POLICY ON SPONSORSHIPS & SUBSCRIPTIONS

A. Hard-to Measure "Sponsorships and Subscriptions"

Sponsorships and subscriptions are undertaken by the PAs in order to support the goals of the Green Communities Act ("GCA") and acquire all available cost-effective energy efficiency. Costs included on the Sponsorships and Subscriptions hard-to-measure line items provide direct benefits to customers, but are not directly linked to specific in-the-field energy efficiency measures or services. Sponsorships and subscriptions support the energy efficiency market, encourage workforce education, attract skilled employees to Massachusetts, and promote innovation in both service delivery and the development and testing of energy efficient technologies. In accordance with the Order of the Department of Public Utilities regarding the 2016-2018 Three-Year Energy Efficiency Plan and general accepted practice, each sponsorship and subscription expense must be reasonable, prudently incurred, and provide a direct benefit to Massachusetts customers. Detailed definitions are as follows:

- **Sponsorship**: Payment by or on behalf of a PA to financially support an organization, event, or project directed by a non-PA person or group, in order to gain participation or access to a benefit of sponsorship. The purpose of these costs may include, without limitation, sharing of regional and national best practices, transformation of energy efficiency markets, influencing manufacturers, furthering energy efficiency evaluation techniques and standards, and the ability to network (with customers, contractors, evaluators, or other experts) to learn about additional energy efficiency opportunities and ways in which to improve offered energy efficiency services. These activities all provide benefits to customers and programs generally, but do not focus on a specific initiative. Specific categories of sponsorships enumerated by the Department include:

    1. Energy efficiency forums
    2. Trade associations
    3. National industry associations
    4. Groups that target specific industry sectors
    5. Universities and organizations that develop new technologies
    6. Residential focused groups to educate and engage with the community

    Costs reported in the hard-to-measure line items will be limited to sponsorships that are anticipated to provide benefits to customers but are not associated with a specific program or initiative. Conversely, expenses related to the above categories that directly impact programs will be included in the appropriate program budget (see Section B, below).

- **Subscription**: Payment by or on behalf of a PA to receive or use something related to energy efficiency over a fixed period of time, such as a periodical, a book series, or an informational service.

Costs will be categorized in the appropriate cost category.

Examples and Cost Categorization

1. Membership Dues for Consortium for Energy Efficiency ("CEE") - allows the PAs to provide guidance to manufacturers who make equipment that can be used to increase efficiency or options in the programs, and gives the PAs early insight into new technologies coming to market.
   – *Line item*: Sponsorships & Subscriptions hard-to-measure for each sector
   – *Cost Category*: PP&A
   (Note that other charges from CEE specifically related to programs may be included as program costs; see Section B, below)

2. Membership in Ally Program of American Council for an Energy-Efficient Economy ("ACEEE") - allows PAs to bring awareness to the programs generally and advance Massachusetts' goals throughout the national energy efficiency community. Allies gain access to a national center of expertise as well as unique opportunities to help contribute to and shape the nation's energy efficiency research and program agenda. Allies also learn from networks of peers and other experts about the latest trends and issues in energy efficiency. Additionally, Allies receive industry-leading information on energy efficiency markets, technology, and policy. Participation in ACEEE's Ally program allows the PAs to share in the expertise of ACEEE and other Ally members on energy efficiency technologies and opportunities that can influence the programs of the future and help PAs improve program delivery.
   – *Line item*: Sponsorships & Subscriptions hard-to-measure for each sector
   – *Cost Category*: PP&A

3. Sponsorship of International Energy Program Evaluation Conference ("IEPEC") – allows the PAs to participate in the annual professional conference, which is held for energy program implementers, evaluators of those programs, local, state, national and international representatives, and academic researchers involved in evaluation. The conference provides a forum for the presentation, critique and discussion of objective evaluations of energy programs, and promotes the documentation of unbiased, peer-reviewed evaluations that establish the basis for accurate information and provide credible evidence of program success or failure. In addition, the PAs gain access to information on current issues, market assessments, emerging technologies, and alternatives to traditional centralized supply-side options, as well as educational workshops on relevant topics, including information on evaluation methodologies, vendors, and strategies to continuously improve evaluation of the PAs' programs. In addition, support of IEPEC provides the PAs with the opportunity to learn about new program efforts and how those innovative approaches are working in other areas. This helps the PAs to effectively deliver energy efficiency solutions to customers.
   – *Line item: Sponsorships & Subscriptions hard-to-measure for each sector*
   – *Cost Category: Evaluation and Market Research*

