

Farrell, Lauren (EEA)

To: lauren.farell@state.ma.us
Subject: Mass Save

From: Rick Frehill <fre1insul@yahoo.com>
To: "lauren.farell@state.ma.us" <lauren.farell@state.ma.us>
Sent: Fri 5/17/2013 5:03 PM
Subject: Mass Save

Hi Lauren

My name is Richard Frehill owner of Frehill Insulation. I would like to take the opportunity to share my view about the Mass Save program. Over all it is an excellent energy saving program that is well managed. My most important concerns are for the customers to get the best quality work no matter who they use. The only way to be sure that happens is to have a lead administrator such as CSG to manage both technical methods of the work and to do inspections so work is done properly by everyone. Without CSG doing audits and inspections it opens the door for unscrupulous contractors to sell the customer on measures that only make them money and not what helps the homeowner save energy.

Our company has been in the insulation business for over 50yrs and we have seen and repaired poor work donr by others that just come and go. We are committed to this industry and our customers. We believe that the way the program is currently running with audits and inspections on every job is the best way to be sure the customer gets the quality they deserve, anything less is a disservice to the Mass Save program.

Thank You
Richard Frehill
Frehill Insulation Co

Farrell, Lauren (EEA)

From: Louise Grabowski [louisegrabowski@ymail.com]
Sent: Friday, May 17, 2013 6:22 PM
To: Farrell, Lauren (EEA)
Subject: Comment - Energy Policy Review Commission

May 17, 2013

To: Energy Policy Review Commission

This comment is made pursuant to the Commission's mandate under Acts of 2012, Chapter 209, Section 42 regarding environmental benefits of energy and electricity policies in the Commonwealth.

Since the installation of land-based industrial wind turbines in the Commonwealth, certain environmental issues have surfaced. First, there are credible reports that the installation of wind turbines on ridgelines is depriving the mountains of rain water. Clear cutting for access roads and power lines are serving as drainage pathways that transfer rain water directly to lower levels, creating a threat to mountain ecology.

Also, there is the issue of noise pollution. Peer-reviewed reports and testimony from wind turbine neighbors evidence that the installation of wind turbines near homes exposes neighbors to excessive noise and adverse health effects. Widespread complaints regarding noise and shadow flicker strobing exist in the towns of Falmouth, Fairhaven, Kingston, Scituate, Florida, and elsewhere in the Commonwealth. Reported adverse health effects include headache, nausea, loss of cognitive ability and sleep interruption. Research shows that wind turbine sounds are more objectionable than noise produced by traffic, trains and planes.

Further, in order to determine the real environmental benefits of wind energy, actual wind power production and fossil fuel emissions reduction data must be made available and subject to verification. As I understand it, to date, such data has been estimated only and not verifiable.

Thank you for your consideration.

Very truly yours,

Louise Grabowski
164 Crabtree Road
Quincy, MA 02171
LouiseGrabowski@ymail.com

Farrell, Lauren (EEA)

From: vincent mclaughlin [v9558@icloud.com]
Sent: Friday, May 17, 2013 6:14 PM
To: Farrell, Lauren (EEA)
Subject: Masssave program

Hi

I am vin McLaughlin

McLaughlin weatherization is an insulation company with 12 employees. We have been working for CSG and masssave for years. This program has been a great success for Both our company and its employees. Payment is prompt which helps us with paying our bills on time. Work is held to a high standard and our employees have responded to the greater scrutiny Any changes to program is just messing with success .

Thanks

Vin McLaughlin

Sent from my iPad

Farrell, Lauren (EEA)

From: Robert Calnan [rfcalnan@gmail.com]
Sent: Friday, May 17, 2013 4:42 PM
To: Farrell, Lauren (EEA)
Subject: Energy Policy Review Commission- Public comment

To whom it ma concern,

I have been in the residential insulation business in Massachusetts for over 30 continuous years. (Calnan's Energy Systems Inc.)

