



MEETING MINUTES

Wednesday, August 29, 2018

100 Cambridge St, 2nd Floor

Conference Rooms B & C

Boston, MA 02114

Councilors Present: Marie Abdou (for Chris Porter), Eric Beaton (for Chrystal Kornegay), Don Boecke (for Maura Healey), Jenifer Bosco (for Charlie Harak), Amy Boyd, Sean Burke (for Cindy Arcate), Cindy Carroll, Elizabeth Cellucci, Maggie Downey, Paul Gromer, Frank Gundal (for Tilak Subrahmanian), Elliott Jacobson, Paul Johnson, Judith Judson, Richard Malmstrom, Deirdre Manning, Laurie Pereira (for Trish Walker), Cammy Peterson (for Rebecca Davis), Robert Rio, Victoria Rojo, Michael Sommer, Mary Wambui, Sharon Weber (for Martin Suuberg)

Councilors Absent: Michael Ferrante, Michael McDonagh, Andrew Newman

Consultants Present: Eric Belliveau, Gretchen Calcagni, Craig Johnson, Jeff Schlegel

DOER Staff Present: Rachel Evans, Ian Finlayson, Emily Powers, Maggie McCarey

1. Call to Order

Commissioner Judson, as Chair, called the meeting to order at 1:11 PM.

2. Public Comment

Todd Olinsky-Paul – Clean Energy Group

Olinsky-Paul noted that he submitted a study at the Council's July meeting that showed that energy storage was cost effective for both commercial and industrial (C&I) and low-income applications and therefore should be included in the energy efficiency plans per the Green Communities Act (GCA). He indicated that he would be preparing an updated version of that study based on the program administrators' (PAs) revised spreadsheets.

Olinsky-Paul noted that the new legislation which allows energy storage to be included in the energy efficiency plans brings up questions about how much storage should be in the plans and

at what rate should it be incentivized. He referenced California's Self Generation Incentive Program (SGIP), which budgeted \$144 million over three years to support storage deployment, as an example for Massachusetts to follow. He indicated that, scaled to Massachusetts, a similar program could deliver over 200MWs of energy storage over a three-year period with funding levels set at about \$35 million. Lastly, Olinsky-Paul urged the Council to not take baby steps with the inclusion of storage into the energy efficiency plans.

James Avery – City of Lowell

Avery noted that the city of Lowell would be looking to amend its municipal aggregation plan so that it may focus more on energy efficiency. He added that the city would like to pursue and independently administer a number of opportunities to run alongside the existing Mass Save programs so that it may enhance the overall offering to its community. Avery indicated that the city of Lowell provided notice of their intent to submit an energy efficiency plan in April and that they would be filing a draft of their plan in mid-September.

Caitlin Peale Sloan – Conservation Law Foundation

Sloan urged the Council to push the utilities to use more robust metrics for evaluating who is and is not being served and to adjust the performance incentive (PI) metrics so that those goals can be met.

Alex Papali – Clean Water Action and the Green Justice Coalition

Papali indicated that he would expect to see solutions for addressing existing issues with program performance for renters, moderate-income up to 120-percent state median income, and non-english speaking customers. He added that he would expect to see metrics to measure progress in those categories included in the updated plan.

John Mosher – Solect Energy

Mosher noted that Solect Energy works with many large commercial customers who have expressed interest in incentives or rebates for energy storage. He indicated that many of those customers have higher energy costs that are tied to their demand charge, and that storage would help them manage those costs as well as increase their resiliency in the case of power outages.

Phil Fischer – NEC Energy Solutions

Fischer noted that energy storage can minimize peaking resources, maximize the grid, allow for more work on sustainability and reliability issues, and to decrease operating expenses for consumers. He added that there are less opportunities for the typical low hanging fruit of energy efficiency and that energy storage can help to provide more opportunities. Fischer also noted that he encouraged the thought process of Massachusetts becoming a leader on energy storage.

Paul Gromer, on behalf of Steve Cowell – E4TheFuture

Gromer provided comments on the recently passed legislation on behalf of Cowell. He noted that the new legislation creates new opportunities for the energy efficiency plans. He added that Cowell has reached out to the utilities and other parties to discuss ways that the plans can take advantage of the new legislation.

3. Council Updates and Business

July 31, 2018 EEAC Meeting Minutes

Malmstrom motioned to approve the minutes as submitted. Boyd seconded. All were in favor, with none opposed or abstaining. The minutes were approved as submitted by the Council.

July 11, 2018 EEAC Executive Committee Meeting Minutes

Lyne recommended a minor edit to correct for a word that was misspelled. The minutes were amended to correct the misspelling. Malmstrom motioned to approve the minutes as amended. Boecke seconded. All were in favor, with none opposed or abstaining. The minutes were approved as amended by the Executive Committee (ExCom).

