

**Preliminary Comments of the Voting Members
of the Massachusetts Energy Efficiency Advisory Council (EEAC)
on the April 30th Statewide Electric and Gas Energy Efficiency Plans
June 3, 2009, Revised Working Draft**

[Notes to the Council:

- Purpose: to focus the efforts of the voting Council members, its consultants, and the PAs on the highest priority topics and issues over the next few weeks, moving forward in the review process over the next two months, by highlighting some preliminary comments on the statewide Plans. We tried to limit ourselves to the top ten topics, in our view at this point in time (additional topics will also be addressed over time during the ongoing review process).
- This revised WORKING DRAFT was compiled and prepared by the EEAC Consultants for Council review. To be reviewed by the Council on June 9; then to be completed by the Council at its June 23 meeting per the revised schedule.
- This document is a revised working draft at this point, including compilation of notes from the May 26 Council meeting and Council member comments received over the last 10 days.
- The consultants erred on the side of inclusiveness of recent discussions while retaining a focus on the priority issues in the prior draft (we did not add any priority issues to the list). Many of the detailed and program-specific comments from Council members were not included in this document to retain the focus on the priority issues.
- The consultants note that some revisions to the document will be needed, including for formatting, internal consistency, and appropriate level of detail.

Preamble

The preliminary comments of the Energy Efficiency Advisory Council (“Council”) should not be construed as approval or endorsement of the three-year statewide Energy Efficiency Plans (“Plans”) submitted by the Gas and Electric Program Administrators (“PAs”). The Council reserves its rights to amend its positions as the Plans continue to develop and additional information is provided. In addition, silence by the Council at this stage of review should not be construed as approval or endorsement of any Plan or program.

Introduction

[To be completed: Appreciate the efforts of the PAs in developing the statewide plans, large and momentous effort, appreciate the PAs working together, acknowledge the increased savings relative to past program years, acknowledge that some program designs, strategies, and delivery systems are in the process of development, etc.]

The voting Council members’ collective *preliminary* comments below are based on the review and analysis to date. Note that several analyses by and for the Council are ongoing, including the assessment of all available cost-effective energy efficiency and demand reduction resources, the rate and average bill impact analysis, the development of program designs and strategies to

achieve deeper savings for customers, and the continuing review of the statewide Plans. These forthcoming analyses will further inform the Council's review and its subsequent comments.

In addition, the Council is aware of the ongoing efforts of the program working groups including the PAs, DOER, Council members, consultants, and other stakeholders, to revise and improve the program designs and strategies to achieve deeper energy savings and reach more customers. The Council understands and acknowledges that these program design efforts are being done concurrently, in parallel to the Council's review of the April 30 statewide Plans. The Council encourages and supports these efforts to acquire deeper savings through revised program designs and strategies including those for residential, low income, commercial, industrial, and multifamily customers, and the Council looks forward to the inclusion of these improvements in forthcoming versions of the PA Plans.

While preliminary comments may provide some guidance at this stage, the Council is at a disadvantage because the Plans, while reflecting a great deal of work in a short amount of time, remain very general and very broad. In addition to a need for more detailed program descriptions, the PAs must provide the Council with the data to support the PA-proposed Plans and provide additional detailed information, such as historical numbers, participation levels, substantiation of the proposed budgets, etc., so the Council may determine the underlying basis of the three year plans to ensure whether the mandates of the GCA have been achieved. The PAs must provide certain information in order for the Council to make reasoned decisions and recommendations on the statewide and, eventually, the individual plans.

In developing its preliminary comments, the Council also reviewed its Priorities Resolution (March 24, 2009) and has referenced and inserted some numbered provisions from its March 24 Priorities Resolution where appropriate or useful below.

PRELIMINARY COMMENTS OF THE COUNCIL

1. Energy Savings Levels and the Requirements of the Green Communities Act (GCA)

The Council has not completed its analysis of or taken action on electric and gas program energy savings levels as the appropriate ones to apply to the three-year Plans. Several analyses by and for the Council are ongoing, including the assessment of all available cost-effective energy efficiency and demand reduction resources, the rate and average bill impact analysis, the development of program designs and strategies to achieve deeper savings, and the continuing review of the statewide Plans. In addition, there are significant differences between the values in the PA-proposed statewide Plans and the values in the consultant analysis regarding the levels of energy savings, benefits, costs, and net benefits, which are under review. These forthcoming analyses will further inform the Council's review and analysis, and its subsequent comments and deliberations.

Council Priorities Resolution:

"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.”

Based on the data and documents presented to the Council regarding the in-process assessment of all available cost-effective energy efficiency resources, the energy savings levels proposed by the PAs in the statewide Plans for 2010-2012 do not appear to be on the necessary path to acquire all available cost-effective energy efficiency and demand reduction resources as required by the GCA,¹ though the Council needs to complete the assessment of all available cost-effective energy efficiency savings (scheduled for June), as well as other relevant analyses, to confirm this preliminary observation.

