

**RESOLUTION OF THE ENERGY EFFICIENCY ADVISORY COUNCIL
REGARDING THE PROPOSED
CAPE & VINEYARD ELECTRIFICATION OFFERING (CVEO)
OF THE CAPE LIGHT COMPACT JPE**

Adopted _____, 2022

Introduction and Summary of Current Filing

The Cape Light Compact JPE (“Compact”) has proposed to the Department of Public Utilities (“Department”) in docket DPU 22-137, a third iteration of its Cape & Vineyard Electrification Offering (“CVEO”) to be added to its 2022-2024 three-year energy efficiency plan (“2022-2024 Plan”), intended to be implemented for 2023-2024.

The Compact’s current proposal for CVEO remains, at its core, a strategic electrification and energy optimization offering that combines home weatherization with the following technologies: (1) cold climate air source heat pumps (“heat pumps”); (2) solar photovoltaics (“PVs”); and (3) battery storage. Through CVEO, customers can convert oil, propane, or electric resistance heat systems to heat pumps paired with solar PV systems (thereby reducing greenhouse gas emissions). CVEO participants must also convert indoor fossil-fuel cooking appliances to electric appliances. CVEO customers may also install battery storage for demand response and resiliency.

In preparing this CVEO, the Compact states that it responded to the Department’s Order in D.P.U. 20-40, addressed Department input from a technical session in September 2022, and complied with the relevant provisions in the 2022 Climate Act, Section 87A (St. 2022, c. 179, §87A).

The CVEO includes the following changes to the previous program design in May 2020:

- Reduced the planned number of participants from 250 to 100 customers,
- Removed third-party ownership option, so customer owns all technologies installed through participation in CVEO ,
- Limited the mandatory technology package to heat pumps and solar PV (together with weatherization and displacement of fossil fuel cooking equipment required by Section 87A).
- Provided for solar PV installation as a “qualifying facility” pursuant to 220 C.M.R. §8.02 in accordance with Section 87A (thus ineligible to receive net metering credits),
- Solar PV system cannot participate in the Solar Massachusetts Renewable Target (“SMART”) program,
- Reduced the planned battery storage from 100% to 25% of participants, due to cost constraints and feedback from battery installers,
- Increased incentives to 100% of costs for customers with 61-80% of statewide median income (“SMI”) who live in deed-restricted homes,
- Decreased incentives for customers with incomes between 61-80% of SMI who do not live in deed-restricted homes, while providing an option for these customers to

- apply for a HEAT Loan to finance costs of heat pump, solar PV, and battery storage technologies,
- Reduced CVEO budget from \$12 million to \$5.9 million and proposed to use \$3.1 million of funding already allocated for income-eligible customers in its 2023-2024 Plan, thereby resulting in a proposed incremental budget of \$2.8 million.

History of Council Review and Support for CVEO

The Compact first proposed the CVEO in its 2019-2021 three-year energy efficiency plan. The Department of Public Utilities did not approve CVEO and, in its Order on D.P.U. 18-116, determined that additional stakeholder input on the proposed structure of CVEO was necessary. The Department directed the Compact to work with the Council (particularly, the Department of Energy Resources and the Office of the Attorney General, who had raised concerns specific to program costs) as part of any CVEO redesign. The Department also directed the Compact to obtain Council approval before submitting a revised proposal and budget to the Department for review.

In April 2020, the Compact sought the support of the Council to fund and implement a revised CVEO proposal for 2020-2021. The redesign was based on feedback from Council members in 2019 and results of the Compact's 2019 Request for Information from solar PV developers and battery installers. The redesign included several changes to address Council concerns of program costs and associated bill impacts and to utilize outside funding for the solar PV and battery storage components.

The Council voted to support the proposed CVEO offering at the April 15, 2020 EEAC meeting.¹ The Council's resolution requested that the Department review and approve the Compact's revised CVEO in recognition of (1) the significant time and effort undertaken by the Compact to address stakeholder concerns; (2) the limited time remaining to implement this offering during the 2019-2021 Plan term; (3) the time and effort it will take for the Compact to begin implementation of the offering and engage customers; and (4) the expiration at the end of 2021 of federal tax credits that provide a significant amount of the revenue support. This Compact filed this revised CVEO offering with the Department in May 2020 in docket D.P.U. 20-40, but it was denied by the DPU.

While a decision in D.P.U. 20-40 was pending, the Council supported inclusion of CVEO in the Compact's 2022-2024 Plan in its October 2021 Resolution Regarding the 2022-2024 Energy Efficiency Plan, stating the "Council supports the Cape and Vineyard Electrification Offering (CVEO) recognizing its innovate approach to serving low- and moderate-income residents with a package of clean energy technologies to reduce GHG emissions through electrification."² The Compact included the offering in its 2022-2024 Plan filing in D.P.U. 21-126, but it was again denied by the Department.

Council Support of Current Filing

¹ https://ma-eeac.org/wp-content/uploads/DRAFT_CVEO-Resolution_Combined-CLC-Update-4-10-20.pdf

² https://ma-eeac.org/wp-content/uploads/Final-October-Resolution-10-27_Clean.pdf

The Council has reviewed and analyzed the Compact’s most recent proposal for CVEO filed with the Department on October 27, 2022. The Council supports the CVEO proposal as a limited offering and consistent with the 2022 Climate Act, Section 87A. The proposal is a scaled-down effort from previous filings, with fewer participants and a lower total budget. It has an increased focus on deed-restricted properties and an optional offering for batteries rather than a requirement. At the same time, the CVEO proposal will explore these clean energy technologies and make them available in packages for income-eligible and moderate income customers, providing meaningful opportunities to benefit from the technologies.

While the proposed CVEO is an overall budget decrease from the previous proposal, the total costs per participant are higher, and the Council looks forward to working with the Compact to monitor future opportunities to pursue and leverage other funding.

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