

January 19, 2022



Contractor Structure & Pricing Discussion Update

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Existing Structure Diagrams

	Lead Vendor/IIC Path	HPC Path
Overarching services	Lead Vendors: Software and IT solutions, data collection and reporting; quality assurance, general education/training, coordination and communication with PAs	
Marketing	Lead Vendor: Utilizing Mass Save Brand, jointly coordinated with PAs	HPC: Utilizing HPC brand, following program guidelines, leverage the Mass Save® Partner logo
Call Center Intake and Scheduling	Lead Vendor: Must provide audit for any customer that requests. Full visibility to PAs on number of calls, responses, time to serve, pipeline, etc.	HPC: Can determine whether the customer request is something they serve, individual to each HPC
Home Energy Assessment	Lead Vendor: Home Energy Assessment	HPC: Home Energy Assessment
Recommendation of other services	Recommendations and referrals are made	HPC: Recommendation of HPC applicable associated services, HVAC, solar, windows, construction, remodeling, etc.
Weatherization Installation	IIC: Installation of Weatherization Measures	HPC: Installation of Weatherization Measures HPCs can also sub-contract to IICs for 25% of their weatherization jobs.
Installation of other Services	NA/referral to outside contractors	HPC: Installation of other recommended measures
Weatherization QA/QC Inspections	Statewide third-party vendor. Lead vendors do QA inspections in addition to the statewide vendor.	

Existing Structure Diagrams

Primary Activities

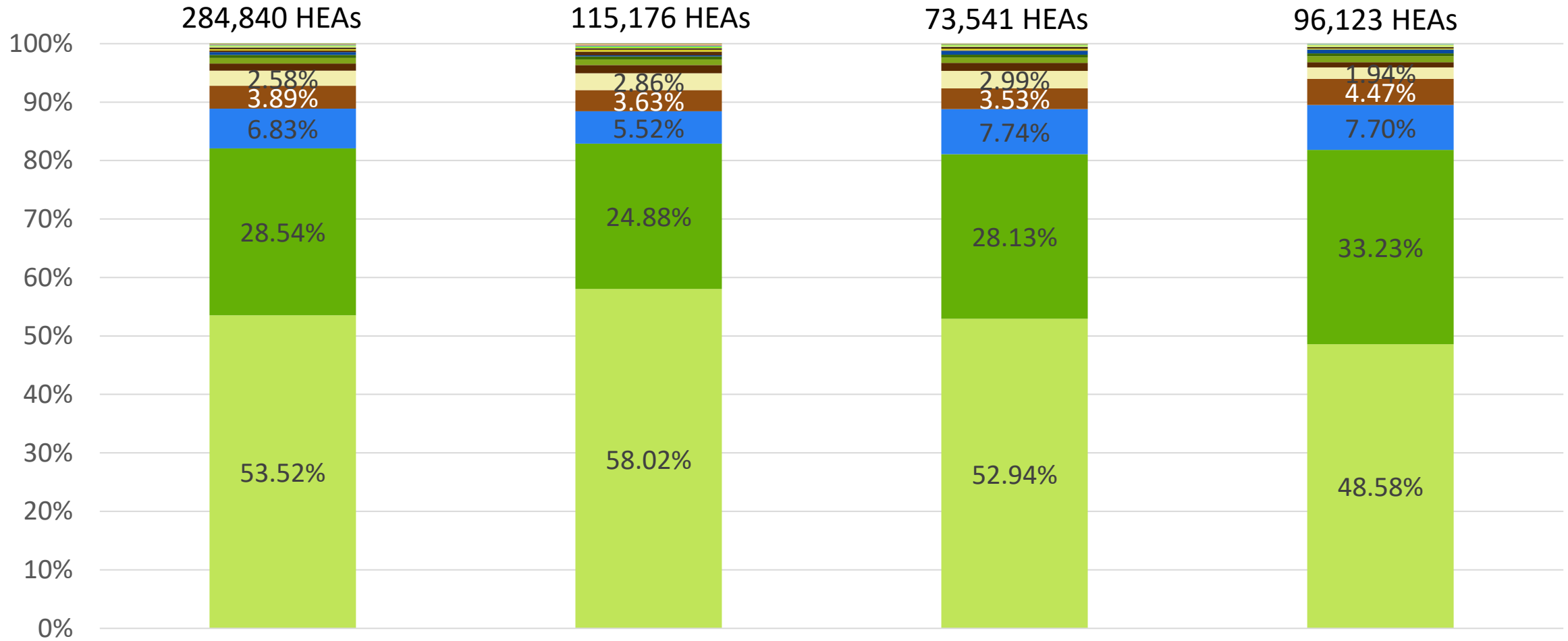
Lead Vendor	IIC	HPC
Software and IT solutions	Installation of Weatherization Measures	Marketing
Data collection and reporting to PAs		Call Center and Scheduling
Quality Assurance		Home Energy Assessment
Education/training		Installation of Weatherization
Coordination and communication with PAs		Recommendation and Installation of other services
Marketing		Selling Weatherization
Call Center and Scheduling		
Home Energy Assessments		
Finalize scope with customer		
IIC project management		
Selling weatherization		

