

Massachusetts Energy Efficiency Advisory Council
Meeting Minutes (DRAFT)
Tuesday, April 12, 2011

Councilors Present:

Voting	Present (designee)	Non-Voting	Present (designee)
James Colman	Nancy Seidman	Derek Buchler	X
Martha Coakley	Danielle Rathbun	James Carey	X
Penn Loh	X	Penni Conner	X
Mark Silva	X	Alisha Frazee	
Debra Hall	X	Kevin Galligan	X
Charles Harak	X	George Gantz	Stand in
Elliot Jacobson	X	John Ghiloni	
Jeremy McDiarmid	X	Paul Gromer	X
Rick Mattila	X	Andrew Newman	
Robert Rio	X	Richard Oswald	X
Deirdre Manning	X	Michael Sommer	X
		Carol White	Jeremy Newberger

DOER: Mark Silvia, Frank Gorke
Consultants: Jeff Schlegel, Eric Belliveau, John Livermore

Present:

No list provided

I. Introduction

Sylvia convened the meeting at 2:07pm. He reported that Tina Halfpenny has been appointed as new director of Energy Efficiency and will begin on Thursday, April 14. He expressed excitement to have her on-board, and noted that Halfpenny will be chairing future council meetings. Sylvia thanked Gorke for his efforts in a smooth transition. Gorke thanked all for their hard work.

II. Public Comment

Thirteen contractors and stakeholders spoke during the public comment period. The comments centered on concerns about set pricing for contractors in the Mass Save HES program. Sylvia expressed appreciation for all of the comments. Harak asked if the PAs could respond during the meeting to the contractors' issues. Loh noted that communication between the PAs and the contractors could be improved, particularly around the issue of program cost-effectiveness, which he characterized as "a big black box." He suggested that it's time to open up the box. Rathbun reminded the Council that the PAs are bound by a statutory obligation to use rate-payer funds to run cost-effective programs, as measured by the TRC test. Sylvia noted that the Council would hear what the PAs have to say about this later in the meeting.

III. Report to the Council on 2011 Mid-Term Modifications (MTMs)

Schlegel introduced two documents for Council consideration: Proposed Memorandum of Agreement, and Council Resolution. He noted that the Council had previously instructed the Consultants to work with the PAs and other interested parties to address the 'limited open matters' in the MTM negotiations. Schlegel reported that the settlement agreement is the result of this work, and that each of the four issues (Savings/NTG assumptions; use of EM&V results; Performance Incentives; Program Planning Process) has been addressed and resolved. He recommended the settlement agreement to the Council as an appropriate way to resolve these issues, to shorten the DPU process, and so that everyone can focus on program implementation.

Lyne concurred with the summary of the MTM resolution process, and he noted the PAs appreciation. He made a few additional points, including: 1) the PAs worked with LEAN on a couple of items they wanted to work through, 2) the PAs have been trying to engage in constructive dialog with all interested parties on the outstanding issues, and 3) the PAs are looking for a streamlined review at the DPU so they can focus on implementation in 2011. Venezia reviewed the DPU schedule for the Council, and noted that last Wednesday the DPU had a conference call during which the consensus was that we need to focus on 2011 implementation and 2012 planning, and that all would work to simplify and streamline the process.

Schlegel explained that the Consultants based the resolution on the language the Council passed last year. There was a motion to adopt the resolution as amended, which was seconded by Rio. The resolution was approved by Council vote. Rathbun indicated that the AG was not signing onto the resolution, as they are still reviewing it. Jacobson and McDiarmid both expressed their support for the proposal. Schlegel noted appreciation for the Council's patience on this, and that it is a better result than last December.

Schlegel explained that the Consultants were recently notified by Blackstone Gas that they have an MTM they would like to present to the Council at the next meeting. The Blackstone Gas representative indicated that the utility had greatly exceeded their 2011 budget and would have a formal request to the Council in May.

