EQUITY WORKING GROUP
MEETING MINUTES

Monday, May 6, 2024
Virtual Meeting: Zoom

Equity Working Group Members Present: Mary Wambui, Brooks Winner, Alexis Washburn, Stephanie Terach, Margie Lynch, Benjamin Cartwright, Kyle Murray, Sonakshi Saxena, Jo Ann Bodemer, Doug Quattrochi, William Rose, Jhenny Saint-Surin, Maggie Downey, James Collins

Equity Working Group Members Absent: Cindy Luppi

Other Attendees: Alyssa Benalfew-Ramos, Brian Beote, Sheri Borrelli, Adrian Caesar, Melanie Coen, Leah Cohen, Alicine Francois, Cora Funke, Lindsay Henderson, Aladdine Joroff, Briana Kane, Aisha Khiyaty, Emily Lamb, Chris Lavallee, Zack Lippert, Roger Luckmann, Chris McClellan, Elizabeth McNamara, Danilo Morales, Bernetta Morton, Sam Nigro, Joe Nunley, David O'Leary, Kate Peters, Brian Schaap, Benjamin Silverman, Jerry Song, Corey Starzman, Stephanie Terach, Katelyn Tessier, Tristan Thomas, Bahareh van Boekhold, Isaac Wainstein, Alissa Whiteman, Sarah Yates

1. Call to Order

Bodemer, acting as Chair, called the meeting to order at 11:02 AM.

2. Public Comment

No meeting participants provided public comment.

3. Equity Working Group (EWG) Updates

Bodemer announced that Washburn was elected to the Council, which leaves an open seat for a non-EEAC representative and encouraged EWG members to reach out to interested organizations. Bodemer said that representation from a community-based organization in western Massachusetts would be beneficial. Bodemer said that the Department of Energy Resources (DOER) will compile a list of interested organizations so the voting members of the EWG can elect a representative to the open seat.

4. Draft 2025-2027 Plan: Key Equity Components and Potential Improvements

DOER and EEAC Consultants – Renters
Whiteman, Lynch, and Bodemer reviewed the renter budget relative to the renter population. They also reviewed the offer for rental properties in equity communities, including the income-verification requirement, expressed in the Draft Plan and described a proposal to modify the offer by removing the requirement to income verify to qualify for the offer.

EWG Discussion
Lynch commented that the PAs can shift money between offerings, but they should make a clear commitment to serving renters. Lynch said that the 2025-2027 Plan and its underlying data should reflect an increase in renter participation.

Downey joined the virtual meeting at 11:10 AM.

Wambui said that the most difficult buildings in which to complete decarbonization and energy-efficiency projects is naturally-occurring-affordable housing (NOAH) with five or more units. Wambui asked how the 2025-2027 Plan will address this segment. Bodemer said that the PAs are considering strategies to serve buildings with 1-4 and 5+ units.

Whiteman asked if a weatherization project completed in a triple decker will count toward serving renters even though the PAs will work with landlords to deliver the projects. Whiteman also asked how enhanced-weatherization incentives in equity communities, which do not require income verification, are represented in the Plan budget. Terach indicated that a triple decker would count as three units if they insulate the full building. Winner said that an owner-occupied triple decker would not consider the landlord as a renter.

Quattrochi asked if turnkey means that a contractor will perform the home-energy assessment (HEA), install measures, and receive direct reimbursement from the program. Peters confirmed. Lynch said that the PAs renamed the initiative that encompasses weatherization as Residential Turnkey Services. The turnkey subset of this program is the bundled approach in which contractors can coordinate services on behalf of customers. Peters clarified that all weatherization is delivered through a turnkey approach, but the PAs will add a turnkey approach for pre-weatherization barriers and heat-pumps.

Winner asked when the PAs will offer turnkey services for pre-weatherization barriers and heat-pumps. Peters said that the PAs will expand turnkey services by the end of 2024.

Terach explained that the PAs want to use funds from the Inflation Reduction Act (IRA) for weatherization projects to offset high costs from remediating pre-weatherization barriers. Terach said that the PAs want feedback on how to encourage participation by landlords in order to provide benefits to renters. Terach also noted that the removal of income verification may result in missing customers who are eligible for low-income offerings or discounted-energy rates.

