July 17, 2024

2025-2027 Additional Draft Plan Updates

WE ARE MASS SAVE®:

Berkshire Gas
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Cape Light Compact

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Residential & Low-Income Updates

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Key Areas of Council Feedback on Heat Pump Incentives

Reduce incentive levels over time

Support a 3-Tiered structure to meet different customer needs

Create incentives for high efficiency replacement Heat Pumps

Design incentives to encourage sizing and installation of heat pumps that can support full heating load, even for customers who are not yet ready to disconnect their fossil fuel system

2025-2027 Residential Heat Pump Rebate Offers

Offer Name	Scenario	Offer		
		2025	2026	2027
Tier 1 ASHP: Base Heat Pump Rebate	Previously unconditioned space	$250/ton	$225/ton	$200/ton
	Heat pump or central AC replacement			
Tier 2 ASHP: Hybrid Heat Pump Rebate	Partial displacement with wx bonus and full heating load bonus (no disconnection required)	$1,250/ton $500 wx bonus $500 full heating load bonus	$1,125/ton $500 wx bonus $500 full heating load bonus	$1,000/ton $500 wx bonus $500 full heating load bonus
Tier 3 ASHP: Whole Home Rebate	Whole home w/disconnection requirement (also includes air-to-water heat pumps)	$3,000/ton up to $10k	$2,700k/ton up to $9k	$2,500/ton up to $8k
Ground Source Heat Pump Rebate	Ground source heat pumps	$15k Whole Home	$15k Whole Home	$15k Whole Home
		$2k/ton Partial	$2k/ton Partial	$2k/ton Partial

2025-2027 Partial Home Heat Pump Rebate Decisions

Scenario	PA Decision	PA Logic
Partial Home Incentive Basis	Offer per ton incentives for partial home heat pumps	• Minimizes disruption to market understanding of offer • Aligns with C&I structure
Partial Home Incentive Calculation Methodology	Use cooling tons for calculation of incentives	• Minimize customer confusion: customers doing their own research about size of proposed system are likely to see cooling capacity • AHRI technically has three different heating capacities, which creates the potential confusion about which heating capacity to use
Partial Home Wx	Weatherization not required Continue to offer $500 customer bonus for completing Wx prior to or within 6 months of HP installation, significantly increase marketing Implement $500 contractor bonus when customer completes Wx through the Mass Save Wx program prior to or within 6 months of HP installation	• Requiring Wx will be a barrier to participation; however, the PAs acknowledge a contractor incentive may be necessary to encourage contractors to discuss Wx

Importance of HEAT Loan in Driving Uptake of Residential Improvements

Table 2. Customer response rates to the question "Did the HEAT loan encourage you to make more energy efficiency improvements than you otherwise would have without the loan?" (Q37)

Response	Total
Yes	81%
No	15%
Don't know/Refused	4%
Respondents	**124**

HEAT Loan Updates

DOER & Council Team Feedback:

- Reinstate the 7-year loan term
- Reduce budget to $200 million, including via reduced interest rate
- Adopt means-testing

Proposed 25-27 Update:

- Reduce budget to $200 million, including
  - via 1.5% interest rate reduction relative to current levels and
  - commitment to work with AGO, DOER, and Banks to achieve this rate reduction
- Establish $25k cap for most loans
- Adopt means-testing and allow for customers earning 81-135% of AMI to access a 7-year loan term, at 0% interest rate
- All other customers can continue to access a 5-year loan term, at 0% interest rate without means testing

Draft Results: Residential Weatherization Study

	Prior Evaluation	Current Evaluation	Directional Effect on Savings	Notes
Evaluated Savings (therms/ yr)	**130**	**85**		**35% decline in evaluated savings**
Average Annual Pre-Program Heating Consumption (therms/ yr)	964	796		17% decline in pre-usage, which directly affects size of savings opportunity
Savings as % of Pre-Program Heating Consumption	13%	11%		Modest decrease in savings in % terms

We are still working to understand the impacts of the evaluation.

Commercial & Industrial Updates

WE ARE MASS SAVE®:

Small Business

EEAC Recommendations

1. Volume of assessments:
    - Streamlining the onsite process for vendors and customers will free up bandwidth for vendors to do work. The Customer Directed Option will allow more customers to go through the small business pathway. PAs will report on number of assessments completed.
2. Vendor relationships:
    - Vendors have an inherent incentive to deliver projects to the customer. KPIs used to assess vendor performance are PA specific but may include items such as customer service surveys. If vendors are not performing well, then the PAs can redirect leads. PAs will put more detail into the Plan narrative around vendor management and which KPIs are tracked for vendors.
3. Quality control:
    - PAs will add some of the items (measures) into the Plan that vendors look for during an energy assessments.

