MA EEAC Equity Working Group

DRAFT #5 Equity Targets and Priorities for 2025-2027 Three-Year Plan

1/10/25

Note: Updated target numbers reflecting the April Compliance Filing are provided in parentheses after EWG approved numbers for references.

The Massachusetts Energy Efficiency Advisory Council (EEAC) and Program Administrators (PAs) are committed to improving the equitable delivery of energy efficiency programs. In 2020, the EEAC established the Equity Working Group (EWG) to focus attention on customer groups identified as those that have been historically underserved. Specifically, the EEAC identified underservice to moderate-income customers, renters and landlords, households with a primary language other than English, and small businesses when compared to other program participants.[1] The EWG agrees that it should be priority of the Mass Save® programs to utilize distributive justice principles in program design and implementation in order to remedy past underservice to ensure program equity moving forward. The EWG also recognizes that equitable decarbonization also prevents customers and communities historically underserved from being further left behind.

The EWG is comprised of voting EEAC Councilors, representatives of the PAs and the Low-Income Energy Affordability Network (LEAN), representatives of environmental justice organizations and other stakeholder groups, and the EEAC Consultants. (Appendix A provides the EWG membership with affiliations.) The EWG has worked collaboratively with stakeholders and other members of the public who have called for more equitable delivery of services over the years.

The EWG has developed the following targets for the consideration of the full EEAC to guide investments in equity and assess performance over the 2025-2027 term. The 2022-2024 term represented the starting point in establishing the equitable delivery of energy efficiency as a priority and the development of equity targets to measure success. The 2022-2024 term has been a period of learning that has informed the EWG discussions and the development of programmatic changes to better meet the desired equity outcomes and reflect principles of distributive justice. As noted in the 2022-2024 equity targets,[2] as the EEAC learns throughout the implementation process, it may find that metrics will need to change over time. These 2025-2027 targets reflect the learnings of 2022-2024 and discussions to date.

Equity Principles

- The EWG focus on distributive justice guided its equity recommendations to the EEAC. The Program Administrators define distributive justice as:
  a commitment to promoting fair and equitable distribution of benefits and burdens across all customers, upholding and prioritizing the needs of historically underserved customers burdened with economic challenges, racial inequality, negative environmental impacts, and justice disparities

[1] MA19X06-B-RESNONPART_Report_FINAL_v20200228B
[2] Attachment-B-Equity-Targets-Framework-Final.pdf (ma-eeac.org)

- The expression of equity reflected in the 2025-2027 targets is intended to make meaningful and measurable steps toward distributive justice.
- Progress toward targets cannot be measured unless there is regular reporting. The EWG expects the PAs to report on equity efforts in their regularly scheduled reporting and through their participation in the EWG and EEAC.
- Targets are derived from the 2025-2027 Three-Year Plan. When possible, targets are provided for each plan year and cumulatively over the term.

Equity Incentives

The EWG appreciates the PAs' commitment to equity as reflected in the level of equity investment planned for the 2025-2027 term. The planned $1.9 ($1.77) billion budget represents historic and unprecedented equity investment to support our most vulnerable populations (low-moderate income customers) and those customer segments that have had lower Mass Save participation (renters and small businesses. The EWG acknowledges the increased investment that will also support our communities through the Community First Partnerships and customers through language access and workforce development. The EWG looks forward to its continued work and collaboration with the PAs to ensure this nation-leading investment is fully delivered.

Note regarding all investment-related targets: The EWG recognizes the importance of considering outcome-based metrics such as weatherization jobs completed, or heat pumps installed for LMI customers and renters, alongside measures of investment such as incentives. "Incentives delivered" is not, in and of itself, a particularly meaningful metric by which to measure progress toward planned equity-related efforts. Related to this, the EWG recognizes that focusing on investment/incentives without considering outcomes could potentially undermine ensuring that costs are reasonable.