Based on the initial review of the Council’s consultants, the consultants have indicated that the PA-proposed savings levels, while a significant increase relative to prior program years, appear to be too low to meet the GCA requirements.

- The PA-proposed savings levels do not appear to be on the necessary path to acquire all available cost-effective energy efficiency and demand reduction resources as required by the GCA, though the Council’s consultants need to complete the assessment of all available cost-effective energy efficiency savings (scheduled for June), as well as other relevant analyses, to confirm this preliminary observation.
- The program designs, strategies, and delivery approaches are not (yet) adequately focused on achieving deeper savings, and therefore will not capture all available cost-effective energy efficiency savings (some savings will be left on the table), though the consultants acknowledge that programs designs are in the process of being revised and improved to achieve deeper savings.
- The estimated GHG reductions in the Plans are lower than the values estimated in the consultant analysis as necessary to contribute the electric and gas sectors’ proportional reductions to the overall GHG reduction goals, and therefore appear to be too low to “work in concert with the emissions targets of the GWSA” (per the Council’s Priorities Resolution #1) even at the low end of the range (10% reduction from 1990 GHG emission levels by 2020) set forth in the GWSA.

2. Savings, Benefits, and Costs in the Statewide Plans

[Initial observations about the savings and costs in the Plans – see the May 5 consultant presentation and the summary charts inserted here.]

There are significant differences between the statewide Plans and the prior analysis of the consultants in terms of the levels of savings, benefits, costs, and net benefits for the 2010-2012 Plans. Analysis of the available data from the PAs is ongoing, but without program level data and data on the number of participants (and savings per participant or percent savings) from all PAs, the analysis will be somewhat incomplete.

¹ For example, four studies of energy efficiency potential in New England estimated achievable cost-effective potential from energy efficiency programs to be about 2.3% per year, without including energy savings from CHP, while the proposed electric savings in the PA statewide Plans, which include CHP, are significantly lower.

See the summary charts below (two for electric, two for gas).

At some point soon, it will be important for the PAs and consultants to be able to explain the differences between the height of the bars on the "electric savings by sector" and "gas savings by sector" graphs, as well as the differences in total resource benefits, total resource costs, program costs, and net benefits. Are these differences the result of relying on different data sources; or assuming different program designs; or different financial incentive structures; or different measure mixes; or assuming different levels of uptake and participation by customers? Explaining the differences is a high-level, critical issue. How do we know if the utilities are in fact trying to obtain all cost-effective energy efficiency if we cannot explain the differences in assumptions of what can be achieved by the programs in each program year (2010-2012)?

