



June 15, 2021

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 and Members of the Energy Efficiency Advisory Council:

The undersigned organizations write to request that the Council's upcoming resolution express support for the improvements to the April 30 draft Three-Year Plan described below. Our organizations, representing thousands of ratepayers across the Commonwealth, are dedicated to advocating for environmental justice, public health, and the conservation of natural resources.

Development of the 2022-2024 Plan is occurring at a pivotal moment in the Commonwealth. As the Council is aware, recent climate policy developments have culminated in a significant, coordinated effort by the Commonwealth to reduce emissions and in an equitable manner. The Executive Office of Energy and Environmental Affairs (EEA) released the Interim Clean Energy and Climate Plan for 2030 (2030 CECP) and a roadmap to achieving net zero greenhouse gas (GHG) emissions by 2050. The Roadmap Law (Chapter 8 of the Acts of 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, and it adds equity and emissions reduction considerations to the Department of Public Utilities' mandate. It further requires three-year energy efficiency plans to comply with 2050 goals and to prioritize GHG reductions. These policies layer atop existing requirements under the Green Communities Act and the Global Warming Solutions Act.

These policy mandates call for a Three-Year Plan that boldly reimagines its commitment to equitable energy efficiency and electrification and is poised to deliver structural change in the delivery of energy efficiency services. The Plan, as currently drafted, falls well short of this call to action.

As the Council develops its July resolution, we urge the Council to require that a revised Plan include the improvements described herein to the draft residential efficiency program. We further support recommendations for improvements to the commercial & industrial program submitted separately by Health Care Without Harm and A Better City.

1. The Plan Must Center Equitable Delivery of and Access to Efficiency Programs

a. Adopt EWG Recommendations

The EEAC Equity Working Group (EWG) developed multi-sector recommendations to guide the PAs in developing a 2022-2024 Plan that centers equity. This blueprint, regrettably, has been largely overlooked in the draft Plan. For instance, the Plan states that engaging landlords is a "vexing challenge," yet it fails to implement the EWG recommendations that provide strategies for addressing this problem (Plan at 56).¹ As discussed further below, the Plan does not implement the reporting processes and performance incentive mechanisms suggested by EWG. In many cases the Plan is too vague to evaluate whether it has sufficiently implemented an EWG recommendation. As just one example, the Plan makes a general commitment to revise the income verification process for moderate income customers. However, without more, stakeholders cannot know whether the process will align with the EWG-recommended outcome of improving ease of access.

The EWG recommendations were developed through a nearly yearlong process that involved intensive stakeholder input, including from the PAs, and were intended to steer the Plan's equity focus. The EEAC adopted these recommendations as part of its March 24, 2021 resolution concerning the 2022-2024 Plan. We urge the Council to hold the PAs accountable for adequately implementing these recommendations.

Recommendation: Adopt all EWG recommendations through specific metrics and strategies.

b. Center Equity as the Primary Focus

As the PAs recognize, creating a Plan that prioritizes equity means improving the accessibility of energy efficiency services for groups that have been historically underserved by the program. The draft Plan does an admirable job identifying specific barriers faced by moderate income customers, language isolated communities, renters, and small businesses. However, it falls short of proposing outreach strategies and programs that would adequately remove these barriers.

A Plan that is primarily focused on creating equitable access to its programs is essential to overcoming these significant barriers and achieving the Plan's purported goals and the Commonwealth's climate policies. This three-year planning phase is an opportunity to begin to rectify the historic underinvestment in communities that have had low participation rates and risk being left behind in the transition to a net zero economy. As discussed in detail below, customers that are left out of energy efficiency efforts are most vulnerable to the negative financial and health burdens associated with continued fossil fuel use. Effectively using funds to ramp up energy efficiency to assist customers that otherwise could not afford energy efficiency services, where funds are most needed, also helps to shift the economy towards cleaner technologies and put the Commonwealth on a sustainable path to meeting its 2050 goals. Moreover, given that all

¹ The EWG provided ten recommendations aimed at enhancing marketing and outreach to renters and landlords and improving whole building services. For example, the Plan should commit to providing referral incentives to landlords and to tenants who refer their landlords.

ratepayers contribute to the program, a just program design must ensure that ratepayers have equitable access to the program and its benefits.

Recommendation: Adjust Plan strategies, budgets, and goals to center equity as the overarching priority.

2. **Compliance with Long-term Commonwealth Policies Means Prioritizing Equity and Electrification over Fossil Fuel Reliance**

a. Align Program Spending with Long-Term Emissions and Equity Goals

Recent Commonwealth climate policy efforts have expressed a clear aim of aggressively reducing GHG emissions and doing so equitably. As noted above, the Roadmap Law integrates equity into the Commonwealth's emissions reduction goals at several junctures. Significant to the Plan is the requirement that DPU consider equity and emissions reductions as two of six equally-weighted priorities when discharging its statutory duties. Additionally, each three-year energy efficiency plan must meet or exceed the GHG reduction goals established by EEA, consistent with statutory emissions reduction goals through 2050. More broadly, the Roadmap Law specifies that emissions reduction efforts undertaken through EEA regulations must be done "equitably and in a manner that protects low- and moderate-income persons and environmental justice populations" (Roadmap Law, Section 10).