Murray appreciated that IRA funds can offset some costs and said that the PAs need to creatively apply federal funds. Murray stressed the importance of removing barriers, such as income

verification for renters, despite concerns about program budgets. Murray expressed support for the DOER proposal to remove income verification for pre-weatherization barriers.

Beote emphasized that income-eligible funds need to be spent serving income-eligible customers. Beote said that with the increase in demand for income-eligible-program incentives, there has been increased participation by NOAH properties and single-investor-owned properties instead of large-portfolio property owners. Beote agreed with Terach that mitigating pre-weatherization barriers is expensive and access to federal funding will be helpful.

Lynch agreed with Beote that income-eligible funds should support income-eligible customers with comprehensive services, and that the programs must also facilitate participation by renters (who are underserved). Lynch said that there have been improvements to offerings that will help renters and landlords participate by removing barriers.

Quattrochi suggested that reducing the number of required touchpoints with renters will encourage landlords to participate in programs. Quattrochi said that landlords have several issues to manage with renters, so income verification for renters discourages participation. Quattrochi added that leveraging program incentives will enable landlords them to allocate capital elsewhere to fix buildings in areas outside of the scope of Mass Save programs. Quattrochi said that landlords want to improve buildings but have limited bandwidth for communication with renters.

Wambui suggested that serving NOAH units without an income-verification requirement for enhanced incentives will not be a detriment to the income-eligible program since these properties are underserved anyway. Wambui said that NOAH-property owners have a difficult time conducting income verification for their residents, particularly in smaller properties that lack resources. Wambui said that the programs will have to serve many more NOAH units in order to achieve distributive justice. Wambui agreed with the suggestion to remove income-verification requirements as described in the DOER proposal.

Collins said that the income-eligible program guides customers through income verification and asked if landlords will provide similar services or if program staff will engage with renters. Peters replied that the both landlords and Action for Boston Community Development, on whom the PAs have heavily relied for implementation of the income-eligible program, will support income verification for renters. Collins highlighted the importance of engaging with both landlords and renters.

Bodemer asked how often customers perform income verification and determine that they are eligible for moderate-income offerings. Collins replied that eligibility for fuel assistance is the primary mechanism through which income verification is performed, so moderate-income customers are rarely identified. Collins said that there is not a referral process though the fuel-assistance program, but LEAN informs customers that contact them or are referred to them about moderate program offerings.

Winner supported the proposal to remove income-verification requirements for renter since only as slight modifications to status quo (as expressed by the renter offer in the Draft Plan) will not make adequate progress toward distributive justice. Winner said that the PAs have years of data

which indicate that the programs have underserved renters. Winner suggested that the PAs get creative with outreach to property owners or pre-identification of buildings that may qualify for income-eligible programs based on tenants' energy rates. Winner said that the PAs should enroll as many customers as possible on the discount rate if they are concerned about removing the income-verification requirement.

Downey asked Quattrochi if proof of income for leasing is a common requirement and whether this can help with income verification. Quattrochi confirmed that it is a common requirement and that landlords should have tenant-income data. Downey said that 100% incentives for pre-weatherization and electrification barriers will require protections to ensure that Mass Save does not provide inappropriate incentives or misalign with federal programs, which require income verification. Downey cautioned against potential political repercussions due to exploitation of program incentives.

Wambui explained that income-eligible housing requires income verification, but this is not the case in NOAH units. Wambui suggested that the Pas closely consider what problem they are trying to solve for which customer segment. Wambui also suggested that the PAs structure the offering in a way that enables programs to increase service to low- and moderate-income customers. Quattrochi agreed that not all landlords have tenant-income data.

Quattrochi commented that the application process for rental assistance during the COVID-19 pandemic was extremely difficult due to safeguards against fraud, and that despite safeguards there was a 10% fraud rate as well as a 50% application-denial rate. Quattrochi said that the PAs should make applications easier as there are other methods by which to retroactively mitigate fraud. Quattrochi said that energy rates were used to help identify eligible customers for rental assistance, so the PAs should employ the same method.

