

7/31/2012 Massachusetts Energy Efficiency Advisory Council Executive Committee Minutes

Convened: 1:05 PM

Commenced: 3:00 PM

Attendees: Christina Halfpenny, Elliott Jacobson, Emily Norton, Shaela Collins, Matthew Saunders, Emmett Lyne, Steve Venezia, Jeff Schlegel, Penn Loh, Amy Vavak, Lawrence Masland, and Kathryn O'Rourke.

Minutes:

- **Agenda**
 - Legislative Report
 - Performance Incentive (PI)
 - September Meeting
 - August Agenda - Resolution
- **Legislative Report:** Halfpenny stated the Legislative Report is basically done and the only thing that needs to be done is load up the numbers. Lyne stated that he will follow-up with PAs on the numbers.
- **Performance Incentive (PI):** Schlegel created slides on PI and reviewed them at the meeting. He stated that the savings component of the PI is really lifetime benefits. Jacobson said that often low-income implementers have to alter programs to meet goals. There was a question about non-energy impacts (NEI's), and Lyne stated that Ralph Prah would be a good person to talk to about NEI's in the context of PI. Lyne asked Schlegel if there were any updates to the numbers he used for this PI analysis, and Schlegel state this information was taken from the September 08-50 tables, but unsure if there have been updates. Loh asked if the Performance Metrics (PMs) were scalable, and Schlegel replied some are and some aren't and provided examples.
 - **Potential Modifications:** Saunders asked why we're giving out PIs at less than design if the statute clearly says the programs needs to meet or exceed goal. Schlegel said there were a couple of reasons and went on to explain, on reason the programs were just beginning and it provides the utilities some flexibility, comfort, and assurance. Venezia added that this has been an issue in the past and it has been agreed upon. Lyne stated that his take on what we currently have complies with the statute. Jacobson added that some utilities would take implementing energy efficiency programs more seriously than others, and the PI was a mechanism to reward utilities that took on this challenge. Schlegel added that some companies were farther away from the goal, and the PI encourages those that were significantly lower than goals to try to achieve as much as possible rather than give up. Lyne disagrees that 75% is a "C," and if the threshold would be changed to 80% the goals would probably have to be recalculated.
 - Loh said is sounds like there was some rational to build on top of what there is, and asked what we have in place. Halfpenny stated that PIs get the commitment of leadership. Lyne stated the building block discussion was mostly formed around PMs, not the whole structure. Halfpenny voiced her concerns that a 94% payout can be reached without meeting the 75% threshold. Schlegel stated that PM impact program differently and provided a low-income example. Halfpenny said we need to figure out how to count participation before we even know if we are going deeper. Masland added that we need to look to see whether we measure what we manage, and Lyne added this is a very tricky balancing act and doesn't see the PI structure as fundamentally broken. Prior to 2010, electric utilities had a value component in their PIs, but not gas utilities. Norton stated that after 3 years it seems like some tweaks could be made. Halfpenny said that these wouldn't be wholesale changes. Loh added that he doesn't see these as wholesale changes, and wanted to know how this would impact 11-120. Lyne said he was looking into what the best solutions are.
 - Saunders stated that he doesn't like the 75% threshold, and likes scaling it back under 100%, and scaling up for over 100%. Jacobson reminded people that we have over two decades of experience, and suggested we think about this when we are rewarding the PI. Lyne stated that he wants to get Saunders onboard with the PI. The Attorney General has

supported a program package in the past which has supported PS. Everything should be looked at, but if we are deciding on scaling PAs may have to revisit goals. Saunders asked if there has been a discussion to look at the 75/125 range just on one component. Lyne stated that it's difficult to see the value in it. Halfpenny added that a lot of time goes into negotiating the PMs. No one wants a wholesale change, but there are some enhancements. We're talking about \$102 million. Venezia said that using Saunder's premis about recalibrating one of the components, could we tell if there would be an adverse effect? Schlegel said that would put more emphasis on benefits (savings), but it's important to put emphasis on the Commonwealth's policy objectives. Halfpenny asked if there was enough time for the PAs and the Consultants to talk about PIs. Lyne replied that it would be tough before Friday's Council meeting. Next steps: PAs and Consultants to discuss; Schlegel will roll-up PA tables and try to get 2011 Summary tables out by the Council meeting.

- **Bill Impacts (BI):** Halfpenny stated that she is thinking about writing to the DPU asking that the Council wants to see bill impact models. Lyne stated that he thinks the DPU is close to blessing the new model. Halfpenny said that it's in the best interest of the process that we see what these impacts look like, and will send anything to Saunders before it is sent to the DPU. It was asked where the PAs where with updates from the Resolution. Lyne state stated that PAs can provide some updates at the August 10th EEAC Meeting, but they won't have hard numbers. Halfpenny and Lyne stated they would work together on updates that will be presented at the meeting.
- **September Council Meeting:** Halfpenny stated the next draft of the Plan comes out on September 6th, the September EEAC Meeting is on the 11th, and there might need to be another Council Meeting to write a letter for the final Council Resolution. She will run a possibility of a September 25th Meeting by the EEAC Council.
- **Proposed August 10th EEAC Agenda:**
 - Performance Incentive
 - Bill Impact Model
 - Adding a September/October Meeting (determine if needed)
 - Legislative Update