

Massachusetts Energy Efficiency Advisory Council
 Working Session Minutes (DRAFT)
 Tuesday, May 5, 2009 1:00 PM to 4:15 PM

Councilors Present:

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

DOER: Frank Gorke, Michael Sherman, Steven Venezia

Consultants: Doug Baston, Tom Franks, Paul Horowitz, John Livermore, Phil Mosenthal, Glenn Reed, Jeff Schlegel

Attending:

Gerry Bingham	Alisha Frazee	Susan Kaplan	Charles Olsson
Steve Bonanno	Fred Gordon	Pat Kelley	Stephanie Pollack
Marc Breslow	Kara Gray	Bill Lamkin	Kayla Race
Kerry Britland	Frank Gundol	Jeff Leopold	Karen Ribeiro
Shanna Cleveland	Jack Habib	David Lowe	Bob Ruddock
Rick Cohn	Tina Halfpenny	Karina Lutz	Lou Sahl
Lisa Conley	Jodi Hanover	Emmett Lyne	Jennifer Schilling
Fran Cummings	Raphael Herz	Erin Malone	Lori Segall
Christina Dietrich	Lyn Huckabee	Adin Maynard	Lisa Shea
Bob Donaldson	Marge Izzo	Michael McAteer	Tilak Subrahmanian
Michael Donlon	Deb Jarvis	Ashley McCown	Jennifer Turnbull-Houde
Scott Durke	Birud Jhaveri	Jeremy McDiarmid	Christine Vaughan
Robert Eckel	Paul Johnson	Cara Mottola	Alissa Whiteman
Suzanne Farrington	Bruce Johnson	Matthew Nelson	
Samantha Finch	Jenn Kallay	Jeremy Newberger	

NOTE: To assure that the questions and issues raised by the Council and other stakeholders are fully captured, these minutes provide more detail than past minutes. The prime question has been underlined for each section to simplify review.

I. Introduction & Consultant Presentation

Gorke noted that he asked the consultant team (Consultants) to prepare a preliminary initial analysis of the Program Administrators' (PA) April 30th filing (the Plan). Schlegel presented the Consultant's preliminary analysis (available at <http://www.ma-eeac.org/docs/090505-ConsultantPrelim.pdf>) including a proposal for a near-term schedule, comparison of the PA to the Consultant proposed goals, and a proposed schedule through the Council's decision point on July 29.

II. Questions/Comments - General

A. Gorke asked if the Consultants have analyzed the correlation between the Council's adopted priorities and the PA's proposed Plan. Schlegel responded that this will be prepared for the May 12 meeting, noting that additional data from the PAs will be necessary for an accurate assessment. He also cautioned against drawing conclusions from the preliminary rate/bill impact analysis, as this is likely to be refined.

B. Nosal request information on the PA process for developing a target (2% annual savings) that is lower than the target the Consultants previously proposed (3% annual savings). Conner noted that the PAs referenced the five touchstones presented during the morning session, that the statewide Plan is an aggregation of individual PA plans, and that NStar developed its plan with a "bottom-up" approach reviewing opportunities by end-use & sector with reference to studies, internal customer information and external data such as Dodge Reports and evaluation.

1. Nosal asked if there was a range of savings developed among the PAs and if the target presented is a statewide average? Conner responded that there was variation by utility.
2. Nosal noted that it seems to be "bottom up driven" and expressed interest in reviewing the data behind the aggregated presentation. He asked how the Council could access to this data in an efficient way to understand what's behind numbers. Conner responded that more detail will be available as the PAs optimize the programs. Nosal followed up expressing interest in company-specific and program-specific data.
3. Nosal asked what barriers to reaching the 3% savings goal the PAs identified. Conner responded noting the "traditional" barriers exist as well as a particular concern about affordability. She also noted that they have "never opened the floodgates" to increase customer awareness and that there is a concern about the availability of equipment and labor. She also noted a political consideration of the utilities' fiduciary responsibility to balance investment with savings in the current economy.

4. Nosal asked what criteria the PAs used to determine affordability. Conner responded that affordability relates to incentives offered to customers.

C. Harak asked for information that would show the Council what measures and level of effort would be cheaper than supply, or cost effective, and the criteria and process by which the PAs constrained the Plan. He suggested that the Plan appears to be a “second cut” asked to see the first cut, what might be achievable before politics and affordability are factored in. Conner responded that the Plan passed the Total Resource Cost (TRC) test and asked if Harak is suggesting the Plan be based on avoid cost test. Harak responded that he wants to see the other concerns included in the analysis. Conner responded that this would be company specific. Schlegel noted that the Consultants are working on the assessment which will inform this discussion.

