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January 20, 2015

**To:** The Massachusetts Energy Efficiency Advisory Council (EEAC)  
**From:** A Better City's Commercial Real Estate Efficiency Stakeholder Group  
**Re:** Testimony regarding the next three-year Program Administer energy efficiency programs

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Thank you for providing the opportunity to submit written testimony to the state's Energy Efficiency Advisory Council (EEAC) on the development of the next state-wide three year energy efficiency plans. The comments found in this testimony are intended as initial thoughts and recommendations for inclusion in the PA three year plans. We look forward to working with the EEAC and utilities over the coming months to provide additional input and more detailed recommendations.

A Better City (ABC) is a Boston-based non-profit that represents many of the Commonwealth's leading businesses, institutions, and buildings on sustainability issues. ABC is submitting this testimony on behalf of its membership. These comments represent the feedback we have received from our members over the last several years. Collectively, these businesses employ tens of thousands of Massachusetts residents and are substantial contributors to the funding of the utility energy efficiency programs. Additionally, they own, manage or rent tens of millions of square feet of commercial office space in Boston. Each of these companies has had direct experience with the PA efficiency programs, either through their direct relationship with their utility or through ABC's Challenge for Sustainability program.

As well, ABC is currently working with the Commercial Real Estate Working Group of the Green Ribbon Commission. The Working Group brings together leaders in the commercial real estate sector to catalog and understand energy efficiency, set achievable goals for success, and develop initiatives to achieve the City's goals of reducing greenhouse gas emissions 25% by 2020.

ABC congratulates the EEAC and the utilities on their successes over the past few years, including:

- Hosting a successful, collaborative three-year planning process
- Receiving the #1 state Energy Efficiency Ranking from the American Council for an Energy-Efficiency Economy (ACEEE) for the past four years
- And being designated as a Champion of Energy Efficiency last year by the ACEEE for its work completed during 2013

We have enjoyed witnessing these achievements and will continue to support the EEAC process on behalf of our membership. Even with this track record of success, there is a clear opportunity to improve and achieve deeper efficiency gains, particularly in the Commercial and Industrial (C&I) Sector.

As presented to the Council by its consultants, the C&I sector remained behind on annual targets and spending targets. To address this challenge, ABC is recommending that the EEAC and

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utilities take a deeper look at a few key strategies we believe will accelerate progress in the C&I sector including:

- Building on program elements from the previous 3-year plan;
- Aligning with current state and municipal priorities;
- Implementing key strategies from the commercial real estate roadmap; and
- Fostering an environment which encourages innovation in energy efficiency programs.

Key programmatic sectors from the last 3-year plan include the **expansion of CHP** programs and outreach. During the City of Boston's collaborative climate action planning process, there was significant interest from regional stakeholders in expanding the installation of CHP systems for both efficiency and resilience. These desires were incorporated into the City's current climate action plan and represent an area for continued collaboration between the utilities and the City of Boston ([Boston Climate Action Plan, LBI Goals](#), and p. 197-198 [2013-2015 Electricity and Gas Efficiency Plan](#)).

Another area of focus for the last 3-year planning process was **segmenting the C&I sector** (p. 202, 204, [2013-2015 Electricity and Gas Efficiency Plan](#)). The C&I sector represents a variety of unique spaces and uses including office buildings, labs, large residential buildings, hotels and hospitals. Targeted strategies are needed in order to make substantial progress in these highly differentiated markets. Focus areas that we believe the EEAC should consider include:

- **Strategies for Class B buildings** and expanding the MOU process to include more properties; and
- Further **addressing the needs of the commercial multi-family** sector through the Multi-family Working Group (p. 197, [2013-2015 Electricity and Gas Efficiency Plan](#)).

Class B buildings represent a significant portion of the buildings in Boston and the large multi-family sector is only projected to grow in line with the City's current housing plan. We believe these actions will help the utilities expand their reach and impact within these sectors throughout the state.

Furthermore, the City of Boston and MassDOER are actively encouraging the development of net zero energy buildings, which will represent a new type of residential and commercial space ([Boston Climate Action Plan, LBI Goals](#), and [Pathways to Zero Net Energy Program](#)). The EEAC should encourage the utilities to develop a program to train and educate architects, engineers, and designers that **advances the idea of Zero Net Energy buildings** throughout the Commonwealth.

The next 3-year plans should also focus on implementation of the priorities identified by the CRE Roadmap process, which was led by the utilities over the last two-years. A focus area that has been of interest to stakeholders engaged in the roadmap process is **efficiency in tenant spaces**. Reduction of energy use in tenant spaces is aligned with priorities of leading local jurisdictions, who hope to drive further interest in energy use reductions through reporting ordinances and other progressive policies ([Boston CAP, LBI Strategies](#)). This could be addressed by **expanding the existing Office of the Future program**, and **research and implementation of incentives for tenant fit-outs**. Additional incentives, either directly or through the support of **third-party**

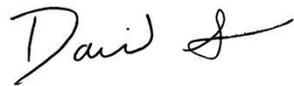
**partners should be looked at** to support the development of more robust behavior change programs within tenant spaces.

Tenants and building owners also need clearer pathways and support to finance energy efficiency improvements. **Performance contracts, early replacement options, commercial bulk purchasing programs** and encouragement of proven-technologies such as CHP, could drive further investment and should be included in the next 3-year plans. Innovative incentive programs, which encourage and **provide bonuses for customers that pursue multiple projects** for deeper savings, as opposed to one off strategies also represent a path forward for both building owners and tenants. We echo the recommendations from the EEAC Process Report from Raab Associates, and ask the EEAC consider using focused sessions for each sector to develop a suite of targeted strategies for each sector.

Finally, the next 3-year plan should encourage adoption of innovative energy efficiency programs by **allocating funding towards innovation** and **making processes more open for non-IOU pilots**. California, another leading efficiency state, has allowed third-party programs with demonstrated energy savings to receive energy efficiency funds through the IDEEA 365 process. Utilities in California developed a joint procurement platform called PEPMA for third-party programs in order to meet the California Public Utilities Commission (CPUC) target of 20% of utility funds to support third party programs (p. 80 [CPUC Rulings](#), and [CPUC Innovative Proposal Guidance](#) ). Research and consideration of a similar model may be appropriate for Massachusetts if the state wants to continue to be a national model and pursue aggressive efficiency targets.

We look forward to continuing to participate in upcoming public comment sessions and reviewing the draft 3-year plan. Effective, aggressive C&I strategies will be necessary to achieve the state's 80% by 2050 GHG reduction goal. We hope these comments and suggestions can guide the drafting of the plan.

Thank you,



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