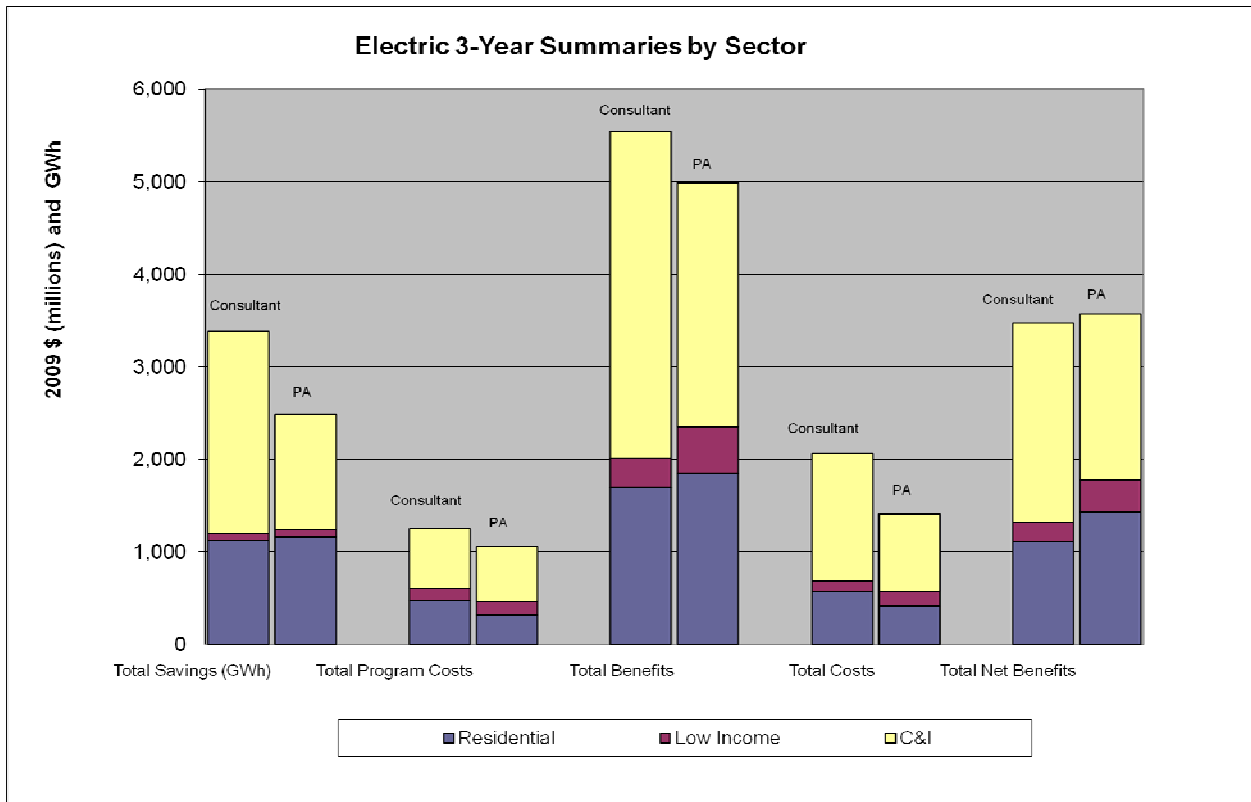
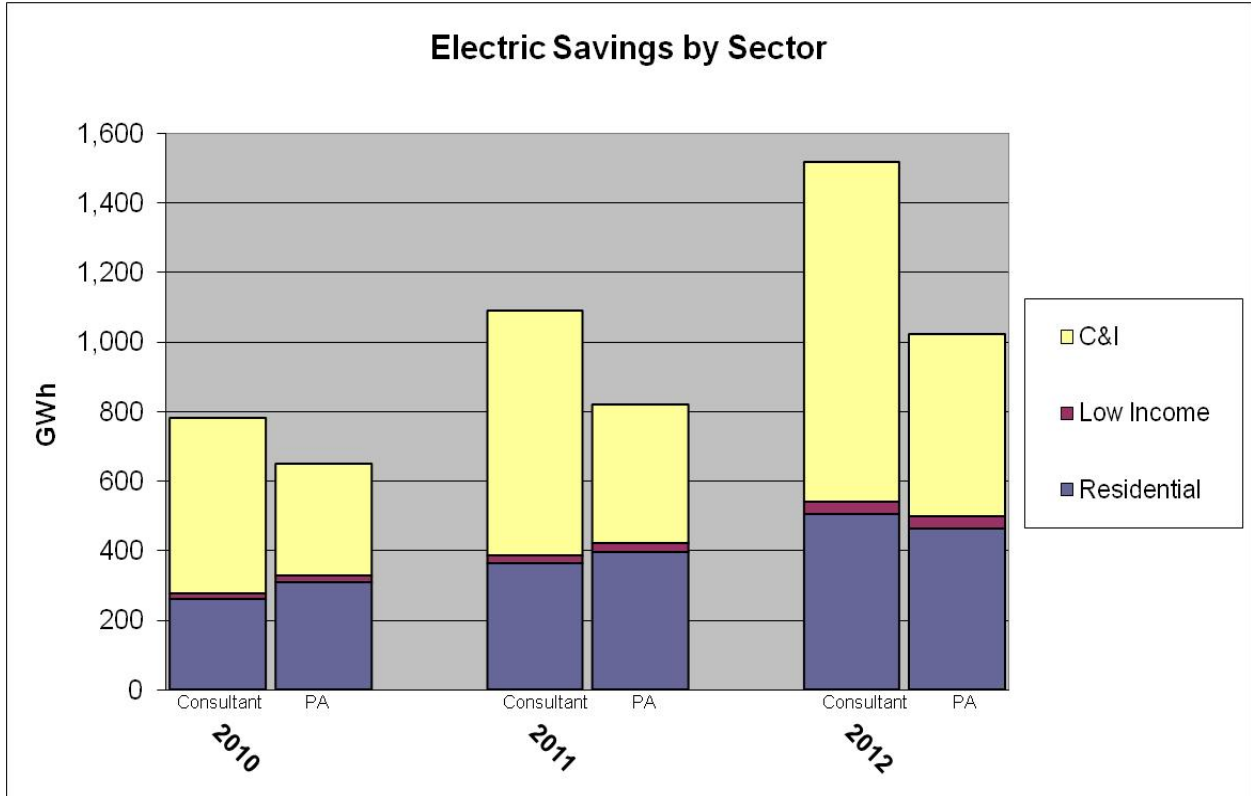
It is imperative that all of the data necessary be made available to ensure that the Council's analysis as performed by its consultants and by the PAs for the statewide Plans are based on the same information and assumptions. Once the data are provided and the analysis is completed, the Council can assess the PAs' savings and cost analysis against the consultants' to determine its veracity. The PAs and consultants should be given an opportunity to present their comparative analysis to the Council if differences continue to exist. Making the data available and resolving the differences should be a high priority of the PAs.