Targets:

- Deliver at least 100% of planned low-income incentives over the term. Yearly progress indicators are as follows: deliver 30% of planned low-income incentives in 2025, 33% in 2026, and 37% in 2027.
- Deliver at least 100% of planned moderate-income incentives over the term. Yearly progress indicators are as follows: 26% of planned moderate-income incentives in 2025, 33% in 2026, 41% in 2027
- Deliver at least 100% of planned renter incentives over the term. Yearly progress indicators are as follows: 29% of planned renter incentives in 2025, 33% in 2026, 38% in 2027
- Deliver at least 100% of planned renter incentives over the term. Yearly progress indicators are as follows: 34% of planned small business turnkey incentives in 2025, 33% in 2026, 33% in 2027

Designated Equity Communities

The EWG appreciates the collaboration with the PAs as they developed programmatic changes to the delivery of residential and commercial programs to underserved market segments, i.e., moderate income, renters and small businesses. As described in the moderate-income section below, the re-designed approach for moderate income customers statewide includes "turnkey delivery" of 100% incentives for weatherization, heat pumps and barrier mitigation measures. As further recognition of the need to improve service to moderate income customers and renters (who are also historically underserved), the re-designed residential program delivery approach introduces designated equity

communities that were selected based upon several factors, including the number of low-moderate income customers, renters and historical participation in the programs. The re-designed approach streamlines the eligibility determination by which rental properties qualify for "turnkey delivery" in these designated equity communities as well as increased resources at the community level to drive participation. The list of twenty-one designated equity communities (DEC) is provided as Attachment B.

The EWG is optimistic that these programmatic changes and focus in the DECs will result in better service to, and more participation by, historically underserved customers, particularly within DECs. Further, the EWG believes that the program delivery model in the DECs provides an opportunity to learn to what extent this model, focused geographically, is effective in improving service and participation by underserved customers, and in helping to achieve statewide targets for those customer groups. Therefore, the targets for DECs are designed to provide points of comparison, primarily within DECs, to help determine the effectiveness of the program delivery model in the DECs. More specifically, the primary expectation is that location participation rates in DECs increase over time. Secondarily, the EWG hopes that, over time, location participation rates in DECs move toward the aspirational benchmark of closing the gap in location participation rates between DECs and non-DECs. In addition, an embedded evaluation approach should be adopted to provide near-term information and inform potential program delivery adjustments.

Targets:

- Provide annual production in DECs, in total and broken out by renters and non-renters, for weatherization and for heat pump installations.
    - For comparison with DEC production reported quarterly for 2025-2027, the PAs will compile the number of residential weatherization jobs and heat pump installations in DECs during the 2022-2024 term.
- To help inform potential adjustments to program delivery in DECs, integrate, to the extent possible, embedded evaluations of DEC program delivery.
- Within 9 months of DPU approval of the program delivery model in DECs, conduct an informal qualitative analysis, including a check-in with PAs, lead vendors, and CFP leaders in DECs, and
- Within 9 months of the qualitative analysis, conduct an informal quantitative analysis, including an analysis of participation, including at a minimum weatherization and heat pump production, with renters and non-renters broken out. Note that the EEAC consultant team can conduct these analyses using data that PAs will be reporting during 2025-2027.

Residential Renters

Like moderate income customers, renters (of all incomes) have historically been underserved by Mass Save. Employing a distributive justice lens, the EWG identified opportunities for programmatic enhancements to increase renter participation. Such enhancements focus on circumstances unique to serving renters and are designed to help align housing provider and renter interests, e.g., mitigating split incentives and the potential shift of energy costs from owner to renter when installing heat pumps.

Targets:

- Deliver at least 100% of planned weatherization in rental homes over the term. Yearly progress indicators are as follows: 30% of planned weatherization rental homes in 2025, 33% in 2026 and 38% in 2027.
- Install at least 100% of planned heat pumps in rental homes over the term. Yearly progress indicators are as follows: Install 27% of planned heat pumps in rental homes in 2025, 33% in 2026 and 40% in 2027.

Low Income

Low-income residents are amongst the most vulnerable in the state, and the EWG recognizes the importance of continuing to weatherize low-income homes. Additionally, with consideration of energy burden at the forefront, the EWG also recognizes the importance of replacing delivered fuel systems with heat pumps to ensure that low-income customers are not "left out" of the state's clean energy transformation.

