

Massachusetts Energy Efficiency Advisory Council
 Meeting Minutes (DRAFT)
 Tuesday, February 9, 2009

Councilors Present:

| Voting | Present (designee) | Non-Voting | Present (designee) |
|------------------|------------------------------|-------------------|---------------------------|
| Heather Clark | Mark Price | Derek Buchler | Emmett Lyne |
| Martha Coakley | Danielle Rathbun | James Carey | X |
| Penn Loh | | Penni Conner | X |
| Lucy Edmondson | Left at 2:45, returned later | Alisha Frazee | |
| Philip Guidice | Mike Sherman | Kevin Galligan | X |
| Debra Hall | X | George Gantz | X |
| Charles Harak | X | John Ghiloni | |
| Elliot Jacobson | X | Paul Gromer | Fran Cummings |
| Jeremy McDiarmid | X | Andrew Newman | |
| Rick Mattila | X | Richard Oswald | X |
| Robert Rio | X | Michael Sommer | X |
| | | Timothy Stout | Mike McAteer |

DOER: Steven Venezia

Consultants: Paul Horowitz, Ralph Prael, John Livermore, Jeff Schlegel (by phone)

Present:

| | | |
|-------------------|--------------------|----------------|
| Jack Habib | Birud Jhaveri | Paul Johnson |
| Jeremy Newberger | Meera Reynolds | Lori Segall |
| Lisa Shea | Tilak Subrahmanian | Danah Tench |
| Christine Vaughan | Daniel Broderick | Gene Fry |
| Trish Walker | Don Wells | David Jacobson |
| Eric Mackres | Heather Sullivan | |

I. Introduction

Sherman convened the meeting at 2:07 pm. He announced that Penn Loh would not be attending, that Edmondson had to leave for part of the meeting, and that Price was sitting in for Clark but will not be voting. He also mentioned that Lyne would be sitting in for Buchler.

II. Summary/highlights of DPU Orders on Three Year Plans, Follow-up

Sherman informed the Council of the DPU's approval on January 28 of all of the three year plans. He offered congratulations to the Council, PAs, and Consultants, and thanked everyone, including the DPU, on the cooperation that led to the filings and approvals. Sherman noted that while the DPU approved the plans and budgets, it also identified several specific items that the PAs need to respond to either in the near term or in future plans. He mentioned performance metrics as one with a very near deadline for re-submittal of materials, and asked Horowitz to discuss this further.

Horowitz showed several slides on the performance metrics and commented on the three DPU principles for performance metrics, 1) distinct and clear PA role, 2) verifiable goals, and 3) clear baselines. He indicated that the DPU noted that a number of the metrics did not meet one or more of these three criteria and that the PAs have been ordered to re-file metrics within 45 days of the order. The DPU rejected the proposed EM&V metric and requested the PAs to propose a metric to encourage the pursuit of outside funding.

Sherman suggested that the Council provide comments at today's meeting and forward any additional comments to him and to Horowitz so they could be included in discussions with the PAs. He noted that the DPU comments of several of the low income metrics were more fundamental. Jacobson indicated that LEAN wanted to be involved in the low income metric revision process. Sherman emphasized that communication was important and requested that the consultants provide the Council with a biweekly update on the status of the revised metrics.

III. EEAC 2010 Priorities, Consultant Workplan and Budget

Sherman updated the Council on the activities of the budget committee (DOER, AG, and Environment Northeast) who have met to discuss the role of the Consultants and presented the proposed resolution on the consultant's contract, workplan, and budget for 2010. He indicated that the proposed 2010 budget, \$1.5 million for 12 months, was lower than last year's expenditures, but that this is no comment on the very good performance of the Consultants in 2009. He noted that the way the Consultants interact with PAs will need to change somewhat going forward, placing some more of the burden of bringing forward implementation on the PAs. Sherman further noted that the Consultants would be expected to provide reports to DOER and the Council updating them on the status of their work and on that of the PAs in implementing the plans.

Rathbun and McDiarmid commented that the budget committee came to a good and balanced resolution. Horowitz indicated that the Consultants' responsibility is to balance the consultant team's work with all of the different priorities, within the proposed budget. Discussion ensued on ways to support that process.

Sherman asked for support for the proposed resolution. Rathbun moved, and Rio seconded the motion. An amendment to clarify the dates within the resolution was proposed and unanimously approved. The primary resolution was approved with an abstention from Price; Loh was not present at the meeting. Edmonson had signaled her intent to vote to approve the resolution prior to her brief absence from the meeting and, upon her return confirmed her vote in favor of the resolution.

IV. PA Preliminary Year End Report on 2009 Accomplishments

Schlegel noted that the PAs had prepared some summary tables for electric and gas as a snapshot of 2009 performance. Lyne indicated that this was preliminary information, and

that on the gas side there are differences in how the PAs implemented their programs (e.g. fiscal date differences).

