

**EEAC Resolution Concerning
Its Priorities to Guide the Development, Implementation, and Evaluation of the PA Efficiency
Plans**

Approved March 24, 2009

Introduction

Under the Green Communities Act, the Energy Efficiency Advisory Council (“EEAC” or “Council”) is charged with reviewing the Massachusetts Program Administrators’ (“PAs”) efficiency plans and budgets, and working with the PAs to evaluate the short- and long-term availability, reliability, cost-saving and environmental benefits of their energy efficiency and demand reduction programs.

In this resolution, the Energy Efficiency Advisory Council asserts its understanding that the Green Communities Act (“GCA”) requires bold action. Moreover, the Council recognizes that the Secretary of Energy and Environmental Affairs is developing the emissions reduction targets set out in the Global Warming Solutions Act of 2008 (“GWSA”), and expects that the PA plans will work in concert with the GWSA targets once they are developed and adopted. Given these recently enacted laws and the precedent that the PAs have established in leading the nation in developing high-quality energy efficiency programs, we have great expectations for balanced, cost-effective, robust and innovative three year statewide electric, statewide natural gas, and individual PA efficiency investment plans (“Plans”). These Plans will promote energy efficiency and the resulting savings will be expected to lower the cost of electricity and natural gas services, and the applied cost of GHG reduction, to benefit ratepayers in the Commonwealth.

This statement articulates the Council’s priorities to guide program planning, analysis, implementation, and evaluation. Developing the Plans will be an iterative process between the Council, the PAs, and the Council’s Consultant, and we provide below overall direction to the Consultant on its overall conduct in its work for and on behalf of the Council. We look forward to continuing conversation and collaboration with the PAs and other stakeholders about creative alternative approaches that meet or exceed the intended impact of these suggestions.

Priorities

1. The Green Communities Act calls for the acquisition of all available cost-effective energy efficiency. The Council affirms this goal and shall only approve PA plans that include savings goals in their 2010-2012 EE plans that conform with and support the successful attainment of all available cost-effective energy efficiency. In addition, the Council intends that all PA plans will work in concert with the emissions targets of the Global Warming Solutions Act once they are developed and adopted.
2. In order to plan for the successful on-going attainment of the savings goals derived from the Green Communities Act, the PAs are be expected to develop strategies to provide comprehensive treatment and to acquire deep savings in customer facilities. The Council also expects the PAs to develop and implement a comprehensive outreach, communication, and marketing strategy to inform and encourage program participation and to support the development of the infrastructure necessary to provide these efficiency services.
3. The Department of Public Utilities approved in DPU. Dockets No. 98-100 and No. 08-50-A the use of the total resource cost test as the means to demonstrate the cost-effectiveness of the planned efficiency programs and reported savings. The PAs are expected to continue to use the total resource cost test until such a time as the Department may modify their prior directive.

4. The Commonwealth should employ the right structure and level of performance incentive for PAs who administer and deliver demand-side management programs striking the appropriate balance between fiscal responsibility and positive economic signals for the PAs to achieve strong efficiency performance and customer value. As set out in the GCA, the PAs shall coordinate with the Council, as part of the development of the statewide and individual three-year electric and gas energy efficiency plans, to develop appropriate performance incentive mechanisms.
5. The allocation of monies to the several consumer sectors (residential non-low income, residential low income, and commercial & industrial) to pursue the energy efficiency activities of each Plan should be equitable in proportion to the funds that are provided by those sectors over the 2010-2012 period, or as modified by the GCA.
6. In order to continue to provide increased value to customers with the availability and delivery of energy efficiency programs and to reduce program differences across the PAs, it is the Council's expectation that programs serving similar customer segments across the Commonwealth will with all deliberate speed transition to common programs with the same program characteristics, delivered either by each PA or by one or more combinations of PAs.
7. To support the demonstration that energy, capacity, and emissions savings from energy efficiency programs and initiatives are real, the Council finds it of paramount importance that the efficiency programs be evaluated by independent contractors on an appropriately periodic basis. The Council expects the PAs to develop and carry out comprehensive multi-year evaluation, monitoring, and verification (EM&V) plans which will rely on best practices and a continuing examination of the most appropriate evaluation methods to be used with the programs under study.
8. To support program planning and design in support of the savings goals implied in the GCA and GWSA, the Council expects the EM&V plans to include market assessment and market research studies so that an increasingly refined picture of the opportunities for and barriers to energy, capacity, and emissions savings can be obtained.
9. In order to make the best use of the various technologies and service providers available in the marketplace, the Council asserts that it is essential that program administrators engage in open, transparent and competitive solicitation processes. In doing so the Council recognizes the need to maintain high standards of performance and accountability, but believes a robust marketplace is essential to expanding the total energy efficiency efforts to achieve our long term goals. In any market or self-directed effort the standards applicable to the PA programs and projects regarding cost-effectiveness and evaluation, measurement and verification shall apply.
10. Successful program development is achieved through an iterative process where learning and improvement is achieved over time. In order to enable such program development to take place, the PAs are encouraged to explore phasing some new programs, with ongoing re-evaluation and improvement throughout the three year plan period.
11. The Commonwealth's energy efficiency programs should utilize and maximize all available government, private and other funding to support program costs as authorized by the Green Communities Act before seeking ratepayer funding above that provided through mandatory assessments. The PAs shall keep a strict accounting of the RGGI funds and other non-SBC funds and shall provide quarterly reports to the Council that report their allocations across the sectors.
12. The Green Communities Act states that energy efficiency programs should be managed in a manner to ensure the maximized use of customer funds for programs while minimizing overhead and administrative costs. The Council expects the PAs to manage the efficiency programs in a manner that conforms to the Act.