The 2030 CECP similarly expresses the Commonwealth's policies of prioritizing equity and electrification in meeting emissions reduction targets. With respect to the Buildings Sector, the 2030 CECP finds: "[I]ncreasing building energy efficiency and electrifying end uses, especially heating, represent a significant opportunity to decrease emissions from this sector while reducing homeowner costs and increasing comfort" (2030 CECP at 27). It further notes that "Electrification of space and water heating and the deployment of building envelope efficiency improvements...are the primary drivers of emissions reductions" (2030 CECP at 28). Accordingly, it sets ambitious targets to deploy electric space heating across one million households and 300-400 million square feet of commercial real estate by 2030 (2030 CECP at 29). The 2030 CECP also identifies equity as a key consideration in developing policies to transition to a low-carbon economy, noting that equitable policies are necessary to allow lower-income residents, residents with limited access to resources, and residents with limited English proficiency to meaningfully participate in a low-carbon transition, including through retrofitting their homes (2030 CECP at 10, 14).

Given this policy framework, the Plan must prioritize dedicating the Commonwealth's energy efficiency funds to efforts that are aligned with reducing GHG emissions and ensuring equitable access to heating electrification.

In contrast to the Commonwealth's climate and equity policies, however, the Plan continues to incentivize fossil fuel heating equipment, and it does so at disproportionately high rates within the income eligible sector.² This approach will lead to an inequitable result, as low- and

² See 2022-2024 Draft Plan - Consultant Team Initial Review, Slide 13, May 26, 2021.

moderate-income ratepayers that are unable to afford electric heating upgrades will face rising energy prices as higher income ratepayers shift away from fossil fuels, shrinking the rate base and driving up costs. Moreover, given the rapid scale at which households must transition to electric space heating by 2050 and the decades-long operating life of heating equipment, it is likely that customers who purchase fossil fuel-powered heating equipment this decade will need to prematurely retire and purchase new equipment. The Plan recognizes this disparity, 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). 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.³

The Plan attempts to justify its continued reliance on incentivizing fossil fuel heating equipment, particularly propane and gas-fired equipment within its income-eligible sector, by citing the lower cost of gas and high upfront costs and operational costs of electric heat pumps (Plan at 69-70). We acknowledge that electrifying end-uses for low- and moderate-income customers must be approached thoughtfully so as to avoid unintended and harmful economic impacts for any customer. However, the solution should not be to maintain the status quo among low- and moderate-income customers until the market drives down heat pump prices. As described above, this takes a short-term view of the transition to a decarbonized economy and is inherently inequitable, forcing customers with fossil fuel equipment to shoulder increasing financial burdens and harmful health impacts. Moreover, the Plan is required by statute to include programs that develop a market for more energy-efficient products.⁴ Instead, the Plan should invest in fully removing barriers to heat pump uptake by those customers that are least able to switch fuels without assistance. Supporting the deployment of heating electrification technology in the low- and moderate-income housing sector also aligns with the Plan’s statutory mandate by establishing a market, supporting the infrastructure needed to serve this market, and hastening the process of driving down costs of electrification.

Recommendation: Adjust budgets, targets, and program offerings to prioritize transitioning EJ populations, low- and moderate-income customers, language isolated customers, renters, and small businesses to electric end-uses over fossil fuel equipment.

b. Scale Up Heating Electrification

Finally, the Plan must go further in encouraging heat pump deployment at levels consistent with the ambitious goals set out by the 2030 CECP of 1 million households and 300-400 million square feet of commercial real estate by 2030. Indeed, the PAs recognize that the transition to electrification is a “key contributor to reaching the Commonwealth’s decarbonization goals” (Plan at 12). Despite this, the PAs’ modest retrofitted heat pump goals for each Plan year are less than 50% of the consultants’ assessment of potential and these heat pumps are disproportionately

³ In contrast, “the point of replacement [of fossil fuel equipment] will almost always be the most cost-effective time for any consumer to switch from one type of equipment to another.” See 2030 CECP at 11.

⁴ M.G.L. ch. 25, § 21(b)(2).

allocated away from moderate income and income eligible customers.⁵ For moderate income customers, anticipated gas heating systems would still constitute a larger share of installations than heat pumps,⁶ and the 80% incentive for heat pumps fails to make a heat pump more economical than fossil fuel equipment incentivized at 70%. Furthermore, the draft Plan significantly reduces the budget and savings allocated to the commercial sector and fails to dedicate a program offering or provide additional support for space heating electrification within the commercial sector.

