



MEETING MINUTES

Wednesday, March 16, 2022

Virtual Meeting via Zoom

Voting Councilors Present: Greg Abbe (for Jennifer D Maddox), Cindy Arcate, Jo Ann Bodemer (for Maura Healey), Amy Boyd, Justin Davidson, Elliott Jacobson, Charlie Harak, Paul Johnson, Deirdre Manning, Cammy Peterson, Robert Rio, Dennis Villanueva, Mary Wambui, Sharon Weber, Commissioner Patrick Woodcock

Voting Councilors Absent:

Consultants Present: Eric Belliveau, Adrian Caesar, Gretchen Calcagni, Margie Lynch

DOER Staff Present: Rachel Evans, Maggie McCarey, Emily Webb

1. Call to Order

McCarey, as Chair, called the meeting to order at 1:04 PM.

2. Public Comment

Martjin Fluereen (HomeWorks Energy)

Fluereen indicated that the Program Administrators (PAs) agreed to deliver retroactive payments to contractors to reflect accepted fee increases. Fluereen said that a minimum job size requirement was also implemented, which makes the \$50 increase in home energy audit (HEA) fees the only effective pay increase. Fluereen added that the job size requirement would have negative impacts on some ratepayers. Regarding the weatherization pricing request for quotes (RFQ), Fluereen suggested that pricing submitted by 20% of the respondents would take effect for all respondents as there is no consideration for differences in cost structures between lead vendor and home performance contractor (HPC) pathways. Fluereen said the RFQ process may allow the PAs to forego results and determine prices unilaterally, so the Council should advocate for full transparency of RFQ results. Fluereen noted that the PAs committed to adjusting weatherization prices if the results indicated a difference between the contractor pathways, but the RFQ process lacks actual accountability commitments. Fluereen urged the Council to share redacted RFQ results and provide explanations for any omitted results, as such transparency would protect ratepayers.

3. Council Updates & Business

Virtual Meeting Procedure Review

McCarey reviewed the virtual EEAC meeting procedures, which included the following:

1. The Council meetings would be recorded.
2. All attendees except for Councilors and presenters would remain muted for the duration of the meeting.
3. Councilors would hold comments until the end of presentations, but Councilors and other participants should speak instead of using any chat functionality.
4. Councilors who disconnect from meetings need to announce when they rejoin.
5. All Council votes would be taken by a roll call for accuracy.

February 2nd, 2022 Executive Committee Meeting Minutes

Bodemer and Boyd indicated they were not present for the February Executive Committee meeting. Abbe motioned to approve the Executive Committee meeting minutes as amended. Villanueva seconded. All were in favor, with none opposed. Bodemer and Boyd abstained. The February Executive Committee meeting minutes were approved, as amended, by the Executive Committee.

February 16th, 2022 EEAC Meeting Minutes

Lyne noted that there was a minor typographical error on the bottom of page 3. Davidson said he joined the virtual meeting late and was not absent. Arcate motioned to approve the Council meeting minutes as amended. Harak seconded. All were in favor, with none opposed or abstaining. The February Council meeting minutes were approved, as submitted, by the Council.

Updated EEAC Photo

McCarey indicated that the Consultant Team (C-Team) is updating the EEAC website, so Councilors should turn on their video cameras for an updated Councilor photo. Calcagni captured a screenshot of Councilors for use on the updated website.

Boyd indicated that Acadia Center has shared five job openings on its website, including a Senior Manager for Energy Efficiency and Building Justice. McCarey added that the Department of Energy Resources (DOER) and Massachusetts Clean Energy Center (Mass CEC) have open career opportunities as well.

2022 EEAC Meeting Topics

Webb announced that additional changes have been made to the 2022 EEAC Meeting Topics since the original list was shared in December. Webb summarized additions including updates on the 2022-2024 Plan Compliance Filings, in addition to an update on the Language Access Plan scheduled for November.