Over the last 3 decades I have worked with state agencies, weatherization programs, utilities programs and for the most part directly with the public.

The impact on my business with the latest version of the Mass Save program has been devastating.

Any contractor that chooses to become a Mass Save IIC contractor loses control over their company, you become a subcontractor to the lead vendor and the contract gives

the lead vendor most of the protection and the contractor most of the responsibility.

It's a take it or leave it contract.

Under the current Mass Save model I would not be able to provide my customers with the level of service that they come to expect of me, I had to make a tough choice either reduce my standards

to match the compensation or not participate, I chose not to participate.

The amount of work and the number of contractors fighting over the non Mass Save jobs make it difficult to stay in business.

All residential in Massachusetts that have gas, electric, oil and propane customers qualify for the Mass Save rebate program, (75% up to \$2000.00)

The only customers that don't qualify for the Mass Save rebate are oil customers with municipal supplied electricity.

I have reduced the number of employees in my company to just 1 full time and 1 part time employee.

Of the four jobs that I had to eliminate one of my employees was a with me for 30 year and one was with me 19 years the other 2 had under 5 years with us.

I couldn't afford to provide the level of pay and benefits on the Mass Save level of compensation and can't find enough work to keep the 4 employees that no longer work

For Calnan's Energy Systems. Inc.

As a replacement window contractor I am allowed to offer the 0% interest Mass Save loans to my customers but not to my insulation customers.

In order to offer the 0% loan for insulation you must be a Mass Save approved contractor.

I know that the intent of the Legislature and Governor Patrick was not what happened to my company, but my story is not unique.

Some of the weatherization companies just went out of business others added on new services to survive.

I have spent over 30 years building my business and reputation and have survived recessions, inflation, low consumer confidence, mother nature and down business cycles.

I fear that if something doesn't change the Mass Save program just may put me out of business.

Thank you

Rob Calnan

Calnan's Energy Systems Inc.

781-894-9626

rfcalnan@gmail.com

Farrell, Lauren (EEA)

From: jayjan111@juno.com
Sent: Friday, May 17, 2013 2:45 PM
To: Farrell, Lauren (EEA)
Cc: administrator@town.deerfield.ma.us; jayjan111@juno.com
Subject: Public Comment Opportunity: Energy Policy Commission

Hello Ms. Farrell,

As a retired scientist/designer/engineer I serve on the Deerfield Energy Resources Committee (DERC) and have observed some "roadblocks" to swift implementation of the six (6) topics per your email of May 03, 2013.

The town has been considering a nominal 2 Megawatt PV array system to be mounted on ballasted frames on our capped landfill. No decision has yet been made on contractors.

I have found the whole process to be a bit slow. There are a few uncertainties for me in the process, perhaps due to my own lack of comprehension.

I think the Commonwealth should or could or might establish some common factors in the bidding process for the installation and operation of these small scale arrays. Some commonalities might be using a fixed inflation rate, fixed power selling rate, and setting the "tie-in" to the power grid at known fee. Since the utilities bear the cost of grid utilization, a tie in involves the physical connection, the line Amperage capacity, the associated sub-station and transformer and breaker. There must be general known costs of all of this which the utility can use. I would presume, perhaps wrongly, that a 2 Megawatt increased load on most of the three phase power distribution lines would not require a major rebuild of the line(s) or transformers, etc. So, perhaps the utilities and Commission might examine proposed tie-in points and at least make an assessment of tie-in upgrade costs, such as:

- (1) line has full capacity and no extra work beyond the connection is needed;
- (2) line will need an upgrade (requiring ?? and costing ?? and taking ?? days);
- (3) line cannot handle the proposed load without a major rebuild.

Perhaps the Commission might create a map of the power line load increase capability for the entire Commonwealth, such that anyone can review the map and note which category the existing power lines fall into.

Thus, for example, 0.25 Megawatt array would require no line upgrade, which a 0.5 Megawatt array would. Using quarter Megawatt increments might be sufficient for this mapping purpose.