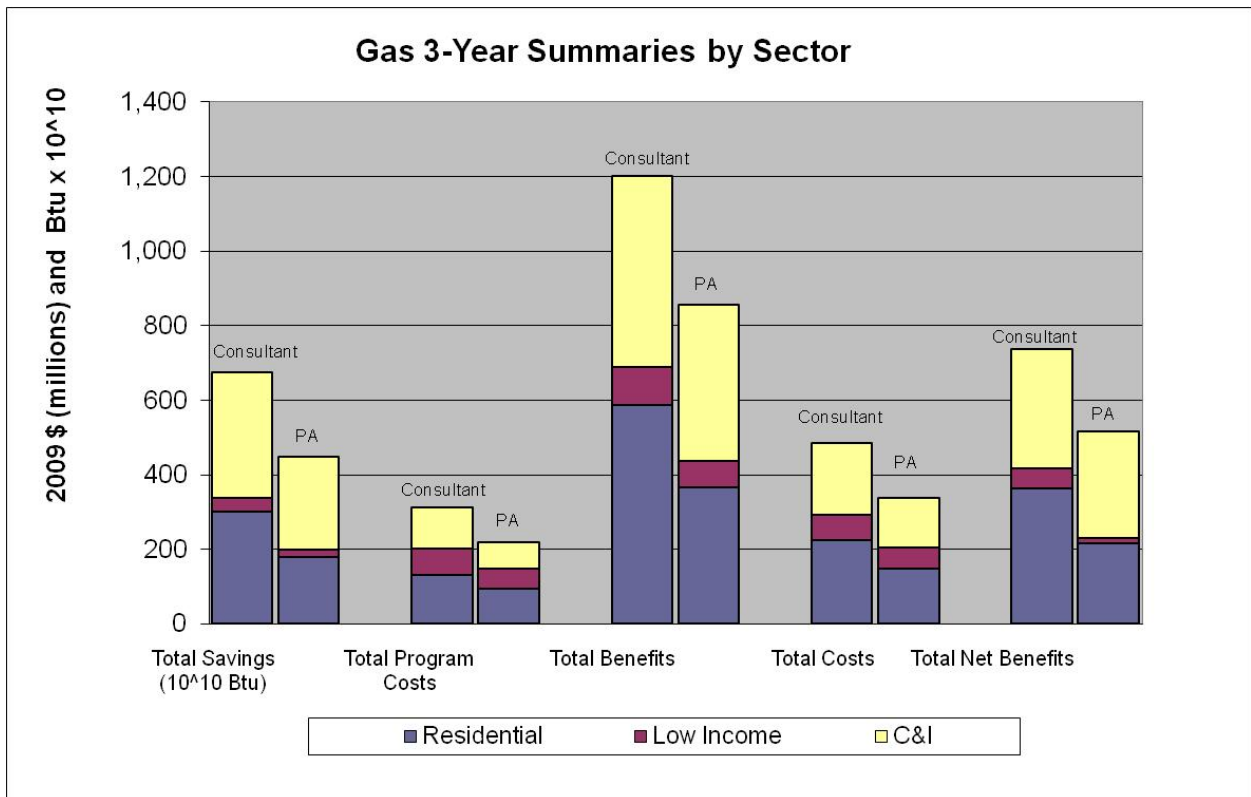
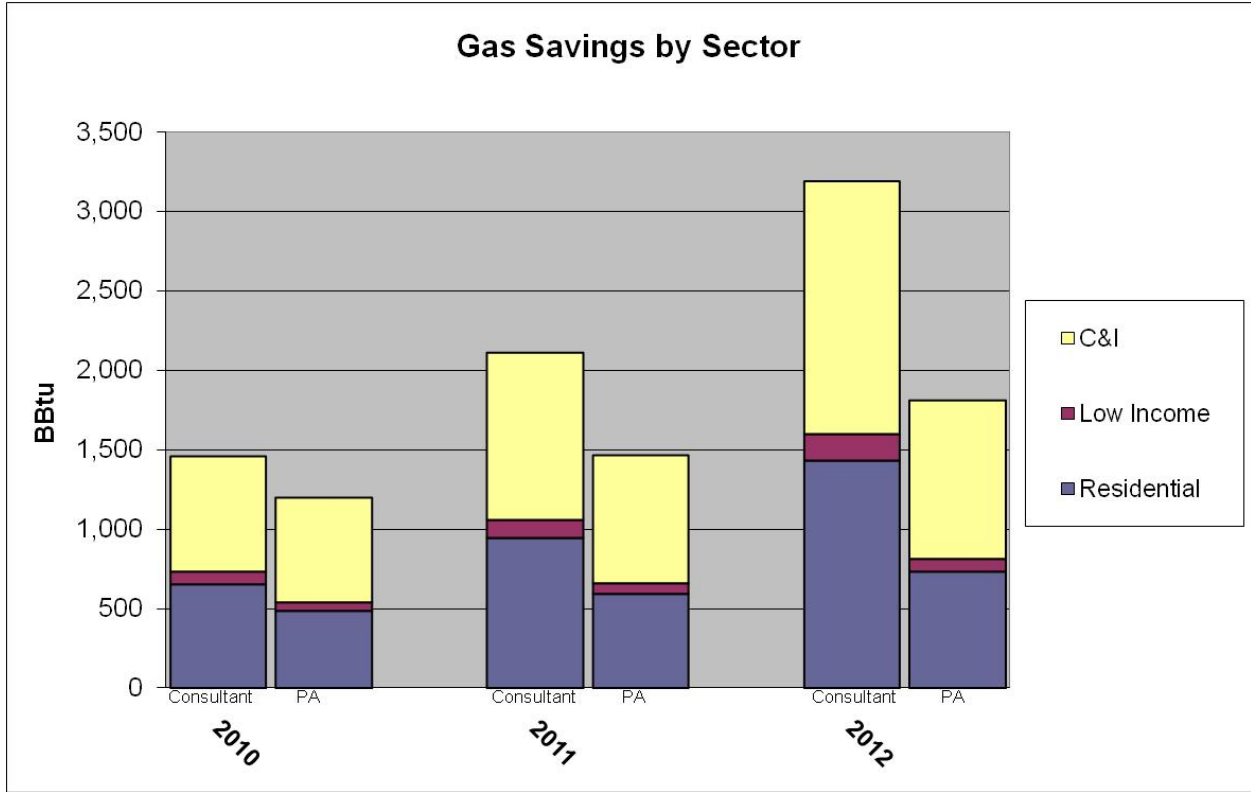
Consultant comment on next steps in the analysis:

