Massachusetts Energy Efficiency Advisory Council
Resolution Regarding the 2025-2027 Massachusetts Joint Statewide Three-Year Electric and Gas Energy Efficiency Investment Plans

Adopted, October 23, 2024

BE IT RESOLVED THAT:

Pursuant to G.L. c 25, §21, the Energy Efficiency Advisory Council (Council or EEAC) presents the following comments to the Department of Public Utilities (DPU) regarding the 2025-2027 Massachusetts Joint Statewide Three-Year Electric and Gas Energy Efficiency Investment Plans. The Green Communities Act, as set forth in G.L. c 25, §21, directs the Council to review the draft 2025-2027 Massachusetts Joint Statewide Three-Year Electric and Gas Energy Efficiency Plans (Statewide Plans) submitted to the Council on April 1, 2024, by the Program Administrators (PAs) (April Draft Plan) and to advise the Program Administrators in their development of the three-year energy efficiency plans.

The April Draft Plan was informed by the Council's Resolution and Recommendations, dated December 20, 2023 (December Recommendations), the PAs potential studies, the 2024 Avoided Energy Supply Cost Study, and the Executive Office of Energy and Environmental Affairs (EEA) Secretary's Letter, dated March 1, 2024, which set the greenhouse emissions reduction requirements for the 2025-2027 term.

The EEA Secretary's Letter set greenhouse gas (GHG) emission reduction goals for the Joint Statewide Energy Efficiency Plan (electric) 2030 Annual Cumulative GHG Emission Reductions at 625,000 tons and the Joint Statewide Gas Efficiency Plan 2030 Annual Cumulative GHG Emission Reductions at 375,000 tons, within a budget of less than $5 billion.[1] The Secretary further stated that she expects the Program Administrators to achieve the established GHG goals through, among other things: continued prioritization of decarbonization measures, equitable delivery of programs, a framework to support market transformation and enhancements to improve the customer experience.

Following robust stakeholder engagement detailed herein, the PAs provided the Council with a Revised Draft Plan on September 25, 2024, which built upon the April Draft Plan, the December Recommendations, the Secretary's Letter, and a June EEAC Resolution, among other feedback.

The Council Planning Process

In developing its recommendations and feedback on the Statewide Plans, the Council undertook a comprehensive stakeholder engagement process, starting with six planning workshops as well as two public comment sessions in August 2023. The planning workshops were organized by sector and priority topics, and featured in-depth discussion between the Council, the PAs, and the Council Consultants.

The public comment sessions, as well as ongoing stakeholder input to the EEAC, informed the Council priorities for the 2025-2027 Statewide Plans. The Equity Working Group (EWG) also presented the Council with its feedback and recommendations for the Council's consideration when developing the EEAC's December 2023 recommendations. Collectively, these inputs informed the December Recommendations, with the highest priorities centered in equity through distributive justice, decarbonization through electrification and weatherization, simplifying the customer journey, and increasing diversity in the clean energy workforce, vendors, and contractors.

Following the submission of the April Draft Plan, the PAs, the Department of Energy Resources (DOER), the Office of the Attorney General (AGO) and the Council Consultant team engaged in a series of in-depth discussions to review the April Draft Plan, to identify areas for improvement and to ensure the December Recommendations were reflected, to the fullest extent possible. Additionally, three public comment sessions were held in April, May, and June 2024 to receive stakeholder feedback on the April

[1] https://ma-eeac.org/wp-content/uploads/March-1-GHG-Mass-Save-2024-2.pdf

Draft Plan. The Council met in April, May and twice in June, and the EWG met monthly to further discuss the plan given Councilor's review and stakeholder feedback.*The June Council Resolution*

The June Council Resolution, dated June 26, 2024 (June Resolution) acknowledged the detail and responsiveness of the April Draft Plan relative to the December Recommendations, memorialized the PAs' agreement to additional changes to the April Draft Plan (resulting from continuing stakeholder discussions) and identified recommendations that were not addressed, in-part or in-full, but should be prioritized and included in the final draft plan.

