

Massachusetts Energy Efficiency Advisory Council
Meeting Minutes (DRAFT)
Tuesday, November 10, 2009

Councilors Present:

Voting	Present (designee)	Non-Voting	Present (designee)
Heather Clark	X	Derek Buchler	X
Martha Coakley	Jed Nosal	James Carey	Patricia Walker
Penn Loh	X	Penni Conner	X
Lucy Edmondson	James Colman	Alisha Frazee	
Philip Guidice	Frank Gorke	Kevin Galligan	X
Debra Hall	X	George Gantz	X
Charles Harak	X	John Ghiloni	
Elliot Jacobson	Jerry Oppenheim/John Howat	Paul Gromer	X
Samuel Krasnow	X	Andrew Newman	
Rick Mattila	X	Richard Oswald	X
Robert Rio	Arrived 2:34pm	Michael Sommer	X
		Timothy Stout	Carol White

DOER: Mike Sherman, Steven Venezia
Consultants: Paul Horowitz, John Livermore

Present:

{Note: EEAC meeting sign-in sheet was not widely circulated. Only Jeanne Cherry (NE Gas) signed in }

I. Introduction

Gorke convened the meeting at 2:07 pm and noted that these are exciting times for the Massachusetts energy planning community. Gorke explained that the biggest item for today’s meeting is the long term question of Council business going forward. He mentioned that Councilor Rio will be one hour late and that agenda items requiring a vote would be held until his arrival. He mentioned that the Financing committee needed to be more active, that EM&V and program delivery needed further review, and that these should be covered in the quarterly report to the Council. Gorke asked Councilors to send him their thoughts about what should be in the quarterly reports.

II. Performance Incentives

Gorke reminded the Councilors that Horowitz had distributed a memo on the performance incentive mechanism on Saturday morning. He indicated that although the intention had been to address this subject in a Council resolution, some outstanding issues existed, so a decision had been made to postpone any consideration of this issue until a later Council meeting. He said that there have been lots of productive conversations between the consultants and PAs, but that the PAs need to file with the DPU by the end of the day today.

Lyne noted that the DPU had asked the PAs to file a 'road map', which some PAs had already filed. He indicated that there was still some work to do on the mechanics, and that they wanted to have a full proposal with the mechanisms agreed upon before the PAs engage the DPU on the subject. Lyne indicated that it would be helpful to have a statement of some form from the Council endorsing the PI proposal.

Gorke clarified the separate consideration of the PI mechanism and the PI metrics for now, as there was general agreement on the mechanism but less on the metrics. He noted that there were some variations in gas costs which were captured in the memo Horowitz sent on Saturday.

Horowitz explained that the mechanism was the outcome of the interaction between the Consultants and PAs (working group), and that there had been an effort to take the principles that had been proposed to the Council and to translate them into workable mathematical models. He noted that because of the GCA's focus on statewide plans, and the PAs' plans focus on statewide programs, the Consultants felt it appropriate that PAs earn incentives at the same rate, unlike in the past. The proposed mechanism was developed with a common earnings rate. He noted that there had been an effort to develop a cohesive model that everyone could adopt, and reminded the Council of the three pieces of the Performance Incentive: savings, value, and performance metrics. Horowitz said that the memo was a summary that shows the results at the statewide level for the Electric PAs. He indicated that the relationship between savings, value, and performance metrics varied across the PAs depending on their savings and net benefits, and also that there was a lot more commonality among the electric PAs than among the gas PAs. Christine Vaughn ran multiple scenarios to get to an appropriate balance across the PAs to get to the 45%, 35%, 20% allocation to the three PI components.

Lyne noted the dollar figures in the chart are in 2010 numbers, which are slightly different from the dollar figures in the plans. Vaughn commented that by using a common incentive rate across the PAs there is a built-in incentive to reduce costs. She said the goal was to try to get the savings as high as possible. Horowitz mentioned that while the percentages go down, the absolute dollar amounts are growing. Harak asked if \$ per benefits are scaled. Horowitz confirmed this and pointed out that there are still some large differences in unit costs across the gas PAs. He said that the PAs have gone back and made an effort to look at this and have made some adjustments, but that there remained differences that have not yet been explained. Lyne said that the PAs have been looking at different approaches to addressing this issue, but are not prepared to advocate one particular approach to the Council.

