



MEETING MINUTES

Wednesday, June 15, 2022

Virtual Meeting via Zoom

Councilors Present: Greg Abbe, Cindy Arcate, Jo Ann Bodemer (representing Maura Healey), Amy Boyd, Justin Davidson, Charlie Harak, Elliott Jacobson, Paul Johnson, Deirdre Manning, Robert Rio, Cammy Peterson, Cindy Luppi (representing Mary Wambui), Sharon Weber, Commissioner Patrick Woodcock, Dennis Villanueva, Cindy Carroll, Hammad Chaudry, Michael Ferrante, Kate Peters, Chris Porter, Tim Costa, Stephanie Terach

Councilors Absent: Maggie Downey, Paul Gromer, Andrew Newman

Consultants Present: Eric Belliveau, Adrian Caesar, Gretchen Calcagni, Michelle Kelleher, Margie Lynch

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

1. EEAC Website Refresh Overview

Calcagni, Lasky, and Hofstetter, on behalf of the Consultant Team (C-Team), provided a walkthrough of the updated EEAC website's new functionality and design. Calcagni summarized website changes including an aesthetic redesign, improved search functionality, and reorganized website resources. Lasky noted that the website was streamlined, expanded, and refreshed while maintaining familiarity for its users. Lasky said the goal of the website is also to promote interactivity and connote transparency for the public.

McCarey instructed Councilors to provide any feedback on the EEAC website to the MA-EEAC email address.

2. Call to Order

McCarey, on behalf of the Chair, called the meeting to order at 1:05 PM.

3. Public Comment

Bernetta Morton

In response to the presentation on weatherization pricing results, Morton recommended that Mass Save immediately implement a 25% overall material price increase. Morton suggested that the weatherization pricing request for quotes (RFQ) employed faulty statistical analysis on weatherization contractor data. Morton indicated that the use of the lowest third of contractor pricing bids was an arbitrary selection of data that did not represent the larger dataset, which is poor statistical best practice. Morton said the presented weatherization prices are scary and would ruin the program. Morton emphasized the need for an immediate solution since Mass Save program performance and pricing results are deplorable. Until an independent pricing analysis is conducted, Morton urged the program administrators (PAs) to implement a 25% contractor price increase retroactive to January 1st, 2022. Morton said vibrant clean energy programs are needed in Massachusetts, so an environment needs to be created which lets such programs thrive.

John Lanzi (Revise)

Lanzi commented that since several contractors provided public comment at the May EEAC meeting, no communications regarding contractor pricing have been received. Lanzi said that contractors have experienced significant material cost increases in June for cellulose and rigid board, two of the most commonly used weatherization materials, but the results of the RFQ have lowered contractor pricing for these materials. Lanzi said that contractors are overburdened even with the emergency 10% price increase. Lanzi added that the contractors' pricing requests are not a ploy to increase profitability, but necessary changes needed to keep them in the Mass Save program. Lanzi said that contractors are forced to work in other industries, and program performance data will soon show a sharp decrease in weatherization jobs. Lanzi feared that many contractors would continue to lay off workers and close their businesses.

Wes Couture (American Installations)

Couture found it unbelievable that contractors have to repeat the same pricing requests when the RFQ results are clearly misaligned with reality. Couture reiterated Lanzi's point that proposed prices for cellulose and rigid board have dropped over 24% while their costs are much higher. Couture believed the proposed contractor pricing illustrates that no common sense was applied and there is no future for contractors in the Mass Save program. Couture said the discrepancies between pricing results and the market are embarrassing, pricing is not grounded in reality, and contractors are being exploited. If the EEAC allows the pricing RFQ results to take effect, Couture predicted long-lasting impacts to ratepayers and statewide goals. Couture also commented that the process of using the lowest third of contractor bids was flawed, but the PAs are defending it instead of doing the right thing. Couture said the insulation is included in the Biden Initiative for Defense Production Act because production costs are increasing and it is not being manufactured as historical levels. Couture reiterated that the pricing RFQ has ignored the reality of contractor costs. Couture suggested the Council put forth a more specific resolution if it truly understands contractor struggles to date. Couture predicted a decline in program performance without Council action to support adjusted contractor prices.