In July 2024, the EEAC identified several areas of highest planning priority in effort to streamline the PA focus as they continued to iterate from the April Draft Plan. Specifically, these priorities were to: 1) prepare a revised draft plan to be submitted to the EEAC on or before September 25th; 2) make improvements to data tracking and reporting to improve accessibility; 3) increase planned equity funding to support increases in equity outcomes; 4) provide details in the PAs proposed commercial and industrial electrification market strategies and small business programs; 5) increase planned weatherization production and; 6) include an equity component in the performance incentive mechanism to drive desired equity outcomes[2].

Through mid-August, the PAs continued to engage with DOER, the AGO, the Council Consultants, and the EEAC, to further refine the April Draft Plan consistent with the EEAC June Resolution and the December Recommendations. On August 15, 2024, the PAs submitted their response to the Council, which included a narrative summary of their revisions to the April Draft Plan as well as a matrix responding to each of the Council recommendations, updated summary data tables, and proposed operational metrics (August Plan Update). Pursuant to the DPU directive, no further substantive changes to the April Draft Plan were permitted after the August Plan Update.[3]

On September 25, 2024, the PAs submitted to the EEAC a fully developed revised draft plan (Revised Draft Plan) consistent with their August Plan Update. The Council offers the following comments on the Revised Draft Plan.[4]

I. Overall Plan Comments

The Council recognizes and appreciates the significant contributions of PA staff, the Council consultant team, the Equity Working Group, Councilors, the Low-Income Energy Affordability Network (LEAN), and stakeholders in preparing the energy efficiency plans. The development of the 2025-2027 Statewide Plans represents the continuation of transformative energy efficiency and decarbonization programs in Massachusetts that align with the Commonwealth's GHG and environmental justice goals. The Council commends the prioritization of equity through principles of distributive justice, programs to decarbonize our buildings, and the improvements to the customer experience, as well as the PA commitment to workforce diversity and data transparency. The Council also commends the PAs on their efforts between the April Draft and the Revised Draft Plan to amplify the expression of the Council's recommendations and the Commonwealth's climate priorities, while staying within the $5 billion budget objective set by the EEA Secretary. Lastly, the EEAC acknowledges and appreciates the increased level of communication and collaboration between the PAs and the Council during the development of the Statewide Plans and notes that the contents of the plans reflect this collective effort.

The Council supports:

- the proposed $4.99 billion investment to deliver $13.5 billion in benefits to ratepayers

[2] https://ma-eeac.org/wp-content/uploads/Planning-Priorities-v2-1.pdf
[3] D.P.U. 21-120 through 21-129, Order at 32.
[4] https://ma-eeac.org/plans-updates/

- GHG emission reductions of 1.0 million metric tons, in alignment with the EEA Secretary's Letter and in furtherance of the Commonwealth's Net Zero emissions requirements
- equity goals that budget $1.9 billion in equity spending that will deliver $4.74 billion in equity benefits, including $1.3 billion in incentives paid to low-moderate income customers, and that continues to build on the 2022-2024 plans' effort for equitable delivery of energy efficiency in the Commonwealth
- the PA commitment to support the development of a diverse clean energy workforce, including a 15 percent aspirational benchmark in supplier diversity spending and continued coordination with the Massachusetts Clean Energy Center (MassCEC)
- a programmatic approach to fully support the decarbonization of rental properties in select disadvantaged communities that have a high percentage of low-moderate income customers and renters
- efforts to control administrative and program costs and a commitment to continued collaboration in identifying areas for improved administrative efficiencies
- increased heat pump and weatherization production for the Low-Income Sector, paired with commitments to improved operational efficiency and inter-agency communications and greater transparency around program trends and progress
- programmatic improvements to facilitate moderate-income customer participation, including the introduction of turnkey services and continuation of enhanced incentives
- programmatic improvements to enhance the customer experience with Mass Save, through the introduction of decarbonization consultations, enhanced access for small businesses, and the launch of a statewide call center providing tailored customer support
- additional support to disadvantaged communities to decarbonize schools through a collaborative effort with DOER and MassCEC, as well as leveraging the state's investments through Massachusetts School Building Authority
- additional support for Community First Partnerships that will continue to build the grassroots effort to advance a clean energy transition in our communities and improve equitable program delivery to underserved customers
- new initiatives to support the decarbonization of commercial and industrial customers, including support for customer decarbonization plans and studies, existing building commissioning studies, and modifications to the account management interface for our larger commercial and industrial customers
- a commitment to work with DOER, the AGO, and the Council Consultants, to fully leverage federal funding and to identify other non-ratepayer funding sources to reduce costs for electric and gas customers[5]
- a performance-incentive mechanism that prioritizes achievements in equity and includes a value component designed to encourage administrative and program cost efficiencies
- continued support for active demand management through the ConnectedSolutions program
- improved data sharing and clear metrics for tracking progress through regularly-reported key performance indicators, contained in the data workbook (Appendix I)
- commitment to work with DOER and other stakeholders to improve data systems and tracking to be more transparent and easily accessible