Targets:

- Deliver at least 100% of planned weatherization in rental homes over the term. Yearly progress indicators are as follows: Deliver 30% of planned low-income incentives in 2025, 33% in 2026 and 37% in 2027.
- Install heat pumps in at least 10,841 (10,796) low-income homes (1-4 units) and in at least 5,794 low-income multi-family homes (5+ units) over the term.
- Weatherize at least 19,813 (19,811) low-income homes (1-4 units) and at least 22,869 (22,940) low-income homes (multi-family 5+ units) over the term.
- Continue to work with EWG to address potential program adjustments to ensure planned low-income customer outcomes are met.

Moderate Income

The moderate-income customer continues to be underserved through the program. While there were dedicated moderate income resources in the 2022-2024 plan, the program centered around serving moderate-income homeowners. This program design has delivered less than 15% of the statewide target for 2022-2024 as of the end of Q2 2024 with 83% the term complete. As a result of this learning opportunity, the EWG and the PAs engaged in significant discussion and collaboration to identify changes to facilitate increased moderate-income participation. The EWG appreciates the PAs' willingness to engage and their dedication to evolving programs to meet the needs of underserved customer groups. The 2025-2027 moderate income program will include enhancements that are intended to increase participation, including a turnkey delivery model that co-delivers barrier remediation (pre-weatherization and electrification), weatherization and heat pump technologies.

Targets:

- Deliver at least 100% of planned for moderate income incentives over the term. Yearly progress indicators are as follows: Deliver 26% of planned moderate-income incentives in 2025, 33% in 2026 and 41% in 2027.

- Through the turnkey delivery model, install heat pumps in at least 5,594 (4,819) moderate income properties (1-4 units) and at least 1,269 (480) moderate income multi-family properties (5+ units) over the term.
- Weatherize at least 28,273 (15,771) moderate income properties (1-4 units) and at least 4,752 (6,076) (multi-family 5+ units) over the term.
- Continue to work with EWG to address potential program adjustments to ensure planned moderate income customer outcomes are met.

Community First Partnerships

The EWG appreciates the input from current Community First Partners (CFP) as it developed recommendations for the 2025-2027 Plan. The EWG recognizes the importance of energizing our community partners in the collective effort to meet the net-zero by 2050 mandate. The proposed enhancements to the CFP program are responsive to the feedback and should provide increased partner support.

Targets:

- Track and report the number of Electrification Advocate trainings conducted over the term and the number of trainees in each CFP.
- Work to ensure each DEC is either a CFP or is supported by the PAs, as needed to facilitate the desired outcomes in the DECs.
- Provide bi-annual updates on PA efforts to provide marketing materials tailored to different market segments, e.g., small business, renters or single-family homeowners, including sharing examples of marketing materials.
- Track and report annually the level of program investment (award amount) for each CFP and which customer groups each CFP is focusing their efforts on.
- Implement customer data sharing for CFPs through either an opt-in customer authorization or a vendor agreement by end of 2025[3] .

Language Other Than English

The EWG appreciates the PAs development of language access recommendations during the 2022-2024 term. The EWG looks forward to its continued collaboration with the PAs as they operationalize these recommendations over the 2025-2027 term.

Targets:

- Report annually, by language (i.e., the 5 most common languages: Spanish, Portuguese, Mandarin, Cantonese, Haitian Creole):
  - the number of customers that indicate a preference for that language at intake,

[3] The Compact will use a Lead Vendor form of contract with its CFP, which contains confidentiality provisions and a non-disclosure agreement and therefore will not need to implement a customer-level data sharing agreement. In addition, the EWG may discuss further data sharing improvements that may be necessary.

- the number of HEAs (broken out by residential and low income) for customers who indicated a LOTE preference at intake, with the expectation that the PAs will start tracking small business assessments at some point over the term.
- The number of weatherization jobs (broken out by residential and low income) completed for customers who indicated a LOTE preference at intake, with the expectation that the PAs will start tracking small business assessments at some point over the term.

- Provide bi-annual updates on recommendations from the language access report developed by Sway B Access, providing sufficient detail and timelines for their implementation. For any recommendation not implemented, provide a detailed explanation as to why not.