Michele Buchanan (NEEECO LLC)

Buchanan agreed with the PAs logic behind serving Mass Save ratepayers by using the average of the lowest third of RFQ respondent bids. However, Buchanan noted that there needs to be contractor capacity to support programs, and the pricing methodology prevents contractors from

providing enough services. Buchanan said that contractors are experiencing cost increases and are struggling even with the emergency 10% pricing increase. Buchanan believed that both the Mass Save program and contractors would suffer if the RFQ pricing is implemented. To meet goals, Buchanan said that contractors need to be provided a fair living to sustain their workforces.

Rick Taglienti (Rogers Insulation)

Taglienti commented that global economic factors are being experienced in grocery stores, gas stations, and everywhere around us. Taglienti said the Consumer Price Index (CPI) is up to 8.6%, which is the highest in 40 years. Taglienti added that the Residential CPI for single-family saw a 25% increase during the previous two years. Taglienti believed that contractor pricing is misaligned with the economic status around the country.

Christopher Graham (Graham Build Corporation)

Graham enjoyed serving as a Mass Save contractor for ten years. Graham said the RFQ is public and bids should be released according to procedure, the RFQ information release agreement, and contractor expectations. Graham stated that more inexperienced contractors who have not worked as extensively in programs shaped the RFQ results to the detriment of contractors and Mass Save as a whole. Graham proposed drawing from the average of the top third of contractor pricing bids as a viable solution, as these contractors are the most experienced and perform the most program work. Graham added that these same contractors are closest to Mass Save program and customers. Graham finally requested that weatherization pricing RFQ results are made public as intended. Graham said the workforce will continue to decline and become harder to replenish as long as pricing is not corrected.

Martijn Fleuren (HomeWorks Energy)

Fleuren personally believed that the PAs designed the weatherization pricing RFQ with good intentions, but the results did not have the desired effect. Fleuren noted that program performance is far behind state climate goals, so there should not be reductions on weatherization spending. Fleuren said with rising prices and employee shortages, the PAs cannot disrupt the weatherization market. As others mentioned, Fleuren reaffirmed that contractors are struggling even with the emergency 10% price increase, notwithstanding the 3% price increase over 2019 prices that resulted from the RFQ. Fleuren said that the contractors will not be able to sustain or grow the workforce to meet program capacity needs, especially heading into warmer months. Fleuren said high quality is demanded from installers, but fair compensation is required. Fleuren believed the Council has every right to advise the PAs to implement a price-setting formula that generates reasonable costs able to support program goals. Fleuren said there are many options that would result in better, competitive prices that still protect ratepayers. Fleuren asked the Council to advise the PAs to implement a pricing formula that will maximize the likelihood of hitting program targets, such as using the average of Tier 1 contractor bids. Fleuren said program performance should not be slowed to save a few percentage points on cost.

4. Council Updates & Business

Virtual Meeting Procedure Review

McCarey reviewed the virtual EEAC meeting procedures:

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 function.
4. Councilors who disconnect from meetings need to announce when they rejoin.
5. All Council votes would be taken by a roll call.

5. Moderate-Income Delivery Update

Program Administrator Presentation

Mazuera and Berger, on behalf of the PAs, provided an update on income verification and moderate-income delivery. Berger summarized enhanced moderate-income incentives, income verification methodologies, and the new income verification customer portal. Mazuera described vendor and contractor partner communications, energy specialist engagement with customers, contractor learning resources on moderate-income offerings, and next steps for moderate-income delivery.

Council Discussion

Harak asked how the income-verification portal would guard against applicants inappropriately being assigned Income Eligible status in the event the third-party vendor has incorrect information. Berger replied that the pre-screening process in the income-verification portal evaluates whether applicants receive financial assistance, their self-declared income, and their household size, then determines where they should be served based on the submitted information. Harak noted that many clients are unsure about their income percentage or eligibility for assistance, so there may be a gap in the pre-screening process. Berger said the PAs can consider these scenarios and devise a solution. Harak wondered if there would be follow ups with customers whose information is submitted in the portal, especially for reportedly Income Eligible customers. Commissioner Woodcock asked if a bi-weekly salary field would make pre-screening easier for customers. Harak agreed this may be helpful. Berger said the PAs can explore this option and incorporate it.