Oppenheim expressed appreciation for the amount of work that has gone into this, but felt that the low income perspective has not been part of the discussion. He said that the low income program is unique in a lot of ways, and that performance metrics are key to driving towards reaching the Council goals. He indicated that the low income network has in the past had an agreement that performance metrics would continue to be a large percentage in the low-income sector, and said he thinks this needs to be fixed going forward, as the percentage is currently different among the PAs (e.g. WMECO). Oppenheim iterated that the low income folks won't get in the way of anything today, but that they expect to be part of the process going forward.

Nosal asked if it is possible that the gas mechanism might not work. Horowitz noted that it depends on 1) whether a common understanding of what is driving the cost differences across the PAs can be developed and 2) if 30% of the PI monies are assigned to metrics in 2010 one can avoid the anomalies, but this ignores the underlying issue of unit cost differences.

Gorke asked if "...and gas" should be deleted. Horowitz said that he and Schlegel believed that the mechanism works for both electric and gas in terms of the mathematical construct, and that the Consultants recommend that the mechanism is appropriate.

Loh asked if 'equal savings' followed from a Council resolution. Gorke explained that this was beyond the level of detail that the Council should focus on, and suggested that individual Councilors could revisit this through the DPU. Nosal shared that his understanding was that the DPU was looking for an 'equal savings' allocation.

Gorke reminded the Council that the 3rd component of earning PIs is performance metrics, and that metrics have been evolving over the last couple of days, with the last outstanding residential metric finalized among the PAs and the residential consultants just prior to the meeting. Gorke suggested putting off consideration of performance metrics. Lyne said the PAs wanted to file some details on the mechanisms with the DPU and, with the technical session at the DPU coming up on the 16th, the PAs needed to have materials in before then.

III. Pilots and Hard-to-Measure Program Element

Gorke reminded Councilors that the statute states that the PAs need Council approval for pilot budgets that exceed 1% of total budget, and indicated that he had received a large file from the PAs on this early today. Lyne responded that the PAs had prepared some information on the pilot budgets (statewide tables) along with a proposed resolution for the Council. He indicated that the PAs' proposal is not Consultant-endorsed as there was not enough time for them to review the materials. Lyne explained that the electric PAs are above the 1% in only one year (2010) and on the gas side the costs are above 1% for each of the three years [revised gas percentages: 1.8 (2010), 1.6 (2011), 0.98 (2012)]. He indicated that the PAs would request Council authorization on these funding levels. Gorke noted that DOER was supportive of pilots and expressed appreciation for the work that has gone into developing them.

Harak asked for a description of the commercial community-based pilot. Haggerty responded that this was the Chinatown pilot that is intended to include both RES and C&I. Nosal commented that the DPU will have questions that will be addressed through the proceedings. He acknowledged that the AG wears two hats (EEAC and DPU), and said he would like to see the pilots get through the front door here.

Gorke noted that the handout was at a statewide level, and that some of pilots are for the 3 years. He asked if some were just for 2010. Hall asked if the Council would revisit pilot progress after one year. Galligan responded that the PAs would adjust pilots going forward based on lessons learned, and that some pilots are long-term initiatives (e.g. Major Renovation and Deep Energy Retrofit). Gorke suggested that we should move ahead with some treatment of this, and that it

should be included in quarterly updates so the Council could learn how pilots were developing, and to feed into the mid-course adjustment.

Lyne reiterated PAs' request that the Council's authorize the PAs to spend over one of budget for pilots for 2010 (and 2011 on the Gas side). White noted that it was important for the Council to approve the 1% exception for the full 3 years for long-term pilots, like Deep Energy Retrofit. Gorke indicated that he was comfortable including 2011 for gas, and that he wants the resolution to reference quarterly reports.

Break (3:42-3:54pm)

Horowitz drafted the resolution during the meeting break. Gorke made an interpretative ruling as chair that the resolution could be addressed at this Council meeting and asked for a motion to adopt. Harak motioned, Mattila seconded. The Council voted and approved the resolution with unanimous consent.

IV. Equity Committee

Gorke indicated that a proposal had been made to create a Council committee to address equity issues, and asked for Loh to present the reasoning. Loh said that the basic rationale was that the GCA contains language to explicitly address equity concerns. He indicated that, with input from the Green Justice Coalition, the main reason for committee is to have a place to collect and monitor the equity-related issues that have come up so far, such as the 'job standards' question in the resolution at the last EEAC meeting. He said that the committee would have discussions prior to making recommendations to the full Council; for instance, they would monitor the progress of the community-based approaches (PAs and GJC), and look at fair wages and benefits, and workforce issues, as stipulated in the recent Council resolution.

