

**Massachusetts Energy Efficiency Advisory Council**  
 Meeting Minutes (DRAFT)  
 Tuesday, May 10, 2011

**Councilors Present:**

<b>Voting</b>	<b>Present (designee)</b>	<b>Non-Voting</b>	<b>Present (designee)</b>
James Colman	Sharon Weber	Derek Buchler	X
Martha Coakley	Danielle Rathbun	James Carey	X
Penn Loh	X	Penni Conner	X
Mark Silva	X	Alisha Frazee	
Debra Hall	X	Kevin Galligan	X
Charles Harak	X	George Gantz	X
Elliot Jacobson	X	John Ghiloni	
Jeremy McDiarmid	X	Paul Gromer	X
Rick Mattila	X	Andrew Newman	
Robert Rio	X	Richard Oswald	X
Deirdre Manning	X	Michael Sommer	X
		Carol White	X

DOER: Mark Silvia, Frank Gorke, Tina Halfpenny  
 Consultants: Jeff Schlegel, Eric Belliveau, John Livermore

**Present:**

No list provided

I. Introduction of Tina Halfpenny, Director of Energy Efficiency at DOER  
 Gorke introduced Tina Halfpenny, new director of energy efficiency at DOER.  
 Halfpenny convened the meeting at 2:13pm. She noted that she is delighted to be here, and confident that, with the experts around the table who are EE leaders in the nation, this process will be very productive.

II. 2011 Mid-Term Modifications (MTMs): Status and DPU Proceeding  
 Schlegel noted that the memo of agreement was filed with the DPU, with the hearing tentatively scheduled for the first week of June. He explained that we're on hold until we hear back from the DPU, and that the Blackstone issue will be addressed at the June Council meeting.

III. 2011 First Quarter Quantitative (Part 2) Quarterly Reports  
 Gantz presented a set of slides on Q1 quantitative results, highlighting results, challenges and opportunities. He characterized the PAs' Residential sector results as strong, and Low-income and C&I as exhibiting the usual 'hockey stick' ramp up pattern, with a slow start in winter. He noted that the 2010 savings goals are significantly ramped up over 2009. White noted that the PAs recognize that success is dependent on acquiring deeper savings, and that they are working hard to get customer to do deeper treatments, for instance, through the Deep Energy Retrofit pilot. She also noted the PAs' commitment to LEAN to secure all cost-effective EE in low income homes. Jhaveri discussed the

innovative financing program that the PAs have launched, including increased finance levels and the expansion of the HEAT loan to include non-owner occupied residential properties. He noted that the cost to buy-down is about 15% of the total loan. Jhaveri also noted that the PAs have been working with Cadmus on a robust marketing campaign, including a landing page at on the MassSave website, with the goal to leverage current Residential and C&I radio, print and on-line promotion and advertising.

Schlegel presented the consultants' initial review of the Q1 quantitative results, through the lens of the Council's key priorities. He noted that electric savings goals increase more dramatically for C&I and that, with the slower start, there is a big gap that needs to be made up over the balance of the year. Schlegel noted that some programs, including residential new construction, are seeing deeper savings per customer. He mentioned that MIT results are on-track, with a 17.5% reduction of total electric load in 3 years. Schlegel pointed out that gas is a little behind on savings relative to Q1 2010, but not significantly so.

Halfpenny noted that residential is "full speed ahead", and C&I is "all hands on deck." She noted encouragement that a tremendous amount of resources have been applied toward making programs work better for customers.

#### IV. EEAC 2010 Annual Report to the Legislature

Halfpenny informed the Council that the draft annual report is 98% complete and has been distributed for review, with comments due to Sue Kaplan by Friday. Kaplan said she is eager for the Council's feedback, as this will be a seminal communications document for 2010. She noted the report goes to print on June 3<sup>rd</sup>.

#### V. Mass Save Home Energy Services, Contractor Issues

Buchler and O'Brien presented a set of slides updating the Council on the status of the launch of the new HES program model. Buchler noted the PAs are working on the final details that need to be worked out before the model is up and running in June. He explained that it has been a challenge to balance all of the stakeholders' desires, and that it has not been easy to satisfy everyone. Buchler noted the benefits of set pricing, which has worked successfully for many years, for customers, contractors, PAs and regulators, and for project facilitation. O'Brien discussed the program expansion to include Home Performance Contractors (HPCs) and more Independent Installation Contractors (IICs) which will allow the program to reach more customers. He noted the multiple points of input opportunity for contractors in the program development process, and emphasized that the PAs will remain flexible as we all move through the 'do and learn' process. O'Brien outlined a new Contractor Best Practices Forum, with representatives from PAs, LV, IICs, and HPCs, that will meet quarterly to provide a regular and on-going opportunity for contractor feedback and input on the HES program. Buchler indicated that the PAs have increased their pricing in response to market conditions and new regulations. He also noted that ancillary services are allowed to be provided to customers by HPCs and IICs that bring their own customers to the program. Buchler reminded the Council that there is a contractor updates page on the Mass Save website, and that there will be additional informational contractor meetings held in late May.

Loh noted approval of the attention that is being paid to all of these issues, and emphasized that communication going forward is important. Halfpenny expressed that DOER has been thinking about how to improve communication between the PAs and the contractors, and is supportive of the new Best Practices group.

#### VI. Council Schedule

Schlegel suggested deferring this to the next council meeting. Halfpenny agreed.

#### VII. EEAC Consultant Monthly Report

Belliveau noted that the consultants have been working on process efficiencies in the residential sector working groups.

#### VIII. Public Comment

Eight contractors spoke during the public comment period, and generally expressed the following views:

- set pricing is not necessary; markets self-regulate;
- the current economic climate makes it difficult to convince customers to upgrade efficiency;
- contractor costs of doing business are higher than PAs recognize;
- contractors feel they haven't had sufficient opportunity to provide input to the PAs on pricing;
- contractors would like to stop the current process in order to renegotiate pricing with the PAs.

Halfpenny thanked the commenters and expressed that the Council highly values their input on these important issues.

#### IX. Cost-Effectiveness Analysis and the Total Resource Cost (TRC) Test

Halfpenny noted that the PAs and Schlegel had put together a presentation for the Council on cost-effectiveness and the TRC test. Reynolds presented a set of slides explaining concepts such as Benefit Cost Ratio (BCR), Avoided Costs, Avoided Capacity, and Total Benefits. She discussed the fact that the Commonwealth has been using the TRC test since 1991, and that the PAs are obligated to use it per DPU orders. White noted that the DPU allows PAs to use non-energy benefits as long as they can be quantified. She clarified also that the benefit-cost analysis does not determine pricing or incentive levels.

X. Halfpenny adjourned the meeting at 5:21pm.