II. Council Comment on Priorities

In its December Recommendations, the EEAC recognized that the Commonwealth is at an inflection point in its clean energy transition, with an intense focus on achievement of the Commonwealth's Global

[5] The Council agrees to support the PAs in identifying and seeking those additional funding sources.

Warming Solutions Act goals, to which the Mass Save program plays an integral part along with many other state programs. The Statewide Plan represents the first plan developed under the new statutory requirements to exclude spending on programs relating to new fossil-fuel equipment, with limited exceptions. The EEAC sees the 2025-2027 term as an opportunity for the PAs to be bold in their planning and present Statewide Plans that advance innovation and simplicity to support aggressive GHG emission and energy reduction goals aligned to achieve all cost-effective energy efficiency and demand reduction.

The Council's December Recommendations created an opportunity for the Statewide Plans to align with the Commonwealth's energy and GHG reduction goals through a strong focus on weatherization and electrification, with expansion of heat pump targets and investment in market transformation and workforce development. The suite of recommendations reflects a strong commitment and investment to advance equitable outcomes through programmatic changes to increase participation by historically underserved populations, including renters/landlords, moderate-income customers, customers who speak languages other than English, and small businesses, and to increase the diversity of the clean energy workforce. Further, the EEAC included recommendations to ensure cost containment, administrative efficiencies, and to encourage bold and innovative planning. The Council provides its comments on these priorities below.

A. Equity

It is through the equity lens that the work of planning began. The EWG, a collaboration of voices from the Council, the PAs, and community partners, has been a constant in the education of the EEAC on principles of equity. The December Recommendations reflect the continued work of the EWG and call for an increased commitment to meaningful and measurable improvements in the equitable delivery of energy efficiency for those historically under participating in Mass Save.[6] The Council asked for the Statewide Plans to incorporate principles of distributive justice and the PAs responded defining their approach to distributive justice as:

> *a commitment to promoting fair and equitable distribution of benefits and burdens across all customers, upholding and prioritizing the needs of historically underserved customers burdened with economic challenges, racial inequality, negative environmental impacts, and justice disparities.*[7]

The Council commends the PAs in their effort to incorporate most of the equity recommendations in the Revised Draft Plan. The Council, however, recognizes that achieving the planned outcomes will require a dedicated commitment from the PAs and a lot of hard work. The Council and the EWG will continue to provide guidance to support to the PAs, as they deliver these planned equity outcomes over the 2025-2027 term.

Toward this collective effort, the Council expects the PAs to continue their active participation in the EEAC, and:

- Provide regular reporting to the EWG on progress in implementation, including program delivery in the Designated Equity Communities and the moderate-income turnkey pathway, in part to identify barriers in the field or program designs that may require modification to improve participation and the PAs' proposed interventions and solutions
- Work with the EWG to further develop and refine the program offering for 5+ unit rental properties in Designated Equity Communities

[6] Revised Draft Plan at 27, fn. 1.

[7] August Plan Update at. 4.

