

Massachusetts Energy Efficiency Advisory Council
 Meeting Minutes (Draft)
 Tuesday, December 15, 2009

Councilors Present:

Voting	Present (designee)	Non-Voting	Present (designee)
Heather Clark	X	Derek Buchler	X
Martha Coakley	Jed Nosal	James Carey	Emmett Lyne
Penn Loh	X	Penni Conner	X
Lucy Edmondson	X	Alisha Frazee	
Philip Guidice	Mike Sherman	Kevin Galligan	Maggie Downey
Debra Hall	X	George Gantz	
Charles Harak	X	John Ghiloni	
Elliot Jacobson	E. Jacobson & J. Oppenheim	Paul Gromer	Fran Cummings
Samuel Krasnow	Jeremy McDiarmid	Andrew Newman	
Rick Mattila	X	Richard Oswald	X
Robert Rio	X	Michael Sommer	Emmett Lyne
		Timothy Stout	Carol White

DOER: Steven Venezia, Sue Kaplan, Lyn Huckabee

Consultants: Paul Horowitz, Phil Mosenthal, Doug Baston, John Livermore

Present:

Marc Breslow
 Vicki Marchant
 Paul Johnson

Jack Habib
 John Burns
 Frank Gundal

Birud Jhaveri
 Heather Sullivan

I. Introduction

Sherman convened the meeting at 2:05 pm. He asked for an indication regarding a photographer taking pictures at the meeting. There were no objections.

II. Update on DPU proceedings

Sherman noted that many of those present were at the DPU hearings held over last two weeks, and that the proceedings went as expected. He mentioned that a number of questions were asked by DPU staff about Council actions and intentions, and that the PAs did a good job presenting and explaining the 3-year plans. Lyne commented on the value the PAs found in having the Council's supporting resolution on the plans.

Sherman indicated that this was the last day to submit documents to the DPU, with briefs due by December 23 and reply briefs by December 30. He noted that the PAs have all submitted requests to continue programs during the month of January 2010.

III. Performance Incentives

Sherman informed the Council that the DPU had asked about the Council's position on Performance Incentives (PI), and indicated that the Council has drafted a PI resolution for consideration today.

Horowitz explained that the proposed resolution reflects the content of discussions with the Council and PA staff as a statement approving the PI mechanism. He noted that with this mechanism, the PAs would earn incentives at the same rate. He noted that the resolution focused on 2010, and that the application of the PI mechanism for 2011 and 2012 would be addressed advance of the anticipated PA update to the DPU later in 2010.

Sherman emphasized that, in this resolution, the incentive is performance based, not budget based. He went on to explain that the PIs are based on three components: Savings, Net Benefits, and Performance Metrics. He clarified that the Council is not being asked to take a position on any of the individual metrics, as the time to develop them for the October filings had been very compressed and the Council had not had sufficient opportunity to review and discuss them.

Nosal pointed out that this is essentially memorializing a piece of the 3 year plan that the Council has already approved. Sherman agreed and said that specific approval on PI will be helpful to the DPU.

A discussion ensued about the necessity of a midterm adjustment filing with the DPU, and whether the language of the proposed resolution could accommodate more flexibility about the specific manner in which the application of the performance incentive mechanism for 2011 and 2012 could be presented to the Department. Noting that he had to leave the meeting early, Nosal indicated that the AG supported the PI mechanism and recognized the burden of dealing with the regulatory process. He also noted that there did need to be a way to present the DPU with updates, as this was a billion dollar investment which to attain the anticipated savings targets needed to be carried out successfully. Sherman explained that in the October 30 plans do state that a mid-course revision will happen, and that this was DOER's expectation. Council members agreed to edit the proposed resolution during the meeting break.

Following the break a revised resolution was proposed to the Council. Sherman requested a motion to accept resolution as amended; Edmondson motioned, Rio seconded. The amended resolution was approved with no dissensions or abstentions.

