

**Massachusetts Energy Efficiency Advisory Council**

Meeting Minutes (DRAFT)

Tuesday, April 21, 2009

**Councilors Present:**

| <b>Voting</b>   | <b>Present (designee)</b> | <b>Non-Voting</b> | <b>Present (designee)</b> |
|-----------------|---------------------------|-------------------|---------------------------|
| Heather Clark   | X                         | Derek Buchler     | X                         |
| Martha Coakley  | Danielle Rathbun          | James Carey       | X                         |
| Paul Deare      | X - Miera Soloff          | Penni Conner      | X                         |
| Lucy Edmondson  | X                         | Alisha Frazee     |                           |
| Philip Giudice  | Frank Gorke               | Kevin Galligan    | Maggie Downey             |
| Debra Hall      | X                         | George Gantz      | X                         |
| Charles Harak   | X                         | John Ghiloni      |                           |
| Elliot Jacobson | X                         | Paul Gromer       | X                         |
| Samuel Krasnow  | X                         | Andrew Newman     |                           |
| Rick Mattila    | X                         | Richard Oswald    | X                         |
| Robert Rio      | X                         | Michael Sommer    | X                         |
|                 |                           | Timothy Stout     | X                         |

**DOER:** Frank Gorke, Michael Sherman, Steven Venezia

**Consultants:** Tom Franks, Paul Horowitz, Ralph Prah, Jeff Schlegel

**Attending:**

|                    |              |                  |                         |
|--------------------|--------------|------------------|-------------------------|
| Scott Albert       | Eric Dubin   | Emmett Lyne      | Jennifer Turnbull-Houde |
| Steve Bonanno      | Lyn Huckabee | Erin Malone      | Allyssa Weismann        |
| Geoff Chapin       | Marge Izzo   | Jeremy McDiarmid | Alissa Whiteman         |
| Fran Cummings      | Paul Johnson | Cara Mottola     |                         |
| Ben Davis          | Susan Kaplan | Kevin Penders    |                         |
| Christina Dietrich | Pat Kelly    | Miera Soloff     |                         |

I. Introduction

Gorke noted that Harak and Edmondson will arrive late, that Rathbun was attending on behalf of Coakley and that Soloff is present on behalf of Deare without written confirmation. [Deare arrived after the meeting began] Venezia informed the Council that Conference rooms C & D have been reserved for a full day meeting on May 5. Gorke noted that the meeting is intended to bring issues to the Council's attention and that there will be no votes take today.

II. Schedule for reviewing the three-year plans.

Gorke noted that the proposed schedule calls for Council comment earlier than previously anticipated. Schlegel noted that this is the third revision incorporating timeline information from the Program Administrators (PAs). The schedule includes a session on May 5, the morning for PA presentation of the Plan, and the

afternoon for a Council work session to develop issues. The Consultants will develop a work plan proposal through June 29 to be presented at May 12 meeting. In addition review of the Plan filed on April 30 several issues will be developed in a parallel process, including rate/bill impacts, the assessment of all available cost-effective energy efficiency, budgets and savings, and the performance incentive.

Clark asked about the process for collecting Council comments and Schlegel responded that there will be several means and opportunities but that identifying issues is a priority. Rathbun asked how the results from the pending avoid cost study will be incorporated. Schlegel responded that the work has been based on the current data and that it will likely be included in the October filing. Lyne noted that the PAs have not reached a consensus position on the proposed schedule, but will provide comments in writing if they have concerns.

### III. Rate/Bill Impact Analysis Working Group.

Gorke reported that meetings have been scheduled for May 7 and 14 at 1:00pm and that there are ongoing discussions between Councilors, DOER and DPU on how to charter this group. Schlegel noted that it will require a significant effort to prepare a presentation by early June, that the process will first consider the methodology for evaluating impacts and the actual values will be refined over time as implementation details are developed.

### IV. Evaluation, Monitoring & Verification (EM&V)

Gorke noted that DOER has reviewed the Consultant proposal and supports the concept. Prahm provided a brief overview of his professional background and presented a structure for EM&V oversight and management that increases consistency with policy and planning objectives, increases transparency, increases the level of public oversight, increases credibility, and effectively utilizes available and existing resources. He described the current state of EM&V in the Commonwealth, noting that it has moved from a historic position of leadership as other jurisdictions have developed.

Consultants recommend that administration of EM&V projects in Massachusetts be reorganized in the following manner:

- All impact evaluations, and virtually all other studies, should be performed at a statewide rather than an individual program administrator level;
- The range of evaluation activities should be divided into 5-7 semi-permanent statewide research areas oriented primarily to specific target markets (e.g., residential retrofit, large C&I), each with a long-term contract manager, a long-term evaluation contractor, and an assigned liaison from the EEAC Consultant Evaluation Team;
- The program administrators should remain the main mechanism for contracting with the independent evaluation contractors, but the locus of control of evaluations should move away from the program administrators to DOER and the EEAC;

- There must be increased control of EM&V by DOER and the EEAC to ensure consistency, objectivity, timeliness, and credibility;
- Electric and gas evaluation efforts should be fully integrated. Electricity vs. gas should not be an organizing principle in the system of statewide research areas, as target markets are generally not organized by fuel type. Each of the statewide research areas should cover both electric and gas evaluation efforts;
- If the PAs continue to be involved in EM&V contracting as recommended, there need to be clear mechanisms to encourage them to move needed evaluations forward and perform them effectively, even when they do not perceive this to be in their interest. A variety of approaches are possible, including the following:
  - Increased level of active monitoring and intervention by DOER and the EEAC.
  - Reliance on program administrator pride in accomplishment as evaluators.
  - Financial penalties for not meeting EM&V responsibilities; and,
- The M&V sections of the three year plans should reflect the administrative approach recommended here, as well as proposing a specific set of statewide research areas and project managers, and a three-year schedule for evaluation activities in each research area.