D. Rio asked how anticipated code changes were factored into the Plan. Buchler responded that Plan development included accommodate for current codes and known updates. Rio expressed concern that municipalities that adopt “stretch” codes will not have access to efficiency program resources. Gorke noted that this issue is worth more discussion.

E. Hall asked where multifamily buildings (MF) are to be located programmatically and where the savings from these customers will be recorded. Halfpenny noted that these customers are meter under a variety of regimes and that the onus will be on the PAs to reconcile the data. Shea noted that more information will be available in forthcoming program detail.

F. Lamkin noted that air quality is typically worst on the highest demand days and asked if the Plan takes timing of savings into consideration. McAteer responded that the PAs pay lots of attention to demand response (DR) due to environmental value and identify solutions across load periods.

1. Lamkin asked about the timing of the environmental impacts. Conner noted that the average measure life is 10.8 years and Newberger noted that environmental benefits persist over time from the three-year Plan installations.

G. Harak asked when the PAs project a report on the conclusions from the MF design charette will be available and how they will be incorporated into the Plan. Conner responded that the draft report will be available this week and that the PAs have put a team together to review. They anticipate the recommendations will fall into three categories: 1) Those that individual PAs can change immediately; 2) Those that require statewide coordination, e.g. a single portal; and, 3) those that may require regulatory changes.

H. Rathbun asked for a description of the peer review process each PA went through, as noted on page 13 of the electric Plan. Conner responded that peer review was led by Lyne and that sector experts reviewed sector filing.

I. Gromer asked where renewable energy is integrated into the Plan. Buchler responded that “hybrid systems” contemplates inclusion of renewables. Galligan responded that they have a pilot program for solar hot water in the low-income program and that customers who request a solar assessment are assisted to take advantage of existing programs.

J. Nosal noted that the Attorney General’s office is interested in data and asked about the schedule for delivery. Gorke noted that DOER has the same interest, that Sherman is the lead for acquiring data, and that they expect to make it available to the Council. It is an item in the work plan. Krasnow queried process and Schlegel responded that sector-level data disaggregated by PA and program-level data, statewide and disaggregated by PA, are necessary to determine the cause of the differences between the Consultant and PA proposals. Lyne responded that PA will work with the Consultants to get the Council what it needs.

1. Nosal asked if a list of data requests could be developed. Gorke noted that DOER and the Consultants are soliciting this information and will consolidate it.
2. Horowitz noted that this work is ongoing and a critical component to the Council’s timely review.

K. Harak asked for information on the jobs created (number and type) and the expected work force development, referencing a study by Kevin Doyle. Newberger estimated that the electric plan would create 3,300 jobs and the gas plan 700. They extrapolated the DOER impact analysis of 2003-05 to derive this estimate. A percentage of the jobs will be short-term in the EE effort (rough estimate of 30%) while the balance will be long-term resulting from re-investment of the savings on energy expenditures.

L. Rio queried the source of funding for the MF program, noting that the law requires 10% from the C&I derived revenues, and reference page 202 in the electric plan. He notes that there is no requirement to go beyond 10% and noted he would like it adjusted if possible. He also raised the issue of separate rate classes for commercial and industrial customers. Conner noted that the PAs intend to provide a seamless program from the customer’s perspective and that they will work out the allocations, based on customer rate class. Gorke noted that this issue need to be addressed.

M. Harak noted that the funding for MF and low income customers is a legal issue that requires resolution and asked if the amount these customers are contributing can be determined. Buchler noted that there is no MF specific tariff.

Wells proposed that it could be calculated from the ground up. Gorke suggested that this is an issue for the DPU to resolve.

N. Nosal noted that the performance incentives presented in the plan appear to be the status quo and asked “Are we done?” Conner responded that the PAs are anticipating discussion with the Council. Gorke suggested that this issue should be in the work plan and Schlegel responded that all main topics will be in the Consultant proposed work plan until directed otherwise.

O. Schlegel asked what the anticipated average percentage savings per customer would be for the MassSAVE in 2012, both electric and natural gas. Conner responded that it would vary by PA. Schlegel noted that the Consultants will have the similar questions for all sectors and programs and will need the number of participants by program for analysis referring to the analysis methodology from Docket 08-50A. Krasnow noted that this information drives the high level benefit cost analysis and that more detailed information is necessary to make the value proposition to the Commonwealth.

P. Rathbun asked, with regard to the Deep Retrofit program, what information from the 2009 program was used to inform the 2010 and on designs. Halfpenny responded that they are launching the program now and have no data as yet.

