

**Massachusetts Energy Efficiency Advisory Council**  
 Meeting Minutes (DRAFT)  
 Tuesday, May 26, 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	Jed Nosal	James Carey	X
Paul Deare		Penni Conner	X
Lucy Edmondson	X	Alisha Frazee	
Philip Giudice	Frank Gorke	Kevin Galligan	X
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	Carole White

DOER: Michael Sherman, Steven Venezia  
 Consultants: Paul Horowitz, Jeff Schlegel, Tom Franks

**Present**

Gerry Bingham	Christina Dietrich	Jeremy McDiarmid
Marc Breslow	Jack Habib	Lori Segall
Ryan Capers	Pat Kelley	Lisa Shea
MaryJo Connelly	Emmett Lyne	Tilak Subrahmanian

I. Introduction

Gorke called the meeting to order at 3:06pm, noting that the information packet is consolidated into one document. The Council reviewed and accepted the agenda and discussed expanding the meeting to accommodate the upcoming agendas. Venezia will check for a location to begin future meetings at 2:00pm and file amended notices if necessary.

Gorke described current phase of the Council's work. Nosal noted that the Council must get materials in advance of meetings to provide adequate time review. Gorke concurred. Krasnow suggested that documents be prioritized for early distribution. Schlegel stated that the consultants are aware of and addressing this concern and suggested continuing this discussion at the end of the meeting when the details of the Council's work plan for the coming weeks have been determined.

II. Revised Work Plan

Schlegel presented an updated work plan, described it as primarily a reference document for Council use, and suggested revisiting it at the end of the meeting to establish priority documents.

### III. Assessment of Efficiency Potential

Schlegel described the consultant three part approach to assessment and presented the summary of studies from the northeast region. He noted that the studies tend to understate the potential and described the underlying rationale. Nosal suggested that cost information would be helpful. Harak asked if a summary of actual program results is available and Schlegel noted that Vermont exceeded 2.2% of load in 2008 and 4.5% in a geo-targeted area. Councilors raised a variety of questions about technical details which the consultants addressed. Gantz asked if the CHP analysis included reduction of natural gas usage on the margin for electric generation and Schlegel responded that the analysis is from the customer perspective.

Gromer suggested, with Krasnow and Harak support, that the analysis going forward focus on program design and cost, rather than expending additional resources defining a potential that will most likely be between two and three percent annually. Gorke noted that the DOER and the Council will need to make a decision on the appropriate level of effort for this project.

### IV. Performance Incentives

Schlegel informed the Council that the consultants have worked with DOER to develop concepts to be presented at the June 9<sup>th</sup> meeting focused on the mechanism without pre-determining dollar amounts. He noted that they are building on the current mechanism and are considering two types of approaches to encourage both deeper and broader savings acquisition. Harak asked that incentives focus on achieving real value for customers. Rio noted that the value of demand savings (kW) varies by time. Nosal asked if there the mechanism would be different for utilities that have decoupled and those that have not and was informed the mechanism would be the same, but that the levels might differ. Gorke stated that DOER has not developed a position on this yet.

### V. Council's Preliminary Comments on Statewide Plans

Schlegel presented a summary of the concerns expressed by councilors and consultants, noting that all parties are aware that the statewide plans are undergoing a process of continuous development. The objective of meeting resource need by acquiring all achievable cost-effective energy efficiency prior to creating new supply has significant implications for program design, implementation strategy, and costs. Achieving this objective will require an approach fundamentally different from the old program structure. Nonetheless, the delivery architecture can be preserved.

These factors create the need for an adaptive program design process, a "do-and-learn" approach. This will require strategies for marketing, building relationships with

customers, and leveraging vendor resources among others. Impact evaluation will be a critical part of the early feedback loop and will need to be incorporated into program design. Program design, which determines costs and benefits, is on the analytic critical path.