Peterson and some Equity Working Group members were initially concerned about the apparent level of complexity of the pre-screening process, but the detail walkthrough assuaged many of those concerns. Peterson asked at what point enhanced incentives are provided, how the timing would minimize out-of-pocket customer costs, whether there would be assistance on copays, and whether customers would receive support on finding contractors and reviewing work scopes. Peterson was unsure when the moderate-income incentives would launch, but hoped it would be soon. In response to the lack of low- and moderate-income gas-to-electric fuel switching marketing efforts, Peterson suggested that there are non-ratepayer funds to support low- and moderate-income electrification. Peterson indicated the Equity Working Group's largest concern is the absence of a comprehensive quarterbacking model beyond what market rate customers receive. Peterson said there are about 17 steps in the weatherization process, so a structured handholding model is required. Peterson noted that only one moderate-income customer received a heating system replacement in Q1 2022, which is far behind necessary progress, but hoped the

new model would increase adoption. Mazuera said the PAs are working with Community Partners, contractors, and energy specialists, but the PAs will put further consideration into a more comprehensive handholding model. Mazuera added that there have been preliminary conversations about additional customer resources, but Equity Working Group feedback has been communicated.

Johnson was concerned about program performance through Q1 since the moderate-income weatherization target is nearly 3,000 completed jobs for this year, but only two have been completed. Johnson recommended a heightened focus on increasing customer participation. Johnson was glad the PAs are working to this effect and asked if there are data services that can identify moderate-income customers. Johnson also recommended that marketing efforts be ramped up to achieve the moderate-income equity targets. Mazuera indicated that the PAs will leverage third-party resources and PA data to determine customer eligibility. Mazuera said Eversource will distribute specific Income Eligible messaging through mail and digital channels in addition to retargeting efforts. Mazuera agreed that the PAs will need to leverage their partners and resources to serve moderate-income customers effectively. Berger reiterated that PAs are training all contractors and energy specialists on the moderate-income offerings and income verification.

Jacobson suggested that a quarterbacking model will best serve moderate-income customers and offered LEAN expertise. Jacobson suggested using the Department of Housing and Urban Development (HUD) guidelines for low-income status of up to 80% state median income to eliminate copays for moderate-income heat pumps and weatherization projects.

Commissioner Woodcock asked if the PAs have received feedback on improving the moderate-income platform from Community Partners and other stakeholders. Mazuera said the PAs are engaged with Community Partners and will communicate their feedback as engagement and collaboration continue.

McCarey asked how moderate-income incentives for different heating system replacement options compare to each other, in terms of cost coverage and out of pocket customer costs. Mazuera said customers should have 70-80% of installed costs covered for all heating system replacement options. Lynch clarified that 80% cost coverage is the average for installed heat pumps, but 70% for other heating fuel types. Peterson noted that the Equity Working Group wanted greater differentiation between heat pump and fossil fuel incentives, because out-of-pocket customer costs will be higher for heat pump installations.

6. EEAC Bylaws and Remote Participation Policy

McCarey presented proposed edits to the EEAC Bylaws and Remote Participation Policy to allow for hybrid EEAC meeting participation beginning in July. McCarey noted that Councilors will be expected to attend meetings in-person unless there is appropriate justification for remote attendance. McCarey noted that the Executive Committee reviewed the updated EEAC Bylaws and Remote Participation Policy during the June 1st Executive Committee meeting. McCarey also said that there will be accommodations for hearing-impaired meeting participants.

Peterson previously suggested highlighting the EEAC's role in ensuring the Three-Year Plans meet statutory guidelines. Evans said it is important to consider the Council is an advisory council, not a regulatory body, and Peterson agreed with the modified language.

Jacobson asked that the Income Eligible Seat on the Executive Committee be restored. McCarey replied that adding LEAN as a formal seat on the Executive Committee would require an update to the Executive Committee Charter. Evans said the list of Executive Committee seats was removed from the first draft of the EEAC Bylaws.

Harak thought it would be beneficial to consider having an Income Eligible seat on the Executive Committee. McCarey agreed that the Executive Committee supported Income Eligible representation by LEAN on the Executive Committee, so it would be taken as a follow-up.

Lyne appreciated Evans' efforts in updating the EEAC Bylaws and noted that the PAs approve all edits, including the language about the EEAC's advisory role.

Boyd pointed out a minor spelling error in Section 3 of the Remote Participation Policy.

