



**Acadia
Center**

31 Milk Street, Suite 501
Boston, MA 02109-5128
617.742.0054
www.acadiacenter.org

March 30, 2015

Alissa Whiteman
Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114

Dear Ms. Whiteman:

Acadia Center appreciates the opportunity to provide comments to the Department of Energy Resources (DOER) regarding the proposed changes to DOER's Residential Conservation Service Program (RCS) regulations, 225 CMR 4.00, and looks forward to participating in the upcoming public stakeholder process to update the State Plan and RCS Guidelines. We urge DOER to finalize these regulations quickly and update the RCS Guidelines no later than August 2015, as it will be important to fully integrate these changes in the 2016-2018 Energy Efficiency Investment Plans (EEIP) before they are filed with the DPU this fall.

Acadia Center shares DOER's interest in updating the RCS regulations to better serve the residential energy efficiency market. We believe the proposed changes to the RCS regulations will allow for a more comprehensive approach to residential energy efficiency and renewable energy that better aligns with state policy goals. We particularly support sharing information about the renewable programs through the Home Energy Services (HES) program, and hope that these changes will provide more consistent, comprehensive efficiency services to Massachusetts residents, regardless of the fuel being used to heat a building or the number of units in the building. We provide the following comments in the spirit of crafting the most effective energy efficiency programs for the Commonwealth.

Coordination and Alignment with Green Communities Act

The RCS regulations being updated pre-date the 2008 Green Communities Act (GCA) and the majority of the programs that comprise the "MassSave" program. In this draft update, DOER has integrated some of the changes caused by the GCA, but not all. Acadia Center believes that the RCS regulations, the soon-to-be-revised RCS Guidelines, and 225 CMR 11.00 (regarding oversight and coordination of electric ratepayer funded energy efficiency activities) would benefit from more clarity surrounding interaction between other efficiency laws and regulations, particularly the Green Communities Act. We see three primary areas of concern.

1. Need More Oversight by EEAC:

The GCA charges the Energy Efficiency Advisory Council (EEAC) with an important role in the preparation of the EEIP – a role that these regulations appear to disregard. As drafted, Section 4.05 states that DOER alone shall establish Outcomes for the RCS program. Language in original section 4.01 that provided for approval by the Department of Telecommunications and Energy (now DPU) has been deleted. This drafting leaves open the possibility that the goals, budgets and details of programs established through the EEIP process – drafting by the Program Administrators, coordination, review, and approval by the EEAC, and ultimately, review and approval by the DPU – could be overruled by DOER's establishing outcomes that differ. Although we understand that DOER's intended method of

implementation the RCS programs is through the EEIP, which necessarily involves the input and review of the EEAC, and approval of the DPU, this is not explicit in the regulation.

Coordination between the various residential programs is key, as these programs are deeply linked and need to appear seamless to residents of Massachusetts. It makes sense to include the RCS programs in the EEIP and administer the residential efficiency programs as an integrated whole, informed by the EEAC process as set forth in the GCA. Acadia Center encourages DOER to make these roles explicit in the RCS regulations as well as 225 CMR 11.00 (regarding oversight and coordination of electric ratepayer funded energy efficiency activities).

2. Incorporate Data into Program Improvements:

As drafted, Section 4.04(6) requires quarterly reporting to DOER on program outcomes, including specific records collected on a per household basis detailing whether customers implement recommended program measures. Acadia Center believes that such granularity is potentially beneficial as it would better enable efforts to address the barriers to implementing recommended measures. However, it is unclear from the regulations whether and how this information will be used or secured. Acadia Center would encourage DOER to integrate the information collected through the RCS process with information collected through the rest of the residential programs – such as in the contemplated privacy-protected state-wide database – and make such information available for review by EEAC consultants and others involved in evaluation, measurement, and verification efforts or tasked with recommending program enhancements. For the same reasons that we need a comprehensive, transparent, secure statewide database for the energy efficiency programs as a whole, requiring the PAs to collect all of this data without an appropriate framework allowing its use to increase energy efficiency in the state would be a waste of resources.

