

MINUTES, FOR THE MEETING OF THE ENERGY EFFICIENCY ADVISORY COUNCIL

A meeting of the Energy Efficiency Advisory Council (“EEAC”) was held in Boston, Massachusetts on January 13, 2009.

The following voting members were present:

Heather Clark, Jed Nosal, designee for Martha Coakley, Paul Deare, Lucy Edmondson, Debra Hall, Charles Harak, Elliott Jacobson, Sam Krasnow, Rick Mattila, Robert Rio.

The following non-voting members were present:

Derek Buchler representing Bay State Gas; James Carey, New England Gas; Penni Conner, NSTAR Gas & Electric; Alisha Frazee, Heating Oil industry; Kevin Galligan, Cape Light Compact, a municipal aggregator; George Gantz, Unitil; John Ghiloni, City of Marlborough-a municipal aggregator; Paul Gromer, Energy Efficiency service businesses; Richard Oswald, WMECO; Michael Sommer, Berkshire Gas; and Timothy Stout, National Grid Electric & Gas Divisions.

Frank Gorke, DOER Division of Energy Efficiency Director, opened the meeting at 3:00 p.m. by informing the Council that it had received 4 responses and one partial response to the recently posted RFR seeking a consultant to assist the Council. Mr. Gorke announced that the EEAC Chair, Philip Giudice, would not be present today as he was in Washington, D.C. meeting with incoming Obama Administration officials to advance the state’s business with respect to the proposed federal economic stimulus package. In his stead, Secretary of Energy and Environmental Affairs, Ian Bowles, arrived and made remarks about the Council’s work and provided insight on the Patrick Administration’s efforts to obtain federal monies from the stimulus package as well as the Administration’s promotion of an “innovation agenda” that would facilitate “deeper and broader” energy efficient measures, generally. Briefly addressing several topics, Secretary Bowles mentioned funding a training program with RGGI auction proceeds, the establishment of a Clean Energy Center as a locus of training for green jobs and the Administration’s goal to double the size of the utility efficiency programs as noted in the Winter Heat Task Force. Mr. Bowles expressed confidence that there would be sufficient funds from the RGGI proceeds to help underwrite the additional “ramp-up” to expand efficiency measures in the 2009 Energy Efficiency Plans filed by the electric PAs. The secretary took several questions and listened to additional comments by Council members. Secretary Bowles departed at 3:23 p.m.

Mr. Gorke resumed the Council agenda and began a discussion of a timeline for the statewide Three-Year Energy Efficiency Implementation Plans due to be filed with the EEAC by April 30. Gorke led the Council through a discussion of the timeline. Among other notable details, Gorke stated that the DOER anticipated that upon submittal the trimester between April 30 and July 30 would be dedicated to an iterative review between the EEAC and the PAs filing the Plans, which he dubbed Version 1.0. He expected that the intervening time would culminate in a Council vote on July 30 upon a Version 2.0 of the Plans. The DOER envisioned further iterative review between the EEAC and the PAs

during most of the second trimester, July 30 till approximately October 15. This would commence immediately after the Council vote on the Plans and would precede the Final Version of the Plans to be submitted to the DPU on or before October 30. Mr. Gorke referred to this final iteration as Version 2.1. DOER's current expectation, he said, was that ultimately a confirmatory letter from the Council endorsing the Final Version of the Plans would accompany both the Statewide Plans and the individual PA-specific components of the Plans. This conception of the Council's tasks along the timeline was then presented to the membership and vigorous discussion ensued.

Mr. Nosal posed a question about the collaborative planning process and whether the Council would be reviewing the Plans as a whole or in a segmented fashion by gas versus electric? Ms. Conner of NSTAR raised a concern for process juxtaposed to the limited time available to meet the timeline. Mr. Jacobson voiced concerns about the ramp-up and the possibility that expectations might not be met. Mr. Gromer counseled the members not to get "down in the weeds" of too much detail in the attempt to achieve expertise with regard to all aspects of energy efficiency planning.

