

# Massachusetts Energy Efficiency Advisory Council

Meeting Minutes (DRAFT)

Tuesday, March 24, 2009

## Councilors Present:

Voting	Present (designee)	Non-Voting	Present (designee)
Heather Clark	X	Derek Buchler	X
Martha Coakley	Jed Nosal	James Carey	X
Paul Deare		Penni Conner	X
Lucy Edmondson	Jim Coleman	Alisha Frazee	
Philip Giudice	Frank Gorke	Kevin Galligan	Maggie Downey
Debra Hall	X	George Gantz	X
Charles Harak	X	John Ghiloni	
Elliot Jacobson	John Wells	Paul Gromer	X
Samuel Krasnow	X	Andrew Newman	
Rick Mattila		Richard Oswald	X
Robert Rio	X	Michael Sommer	X
		Timothy Stout	X

**For DOER:** Michael Sherman, Steven Venezia, Alissa Whiteman, Larry Masland

**Consultant Team:** Paul Horowitz, Jeff Schlegel, Tom Franks

## Signed In:

Raphael Herz

Thomas Josie

Lyn Huckabee

Mary Jo Connelly

Fran Cummings

Steve Bonanno

Christine Vaughn

Pat Kelly

Gerry Bingham

Jeremy McDiarmid

Danielle Rathbun

Jack Habib

Lisa Shea

Stephanie Pollack

Larry Chretien

Brett Feldman

Erin Malone

Ben Davis

Jeff Leopold

Dana M Conne

Tina Halfpenny

Lori Seagall

Lou Sahlou

Michael Donlon

Emmett Lyne

## I. Preliminary Matters & Introduction

Mssrs. Coleman and Wells were presented as designates for Lucy Edmondson and Elliot Jacobson respectively. Council member Mattila, unable to attend, has given his proxy vote to Clark. The preliminary matters concluded, Gorke introduced the purpose of the day's meeting and noted that the work of the Council has moved from a set-up phase to the core of the work on high priority subjects. The intent is to develop plans that all can support with pride. This creates the need for a comprehensive flow of information to constituents.

## II. Revised Plan Timeline & Outline

Schlegel noted that changes in this draft of the April 30 Plans timeline incorporates modifications by the Council and responds to the concerns raised by Program Administrators (PAs). This draft acknowledges the limited opportunity for interaction between the Council and PAs prior to the April 30 filing date. The draft incorporates the bulk of the previous version and provides the Council with the opportunity to set the agenda for its April 14 and 21 meetings. The Consultant will offer suggestions as to topics.

This version of the Plan outline moves the benefits and accomplishments, e.g. total savings, net benefits, economic benefits, progress towards GCA goals, to an earlier position in the document, followed by chapters with more detail. The document will be reviewed and finalized by the 08-50 working group on March 25, with a deadline for comments by 10AM that day. Clark asked where multi-family resides in this structure and was answered that the PAs are developing a proposal for Council consideration, so this issue will be addressed at that time. Lyne expressed appreciation on behalf of the PAs for the opportunity to comment and the consideration shown by the Council.

## III. Presentation on the Order in DPU 08-50

Sherman presented a summary of the recent Order in DPU 08-50, noting that key issues include cost-effectiveness testing, performance incentive mechanisms, levels of analysis, avoided costs, and market level effects such as DRIPE (demand reduction induced price effects). The Total Resource Cost (“TRC”) test applied at the program level is used to determine cost-effectiveness. The analysis does not include environmental externalities but does include “the costs of complying with reasonably foreseeable environmental laws and regulations (i.e., those costs that are, or are expected to be, included in electricity or gas prices).” The Council and PAs may propose a revised performance incentive mechanism based on seven principles included in the Order. Council members asked some questions about specifics which were answered and Gorke noted that the intent of the presentation at this meeting was to provide an overview and that more information can be provided as part of another meeting if desired.

## IV. Presentation on revised electric energy savings

Gorke introduced the topic noting that this updated version includes estimated costs, benefits, and net benefits. Schlegel presented highlights of the analysis. Savings are expressed annually and cumulatively as a percent of load and compared to past program performance. The electric analysis was revised to adjust for municipal load, a longer ramp up period over four full years instead of three, and to provide a higher degree of disaggregation by sector. Overall, the programs are anticipated to focus on going deeper in 2010, expanding to broaden delivery in 2011, and continuing deeper and broader in 2012. Schlegel noted that the projected cumulative net benefits are on the order of \$3.5 billion. Bill impacts are yet to be determined.