13. Expansion of the efficiency programs will lead to greater demand for energy efficiency service jobs. Delivery of successful programs relies on a robust, high-quality, equity-based workforce. The Council encourages the PAs to carry out equitable job and workforce development efforts to ensure that the human resources needs associated with efficiency program ramp-ups are met, new service providers are trained, quality control is achieved, and the Commonwealth benefits from the associated job creation and economic growth.
14. The Commonwealth's energy efficiency programs should strive to provide all customers with lower utility bills through direct participation in programs, and through mitigation of the need for new energy infrastructure and lowering wholesale energy prices.
15. The PAs' energy efficiency programs should be transparent in their operation and approval including disclosure of customer bill impacts associated with increases in program spending and description of long-term customer benefits.
16. The PAs should provide the Council with periodic progress reports for all customer classes that may include, but are not limited to, logs of projects above \$100,000 and Combined Heat and Power Projects.
17. The PAs should make historic utility customer energy consumption data available in a user-friendly format to those customers who request access to their energy consumption data.
18. The PAs should include a greenhouse gas reduction assessment in program design and should report green house gas reductions achieved by individual programs consistent with the Global Warming Solutions Act's regulations and targets once they are developed and adopted..
19. The PAs are encouraged to utilize the Climate Registry, and energy efficiency programs funded through the Green Communities Act should be consistent, to the extent feasible, with other energy-related programs and activities of the Commonwealth, including, but not limited to, GHG mitigation programs under the Massachusetts Global Warming Solutions Act once developed and adopted.
20. The PAs shall strive to provide customer rebate/incentives that encourage deeper energy savings by modifying customer incentives/rebate levels and incentive/rebate caps to encourage the best energy savings strategies in the marketplace. The PAs, in conjunction with the Consultants, are urged to research, analyze and report their findings to the Council on the following:
 - The development of a user-friendly "Prove the Savings Formula" that could be utilized to calculate incentives available for project specific solutions. Additional incentives could equal a fixed dollar amount multiplied by savings that are verified via an energy model. So as not to add an administrative burden or additional cost to the customer, verification requirements could piggyback on modeling requirements of other likely programs being used by the customer including but not limited to Energy Star, LEED, and PassivHaus.
 - Consider performance-based incentive structure (higher incentives paid for achieved savings) where direct measurement is possible.
 - Raising customer incentive/rebate levels to capture the value of energy savings for deep energy efficiency measures. Consider removing funding caps under all cost effective paradigm, or scheduling total needs identified over multiple years.
 - Whether it would be more equitable to base funding caps on the number of square feet in a building or the number of units, rather than on a given meter, or other methods that are more appropriate for different customer classes.
 - Adding custom incentives for low tech solutions such as exterior shading, air sealing, etc. that result in energy savings.

