



January 10, 2012

ATTN: EEAC Public Comments
c/o Jerrylyn Huckabee
Residential Energy Efficiency Program Coordinator
Massachusetts Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114

RE: LISC Comments on the Second Statewide Three-Year Energy Efficiency Investment Plans

Dr. Ms. Huckabee:

We are writing to comment on the second Statewide Three-year Energy Efficiency Investment Plans of electric and natural gas distribution companies for the period 2013-2015. This letter mirrors our verbal comments on the Low-Income Multifamily Energy Efficiency program at the EEAC meeting on January 10, 2012, 2:00-5:00 pm.

The Local Initiatives Support Corporation (LISC) is a national organization and the largest community development funding organization in the U.S. Founded in 1979 by the Ford Foundation, LISC operates through 28 local programs throughout the country. Boston LISC utilizes its national structure and connection to bring sustainable affordable housing and community economic development capital to Boston.

In 2009 Boston LISC started the CDC Green Retrofit Initiative to support the efforts of Boston-area Community Development Corporations (CDCs) to make their affordable housing more "green" and energy efficient. The LEAN Multifamily Program has been a primary tool for obtaining building energy assessments and weatherization and other energy upgrades for the properties the CDCs own. We are grateful for the LEAN program's resources and are truly impressed with the unprecedented collaboration of many of the state's utilities to achieve a single process for applications, and in most cases single processes for building assessments, work orders, and construction.

In working with CDCs to implement energy efficiency measures, we have become more deeply involved in the LEAN Multifamily program, attending meetings of the LEAN Advisory Committee and coordinating communication between CDCs and LEAN, as needed. To maximize the impact of the valuable ratepayer dollars on building efficiency we have three requests for the second three-year plans for the LEAN Multifamily program:

1. **The LEAN Multifamily program must be truly fuel-blind.** Currently the utilities have separate budgets for the electric and gas ratepayer dollars to fund low-income multifamily energy upgrades. The plans call for distinct efficiency measures that can be

paid from each budget, which can include separate energy assessments, separate work orders, separate contracts for vendors to perform work, and separate construction projects. Not only is this process inherently inefficient for the administrator and cumbersome for the short-staffed nonprofit organizations that apply for the program, but it is also inconvenient for the low-income residents that live in the properties being upgraded.

Moreover, there is a mismatch between budgets and need. The program budgets for electrical measures are larger than those for efficiency measures attributed to gas use, while potential electric efficiency measures are limited and far less costly than the broad array of potential efficiency measures for gas savings. What's more, some efficiency measures cannot be solely attributed to saving either gas or electricity, but contribute to both savings. For example, building shell improvements arguably saving gas through heating energy and electricity through air conditioning, but because gas savings are only used to calculate cost effectiveness fewer building shells are improved and only the gas budget is used for such improvements.

In addition, electricity that is delivered to homes has been generated offsite, therefore much of the inefficiency of electricity cannot be addressed outside generation facilities. The only electrical efficiency measures that can be applied in homes are through the appliances, lighting, or equipment that is powered in the home. However, gas is delivered to the home as a fuel, not as raw energy. The inefficiencies of gas power generation in the home are twofold: 1.) in the form of energy generation through the central boiler or furnace and domestic hot water heater; and 2.) in the form of building envelope leakage and hot water waste.

Please integrate the electric and gas multifamily budgets to eliminate administrative waste, reduce barriers to access by short staffed nonprofits, and increase opportunities for therm savings.

2. **Please allow building owners to pay incremental costs for efficiency above and beyond the LEAN Multifamily measures without penalty.** The multifamily program administrators create cost-effective efficiency packages for each building based on the cost to the utility program budget. However, if a building owner asks to add its own private funding to the utility-funded package to add measures or further increase the efficiency of equipment, the multifamily program won't allow it because of the Total Resource Cost (TRC) rule.

Many nonprofit multifamily building owners are efficiency-savvy and take a progressive approach to including efficiency measures and renewables in new developments and retrofits. Some of our partners have expressed a desire to pay the LEAN subcontractor additional, private funds to increase the efficiency of the measures that LEAN is providing. However, the multifamily program has not allowed the additional efficiency, citing the TRC rule, explaining that the owner's funds would increase the total cost of the project, eliminating cost effectiveness. In such a situation, no measures would be awarded and the nonprofit owner would have to pay for the entire measure.

For example, one CDC partner was awarded an efficiency package for a 60-unit building that included a new boiler rated at 90% efficient. The CDC asked to pay the incremental

cost of installing a 95% efficient boiler. It was told that if the CDC chose to install a 95% efficient boiler then they would receive no money towards the new boiler installation because the calculation for cost effectiveness would have to consider the entire cost, not just the cost paid by the program. The CDC settled for the multifamily program-provided 90% efficient boiler, missing their opportunity for increased efficiency over the next 20 years.

- 3. Please require all utilities to implement their multifamily programs through a single third party program administrator.** Experience in the first three-year plan has shown that the third party program administrator used by most of the utilities, Action for Boston Community Development (ABCD), has provided keen oversight of the low-income multifamily program. Through ABCD, the LEAN multifamily program has a single point of contact for all building energy assessments, work order negotiations, and construction contract arrangements. In addition, ABCD provides an uninterested third party that can effectively advocate for the most aggressive cost effective efficiency measures while being held to the utilities' aggressive therm savings goals. ABCD's energy efficiency team is adaptable and knowledgeable, and has proven its ability to fine-tune the low-income multifamily program as we continually learn more about the nuanced field of building efficiency.

Meanwhile, our experience with the utility-administered low-income multifamily program at National Grid has been turbulent, with constant organizational and staff changes (including some months-long periods with no staff assigned to the LEAN Advisory Committee). In late 2010 National Grid informed ABCD that it would no longer use the third party administrator for its coverage area of the low-income multifamily program. A period of seven months passed in the first part of 2011 when National Grid did not perform any building energy assessments, and therefore no building efficiency measures, through the multifamily program. What's more, when the first building energy assessments were performed in summer of 2011, some were vastly different than the assessments performed through ABCD-certified and trained building auditors on the same properties in the fall of 2010, before National Grid essentially pulled out of the LEAN Multifamily program. When approached, the staff at National Grid explained that their audit protocol and efficiency sub-contractor payment system did not allow for the type of program for which LEAN Multifamily demanded. Currently, it is still unclear whether National Grid's implementation of their low-income multifamily program is robust in its scope and depth.

All low-income multifamily property owners should receive the same efficiency services state-wide, regardless of utility service area. A single third-party program administrator is vital to the consistency and depth of the low-income multifamily program.

Please contact us with any questions you may have. We would be happy to discuss these issues further.

Sincerely,



Bob Van Meter, Executive Director



Elizabeth Glynn, Program Officer