



For a thriving New England

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Massachusetts Energy Efficiency Advisory Council

Commissioner Patrick Woodcock, Chair
Massachusetts Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114

Re: April 30 Draft of the 2022-2024 Massachusetts Three-Year Energy Efficiency Plan

Dear Commissioner Woodcock:

Conservation Law Foundation (CLF) is a non-profit, member-supported organization dedicated to conserving natural resources, protecting public health, and promoting thriving communities for all in New England.

We strongly agree with the Energy Efficiency Advisory Council (EEAC or Council) that the fifth Three Year Plan must be “innovative and forward-looking,” with an emphasis on equitable program delivery, energy efficiency, active demand management, and electrification. Innovation is necessary to meet the requirements of the Green Communities Act (GCA) and assist the Commonwealth in achieving its emission reduction goals under the GCA, Global Warming Solutions Act (GWSA), and the recently enacted “Roadmap Law” (Chapter 8 of the Acts of 2021). CLF has participated in the EEAC’s Equity Working Group (EWG) to develop recommendations, adopted by the EEAC, for program adjustments that would accomplish these goals. Bearing these recommendations in mind, in this letter CLF presents comments and suggestions on the following topics as the PAs revise the 2022-2024 April Draft Plan (the Plan): (1) Provide Resources, Transparency, and Accountability, and (2) Align Mass Save with the Commonwealth’s long-term climate goals.

Provide Resources, Transparency, and Accountability

The recommendations developed by the EWG and adopted by the Council on February 24, 2021 provided specific recommendations to improve equitable program delivery by establishing transparent data-sharing mechanisms, dedicated investments, and tangible goals. The Plan does not sufficiently incorporate these recommendations. It contains very few metrics that demonstrate a commitment to its stated goals around equity and electrification, and it does not provide much of the information requested by the EWG. Meaningful change will require the PAs

to include in a revised plan: specific investments and resources allocated to its stated priorities; targets and goals that demonstrate and require program improvements; and tracking and reporting mechanisms that allow for a transparent evaluation of the PAs' progress toward the Plan's goals. These metrics should focus on implementing the EWG recommendations as adopted by the EEAC.

Investment Data and Resources

The Plan's offerings and initiatives directed to underserved communities, as identified in the non-participant studies, must have dedicated measure-level budgets, investments, and savings that permit stakeholders to evaluate the sufficiency of such investments and ensure the PAs have devoted resources to realistically accomplish their goals. As one example, although the Plan centers electrification and low- and moderate-income customers as priorities, it fails to provide investment data specifying amounts dedicated to deploying heat pumps in low- and moderate-income households and to removing the barriers identified in the Plan. Similarly, there are no investment data with regard to the incentives, pre-weatherization strategies, storage offerings, etc. that will be deployed in populations and geographic areas that the Plan identifies as part of its equity focus.

In some program areas with dedicated budgets, the investments should be expanded. Place-based, community-driven work and local workforce development can significantly impact how successfully programs are received and utilized. Inherent in this success is an obligation to enhance the budget and resources needed to deliver service and meet demand. For instance, after the 100% incentive for weatherization became available, there was a substantial backlog of customers awaiting services. Expanded workforce development investments can help alleviate these problems.

Finally, the Plan contains little, if any, funding for deploying active demand response (ADR) offerings in the income-eligible sector. The Plan recognizes the financial benefits realized by customers that are able to participate in ADR programs (Plan at 24-25). ADR programs, such as storage, are straightforward, easily administered programs whose benefits should not be withheld from low- and moderate-income residents. Among other offerings, the PAs could expand the ConnectSolutions offering from the 2019-2021 Plan to allocate storage funding for low-income customers.¹

Targets and Savings Goals

The Plan fails to provide the ambitious and measurable targets and savings goals required to achieve the promises set out by the Plan. If the PAs are committed to equitable program delivery and electrification, these benchmarks are essential. In its recommendations, the EWG advised the

¹ A proposal to prioritize low- and moderate-income customers in an electric storage program offering is under consideration in Connecticut. Under the proposal, the state's electric distribution companies and Green Bank would coordinate to offer low- and moderate-income customers "a higher upfront incentive...to lower the barriers to adoption of electric storage systems by LMI customers." See CT Public Utilities Regulatory Authority, "Straw Electric Storage Program Design," Docket No. 17-12-03RE03. Available at: <https://portal.ct.gov/-/media/PURA/electric/Request-for-Program-Design---RE03-Straw-Proposal.pdf>.

PAs to “[e]stablish numerical goals for increased participation among underserved customer groups such as moderate-income customers, renters and landlords, language isolated customers, and small businesses.” The EEAC similarly expected the Plan’s priorities to “be fully supported by and reflected in the proposed budget and savings goals.” As with investment data, specific targets are essential to evaluating the sufficiency of the Plan in satisfying its own goals and the Commonwealth’s statutory requirements. This requires the PAs to set measurable goals for increased participation of and savings for (1) the 61-120 percent SMI grouping, (2) renters, (3) households with primary language other than English, and (4) households of color. These equity-focused targets should be included as part of the term sheet.

With respect to (1), above, the Plan currently defines “moderate income customers” as customers with an income greater than 60% and equal to or lesser than 80% SMI (Plan at 15). The Plan provides enhanced incentives for heating systems to moderate income customers (up to 80% for heat pumps), but this falls short of the EWG recommendation to provide no-cost incentives for weatherization, heating system replacements, and appliance replacements.

