

**Resolution of the Energy Efficiency Advisory Council
Regarding the Program Administrators' Proposed 2011 Mid-Term Modifications
and Memorandum of Agreement**

Adopted April 12, 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, the proposed Mid-Term Modifications (MTM) and related changes to the Plans for 2011, and the proposed Memorandum of Agreement offered with the intent of resolving the issues noted therein, resolves the following, and directs that these resolutions be transmitted in full to the Department of Public Utilities.

On December 10, 2010, the EEAC Consultants submitted the Consultant Report to the EEAC. In the Report, the Consultants provided support for many substantive aspects of the 2011 MTMs as filed by the Program Administrators. The Report also identified several areas where the Consultants had different views and provided recommendations with respect to other aspects of the 2011 MTMs. Differing perspectives and recommendations identified in the Consultant Report addressed the following topics: 1) savings assumptions and data, including net-to-gross ratio assumptions with respect to certain measures, included in the Technical Reference Manual (TRM) and 2011 MTMs; 2) aspects of the Program Administrators EM&V plans and the application of EM&V results; 3) aspects of the Program Administrators performance incentive proposals; and 4) program planning processes.

On December 14, 2010, the EEAC adopted a Resolution, with the caveats and notes highlighted therein, supporting the Program Administrators' 2011 MTM filings and supporting and accepting the EEAC Consultant Report. In its Resolution, the EEAC encouraged "further collaborative discussion among the Program Administrators and the consulting team regarding the limited open matters identified in the Consultant Report."

In its December 14, 2010 Resolution the EEAC also stated:

The EEAC continues to support the Three Year Plans and expects the PAs to continue to work toward achieving all the goals of the Plans. We acknowledge and appreciate the hard work of the PAs in implementing these aggressive efficiency programs, in particular their efforts to take on many of the historically challenging areas of energy efficiency work, and their efforts to collaborate thoroughly on a statewide basis. We look forward to continued collaboration and cooperation among PAs, the EEAC, and other interested stakeholders to achieve or exceed the goals of the Plans.

We expect the PAs to achieve all the goals of the original Three Year Plans, including savings and benefits, as well as net benefits except where, for example, achieving deeper energy savings may justifiably increase costs. We are concerned about the changes to the 2011 gas plans that lower the total economic benefits to the Commonwealth. While noting with understanding that code changes and improved evaluation of gas programs

contributed to that reduction, we request that the PAs make every effort to achieve all the goals of the Three-Year Plans through continued improvement to the programs. The EEAC is committed to achieving the savings and benefits of the Three Year Plans; therefore, any shortfall in savings or benefits in any program year should be made up during the remaining time in the three-year period.

The Program Administrators, the DOER, the EEAC Consultants, the Low-income Energy Affordability Network (LEAN), and other interested parties and stakeholders have met, collaborated and cooperated in order to develop the Memorandum of Agreement, which addresses the matters relating to the 2011 MTMs. The EEAC Consultants participated in these meetings and collaborations as directed by the Council per its December 14, 2010 Resolution.

The Memorandum of Agreement fully recognizes that the Three-Year Plans call for a process of continuous analysis and enhancement, and that there are opportunities in the future to update data and resolve issues where the parties have not been in full agreement in the recent past, but have adopted the compromises and approaches set forth in the Memorandum for 2011 MTM purposes only, in order to move forward in a reasonable and efficient manner. This is a reasonable approach, which the EEAC supports.

The Memorandum of Agreement and the settlement process should foster a focused regulatory hearing process and accelerated resolution regarding 2011 MTMs in order that all interested parties may continue to focus on program implementation and achievement of savings and benefits in 2011, which the EEAC agrees is a high priority for 2011.

The EEAC has reviewed, is in support of, and approves the Memorandum of Agreement. The Memorandum of Agreement addresses and resolves all matters relating to the 2011 MTMs, and accordingly the EEAC approves the 2011 MTMs as updated and superseded by the Memorandum of Agreement. The EEAC urges the Department of Public Utilities to approve the Memorandum of Agreement.

The EEAC appreciates the collaboration and cooperation among the PAs, the EEAC and its Consultants, and other interested parties and stakeholders to resolve the issues and reach the agreements set forth in the Memorandum of Agreement.