The PAs and the consultants have agreed, as the next step in the process, to hold a series of conference calls to identify the key drivers underlying the savings and costs for several key programs (Residential Lighting, MassSAVE electric and gas, Large C&I Retrofit, etc.). As part of this process we should be able to identify at least some of the key drivers of the differences between the savings and cost values in the April 30 Plans vs. the consultant analysis. We are trying to do this in a forward-looking manner, so that as we identify the differences and (hopefully) resolve them, we move towards a common set of input values and assumptions. For the July statewide Plan revisions, the intention is for the PA staff and consultants to agree to at least some key input values and assumptions in advance, using a screening model to show the inputs. Hopefully this will lead to a better understanding of, if not agreement on, the savings and cost values proposed in the revised statewide electric and gas Plans.

Consultant comment on CHP:

We are also working on developing more complete estimates of the effects of increased CHP on the electric and gas savings and costs.





3. Achieving Deeper and Broader Savings

This is the main theme for the period of the three year Plans, and the Plans and program designs do not appear to be adequately on the path to achieve both deeper and broader savings (see more in the sections below).

The Council should take the opportunity in these comments to define the terms “deeper savings” and “broader savings.” [Develop and insert here.] While the terms are used often and appear in the Council Priorities Resolution, a clear definition of each may be instructive to the PAs. Once defined, the PAs should provide specific feedback regarding their ability to achieve the definition and parameters of “deeper” and “broader” savings, their plans as to how these concepts will be achieved, and the costs to achieve them.

Council Priorities Resolutions:

“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.”

“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.”

“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.”

Consultant comment:

We are developing, with PA input, examples of program designs, strategies, and delivery approaches to achieve deeper savings in several key programs, for Council information and review. We will need to walk through such examples to show what the packages of deeper savings measures and the associated costs would look like, with the parallel program marketing and financial strategies encouraging adoption of the deeper savings packages, for at least several key programs. The deeper savings examples we develop will also include full integration of the electric and gas programs from the perspective of the customers.

4. First Priority: Achieving Deeper Savings for Customers

Achieving deeper savings is central and essential to all available cost-effective energy efficiency. The program designs and strategies in the Plans are not adequately focused on achieving deeper savings, though the Council acknowledges that programs designs, strategies, and delivery approaches are in the process of being revised and improved to achieve deeper savings (higher

savings per participant, higher percent savings²). Discussions are ongoing in the program working groups.

It is essential to determine how to achieve deeper savings first, before reaching out to more customers.

[Consultant note: We received a comment that appeared to the consultants to be in conflict with the prioritization and sequencing approach of “deeper savings first” summarized above: “In addition, while prioritizing “deeper” savings first, PAs should not be discouraged in any way from making programs broader where such opportunities exist and are clearly cost effective.”]

To clarify, the consultants are recommending that determining how to achieve deeper savings should be the top priority, and not an equal or parallel priority to reaching more customers, except for reaching out to key under-served customer segments such as multifamily, for which the focus should be on achieving deeper savings for a greater number of multifamily customers. For most programs and for the vast majority of customer groups, we recommend a top-priority focus on determining how to achieve deeper savings first, and we are concerned that a focus on making programs broader will result in cost-effective savings being left on the table.]