Tracking and Reporting

Finally, the lack of specificity surrounding the PAs’ expected budgets, participation, savings, and benefits data stymies the ability of stakeholders to assess the Plan’s progress and evaluate its compliance with EWG recommendations and Commonwealth policy. Additionally, such data should be made publicly available so that PAs are not able to earn full Performance Incentives without accounting for their service of harder to reach groups, particularly if the PAs include an equity component in the performance mechanism (Plan at 196). The EWG made a series of specific recommendations to improve tracking and reporting mechanisms. The Council should hold the PAs accountable for providing robust data that breaks down measure-level budget, participant, savings, and benefits information by renter status, income status, and language spoken at the zip-code level.

We acknowledge that the revenue collected from ratepayers’ bills pursuant to the Mass Save program cannot be the only funding that allows the Commonwealth to achieve its 2030 emission reduction goals, nor will the three-year plan’s budgets alone alter the economy. But we must think broadly about the program’s potential for change and the downsides to failing to take sufficient action. The program is well established and has the capacity to scale up to have an impact not only on reducing greenhouse gas emissions, but in supporting an equitable energy transition. It is uniquely positioned to both compensate for the past inequities in how these programs have served customers and to prevent inequities in future decades as the economy shifts away from fossil fuels. The Mass Save program is equipped to help customers who lack the means to make upfront investments from long-term savings to electrify their homes. Similarly, the program has the potential to incentivize customers who *can* afford to make changes in their homes to make choices that position the Commonwealth to meet its climate goals. Achieving this potential requires a significantly scaled-up program whose offerings are structured to center equity and to realize greenhouse gas (GHG) emission reduction goals. For these reasons, we implore the EEAC to encourage the PAs to propose bold, innovative offerings, to think proactively about what the Plan can accomplish, and to engage meaningfully with stakeholders throughout the process.

Align Mass Save with the Commonwealth's long-term climate goals

The PAs acknowledge that the Plan is being developed against the backdrop of significant, coordinated efforts by the Commonwealth to reduce emissions and to do so equitably (Plan at 8). Specifically, the Executive Office of Energy and Environmental Affairs released the Interim Clean Energy and Climate Plan for 2030 and a roadmap to achieving net zero GHG emissions by 2050. The Roadmap Law, enacted in 2021, requires the Commonwealth to reduce GHG emissions by 50 percent below the 1990 baseline level by 2030 and to achieve net zero GHG emissions by 2050. Furthermore, the Roadmap Law explicitly requires that this transition occur equitably, focusing on low- and moderate-income people and environmental justice populations. It also made several adjustments to the Green Communities Act to require three-year energy efficiency plans to comply with 2050 goals and to prioritize GHG reductions.

While the PAs assert that the Plan complies with these requirements, the Council can play a central role in ensuring the PAs are in fact adapting to the letter and spirit of the new statutory requirements as they develop Mass Save's role in realizing long-term emission reduction goals. For instance, the PAs appear to have incorporated the correct social value of GHG reductions into their current models as required by the Roadmap Law, although they have not yet eliminated all incentives for transitioning from a low-efficiency fossil fuel system to more efficient gas or propane-fired system (Plan at 69). The Plan also continues to press for fossil fuel-based heating systems in low-income programs (Plan at 69, 96). The PAs have not explained whether the limited deployment of heat pumps, combined with the continued incentivizing of fossil fuel equipment, will place the Plan in compliance with the GCA, GWSA, and Roadmap Law. As discussed above, the Plan's lack of dedicated budgets, measurable targets, and tracking data also obscures its level of compliance with these statutes.

Beyond the letter of the law, the Roadmap Law and other Commonwealth climate policies are inherently forward-looking, planning decades into the future for a just transition to a net zero economy. The Plan, in contrast, is focused on short-term fixes that are incompatible with the Commonwealth's climate and equity policies. While the Plan narratively focuses on electrification, equity, and GHG emission reductions over the long term, it does not pursue all cost-effective energy efficiency options in furtherance of these priorities. For instance, the PAs recognize that the transition to electrification is a "key contributor to reaching the Commonwealth's decarbonization goals" (Plan at 12). Still, the Plan fails to use all opportunities to deploy heat pumps. It continues to incentivize fossil fuel systems for some customers, noting that while switching from delivered fuels to a heat pump might impart "a higher savings potential," high efficiency fossil fuel systems deliver "short-term carbon benefits that can contribute to state policy goals" (Plan at 69-70). As noted above, the Plan also continues to heavily encourage gas heating equipment in low-income households. This approach will lead to an inequitable result, as low- and moderate-income ratepayers will face rising energy prices as higher income ratepayers shift away from fossil fuels, shrinking the rate base and driving up costs. The Plan's willingness to settle for short-term carbon reductions implicitly acknowledges that customers who purchase this equipment now will be forced to replace their equipment again as the Commonwealth scrambles to meet its 2035 and 2040 climate goals. For these reasons, the

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Council should strive to hold the PAs accountable for complying in every sense with the Commonwealth's climate and equity policies.

We thank the EEAC for the opportunity to provide these comments and look forward to working with the Council and PAs to meet and exceed the requirements of the Green Communities Act, Global Warming Solutions Act, and Roadmap Law.

Respectfully submitted,

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