First, the Plan should include a heat pump target that prioritizes equity and is reasonably calibrated to help the Commonwealth achieve its 2030 goals. This target should require PAs to assess a building's post-weatherization heating needs and install an appropriately sized heat pump, paired with advanced controls. Second, the Plan should include a program to provide incentives and education to customers who have installed heat pumps to remove existing fossil fuel equipment. Finally, in the event the 2030 CECP chooses to rely on a market mechanism akin to the Alternative Energy Portfolio Standard as a means for increasing heat pump adoption, the Mass Save program should act as an intermediary between customers and the credit market to provide price stability. Alternatively, the Plan should consider providing on-bill financing for heat pump purchases. This structure would particularly benefit renters.

Recommendation: Adopt targets and strategies to align heat pump adoption with 2030 CECP.

3. Transparent Evaluation and Implementation of the Plan Requires Numeric Goals, Resources, and Accountability Measures

a. Results-Oriented, Numeric Goals

As noted by many stakeholders and Council members, the draft Plan contains very few metrics that demonstrate a commitment to its stated goals around equity and electrification. The Plan should establish numeric participation, investment, and savings targets calculated to achieve improvement of sufficient magnitude to create meaningful change in equitable program delivery and access to services. Aiming for a mere increase in participants, savings, and investments over time says nothing of whether such increases are sufficient to scale up benefits to customers that historically have participated in the program at lower rates. To that end, goals with respect to historically underserved customers should be specific, measurable, and ambitious.

The Plan should further require the PAs to commit to achieving these goals. We support the development of a performance incentive that incorporates an equity component, and urge the Council to continue to collaborate with the PAs on its development.

Recommendations: Establish and require PAs to commit to achieving numeric goals and targets tailored to significantly scale up equitable access to and participation in energy efficiency offerings. Include an equity component in the performance incentive.

⁵ See 2022-2024 Draft Plan - Consultant Team Initial Review, Slide 15, May 26, 2021.

⁶ See 2022-2024 Draft Plan - Consultant Team Initial Review, Slide 38, May 26, 2021.

b. Transparency and Commitment through Investments

Commensurate with establishing goals is the need to dedicate and specify the amounts the PAs have committed to investing in equity. As with establishing metrics, specifying investment amounts is essential to understanding whether the Plan in fact represents a significant shift away from historic patterns of under-investment in underrepresented customer segments. For instance, 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. Beyond simple dollar amounts or percentages, the Plan should go further in specifying how these investments are calculated to rectify past under-investments and allow underrepresented communities to realize tangible savings and benefits.

The PAs have committed to allocating \$3-4 million to workforce development as part of a larger effort with MassCEC. The revised Plan should include details regarding how these amounts will be used over the Plan term. The PAs should also consider whether this budget is sufficient to scale up the workforce to support the Commonwealth's substantial electrification, weatherization, deep energy retrofit, barrier mitigation, and demand management goals. Likewise, the PAs are presently committing to support municipal and community partnerships at a similar funding level, with which up to 15 communities might be reached. With all of the benefits from place-based partnerships in advancing equity and energy efficiency goals, cited by both the EWG and PAs, the PAs should consider whether the proposed investment is sufficient.

Finally, the Plan lacks goals and 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 should expand the ConnectSolutions offering from the 2019-2021 Plan to establish goals and allocate storage funding for low-income customers.

Recommendations: Dedicate and identify ambitious investments in equity measures. Provide details on how the workforce development budget will be allocated. Potentially increase investments in workforce development and partnership programs. Allocate funding to deploy storage offerings in the income-eligible sector.

c. Tracking and Reporting Data

Without adequate tracking and reporting mechanisms, stakeholders (including the PAs) cannot assess the Plan's progress and evaluate its compliance with EWG recommendations and Commonwealth policy. This 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). Specifically, the PAs should track progress towards the Plan's equity goals through measuring

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participation, investments, and savings and benefits realized. For instance, collected data should include the number and type of heating equipment installations for moderate income customers, as recommended by the EWG. Similarly, stakeholders should know how many HEAT loans were deployed to language-isolated households and the magnitude of benefits realized by customers in EJ communities. Finally, equity commitments and outcomes should be projected and tracked by household language.

Recommendation: Provide robust data that breaks down measure-level budget, spending, participant, savings, and benefits information by renter status, income status, and language spoken at the zip-code level.

We thank the EEAC for the opportunity to provide these comments. We look forward to working with you to develop a 2022-2024 Plan that prioritizes equity and meets and exceeds the requirements of the Green Communities Act, Global Warming Solutions Act, and Roadmap Law.

Respectfully submitted,

Conservation Law Foundation
Clean Water Action
Massachusetts Sierra Club
Resonant Energy