IV. Council Budget and Consultant Work Plans

A proposed resolution regarding the Council consultant budget and the Optimal Energy consultant team's workplan, budget, and contract was circulated for review and discussion. Sherman explained that the Consultants worked during the year under the Council's directive from February to work with the PAs to develop programs and 3 year

plans in time for the PAs' October filings with the DPU. He explained that this work had exceeded the budget, in part because the Consultants took on additional tasks that were not in the original scope (e.g. Technical Reference Manual). Sherman reminded the Council that there have been a couple of interim resolutions extending funding, and that a further extension through the next Council meeting was included in the proposed resolution. He said that a budget for the 2010 calendar year needed to be authorized, and that the budget committee, consisting of the AG, DOER and ENE, would reconvene and look back at how the Consultants have spent the budget over the past year. Sherman presented the Council resolution to the Council, and explained its three parts: 1) development of an overall Council consultant work plan and budget and request to the DPU for approval of that budget; 2) engagement by the Budget Committee in discussions with Optimal Energy about extending its contract; 3) discussions between the Budget Committee and the Optimal team of a 2010 workplan and budget, to be presented to the Council for its consideration at the January meeting.

Discussion among Councilors followed on aspects of the proposed resolution. Sherman noted that the level of request to the DPU for Council consultants would likely initially be at the GCA limit of 1% of PA funding, which for 2010 was \$4.0 million. Once the Optimal workplan and budget was finalized the overall Council consultant funding request to the DPU could be updated. Following a discussion of the current authorization for the Optimal team's work an amendment to the proposed resolution was offered to extend the consultant's work activities through the Council's January 12, 2010 meeting.

Sherman asked for a motion on the resolution; Rio motioned, Jacobson seconded. There was unanimous approval from all Councilors present. Sherman indicated that the AG had expressed approval for this prior to leaving the meeting.

Break

V. C&I Programs, From Planning to Implementation – Consultant presentation and discussion

Sherman introduced Doug Baston, head of the C&I consultant team. Baston began the presentation by noting that now was the time to turn all the plans into action. He commented that the planning work to date had been an exciting process and an enormous amount of work, and emphasized that Massachusetts was about to undertake something very new in 2010: acquire all cost-effective efficiency. He introduced Phil Mosenthal, also present, as the co-team leader. Baston presented several slides on the transition work from planning to implementation, noting that a lot of the details still need to be worked out. He pointed out 'gas and electric integration' as one of the largest changes for the PAs.

Councilors asked questions about particular aspects of the C&I plans, which Baston, Mosenthal, and members of the PAs answered. Gundal noted that the 'Main Street pilot' test cases have been successful, where NSTAR had targeted one block and served every single customer. He said this approach had reduced transactional costs, and that in the

Newton pilot there had been 100 percent acceptance rate on one block. Gundal commented that 90 percent of the available savings would be from lighting with refrigeration providing much of the remainder.

Baston said that the C&I program designs provide a good foundation for acquiring deeper savings, and that there was no other model to look to in going deeper. White commented that all the PAs are truly committed to making this work, that there was a good track record of cooperation with the Consultants, and that the PAs were all looking forward to successes in 2010 and beyond.

Sherman mentioned that Heather Clark would not be attending the next couple of meetings and would probably return in March. He noted that a representative from Steven Winter Associates would be standing in for Clark. Sherman announced that the Financing and On-Bill Repayment working group would be meeting the following day 10-noon at CLF;s offices. He noted that there would be one more Working Group meeting prior to the next Council meeting in January.

VI. Highlights and Key Talking Point of the Three Year Plans

Sherman reminded everyone that Councilor Rio had asked for a short document to explain what the Council and the Program Administrators had been doing and what the plans intended to accomplish, and that this had resulted in a brief overview document, 'Highlights of the Energy Efficiency Plans, 2010-2012'. Horowitz explained that it was currently a work in progress and that it needed to include more information on the gas side. He asked Councilors to send any comments and input.

OTHER: Venezia noted that Council meetings have been formally noticed through May 2010, on the 2nd Tuesday of the month, from 2pm to 5pm.

VII. Public Comment

Paul Johnson suggested slightly rearranging the 3-year plan promo piece and putting the exciting things up front.

VIII. Sherman adjourned the meeting at 4:39pm.