

**Resolution of the Energy Efficiency Advisory Council
Regarding the Program Administrators' Proposed 2012 Mid-Term Modifications**

Adopted November 8, 2011

The Energy Efficiency Advisory Council (EEAC), having reviewed the performance of the Program Administrators (PAs) to date in implementing the Three-Year Energy Efficiency Plans, and the proposed Mid-Term Modifications (MTM) and related changes to the Plans for 2012, resolves the following, and directs that these resolutions be transmitted in full to the Department of Public Utilities, along with the attached and referenced EEAC Consultant Report.

Overall, the EEAC supports the PAs' 2012 Mid-Term Modifications as filed with the Department on October 28, 2011, with the caveats and notes highlighted in this resolution. The Council urges the Department to act expeditiously on these filings.

With respect to the EEAC Consultant Report (Report) reviewed by the EEAC at its meeting on November 8, 2011, the EEAC accepts and supports the report, subject to the caveats and notes in this resolution, and is directing that such Report be submitted to the Department for its consideration in connection with the PAs' 2012 MTM filings. The Council encourages further collaborative discussion among the PAs and the Consultants regarding clarifying points and the limited open matters discussed in the Consultant Report, and asks that such parties report any additional proposed points of agreement or resolution regarding such matters at the next Council meeting.

We acknowledge and appreciate the hard work of the PAs in implementing the ambitious energy efficiency programs, in particular the PAs' efforts to achieve the goals set forth in the 2010-2012 Three-Year Plans, take on many of the historically challenging areas of energy efficiency work, and collaborate thoroughly on a statewide basis. We look forward to continued collaboration and cooperation among the PAs, the EEAC and its Consultants, and other interested stakeholders to achieve or exceed the goals of the Three-Year Plans.

The proposed MTMs indicate that Massachusetts remains on course to achieve the \$6 billion in benefits proposed in the original Three-Year Plans. Achieving this goal will be an immense accomplishment for the PAs and the Commonwealth. The EEAC continues to support the electric and gas Three-Year Plans, expects the PAs to achieve all the goals of the original Three-Year Plans (including savings and benefits), and appreciates the PAs' continued efforts toward achieving the goals of the Plans. The PAs' proposals to achieve the \$6 billion in Three-Year Plan benefits through the 2012 MTMs is a very positive step forward and demonstrates the PAs' commitment to the goals, which the EEAC values and supports.

The proposed MTMs also represent a PA commitment to achieve energy savings that are at or very near the original Three-Year Plan goals. For the electric programs, the PAs propose Three-Year Plan period MTM savings that are 99% of the EEAC-adopted electric savings goal. For the natural gas programs, the proposed MTM savings are 95% of the EEAC-adopted gas savings goal. This is a very positive result at this point in the process of ramping up to acquire all available cost-effective energy efficiency. We appreciate the PAs' continued commitment to the

energy savings goals in the Three-Year Plans. In particular, we applaud the efforts of NSTAR and National Grid, working with a statewide purpose, to propose electric energy savings that are higher than their DPU-filed goals, and the increases in energy savings that the individual PAs proposed since the EEAC meeting on October 11, 2011.

The EEAC in its Resolutions on December 14, 2010 and April 12, 2011, stated its commitment to achieve all of the savings and benefits goals of the Three-Year Plans, and noted that any shortfall in savings or benefits in any program year should be made up during the remaining time in the Three-Year Plan period. We urge the PAs to make every effort to achieve all the goals of the Three-Year Plans through continued improvement of the programs. Our support herein for the 2012 MTMs includes support to redouble the efforts to achieve all of the energy savings and benefits goals in the Three-Year Plans, understanding, however, the challenges in fully achieving all gas savings and benefits goals for the reasons noted in the Consultant Report.

The Council also recognizes and applauds the PAs' proposal to spend less than the DPU-approved budget levels for both the electric and gas energy efficiency programs. The energy savings goals are therefore achieved at lower costs to ratepayers than originally planned. This increase in cost-efficiency appears to be a result of increased coordination, more effective program delivery, and better leveraging of the ratepayer funding.

We also appreciate the progress the PAs have made in a number of high priority areas. We expect the PAs to continue monitoring the early implementation of the improvements to the residential Home Energy Services program and propose any adjustments as necessary. We also expect the PAs, in collaboration with Council members and the Consultants, to strengthen their efforts to find outside funding to support delivery of the programs and to further leverage the ratepayer funding. The Council notes our understanding that the C&I sector offers large savings opportunities, and a continued high-priority focus on achieving broader and deeper savings for business customers is encouraged. While there has been progress in the delivery of integrated electric and gas programs to customers, further progress is warranted. The PAs should further improve the effectiveness and consistency of outreach, education, branding, and messaging efforts including through continued use of Mass Save®, as supported by the electric and gas PAs, as the statewide energy efficiency brand. We encourage ongoing development of strategies and effective delivery systems to achieve deeper savings for all customers, and the development of metrics to assess the effectiveness of deeper savings efforts.

While acknowledging that Massachusetts has in place some of the best programs developed anywhere to date for delivering energy savings to all customers, we expect that the PAs will heighten their efforts to make progress in understanding and addressing the barriers to energy efficiency investment in different segments, including historically hard-to-reach and serve populations. We expect that the PAs will both provide sufficient data to analyze these subjects and continue to work with the EEAC in 2012, and in statewide evaluation efforts, to refine and implement programs that effectively reach all customers who want to participate.

We also continue to support the evaluation of programs and the analysis of data about the programs and customer market segments in order to further understand, evaluate, and explain the programs; to further increase the effectiveness of the programs; and to continue to deliver

sufficient transparency and accountability to ratepayers and stakeholders. We fully support the Evaluation, Measurement, and Verification (EM&V) and Technical Reference Manual (TRM) activities as crucial efforts in this area. Continued commitment to transparency and accountability will enable long-term public support for these programs. We request continued PA cooperation in developing a shared vision and long-term plan for improving the availability of quality data about program savings, benefits, costs, and customer participation as well as data about market and customer segment characteristics.

Where the PAs have proposed specific 2012 Mid-Term Modifications that are not mentioned herein, we reserve our rights and also adopt by reference the EEAC Consultant Report.

Finally, the EEAC appreciates the collaboration and cooperation among the PAs, the EEAC and its Consultants, and other interested parties and stakeholders in developing the MTM proposals set forth in the 2012 MTMs.