I understand the utility's difficulty in even estimating for an increase by having to review all of the hardware and associated lineman and electrical engineer work.

However, I think every line has an existing known capacity rating, and perhaps a nominal overcapacity continuous rating, say 15%. Thus maps can be generated almost immediately according to the present capacity. Then the feed-in power line ratings can fall into a few simple categories regarding the lines and transformers, etc.

The potential sale of excess power also seems to be a murky issue, where the town may have to enter into complex contracts increasing legal fees. My opinion is that this could be a Commission task of "matchmaking" for adjoining and nearby towns through the existing power cooperatives.

I am commenting as a citizen, and not representing the DERC. I just think you need to be aware of the obstacles which I have have encountered.

Respectfully submitted

Jay Stryker

95 Hillside Road
South Deerfield
Massachusetts 01373

telephone 413 665 3125

Woman is 60 But Looks 25

Mom publishes simple facelift trick that angered doctors...
ConsumerLifestyles.net

Farrell, Lauren (EEA)

From: Craft, Josh [jcraft@NEEP.org]
Sent: Friday, May 17, 2013 1:55 PM
To: Farrell, Lauren (EEA)
Cc: Burgess, Dan (EEA); O'Reilly, Jim
Subject: Comments for the Mass. Energy Policy Review Commission
Attachments: NEEP Letter MA Energy Policy Review Commission 5.17.pdf; NEEP Comments for Mass Energy Policy Review Commission 5.17.13.pdf

Dear Ms. Farrell:

Northeast Energy Efficiency Partnerships (NEEP) is pleased to submit comments to the Energy Policy Review Commission. We have included a cover letter and a brief presentation that seeks to provide a regional perspective as the Commission considers the benefits and costs of Massachusetts' energy efficiency programs. Please feel free to contact me using the email or phone below if you have comments or questions about the material provided.

Sincerely,

Josh

.....
Josh Craft
Manager of Public Policy Analysis

[NEEP \(Northeast Energy Efficiency Partnerships\)](#)
91 Hartwell Avenue, Suite 306, Lexington, MA 02421-3137
t: 781-860-9177 ext. 109
f: 781-860-9178
www.neep.org

[Register today for 2013 Northeast Energy Efficiency Summit!](#)
June 18 & 19 – Springfield, MA

Farrell, Lauren (EEA)

From: Chris [chris@dolphin-insulation.com]
Sent: Friday, May 17, 2013 9:53 AM
To: Farrell, Lauren (EEA)
Subject: Energy Policy Review Commission "Public Comments"

Hello Lauren Farrell,

I am writing to give you a point of view that maybe you haven't heard lately. My 2 daughters own Dolphin Insulation Inc. and I help them manage the company. My name is Christopher Alphen. Together, we have hired over 20 employees including 3 veterans, 2 of who are still active. We are hiring 6 more employee's and training them now so they will be ready for October 1st when the busier season starts. It has been a pleasure to follow CSG's (MassSave) guidelines which is to educate employee's to meet their standards. It certainly makes managing a growing company easier when employees can think for themselves because they have been taught "Building Science" . Our newest employee is a graduate of U Mass Amherst with a degree in Building Construction Technology with a focus in energy and moisture. He has also started his Master's degree in Green building design. He is a consultant to homeowners & Remodelers who are interested in energy efficiency. Having said all this, we at Dolphin Insulation believe that MassSave and the reduction in energy can only be a good thing. We always get 25 % reduction on a before and after blower door test when we "Air Seal" and " Insulate " and attic. We get 43 % reduction when we add the exterior walls to this. Most of the problems we have at Dolphin are simply becoming more efficient and controlling our own costs. We are always adding procedures to aid in a better system to make our lives better. I was nominated and accepted into Best Practices Working Group a year and a half ago and before I became a participant, my colleagues had suggested some ideas that today are part of our procedure and practices. Since I have been on the group, I have tried to come up with as much good suggestions as I can think of. My colleagues on BPWG who are insulation contractors and myself are there to present the point of view of an Insulation contractor. National Grid and NStar have promoted that 100 % . I believe they are there as a team player. In one year from now, My daughters and I will evaluate the industry to see what growth we will be able to implement. Naturally, we are hoping it will be another 6 employee's. I understand that once we have completed the insulation and Air Sealing work on one house, many other homeowners get to feel the difference and hear about the energy savings. I believe the Good Will created by MassSave and the Utilities, is going to grow this industry all by itself. I personally would like a little more money spent per home to make it better than we do now. But that is a personal point of view. I hope my e-mail helps you see our world as we see it.. Thank You for your attention,