The objective will be to develop a road-map for program enhancement. Schlegel suggested that one of the most important things PAs could do would be to try to get deeper savings during 2009 to inform planning efforts. Harak noted that the timeframe required by the statute is “impossible” and asked if the Council and PAs can submit a “road map” that would satisfy the DPU’s standard of review. Clark asked for the reasons the programs could not be more detailed now. Galligan noted that there are 31 working groups now striving to achieve more precision. Nosal noted that the Council must make sure to “get it right” when it comes to major decisions and keep in mind what the DPU will be seeking in its review is “cost pre-approval.” He urges the Council to be realistic on in terms of what the regulators “will approve to extract dollars from ratepayers.”

Conner noted that the April 30<sup>th</sup> submission was built with a focus on what the DPU will need in October, and designed not to eliminate potentially beneficial approaches. Edmondson stated that she will require more information to make a decision and that adaptive process must be clearly defined. Clark agreed with the premise and noted the challenge of institutionalize adaptation in a plan. Jacobson stated that a conservative approach may sacrifice creativity. Nosal advocated for a conservative approach built on past successes. Gorke noted the value of the three year planning and implementation horizon with regard to implementation staffing and other issues.

Schlegel suggested that a two-part program description would balance the variety of objectives, a program plan for the near term and a road map for adaptation. This approach would give the DPU sufficient information for its decision this year by providing better bounded information. This would require creation of a time schedule with firm commitments and that the PAs begin to make progress in the field during this program year. It will also require a quick feedback component in the Evaluation, Monitoring and Verification (EM&V) plan to support the do-and-learn approach. Gorke noted that this does not mean that the PAs and Council can let up on the push to incorporate best practices in the plan, .i.e. to more clearly define the process of integration between utilities and fuels, and to develop a seamless customer interface.

Schlegel presented a document titled “Preliminary Comments of the Massachusetts Energy Efficiency Advisory Council (EEAC) on the Statewide Electric and Gas Efficiency Plan.” He noted that this working draft was compiled and present to give the PAs early written feedback. He asked that Council submit comments by May 29, that the consultants prepare a new draft by June 2, and that the Council take action on the next draft at it June 9 meeting. He reviewed the salient points from the document. During the presentation councilors asked:

- That technical, economic, and achievable potential be stated explicitly in reference to the GCA goals.

- That cause of the difference between the PA and consultant savings and benefits be explained.
- That the Council hear from the PAs with regard to the difference.
- That training and job creating be included.

Nosal asked if a means could be created so that councilors could see the issues raised by others. Gorke requested that comments be submitted by Saturday.

#### VI. Public Comment

Paul Johnson asked how the consultants know that going deeper will work, noting the difficulty he has had encouraging customers to invest more in efficiency than the subsidized amounts. He suggested that it might be appropriate to go broader first to “create momentum” in a focused location, using smaller scale locationally focused pilots. Schlegel responded that the law requires that “all achievable cost-effective energy efficiency” be sought, that there are a variety of strategies to overcome the barriers to deeper savings, and that the statewide approach is effective and required by law.

#### VII. Agenda Items for the Next Meeting

The Council determined it requires the following documents prior to the June 9 meeting:

- Revised draft of the Council’s Preliminary Comments delivered June 2
- Preliminary analysis of the rate and bill impact delivered June 5.
- Revised potential assessment based on the “Gromer proposal” including the summary of regional studies presented today and section on findings for Massachusetts by June 4.
- Draft performance incentive mechanism (date not set)
- EM&V Administrative Framework description (date not set)

Harak asked if the PAs will be commenting on EM&V. Lyne responded that the PAs will by the end of the week. Harak suggested that discussion of job creation be rescheduled but preserved as an issue.

#### VIII. Wrap Up

Gorke solicited and welcomed feedback on DOER’s management of the Council’s process, issues to be highlighted, or other concerns in the interests of serving the Commonwealth effectively. Lyne suggest that the agenda explicitly include discussion between the PAs and the consultants and between PA and non-PA council members. This would add value to the deliberative process. Nosal concurred.

IX. Meeting adjourned at 5:38pm.