- Provide updates on the PAs' collaboration with stakeholders to develop a statewide policy and protocol to increase opportunities for returning citizens to participate in the clean energy workforce
- Provide updates on achievement and implementation of the PAs' aspirational benchmark to spend 15 percent of dollar volume of direct Mass Save contracts with diverse suppliers and on the PAs' consideration and implementation of recommendations in the Mass Save PAs' MWBE Study
- Provide updates as the PAs institute the language access plan to facilitate program participation by those that speak a language other than English[8]
- Work with DOER, the AGO, LEAN, and the Council Consultants, to support the delivery of income-eligible programs, by identifying possible improvements and/or incorporating cost-saving efficiencies
- Work with program partners, including existing Mass Save vendor networks, to ensure adequate capacity to meet demand and achieve goals
- Provide updates on the roll-out of the Statewide Contact Center, turnkey program delivery, and other programmatic changes in the Statewide Plans
- Continue and further develop the collaboration with MassCEC and other stakeholder organizations to ensure the development of a diverse clean energy workforce and robust opportunities for participation, and commit to full transparency on these efforts including regular opportunities for input and updates to the Council
- Continue to explore innovative strategies for serving renters and landlords through engagement with the EWG, its stakeholders, and CFP community partners
- Continue to examine all Mass Save programs to identify cost-saving programmatic changes that frees up budget (e.g. redesign of heat loan program) to be used in support of distributive justice priorities such as additional low-income heat pumps
- Implement concierge services and expanded vendor pool (Customer Direct Option) for Small Business
- Continue looking into upgrading the software, systems, and processes used in the Low-Income program to allow for faster approval of work scope and payment of invoices.

B. Greenhouse Gas Emission Reductions

As set forth in the EEA Secretary's Letter, and consistent with Massachusetts' requirement to achieve net zero emissions, the robust delivery of energy efficiency and decarbonization services is critical to achievement of the Commonwealth's 2050 building-sector emission limits.[9] The 2025-2027 planning process included ambitious GHG emission reductions as a top priority of the Council. Specifically, the Council urged the PAs to align the Statewide Plans with the Commonwealth's GHG reduction goals through a strong focus on weatherization and electrification, with a significant expansion of the heat-pump targets and an investment in market transformation and workforce development. This priority was underscored by and formalized by Secretary Tepper's letter setting GHG reduction goals and priorities for the 2025-2027 Statewide Plans in furtherance of the Commonwealth's overall requirements for a net-zero Commonwealth by 2050.

The Council acknowledges and appreciates the PAs' efforts to meet the Secretary's GHG goals and to ensure 2025-2027 investments are both aligned with the Commonwealth's GHG goals and balanced with our equally important equity priorities. The Council supports the PAs GHG emission reduction goals and commends the following commitments:

[8] Revised Draft Plan at 240.

[9] G.L. 21N, §3B.

- Weatherizing over 184,000 homes, including more than 76,000 low-income and moderate-income homes
- Installing heat pumps in more than 119,000 homes, including over 23,000 low-moderate income homes
- Introducing new GHG emission reduction measures, including embodied carbon reductions, refrigerant leak management and behind-the-meter gas leak mitigation
- Commitment to increasing support for customers seeking to decarbonize, including Decarbonization Home Energy Assessments and decarbonization consultations
- Cost management strategies, including reduction of heat pump incentives over the term, a new geographically based pricing guide for heat pumps, and quote comparison service

C. Climate Forward Planning

The 2025-2027 planning process included an increased focus on innovation to balance competing priorities and mitigate ratepayer impacts. For the first time, the EEA Secretary directed the PAs to achieve GHG emission reductions, while meeting equity outcomes, within a prescribed budget. The EEAC recognizes the difficulty of this balancing exercise and commends the PAs for bringing their collective energy and innovative thinking to develop Statewide Plans that meet these demands.

The Council acknowledges and appreciates:

- The redesigned data-reporting framework that will provide the EEAC, the EWG, and stakeholders, with easy access to data that transparently tracks key plan outcomes, including but not limited to:
    - Weatherization and barrier-mitigation measures
    - heat pump installations
    - language access
    - workforce diversity
    - GHG emission reductions
    - Renter and property owner participation
    - Small business weatherization

- Revision of the evaluation, measurement and verification (EMV) policy framework to reflect the Commonwealth's climate policy priorities, including agreement to expand the application of low-income non-energy benefits to programs serving the designated equity communities and moderate-income customers statewide
- Commitment to cost savings through the review and redesign of programs. In particular, the PAs willingness to take a fresh look at the HEAT Loan program – a flagship component of the Mass Save program – and incorporate changes to reduce program costs while better serving income-eligible customers

The Council looks forward to continuing its work with the PAs to identify additional programmatic improvements to ensure the delivery of energy efficiency and decarbonization is equitable, transparent and cost-effective, to the fullest extent possible.

