

December 6, 2024

Submitted electronically via email to dpu.efiling@mass.gov and krista.hawley@mass.gov

Massachusetts Department of Public Utilities 1 South Station, 3rd Floor Boston, MA 02110

Re: The Massachusetts 2025-2027 Energy Efficiency and Decarbonization Plan

To Whom It May Concern,

On behalf of Northeast Energy Efficiency Partnerships (NEEP)¹, we are pleased to submit comments regarding the proposed <u>Mass Save 2025-2027 Energy Efficiency and Decarbonization Plan</u> ("Mass Save Plan" or "Plan"). NEEP is a non-profit whose mission is to accelerate regional collaboration to promote advanced energy efficiency and related solutions in homes, buildings, industry, and communities.

We thank the Massachusetts Department of Public Utilities (DPU) for the opportunity to provide input on the proposed Mass Save 2025-2027 Energy Efficiency and Decarbonization Plan. The Plan lays out clear goals and we applaud the Program Administrators (PAs) and the Energy Efficiency Advisory Council (EEAC) for crafting such a comprehensive plan. Massachusetts is a national leader in energy efficiency, and it is because of the continued work and dedication of these parties that the state can implement such forward-thinking energy efficiency policy.

The following comments are intended to provide technical assistance and resources to help in the design of this program and highlight some best practices to ensure that the energy affordability, equity, and climate goals of the state are reflected in the Plan. In addition to these recommendations, NEEP has tools and resources available online and can offer direct technical assistance.

NEEP applauds the Mass Save PAs for their work in the fields of equity and decarbonization. Following the state's lead after the passage of the 2022 Climate Act, the PAs have adapted to the removal of new gas equipment incentives and created new programs that will continue to keep Massachusetts at the forefront of equitable and climate-forward energy efficiency programs. Moving into 2025, there will be additional opportunities for decarbonization progress in Massachusetts beyond Mass Save, including the Massachusetts Clean Heat Standard, the Decarbonization Clearinghouse, and the <u>New England Heat Pump Accelerator</u> that will further the efficient electrification of the heating sector across the region. Following the recent federal elections, as the incoming administration and Congress bring federal energy efficiency programs into question, states will play a key role in continuing to push for energy efficiency and climate progress and establish durable, long-term plans. Because of this, plans like the Mass Save 2025-2027 Energy Efficiency and Decarbonization Plan are more important now than ever.

¹ These comments are offered by NEEP staff and do not necessarily represent the view of the NEEP Board of Directors, sponsors or partners. NEEP is a 501 (c)(3) non-profit organization that does not lobby or litigate.



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Energy Efficiency Programs are Critical to Ensure Energy Affordability

Nationwide, electricity prices have risen in recent years. From 2022 to 2023, residential electricity prices rose 6.2 percent. When energy costs increase, more households face high or severe energy burden leading to <u>economic</u> <u>energy insecurity</u> – the inability to adequately meet basic household energy costs – and must make difficult choices like trading off costs for heating or eating. This inequity is especially pronounced in the Northeast, with <u>New England</u> demonstrating the largest gap between low-income and median energy burdens, coupled with some of the <u>highest energy costs in the country</u>. These points highlight the need for continued investment in energy efficiency.

Energy efficiency programs are critical to improving energy affordability because they lower overall energy consumption. Programs promote advanced technologies, provide targeted incentives and assistance to customer segments such as low-to-moderate-income customers and renters, improve grid efficiency to constrain costs, and promote prudent long-term utility strategies and investments. Historically, Mass Save programs have provided significant customer benefits that exceed the costs of these plans. Customers have received \$31 billion in total benefits from Mass Save programs since 2013. In the upcoming three-year cycle, the PAs project a total of \$13.79 billion in benefits, which equates to approximately \$2.76 in benefits for every dollar spent on energy efficiency measures.

Prioritizing Equity through Investments and Engagement

NEEP applauds the equity initiatives integral to the Mass Save Plan, including the stakeholder engagement process used in designing the plan, targeted renter programs, focus on pre-weatherization barriers, and use of metrics to track progress. Prioritizing a meaningful and <u>long-term inclusive stakeholder process</u> ensures that community needs are at the center of all of these new initiatives and reflected in the design of the plan. To create this plan, the PAs collaborated with the MA Department of Energy Resources (DOER) and the MA Energy Efficiency Advisory Council's (EEAC) Equity Working Group (EWG). The PAs made significant changes to the Plan between multiple rounds of drafting in response to recommendations from the EEAC to increase funding for equity measures and commit to stronger goals for renters and low-income residents.