Program Administrator (PA) Update on Implementation during COVID-19

Lyne shared that there were no positive COVID-19 tests reported in February. Lyne thanked DOER and the Attorney General's Office for their support. Gundal said the health and safety protocols have worked well in terms of reactivating the workforce and maintaining customer safety. Gundal added that there are rule changes happening within the Commonwealth and for individual companies, so the protocols will be realigned with all policy requirements and an update will be provided during the April EEAC Meeting.

Residential Home Energy Assessments (HEAs) and Contractor Pricing Update

Peters, on behalf of the PAs, provided an update on contractor pricing. Peters noted that National Grid and Eversource discussions with contractors have reached a temporary stopping point. Peters acknowledged that the contractors still expressed unmet demands, but said the HEA fee increased from \$175 to \$225 and additional bonuses up to \$275 per home are available. Peters explained that the fee increases include an increased weatherization conversion fee, priority conversions for renters and moderate-income customers, and the quarterly bonus for installation quality and compliance. Peters estimated that these adjustments would have a compensation impact of \$10 million for the HPCs over the 2022-2024 term, but the increase represents the limit of what PAs are comfortable implementing without additional analysis. Peters said the weatherization pricing RFQ has been released, bidder questions are due on March 21st, and responses are due April 4th. Peters stated that the PAs value the HPCs and conversations with them, but they are still part of a larger contractor pool. Peters said four HPCs have completed 90% of program audits in the past three years, and these contractors benefit from some unique structural advantages and revenue streams despite certain cost disadvantages they face. Peters recommended the consideration of competitive, market-based information to inform future pricing.

Johnson respectfully disagreed that the pricing discussions have resulted in meaningful progress on contractor pricing. Johnson commented that HPCs are now receiving about one-third the amount needed to keep them in business, and the additional bonuses are simply redistributions of existing payments. Johnson made a data request for the PAs to provide all lead vendors data necessary for the C-Team to conduct cost comparisons across contractors. Johnson said the HPCs contend that their HEA costs are much less than lead vendors' for instance, so the C-Team will require PA data on administrative, marketing, labor, and other costs which contractors incur. Johnson suggested that this data needs to be comparable to that which the HPCs have previously provided.

Johnson did not believe the RFQ would result in a solution because there is no way to bid on HEAs, and comparing contractor data might show HEAs are done more cost-effectively by HPCs. Johnson also noted that the RFQ's two-week response timeframe was too short relative to the required effort level, so the response rate would likely be low. Johnson added that the contractor scoring methodology penalizes scores for more experienced contractors who are typically not in the bottom third for pricing, thus reducing the amount of work they receive. Johnson suggested that the weight of the pricing component in scoring is reduced from 20% to 5%. Johnson added that some contractors believe inadequate marketing efforts during the months prior to the RFQ have greatly reduced the amount of work they have coming in, even though many weatherization projects should be in the queue during the winter and early spring. As it relates to the workforce, Johnson said the contractor base has been halved since 2019, but 30%

more work would be necessary to achieve savings goals. Johnson urged the Council to take immediate action and push the PAs to adjust their pricing approach.

Commissioner Woodcock asked if the PAs received the contractors' request for transparent RFQ results that differentiate HPC and independent installation contractor (IIC) pricing. Peters responded that the PAs would take the request to their legal counsel and procurement teams. Peters, in response to Johnson's comments, said that the PAs implemented a 10% pricing increase in the fall of 2021, but the RFQ was delayed due to additional requests made by contractors in December. Peters clarified that the RFQ's timing is not meant to cause any intentional outcomes. Peters also noted that customers do not get multiple bids for jobs, so the competitive pricing review will achieve appropriate price setting for customers.

McCarey asked the PAs to consider extending the RFQ Q&A or response periods. Peters responded that the PAs could consider extending the response deadline.

Villanueva asked if there was a contingency in place to meet high weatherization goals if qualified HPCs did not submit RFQ bids due to the lack of revenue. Peters said the PAs would rely on existing prices in that event, but they still expect to receive many RFQ responses. Peters anticipated the RFQ adjustments would result in price increases given market conditions, but the PAs want to inform prices using real responses from a competitive process.