5. Program Descriptions

The statewide Plans do not describe the complete set of programs designs, strategies, and delivery approaches³ necessary to achieve deeper savings for customers, to reach more customers, and to acquire all available cost-effective energy efficiency and demand reduction resources. Working within the program description template assigned, the PAs largely described their existing programs and committed to expand them, with details to follow in the individual PA filings in the fall. The Council understands the limitations of the template and the challenges of the filing timing, but feels the detail provided is insufficient for either voting Council members or the Council consultants to make a determination of (a) the issues that the PAs will address in revising the program designs and strategies to achieve deeper savings and scaling up programs to reach more customers, and (b) timelines to address these issues. Additionally, the descriptions mostly, but not exclusively, describe growth of programs in reach of market share, rather than in depth of savings in buildings. While current program approaches (separate paths for retrofits and new construction/failed equipment) are proven, as are the program frameworks to address these markets, the overall program delivery mix will need to focus more on comprehensive building treatments, and less on incentives for individual measures. The Council asks the PAs to revise the program descriptions to address these issues, in revised statewide plans to the extent feasible in advance of the tight July 30 timeframe, with the expectation that more complete details will be developed over the summer, to be reflected in the final statewide and individual PA Plans and filings to follow by October 31.⁴

² The Council needs to know the average energy savings and average percent savings for typical participants in each of the programs contributing a major portion of the total portfolio savings.

³ The program architecture with the umbrella programs organized by market or market segment are appropriate and do not need to change (pending resolution of the multifamily issues) – the concerns are with the program designs, strategies, and delivery/implementation approaches.

⁴ Such plans would need to be sent to the Council by mid-September in order to provide for ample time for review and comment in advance of the October 31 filing.

In some cases, “roadmaps” with schedules will need to be developed for program designs and strategies that are in process and evolving, with some focus on a best practices/continuous improvement approach to program delivery and implementation, and with documentation of the process and schedule/deadlines to get from the current programs to the deeper savings programs.

6. Ramp Up Schedule to Achieve Deeper Savings and Acquire the Available Savings

More time is needed to develop program designs and strategies to acquire deeper savings. Therefore, a slower ramp up (slower than the ramp up in the consultant analysis) to higher savings levels is appropriate, in order to achieve deeper savings first, and then go broader to reach more customers. It is crucial to sequence the program development and implementation in this sequence.

The Council supports a reasonable ramp-up schedule to achieve deeper savings for customers and to acquire all available cost-effective energy efficiency and demand reduction resources. It makes sense to get the program designs and strategies right rather than just quickly implemented.

[Consultant recommendation: Slightly slower/less-steep ramp up to higher savings than the ramp up in the consultant analysis, perhaps one year slower – but only if there are real and meaningful efforts at developing and implementing programs to achieve deeper savings. Still need to target savings of around 3% per year or the level resulting from the assessment of all available cost-effective energy efficiency, subject to the additional analyses in that assessment to be completed in June.]

Council Priorities Resolution:

“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.”

[See additional Resolutions in topic #3 above]

7. Common Statewide Programs

The Plans do not appear to fully commit to common statewide programs to the maximum extent possible, and/or are not always clear when the goal of common statewide programs will be achieved.

Council Priorities Resolution:

“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.”

Consultant update on the current status, based on discussions between EEAC consultants and the PAs:

The PAs apparently do not think there is a fundamental difference; the PAs claim to have used qualifiers of their “full commitment to common programs” to allow for pilots and multiple entry paths to programs.

(Proposed) Council Reply Comment: While the Council is mindful of these possible opportunities and issues, the Council reaffirms its expectation in Resolution #6 above, that the programs will “with all deliberate speed transition to common programs with the same program characteristics.” The Council encourages the PAs to work with the Council’s consultants to identify, within the program design discussions, the particular circumstances in which a pilot project might be envisioned and address any conflicts between multiple entry paths to program participation and the development of common statewide programs.

8. Electric and Gas Program Integration

“Integrated electric and gas programs” means fully integrated from the perspective of the customer (the customer shouldn’t perceive separate programs), and fully integrated and seamless delivery to the customer, with full coordination of program administration among the PAs.

This area is one of great Council interest. The Council believes that its successful resolution is vital to assure seamless and efficient program delivery, enable a more efficient and cost-effective means to provide deeper savings to customers (including through the reduction of duplication and unnecessary costs), and confirm PA commitment to full program integration from the perspective of the customer.

We ask the PAs to: (a) clarify from their perspective the distinction between ‘Integration’ and ‘Coordination’; (b) provide greater detail on the paramount issues they believe must be addressed to arrive at seamless programming; and (c) provide a more explicit timeline to achieve integration. (Commitment to completion by the end of the Plan period is not sufficient.) In the Council’s view, effecting integration in delivery of gas and electric efficiency services to customers is a high priority task, to be addressed across all programs.

Examples of text or language in the statewide Plans that concern us are the following:

1. The GCA language is clear that “administration” by PAs means ultimate responsibility for oversight, collection of funds and spending, and ultimate responsibility for achieving goals but it does not preclude joint contracting by one PA to another. In fact, it specifically encourages as much competitive procurement as possible, which could include joint contracts.
2. Gas/Electric Integration plans will require unanimity (consensus and non-binding on PA that does not agree) (p. 37), and could take the full three years (p. 38). Programs will be delivered “on a coordinated statewide basis” (p.77) but this is not defined.
3. P. 36 says will integrate and coordinate “to the optimal extent” without discussing what might define optimal.