B. Program Expenses (NOT Hard-to-Measure "Sponsorships and Subscriptions")

Expenses paid to directly support a program are program expenses and will be included in and allocated to the appropriate programs/core initiatives where benefits are expected to be realized. *A cost may be included in program line items even if called a sponsorship or subscription because the expense is directly related to the program.* These expenses include:

- **Data Purchase**: Payments made to receive data on a one-time or recurring basis will be included in the programs to which the data relates.

- **Memberships / Employee Training**: Membership fees (group or individual) where the fee is not used to sponsor a conference or event, but rather as a cost-efficient way to obtain multiple individual employee memberships, receive tickets to conferences for learning opportunities for employees, advertise energy efficiency programs to customers/contractors, provide direct access to member lists, and advertise energy efficiency job positions. Employee conference and training attendance enhances employee skills and teaches the employee about new technologies and strategies, helping the employee in his or her job/role and improving the programs. The conference/training must provide an energy efficiency related benefit and the PA should determine if the value of the employee's attendance justifies the costs.

- **Goods or Services**: Expenditures made to pay for a good or service, such as a product table at an event (without otherwise sponsoring the event or organization).

Costs will be categorized in the appropriate cost category.

Examples and Cost Categorization

1. Sponsorship of an HVAC conference where a PA presents on Heating & Cooling energy efficiency in order to market the Mass Save program.
   - *Line item*: Residential Heating & Cooling program core initiatives
   - *Cost Category*: Marketing and Advertising

2. Subscription to or sponsorship of an organization that shares or disseminates data that the PAs use for planning or evaluation.
   - *Line item*: Each affected program/core initiative
   - *Cost Category*: PP&A for planning data or Evaluation and Market Research for evaluation data

3. Sponsorship of a community event at which a PA promotes Mass Save through brochures, banners, and tabling to potential customers.
   - *Line item*: All relevant programs/core initiatives
   - *Cost Category*: Marketing and Advertising

4. Sponsorship of the Design Lights Consortium, which directly impacts the lighting products the PAs offer in C&I programs as well as lighting design practices for C&I customers and program design and implementation.
   - *Line item*: C&I Upstream Lighting and C&I Retrofit core initiatives
   - *Cost Category*: Sales, Technical Assistance & Training

4. Group Membership in Association of Energy Services Professionals, with which the PA gains "points," and uses these points to assign individual memberships to staff members, allowing staff to improve their skills and learn innovate ideas and best practices to improve program delivery and achieve energy savings.
   - *Line item*: All relevant programs/core initiatives
   - *Cost Category*: PP&A

Documentation of Expenditures Included in Program Costs

In 2016-2018, the PAs will contemporaneously document the benefits to customers of expenditures that are or were previously included in the Sponsorships & Subscriptions hard-to-measure line item in 2013-2015, including any sponsorship or membership payment that is made to directly affect programs and is included in program line items. PAs do not intend to provide a detailed explanation of benefits (or contemporaneously document the benefits) associated with costs that were never included in the Sponsorships & Subscriptions line items, including (1) payments solely for goods and services (e.g., tabling), (2) the purchasing of data, (3) conference fees paid for directly by employees, and (4) costs included in other line items (e.g., Residential Education (in-school programs), Workforce Development (third-party trainings)). The PAs will provide detailed information about all costs in the Term Report in accordance with the Term Report template.

C. Lobbying or Engagement in Legislative Activity

For each sponsorship and subscription expenditure, the PA will determine whether the sponsored organization is a registered lobbyist or engages in legislative activity[1]. For all sponsored organizations, whether registered as a lobbyist or not, PAs will seek to obtain a written statement prior to providing monetary support covenanting in substance as follows:

[The Organization] understands that the Massachusetts energy efficiency Program Administrators cannot and do not support lobbying activities by organizations sponsored by the Program Administrators. [The Organization] covenants and agrees that funds provided by [Company] as an energy efficiency or demand savings sponsorship or subscription will not be used for lobbying or other legislative activities.