Bodemer asked how remote participation would be handled if fully remote meetings were allowed by the Legislature. Evans said the Remote Participation Policy for the EEAC has been in place for many years, but it previously applied to EEAC subcommittees. Evans said the Remote Participation Policy could be amended again in the future to allow fully remote attendance, if the Legislature amends to statute to allow fully remote meetings. Bodemer asked for confirmation that Councilors can only participate remotely if they have a reason. Evans confirmed that the statute allows remote participation only if it is unreasonably difficult to participate in person.

Council Vote

Weber motioned to approve the Updated EEAC Bylaws and Remote Participation Policy. Abbe seconded. All were in favor, with none opposed or abstaining. The Updated EEAC Bylaws and Remote Participation Policy were approved by the Council.

7. Q1 2022 Report

Consultant Team Presentation

Belliveau, Kelleher, and Lynch, on behalf of the C-Team, provided an overview on Q1 2022 program performance results. Belliveau discussed the quarterly reporting format and key performance indicators (KPIs) as they relate to reframed program goals in the 2022-2024 Plan. Lynch covered Residential and Income Eligible results, noting that many program implementation efforts are still ramping up, but data reported in Q1 aligns with Council priorities. Lynch indicated that Q1 2022 insulation activity is comparatively lower than the past three years, though the PAs expressed confidence in meeting insulation goals. Kelleher reviewed Commercial & Industrial (C&I) program activity through Q1, which should continue to ramp as new offerings and outreach efforts are completed.

Council Discussion

Johnson commented that comparisons of completed weatherization projects through Q1 2021 and Q1 2022 aligns with contractor claims about not getting jobs this year. Johnson appreciated the C-Team's continued emphasis on increasing projects with integrated controls. Johnson said that projects without controls undermine the ability to save energy in the future, which has caused some jurisdictions to eliminate incentives for projects without controls. Keller responded that some of these incentive rollbacks are happening within statewide legislation, and the Design Lights Consortium (DLC) is also increasing lighting eligibility standards to require at least dimmability. Johnson asked what states are restricting incentives for lighting if controls opportunities do not exist. Keller said this varies across states, and some utilities are working on new legislated lighting standards. Belliveau would provide Johnson specific examples offline. McCarey thought incentives were only offered for controllable lights, in alignment with DLC guidance. Keller said while most of the LEDs are required to follow DLC standards, TLEDs do not have any controls requirement, so there are some lighting measures without controls that are incentivized.

Peterson looked forward to eliminating incentives for lighting without controls, as well as increased heat pump adoption to support 2030 climate goals. Peterson expressed excitement for the deep energy retrofit pilot and encouraged PAs to leverage municipal stakeholder experience and feedback. Peterson noted that the Metropolitan Area Planning Committee and others in municipal planning are happy to collaborate in designing the pilot.

Weber hoped that the performance in the Q2 report will show marked improvement given extremely low number of moderate-income weatherization jobs. Weber asked if there is data missing from some PAs or if they had no Income Eligible activity in Q1 2022. Lynch said the C-Team understands there is no missing or incorrect data. Weber asked if KPI #7 only included single-family results for oil and propane heating fuels. Lynch indicated that multifamily buildings are typically gas heated.

McCarey thanked the PAs, C-Team, and LEAN for KPI data, as the amount of information is useful for the Council.

8. Residential Marketing and Weatherization Pricing

Program Administrator Presentation: Marketing Budget and Strategies

Radomski, on behalf of the PAs, described PA marketing goals, development of statewide and individual program marketing budgets, and campaign strategies. Radomski also shared completed home energy audits and weatherization jobs, indicating that the gap between early 2021 and 2022 performance has started to close and will continue to close as 2022 efforts ramp up.

Weatherization Pricing Update and Follow-Up

Peters announced that since the May 25th EEAC meeting, the PAs have been conducting additional review of pricing results. Peters stated that the set prices using the average of the bottom third of contractor pricing bids were representative of the overall contractor community across multiple indicators, like experience, size, quality, and geographic distribution. Peters also noted that the bids were submitted recently, so the resulting prices should include inflation

impacts through early 2022. Peters said the PAs could not share all the additional data, but would like to schedule a follow-up to review the pricing data analysis since it will require significant time. Peters said PAs are responsible for achieving 2022-2024 Plan goals and are committed to make sure there is workforce capacity. Peters indicated that the PAs have been considering an additional bonus structure for completed weatherization projects, which has been discussed with contractors. Peters said there is ongoing work and the PAs want to provide suitable data transparency, but the PAs are continuing to finalize the weatherization pricing structure.