Revenue Streams

Lead Vendor	IIC	HPC
Management Fees	Weatherization (set pricing)	HEA fees - adjusted above LV fee
HEA fees (may be different for each PA)		Weatherization (set pricing)
		Pay-for performance conversion fee
		Installation of other services (open pricing)

*Note: Set pricing means for the customer that they can be assured they would get the same price for the same work scope from any vendor in the program. Open pricing means for the customer that they may want to get multiple quotes to determine the right option for them.

HEA Market Share



Market Share 3-Yr Avg

2019 Market Share

2020 Market Share

2021 Market Share

- Lead Vendor
- HPC A
- HPC B
- HPC C
- HPC D
- HPC E
- HPC F
- HPC G
- HPC H
- HPC I
- HPC J
- HPC K
- HPC L
- HPC M
- HPC N
- HPC O
- HPC P
- HPC L
- HPC M
- HPC N

History of Existing Structure

- IIC and HPC path developed in 2010/2011 and implemented in 2011 as part of a significant stakeholder effort with consultants, PAs, contractors and others.
- Intended to provide **comprehensive turnkey program offerings** to ensure available service for all customers, leverage marketing and intake capabilities, encourage expert technical installation capability and market growth.
 - HPCs leverage their position as market-based businesses with their own customer base and lead generation to drive more weatherization work.
 - IICs provide expert installation services for the more streamlined Lead Vendor path
- Best Practices Working Group established as a forum for continued collaboration and discussion
- Updates and adjustments made over the following years



Upcoming Adjustments to Existing Structure

Ability to discuss Heat Pump opportunities at HEA Visit

- Both Lead Vendor and HPC
 - If customer is interested LV path points customer to Qualified Installer Network
 - If customer is interested HPC can move forward with Heat Pump Quote (may require follow-up depending on technical ability of HEA staff) or refer to a heat pump partner or a vendor on the heat pump qualified vendor list
 - Customer still has option to get other Heat Pump quotes from other vendors.
- Developing training and information so all HEA providers can discuss Heat Pump opportunities

Improvements to customer facing information to ensure they can choose their preferred path

- Education on two paths, one focused solely on program services, other provides additional service options
- Screening of initial calls to determine customer needs

With the above, ability for LVs to assign jobs to HPCs

Enhance IIC ability to bring in their own leads

Offer the Home Energy Score to customers



HPC Pricing Discussion Update



Contractors are critical and valued partners in delivering weatherization services to customers.

Need to adjust the focus onto opportunities to earn revenue and cover costs by doing projects that achieve goals. A good deal of alignment on areas of opportunity and high-level priorities, need to work through details.

Potentially a quarterly or every 6 months meeting that includes Lead vendors, HPCs, and PAs to discuss items related to costs and pricing. One of the first tasks for this group would be to set up how a yearly review of weatherization pricing will work post RFQ.

PA's are taking a 4-step approach to make these shifts.

1. Immediate adjustment
 - a) \$25 increase to HPC Audit fee
 - b) Minimum \$75 Weatherization completion fee, paid on invoice and not part of quarterly bonus structure
 - i. *Note, CLC may have some differences based on their current structure.*
2. Further adjustments over the next month to month and a half
 - a) Opportunity for additional adjustment to audit fees as LV contracts finalize
 - b) Further review and adjustment to bonus structure
 - c) Consideration of value elements driving heating system conversions and equity targets
 - d) Further conversation on opportunities to coordinate or leverage marketing approaches.
3. Grid and Eversource will focus on solidifying items from #2 before releasing Weatherization Pricing RFQ, so HPCs will have a clearer view on HPC specific value streams before responding
4. Structure a more formal process for ongoing discussions