Upcoming Council Schedule

Powers reviewed the Council's upcoming schedule. She provided updated dates and times for the September and October ExCom meetings and noted that there would be an additional Council meeting in October. She added that all of schedule updates would be posted to the EEAC website calendar.

Legislative Update

McCarey noted that there were recent legislative changes that impact the energy efficiency program. She referenced the following four changes – (1) the language regarding the electric Program Administrators (PAs) plans was updated from “electric efficiency plan” to energy efficiency plan” to reflect that the electric PAs serve delivered fuels customers, (2) the language added to the list of things that the PAs could include in their plans, including fuel switching to clean energy resources and strategic electrification, (3) the cost-effectiveness requirement was changed to the sector level to allow more flexibility within the programs, and (4) language was added to allow the PAs to pursue demand management and storage opportunities as part of their plans.

Commissioner Judson also noted that a clean peak standard was part of the new legislation and that DOER would have the task of implementing. She added that DOER would be holding stakeholder sessions for that and noted that it intersects and complements the programs existing efforts on peak demand.

4. Update on the Global Warming Solutions Act Avoided Cost Study

Weber gave an update on the Global Warming Solutions Act (GWSA) addendum to the Avoided Energy Supply Cost (AESC) study. She reviewed the studies methodology and its findings and noted that the total impact would be an additional 1.79 cents per kWh of avoided costs.

Rio asked what the additional avoided costs represent. Weber noted that the additional avoided costs quantify what the ratepayers would have to pay if energy efficiency was removed from GWSA compliance.

Johnson asked if Massachusetts was on track to meet its GWSA goals. Weber indicated that the Commonwealth is a little over 20-percent of the 25-percent by 2020 goal.

Boyd asked how the results of the study would impact the energy efficiency plans. Weber noted that the PAs would use the updated values in their models to determine if additional measures would pass. Boyd asked the PAs if the updated plan would include that information. Lyne noted that the updated draft would present values both with and without the updated avoided costs. Peterson indicated that she would be supportive of the new numbers being included in the plan.

5. Quarterly Report and Semi-Annual Combined Heat and Power Update

Steve Menges presented on the PA's second quarter report. In his presentation he gave a high level overview of how the PAs are doing compared to past years, sector-level performance for lifetime savings, benefits, and spending, a forecast for the current plan year, and a term forecast that incorporated 2016 and 2017 performance along with the 2018 forecast. Ezra McCarthy gave an update on the PA's combined heat and power (CHP) efforts. He noted that the overall pipeline is in good shape and that they are confident that they will meet their plan commitments. He did, however, note that CHP projects come with risk and it would be possible that some projects that are on track to be in operation in 2018 get moved to 2019.

Schlegel noted that the term lifetime and annual 2018 savings impacts were both short of goal for commercial and industrial (C&I) gas. He asked what the PAs were doing in the second half of 2018 to try to close those gaps. Menges indicated that he could not speak to specific projects that the PAs are doing, but that they are committed to getting towards the term goals. He indicated that they are pushing hard in that area and that if they achieve a higher percentage of the 2018 annual goal than they are forecasting that they will hit the term goal. He added that their high-end forecast for the term is at 98- or 99-percent which is very close to the term goal.

McCarey noted that the 2018 year-to-date data showed benefits, but the annual and term forecasts did not. She asked if he could speak to those. Menges indicated that benefits tend to track similarly to lifetime savings and added that it is a bit hard to forecast benefits. He indicated that they could include a forecast of benefits for the third-quarter update.

6. Key Drivers Final Report and Updated Savings Recommendations

Key Drivers Summary

Belliveau, Calcagni, and Schlegel, on behalf of the consultant team (C-Team) along with Brandy Chambers, on behalf of the PAs, presented a summary of the results of the key drivers process. Belliveau began by reviewing the high level results and noting that despite on-going conversations between the C-Team and the PAs, the key drivers process was more or less complete. For each of the key drivers, they highlighted the key areas that were discussed, the changes that resulted from discussion, and any existing savings gaps or open issues that were not resolved.

Johnson asked how difficult it was to figure out the per-unit savings for heat pumps. Chambers noted that there are a wide variety of configurations with regard to heating and cooling and that it is difficult to determine the types of units that are going to be installed and how they would be

used. She added that the PAs have been finding out that some customers are installing heat pumps and only using them for cooling.

Commissioner Judson asked how the Council should expect to see the results of the key drivers' process reflected in the September draft of the plan. Chambers noted that residential lighting would look substantially different. Abdou added that many of the changes would be reflected in the details of the PAs models. Commissioner Judson asked for the PAs to confirm that agreements made between them and the C-Team would be included in the model for the next draft of the plan. Abdou confirmed that they would be.