III. Additional Areas for Continued Collaboration and Development

A. Residential Sector

The Revised Draft Plan incorporates significant changes in response to the Council's recommendation for simplification of the customer journey and revised incentive levels for non-income eligible customers. The Council appreciates the PAs' willingness to evaluate their long-standing and successful residential programs to ensure they continue to be delivered cost-efficiently and to best meet market need. The Revised Draft Plan addresses the Council's priorities, particularly in emphasizing electrification and weatherization in the residential sector and will help achieve the Commonwealth's GHG goals. To ensure that these ambitious and important goals are met, the Council requests that the PAs focus on the following during program implementation over the 2025-2027 Term:

- Review and report on programmatic changes to the weatherization offer to meet market needs and ensure weatherization outcomes
- Assess and adjust as needed the virtual Decarbonization Consultations, to ensure these customer interactions result in implementable decarbonization plans, provide technical support, as needed, and educate customers on programs and opportunities to support their clean energy transition, e.g., the Massachusetts Community Climate Bank's Energy Saver Loan, the SMART and Solar for All programs, and federal tax credits
- Work with DOER, the AGO, and the Council Consultants, as well as commission an EM&V study, to evaluate the HEAT Loan program and incorporate recommended changes to reduce program costs
- Continue contractor education and the development of the Heat Pump Installer Network contractors to ensure Mass Save contractors are delivering consistent and accurate information on heat pumps and the currently available Mass Save programs; monitor how the designation of HPIN Leaders is affecting the market and adjust as needed
- Develop and implement a heat-pump hot water heater "online marketplace" and incorporate this technology into the turnkey delivery services
- Support the transition from fossil fuels to electrification in the new construction and HVAC markets
- Continue to provide regular updates to the EEAC on progress (and obstacles) in the delivery of turnkey services, the statewide contact center, and programs in the twenty-one designated equity communities including those focused on rental properties
- Continue to collaborate with the EEAC and its stakeholders as the PAs develop new programs or consider changes to existing programs in their efforts to better serve and meet the needs of residential customers
- Continue to collaborate with DOER and other state agencies as the Commonwealth builds and implements a comprehensive approach to meet the Commonwealth's 2050 building-sector emission reductions

B. Low Income Sector

The Council appreciates the PAs' and LEAN's efforts to expand workforce capacity to meet the growing demand in the low-income sector. Further, the Council is encouraged by the addition of improved data systems to enhance visibility into installation timelines and capacity projections. The measurable increase

in demand in this sector is a testament to the collective efforts of the PAs and LEAN. The Council expects that these improvements (in place and proposed) will effectively mitigate against future pauses in the delivery of services to our most vulnerable customers. Effective systems must be in place to provide timely service delivery and prevent interruptions in service. During implementation of the 2025-2027 Statewide Plans, the Council expects the PAs and LEAN to:

- Prioritize installation of heat pumps over fossil-fueled HVAC and hot water systems, and to develop and implement supporting strategies, including for heat pump water heaters, particularly where heat pump rates exist
- Work with DOER, the AGO, and the Executive Office of Housing and Livable Communities to review system processes that support the co-delivery of federal and Mass Save funding for low-income customers and incorporate changes, as necessary, to improve data accessibility and reduce administrative burden
- Continue to incorporate programmatic changes to streamline customer engagement
- As stated under the equity section above, work with DOER, the AGO, and the Council Consultants, to support the delivery of income-eligible programs, by identifying possible improvements and/or incorporating cost-saving efficiencies
- Continue robust integration of active demand management strategies into the low-income program to build the participation of income-eligible customers in active demand offerings
- Continue to provide regular updates to the Council on program delivery and details on the effectiveness (or barriers) of market implementation, including continued implementation of the LEAN Statewide Contact Services Center and opportunities and challenges associated with HPCs delivering program services
- Continue to support CAP agencies to ensure consistency of services across the Commonwealth and the identification of program improvements

C. Commercial and Industrial Sector

The Council recognizes the challenges to decarbonize commercial and industrial (C&I) buildings and appreciates the PAs' new approaches to transform this market. Despite the programmatic challenges, the Council also recognizes that emission reductions in this sector are critical to achieving the Secretary's GHG goals. The Council expects to continue working with the PAs in the following areas of the C&I programs:

