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Ian A. Bowles
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Philip Giudice
Commissioner

April 9, 2009

Paul Hibbard, Commissioner
Jolette Westbrook, Commissioner
Tim Woolf, Commissioner
Department of Public Utilities
One South Station
Boston, MA 02110

Dear Commissioners:

I am sending you this letter and budget on behalf of the Energy Efficiency Advisory Council established by the Green Communities Act. As you know, subsequent to your appointment of Councilors, the Council has, in collaboration with electric and gas efficiency Program Administrators, begun its work to plan the 2010 – 12 efficiency investment programs. I am pleased with the work of the Council and Program Administrators to date and optimistic that we will craft bold new efficiency plans that deliver a greener energy future for the Commonwealth.

Under the requirements of the Green Communities Act, Chapter 169 of the Acts of 2008, §21(c) says in part:

“The council shall annually submit to the department a proposal regarding the level of funding required for the retention of expert consultants and reasonable administrative costs. The proposal shall be approved by the department either as submitted or as modified by the department. The department shall allocate funds sufficient for these purposes from the natural gas and electric efficiency funding authorized under section 19; provided, however, that such allocation shall not exceed 1 per cent of such funding on an annual basis. The consultants used under this section shall be experts in energy efficiency and shall be independent.”

The Massachusetts Energy Efficiency Advisory Council first convened in November 2008, and has had five meetings. Thus far, the Council has:

- Developed and approved a set of operating by-laws;

- Developed a draft set of priorities for energy efficiency plans;
- Initiated and completed a Request For Response process to procure a team of consultants to assist the Council in its work, resulting in the decision to hire the selected team led by Optimal Energy on February 24, 2009; and
- Developed and approved a first year budget to provide for the costs of the selected consultant team, as well as additional consultant services the Council may require during this initial year.

At the direction of the Council, through a resolution passed February 24, 2009 (attached), DOER requests the DPU approval of the budget for calendar year 2009. Under the Green Communities Act, the Council's budget may be no greater than one percent of the combined electric and gas energy efficiency programs, which for 2009 would be a maximum budget of approximately \$2.1 million.

The Council's requested budget is a total of \$1.8 million, of which up to \$1.2 million is allocated for support of the selected consultant team, depending upon actual consultant invoices for services rendered to the Council. The remaining \$600,000 is budgeted to provide any additional contracted services the Council may identify in its inaugural year. Any additional services that would draw on the \$600,000 would be procured only after a formal determination by the Council to expend the funds and a competitive process following Massachusetts procurement statutes and regulations to acquire the services.

DOER and the Council recognize that this request involves a significant amount of currently unprogrammed funds. In this inaugural year the Council has not been operating long enough to know what its additional needs might be and requests flexibility to enable it to quickly respond to its needs in the few months during which the first three-year plans are developed, debated, and approved.

In order to appropriately invest all program administrators in the Council planning process we expect all program administrators to contribute their share of the funds to support Council activities. Together the electric utility companies' 2009 efficiency programs represent 86% of the total planned spending on 2009 efficiency programs, and gas utility companies represent the remaining 14% of planned efficiency program spending. DOER on behalf of the Council requests that the DPU direct the electric and gas companies to allocate sufficient funds in their budgets to support consultant activities, and that the companies set up administrative processes to promptly pay consultant invoices approved by DOER.

The proposed budget and the Council Resolutions regarding the budget and employment of the consultant are attached.

We urge your rapid review and approval of this request and will be happy to discuss any aspect of it with you at your convenience.

Respectfully,

Philip Giudice
Commissioner
Chair, Energy Efficiency Advisory Council