Abbe agreed that competitive procurement is necessary, but asked how it considered contractor work quality in the scoring criteria. Peters said there is a work quality assessment that the IICs receive through regular program participation which determines how lead vendor jobs are allocated to IICs. Peters also noted that HPCs have a quality element in their bonus structure, but was unsure exactly how quality and pricing are linked in the RFQ. Abbe asked if weatherization project QA/QC included customer feedback, pre- and post-installation blower door testing, or infrared camera screening to confirm quality. Peters replied that the contractors are required to perform testing before and after project completion, but the PAs could provide more details to the Council. Peters said that a third-party QA vendor conducts additional screenings.

Johnson commented that work quality previously represented 75% of scoring, compared to 25% in the current RFQ. Johnson said that Massachusetts contractor prices are high relative to other states, so the PAs are likely hoping for a price decrease resulting from the RFQ. Johnson said the practice of using the bottom-third of submitted contractor prices would leave 66% of contractors unable to operate. Johnson reiterated that all contractor pricing bids and questions will be critical to share publicly. Johnson suggested that the RFQ would be illegitimate without such transparency and the Council should demand public disclosure of results. Woodcock asked if Peters could confirm whether redacted results can be shared. Peters agreed to confirm whether this was possible.

Status of Weatherization Pipeline and Marketing Update

Peters, on behalf of the PAs, shared a status report on the volume of year-to-date weatherization jobs for 2022, as well as year-over-year HEA and weatherization comparisons from 2018-2021. Peters showed that 2021 was a record year for completed weatherization jobs, but year-to-date weatherization jobs through January and February 2022 are lower than 2021 numbers. Peters

suggested that the project pipeline needs to be rebuilt, but completed monthly weatherization projects have risen from January to February 2022. Peters also provided a summary of 2022 statewide marketing activities, which included targeted campaigns and messaging for key audiences.

McCarey was pleased by the strong performance in 2021, but asked why lower performance in January 2022 than 2021 was due to it being the first month in a new term, and also how much of the jobs in 2022 were done by HPCs versus IICs. Peters said the PAs would have to revisit the 2019 numbers to see if the first month in a plan is usually lower, but there is a large drop between January 2021 and 2022. Peters added that separating the HPC and IIC data would take some time. McCarey asked if the PAs pulled back on marketing spend due to the MTMs passed in 2021. Peters confirmed that the PAs slowed marketing spending due to concerns about exceeding 2019-2021 Term spending. Given the DPU's attention on program spending and requirement that PAs justify all budget requests with savings, Peters expected this tension between production and spending to persist.

Villanueva commented that the year-over-year audit comparisons would be more informative if it parsed out audits where weatherization was recommended. Lynch responded that Residential key performance indicator (KPI) #1 tracks the number of recommendations and conversions for envelope and HVAC measures on a quarterly basis.

Johnson did not care that the PAs presented marketing activities, as it is their job to implement creative marketing strategies anyway. McCarey directed Johnson to be respectful, as Peters has been very responsive to Council requests. Johnson suggested that the PAs cannot blame limitations for marketing campaigns on the DPU and the contractor community thinks they can carry out more marketing efforts. Johnson requested that the PAs provide the underlying data behind the completed weatherization jobs for January and February 2022, since the charts appeared to misalign with anecdotal evidence he has heard. Johnson also requested that the PAs share year-over-year budget comparisons, with breakouts for marketing expenditures, to understand the PA's perceived limitations on marketing efforts and contractor compensation. Commissioner Woodcock said the evidence from the chart seems to align with anecdotal information the contractors provided Johnson. Johnson suspected that the conversion data has likely looks worse for February. Peters indicated that enhanced 100% incentives were available in 2021, but the standard 75% offering has returned for 2022 which may explain some of the differences. Johnson said the PAs should share marketing expenditures for January and February.

Peterson encouraged the Council and PAs to consider marketing techniques that can be applied evenly throughout the Term in order to meet high goals. Peterson believed the spike in HEAs experienced in December 2021 should be spread out. Peterson also recommended the consideration of enhanced weatherization incentives given the uptick in conversions due to the 100% incentive.