- Work with DOER and the Council Consultants to further develop and refine the scope of the C&I working group, constituency, cadence of meetings, objectives, and outcomes. Provide regular updates on progress of the working group, feedback received, and solutions implemented.
- Work with DOER, Council Consultants, the EEAC, and C&I working group, to identify any programmatic changes necessary to increase program participation and savings.
- Continue to work with DOER, MassCEC, and other state agencies to collaboratively support the decarbonization of school buildings, with a priority in schools in disadvantaged communities
- Continue to refine the small business program delivery model, including streamlining the process, improving account management, and more engagement with the CFPs, to promote increased participation and delivered savings;[10]

[10] The PAs have also agreed to work with DOER as it launches a small-business program to benefit the communities of Lawrence, Andover and North Andover, funded through the Merrimack Valley Renewal Fund, resulting from the Columbia Gas settlement.

- Work with DOER and the Council Consultants to launch a C&I database to facilitate the PAs support of C&I customers' short-term and long-term clean energy adoption.
- Continue to develop and implement new elements of the electrification offering that includes comprehensive and targeted C&I customer assessments and support.
- Incorporate recommendations from the recent Existing Building Commissioning (EBCx) program study to the EBCx offering to promote increased participation and delivered savings.

D. Active Demand Management

The Council supports continuation of the successful Active Demand Management (ADM) programs while increasing overall demand-reduction savings. The Council supports continued increase of energy storage incentives, increased participation of direct load control programs, and the continued commitment to a statewide offering for electric vehicle charging in Connected Solutions. The Council also expects continued assessment of opportunities for new active demand measures and delivery strategies for all sectors.

E. Performance Incentive Mechanism

The Council supports the performance incentive mechanism, which emphasizes achievement of equity goals, and appropriately incentivizes the PAs to deliver programs in an administratively efficient manner, consistent with the DPU's directives. The Council also maintains the incorporation of additional requirements or "locks" before a PA can exceed 100% of design performance incentives is necessary to further emphasize the importance of achieving plan targets and outcomes.

F. Reporting

The Council appreciates the PAs' comprehensive update of the quarterly report format and data workbooks (i.e., key performance indicators) to make both the data and report more accessible to the Council and stakeholders. Transparency and reporting are critical components to assess progress toward the transformational objectives of the 2025-2027 Statewide Plans. Indeed, throughout the planning process, the importance of data transparency has been emphasized by the Council and stakeholders. The Council looks forward to coordinating with the PAs to track achievement throughout the 2025-2027 term and expects the PAs to continue working with DOER, the AGO, and the Council Consultants to identify areas for improvements in data reporting, transparency, and efficiencies. Specifically, the Council expects the PAs to:

- Coordinate with DOER, the EEAC, the AGO, and Council Consultants, in evaluating data tracking and reporting, and determine how to develop statewide data systems to streamline the collection and reporting of data to stakeholders
- Continue to facilitate customer and stakeholder access to information and services through improvements to the Mass Save website, MassSaveData.com, the Customer Profile Dashboards, and the EEAC website
- The EEAC recognizes that PA reporting on progress toward outcomes, commitments to collaborate with stakeholders, and completion of other elements of the Plan, may occur on different timelines, e.g., monthly, quarterly, or annually. The EEAC expects the PAs to maintain an open channel of communication with the EEAC and its consultants.

IV. Council Decision on Draft Plan

The Council, Council Consultants, and the PAs will continue to work collaboratively and transparently throughout the implementation of the individual 2025-2027 Plans, in accordance with the GCA. Updates will be provided to the EEAC through continued quarterly reports, monthly data dashboards, and specific updates at Council meetings that focus on topics requested by the Council, in consultation with the PAs. We expect the PAs to consistently engage with the Council and its consultants proactively to assess progress, analyze new opportunities (especially around equity, workforce development, and electrification), develop adjustments, and implement them into the Plans.

Based on the review described above, the Energy Efficiency Advisory Council respectfully recommends the Department of Public Utilities accept the comments above and approve the 2025-2027 Massachusetts Joint Statewide Three-Year Electric and Gas Energy Efficiency Investment Plans, and the individual plans of the Program Administrators, as submitted and consistent with the PAs September Draft Plan.