Farrell, Lauren (EEA)

From: Tom Cahill [topcat584@comcast.net]
Sent: Friday, May 17, 2013 10:45 AM
To: Farrell, Lauren (EEA)
Subject: Mass Save

Lauren,

I am reading what Tom Regh has emailed me and I am concerned that he is representing himself as the voice for all contractors. I strongly disagree with what Tom states and think it is unfair that he portrays himself as the voice for all insulation contractors.

I have been part of the Mass Save program for a couple of years now and find the process to be fair and equitable to all. In my opinion, the control that CSG has over the program is in the best interest of the customers first and foremost, as it should be. Without some degree of oversight, the quality of work is sure to decline. I would question anyone who feels they don't need quality control, and then question their motives.

I take pride in my work and always have. If doing this puts me at an advantage over those who do not, then the system works. The last thing this industry needs is a free for all with no oversight. It will eventually bring distrust to all contractors as well as the utility companies funding the program.

I can be reached anytime if you have further questions.

Tom Cahill
TC Building
617-828-8876

Farrell, Lauren (EEA)

From: Chris Kapsambelis [chrisk@bdscorp.com]
Sent: Friday, May 17, 2013 8:42 AM
To: Farrell, Lauren (EEA)
Subject: Energy Policy Review Commission - Public Comment

The state RPS mandate for 25% renewable energy by 2030 is exerting an upward pressure on the price of electricity.

After attending a number of the commission's meetings, I learned that the price of electricity is mainly influenced by peak demand, and the price of fuel. Peak demand was reached in 2006 at about 28,000 MW and we have a total capacity of about 32,000 MW to handle it with some reserves. As we look into the future, it looks like the major influence on increasing total capacity come from the RPS mandate.

From reading reports from the MIT Symposium on Managing Large-Scale Integration of Intermittent Renewables, I learned that while renewables can generate emissions-free electricity, the limited ability to store electricity, forecast renewable generation, and control the availability of intermittent renewables forces the rest of the electric power system to adapt with less efficient ramping and cycling operations.

<http://mitei.mit.edu/publications/reports-studies/managing-large-scale-penetration-intermittent-renewables>

As a result the ratio of peak demand to total capacity is increased, and little to no fuel is saved. As a corollary, little to no carbon is avoided. The cost of the increased total capacity over the same user base will increase the price of electricity to the average user. The cost benefits of free fuel for wind and solar are negated by the inefficient operation they cause on the rest of the system.

It's hard to avoid coming to the conclusion that the RPS has us on a path to much higher electric rates that will damage the economy, and neutralize net jobs creation.

Chris Kapsambelis
Bourne, MA

Farrell, Lauren (EEA)

From: Jacob Miller [jacob.andrew.miller@gmail.com]
Sent: Tuesday, May 14, 2013 10:06 AM
To: Farrell, Lauren (EEA)
Subject: Energy Policy Review Commission - Public Comment Period

This letter is in response to the public call for comments with respect to the Energy Policy Review Commission. I'd like to set forth a recommendation that includes the areas of energy efficiency, clean energy, and energy cost to residential customers.