Lyne stated that Johnson's remarks were abusive, which is problematic because the PAs are excited about Plan implementation. Lyne said Johnson's line of questioning was counterproductive given the effort the PAs put in to collaborate with the Council. Lyne said Johnson's several data requests would be reviewed by the PAs since the DPU has signaled that

data requests need to be handled appropriately. Lyne acknowledged that Johnson cares about program performance, but his counterproductive tone would be detrimental to the Council process. Woodcock reinforced that the Council should provide substantive comments while being mindful of tone. Johnson apologized to the PAs and Peters for his combative tone. Johnson felt under pressure about the future of the program and did not sense urgency and responsiveness from others. Lyne expressed appreciation for Johnson's apology.

Wambui asked how targeted marketing efforts were conducted. Peters replied that targeted marketing efforts identify areas of interest where customers may need information about program offerings. Peters said these efforts can stem from engagement with Community First Partners, customers who have not implemented recommended upgrades from audits, or other areas. Wambui asked who receives the information which guides targeted marketing efforts. Peters indicated the PAs cannot share customer data with external parties outside of contracted third-party vendors.

Wambui urged the PAs to consider disadvantaged businesses that have connections in underserved communities. Wambui referenced a disadvantaged contractor in Springfield that often interacts with underserved customers not being targeted by program marketing. Wambui also noted that contractors in Lawrence often find Income Eligible customers that are not targeted, and asked how to make targeting marketing more comprehensive. Wambui wanted to avoid wasting marketing resources on customer segments that do not require targeting. Wambui suggested that the uniqueness of the 2022-2024 Plan goals behoove the Council to get creative in equitable program implementation.

Commissioner Woodcock recalled that Peters referenced marketing concerns raised in the DPU Order on the 2022-2024 Plan, and it is important to consider smooth transitions in marketing between terms. To Wambui's point about improving targeting efforts, Commissioner Woodcock indicated there are elements of the Plan working to that effect.

Jacobson suggested that marketing efforts in neighborhoods with high Income Eligible populations should be coordinated with LEAN. Jacobson was optimistic that LEAN and the PAs would continue to collaborate and negotiate to deliver Income Eligible Services.

Dept. of Energy Resources (DOER)/PA Commercial and Industrial Working Group Update

McCarey announced that DOER has collaborated with the PAs to develop the charter and identify members for the C&I Working Group, but a detailed list cannot be provided yet. McCarey said there would be representatives from industries such as manufacturing, retail, real estate, higher education, healthcare, public administration, tech, and biotech. McCarey said there would also be participating implementation contractors, PAs, and DOER staff. McCarey hoped that C&I Working Group participation would be sorted out in early April so the group can begin working on improving custom offerings, electrification, and C&I deep energy retrofits.

4. 2022 Council Priorities Discussion and Vote

Council Discussion

McCarey noted that written feedback from Councilors was incorporated into the 2022 Council Priorities document and a tracked changes version was shared with the meeting materials.

Weber pointed out an omitted word in the first paragraph, which Webb corrected.

Abbe commented that many revisions involved the replacement of active tone with passive language, and requested that active language is maintained. Bodemer said that the passive language is appropriate since the EEAC is an advisory council that has an obligation to monitor progress of the Plan as approved by the DPU. Bodemer clarified that the suggested changes were not meant to mitigate the Council's responsibilities or charge. Abbe agreed, but felt that the language was too passive in some instances. Abbe also asked if there could be more clarity on the workforce training offered so the Council can understand the nature of the trainings.

Villanueva agreed with Abbe that active language should be used. Villanueva asked if the change from bi-annual to semi-annual updates on Active Demand Management would result in a different reporting cadence. McCarey said semi-annual updates would be given in Q2 and Q4.