C-Team Updated Savings Recommendations

The C-Team presented on their updated estimate of achievable goals for the 2019-2021 plan. They noted that their updated estimate took into account many factors, including evaluated 2017 results, revised assumptions, ramp-up rates for new programs and approaches, post-2017 evaluation, measurement and verification (EM&V) impacts, and savings from implementation strategy adjustments.

Boyd noted that most of what is in the plan, except for the residential delivery model, is not new. She asked why the plans need to ramp up and why they are not already where they need to be. Belliveau indicated that there are other areas that came out of the key drivers process in addition to the residential delivery model that are driving the need to ramp up. Belliveau cited industrial process and lighting controls as examples of areas that need ramping up.

Boyd noted that she was disappointed to see a decline from the C-Team's initial assessment of potential but that she was pleased to see new numbers. She added that she was disappointed in that the Council has not yet received updated numbers from the PAs. Lastly, Boyd indicated that she felt the C-Team's updated savings recommendations should be the floor for what the Council should expect from the PAs in their updated draft plan.

Johnson asked for clarity on how the key drivers process worked. He wanted to know how the PAs and C-Team work together but are not able to come up with one set of numbers. Belliveau indicated that the process was much different this time around in that they were not negotiating numbers on individual key drivers. Gundal noted that the PA's had increased their C&I savings by 60-percent over seven years and that nothing in their data supported being able to do a 50-percent increase in one year.

Wambui asked why the C-Team did not include active demand management goals for the low-income sector. Schlegel indicated that the proposed goal for residential included low-income and that that number would eventually be split out across the two sectors.

Boecke commended the C-Team for their work and noted that it was helpful that they delivered updated numbers based on their best judgement.

Abdou noted that the PAs and the C-Team worked collaboratively on the key drivers process and acknowledged that they did not agree on everything. She reiterated that the PAs did make verbal

commitments on changes they were planning on making for the updated draft and that those would be reflected in the next draft.

7. Three Year Plan Performance Incentive Overview and Discussion

The C-Team and the PAs gave a joint presentation on the performance incentive (PI) mechanism for the 2019-2021 Plan. They began with the history and context of the PI mechanism and a review of the two components of the existing PI – savings and value. They also highlighted the DPU's guidelines on the PI and its most recent review of them. The C-Team then presented their recommendation for the PI framework, which would include a new category to capture key indicators not adequately addressed in the existing components. The key components would include metrics for active demand management, heat pumps, and underserved customers. The PAs then presented their proposal for the PI which they indicated would be largely the same as the existing mechanism with some minor tweaks. These would include an enhanced payout for active demand peak savings and MMBtu reductions from air source heat pump installations associated with switching from unregulated fuel sources.

Discussion

Boyd noted that she was pleased to see the PAs considering changes to the PI metric. She added that she liked the C-Team's proposed metrics given that they aligned with the Council's goals. Peterson agreed and added that she would like to see something added that would capture where renters are being served, not just how many are being served.

Wambui noted that energy efficiency is a mandatory component of the GCA and that it is supposed to benefit all residents. She indicated that she wanted to hear more about people and less about technology. Wambui added that metrics that align with the Council's goals will allow the Council to track where the programs are, where they have been, and where they are going. She noted that having those metrics will allow the Council to reassure the public that energy efficiency is truly available to everyone.

Johnson noted that he would not be in favor of the PA's enhanced payout rate. He suggested setting aside \$15 million of the PI and assign 5% to each of the three metrics proposed by the C-Team – active demand management, heat pumps, and underserved customers.

Bosco conveyed support of the C-Team's proposed renters metric in the new component. She added that the information is relatively easy to attain and track. She expressed support for continued focus on serving low-income and economically vulnerable communities.

Abdou noted that there is a difference between performance metrics and reporting. She added that the PAs are willing to talk about adding reporting components and that not all new metrics need to flow into the PI mechanism.

Schlegel noted that the C-Team appreciated what the PAs brought forward and reiterated some advantages of the C-Team's proposal. He noted that it sets clear and specific targets that are in line with the Council's priorities, it is simple, straightforward to quantify, and it is fully transparent.

Commissioner Judson noted that she was pleased to see both the PAs and the C-Team recognize that heat pumps, fuel switching, and active demand management needed to be part of the PI mechanism.

Abdou asked that if the PAs had specific metric goals would the Council want the PAs to stop once the goals were met. She added that if the answer was no, then the Council should consider how it can integrate the metrics they would like to see in the fuller plan.

8. Adjournment

Commissioner Judson, as Chair, adjourned the meeting at 4:21 PM.