

Massachusetts Energy Efficiency Advisory Council
 Working Session Minutes (DRAFT)
 Tuesday, June 23, 2009

Councilors Present:

Voting	Present (designee)	Non-Voting	Present (designee)
Heather Clark	2:09	Derek Buchler	X
Martha Coakley	Danielle Rathbun	James Carey	X
Paul Deare	Meira Soloff	Penni Conner	X
Lucy Edmondson	Jim Colman	Alisha Frazee	
Philip Giudice	Frank Gorke	Kevin Galligan	X
Debra Hall	2:18	George Gantz	X
Charles Harak		John Ghiloni	
Elliot Jacobson	John Wells	Paul Gromer	X
Samuel Krasnow	Jeremy McDairmid	Andrew Newman	
Rick Mattila	X	Richard Oswald	X
Robert Rio	X	Michael Sommer	X
		Timothy Stout	Tim Roughan

DOER: Michael Sherman, Steven Venezia

Consultants: Paul Horowitz, Jeff Schlegel, John Livermore, Tom Franks

Present: [NOTE: Only a small portion of those attending signed in.]

Kerry Britland	Birud Jhaveri	Mark Seigal
MaryJo Connelly	Paul Johnson	John Walsh
Jill Falk	Briana Kane	Steve Zilonis
Frank Gundal	Darlene Lombos	
Marge Izzo	Tim Roughan	

I. Introduction

Gorke convened the meeting at 2:04PM. Acknowledged hard work of those engaged in process. Agenda review with councilors.

II. Program Designs – Residential retrofit presentation by Briana Kane and Margie Izzo

Izzo noted that the PAs are working on program designs substantially different from past efforts, as informed by the Green Communities Act, Council direction, and consultant input. The program will take a comprehensive, integrated approach that treats the entire house as a system. It will inform the customer of all potential savings opportunities, define a pathway for customer investment over time, and collect customer data to allow

the administrators to capture unrealized opportunities. The program will provide the customer with technical assistance, incentives, and third-party quality control through a statewide contractor. It will also increase contractor participation and competence through outreach and formalized training.

Kane presented an overview of the expanded incentive structure that includes free air and duct sealing, a potential increase in the cap for weatherization projects, innovative financing mechanisms (e.g. Pay As You Save), new technologies (e.g. spray foam), and means of eliminating health and safety barriers to participation such as knob-and-tube wiring. The PAs have created a management committee for ongoing program development, including timelines for expanding infrastructure, developing deeper program penetration, and integrating lessons learned from pilot programs.

Wells asked how the PAs would maintain an accessible database of energy efficiency resources and was answered. Colman asked if the PAs have considered subsidies for “do-it-yourself” efficiency projects and Izzo responded that this approach raises quality control, health, and safety issues and may not acquire with the Council’s priority for comprehensive energy efficiency. Clark asked about the necessary qualifications for the quality control contract and was answered. Mattila suggested that the same quality control standards could be applied to do-it-yourself projects. Buchler noted that self-install measures lack recourse for undoing the damage. Gomer supported the concepts of a pathway to zero-net energy and building multi-year relationships.

III. Program Design - Large C&I Retrofit presented by Mark Seigal

Seigal presented an overview of past efforts in this sector, noting that the PAs have developed a robust and proven framework for service delivery. Customers are served by a variety of vendors and PA key account executives. Changes in this program include: integration of gas and electric programs for deeper savings and seamless delivery for customers; statewide consistency to reduce trade ally barriers; expanded financial services offering to encourage more projects; and, flexibility for PAs to maintain creative thinking and to capture unique opportunities through pilots and other innovative mechanisms. The PAs plan implementation of seamless integration and consistent statewide programs by January 2010, and plan to have a consistent statewide marketing program substantially complete during 2010.

Noting that it is “clear that existing programs cannot meet” the requirements of the Green Communities Act, Seigal described key concepts that will. These include a phased approach to “Whole Building Assessment” to accommodate the fact that the value of recommendations from an audit degrade over time as circumstances change; expanding the “Project Expediter” model that uses dedicated vendors to encourage comprehensive energy efficiency projects; and ongoing research for emerging opportunities, e.g. data centers.