Peterson recognized that the EEAC is not a regulatory council, but some of the Council's intent was lost through the use of passive language. Peterson suggested that context on climate goals and the Commonwealth's policy landscape should remain included to situate Mass Save programs among all other state programs and legislation. Under Priority #2, Peterson recommended the language about supporting equity commitments should also be included.

Bodemer believed the purpose of the document is to set forth Council priorities in the context of monitoring and ensuring Plan progress, as opposed to restating Plan commitments. Bodemer said the Council's position on equity and other Plan aspects were established on many other documents such as the Term Sheet. Peterson argued that the Council Priorities are public and may be viewed without the context of those other documents, so full context should be provided.

Wambui commented that the active language was appropriate, especially as it related to equity. Wambui suggested that an advisor needs to influence people or efforts to move in a certain direction, so it appropriate for advisors to have expectations. Wambui said that the burden of supporting underserved communities in the Commonwealth warrants strong language. Wambui suggested that everyone embrace humility and go beyond academia because human beings are at the heart of the programs. Wambui was shocked by the non-committal language since the Council's relationship with the PAs justifies expectations of the PAs.

Bodemer believed her intentions were misconstrued. Bodemer did not intend to water down the language or avoid offense, but the ultimate burden of achieving equity goals is on the PAs, while the Council only has the rule to advise them. Bodemer hoped the Council Priorities document would reflect the Council's role in monitoring progress to achieve Plan goals.

Boyd suggested that both the Council and Council Priorities should give the PAs guidance on how stakeholders want to prioritize issues. Boyd said the Council has an advisory role, so overseeing implementation is a Council responsibility.

Rio sympathized with Councilors seeking to refine language, but any language is subject to interpretation by the reader. Rio said the Council should not apply individual impressions on every piece of language and assume everyone will interpret it the same way.

Peterson recommended that the Council take a proactive approach in its advisory role to the PAs to ensure targets and goals are met. Peterson believed the Council Priorities were consistent with the Green Communities Act. Peterson opposed the removal of the term “collaborate closely” from the bullet describing the Equity Working Group process, as it misrepresents the Group’s role of supporting effective program design and implementation. Peterson felt that the moderate-income bullet under Priority #2 does not accurately capture how the Equity Working Group will contribute to the development and implementation of the moderate-income delivery model. McCarey replied that there is not full clarity on what the comprehensive delivery model look like, but the PAs would provide more details building on responses to DPU discovery questions. Peterson also recommended that the language in Attachment A should suggest proactive collaboration with the PAs on the moderate-income delivery model and Language Access Plan.

Porter said the PAs want to signal a focus on implementation and offer stakeholders visibility into Equity Working Group collaboration with PAs. Peterson was still concerned that the language should represent that collaboration with the Equity Working Group would provide the ultimate benefits for program implementation. McCarey said that in practice, the PAs and Equity Working Group have engaged in a collaborative process to date.

Wambui reminded the Council that the Equity Working Group exists because there are cities in the Commonwealth that have reaped many program benefits, while others have been underserved for years. Wambui said this indicates there are major issues in the energy efficiency program delivery model that demand collaboration with the Equity Working Group. Wambui strongly suggested that the Council look beyond words and language, because the actual work ahead of everyone is more important.

Villanueva felt the Council Priorities should effectively convey the Council’s passion about equity and climate change, even if the DPU holds regulatory authority and may dismiss some Council Priorities. Villanueva asked why the bullet under Priority #6 on C&I greenhouse gas emissions was omitted. McCarey believed there was confusion on what the item was attempting to capture, but noted there was no explicit mention of C&I deep energy retrofits so it would make sense to include under Priority #6.

Johnson suggested that Priority #4 should convey the expectation that the PAs make progress toward goals, instead of just monitoring their progress. Johnson also asked why the item regarding updates on contractor pricing changes was deleted. McCarey replied that the Council already receives monthly updates on contractor pricing, but the Council Priorities focus on items for inclusion in Quarterly Reports.

Council Vote

Peterson motioned to approve the 2022 EEAC Priorities. Boyd seconded. All were in favor, with none opposed or abstaining. The 2022 EEAC Priorities were approved, as discussed and amended during the virtual meeting, by the Council.