I believe there needs to be a program which supports residential energy consumers who desire to transition from oil heat to a cheaper, cleaner, more efficient alternative such as natural gas. While most Massachusetts residents can take advantage of existing, terrific energy efficiency programs such as Mass Save to improve the envelope of their home or upgrade HVAC equipment, many residents live on streets which do not have an existing gas line. As the local gas utilities (National Grid, NStar etc.) are unwilling to cover the cost of extending the line, residents are shouldered with the immense financial burden (usually tens of thousands of dollars) if they desire to pursue that route. Even then, after the residents pay for the line extension, they do not own the line and must still pay for the removal of the old oil equipment and the installation of new gas systems, and not to mention the gas itself.

Gas is a more energy efficient, far cleaner, far cheaper fuel, but consumers who are otherwise willing to switch cannot do so because the upfront cost and payback period is far too high (often decades). If the state or local government could provide both financial and informational support for residents who do not currently have access to a gas line, those who believed they were stuck with oil would finally have the ability to switch to a more efficient, cleaner fuel. Possible financial options could include tax rebates, upfront cost-sharing between residents and the state, low interest loans, etc. Alongside the financial incentives, Massachusetts should launch an educational campaign to inform residents about the benefits of switching to gas and where to go for more information (Mass Save, the recommended new assistance program, etc.).

Regards,

Jacob Miller

Farrell, Lauren (EEA)

From: Brian Butler [brianbutler@bostongreenbuilding.com]
Sent: Saturday, May 11, 2013 12:19 PM
To: Farrell, Lauren (EEA)
Cc: Tom Regh
Subject: RE: Energy Policy Review Commission - Public Comment Period

To whom it may concern, Please post our comments as follows:

The Massachusetts' Green Communities fund is not well spent, and homeowners often learn very little through utility sponsored Energy "Assessments". Homeowners may often times fail to take action on improvements that are either overlooked or deemed to be outside of the Mass Save program's narrow list of rebate or loan qualified items/methods.

The DOE Energy Star program has a long and successful history of benchmarking consumer items: MPG standards are very useful benchmarks for vehicles. Household appliances from dishwashers to televisions to water heaters all have reasonable clear labeling to indicate how they rank relative to one another.

Vehicles are required to undergo safety and exhaust emission testing in Massachusetts, which helps to assure that vehicles continue to operate close to their manufactured energy consumption ratings.

Large businesses can access sophisticated benchmarking tools through the Energy Star Program to track consumption and improve efficiency. The EPA Energy Star report on benchmarking explains:

"The EPA currently maintains performance ratings for all major commercial building types, including banks and financial institutions, courthouses, hospitals (acute care and children's), hotels and motels, K-12 schools, medical offices, offices, residence halls and dormitories, retail stores, supermarkets, warehouses (refrigerated and nonrefrigerated), and wastewater treatment plants."

This allows building owners to benchmark relative to buildings within their purvey, or to buildings of other similar usage and occupancy types.

The Energy Star for Homes brand uses energy benchmarking too, via a HERS rating. The HERS (Home Energy Rating System) rating is a nationally recognized standard that allows benchmarking of home energy performance for new AND existing homes.

So why does Mass Save program turn a blind eye toward benchmarking homes. The 2012 State Energy Efficiency Scorecard, published by the ACEEE (American Council for an Energy-Efficient Economy) awards Massachusetts the highest rank in the country. How is this possible if nothing in the housing sector is being measured...? Well, the rankings are based on spending on programs. Pennies on the dollar of the Green Communities Act ratepayer fund ever actually make it into energy efficiency measures, and if there's no measurement of results, it is disingenuous to award a higher score to any state that is not benchmarking and tracking results, neither at the meter nor via a HERS rating.

The 2012 ACEEE scorecard is also mute on natural gas program results. The 40% of points awarded to Utility Benefit Programs speaks exclusively of electrical savings. Where's the gas and oil heating for space and DHW...?