Commissioner Woodcock made himself immediately available for the pricing follow-up discussion, as it is important for continuity and confidence that the pricing issue is addressed as soon as possible. Commissioner Woodcock acknowledged that the procurement addresses inflation, but the Federal Reserve issued a 0.75% interest rate increase during the EEAC meeting, representing the highest rate increase since 1994. Commissioner Woodcock wanted to use the pricing data in a way that makes pricing reflect rapidly changing dynamics. Commissioner Woodcock wanted full transparency on the process so businesses can plan accordingly and 2022-2024 Plan implementation can continue.

Johnson said the proposal for a separate meeting is unfair, as the PAs were required to produce meeting materials on time. Johnson said the contractor pricing issue needs to be discussed in a public meeting. Johnson requested that the Council reaffirm its resolution that the emergency 10% price increase remain in effect until pricing is resolved. Johnson thought the Council requested alternative pricing calculations that would increase likelihood of achieving program targets, so the PAs have not done what was requested. McCarey said Peters proposed a public meeting, which Commissioner Woodcock recommended happens as soon as possible. Peters confirmed the emergency 10% pricing increase would remain in effect until pricing is set.

McCarey asked if Council would be comfortable scheduling the special meeting on weatherization contractor pricing before the July EEAC meeting. Boyd asked about the meeting's purpose, since the Council's responsibility is not to determine pricing structures implemented by the PAs. As a policy matter, Boyd pointed out that the Council needs to ensure the Mass Save program works. Commissioner Woodcock said the PAs are closer to making a pricing decision, and to enable both Council and public understanding of that decision they need to share more data analysis on different pricing options. Commissioner Woodcock said the special meeting should provide full clarity on the pricing analyses and decision. Commissioner Woodcock said the Council has an important role but needs to remember its charge during this process. Peters recalled that the Council resolution directed the PAs to augment transparency of the pricing RFQ results, but the measure-level data could not be finalized before today's EEAC meeting. Peters said the special meeting would allow for dedicated discussion on the measure-level results and PA pricing methodology. Boyd supported increased transparency and was happy to convene a special meeting if helpful, but the Council has made its intentions clear. Boyd hoped the PAs present a pricing plan that meets the objective of building the workforce to achieve program goals.

Harak agreed that Council's job is not to set prices, but believed that the PAs have been acting in good faith and disagree with contractors. Harak also said that several contractors would not argue the system is broken if it was functioning properly. Harak said economic struggles and

prices are clear, and contractors would have requested higher prices at several past EEAC meetings if they were seeking higher profits. Harak was unsure if the C-Team could help the Council navigate, but the pricing issue is real. Harak said it sounds like the PAs may not move forward with a price increase at the special meeting. Belliveau said the C-Team would need explicit guidance from the Council and more information from the PAs.

Bodemer agreed that Council should not set prices, but was sensitive to the fact that it was a competitive bid in Eversource and National Grid territory only. Bodemer expressed confidence that the PAs are not being deceitful as it is a difficult situation and supported a special meeting on contractor pricing if it would facilitate transparency. Bodemer wanted to avoid placing extreme pressure on the competitive bid process and was unsure what resolution would satisfy all parties.

Commissioner Woodcock said the EEAC needs to balance its role as an advisory council. Commissioner Woodcock wanted the Council to be as productive and creative while participating in this process. Commissioner Woodcock understood that the PAs would provide as much data transparency as possible and present their pricing plan at the special meeting.

Johnson disagreed that this was a competitive bidding process, since using the average of the bottom third of pricing is not competitive. Johnson argued that the formula negated competitiveness as they could have selected the bottom bid to set prices. Johnson said that no one is opposed to a truly competitive process and supported the special meeting.

Harak said bids were competitively procured, but the solicitors selected the range, so the question is how to set prices appropriately. Harak agreed with Johnson that using the average of the bottom third of bids shorts the market and said contractors need to be supported to complete program work.

McCarey said the Special EEAC meeting on detailed weatherization pricing data and proposed prices would be scheduled with the PAs as soon as possible.

9. Adjournment

McCarey, on behalf of the Chair, adjourned the meeting at 4:14 PM.