NEEP applauds the Mass Save PAs' efforts and would like to highlight a few key initiatives below:

Increased focus on rental units: NEEP supports the plan's goal to weatherize over 51,000 rental units
and support heat pump installations in more than 15,000 rental units over the three-year period, as well
as the \$615 million allocation specifically for renters and the designation of Equity Communities where
renters will be eligible for no-cost weatherization, barrier remediation, and electrification services. This
substantial investment recognizes the importance of reaching traditionally underserved populations,
many of whom reside in rental and multifamily housing. Nationally, around 60 percent of residential
apartment buildings were built before 1980, and more than half of these apartments are at least 50
years old. As a result of property age and capital improvement disinvestment in residential buildings,
these properties are much more likely to have issues such as asbestos, lead paint, mold, outdated

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wiring, or the need for repairs beyond the scope of a typical energy efficiency upgrade. The Plan's increased support for pre-weatherization barrier mitigation in multifamily buildings is a critical component of advancing energy efficiency and electrification programs at these properties. Coupling this investment with rental protections is another best practice. The Plan's provisions to safeguard tenants' interests by requiring landlords to sign a form committing to the preservation of affordability at properties that receive program funded upgrades will ensure that once these homes are upgraded, they can stay affordable to their residents. Additionally, the Plan addresses some of the most persistent barriers to stakeholder engagement in the rental and multifamily sectors through initiatives such as a targeted engagement strategy for leased buildings, the creation of a dedicated Mass Save Renters webpage, streamlining program participation for buildings with multiple utility accounts, establishing community-sourced outreach teams, and providing resources for renters to approach their landlords about upgrades.

Increasing Supplier Diversity: We applaud the Mass Save PAs for developing a new workforce metric and goal around supplier diversity. The setting of an aspirational benchmark for 15% of contracts to go to diverse suppliers is an important step to ensure that programs do not just train the workforce but also build wealth. Tracking data allows for the impact of the program to be measured and for adjustments to be made in real time, in the case that metrics are not achieved. NEEP encourages the PAs to publicly report on these metrics. A similar approach was taken in Oregon. In 2018, the Energy Trust of Oregon developed equity related targets by engaging with its diversity, equity, and inclusion committee and management team for six months. The proceeding aimed to create a plan for providing program benefits to historically marginalized and/or excluded communities. It included metrics such as the "number of contracts executed by minority and women-owned businesses" and "increase[d] customer participation in energy efficiency programs for all underserved populations." Its 2021 progress report provides updates on the status of the targets and how close they are to completion, including specific percentages and a color-coded key.

Innovative Building Decarbonization Programs and Savings Allocations

Massachusetts is a <u>national leader</u> in its approach to prioritizing beneficial electrification to benefit all residents. NEEP wants to highlight the importance of investments at this large scale to drive energy savings, carbon reductions, and market transformation. The Mass Save Plan supports significant changes across industries that will drive the market toward more efficient technologies. The PAs have developed incentive structures and programs that will guide the state towards a fully decarbonized future. The combination of strong greenhouse gas emissions reduction goals, heat pump installation targets, enhanced heat pump incentives when weatherization is performed concurrently, and contractor training initiatives keep Massachusetts' plan on the cutting edge of energy efficiency. Here are two examples of program innovations to highlight:

• **Creation of a Building Decarbonization Turnkey program:** The new Residential Turnkey program is an innovative type of <u>home upgrade hub</u> that will provide incentives, financing, and technical assistance to help residents make affordable improvements to their homes. According to PA research and stakeholder



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feedback, complex application and upgrade management processes are significant barriers to program participation because of the time-consuming administrative requirements and costs. The Turnkey program will address these barriers by helping customers with weatherization, barrier mitigation, and electrification upgrades, and will manage subcontractors as needed. This program will start with moderate-income customers and customers in designated equity communities, then expand to market rate near the end of the cycle. This new combined approach to energy-saving measures can benefit multifamily properties significantly but will require a streamlined approach with the comprehensive level of support proposed in the Plan.

Joint Funding and Delivery to Achieve Statewide Electrification Goals: We support the innovative attribution approach proposed by the Mass Save PAs to implement programs under a statewide "MassSave Electrification" umbrella. The creation of a statewide program that allocates savings and costs based on a pre-determined distribution formula is not new to energy efficiency policy design. Past and current programs have looked to <u>allocate a proportion</u> of savings across various actors to encourage coordination and cooperation when two or more parties come together to deliver one program. For example, in Vermont, Green Mountain Power and the Vermont statewide energy efficiency utility, Efficiency Vermont, employ a similar attribution method to allocate savings from its jointly funded heat pump rebate program. Prior to each cycle, both parties sign a memorandum of understanding, which allocates savings and outlines the roles and responsibilities of each party. The coordination between the two programs has facilitated and amplified the impacts of the rebates in Vermont, creating a <u>nation</u> leading heat pump program. To see other examples, see NEEP's report, <u>Expanding the Energy Savings</u> Pie: Attribution Frameworks to Align IRA Home Energy Rebates and State Programs.

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Conclusion

NEEP appreciates the work of the PAs and the Energy Efficiency Advisory Council, as well as the various working groups, in developing the Mass Save 2025-2027 Energy Efficiency and Decarbonization Plan. NEEP hopes that these comments provide additional insight and guidance to align the plan with state climate and equity goals and ensure that Massachusetts continues to lead the nation in energy efficiency work.

Sincerely,

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