- Raising the bar on Energy Star incentives to be consistent with the recommendations of the Governor’s Zero Energy Task Force so as to encourage deeper energy efficiency measures.
 - In coordination with the Green Communities program, providing appropriate incentives for municipal buildings.
 - Analyzing incentive levels for non-profits that provide essential services, to ensure they are not underserved.
 - In determining whether to introduce or modify customer incentives, PAs shall rely on any available market research or conduct other appropriate analyses to determine whether such new or modified incentives are appropriate to incent customers to participate in the PAs’ energy efficiency programs.
21. All programs, to maximum practical extent, should consider a whole building approach and building energy use systems in describing demand reduction elements, so as to maximize overall energy savings and enable the customer to understand all of their efficiency options and the interrelationship between energy sources and uses within a building.
22. The PAs shall strive to maximize seamless delivery to the customer, without duplication or complexity, regardless of a given property’s rate class, territory or utility type by:
- Simplifying the number of programs in which a property can participate and instead develop comprehensive single-point programs that take a whole building approach to energy savings, while seamlessly integrating electric and gas efficiency measures into one program.
 - Streamlining program administration so every “property” is required to fill out only one application that encompasses gas and electric programs and is blind to a property’s rate class or territory.
 - Developing consistency and coordination across service territories so that entities with multiple locations across the Commonwealth receive program services (gas, electric and some renewables) in a manner that reduces administrative burdens.
 - Implementing inter-utility, inter-fuel type, and inter-rate class funding mechanisms which enable single point programs for properties that are served by two PAs, properties that have multiple rate class meters, and/or properties that are participating in whole-building approach programs.
 - Including a shared chapter in the gas and electric plans that describes how programs specifically integrate gas and electric initiatives to maximize overall utility savings.
23. The PAs shall implement a comprehensive, user-friendly multifamily initiative that provides seamless multifamily service to the customer, regardless of rate class, and will include two components, one focused on multifamily New Construction and Major Renovations and the other on multifamily Existing Buildings.
- The PAs are encouraged to define “multifamily” as a building with more than four units.
 - The PAs are encouraged to work in conjunction with the Consultant to determine how to implement a program that from a customer’s perspective will be blind to whether building meters are commercial or residential.
 - The PAs are encouraged to work in conjunction with the Consultant to determine how to ensure that customers participating in the Multifamily Initiative need to fill out only one application for a given multifamily property and be required to interact with only one utility-related service provider or partner. For purposes of the multifamily program, the PAs are encouraged to define “property” as all buildings within a given property, regardless of the number of meters on that property. If the customer is not the building owner or landlord, the PA should seek to involve other customers on the property, whether other customers in the same development.

- The PAs are encouraged to develop mechanisms, including outreach and education to landlords to demonstrate the benefits of undertaking energy efficiency and provide equitable sharing of the costs and benefits of energy efficiency improvements.
 - The PAs are encouraged to offer technical assistance in the form of audits, design assistance, commissioning, and training, and cash incentives based on building performance in the Multifamily Initiative.
 - The PAs are encouraged to explore a Multifamily Initiative deep energy retrofit track.
 - To ensure the highest level of quality and consistency, the PAs are strongly encouraged, in conjunction with the Consultant, to research, analyze and report their findings to the Council requiring the accreditation of all auditors of multifamily facilities and associated contractors, through rapid but thorough review of successful models in other areas of the country including but not limited to New York, Wisconsin, Ohio, and the Pacific Northwest, and through researching BPI and other accreditation entities.
 - The PAs are encouraged to examine the experience of NYSERDA and other states' multifamily programs.
24. To achieve deeper savings through a whole building approach in all programs, programs should consider moving towards a systematic building performance measurement at a level of detail appropriate to the work being done, such as actual energy use intensity (kBtu per square foot) or HERS Index for residential buildings.
25. The MassSave Program should be augmented to encourage deeper savings, higher participation, greater state-wide consistency, and job growth.
- The PAs are encouraged to research, analyze and report their findings to the Council on the consistent use of a blower door test and infrared scanning, and a review of health and safety measures, in all MassSave audits.
 - The PAs are encouraged to utilize a consistent audit report format. PAs should explore a wide variety of content for these reports, such as descriptions of 1) existing conditions, 2) recommended improvements, 3) associated energy savings and payback periods, 3) accepted standard audit protocol and consent report format for all PAs that includes, among other things, an explanation of building science principles that can help the homeowner with decision making. The PAs should explore how a customer friendly report format with the intention of it being both 1) a tool that gives homeowner's all the information necessary to make a decision that is best for them, and 2) a marketing document that leads to greater participation in implementation of efficiency measures. PAs are encouraged to review, among others, NYSERDA's Home Performance with Energy Star audit form.
 - To ensure greater market penetration and greater job creation, PAs are encouraged to explore a market driven contractor model to create an independent network of contractor auditors and implementers.
 - To ensure the highest level of quality and consistency, the PAs are strongly encouraged, in conjunction with the Consultant, to research, analyze and report their findings to the Council as to requiring the accreditation of all MassSave auditors and associated contractors, through rapid but thorough review of successful models in other areas of the country including but not limited to New York, Wisconsin, Ohio, and the Pacific Northwest, etc, and through researching BPI and other accreditation entities.
 - The PAs are encouraged to explore various customer financial contributions to the audits, ranging from free audits to a market driven audit system, whereby the customer is charged upfront for the cost of the audit, but if the customer proceeds with the work, then the cost of the audit is deducted from the cost of the work.
 - The PAs are encouraged to explore a MassSave program with a deep energy retrofit track.