(The full recommendation is available at <http://www.ma-eeac.org/docs/090421-EMV-mgmt.pdf>)

Stout noted that a critical issue from the PA perspective is how the Council will oversee administration. Hall requested information on past EM&V efforts. Jacobson noted the NUP (non-utility party) process had good results but was sometimes frustrating and cumbersome, and expressed desire to avoid comparable problems. Schlegel responded that the locus of decision-making and control are much clearer than in the NUP process and that the organization of the results will be much more accessible. Gorke noted that a key question is how EM&V will contribute to maintaining and increasing public confidence in efficiency programs and the Consultant proposal is “the right answer.” Lyne responded that the PAs will have comments and asks for an opportunity to present their concerns. Krasnow encouraged the PAs to present their concerns. Gorke noted the importance of resolving this issue in the near term. Stout suggested a session to describe how this is being handled in other jurisdictions. Rathbun asked about the rationale for long-term contracts. Consultants responded that short-term contracts, due to the paucity of supply in the industry, generally do not get high quality responses and that the contract cycles in the residential sector are already three-year. Gorke supported the suggestion a call on this issue between PAs and Consultants.

## V. Assessing All Available Cost-Effective Efficiency Potential

Gorke noted that the Consultants have prepared an outline for the process. Schlegel presented the proposal for an assessment based on secondary research instead of a comprehensive potential study driven by primary research. This

approach offers advantages in timeliness, affordability and still would provide a sufficient level of reliable data to inform decision-making for this planning cycle. The Consultants propose to lead this effort with input from the Council and the PAs, to conduct it in parallel with the Plan review process, and to present preliminary results in late May.

Harak asked if the analysis would be sector based. Schlegel responded that it would, and to the extent possible segmented by end uses. Rathbun asked how “available” would be defined. Schlegel noted that achievable is a synonym that involves a subset of all economic potential that accommodates timing. Rathbun asked how quickly it could be acquired once defined. Schlegel responded that that the programs should be designed to ramp up and sustainably achieve all available cost-effective energy efficiency by 2020, averaging three percent annually. Edmundson, Harak, and Jacobson all expressed interest in more information on demand response potential.

## VI. Process for Incorporating Additional/New Measures

Gorke noted that a robust, predictable, and transparent process for incorporating new measures (technologies, techniques, etc) into energy efficiency efforts is desirable. Oswald noted that the PAs have discussed a technical review committee process. Horowitz suggested that the Consultants confer with PA sector experts on this process.

## VII. Marketing, Education, & Outreach

Gorke noted that in addition to going deeper, the programs will need to reach more people to hit the goals. DOER presented an overview of the effort to create a comprehensive, multimedia, multi-faceted statewide campaign and is seeking Council input. Harak suggested that discussion facilitate by one of the subject area experts participating might expand the range of creative thinking. Clark supported Harak’s suggestion and referred to the NY branding campaign using Steve Thomas from This Old House. Jacobson supported the idea of third party expertise and noted that these decisions need to be made soon to address market cycles. Rio suggested that an awareness survey be conducted prior to this discussion, that some customers may not care, and asked if PAs find C&I customers who are unaware of the program. Lyne noted that marketing and outreach will be addressed in the April 30 submission. Edmundson requested information on effective messages from other jurisdictions. Sommer noted that the PAs primary constraint has been budget, not interest. Clark requested that the Consultants review branding efforts in other states. Rathbun requested information on costs.

## VIII. Performance Incentives

A. Horowitz presented on the range of existing performance incentive mechanisms, noting that this is a separate issue from program cost recovery and lost revenue recovery. He described three main categories, performance targets, shared net benefits, and cost capitalization (or bonus return on equity). He noted

that a link to the National Action Plan for Energy Efficiency is posted the EEAC website. (<http://www.epa.gov/cleanenergy/documents/incentives.pdf>) He also noted that all current mechanisms are designed around a fixed budget for energy efficiency, whereas in this case the objectives are fixed. Harak suggested a greater focus for incentive mechanisms on capturing deeper savings from a broader base. Horowitz responded that a value incentive could reflect this. Clark suggested reviewing average savings per customer. Gorke noted that this is a complex topic and that he anticipates reconvening on it in mid-May.

#### IX. Public Comments

Paul Johnson spoke to the connection between behavior change and social discussion, referring to a 20% reduction in water usage in Bogota Columbia when the mayor took a shower in a public square with one bottle of water.

Clark provided a brief comment on the multi-family work session and noted that she looks forward to the inclusion of its work products in the plan.

#### X. Meeting adjourned at 5:06 pm.