IV. 2011 Q1 Qualitative Results

Buchler presented a set of slides reporting on the residential programs' 2011 Q1 qualitative results. He discussed some of the program design changes on the Mass Save HES program, including the new market model, which has been the result of an open and transparent process over the past year, with many opportunities for contractors to provide input. He noted that 'set pricing' is not new, and that there are currently 26 contractors who comply with this. Buchler also explained that DPU 08-50 stipulates that the TRC is the right tool to use to calculate program cost-effectiveness, and that the PAs have to stay within the bounds of this. He noted that each PA has to file these models with each plan, and that the plans are open for review. Buchler explained the other reason for set pricing in the HES program, besides cost-effectiveness, is that it delivers certainty to the customer so they know the project cost and incentive amount right up-front, and can make an informed decision about participation.

Zenni presented a set of slides updating the Councilors on the C&I programs' 2011 Q1 qualitative results. He noted the increased focus on training, indentifying major projects, trade ally open houses, and gas & electric integration. He explained that the programs have the best financing program in the nation, with over 40 participating lending institutions.

Harak asked the PAs if they could address the contractors' concerns who say they can't work within the new program, as we don't want to lose any contractors. Buchler responded that set pricing was the path chosen to provide pricing consistency for customers. He clarified that it is not a statewide fixed price, but allows PAs to take into account regional price variations. Buchler noted that the PAs have not yet fully tackled the issue of contractors performing 'other services' and that they need to work this through. Sylvia expressed his understanding from the March meeting that contractors could do additional work. Connor proposed that the Steering Committee take up rules about contractors "going above and beyond" standard program services. Buchler noted that it doesn't do any good to have contractors engaged in a program that is not sustainable and cost-effective.

Loh noted that there is a difference between 'public' and 'open and transparent' and suggested that there is more to unpack with the subject of cost-effectiveness. He encouraged the Council to have more discussion on this. Gorke reminded the Council that some time had been spent exploring cost-effectiveness early on in the 3-year planning process, and that it may make sense to revisit this, with perhaps a white-board session with the Consultants and the PAs. He also asked everyone to please bring to the Council's attention any evidence of "low road" contracting.

Schlegel presented a set of slides on the Consultants' review of the Q1 qualitative results. The information, he noted, was reviewed through the lens of the Council's key priorities for 2011, as listed in the Consultants' 2011 work plan. Schlegel explained that we'll know more after seeing the PAs' quantitative report at the May meeting. He noted that it will be important to increase emphasis on statewide education in 2011, including messaging and branding. Schlegel noted that numerous EM&V studies are delayed. Newberger and Oswald noted the importance of the June 1st deadline. Schlegel asked the PAs to bring whatever pressure they can on the contractors performing EM&V studies to complete by the originally agreed upon date. The EEAC Consultants were directed by the Council to work with the PAs to coordinate moving the EM&V projects ahead, with some flexibility on dates, so that the study results can be included in and help to inform the annual reports and 2012 planning.

V. Council Annual Report to Legislature

Kaplan reported that she is working with Environment Northeast, the EEAC Consultants, and others on the Council's Annual Report to the Legislature. The objective of the report, she noted, is to outline the progress of the 3-year plan, with the audience being the Legislature and the DPU. Kaplan noted that the outline has been developed and distributed to the Council, and requested that any additional thoughts or edits be sent to her as soon as possible, as the completion timeline is aggressive. The report, which will

include many case studies, will be reviewed at the May 10th EEAC meeting. Seidman asked Kaplan to consider adding NOx and SOx reductions, using equivalents that people can relate to. Sylvia noted that it is important that we get this out because we have a good story to tell. Kaplan asked for a PA point person, and Lyne said he would coordinate a PA point person within 2 days.

VI. Gas and Electric Integration

Dvorchik, representing the C&I Management Committee, presented a set of slides updating the Council on PA progress on Gas and Electric integration activities. The slides will be posted on the EEAC website.

VII. Council Schedule

Schlegel reported that the Consultants are working with the PAs on a summary schedule. Sylvia asked that communications go through Tina Halfpenny going forward. He also reported that Mike Sherman's former position has been posted.

VIII. EEAC Consultant Monthly Report

Belliveau reported that the two big hits in the monthly report were the Legislative report and the HES model.

IX. Sylvia adjourned the meeting at 4:22pm.