It's difficult to understand the reasoning behind the "Best Practice" policy and performance metrics in the 2012 States Energy Efficiency Scorecard. The report states, "We have not scored energy efficiency policy areas on reported savings or spending data..." and "...potential energy savings from improved building energy codes and appliance efficiency standards have been documented, although actual savings from these policies are rarely evaluated."

With residential energy efficiency benefits programs given so much weight in the scoring portfolio (40% in Massachusetts), why wouldn't the DPU simply call for benchmarking? It is ludicrous to award points to a program that is not in any way verified beyond an account of raw spending.

This is an egregious oversight. All the self-congratulation needs to be replaced with a much sharper focus on what is actually happening with improving the asset ratings of the ratepayer's properties.

We demand that energy "assessments", that are sapping the program of precious cash and producing unmeasured, dubious results be replaced with comprehensive before and after asset HERS ratings as is already required of by state energy code for new homes.

Brian Butler
Boston Green Building
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Allston, MA 02134
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C: 617 899 4512

Farrell, Lauren (EEA)

From: Leo Keightley [k3c1@rcn.com]
Sent: Sunday, May 05, 2013 10:21 AM
To: Farrell, Lauren (EEA)
Subject: comments on subjects: Energy Policy Review Commission

Hello Lauren,

I find topic #5: "Reducing cost of electricity for commercial industrial and residential customers" to be inappropriate and counter productive for the Energy Policy Review Commission and should be eliminated as a subjects being considered by the Commission.

Electricity is energy wasteful to produce in large quantities. Heat energy (fossil fuels or nuclear fission) have to be used for large volume production and due to thermodynamic realities, three times as much heat energy as the electric energy which is available to the electricity user, must be used to generate that electricity. In order to reduce the cost of electricity, cheap fossil fuels must be used. In order to expand the percentage of electric energy used that is from renewable resources the amount of electric energy used must be significantly reduced.

Promoting energy efficiency regarding electricity should focus on using electricity for communication, computation, and systems control applications while energy intensive use for heating and cooling and physical work (such as transportation) should be discouraged and phased out where possible.

Use of renewable electric energy should focus on applications that adapt to the fluctuating nature of these sources (not ways to keep these sources from fluctuating).

Research and development of non electric solutions for heat, cooling, and physical work applications will be more fruitful in the long run that finding ways to make electricity cheaper. Passive solar heat, shade and airflow instead of air conditioning for "cooling," use of energy storing counterweights for elevators are 3 examples of non electric solutions where electric energy is now wasted.

Thank you,
Leo Keightley
k3c1@rcn.com
Waltham Energy Action Committee

Farrell, Lauren (EEA)

From: MICHAEL.SOLIMINI@comcast.net
Sent: Friday, May 03, 2013 9:36 PM
To: Farrell, Lauren (EEA)
Subject: Public comment opportunity

1st, I would like to attend Energy Policy Commission meetings. Can you send me a link to your meeting posts?

Here are a few comments regarding the 6 items:

1.) Expanding renewable energy in the commonwealth.

While on the surface and within political circles expanding renewable energy would appear to be a good thing. Unfortunately expanding unreliable sources of energy onto our current energy system is fraught with problems often overlooked or not understood by policy makers. We should not expand renewables that are connected to our current system. Energy from renewables should only be used to offset costs, and never leave the site where generated.

The simple fact is: Renewable energy connected to the current grid, creates a un controlled variable that in order to provide 99.999% system reliability will require redundancy in other forms of generation should these renewable sources stop producing. Example when the wind stops blowing, we'd need need redundant power waiting "in the wind". This is waste and cost that would be passed onto the ratepayer. Without good energy storage capturing within our system, adding any renewable source to our systems is a very bad plan.

2.) Promoting energy efficiency:

As of this time it cost far less to save energy than it does to produce.... We need programs to shift peak loads, like storing energy for cooling within ice or raised water. Storage of energy is the key.

3.) Encouraging business development and job creation in Mass.....

