

Massachusetts Energy Efficiency Advisory Council
 Meeting Minutes (DRAFT)
 Tuesday, June 9, 2009

Councilors Present:

Voting	Present (designee)	Non-Voting	Present (designee)
Heather Clark		Derek Buchler	X
Martha Coakley	Danielle Rathbun	James Carey	X
Paul Deare		Penni Conner	X
Lucy Edmondson	X	Alisha Frazee	
Philip Giudice	Frank Gorke	Kevin Galligan	X
Debra Hall	X	George Gantz	X
Charles Harak	2:25pm	John Ghiloni	
Elliot Jacobson	X	Paul Gromer	X
Samuel Krasnow	2:37pm	Andrew Newman	
Rick Mattila	X	Richard Oswald	X
Robert Rio	X	Michael Sommer	X
		Timothy Stout	Carole White

DOER: Michael Sherman

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

Present:

Scott Albert	Lyn Huckabee	John Moskal
Paul Bockelman	Burt Jaffe	Stephanie Pollack
MaryJo Connelly	Birud Jhaveri	Lori Segall
Fran Cummings	Paul Johnson	Mark Seigal
Ben Davis	Susan Kaplan	Miera Soloff
Christina Dietrich	Jeff Leupold	Tilak Subrahmanian
Pritesh Gandhi	Erin Malone	Rick Taglienti
Frank Gundal	Jeremy McDiarmid	Paul Tappen
Tina Halfpenny	Jonathan Meltzer	Danah Tench

I. Introduction

Gorke convened the meeting at 2:08pm and solicited councilor comments on the proposed agenda. None were offered.

II. Assessment of All Available Cost Effective Energy Efficiency Potential (the Assessment)

Schlegel presented an updated assessment of energy efficiency potential built on work previously presented and modified in a focused manner through additional analysis of

studies most relevant to Massachusetts. He discussed the distinction between the Assessment and annual savings targets, noting that the Assessment is an explicit requirement of the Green Communities Act (GCA) while the targets are developed with consideration of other factors, e.g. rate and bill impacts, the economic environment, and technological changes.

The consultants concluded that over a ten-year planning horizon an annual average of 2.5% of electric load (energy) could be saved through efficiency and 0.5% of electric load (energy) could be saved through combined heat and power (CHP) projects. Efficiency savings potential for natural gas was calculated at an average of 2.0% annually. Schlegel noted that the consultants and Program Administrators (PAs) are working to determine the offset effect of CHP on natural gas load.

White asked if the reference studies reported net or gross savings and Schlegel responded that most reported net but that he was uncertain about one in particular. Rathbun asked if accommodation was made in the consultants' analysis for the difference in per capita energy use between the reference studies and Massachusetts and informed that it was not. Rathbun asked if accommodation was made for the state of the current economy and was informed that the planning horizon is sufficiently long for the average to be appropriate. Tim Newhart asked what the consultants did not include an NStar study in the reference set and was informed that the consultants selected the most representative studies. Gantz raised concerns about the impact of the ramp up period on the level of savings that may need to be achieved in later years. Conner voiced concern about the capacity of the energy efficiency industry to meet the demands of program expansion across the nation.

Schlegel requested Council comments by June 12, noted consultant goal of distributing a revised product by June 18, and proposed that the Council take action on this document on June 23.

III. Targets

Schlegel reported that the PAs and consultants are working to identify the key areas of difference in their presentations of portfolio metrics, e.g. savings, costs, and benefits, and the drivers of these differences. The objective is to bring a comprehensive summary to the Council for action. The Council's decision on these matters will be input into the revised statewide plans submitted in July.

Gorke asked for an example of the differences and Schlegel responded that some of the assumptions for on the bill financing vary between the parties. Rathbun requested that the differences and resolution of these differences be presented to the Council and Gorke noted that the Council may determine to comment on unresolved issues. Harak asked for an explanation of the differences. Horowitz noted that the goal is to develop a common understanding of assumptions for the next iteration of the statewide plan, rather than to reach agreement on factors from the last submission.

IV. Deeper Savings

Schlegel provided a summary of the issues raised for the Council, i.e. that acquiring all available cost effective energy efficiency is fundamentally different from what programs have achieved or attempted in the past. It requires rethinking of all aspects of efficiency portfolios, including premises, design, strategies, marketing, delivery, and financing.

Livermore presented examples of deeper savings in the residential sector. He noted that the majority of potential savings are in existing stock, that roughly 40% of energy use is occupant dependant, and presented a typical hierarchy of investments for achieving deeper energy savings. While savings potential varies greatly due to site-specific factors, to achieve savings greater than 50% typically requires additional insulation thickness and installation of renewable energy sources. Rathbun questioned the cost and likely acceptance of the full package of measures described. Conner note that deep retrofit as described has not been cost effective in her experience. Schlegel responded that many of the included measures currently pass the screening test. Gorke noted that investment may be incremental. Conner noted that existing programs have found the value proposition for customers short of the level of deep retrofit. Jacobson described deep retrofit as “aspirational.” Mattila asked for a description of the depth of utility programs and for data indicating the number of projects what were not completed due to health and safety concerns.

