Massachusetts Energy Efficiency Advisory Council
Meeting Minutes
Tuesday, September 27, 2012

Councilors Present:

Voting	**Present (designee)**	**Non-Voting**	**Present (designee)**
Nancy Seidman	X	Elizabeth Cellucci	X
Martha Coakley	Matt Saunders	James Carey	X
Penn Loh	Staci Rubin	Penni Conner	Tilak Subrahmanian
Mark Sylvia	X	Michael Ferrante	
Debra Hall	X	Alisha Frazee	
Charles Harak		Maggie Downey	X
Elliot Jacobson		Cindy L. Carroll	X
Jeremy McDiarmid	X	John Ghiloni	
Rick Mattila	X	Paul Gromer	X
Robert Rio	X	Andrew Newman	
Deirdre Manning		Richard Oswald	X
		Michael Sommer	Robert Gyurjan
		Carol White	X

DOER: Steve Venezia, Katie O'Rourke, Sue Kaplan
Consultants: Jeff Schlegel, Eric Belliveau, John Livermore

Present:

Emmett Lyne
Marie Abdou
Shaela Collins
Tom Regh
Tom Palma
George Yiankos
Clayton Hale
Matthew Oatway
Betsy Glynn
Sam Nutter
Paul Johnson
Larry Chretien
Lisa Shea
Cara Mottola
Ed Schmidt
Eric Winkler
Melanie Coen
Brian Butler
Mike Davis
Frank Gundal
Monica Cohen
Jodi Hanover
Matthew Nelson
Jayden Wilson
Jonathan Goldberg
Lynn Westerlind
David Straus
Chris Goulding

Sylvia called the meeting to order at 2:06 and welcomed everybody.

Public comment
Several interested parties commented on the PAs' draft plan during the public comment period, including Tom Regh (Progressive Energy Services) and Rob Calnan.

General Updates
DPU 11-120 Net Savings – Draft Revised EE Guidelines
Venezia informed the Council that the DPU had just issued a memo last Friday requesting comments on the draft revised EE guidelines. He noted that comments are due by Tuesday October 9th.

DPU Bill Impacts Comments
Venezia informed the Council of the DPU hearing officer memo on August 31st requesting comments on the proposal on the bill impacts model. He noted that several stakeholders submitted comments, including DOER, the PAs, NEEP, GJC, and the AG.

Joint Consultant and PA Comparison Analysis Presentation of Sept Draft Plans
Sylvia noted that the Consultants have been analyzing the latest draft of the 3-year plans that were submitted to the Council on September 17th. Schlegel noted that DOER and the Executive Committee requested that the Consultants and PAs work together to prepare a data-driven update on where we are with the plans. Schlegel, Abdou and Nelson jointed presented a set of slides. Abdou explained how Consultant, Councilor and stakeholder comments have driven changes since the July draft. She noted that Electric savings are up, electric budgets down; while Gas savings are up, and gas budgets up. She explained that the PAs are seeking all cost-effective efficiency, but are mindful of sustainability and bill impacts. Abdou noted that on savings goals, the PAs targets have come up, while the Consultants have adjusted targets down – reducing a 5% difference to about 2.5%. Schlegel explained that the Consultants originally recommended higher targets and have compromised on electric to 2.5%, 2.55%, 2.6%, while the PAs are now at 2.48%, 2.51%, 2.56%. He noted the large variation between PAs in percent of sale savings in the individual sectors (e.g. variation in residential sector: 0.81% to 2.96%). Abdou presented similar information for Gas, with PAs adjusting targets up, and Consultants adjusting targets down. Schlegel noted that the PAs' gas savings targets are now at 1.01%, 1.1%, 1.12%, with several PAs significantly below these targets, and NGRID contributing fairly significantly. He noted that lower gas savings targets would represent another few years of ramp-up beyond the initial 3-4 years. He pointed out that the C&I gas savings numbers range from 0.48% to 1.92%, and that we want to see a commitment with less variability.

Nelson presented several slides on costs. He noted that, as a result of the cost-driver analysis that was performed by the PAs and the Consultants, the PA budget has come down $60 million compared with July, with higher savings. He explained that, on the gas side, the Consultants lowered their range and the PAs increased their targets. Nelson noted that the cost to achieve has gone down from $0.039 to $0.037/lifetime kWh, with the gap between PAs and Consultants at about $30 million. Schlegel presented a chart comparing electric $/lifetime kWh by PA, showing the variations. He noted that the Consultants continue to recommend 3.4-3.5 cents. He further noted that the PAs are getting benefits from oil that are not represented in the savings, which explains some of the differences in costs. Nelson explained that the gas cost to achieve gap is smaller, but remains, and noted some of the main cost drivers: RCS costs, EM&V and code changes, and increases in incentive levels. Schlegel presented a chart comparing gas $/lifetime therm by PA, and noted some variation across PAs.