Mattila asked if the program would address “mini-data centers,” i.e. large server rooms and was answered that they would be incorporated in whole building assessment. Clark asked if the phased approach would allow a comprehensive audit if the customer requested and who would perform scoping analyses. Seigal answered that it would be available for major renovation projects and that scoping would be done by Project Expeditors and trade allies. Hall received confirmation that targeted sectors include colleges and universities. McDiarmid asked if CHP will an option and Oswald responded that it hasn’t been in the past but will be going forward.

IV. Program Design – Combined Heat and Power(CHP) presented by Frank Gundal and Tim Roughan

Gundal noted this is generally new territory for the PAs since electric programs have been precluded from “fuel-switching;” that CHP is very different from energy efficiency projects; that operation regimes and maintenance have a large impact on system performance; and, that inappropriately applied and operated CHP can increase energy use and greenhouse gas (GHG) emissions. He referred to a study of underperforming installations available at <http://chp.nyserda.org/home/index.cfm>. He presented an overview of current CHP applications and described attributes of three sectors for application, residential, small/medium C&I, and large C&I. The PAs will approach these markets through analysis of energy usage since the available studies, such as the oft-referred to University of Massachusetts CHP potential study, are based on proxy factors, not actual data.

Roughan described some of the decisions facing program designers such as: should maintenance contracts be required to assure the systems are performing as designed; should comprehensive efficiency installations be required to reduce load before CHP systems are installed; and, how will costs and benefits be divided between electric and gas fuels. He noted that most installations will be in the 75-100 kW size range, that larger installations are infrequent but have tremendous impact, and that initially the program will focus on customers with over 4,000 therms usage per month during the summer as the mostly like candidates for CHP.

Clark commended the attention to assuring that the program does not increase GHG and suggested that the program partner resource challenged owners with leasing/maintenance firms. Roughan and Gundal supported this approach. Rio asked if the MA Dep’t of Environmental Protection regulations address maintenance issues. Rathbun asked how the program will ensure that installations are appropriate sized and Gundal responded that audits and appropriate sizing will be program requirements. Schlegel asked for cost ranges for scoping studies and audits and Gundal responded that investment grade audits cost approximately 10 cents per square foot and that leveraging knowledge of building operation staff can help reduce costs.

V. Break from 3:30 to 3:48pm

VI. Continue Discussion of Program Design

Sherman addressed the concerns raised by many stakeholders on the absence of what is tentatively called the Public Education and Customer Involvement section of the Statewide Plan. He noted that DOER will provide input to the PAs so that this component can be incorporated in the July 16th version of the plan. He noted that Sue Kaplan will be the DOER lead for this effort and requested that councilors, PAs, and other stakeholders contact her with suggestions or questions. He described an intensive small-group process communicating primarily through electronic means that will provide a recommendation to the full group.

Schlegel suggested that the Council's schedule would not be able to accommodate presentation of the same depth and detail on the remaining programs and that if the Council requires in-depth presentation on specific programs it would be beneficial to notify the PAs immediately. Gorke proposed that the multi-family program would be of interest and noted that the same level of detail will be provided for the written documentation of all programs, thus presentations are not the only conduit for information.

VII. Rate and Bill Impact Working Group Report – Presented by Schlegel and Birud Jhaveri

Schlegel presented a summary of the working group method and approach. He presented a single example for one utility and one rate class and noted that the Council will have report covering all rate classes and utilities for review. The methodology is based on funding incremental to the existing sources including the systems benefit charge, forward capacity market payments, and regional greenhouse gas initiative receipts and follows the principles determined by the Dept of Public Utilities' order in Docket 08-50-A. The impacts are presented from the customer/ratepayer perspective and include both participants and non-participants.

Jhaveri gave a detailed presentation of the bill impact analysis process and explained the outputs. He described factors in the analysis including: demand reduction induced price effects (DRIPE); avoid transmission and distribution costs; additional energy efficiency costs; lost base revenue/decoupling impacts; and the energy efficiency recovery factor (EERF).

Rio noted that non-participants may have undertaken substantial energy efficiency projects in the past. McDiarmid suggested that a comprehensive and consolidated graphic representation across sectors, utilities and scenarios would be helpful. Gantz noted that averaging does not capture the wide range of participant and non-participant impacts. Hall asked if there is a difference in price elasticity between gas and electric consumption and Schlegel responded that in general customers have not made a connection comparable to that for gas in the electric sector.