In the event a PA determines that sponsorship of an organization that is involved in lobbying activities has a direct benefit to Massachusetts customers, the PA will document the benefits and provide evidence of how the funds at issue are used by the sponsored organization. Consistent

[1] In 2016 – 2018, this information will also be obtained for commitments that were included as "Sponsorships and Subscriptions" in 2013-2015 even if the costs are now being directed to specific programs or core initiatives.

with the Department's directives in the 2016-2018 Three-Year Plan Order, the organization must also provide documentation that (1) details the structure and function of the sponsored organization; (2) identifies the percentage of resources devoted to lobbying and legislative activities; and (3) provides the method used to derive the percentage.

PAs expect to sponsor organizations that lobby or advocate for more stringent codes and standards. The PAs will document all spending as noted above, but will work under the presumption that more stringent codes and standards provide a direct benefit to customers.

D. Annual Review Process

Prior to filing the Plan-Year Report or Term Report, each PA will review all sponsorship and subscription spending incurred during the prior program year (including, in 2016-2018, those expenses directly affecting programs and categorized in program line items that were previously included as Sponsorships & Subscriptions hard-to-measure costs in 2013-2015) to determine whether the events or organizations sponsored in the prior year realized the expected benefits (noting that some benefits may take more than a year to accrue, and that many benefits are not quantifiable). Each PA will document actual benefits realized, and verify that each expense was reasonable, prudently incurred, and was intended to provide a direct benefit to customers.

E. Process to Determine Whether to Enter into a Sponsorship or Subscription; Contemporaneous Documentation

Step 1. **Identify** sponsorship or subscription opportunity – may come from staff or vendor.

Step 2. Identify and document the **purpose** of the organization or event to assess whether it is **directly related to energy efficiency**.

Step 3. Identify and document in detail the expected **direct energy efficiency-related benefit to Massachusetts customers** of the expense, which may include: enhanced energy efficiency program delivery, marketing and education opportunities, reaching key industry sectors, sharing of best practices, access to manufacturers, contractors, and/or data and evaluation materials, assisting the PA in achieving savings or satisfying an energy efficiency related statutory mandate, or other benefits. For sponsorships that are being renewed, identify the benefits that were achieved in prior years and their impact on the decision to renew the sponsorship.

Step 4. Assess whether the associated sponsorship costs are **reasonable and prudent** in relation to the expected benefits; determine if the opportunity is the best and most cost-efficient means by which the PA can achieve the expected benefits.

Step 5. Determine whether or not the organization is a registered lobbyist or otherwise **engages in lobbying** (note that an organization can be engaged in lobbying even if it is not required to be a formally registered lobbyist). For organizations that do engage in lobbying, additional scrutiny should be used to determine that the sponsorship funds will not be spent for lobbying purposes. If it is determined that the sponsorship is prudent, ensure that the organization seeking sponsorship signs a statement that organization will not use PA funds for lobbying purposes and gather evidence that: (1) details the structure and function of the sponsored organization (e.g., organization

chart, mission statement); (2) identifies the percentage of resources devoted to lobbying and legislative activities; and (3) provides the method used to derive the percentage.

Step 6. Determine and document how the expenditure will be allocated between a PA's **gas and electric operations** (when applicable), based on the benefits to be realized by each fuel type's customers.

Step 7. Determine and document the **appropriate line item and cost category**, including: whether the expense (1) is a hard-to-measure Sponsorship or Subscription; or (2) directly affects a program, and if so, determine which programs and how the expense will be allocated among the impacted core initiatives. Determine and document the appropriate budget category (PP&A, Marketing, STAT, or Evaluation and Market Research). When appropriate, coordinate with other PAs for consistency.

Step 8. Obtain sign-off from the designated PA staff approving the sponsorship or subscription.

Step 9. Obtain documentation from a manager (or equivalent) of the organization stating that it **will not use PA funds for lobbying purposes**. For organizations that engage in lobbying, ensure that the PA has received all information listed in Step 5.

Step 10. Confirm that all **logos and marketing** materials used in relation to the sponsorship for which the PA will seek cost recovery from energy efficiency are designed to support and promote energy efficiency programs.

Step 11. **Pay invoice** per standard PA procedure.

Step 12. **Review** all costs following completion of sponsored event or program and determine whether and how the expected benefits were realized. Determine whether the PA would sponsor or participate in the organization or event again in the future.