5. Fourth Quarter 2021 Report

Consultant Team Presentation

McCarey indicated the C-Team presentation on Q4 2021 results would be added to the April EEAC meeting agenda.

6. Heat Pump Market Transformation Strategy

Program Administrator Presentation

Coen and Engelkemeyer on behalf of the PAs, summarized goals and techniques behind the three pillars of heat pump market transformation strategy: customer awareness and acceptance, contractor enablement, and manufacturer/distributor engagement. Coen covered differences in strategic approaches for heat pumps and weatherization across different customer segments, as well as statewide marketing campaigns to increase customer awareness. Engelkemeyer described activities to engage with the contractor network and integrate them into a formal Heat Pump Installer Network (HPIN).

Council Discussion

Johnson asked why the moderate-income offering was included in the presentation if it has not yet been implemented. Coen responded that the PAs know what the offering will entail and rebate forms are already in development. Coen said the PAs are looking to launch the moderate-income rebates in May. Johnson thought there would be a requirement for pairing weatherization and heat pumps instead of a \$500 bonus for customers. Coen said the delivery model would require demonstration of adequate weatherization for whole home rebates, so the bonus is intended to further incentivize performing weatherization in tandem with heat pump installation. Johnson believed that the cost of heat pump installations would make weatherization upgrades difficult for customers. Johnson said a heat pump familiarity survey would be better replaced with a survey to understand why people have installed heat pumps, in a similar fashion to the participant study. Johnson said promoting heat pumps will require skilled salespeople or referral bonuses. Johnson requested that the PAs provide the planned spending for heat pump marketing tied to the Heat Pump Market Transformation strategies.

Rio was impressed by the heat pump marketing campaign. Rio wondered if there was a more intuitive name for heat pumps, given that many customers seem unaware of their cooling capabilities. Coen agreed, and said the PAs will also plan to target customers with central air conditioners.

Peterson suggested that regional planning agencies can be used to target municipalities to promote weatherization beyond what the Community First Partnerships are doing. Peterson said that the PAs should leverage municipalities to disseminate information. Peterson said it would be helpful to understand if low- and moderate- income customers have different awareness levels and experiences with heat pumps. Peterson was glad the Heating Comparison Calculator launched, and hoped it could show benefits of heat pumps aside from cost savings. Peterson expressed concern about requiring weatherization before heat pump installation for moderate-income customers since there is not a quarterbacking model in place. Peterson wondered if the

\$500 customer bonus would be sufficient for driving adoption, since many purchases would be upstream and opportunities may be missed. Lastly, Peterson suggested that multifamily weatherization opportunities may be falling through the cracks due to a lack of technical assistance.

Jacobson noted that customers just above the poverty line have concerns about making down payments, so using 80% of state median income as the low-income threshold would help LEAN serve more customers. Jacobson added that some of these customers might end up participating in the Income Eligible program.

Weber recommended that heat pump marketing includes messaging on non-economic benefits such as comfort and cleanliness. Coen said the campaign is a statewide general awareness campaign, but targeted marketing would include a targeted messaging.

Commissioner Woodcock asked if the PAs planned to develop a specific proposal of the weatherization requirements, or if there will be flexibility for the customers. Coen indicated the PAs and lead vendors are working on supporting analysis for the final decision they implement. Coen said unique situations such as weatherization barriers need to be considered. Commissioner Woodcock said the survey data was encouraging and asked if there was additional information across fuels. Coen said this is Eversource data, but believed it can be disaggregated. Commissioner Woodcock wanted to explore a performance-based system that could satisfy the DPU weatherization requirements for heat pump incentives. Commissioner Woodcock said this system means the house would have to meet some energy efficiency benchmark as opposed to having each type of weatherization implemented. Porter was similarly sensitive to creating additional heat pump installation barriers, so the PAs are working on multiple pathways to demonstrate adequate weatherization.

7. Adjournment

McCarey, as chair, adjourned the meeting at 4:17 PM.