Martijn Fleuren – HomeWorks Energy – Public Comment 12/16/2021

Thank you to the EEAC for the opportunity to speak today. I am Martijn Fleuren and I represent HomeWorks Energy, one of the Home Performance Contractors in the residential program. I want to start by saying that we really appreciate the council's support and willingness to listen to our concerns.

The program has very ambitious goals this cycle, which we enthusiastically support. The HPCs as a unit are the single biggest driver of performance in the residential services program. We generate more than 50% of all energy assessments performed, and due to our higher conversion rates, we perform an even greater percentage of all deeper energy savings work. Besides the volume of work we also support the special focus on equity, electrification, and workforce development. We have a track record of successful community-based marketing efforts that are essential to targeting green justice communities, we are the trusted expert in people's homes who will educate them about electrification, and we are the workforce that needs to be developed. The HPCs therefore represent the clearest path for us to achieve these targets and put MA on track to be net zero by 2050.

However, as we stated in our recent letter, the economics of the program have become increasingly unsustainable over the last 10 years. Costs to operate in the program have risen significantly while there has been no change in our payment terms over that time, meaning the financial sustainability of the program is under threat. If the expected program structure doesn't change, HPCs will be forced to redirect our businesses elsewhere, weakening our best shot at achieving our goals. On top of that, there is a lot of confusion and concern around what the new RFP structure for Wx pricing will look like, and we don't believe it makes sense to continue moving that forwards until the HPC platform issues are addressed.

Unfortunately, crafting a new compensation model that provides a reasonable pay for contractors is going to take time, time that we don't have. The removal of LEDs is going into effect within a matter of days, and HPCs will feel the financial impacts immediately. It's incredibly important to get the final structure right, so we would like to request that a short-term change is implemented, concurrently with the removal of LEDs on January 1st, so that HPCs are able to continue driving program performance while these decisions are being made.

We would like to recommend that an additional fee of $250 per performed energy assessment is paid out to HPCs to mitigate the impact of increased marketing costs, labor costs, and the removal of LED lighting, until a final equitable structure is in place. We don't believe a $250 increase by itself is a sufficient long-term solution, but it is a reasonable temporary middle-ground and the best way to ensure the program has a chance of achieving its ambitious goals right from the start.

We're happy to share more detailed numbers, but to help put the $250 request into context I can tell you that while the fee paid per performed assessment has remained the same for 10 years, the cost to bring a new homeowner into the program is now almost 4 times what it was then. On top of that, the labor costs to perform an audit have increased over 70% in that time. The revenue from LED bulbs traditionally helped mitigate some of these issues, but with them going away, I can tell you that HPCs will be losing a significant amount of money for every new customer they bring into the program. In this light, we feel that $250 is an ultimately insufficient but currently reasonable ask for short-term relief that will give all of us the time needed to develop a great long-term solution.

We as HPCs are ready to continue pushing the Mass Save program to new heights as the boots on the ground operations that drive performance. We just need some financial support to keep us going while a longer-term solution is put in place. Thank you very much for the opportunity to speak.