We can not afford not to do this. We need to find ways to keep utility costs in Mass low, or more companies will relocate south, just to save on their utilities. Keeping costs competitive keep jobs here in MASS.

4.) Reducing cost of energy programs. Any reduction in costs should result in more competitive utility costs.....yes

5.) Reducing costs of electricity for commercial and residential customers. We need to balance the costs to provide residential customers and commercial customers with the best rates. Commercial customers have greater resources to shed load, and manage energy costs. Residential customers have seen their energy costs as a percentage of income much faster than commercial customers.

Farrell, Lauren (EEA)

From: Ernest Zabolotny [e.zabolotny@verizon.net]
Sent: Friday, May 03, 2013 5:13 PM
To: Farrell, Lauren (EEA)
Subject: null

Re: The State Energy Program Commission

I am strongly supportive of efforts to maximize the use of renewable energy sources and energy efficiency techniques as means to provide more cost effective and more reliable sources of electric power for Massachusetts consumers. Benefits accrue in various ways to both the State and national economies as a result of reducing consumption of imported fuels, including a positive impact on trade balances and the necessary creation of employment opportunities to implement significant changes in both the manner in which we generate and consume power. Opportunities to use distributive power systems also offer the benefits of reducing pressure on existing transmission and distribution systems which should lead to improvements in costs to those systems as well.

The usual method of selecting power generation systems typically results in choices which appear to have the least cost but do not take into account the broader long term benefits of security, environmental impact, self sufficiency and long term cost effectiveness. Factors such as these frequently result in societal benefits that are viewed as "nice things" that cannot be accounted for on a balance sheet and do not readily show up as added profit for a commercial enterprise. Pursuit of both energy efficiency improvements and renewable energy sources share a characteristic that they are capital intensive and the value offered by them is gained over an extended time period. The state has a critical role to play in making such long term " pay back" issues attractive to commercial entities so that assured long term investment returns are seen as good investments compared to the perceived lower risk afforded by conventional technologies.

E. Zabolotny Burlington MA

Introduction:

MassSave is a very important and highly relevant program that benefits consumers, facilitates job creation and economic value, while also advancing our conservation and environmental initiatives. As with any program there are opportunities to evolve and improve that provide greater value for the consumer and the overall industry.

CSG has been a pioneer in the industry and it is our collective obligation to help the program evolve to make it more transparent, streamlined, and efficient for consumers and rate-payers. Please accept the following content as constructive information with the intent of informing and educating.

Now that the HPC/IIC model has been operating for a reasonable time there is one primary issue that must be addressed if HPCs are going to survive and rate-payers are to be served in a positive and efficient manner.

Core Issue:

The current program design favors an industry dominance by CSG and large HPCs that restricts customer choice and diminishes the benefits of a fair market driven program.

Example 1:

"August 2011 Rule."

This new rule implemented 2-28-13, outside of the current contract with no input from the HPC community, as we understand it, states that if a customer has had an audit August, 2011 or after and wants to use a different provider they must call CSG and make a request. CSG then conducts an 'investigation' as to why the customer wants to change providers and attempts to retain that customer for the original provider. If the customer is firm and still wants a different provider the new HPC will need to conduct a full audit as required but will not be compensated for the audit fee.

Previously, all customers were eligible for an audit every calendar year with full freedom to choose whomever they wish, and the HPC performing the audit would be compensated. The PAs have stated the reason for implementing the new rule is that the intent of the program is to realize savings and not allow the audit to be a revenue stream for HPCs.