Krasnow expressed support for the creation of this subcommittee, indicating that there were enough issues to warrant it. Harak asked if the goal of this committee was to bring issues back to the Council. He noted that the Council did not have many subcommittees so far, and that he wanted to make sure the Council was fully involved in this. Loh responded that the committee would be an arm of this body, and that it would do as much or as little as the Council wanted it to do. He indicated that further discussions could continue outside of the Council meeting, given the time limitations of the Council meeting. Oppenheim asked if the working group would be open to other participants. Loh responded that the committee would be open to participation from people who are not Council members.

Gorke advised that the next steps would be for Loh to write a memo to the Council on the proposal and to check the meeting bylaws for rules regarding subcommittees, so the Council could decide on next actions. Discussion ensued on the distinction between a 'working group' and a 'subcommittee' - a working group is formed to accomplish a specific task, while a subcommittee is an on-going group. Loh indicated that he would lead in putting together the memo and would welcome input from other Council members.

V. Marketing

Gorke indicated that some of the Councilors had requested an update on marketing activities and plans, and he mentioned that the marketing team was having a team meeting in Westborough during this time.

Harak said he was looking for some details about what the PAs were planning to do, as he viewed marketing as a big challenge. He noted that he did not have a lot of the details and he asked if the Council should bring in outside consultants who are specialists in marketing. Galligan explained that the PAs described in their plans that more robust marketing efforts were needed. He noted that the PAs are increasing outreach this winter, and suggested a 10 minute update at the next Council meeting on what the programs were currently doing, and what consultants were involved.

Harak asked if the statewide branding discussions were still going on. Gorke indicated that the discussions had been put on hold, but were resuming. Sommer noted that the RCS/MassSAVE program had been meeting on marketing, and the PAs were going back to databases in order to market to customers previously served but who had not moved forward with major measures. Howat indicated that the low income program was continuing efforts through the EnergyBucks initiative. He said it would be helpful to understand more about which elements of the low income community could benefit from different or better outreach. Mattila noted a potential opportunity through the Museum of Science, which has developed a Massachusetts energy efficiency resources database. He explained that there could be an opportunity to talk to children and adults about climate change, energy efficiency, and the PAs resources, and noted that he had a contact at the MOS.

Gorke indicated that an update at a future meeting would be helpful. He also suggested looking at existing marketing and relevant research reports. Howat said that the low income folks have conducted research on all towns in Commonwealth, by income, and that the data set would benefit from an update. He said that they had not been able to further segment the data by other factors (e.g. ethnicity) and that they would be happy to share the data they had.

Conner noted that the PAs had been working jointly with DOER on marketing, focusing on MassSAVE as the main brand and rethinking the architecture of the branding. She commented that RCS had conducted research on what the value propositions to customers were that make sense to them. She mentioned focusing on going deeper, and then broader, and suggested that the PAs could give a presentation from the marketing group on what the plan was for this winter. Harak asked that the presentation address what more we could learn about where we've been successful and where we need to learn more. Loh suggested figuring out ways to do surveys so we have a standard set of information that gets collected across the board.

VI. Financing and On-Bill Repayment, Next Steps

Gorke suggested that the next step is to reconvene the on-bill repayment working group. Sherman indicated that the group had received some help from the AG to identify the issues, and

that the group will get their work plan moving along again soon. He mentioned they will be scheduling bi-weekly meetings and that the information will be posted on Council website.

VII. Council Budget

After asking the Council's consultants (Horowitz and Livermore) to leave the meeting, the Councilors discussed the Consultant team's expenditures and activities to date. Following that discussion and the return of the consultants to the meeting, Gorke indicated that the Council was looking for a three month work plan from the Consultants, to the end of the current contract.

Rio suggested that a 2-page summary/memo be developed about what the Council and the PAs had accomplished and what was in the plans. Gorke said that the Councilors and PAs should have an opportunity at editing the memo. Horowitz was asked to draft a memo by next Wednesday, with a final draft by next Friday.

VIII. Council Work Plan/Schedule and Next Steps

Gorke advised that the EEAC would be going back to monthly meetings and proposed that the next meeting be on December 8th. [Note: This was later changed to December 15th]. Oswald asked if the Council could meet sooner to advance the metrics discussion. Gorke suggested keeping the November 24th meeting and then going to monthly meetings, the second Tuesday of each month. Lyne noted that the PAs would need to file the performance metrics with the DPU prior to the November 24th meeting.

Harak suggesting comparing MassSAVE zip code data to cross reference with low-income data to see who's been served.

In response to a query, Lyne indicated that the pilot tables will be filed with the DPU.

IX. Public comment

None

X. Gorke thanked everyone and adjourned the meeting at 4:28pm.