Abdou noted that benefits is a key indicator and is a good way to look at all the savings. She note that both Consultants and PAs increased targets. Schlegel noted the gap in benefits and in lifetime savings, pointing to a need to have more emphasis on measures with longer term savings (e.g. HVAC, insulation). Nelson said that the PAs are continuing to focus on reducing variances among themselves, and noted that there are now less variances that in the July draft plan.

Sylvia said that the next draft of the plan is scheduled to be submitted to the Council on October 5th, and noted appreciation for the work that has been done to date. He said that it helps the council when the Consultants and PAs work cooperatively on presentations. Sylvia asked to hear from each of the Councilors on their thoughts about the September draft of the 3-year plan, particularly with regard to savings goals, reducing costs, and performance incentives.

Council Discussion of September Draft Plans

Seidman said she is more concerned on gas, as Consultants had suggested 1.1, 1.2, 1.3%. She noted that we now start in a deeper hole compared with 2020 climate goals, with not much of a slope now 1.01, 1.1, 1.12%. She suggested either doing a big jump in 2016 or increasing the slope now.

Hall said we should step back and see where we were 3 years ago, and how far we've come. She noted that the plan is now integrated, and includes new initiatives such as Efficient Neighborhoods+. She expressed wanting the goals to get up to the climate goal levels as recommended by the consultants. She thanked the PAs for their hard work and innovation.

Rubin noted appreciation for all the hard work, and a desire to get PAs up to the Consultant and 2020 climate targets. She expressed excitement about the Efficient Neighborhoods initiative, and a desire to see the GJC invited to the table for program design discussions. Rubin observed that the marketing budget is lower than in the July plan draft. Nelson noted that this is part of the effort to lower costs.

Mattila noted that the result is best when there is good collaboration between Consultants and PAs. He asked if the lower cost of gas is a factor in setting gas savings goals and budgets, and if there is an expectation about how much the gap could be narrowed. Schlegel responded that all fuel cost, EM&V, codes and standards, and other data have been considered in the setting of proposed savings goals and budgets, and that integrated programs are helping to sell the whole package of EE, as opposed to just trying to sell gas measures. He also noted that the Consultants have some recommendations that would be shared in the next section of the meeting. Mattila asked about C&I property managers. Gundal responded that the PAs have done a lot of work on segmenting property managers, and that there will be something in place for the PA Account Executives by Q1 or Q2 2013.

McDiarmid said that the reason we've made so much progress is because of the collaboration between Consultants and PAs. He noted, however, that we have more to do, especially with regard to being more on track to meet climate goals. He commented that the Plan is mostly on track with respect to text, and that statewide goals should be on page 1 of the October 5th draft. McDiarmid stated ENE's desire to have PAs and Consultants work to continue to close savings gap.

Rio said we've come a long way. He explained that he speaks with C&I people every day, and they are constantly being contacted by the PAs about energy efficiency. He noted that the PAs have done a great job, and that the goals are aggressive on the C&I side. Rio expressed that he thinks there is a good overall balance between costs and savings, however the Consultants and PAs should keep working to see if some more pencil sharpening can be done.

Saunders asked for some more details regarding costs, specifically on NEIs and the large difference in cost per annual and lifetime therm between NGRID gas and NSTAR gas. Various PAs responded with details on both questions. Saunders pointed out that the current 2012 YTD budget numbers are significantly below the proposed 3-Year plan budget numbers, and he posited that the PAs are consistently below their budgets. White responded that there is quite a bit of work in the queue, and the PAs don't anticipate a big under spend by either electric or gas by the end of the year. Saunders asked about the cost of lifetime savings in both electric and gas, with significantly increases, 46% on gas, 25% on electric. White responded that in low income the law requires PAs to use 10% on electric and 20% on gas, so the budget increases automatically when other sectors increase. The increase in C&I budget, she noted, is due in part to changing codes and standards, particularly Federal lighting standards. Saunders asked about the logic of potentially delaying LED light bulbs until later when they are cheaper. White responded that the PAs are trying to drive the marketplace to adopt more energy efficient practices and technologies, and that PAs are focusing on the LED lighting that is cost-effective under current rules. Schlegel added that the programs are trying to focus on strategic applications of LEDs where there is some additional value provided, like dimmability. He noted that program strategies get adjusted each year as we learn more about what's going on in the market, and he suggested that the PAs could do a briefing to the Council on how things are being done now, and how they could be done better.

