

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 December 9, 2008.

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, and Phil Giudice, Chairman.

The following non-voting members were present:

Derek Buchler representing Bay State Gas; Penni Conner, NSTAR Gas & Electric; Kevin Galligan, Cape Light Compact, a municipal aggregator; George Gantz, Unitil; Paul Gromer, Energy Efficiency service businesses; Dick Oswald, WMECO; Michael Sommer, Berkshire Gas; James Carey, New England Gas; and Laura McNaughton, National Grid Electric & Gas Divisions.

Frank Gorke, the Director of Energy Efficiency for the Massachusetts Department of Energy Resources (DOER) opened the meeting 3:00 pm and introduced Chairman Philip Giudice who then gave remarks welcoming all. Mr. Gorke announced that minutes of the first meeting had been prepared and electronically distributed and that hard copies were present as well. Gorke then stated that he was circulating an attendance sheet to be initialed by all members and completed by other attendees. He also reminded members of his commitment to supply an outline of the Open Meeting Law as an aid to members copy and invited Steven Venezia, Deputy General Counsel for the DOER to explain the simplified version of the statute. Mr. Venezia then addressed the members that the guidance document he was distributing was a paraphrased version of the statute with bullets to highlight the main points of the statute in a more plainspoken manner. Mr. Venezia made clear that this paraphrased version was not a substitute for the statute itself and was not controlling. He further advised the members that they would soon be receiving a copy of the statute itself from the Secretary of State’s Office pursuant to the statute and that each member would be required to give written acknowledgment that he or she has received such a copy. Venezia then distributed copies of the outline and Mr. Gorke asked the body if there were any additional comments or questions regarding the minutes or other administrative matters.

Mr. Nosal, the Attorney General’s designate, asked that an amendment be made to the minutes of November 20 regarding funding sources of energy efficiency programs. Mr. Nosal read the suggested language aloud to the members and it was accepted for inclusion in the final version of the minutes. Mr. Harak then asked the Chair about the status of his earlier question from the previous meeting regarding the status of Council members as potential “state employees”. Mr. Venezia responded that the DOER was working with the State Ethics Commission to obtain an answer to Mr. Harak’s question and that he expected a response from the Commission shortly.

Mr. Gorke then turned the meeting over to Michael Sherman of the DOER who gave a PowerPoint presentation addressing the history of energy efficiency programs in the Commonwealth and the planning process till the present day. Among several points of note, Mr. Sherman informed the Council that only recently has energy efficiency spending reached the investment level of 1991 during the early years when such programs were introduced. Important distinctions between gas and electric energy efficiency programs were drawn as well as separate funding mechanisms and varying terms of program duration. At the conclusion of Sherman's remarks, Mr. Gorke introduced Penni Conner of NSTAR to lead a review of 2009 programs. Ms. Conner introduced colleagues from each of the other energy efficiency Program Administrators (PAs) and narrated a 30 minute PowerPoint overview of the 2009 programs filed with the Department of Public Utilities (DPU) earlier this month by the respective PAs. At various junctures during the exhibition, peers from other PAs, Michael Sommer, Kevin Galligan, Laura McNaughton, Michael McAteer and Derek Buchler led portions of the discussion for particular programs within the energy efficiency portfolio and across customer sectors. Aided by graphs and illustrations, the team of speakers gave a visual primer for Gas Networks, LED lighting, 2009 program budgeting, program innovation, MassSave-Residential Conservation Services Program, Deep Retrofit R&D programs, programs available to Municipal customers, Advanced Building initiatives and a brief overview of Commercial & Industrial efficiency programs. Much of Ms. Conner's and her colleagues' remarks were punctuated with questions and general discussion regarding program specifics and challenges to greater success and PA collaboration and coordination issues. Mr. Nosal asked a question about compensation which spawned a discussion about PA threshold goals and metrics used to obtain shareholder incentives. Lucy Edmondson raised a point of clarification concerning municipal light districts from which a distinction was drawn that, as public entities, shareholder incentives do not exist.

Mr. Gorke then introduced Sam Krasnow of Environmental Northeast to summarize a consensus preliminary list of issues and opportunities the Council will face. At the conclusion of Mr. Krasnow's verbal walk-through, Messrs. Jacobson, Gantz, Cowell, Giudice, Galligan, Nosal, and Sommer, among others, offered additional issues that merited Council consideration, in their view. Elliott Jacobson offered a reminder that a major challenge for the Council will be to take advantage of state efforts in the energy efficiency field and seek to harmonize those efforts with the new Federal stimulus package that policy makers widely anticipate the new Obama Administration will propose. George Gantz reminded the Council of the ongoing economic disparity between PA service territories and the tension that exists in attempts to standardize energy efficiency program platforms across the state. Stephen Cowell of Conservation Services Group identified demand response and load management projects such as those newly implemented in Marshfield and Everett as issues the Council will need to consider. He also believed that addressing obstacles to access to capital and R&D challenges were issues that the Council would need to confront. Chairman Giudice opined that quality of data and monitor and verification issues, generally, would require Council attention. Mr. Galligan emphasized that education marketing to consumers was and will continue to be crucial to success of all residential efficiency undertakings. Mr. Nosal thought that

reaching consensus over the test for cost-effectiveness, agreement with respect to the inputs and uses of the Avoided Cost Study, and the pursuit of transparency in all actions of the Council were items that should be on the Council agenda. Mr. Buchler and Mr. Jacobson expressed opinions regarding the branding of the PA identity as important to program “ownership” and success. They asserted that preservation of a strong PA identification with efficiency programs was a significant issue going forward. Mr. Sommer thought it worthy to note as a clarification to earlier discussion that across the residential sector in Massachusetts there existed already a high degree of similarity, though not identity, of efficiency programs offered by PAs so that customer confusion or disparity of measures available to residential customers really was not a concern.

Mr. Gorke then directed a brief discussion concerning the proposed Consultant Request For Proposals (RFP) that would be used to hire a team of consultants to assist the work of the Council as appropriate. Discussion centered on review of the draft and the need to timely notify the DOER if Council members had amendments, suggestions or questions concerning the particulars of the draft RFP. Chairman Giudice asked that members try to have any revisions, suggestions, or names of potential vendors to be considered submitted to the DOER by close of business Friday, December 12. Mr. Nosal raised questions regarding the cost of the consultants past and future. Mr. Sherman responded that consultant fees in the recent past cost approximately \$600,000 and that the 2009 electric efficiency budgets for consultant assistance were set at \$1.2 million in the aggregate, based on the estimated increased need for consultant services toward developing the first three-year plan and related activities. A brief discussion ensued with respect to the annual 1% cap on available funds for consultants pursuant to the statute creating the Council and the independence of those consultants. Council members extended their discussion over the desired deadline for finalizing the Consultant RFP and voiced opinions regarding the process and decision-making role of the Council in selecting the bidder to be awarded the contract.

Mr. Gorke then opened the discussion for final comments of a general nature by members or other meeting attendees. Mr. Cowell stood and stated that notwithstanding the challenges that awaited the Council, Massachusetts was “way ahead” of California, New York and other traditional leading states with regard to its readiness to implement aggressive efficiency measures across customer sectors. David Doucette of Energy Programming Consulting offered a final commentary concerning the difficulty in understanding the treatment of rebates and incentives when dealing with multifamily low-income home construction. There being no other persons wishing to speak, Mr. Gorke reminded all attendees that the next meeting would be held on January 13, 2009 at 3:00 pm. He then adjourned the meeting of the Council at 5:02 pm.