lead vendors send work to IICs at the full market rate and the lead vendor is responsible for quality of work. Couture suggested that these arbitrary splits put HPCs at a disadvantage. Couture said that HPCs originally requested a \$250 increase for HEAs, but the actual data shows that they lose over \$300 per HEA. Couture acknowledged the PAs concerns about spending too much on audits that do not yield immediate savings, and added that the HPCs would support increasing compensation for successful weatherization conversions. Couture reiterated that the level of compensation increase the PAs put forth and what the HPCs have determined to be appropriate represents a large discrepancy.

McCarey said there has been some incremental progress, but more comprehensive changes to HPC compensation are needed. McCarey said the short-term price increase is insufficient for the HPCs, so additional changes are required, but there seems to be consistency between.

Bodemer garnered that there is an ongoing process in place for contractor pricing discussion, and it seems urgent for the PAs that they work with HPCs to find solutions. Bodemer said there is a lot of nuance and information to process, but was glad there is a process for continued dialogue.

Johnson claimed that the dialogue process has not been productive, and the PAs do not have the same degree of urgency to find a solution as the HPCs. Johnson believed the \$25 HEA fee increase is insulting and it does not demonstrate good faith effort from PAs. Johnson recommended that a third-party should mediate negotiations between the PAs and HPCs. Johnson said that it takes three HEAs to generate a customer, so the HPCs realistically lose \$990 before savings are achieved. Johnson noted that HPCs are knocking on doors to get customers since marketing efforts are not effective. Johnson said contractor requests have been discussed at the Best Practices Working Group, but HPCs are considering reducing work with Mass Save due to the lack of support. Johnson requested that the Executive Committee to take immediate action to support the contractor request for an emergency \$250 HEA fee increase, which is less than the \$330 they lose per audit. Johnson also requested that the Consultant Team (C-Team) and a third-party oversee these negotiations.

McCarey disagreed that the Executive Committee should recommend a specific dollar amount increase for HEA fees, and only supported directing the C-Team to review documentation and provide recommendations to the Council. McCarey said it is outside of the Council's charge to direct the PAs on a specific dollar amount, and the PAs indicated they will determine additional increases during the coming weeks. McCarey said the Department of Energy Resources can engage in the discussion if the PAs and HPCs cannot come to a consensus.

Johnson commented that another third-party should mediate the pricing discussions if the C-Team does not. Johnson commented that there is a \$14 million budget for Residential marketing, but PAs will not do anything to provide sufficient contractor support. Johnson commented that

the Best Practices Working Group is useless since HPC concerns have been continually ignored. McCarey directed Johnson to maintain respectful language. Johnson apologized.

Abbe reiterated the need for a presentation on the two contractor pathways. Abbe also agreed it is not appropriate for the Council to propose a specific dollar amount while unaware of how cost-effective certain components of the pathways are. Abbe believed the Council would need more context to make a specific suggestion.

McCarey said it would be helpful for the PAs or C-Team to present this, especially since the C-Team has made prior recommendations on post-lighting programmatic changes.

Boyd suggested that the bonus structure and HEA payment fee need to be rectified, but the Council would need more context. Boyd said the Executive Committee alone could not make a recommendation, but the full Council may be able to from a process standpoint. McCarey said if all presented data is interpreted as true, then there is a definite need for further discussion.

Johnson said an immediate solution was needed considering that HPCs are already losing money every day. Johnson requested that the Executive Committee develop a Resolution for Council consideration. McCarey said the Executive Committee is not comfortable making a recommendation on a dollar amount, nor is it in the Executive Committee's charge. McCarey added that there is at least a short-term increase to cover the lighting differential and the PAs are planning further conversations with HPCs. Johnson indicated that the \$25 increase is for labor costs not lost revenue from LED bulbs. McCarey recalled that Couture suggested the contractors would support fee increases in the form of increased weatherization conversion fees.

#### **4. Consultant Team 2022 Workplan**

Belliveau summarized changes from the 2022 C-Team workplan since the December Council meeting. Belliveau said there was Council feedback that more C-Team resources should be allocated to C&I sector support, so the share of C&I spending was increased to 20% of the total C-Team budget. Belliveau said an updated presentation to reflect these changes has been developed.

#### **5. Data Request Process**

McCarey said an updated draft Data Request Process document was in development to add more clarity on what components would be considered when assessing value of data requests, especially as it relates to transparency and equity. McCarey noted that there would also be more language added regarding the Executive Committee's role in the process.

Johnson asked how data requests would be distinguished from clarifications and questions for immediate follow up in order to prevent delays. McCarey said the language would clarify what is included in the process, but it would mainly apply to material data requests instead of quick follow-ups.

#### **6. Mass Save Program Update – Implementation Efforts During COVID-19**

Lyne anticipated increased COVID-19 transmission due to the Omicron variant. Lyne stated that there were 14 positive cases among contractors in November and December that would be reported to the DPU. Lyne said the health and safety protocols will remain in effect due to the increase in cases. Lyne also welcomed thoughts from others on creative program implementation strategy given potential resulting workforce shortages.

Johnson asked if the contractors are being tested before entering buildings. Gundal said COVID-19 testing is not mandatory, and the PAs are following federal requirements despite the lack of clear guidelines. Johnson thought the federal mandate required entities with more than 100 employees to require regular testing or vaccination. Gundal replied that there has been back and forth on the legal side, and the PAs want clear direction on how to apply the federal mandate. McCarey requested that the PAs provide a written update on testing and vaccination status. Gundal agreed that the PAs can provide an update.

Lyne asked if the PAs should require contractors to be vaccinated and regularly tested based on the current federal mandate. Johnson believed that contractors would be better protected and less liable for any customers contracting COVID-19.

#### **7. January EEAC Meeting –Agenda Finalization**

McCarey announced that the January Council meeting would include discussion of 2022 Council Priorities, votes on October, November, and December meeting minutes, as well as votes on the C-Team 2022 Workplan and Council Data Request Process.

Johnson asked if the presentation on the program pathways would be included in the agenda. McCarey confirmed C-Team and PA presentations would be on the agenda.

#### **8. February EEAC Meeting – Draft Agenda Topics**

McCarey said review of the DPU Order on the 2022-2024 Plan would be the primary agenda topic for February.

#### **9. Adjournment**

McCarey, as Chair, adjourned the meeting at 11:29 AM.