Small Business

EEAC Recommendations

4. Weatherization Quality Control:
    - PAs are currently requesting information about blower door testing from vendors regarding cost and process.
5. Weatherization Production:
    - PAs are committed to small business weatherization and will expand on the weatherization subsection in the Small Business section of the plan. This section will also include how the PAs review weatherization costs.
6. Tracking of Account Management:
    - PAs will include general information on how different vendors approach account management in the plan narrative.

Cross-cutting Updates

WE ARE MASS SAVE®:

Metrics & Data

- Enhance data accessibility by establishing a standing working group with DOER to simplify data tracking and improve reporting interfaces.
- Datasets: measure-level quarterly and zip-level Wx/HPs biannually
- Summary tables for production and spending on key measures by initiative, income-status, designated equity communities, and other related metrics included in the April Draft.
- Working to develop supplier diversity and language access metrics with DOER for inclusion in the final plan.
- MassSaveData.com refresh
- Refined KPIs for quarterly reporting

Climate-Forward Evaluation Framework

- New policy direction for EM&V that reframes baselines and equitable delivery of all cost-effective energy efficiency through the lens of the actions required to achieve Commonwealth's GHG reduction targets, including market transformation initiatives.
- Will provide the rigor required to verify programs' outcomes while also pursuing innovative new evaluation methods that help the PAs respond to evolving public policy objectives.
- SEP is being finalized with input from EEAC's EM&V Consultants.
- **New Studies**
  - HEAT Loan Study
  - Study on barriers to Heat Pump adoption for LMI customers on delivered fuels

Next Steps

- The PAs are working to develop an updated memorandum and matrix responding to each Council Recommendation and Additional Feedback in the July Resolution for submission on August 15

- The PAs will provide a full draft plan and data tables to the Council on September 25 that meets the Secretary's GHG goals, $5 billion budget, and other Council priorities to the greatest extent possible within these framework requirements

Appendix

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Electrification – Key Activities

Current Term: *Retool for Electrification*

- 2022: Prescriptive offers for fuel switching
- 2022: HPIN network, channel/trade ally outreach
- 2023: Electrification feasibility process
- New Small Business vendors selected (2023: Eversource, 2024: NGrid)
- Ongoing:
    - Upskilling vendors and internal staff
    - Marketing/awareness
    - New municipal/open market vendors

Notes:

- Rapid growth in prescriptive HP pathway (>200% growth in 2023 vs 2022)
- C&I heat pump awareness increased 26%-42% across all categories

2025-27: *Build on Foundation*

- Statewide delivery model (electric PA leads engagement)
- New Technical Assistance vendors
- Electrification Studies*
    - Comprehensive Building Assessment (default study = EE + electrification)
    - Portfolio Prioritization Studies
    - Decarbonization Roadmaps
- Standardized tracking system*
- Enhanced collaboration with distribution planning teams

**Significant progress on studies and tracking since Apr 1 draft*

Small Business

EEAC Recommendations

1. Broadly promote energy aligned lease language and work with landlords and tenants to increase understanding and adoption of this valuable tool to support both tenants and landlords in investing in energy efficiency and enabling the investing party to reap the financial benefits of that investment.
    - PA Response: The PAs will develop and make publicly available a standard Energy Aligned Lease clause. The PAs will promote the clauses to both commercial renters and landlords. Additionally, the PAs will train lead vendors on the benefits of energy aligned leases as a valuable sales tool to achieve more savings at leased facilities.
2. Increase the frequency and rigor of weatherization quality assurance to support continuous improvement of weatherization.
    - PA Response: The PAs ensure quality Weatherization installation by training all vendors and having third party, BPI certified, inspectors post inspecting projects.

Small Business

EEAC Recommendations

3. Improve the marketing and customer support to better service small businesses.
    - PA Response:
        - The PAs will elaborate on how specialty contractors, like refrigeration specialists, are utilized in the program and how a customer is connected with these specialists
        - The PAs will ensure PA contact information is included on materials for customers to reach out to, and will also perform customer surveys to obtain level of satisfaction with assessment and installation
        - In the plan, the PAs will expand on the benefits of the Statewide RFP for joint vendors by territory in the CDO and Turnkey paths
4. Standardize assessment formats and supporting analysis tools statewide to ensure that customers receive consistent quality information regardless of the vendor or PA serving them, including 3rd party energy service vendors of Small Business Customers choice.
    - PA Response: The PAs will ensure customers receive accurate and adequate information to make informed decisions by setting minimum requirements for vendors' proposals and ensuring the use of custom express tools for energy calculations.