26. The PAs should integrate cost-effective, clean CHP into the suite of efficiency program offerings to MA ratepayers, while coordinating with other policies and incentives (e.g., the alternative energy portfolio standard).
27. The PAs should explore opportunities within the programs to increase energy efficiency/reduce energy use of other heating fuels, including heating oil, propane and wood.
28. The PAs research and development pilot initiatives can be distinct, with some PAs offering a pilot and others offering a different pilot, as long as overall statewide goals are met. The PAs are encouraged to develop new creative pilots and build on existing pilots. All pilots should be monitored for educational purposes.
29. The PAs are encouraged to develop a “deep energy efficiency” pilot that is consistent with the Governor’s Zero Energy Task Force and should at a minimum explore 1) a new Deep Energy Retrofit Pilot Program of existing buildings achieving 50% energy reductions or more as compared to historic energy usage and 2) a Zero Energy Pilot Program that encourages diverse paths to Zero Energy, including but not limited to PassivHaus. These Deep Energy Efficiency Pilots should include a wide range of projects such as single family homes, affordable housing, large multifamily and commercial buildings and new construction and major renovation and include a substantial amount of square footage. These pilot programs should be designed with the long term goal of meeting applicable cost effective standards.
30. Program marketing and communications should be designed to maximize user-friendliness. The following should be considered:
 - Initiating market research to determine best how to encourage customers to implement energy efficiency measures and participate in the programs,
 - Establishing one central web-based clearinghouse that describes ALL utility programs and provides ALL 1) applications, 2) incentive details, 3) instructions on how to participate,
 - Providing a technical resource manual that defines savings fundamentals and standard terms and is available at the central web-based clearinghouse.
 - Overcoming barriers of customer awareness through effective outreach and marketing that 1) advertises the central web-based clearinghouse and specific programs, 2) builds upon and enhances enhance brand identities (i.e., MassSAVE) to bring greater public attention to programs, and 3) provides consumer education to decrease energy usage, 4) provide the customer with the option of reaching out to their program administrator directly, and 5) implementing marketing initiatives that prove most effective through market research.
31. To provide for the development of equitable jobs and sufficient workforce to support the programs:
 - The PAs are encouraged to research and analyze an equity and market-based provider model to provide technical assistance, audits, and turn key energy efficiency improvement services. Independent equity and market-based providers should include engineers, auditors, contractors, and HERS Raters. Customers could chose from a list of providers who have met rigorous PA standards.
 - The PAs should determine how all technical assistance/implementation programs could be augmented with specific technical training requirements, such as Building Performance Institute (in the case of residential and multifamily programs) for those performing the work.
 - The PAs should explore funding for training programs across the state to build capacity within the energy efficiency market and work to determine if residential and multifamily training programs should be accredited by the Building Performance Institute.

- The PAs should determine how to appropriately incentivize equity-based trainings and may incorporate incentive programs such as offering the training at a cost, but reimbursing participants for a portion of the training after they complete and pass exam for accreditation.
- Training should build upon lessons learned and curriculum developed in Massachusetts and other states.
- The PAs should explore how to integrate training plans with well developed approaches on how various implementation programs will utilize this trained workforce to implement portions of those programs.
- The PAs should coordinate their workforce development efforts with any entities or organizations which are operating training programs for those employed, or seeking employment, in the field of energy efficiency, with a particular emphasis on coordinating with any state-funded energy efficiency skills training programs.

Directives to the Council's Consultant

1. The Consultant shall represent the Council's principles, declarations, and guidance in all interactions with the PAs.
2. The Consultant shall interact in an on-going basis with PA staff on all aspects of the preparation of the 2010-2012 energy efficiency plans, including reviewing the status of the implementation of the 2009 energy efficiency programs as they relate to their stated 2009 goals and performance incentives.
3. The Consultant shall provide memos and reports to the Council, as may be requested by the Council, or on its own initiative with approval from DOER and notice to the Council, to inform the Council of particular topics or to identify issues that need formal Council attention.
4. The Consultant's role will continue beyond the development of the first three-year plans. The Consultant shall continue to monitor program implementation and take an active role in all Evaluation, Monitoring and Verification plans and studies. The Consultant shall continue to advise the Council on the progress of programs and issues that require the Council's attention. This aspect of the Consultant's role may include but not be limited to assessing PA progress toward stated goals, analysis of reports and evaluations, recommendations for changes in program design and implementation as needed, assessment of new technologies and program designs developed outside Massachusetts, development of short term and long term strategies to ensure that the PA programs acquire all cost effective energy efficiency in all customer sectors, as well as integration of program efforts.
5. Other tasks directed by the Council.