Schlegel provided an overview of the process going forward, noting that a document will be provided to the Council on July 10th, that a more complete analysis will be included in the July 16th submission, and that some analysis will be ongoing through the October filing. Roughan noted that the analysis will be updated once the forecast for supply price in 2011-12 is available and raised the issue of including customers who are not purchasing energy from the PAs.

VIII. Assessment of Potential

Gorke suggested that the Council may not be on course to vote on accepting the assessment at this meeting, that DOER will address councilor comments in the next few days, and that this effort is informative, as opposed to determinative, and thus requires careful allocation of resources. Rathbun asked for explanation of the ranges PAs circulated. Lyne noted that these are a matter of judgment as opposed to calculation and reflect consensus opinion of what the PAs feel is reasonable. Rathbun followed up by asking about the criteria for this opinion and Lyne responded that was heavily weighted towards what has been achieved as opposed to stated goals. Rathbun notes that the Attorney General's office suggested a range in keeping with PAs based on a couple factors including: the CHP savings goals; issues they have with the UMass CHP study; differences in consumption per capita levels between Massachusetts and reference states; the absence of specific statewide data; and consideration of better information from a future potential study. Based on these and other factors, the AG advocates for a range rather than a fixed number. Clark stated that she would be disappointed to go below 3%. Rathbun noted that there is a significant amount of ratepayer money at risk and that the Council may do more harm than good by adopting a potential the programs do not achieve. She proposed that there are other mechanisms to encourage higher savings, such as performance incentives. Roughan presented a NGRID's historical perspective, noting that 3% of peak load is approximately 150MW and that past CHP projects account for 1 – 2 MW per year, compared to approximately 25MW per year implied by the consultant recommendation. Gorke stated that DOER will convene another working group to resolve this issue, but noted that the GCA incorporates past performance and still calls for substantial change. Rio noted that GHG is an important factor but that main focus should be on energy use. Gantz supports the use of ranges, noting that this is not a scientific assessment. Colman asked, if there is uncertainty, why the Council only would reduce with the consultant recommendation, not propose a higher number as well. He suggested that there are two decisions to make the first being should the Council adopt a specific number or a range, and second, what number or range should the Council adopt.

Schlegel noted that the consultant recommendation is for a range, with a lower bound only, as signified by the phrase "at least." He noted that the accuracy of multiple study analysis may be higher than that of a single state-specific study, as proven in the realm epidemiological studies. He also state that the universe of current studies is coalescing around an energy efficiency potential of at least 2.5% and that since some jurisdictions are already achieving at least this amount of savings on an annual basis the consultants are not comfortable recommending a lesser lower bound. Gorke noted that there will be a follow-up conversation on June 26th.

IX. Analysis of Savings, Benefits, & Costs.

Schlegel reported on the process the consultants and the PAs have undertaken to resolve differences in their estimates of costs and benefits, stating that they anticipate resolving some and presenting a clear summary of the differences to the Council for those unresolved. He listed key drivers for the differences, including: issues in lighting e.g. upcoming federal standards, application of specialty bulbs, and net-to-gross ratios; definition of residential retrofit; financing mechanisms; ratios of incentive to financing; and the depth of C&I savings targeted. He stated this will be a significant portion of the July 14th agenda.

Gorke asked if the PAs and consultants were heading towards convergence. Lyne responded that they are expending considerable effort to reach this point. Schlegel noted that there is still disagreement between the consultants and PAs, and even some disagreement between PAs. Gorke asked that councilors inform DOER what information they will require to make a decision on July 28 so that the team can prepare it.

X. Public Comment

Darlene Lombos representing the Green Justice Coalition presented the Coalition's interest in assuring that green jobs benefit low income and minority community.

Recommendations include:

- To market through community mobilization, partnering with organizations with existing relationships with target audiences;
- To create financing mechanisms that address full upfront costs and to invite Conservation Service Group to present on this to the Council;
- To assure that energy efficiency jobs are good jobs geographically distributed; and,
- To adopt a principle that work in energy efficiency work is a responsibility and a right.

Paul Johnson asked for the basis of determining the ratio between incentives and financing.

Steve Zilonis of Aircogen CHP Solutions asked if the 4,000 therm per month threshold mentioned was a requirement and Gundal responded that cost-effectiveness is the actual determinant.

XI. Adjourn 5:25