Livermore described ongoing efforts in this realm, including the DEEPER modeling project by members of the consultant team at VEIC, changes within PA programs, Affordable Comfort Inc’s Thousand Home Challenge, and the Zero Energy Home challenge. He described some of the ancillary benefits including green jobs that cannot be outsourced, reduced carbon emissions, and higher quality living environments.

Baston presented a description of deeper energy savings in the non-residential sector. He described the opportunities as heavily weighted towards office building and the hospitality industry and programs. He gave a brief overview of existing programs including “Office of the Future,” NStar’s 25% Solution, whole building assessment, retro-commissioning, and Advanced Buildings/CORE Performance that can achieve significant savings compared to common practice. He referred to a study by NREL that found that existing buildings can achieve cost-effective savings of 43% with current technology and a study by OEI that found savings potential of 29% in the industrial sector.

Baston also presented an overview of On-The-Bill Financing mechanisms, noting that it was developed and benchmarked by National Grid in the 1990s in Massachusetts as part of a turnkey service offering. The keys to success for these programs include the ability to acquire unsecured loans, which brings the decision making to a more accessible level, and the programs simplicity from the customer’s point of view. Participants discussed the source of investment funds for this program. White noted that NGRID has been using system benefit charge revenue for funding and Schlegel noted that the consultant analysis includes external investment. Gantz noted that one of the concerns is where the debt is

attached, to the property (through the meter or tax bill) or to the individual (personal obligation). Oswald noted that their program has an exceptionally low default rate.

V. Brief Break

VI. Resume discussion on Financing

White noted that source of funding is important, that it should be reliable, consistent and simple from the customer's perspective. She anticipated that default rates may climb as the amounts and terms of financing expand to acquire deeper savings. Gromer discussed the differences between the two models, traditional third-party financing with outside capital and utility program financing. Gundal noted that in his experience customer uptake of efficiency measures is primarily influenced by incentive levels, and that he believes that they have found "the sweet spot." Buchler noted the difference in cost between electric and gas efficiency projects, with gas projects typically costing significantly more. Baston and Schlegel described jurisdictions that have achieved significant results with lower incentives through marketing and education. Krasnow asked how these compelling results can be replicated. Gorke noted that financing is only one piece of the effort and that the PAs and consultants will continue to develop program designs.

Conner suggested that effort will need to focus on changing platforms, value propositions, packaging, marketing, and not on the measure level to the same degree as previously. She suggested that the next iteration of the Plan will be a mix of detailed program descriptions and processes for program improvement ("road maps"). Sherman concurred, referencing development in the MassSAVE program. Mattila noted that longer term discussion with customers to achieve staged implementation may be necessary and asked if the PAs have reviewed opportunities from previously served customers. Conner responded that they have not, but that a multi-year plan with expanded resources might make it possible to capture these opportunities.

VII. Council Comment on Statewide Plan

Schlegel proposed a schedule with comments to the consultants by June 12, a revised draft to be distributed on June 18, and Council action on June 23. Councilors, PA representatives, and the consultant team discussed a variety of topics including differences between the savings goals in the plan and the assessment of potential; differentiating between commenting on the Plan and building towards corrective measures; time pressure; whether or not councilors have sufficient information to adopt the comments as their own; and some councilors interest in hearing more from the PAs on the comments. Schlegel noted that the time line is fixed and a substantial change in process might result in missed deadlines. The sense of the Council was that preparation of draft comments has been a useful exercise to determine Council priorities and to provide input to the PAs for their ongoing planning effort; and that resources would be better allocated to tasks other than finalizing this document. Gorke summarized the position by stating that the Council Comment document is "frozen" as it stands now.

VIII. Work Plan and Schedule

Schlegel proposed a revised schedule that reduces the number of exchanges on the full plan between the Council and the PAs and provides for an incremental action on some sections of the Plan. This schedule would have the PAs present the revised statewide plan in mid-July for action by the Council at the end of July. Horowitz noted that this approach would permit PAs to engage with consultant sector teams to further develop program designs while the Council works on a parallel track to resolve over-arching issues. Krasnow expressed support for this approach. Harak requested that the agenda be structured to include more dialog with PAs & consultants. Gorke noted that DOER's expectation is that the Council will act on top notch plans by the required deadline. Lyne supported the revised approach and requested an opportunity to work with the consultants to create a schedule. Schlegel noted that this would need to be completed by June 11 to meet subsequent deadlines. Jacobson proposed a goal of unanimous support for the Plan at the July 28 meeting.

Baston proposed providing the Council with a few examples of the most fully developed program designs so that the Council can provide feedback to the working groups on appropriate level of detail it will require. Schlegel noted that for some programs the planning documents will be a complete program design while for others the documentation will be comprised of a road map and a schedule for developing more detail. The PAs and consultant team will work to present residential retrofit, C&I retrofit, and the CHP programs to the Council for review at the next meeting. Gorke noted that bill and rate impacts will also be on the next agenda.

IX. Wrap Up

Gorke provide a brief update on progress of the rate and bill impact working group, the progress on the evaluation, monitoring & verification plan creation is underway, and the status of the Council's budget. Sherman advised that a memo from DOER staff on uniformity among program and measure names will be forthcoming shortly. Gorke commended the accomplishments to date.

X. Public Comment

Paul Johnson questioned the focus on "deeper" savings referring to his experience in the field and asked if there is any evidence that this approach will work.

XI. Adjourned at 5:19pm