Shea walked the Council through the statewide results. The electric PAs served over 600,000 participants (distinct rebates) statewide. Annual kWh savings were 83% of goal, lower than the goal primarily due to a reduction in the residential lighting net-to-gross ratio (NTG). C&I carried the goals on electric in 2009. Shea reported that for in 2009 gas savings (therms) reached 95% of goals, with spending at 101% percent of goal. The residential savings carried the gas side.

V. Financing and On-Bill Repayment (OBR) Working Group Update

Sherman updated the Council on the progress of the OBR working group. He indicated that there have been several meetings of the main group and the subgroups, and that they have been working sequentially from their issues matrix, focusing on where they have the most agreement, while keeping the other items on the agenda for continued work.

Schlegel pointed out that some of the issues tend to be associated with owner-occupied single (1-4) facilities, while others are associated with rentals. He indicated that many issues have been resolved enough to have some agreement, though not necessarily consensus, among the working group participants. The goal is to try to resolve all of the outstanding issues on both the owner occupied and renter matrices by mid-March. He noted that at least some of the proposals in the rental area will need to be approved by DPU (e.g. linking repayment to the meter).

Sherman stated that the issues are difficult to resolve and that there was no clear set of recommendations yet that was workable for customers and the state. He noted that agreements needed to be reached in order to initiate conversations with financiers. Schlegel emphasized the importance of preparing the best proposals for Massachusetts and stay true to the overall policy objectives, in preparation for those discussions. Lyne indicated that the PAs recently established an internal financing working group to address the issues raised in the OBR working group.

Discussion among Council members ensued related to outside funding and the current state of discussions with individuals involved in lending and financial institutions, as well as experience any of the PAs may have from other states. Sherman noted that NGrid has been developing a financing proposal in New York State. McAteer commented that NGrid had been working on the proposal for 8 months, and that well designed financing was an extraordinary enabler for energy efficiency.

VI. Technical Reference Manual (TRM) Schedule and Deadlines

Sherman provided a brief history of the efforts to develop the TRM, noting that a strawman proposal was developed by Optimal Energy last fall, and this was serving as the basis for the current work. He noted that the PAs included the draft TRM in their filings and that the DPU chose not to review it as it is not a final product. He continued

by indicating that a working group was engaged in working on the TRM, with a target to have a TRM completed by June 30, 2010. Beginning in January 2011 all the PAs will track and report savings based on the new TRM. Sherman noted the lead that NGrid and NSTAR were taking among the PAs, working with the Council consultants, to complete the TRM.

VII. EM&V Report – Presentation by Ralph Pahl (EEAC Consultant) and PAs

Pahl led a series of presentations on EM&V. He summarized activities undertaken since the Council's approval of the September 8, 2009 EM&V resolution: identification of six research areas, appointment of PA staff to serve as research area managers, development and issuance of RFPs for research area contractors. The goal is to select contractors in March and have signed contracts by April 15th. Pahl noted that two other sets of EM&V studies are also being undertaken: studies under the previous PA EM&V system, which will wrap up by June, and studies conducted by the Northeast EM&V forum, which will continue. Pahl indicated that, to support the mid-course adjustment process, a Global Process and Marketing Evaluation study will be conducted with a report complete by July 15th. Pahl observed that the new EM&V system was working well so far.

Shea presented slides on the three research areas NSTAR took the lead on: Residential Retail Products; Residential Retrofit And Low Income; and Non-Residential Small Retrofit. Jacobson presented slides on the two research areas NGRID took the lead on: Non-Residential Large Retrofit & New Construction and Residential New Construction. Fry presented slides on the research area WMECO took the lead on: Special & Cross-Sector Studies, including: Free Riders & Spillover; Non-Energy Benefits; Behavioral; Community Based Pilots; and Early Global Process Evaluation.

Sherman emphasized that this is a very large and very serious effort which represents a huge amount of work.

VIII. Quarterly Reporting

Schlegel noted that the GCA requires the PAs to provide quarterly reports to the Council. He indicated that the PAs have made proposal, including provision of data 45 days after the quarter, reporting on progress toward goals. Schlegel explained that the consultants recommend a two-part approach: 1) A presentation on key issues and progress on key building blocks (e.g. gas & electric integration) at the first meeting following the end of the quarter and 2) for the subsequent meeting, presentation of quarterly report data and tables. He noted that the consultants would need to receive this material in time to review the data and advise the Councilors on their meaning at the meeting

OTHER Venezia indicated that the next Equity Committee meeting is scheduled for February 23rd, 3:00-5:00pm at 100 Cambridge St, in room A.

IX. Public Comment

Lori Segall said she was impressed with all of the EM&V studies and asked if there will there be a 3rd party QC vendor for the residential 1-4 retrofit program. Livermore responded that the QC scope of work and RFP is currently being drafted as part of the residential program activities.

Paul Johnson suggested that it would be helpful to have an update on marketing at the next meeting. .

X. Sherman thanked everyone for their time and adjourned the meeting at 5:09 pm.