4. On p. 37 similar language in first two bullets needs to be clarified: “where appropriate” and “to the extent reasonable”.

Council Priorities Resolution:

“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...”

9. Leveraging Ratepayer Funding by Increasing Customer Contributions

On-bill financing and other strategies, which enable customers to pay some or all of their portion of project costs over time, are needed to leverage the available ratepayer funding. If customers are receiving deeper savings and higher benefits, the programs need to implement program strategies to make it easy for them to participate while encouraging them to pay more of the project costs.

A number of program administrators have successfully deployed on-bill financing or used sundry billing (i.e., separate bill from the utility as a bill for the utility program services) for their small business customers for a number of years and, more recently, for municipal customers. This mechanism has proven to be the single best financing tool available to expedite significant customer investment in efficiency for small business customers. The Council believes that the increased customer investment necessary to achieve the depth and volume of energy savings necessary to achieve the GCA’s goals will require that all PAs revise their billing systems to accommodate this strategy as soon as it technically feasible within the pending three year plan cycle, and that the on-bill financing option should be made available to a broader segment of customers.

Providing an on-bill financing option is important. However, any such proposals should also distinguish how financing will work for property owners (or long-term lessees, for commercial/industrial space) vs. tenants who may be shorter-term, and particularly explain who will be considered liable (or who will cover the default of inadequate customer repayment) if the tenant moves.

The PAs should provide the Council with their plans for leveraging ratepayer funding, including on-bill financing, and for working with contractors and vendors to implement the plans consistent with the mandates of the GCA.

Consultant note:

The consultants and PAs are developing some examples of on-bill financing, for Council information and review.

10. Working with Program Contractors and Vendors, and Competitive Procurement

[Also add: need to work with contractors and vendors to help achieve deeper savings – set the expectations, training, reporting, contractor incentives, etc.]

Council Priorities Resolution:

“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.”

More detail is needed in the three year plans regarding plans to ensure open and competitive procurement practices. The plans should include a procurement strategy to meet the Council’s objectives. The voting members of the Council, with the assistance of its consultant team, look forward to working with the PAs to develop competitive procurement and technical review processes for inclusion in the statewide Plans by mid-September for filing by October 31.

Consultant comment: The PAs have indicated support for the Resolution and acknowledge the need to add more text on this topic in the next Plans.

Regarding one aspect of this: procedures for reviewing new technologies brought to the PAs by vendors or others are currently being developed, and a section on the subject will be included in the next Plans.

11. Topics to be Addressed in Parallel Processes before the Council

Performance Incentives

Evaluation

Although certain topic must be addressed in parallel because of time and resources constraints, these matters must be resolved by the time the Council is required to vote on the three year Plans.

ADDITIONAL MORE DETAILED COMMENTS ON SELECT PROGRAMS

Low Income

The Council recognizes the extraordinary opportunity to more comprehensively serve low-income customers through the increase in funding from multiple sources, including \$125 million from the federal ‘Recovery and Reinvestment Act’ funding. The Council would like to better understand how the PA funding, along with the other funding, will be used to “deepen efficiency penetration” in both existing homes and the new construction programs. What are the specific strategies envisioned for achieving deeper energy savings per home served?

Residential Lighting

With residential lighting historically producing the vast majority of residential sector energy savings, and with federal lighting standards beginning in 2012, the Council wants to clearly understand the PAs’ thought process and assumptions used to develop lighting savings goals. Some important questions include: What overall percentage of residential savings does retail

lighting represent? How many and what types of CFLs are planned? What is the assumed net-to-gross-ratio and how does it change over the 3 year period? How do the federal lighting standards factor into the assumptions? How are the PAs intending to increase CFL sales and to reach homes (estimated at 20-25% of the market) that still do not have any CFLs at all?

MassSAVE and Existing Homes

As the ‘flagship’ program of the residential sector, the success of the MassSAVE program is of primary importance to the Council. In order to better understand the PAs proposed program energy savings it will be important to have data on the projected number of program participants and the expected average overall gas and electric energy savings per home. The Council would also like to have better clarity on how enhanced quality control will work in the program, and how the MassSAVE program and the Gas Weatherization program will be seamlessly integrated into one program. It is acknowledged that program design discussions among the MassSAVE working groups have been and continue to be underway. The Council believes that a new (or significantly modified) program model may be required in order to achieve the ambitious energy savings goals, and encourages the PAs to continue to explore program design modifications that can serve to achieve deeper energy savings per home. In particular, any new program design should be built around the following principles:

- Design it so it works for the customer – easy, clear, compelling.
- Set it up to achieve deep savings.
- Set it up to ensure reliable and measurable achievement of goals (adequate controls, protocols, EM&V, data gathering and sharing).
- Set it up to provide customers with sufficient information to act in the most useful (energy saving) ways. Lay out the Zero Net Energy vision, and provide a roadmap to that destination. Provide motivating communications including goals and information on benefits.
- Develop bold outreach mechanisms using whatever means available and appropriate to bring customers into the programs and encourage them to act.