Lynch commented that renters are ratepayers that have not received benefits proportional to their investment in programs. Lynch said that the 100% incentives for weatherization offered during the pandemic are a precedent for enhanced incentives without income verification, even though most participants in that pandemic-era offer were wealthier customers in single-family homes. Lynch said the enhanced offering in equity communities is intended to reach all renters, and that the PAs should have communicated their concerns about fraud earlier in the process.

In response to Downey's concerns about political pushback against program exploitation, Winner committed to go on public record to defend them and would state that the PAs made a good faith effort to reach underserved renters. Winner said that the EWG is recommending that the PAs remove income-verification requirements for renters in 21 pre-screened communities that have high share of renters and low- and moderate-income customers.

Murray similarly committed to defending enhanced incentives for renters in equity communities, but clarified that Downey was merely highlighting the political realities of delivering enhanced incentives without income verification. Downey agreed. Murray said that his ten years of experience in the Senate exposed him to costly investigations into unemployment fraud that far outweighed the actual value of fraud identified.

Peters said that the PAs offer 100% on pre-weatherization barriers, up to $5,000, and suggested that it may be helpful to assess the offer's effectiveness. Peters said that the EWG needs to understand that energy-efficiency benefits may accrue to both renters and property owners since both may save on energy bills, but only property owners benefit from increases in property value. Bodemer agreed with Peters but said that effectively serving renters in the equity communities will be a great outcome, nonetheless.

Quattrochi noted that the split incentive is particularly difficult for undercapitalized, untrained landlords. Quattrochi said that the 100% offering for renters may be the only path to overcoming the split incentive, decarbonizing renter-occupied buildings, and preparing them for the transition to net-zero emissions.

Wambui stated that many affordable-housing units are in disrepair and energy efficiency is only a small part of the problem. Wambui said the EWG needs to discuss how to prevent or reduce gentrification.

Winner agreed with Wambui and said that he hosted a focus group with tenants who receive housing subsidies. Discussion in the focus group centered on housing conditions and health concerns due to poor housing conditions. Winner said that low- and moderate-income families can benefit greatly from both energy and non-energy impacts. Winner appreciated that Peters acknowledged the split incentive and property values but reiterated that delivering benefits to property owners is acceptable as long as tenants receive benefits and equity is enhanced. Winner said that the PAs can modify the approach if it is unsuccessful in reaching renters.

Terach indicated that about 50% of Liberty's customers live in Fall River, a community selected for the enhanced offerings for renters, meaning that the offering would require a substantial increase in planned budgets and rates. Terach said that increased benefits and non-ratepayer funds will be required to offset higher costs, so DOER support in securing IRA funds, which will require income verification, will be helpful.

Bodemer stated that the EWG previously reached the consensus that enhanced incentives for renters in the 21 equity communities should not be contingent on income-verification, and that 100% cost coverage for weatherization should be paired with 100% incentives for pre-weatherization barriers. Bodemer said that the April Draft Plan meets greenhouse-gas requirements and has significant budget allocated toward equity-focused initiatives.

Lynch explained that the equity-focused budget also includes incentives for converting electric-resistance and delivered-fuel heating to heat-pumps. Bodemer asked whether, for rental properties in equity communities, income verification should also be removed to qualify for 100% heat-pump incentive. Lynch confirmed that this makes sense since weatherization alone may not be attractive enough to property owners. Winner agreed that heat-pumps are important but suggested that successful weatherization is more important because it will enable future electrification. Wambui agreed with Lynch and Winner.

Beote asked if only providing enhanced heat pump incentives to customers heating with delivered fuels and electric resistance creates inequity for gas customers. Bodemer said that the

renter-specific offerings for pre-weatherization barriers and weatherization will be available to gas customers and acknowledged that the economics of gas-to-electric-heating conversions may increase energy burdens. Winner maintained the EWG's original position that gas-to-electric-heating conversions should only be done in special cases, and the PAs can work with the CFPs to target buildings heating with delivered fuels and electric resistance.

Lynch suggested that the enhanced offerings for renters in the 21 equity communities present an opportunity for promoting low--income offerings if tenants are income verified. Lynch asked if income-eligible programs offer incentives for induction cooktops. Beote replied that induction cooktops are delivered through a pilot, but there is no standard offer. Lynch said that landlords may be interested in new appliances that are incentivized by the low-income program.