3. Create RCS Program Administrator Designation:

Given that municipal utilities and delivered home heating fuels suppliers – neither of whom are included as Program Administrators under the GCA – are both eligible to become Program Administrators under the RCS, the use of the exact term “Program Administrators” throughout the regulation is somewhat confusing. Substituting the term “RCS Program Administrator” and providing a definition for that term that includes all of the potential administrators may provide some clarity on this point.

“Fuel Neutrality”

Currently, residential customers’ existing heating fuel determines what heating system measures may be incentivized as energy efficient solutions. Acadia Center believes the revisions to the regulations that enable fuel neutral application will enhance the comprehensiveness of the HES recommendations, allow more customers to participate in the programs, and enable resources to assist customers in moving to renewable thermal technologies and air-source heat pumps.

The proposed changes allowing fuel neutral incentives will require detailed methodology to quantify and attribute the full value of energy savings, particularly oil and propane savings, when fuel switching leads to savings from one fuel at the expense of an increase in another. As drafted, section 4.04(1) provides for each Program Administrator to set a methodology annually. Acadia Center believes this provision should be strengthened to create a state-wide methodology. This methodology should also be subject to the same level of evaluation, measurement and verification as other portions of the statewide energy efficiency programs, and provide for the input of the EEAC.

It is also critically important to properly account for the carbon impacts associated with fuel switching potentially promoted through fuel neutral incentives, particularly with respect to natural gas. The Commonwealth needs to align the energy efficiency programs with the greenhouse gas emissions reductions goals of the Global Warming Solutions Act (GWSA), which will require increased reliance on low carbon sources of heating, including renewables and ground and air source heat pumps. The results of the pending DPU proceeding on the avoided costs of complying with the GWSA should be quickly incorporated in the benefit cost analyses of the energy efficiency programs, and the true costs of fuel alternatives correctly evaluated, including lifecycle emissions.

Expansion to Multi-Family and Renters

Acadia Center supports the expansion of the RCS program into multifamily buildings, including those with commercial heating equipment, as it enables a more consistent and comprehensive effort to unlock energy efficiency opportunities for hard-to-reach and hard-to-serve customers. We note that the definition of eligibility (under section 4.03) is applicable to buildings, while incentives for fuel neutral rewards (under section 4.04(5)(a)) are targeted at the level of individual customers. This change may provide a creative avenue to address the split incentives faced by renters and owners of rental properties, or may create more complex and cumbersome administrative hurdles for multi-family residents, given the different levels at which services and incentives are targeted. Acadia Center recommends that the soon-to-be-revised Guidelines implementing these provisions be carefully crafted to address this split-incentive issue. In particular, the Guidelines should ensure that there are no hurdles to providing incentives for heat pumps or renewable thermal technologies to be implemented in a single unit, while also putting safeguards in place to avoid the likely barriers stemming from requiring residents to pool their incentives before undertaking a full-building upgrade or replacing a central boiler.

Advisory Committee for Program Vendors

Acadia Center supports the concept establishing statewide standards for Program Vendors to ensure consistent and quality service for consumers. However, as drafted, Section 4.06 sets out that the advisory committee making recommendations for these standards will not include any representatives of these consumers -- instead, only program administrators and program vendors. Acadia Center encourages DOER to include the Attorney General and other consumer protection and low-income representatives to ensure that the interests of the consumers whom these standards are designed to protect are appropriately represented.

Conclusion

Acadia Center appreciates the opportunity to comment on the draft RCS regulations. Given that work on the 2016-2018 EEIP is already underway, we reiterate the time-sensitivity of these regulations. Acadia Center encourages DOER to finalize these regulations and update the RCS Guidelines no later than August, 2015.

Sincerely,

Amy E. Boyd
Senior Attorney
aboyd@acadiacenter.org
617.742.0054 ext.102