Such principles for MassSAVE argue for a program direction that includes:

- Setting goals and developing communication strategies that drive toward the ZNEB vision (kbtu/sf; energy goals; what you could do to achieve the ZNEB vision in your home; here’s what you can do today, tomorrow and next year; etc.)
- Moving toward certification of auditors and installers, and maintaining a public list of who is certified to do work in the programs (this can be done either at DOER, at the PA, at the Division of Profession Licensure, or elsewhere).
- Paying implementers per savings achieved, with a focus on achieving deeper savings.
- Paying PAs per savings achieved with a focus on deeper savings (in performance incentives, and in program design/goal setting).
- Developing data on the performance of implementers.
- Developing minimum standards for what savings should be achieved – or work should get done – in which buildings.
- Thinking more about the customer entry points.
- Tracking enough data to know which buildings need what treatment, and what exit they are at on the road to ZNEB.

Residential High Efficiency Heating Program (Gas)/CoolSmart Program (Electric)

It is essential for these two fuel-specific programs to be integrated into one program. Yet it is unclear from the Plans how these programs will be “seamlessly integrated...into one program”. The PAs should provide the Council with information to clear up any confusion or concerns as to how the integration will be achieved. (See section on program integration.)

Multifamily

The Council has articulated very clear goals with regard to the multifamily sector, which are detailed in item 23 of the EEAC ‘Priorities’ document. The PAs appear to understand the importance of and issues involved with creating a “seamless multifamily service” for customers, regardless of rate-class or fuel type, and have just convened the Multifamily Program Design Working Group. Of primary importance to the success of the working group will be a work plan, and a detailed timeline, including dates of expected deliverables. As with the other programs, the Council expects that the PAs and the working group will develop clear strategies for achieving deeper savings per building. The Council should be regularly updated on the progress of the multifamily working group, including through the revised statewide Plans in July, and should be given the opportunity to provide feedback on the evolving program design. The Council asks the PAs to revise the program descriptions to address these issues, in revised statewide plans to the extent feasible in advance of the tight July 30 timeframe. The Council expects that a fully fleshed out multifamily program description will be presented in the PAs’ statewide and individual Plans and filings by mid-September for filing by October 31.

It may be unwise to rush to try and fully resolve all of the issues identified by the PAs and Council for multifamily programs by the October filing. Rather, the Council should require including a section in the statewide and individual plans detailing a schedule of meetings, progress reports, milestones, etc., essentially a roadmap with a schedule, that the PAs, consultants and Council will follow to comprehensively address and resolve all multifamily issues by a date certain. Once fully developed, the programs can be integrated into the three year plans in progress by amending the plans.

Small Business

In its Priorities Resolution of March 24th, the Council noted its “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”

The contractor-delivered small business direct install model delivered by National Grid and NSTAR has a proven record of success in cost-effectively serving a large number of customers with a menu of electric-saving measures that approaches comprehensive. Based on this performance, the Council believes that this model should provide the basis for a seamless, comprehensive, and consistent statewide program targeted to the small business market. Gas measures should be incorporated into the existing mix of electric measures (and the measure lists should be reexamined for cost effectiveness assuming both thermal and electric savings), and the

program can be rebid on a statewide basis (with a series of “franchise zones” for delivery contractors, as with the current delivery model). Compared to other program areas, the Council believes that developing and delivering a seamless statewide program involving both fuels based on this model should be relatively uncomplicated, and thus would be a testing ground for resolution of the integration, contracting, and administrative issues that might surface elsewhere.

Large Commercial and Industrial (C&I)

In its March 24th Resolution, the Council also stated that: “All programs, to the maximum practical extent, should consider a whole building approach ... so as to maximize overall energy savings and enable the customer to understand all of their efficiency options...”

As existing larger non-residential buildings represents the largest potential reservoir of savings in the Commonwealth, the Council is particularly focused on examining a more detailed program description in the next iteration. While the PAs note that “pilots under consideration for implementation in 2010 include cost effective methods to improve energy efficiency in retrofit markets, new financing instruments to promote greater access to capital to promote deeper penetration into customer sectors, and incorporating new technologies to accelerate adoption of emerging and promising electric and gas end uses...., (detailed information on pilot offerings and budgets will be provided in the October PA-specific plans.” The Council requests that more detail be provided on the nature and content of these pilots, as well as some information about results of the referenced pilot “Whole Building Assessment”, an evaluation of which was to have been completed by now.

It is crucial to explore, demonstrate, and document the achievement of deeper savings in large C&I facilities.

New Construction Programs

Focus on and fully integrate with ZNEB efforts. The Council should provide some guidance as to what it expects the PAs to achieve with respect to the Zero Net Energy Building efforts.