



# Mass Save® Home Energy Services Update

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# Executive Summary

- The PAs are ready to implement the new model.
- This model was developed in an open process, marked by input from multiple stakeholders.
- Multiple EEAC presentations and extensive work in the diverse Residential Steering Committee all year.
- Change can be challenging; we also need to focus on benefits of model.

# Executive Summary (cont.)

- Core benefits of pricing approach include:
  - Customer certainty, no perceptions of price gouging- each customer knows what the pricing will be and that he/she is getting the same treatment as others;
  - Contractor certainty- contractors know exact pricing to expect and can plan accordingly;
  - Planning and budget certainty for Program Administrators and regulators;
  - Facilitates and expedites implementation.
- It is important to manage costs- need to think of customers.
- The PAs are implementing reasonable pricing increases- PAs have listened to contractor concerns, but also must balance customer costs.



# New HES Model

- The new HES operating model will have positive impact on PAs' ability to reach customers and manage costs.
- The new model successfully integrates gas and electric programs which previously were separate, thus creating a more seamless experience for customers.
- The common pricing model meets customer expectations of fair pricing and a common experience.
- Through meetings, the PAs and contractors had open dialogues regarding program design, resulting in better information and program modifications, including the following:
  - RFI issued to obtain common pricing data across the Commonwealth in order to gain further input from the contractor community.
  - As a result of the open communication process with the IICs and HPCs, the program model was redesigned to allow HPCs to perform audits and installations and LVs no longer perform weatherization installations (the PAs had a customer "tagging" system in the former program model).
- This new model will benefit contractors, PAs, and customers.



# Lead Vendor Selections

- National Grid and NSTAR: CSG
- CMA, WMECO and NE Gas: Honeywell
- Berkshire Gas: CET
- Cape Light Compact: Rise Engineering
- Unitil: Unitil
  
- Diversity of Lead Vendors is healthy

- PAs dedicated significant time and resources in order to complete the RFP, LV contracting, and selection process.
- PA/LV Contractor meetings held Q1 and Q2 2011.
- Additional Contractor meetings to be held late May and early June to discuss additional program details and participation agreement information.
- June launch for IICs.
- July launch for HPCs due to additional program and training requirements.



# Contractor Best Practices Forum

- Forum will allow for ongoing input from all parties discussing topics, such as new measures, training, code changes, pricing etc.
- Held quarterly, beginning Q3 this year.
- Representation from PAs, LVs, IICs and HPCs.
  - IIC and HPC representatives will be selected by their peers via voting process.
- Consistent with “Do and Learn” approach embraced by Council.

# Merit-Based Allocation

- Work will be allocated based upon three weighted criteria:
  - Quality of Work
  - Customer Service
  - Quality of Documentation
- Defined start-up timeline to get significant number of jobs – could vary by PA
  - All HPCs and IICs start at Ground Zero
- Merit Status uses rolling period
  - Allows contractors to improve over time and ensures continued quality work



# Participating Contractor Incentives

- Where budgets allow, PAs may offer incentives, defined as recruitment awards/completed job awards, to eligible participating contractors.
- These will be used to boost performance, where needed, and to reward performance.



# Workforce Training

- Where budgets allow, a workforce training subsidy will be provided.
- Combustion safety – subsidized until 12/31/11
- Crew Chief
  - 50% up to \$600 with two per company (for subsidization only)
- Building Analyst, or equivalent
  - 50% up to \$600 with two per company (for subsidization only)
- Contractors are eligible for the subsidy only if they have all of the required forms submitted and have been approved by either the PA or LV .
- PAs are also considering offering a sales training.



# Program Pricing

- The new model has a key focus on customers and will foster the energy efficiency delivery infrastructure.
- PAs seek to balance costs to customer, program cost-effectiveness, and opportunity for contractors to work profitably.
- Common pricing (by PA) is beneficial in that it provides certainty to customers and contractors and allows for planning and budgeting.
- PAs understand that the costs to contractors have increased but need to keep cost to the customer and program cost effectiveness in balance.
- For majority of PAs, prices have increased consistently since 2008 and again in 2011.
- For the 2011 program, all PAs have increased prices from their historical prices.



## Program Pricing (cont.)

- PAs have common pricing relative to each PA territory.
  - The new model recognizes regional difference and does not mandate one statewide set of prices.
  - Customers will know within each PA territory that the prices are consistent.
  - Pricing variations exist in different regions.
- PA specific specialty work is also under discussion.
- Further details will be shared at ongoing PA/LV contractor meetings. Upcoming meetings:
  - CMA: May 24 @ CMA's Westborough Office, 7:45 am – 11 am
  - National Grid/NSTAR: May 26 @ Sheraton Framingham, 8 am – 12 pm



# Ancillary Services

- Ancillary Services are measures for which PAs may or may not offer incentives or financing.
- Ancillary services are only allowed for HPCs and IICs that bring their own customers into the Program.
- Customers will be provided a Program Disclosure Statement, which is under development.
  - Clearly defines that any ancillary services offered to a customer will be outside of the Program.
- Ancillary services offered to customers must be on a separate scope of work and contract with the customer.



# Further Updates

- [MassSave.com/Contractors](https://MassSave.com/Contractors)
- Ongoing PA/LV Contractor meetings.
- PAs are supportive of the new model and look forward to implementing it in the field.
- We have a transparent process that will allow us to “do and learn”.