Mr. Krasnow joined the meeting at 3:45 pm. Mr. Gorke turned the meeting over to Jeremy Newberger of National Grid and Mike Sherman of the DOER to give brief presentations concerning the Avoided Cost Study and the Plan Format Working Group, respectively. Mr. Newberger narrated a Powerpoint slide presentation about the study. During his presentation, Newberger shared with the Council that it was the current hope of the Avoided Cost Study Group that they could issue an RFR permitting a sole-source solicitation for a 2009 update of the 2007 Study. Barring objection by a sponsoring party, he stated the Study Group's prevailing view that this was the most efficacious way to accelerate the updating of the study with a Final Report due on August 1, 2009. The conclusions from that report could then inform the Version 2.1 of the Plans that would be submitted to the DPU by October 30. Mr. Nosal asked how the Council might proceed if it wanted to insert additional or different information into the Avoided Cost Study? There was additional discussion regarding the potential interaction between the consultant for the Council and that of the Avoided Cost Study Group. Someone expressed the view that perhaps one solution would be to include language embracing this interlocutory role between the Council and the Study Group within the scope of work for the Council consultant.

Mr. Sherman took several minutes to explain the finer points of the DPU proceeding in 08-50. He led a brief discussion about the collective goal of the interested parties to create an Energy Efficiency Plan template indicating with some degree of specificity the appropriate component parts of an acceptable Plan, while reserving policy direction to the Council.

A wider discussion followed with respect to program design and delivery issues, generally. Mr. Mattila asked whether it was the Council's job to define and evaluate climate goals, where the Green Communities Act did not contain much detail on this point. Mr. Nosal asserted that there were limits to the DPU's jurisdiction to rule on certain "environmental externalities" and that this constraint had also to be considered.

Ms. Hall expressed a desire for more inclusion in the Plans of programs in which municipalities could participate. Ms. Clark wished to see rectified in future plans the split incentive between landlord and tenant that, in her view, frustrates implementation of efficiency measures, particularly in public and subsidized housing. Mr. Rio commented that his organization receives many inquiries about Combined Heat & Power (CHP) technologies and wondered whether more CHP-friendly measures could be added to the Plan. Ms. Conner reminded the Council that, in fact, CHP pilot programs are being developed at present by both NSTAR and National Grid and the lessons learned from these experimental programs will be used to inform future planning.

Additional comments regarding program design and delivery issues were expressed by Mr. Rio regarding missed opportunities to retrofit college dormitories; Ms. Hall and Mr. Mattila exhorting the Council to take a “whole building” approach in assessing efficiency retrofits and auditor training; and Mr. Harak urging the Council to consider the incorporating into the Plans, in some manner, enhanced federal appliance efficiency standards soon to be promulgated by the U.S. Department of Energy. The Attorney General’s designee, Mr. Nosal, reiterated that this may be the appropriate time to develop a new mechanism for calculating incentives and wondered whether the imminent Order from the DPU in 08-50 will give guidance on this point. In any event, he thought such consideration ought to be a future discussion topic for the Council. Mr. Gorke noted that there was a huge “education gap” between what’s “do-able” and citizen/user awareness of these measures and technologies. Gorke then voiced the view that given the breadth of items requiring additional consideration, he thought there was a need for another meeting in two weeks.

Mr. Gorke then led the Council through a discussion of funding sources for these programs and recited the four sources authorized by statute: the system benefits charge, Forward Capacity Market revenues, RGGI auction monies, and additional charges in distribution rates. He hoped that stacking up the first three funding sources would be enough to reach the funding target. Otherwise, he said, the statute obliges the distribution companies to propose some reconciling adjustment mechanism to account for the extra spending and present that to the DPU. Mr. Rio emphasized his view that any available qualifying Federal monies from the stimulus package should be used to balance those energy efficiency budgets before raising any additional charges. Mr. Nosal echoed Mr. Rio’s reluctance to assess additional fees and said that all additional revenue sources should be maximized first. Mr. Gorke concluded discussion on this topic by repeating the Secretary’s earlier estimate that approximately \$50 million to \$70 million are expected to be received from the 2009 RGGI auctions and that PAs have ramped up with approximately an additional \$60 million in new spending in the recently filed 2009 Energy Efficiency Plans.

The Council then turned to other business by agreeing to form a by-laws and procedures subcommittee. Messrs. Krasnow, Nosal, Mattila and Deare volunteered to participate on that subcommittee. On behalf of the DOER, Mr. Gorke agreed to propose a draft EEAC budget and send it to the Council and the DPU for their review.

Mr. Gorke concluded the meeting with an invitation for comments from the public. David Maynard representing a western Massachusetts charitable foundation urged the Council to adopt a contractor model and asked that the Council do its utmost to close the gap between audits and remediation efforts. Gerry Palano of the Massachusetts Department of Agricultural Resources raised a point regarding the percentage of matching funds that might be expected. Mr. Gorke then called the meeting to a close shortly after 5:00 p.m.