Wambui said that the offers for rental properties in the 21 equity communities should be easy to communicate. Whiteman said that the DOER-EEAC Consultant proposal acknowledges unique cases of shifting from central heating and cooling to in-unit heat-pumps, so the PAs will need to assess the impact of electrification on tenants at each property.

IES Electrification

Wambui said that the geotargeted offering may provide a path for increasing heat-pump installations for low- and moderate-income customers, but the April Draft Plan included an insufficient number of planned heat pump installations. Wambui said that PA data has identified at least 300,000 low- and moderate-income (LMI) customers that have delivered-fuel heating, so the Plan should include at least 30,000 planned heat pump installations for LMI customers instead of 16,000.

Murray agreed with Wambui and reemphasized the need to identify both non-ratepayer funding sources and opportunities to reduce Mass Save budgets in certain areas, such as HEAT Loans. Murray asked if the PAs should modify the HEAT Loan to free up funds.

Washburn asked if the PAs have data on HEAT Loans provided to landlords and homeowners in both owner- and non-owner-occupied homes. Washburn said that there was an enhanced HEAT Loan for landlords so the PAs should understand the distribution of loans. Whiteman responded that the increased incentives for landlords was a DOER-funded initiative, but DOER can explore what data is available.

Peters commented that the PAs need to understand how funds from the Massachusetts Community Climate Bank might integrate with Mass Save programs. Peters said that heat-pumps installed through the income-eligible program cost over three times as much than the market-rate program, in addition to much higher costs for weatherization and pre-weatherization barriers. Peters said that the funding for HEAT Loans would not be sufficient to cover these costs so the EWG should discuss tradeoffs between offerings in light of heat-pump and greenhouse-gas goals.

Winner said that the EWG wants to ensure that investment in renters and low- and moderate-income customers is proportional to their share of the population. Winner said that the IRA is providing generous tax incentives for heat-pumps and other equipment, but it is unlikely that

these tax incentives will benefit income-eligible customers who owe small amounts of taxes or cannot install heat-pumps. Winner supported Murray's suggestion that the PAs reduce the HEAT Loan budget and pay special attention to resources that are available to wealthier homes. Winner said that the PAs are under pressure to meet the Commonwealth's climate goals, but non-ratepayer funds are needed to avoid further increasing program budgets. Lynch said that greenhouse-gas impacts from reallocating program funds is an important consideration.

Bodemer announced that the PAs will double the annual allocation to the Massachusetts Clean Energy Center's (Mass-CEC's) workforce-development initiatives from $12 million to $24 million annually. Bodemer said that the PAs and Mass-CEC are collaborating to identify workforce needs to support increased program activity and workforce diversity. Bodemer noted that the Clean Energy Pathways and strategies to increase participation by minority- and women-owned businesses are strategies to increase workforce diversity. Bodemer said that the PAs need to effectively communicate the importance of supplier diversity through requirements in procurements that vendors meet specific diversity goals.

Regarding language access, Bodemer said that the PAs are finalizing the Language Access Plan and will be prepared to present the Plan in June. Bodemer noted that the April Draft Plan includes increased funding and additional resources, such as heat-pump coaches and data access, for CFPs. Bodemer also noted that the PAs will loosen requirements for approving marketing materials for CFPs.

Bodemer said that the PAs will deliver the turnkey approach for barrier mitigation and heat-pumps in Springfield and other target areas this year, which is a great reflection of the PAs' responsiveness to the EWG recommendations for easing the customer journey. In addition, Bodemer said that Lynch will present a matrix assessing the PAs' responsiveness to all EWG recommendations next month.

Saint-Surin stated that the Community Education Grant is now available until May 31 and encouraged interested organizations to apply.

5. Adjournment

Bodemer, acting as Chair, adjourned the meeting at 1:02 PM.

Meeting Materials:

- Official Meeting Notice
- Meeting Link
- Agenda
- DOER-Consultant Renter Proposal
- Final Equity Recommendations Compared to Draft 2025-2027 Plan