Sylvia asked the Consultants to present their analysis of the plan information and their recommendations to the Council. Schlegel said that the Consultants have heard clearly from the Council that they want to have higher savings goals, but with budgets that are adequate, and not higher than needed, to reach goals. He noted that the Consultants have recommended compromises and are now at the lowest electric and gas savings targets they can recommend. He suggested that there be a reasonably consistent percentage of sales savings goals in each PA territory. On costs, Schlegel acknowledged that there are some uncertainties, and expressed that it should be possible to close the gap on electric, and at least a portion of the $65 million gap on gas.

Sylvia stated that it is the Council's consensus that we close the gap on both savings and costs. He further emphasized that it is particularly important to DOER to work toward achieving the 2020 CECP targets. McDiarmid recognized the leadership of NGRID and NSTAR in making progress toward the savings targets.

Performance Incentive and Metrics Council Discussion
Sylvia explained that the Council would have a discussion about whether or not to have metrics, with the goal of arriving at a consensus by the end of the meeting. Schlegel presented a short slide set to the Council. He explained that the Consultants continue to recommend performance incentives: 1) Savings, 2) Net Benefits, and 3) Performance Metrics. He noted the question of how much weight you put on each component, and

emphasized that any metrics would have to be simple, clear and meaningful, and focused on higher priorities. Schlegel reminded the Council that the Consultants had drafted a memo for the last EEAC meeting that proposed six metrics. He said that there are two basic options on the table: Option 1 – to retain all three components (savings, net benefits, performance metrics); and Option 2 – to not have metrics, and adjust the percentage on savings and net benefits. He noted that the Consultants recommend Option 1. McDiarmid explained that there was no clear consensus on this at the Executive Committee meeting, and noted that ENE believes that a smaller set of meaningful metrics geared toward deeper savings makes sense. Saunders noted that the AG's position is that there is no need for performance metrics. He said that if there have to be metrics, the AG would argue for fewer metrics with a lower percentage of PI money. Lyne expressed that the PAs would not like to see performance metrics but are interested in what councilors have to say.

Sylvia explained that the Council needs to provide guidance to the Consultants and PAs, and he asked each Councilor to weigh in. Seidman said she is leaning with Option 1. Hall said she is leaning toward Option 1 but, if we go with Option 2, she would want to see more reporting on important issues (e.g. deeper savings, serving renters-landlords), even if it's not part of a metric. Rubin said she favors Option 1, and asked that the rental market penetration metric include 1-4 family homes along with multifamily. Matilla noted being undecided. McDiarmid expressed support for Option 1. Rio said he is leaning toward Option 1. Saunders expressed favoring Option 2. Sylvia expressed that, recognizing the differences of option from Saunders and Rio, the consensus of the majority of the Council is to ask the PAs and Consultants to go and come back with a plan. Schlegel noted one clarification, that there is a relationship between savings targets and amount of incentive - generally the PI amount might move a little bit.

Sylvia noted that he has asked the Consultants to propose a process for selecting the new EEAC councilor from an EE company with less than 10 employees.

Next Steps
Sylvia noted that the next draft of the 3-year plans is due out on October 5th, and that the next EEAC meeting is scheduled for October 16th at the Statehouse. He explained that there may be a need to schedule one more full council meeting before the end of October, and that we want to have a resolution ready to go by October 16th. Sylvia proposed an extra meeting date of either October 23rd or 30th, with the date to be finalized based on everyone's availability. Lyne noted that it may be more effective to do a more streamlined filing earlier in the month (after October 5th), as the PAs feel strongly that turning a full new draft (300 pages with 08-50 tables) isn't what the Council wants. Sylvia offered to have DOER figure this out with the PAs through the Consultants.

Rubin noted that Loh has made several data requests on HES conversion rates. Lyne explained that the PAs have bounced this over to the RMC, and noted that multiple data requests can be become administratively burdensome.

Adjourn
Sylvia adjourned the meeting at 4:36pm.