## V. Presentation on natural gas energy savings.

Schlegel noted that the consultant team has worked with the PAs to consolidate natural gas data. The team developed several scenarios and focused on two scenarios to present to the Council, one which triples the current savings and achieves savings of 1.5% of eligible sales per year and one based on savings of 2% per year. He noted that 2% is an aggressive goal for natural gas, which typically has fewer opportunities for savings per customer than electricity. The next steps will be to complete the economic analysis, calculating benefit cost ratios and bill impacts.

## VI. Council resolution on priorities

Gorke distributed a revised version “EEAC Resolution Concerning Its Priorities to Guide the Development, Implementation, and Evaluation of PA Efficiency Plans.” After a brief discussion Hall moved and Rio seconded that the Priorities be adopted as presented. The motion passed unanimously.

## VII. Key Program Strategies

Gorke recalled the valuable presentation made by the PAs at the last meeting. Clark asked how broader and deeper can be achieved for natural gas and Schlegel responded that this is not as well defined as for the electric sector. He also noted that many of the savings opportunities are likely to be in the commercial and industrial (“C&I”) sector and that the means of analyzing combine heat and power (“CHP”) applications had yet to be determined. Harak asked how the programs will increase participation and go deeper at the same time in light of budget constraints. Schlegel responded that the key is to remove barriers to participation through means, such as on the bill financing, that provide benefits to both the customer and the system. Wells asked about residential CHP and Schlegel answered that it is being considered. Clark asked if overall market assessment will be undertaken and Gorke responded that the statute requires such an assessment, and that the consultant will make recommendations, and deferred discussion of this subject to the next item on the agenda.

## VIII. Proposed Approach for Assessment of Energy Efficiency Potential

Schlegel noted that the Green Communities Act (“GCA”) requires this component in all three-year plans. The consultants recommend that an incremental, iterative process be undertaken, including analytic assessment based on prior and comparable analyses from adjacent jurisdictions and the region, analysis of existing utility and PA data, and targeted program and market evaluation to improve design and implementation. They assert that a full blown potential study would not be effective at this time (MA would learn more by doing and learning over the next year) and would divert resources better applied to learning how to go deeper and broader. The consultants anticipate a process with input from the PAs resulting in a product available to the Council in early June.

Council members expressed interest in a resource library and the consultants agreed to begin building one. Conner urged the Council to consider a comprehensive market assessment and Schlegel responded that the goal is to develop information useful for program implementation and improvement. He noted that market characterization studies may be a priority resource for program development and implementation and assured the Council that the assessment plan will meet the requirements of the statute as well as providing essential information for program improvement.

#### IX. Evaluation, Monitoring, & Verification (“EM&V”)

The consultants will work with the PAs to develop priorities for studies and to encourage incorporation in the three-year PA and statewide plans. Gorke noted that this may be a topic for discussion at a subsequent meeting. Horowitz noted that a commercial market assessment had been included in the PAs’ MV&E plans for the past two years, and indicated that results of such a study would provide an understanding of the commercial markets and be of great value in program planning. Stout noted the connection between a market study and a marketing plan. Harak urged consideration of a statewide marketing plan.

#### X. Performance Incentive

Horowitz briefly outlined the principles put forward by the DPU and noted that discussion by the Council at a future meeting would provide guidance to the development of a performance incentive proposal.

#### XI. Public comments

Gerry Palano from the Department of Agriculture queried the make up of total benefits and costs and requested that a context be provided at the next meeting. MaryJo Connelly queried consideration of additional benefits, e.g. jobs and benefits to the community and requested that more copies be provided of handouts. The consultant announced the intent to provide an online resource in the near future. Paul Johnson, a green building consultant, commended a resource book by Connor, which is available for purchase online.

#### XII. Wrap –up

Gorke addressed the proposed agenda for the next meeting which would include assessment of potential and EM&V. Nosal suggested consideration of the federal stimulus program. Rio suggested consideration of non-regulated fossil fuels and fuel switching. Gorke closed the meeting noting he was encouraged by the collaboration between the Council, the PAs, and the Consultant.