Workforce and Supplier Diversity

The 2025-2027 planning cycle included a heightened focus on increasing diversity in the Commonwealth's clean energy workforce. Informed, in part, from the results of a comprehensive diversity workforce evaluation,[4] the EWG advanced several recommendations for the PAs relating to diversity. In relevant part, the recommendations included: 1) to reduce burdens limiting returning citizens in participating in the Mass Save workforce, 2) improve supplier diversity and track against an aspirational benchmark and 3) improve participation by a diverse workforce by reducing barriers to participation and improving outreach.

Targets:

- Report annually the achievement against the aspirational benchmark[5] to spend 15% of annual dollar volume of direct Mass Save contracts with diverse suppliers; at the end of the term, report on cumulative term achievement against the aspirational benchmark
- Report annually on number of total diverse suppliers (broken down by MBE, WBE, DBE, LGBTQ+, VBE) directly invited to participate in statewide RFPs (as part of bidder pool)[6]
- Report annually on percent diverse suppliers (broken down by MBE, WBE, DBE, LGBTQ+, VBE) directly invited to participate in statewide RFPs (as part of bidder pool)[7]
- Report to EWG on recommendations from the Minority- and Women-Owned Business Enterprise Study to be implemented over the term, providing sufficient detail and timelines for their

[4] Mass-Save-MWBE-Study_7.29.24_Final.pdf

[5] The PAs will not use the benchmark to preference or disadvantage certain suppliers based on race, gender, or sexuality in our individual procurement decisions. The benchmark is aspirational and expressly does not require a certain percentage of spending or
quota be spent on diverse suppliers.

[6] Total includes all diverse designations tracked by each PA. Please note that the individual diverse supplier designations reported on will not sum to the total diverse supplier spend because there are additional diverse supplier designations tracked in the total and some diverse suppliers may have multiple designations and would be reported in each applicable category

[7] Total percent includes all diverse designations tracked by each PA. Please note that the individual diverse supplier designations reported on will not sum to the total diverse supplier spend because there are additional diverse supplier designations tracked in the total and some diverse suppliers may have multiple designations and would be reported in each applicable category

implementation. For any recommendation not implemented, provide a detailed explanation as to why not.

- Provide annual updates on annual Supplier Diversity Summits in centrally located areas to ensure geographic inclusivity, with considerations for access to public transportation
- Provide annual updates on PA efforts to facilitate quarterly and RFP-specific matchmaking opportunities to connect diverse suppliers with lead vendors
- Provide bi-annual updates on PA efforts to work with MassCEC to establish a Contractor Development Pathways offer
- Provide biannual updates on the PAs' collaboration with stakeholders to develop a statewide policy and protocol to increase opportunities for returning citizens to participate in the clean energy workforce
- Provide bi-annual updates on Clean Energy Pathways

Small Business

The Small Business segment constitutes the small local establishments supporting the communities in which they operate. It is important to support these businesses as they are often the seeds that create the vibrancy and economic strength of the community as a whole. Because of the unique role of local government with respect to small businesses, improving small business participation requires local government involvement. Consequently, as described in the Plan, small business program delivery approaches will collaborate with Community First Partners and contact local government officials with the goal of building long-term relationships. Moreover, the 2020 Small Business Nonparticipant Profile Study identified gaps in location-specific participation rates. The PAs have made significant efforts to increase uptake among small businesses, including through the Community First Partnership program and Main Streets efforts. The PAs will review the results of the 2024 Small Business Nonparticipant Profile Study as soon as it's completed and use it to help inform potential future adjustments to small business program delivery.

Targets:

- Deliver at least 100% of planned small business turnkey weatherization over the term. Yearly progress indicators are as follows: Deliver 31% of planned small business turnkey weatherization in 2025, 33% in 2026 and 36% in 2027
    - By the end of 2025, the PAs will have the ability to break out small business renters and start reporting on this in 2026
    - The PAs will provide annual updates on the customer directed option, the small business services pathway, and charitable organizations, as part of a quarterly report or presentation to the Council
- Provide quarterly reporting on heat pump installations for small business turnkey initiative
- Achieve at least 100% of planned benefits for small business turnkey initiative
    - Report annually on small business turnkey benefits
- Report quarterly on small business turnkey weatherization and heat pumps located in DECs.
- Note: The PAs will be reporting separately on a quarterly basis on small buildings prescriptive weatherization production and benefits.