

## MEMORANDUM

To: Maggie McCarey, Massachusetts Department of Energy Resources  
 From: Eric Belliveau  
 Date: June 15, 2015  
 Subject: Consultant Team Budget - Actual vs. Budget – Through May 2015

The approved Year 2015 EEAC Consultant Team budget is \$1,516,685. Through the end of May, actual costs are \$775,034 or 51% of the annual budget total with 58% of the year remaining. Table 1, below, presents actual costs to date versus the annual budget by work area.

**Table 1. Total Costs By Work Area – January 1, 2015 to May 31, 2015**

**Totals by Consultant Team Work Area: 1/1/15 to 5/31/15**

	Planning & Analysis	C&I	Residential & Low Income	EM&V	Technical Services	Totals
<b>Year 2015 Budget</b>	\$546,456	\$350,345	\$253,680	\$279,704	\$86,500	\$1,516,685
<b>Costs YTD</b>	\$328,873	\$134,806	\$135,107	\$145,097	\$31,152	\$775,035
<b>Budget Remaining</b>	\$217,583	\$215,539	\$118,573	\$134,607	\$55,348	\$741,650
<b>% Budget Spent</b>	60%	38%	53%	52%	36%	51%
<b>% Budget Remaining</b>	40%	62%	47%	48%	64%	49%

If the annual budget was spent evenly throughout the year, we would expect to have used 42% (5/12) over the first 5 months of 2015, or \$631,952. Actual spending for the first five months exceeds this amount by \$143,083. Although we expected this year's work load to be front loaded, the costs to date are higher than projected. This is due to a number of efforts that were either not included in the budget or that required a level of effort was much higher than anticipated when the budget was formulated last year. We have been communicating the overages to DOER and submitting invoices that indicate the overages since early in the year.

The following are efforts that were not included in the Year 2015 approved budget:

- **Mid-Term Modifications (MTMs):** This was included in the Year 2015 Scope of Work, but a budget line was not included given the uncertainty as to whether or not the PAs would file MTMs. Costs to date for this task are \$11,883.

The following tasks took a much higher level of effort than anticipated:

- **Prepare materials (briefing documents, presentations, etc.) and participate in the Year 2016-18 Plan Workshops:** Given that prior Three-Year planning efforts did not include

multiple workshops, the briefing documents, or the general high level of engagement, were not included in the budget. The decision to hold these workshops was made subsequent to the Consultant Team's preparation of its Year 2015 Scope of Work and budget in December of 2014. To date there have been 11 workshops and stakeholder input sessions. Costs to date to support this effort are \$77,718. We calculate that only about \$15,000 of these costs were anticipated in considering stakeholder input. The net additional cost is \$62,189.

- **AESC Avoided Cost Study:** Having a new contractor required an increased level of review and feedback. Costs to date are \$48,934. We anticipated \$35,000 of these costs. The net additional cost is \$13, 934.
- **Assessment of Potential:** The single item in the assessment process that required a much higher than expected level of effort to review and comment were the four small PA potential studies. Other costs were also slightly over budget but within range. Costs to date for the assessment process are \$59,144. We estimated the costs for this effort would be ~\$42,000. The net additional cost from this process is \$17,144.

The entire Year 2016-18 Three-Year planning process has unfolded far differently than prior efforts. In previous planning years the Consultant Team produced an assessment of potential analysis that included projected target ranges for goals. In 2012, there was one stakeholder input meeting and the rest of the planning process, up to the point of the draft plan submittal, was relatively measured in level of effort over time. The Year 2015 Planning and Analysis scope and budget were based on this year's process being similar to the 2012 Draft Plan which was "high level." We did acknowledge some increased effort to get a more complete draft plan in April. While we were able to identify specific items above totaling \$105,000, there are numerous items from our budget that were not individually identified but encompassed in the overall effort. An example of this comes from the budget item, "Support Three-Year Plan" in the Planning and Analysis, Residential and C&I consultant work plans. Total costs for this effort to date (inclusive of the workshops and the assessment of potential) are \$301,850, which includes the \$105,000 in additional costs enumerated above. This is 83% of the annual budget set aside for these efforts.

As of the submission of this memo, there are still many tasks ahead given that the PAs' 3YP submission is quite different in both costs and savings from what the EEAC reviewed in the Consultant Team memo on 2016-2018 goal recommendations. In addition to the level of effort in the earlier planning stages, we did not anticipate producing the Goals Memo, recorded as a task item in the Three-Year plan category, as a separate deliverable. This turned out to be an important document that is still being updated but was not in the work plan explicitly.

As in past years, Optimal continues to closely monitor the EEAC Consultant Team budget. This includes re-allocating resources and scaling up and down level of effort as needed. However, given the enormous level of effort to date and the work remaining, Optimal does anticipate that

it will likely request a budget increase. Optimal will submit a formal budget increase request in September, once the remaining work to complete the Three-Year planning process and the ongoing EEAC activities is better understood,