1. Rathbun queried the cost per participant and Halfpenny responded that this not yet available. Olsson noted that one project cost over \$100,000 with utility contribution of \$40,000.
2. Rathbun asked what level of savings are anticipated from Deep Retrofit. Conner respond that it is not yet determined.

III. Break at 2:52 and reconvene at 3:07

IV. Questions/Comments - Residential

A. Rathbun asked what percentage of savings is attributable to lighting measures. Olsson responded that a very high percentage. Rathbun asked how the PAs accounted for the market shift anticipated from federal regulations in 2012 was accommodated and was informed that this would be the new baseline.

V. Questions/Comments – Commercial & Industrial

A. Rio asked if there is provision for the Accelerated Application Process in the Green Communities Act and how it is handled in the Plan. Gundal responded that it is currently in the programs and would be continued.

B. Hall requested disaggregated information on the C&I sector, in particular by MF, municipal, commercial, and industrial. Galligan noted that there have been evaluations to inform saturation and persistence. Gundal noted that municipal

customers are in the C&I rate class but have unique barriers and require targeted programs. Hall requested information on the institutional sector offerings, and for state government. Gorke noted more information will be sought.

C. Mattila asked how buildings with a variety of tenant classes would be handed. Gundal noted that the Office of the Future program addresses the issues Mattila raises and that more information will be in the next submission.

D. Rio noted that there are other dockets before the DPU that related to energy efficiency, e.g. SmartGrid, queried how these would be integrated into the Plan, and noted that these all add to ratepayer burden. Conner noted that per the GCA this is a separate issue. Gorke noted that it would be appropriate to describe the interactions of these initiatives.

E. Krasnow asked about inclusion of combined heat and power (CHP) applications, ramp up and program description. Lyne noted that time constraints prevented the level of detail they would have liked to provide and that it will be provided in subsequent discussion.

F. Rio proposed a pilot project for customers, e.g. chains, that have similar facilities in multiple service territories. Gorke noted that the Secretary has convened a large retail efficiency task force and that a report is anticipated soon.

G. Rio requested information on wastewater treatment plant initiatives. Buchler responded that implementation is pending.

H. Gromer asked the PAs to suggests the questions they should be asking, to define the handful of issues that really matter.

I. Krasnow noted that the PAs' Evaluation Monitoring and Verification (EM&V) proposal differs substantially from the Consultant's, reiterated the need for Consultant and DOER participation in EM&V, and the need for independent & objective evaluation. Rathbun concurred.

J. Rio asked about the level of customer contribution in the C&I programs. Gundal noted that the small C&I program, even with a customer contribution, is working well in this economic environment. Lyne noted that the final tables contain a summary of customer and total costs. Rio expressed a concern about providing incentives to companies that may cease to exist and expressed a preference for financing mechanisms. Gorke noted that incentives are negotiated, which has an impact on predictability. The issue of incentives structures will be need additional consideration.

VI. Public Comments

A. Aden Maynard, a home performance contractor, asked who will be doing the work, noting that the industry will need advance notice if the PAs envision using market resources. Schlegel noted that there will be tens of thousands of units treated, and that he anticipates Building Performance Institute certified contractors will have an advantage. Mosenthal noted that PAs have done much in advance of program roll out in the past and that now time to prepare the market. Livermore noted that the PAs are determining the strategy at this time.

B. Paul Johnson asked for the basis of the PAs decisions, noting that the rationale behind the presentation is not presented, e.g budget allocations. Nosal noted a similar desire to see the data underlying the summary presentation.

C. Shanna Cleveland of the Conservation Law Foundation suggested that it might make sense to install SmartGrid infrastructure while treating buildings. Olsson noted that the PAs are installing demand response capability in buildings even though the programs and utility infrastructure are not in place.

D. Karina Lutz of MA Energy suggested that the EM&V proposal should include the Northeast Energy Efficiency Partnership initiative, that the full report on all studies be publicly available, and that inspection be performed by an independent entity. Galligan noted that independent quality control is used in some programs.

E. Mosenthal noted that the Plan contains good aspirational language on integration of gas and electric programs and asked if the PAs anticipate that this will be completed by June, provide in time to be considered as part of the Council's review process. Conner responded that the PAs will see what they can do to accelerate defining this component.

VII. Wrap up

Gorke noted that several high priority items have been called out, including the need for more data, the performance incentive structure, bill and rate impacts, EM&V, and the targets. Horowitz noted that Council is requested to provide topics and comments to him or Gorke, with deadlines Thursday and Friday, but also noted that the Council will have additional opportunities to raise issues.