Data Points:

- With NSL and CSG combined doing the vast majority of audits in the program, this rule allows them to monopolize customers and retain market share, restricts customer choice, and penalizes and discourages HPCs from working with previously served customers.
- The rule restricts customer choice by making it difficult and uncomfortable for the customer to simply choose whom they wish to do business with. The 'investigative approach' conducted by CSG creates a negative and onerous experience for the customer and damages the reputation of the MassSave program.
- If CSG grants the provider change the new HPC is forced to conduct a new audit (CSG will not provide the previous work scope) and is refused the \$150 audit fee despite being required to conduct a full audit while also missing out on any revenue from the ISMs.
- In CSG's own documentation they state that if they take over a customer from another HPC, "In order to mitigate the risk of accepting an unknown project scope and conditions, CSG will need to conduct a new site visit to develop a scope of work, screen for roadblocks, and conduct combustion safety test. CSG may back charge the HPC the cost of the original HEA."

Summary:

As a rate-payer funded program the customer should have full rights and unrestricted access to choose whom they wish to do business with regardless of who or when they had their original audit. If a customer is dissatisfied with the current or original provider they should be able to choose a new provider at any time. The new provider should not only be paid the \$150 audit fee but they should also be paid a \$75 retention

bonus for the extra time and effort required to turn that customer around so they are satisfied and say good things about the MassSave program. This rule restricts customer choice while also locking down the majority of the market for CSG and NSL, who combined completed well over 70% of audits since the program inception (reference email from Geoff Chapin). Not only is this unfair to the customer but it is unfair, unethical and possibly illegal competitive collusion of the market place.

Example 2:

Fixed and equal pricing between IICs and HPCs.

HPCs are required to adhere to the same fixed pricing as IICs. After working in the program for a measurable period of time it is clear that HPCs must take on more risk and overhead to perform more and quality services and to aggressively acquire new customers while competing against CSG for those same customers. Unlike IICs, HPCs incur significantly more expenses by employing auditors, administrative support staff, and providing them the necessary tools and resources required to perform their jobs effectively. HPCs must also expend significant monies on marketing and advertising and do not receive any benefit or consideration in exchange for not receiving any work subcontracted to them as does an IIC.

Data Points:

- IIC profit margins are much healthier than HPCs due to the same pricing structure and unequal cost burden.
- HPCs must generate a higher level of revenue and job volume to make up for the unequal profit margin compared to IICs.
- CSG has less overhead supporting HPCs versus IICs yet presumably receives the same cut or fee from air sealing and weatherization jobs without providing HPCs alternate consideration.
- IICs benefit from the marketing dollars spent yet HPCs, providing services in the same program, are not provided equal consideration.
- In addition to the fixed pricing, HPCs receive \$150 for an energy audit yet CSG receives a larger sum (approximately \$230) to perform the same service.

Summary:

HPCs should be given consideration for the pricing disparity and lost benefit of marketing value afforded to CSG and IICs. This disparity places an extremely disproportionate burden on HPCs, especially small ones, making it extremely challenging for HPCs to compete with the same company that governs HPCs. Customers should have the benefit of paying the same amount regardless of the provider, but HPCs should be allowed to charge the difference between what CSG pays HPCs and what CSG receives from the utilities. This would fairly represent the reduced burden and overhead for CSG represented by HPCs.

Example 3:

HPCs compete with CSG presenting a critical conflict of interest.

Under the current program design HPCs and CSG are effectively in direct competition yet CSG is responsible for governing and compliance enforcement for all HPCs. CSG is motivated to capture and retain new customers in the MassSave program, the same as HPCs. This inherent conflict lends itself to potential manipulation and misuse of the authority CSG has within the MassSave program. As the primary driver behind policy and contractual requirements CSG, in whole in or part, knowingly or unknowingly, may take advantage of their authority in subtle or not-so-subtle ways that benefit them regardless of the intended or unintended consequences.

Data Points:

- Questions around the logic and reasoning of fixed and equal pricing between IICs and HPCs.
- Questions around the logic of fixed and equal pricing between IICs and HPCs.
- Questions around the logic of the separation of contractor types.
- Why HPCs are unable to benefit from marketing dollars like IICs.

- Why CSG is presumably paid the same percentage of an HPCs revenue versus an IIC.
- Why CSG is able to create a new rules outside of the existing contract (August 2011 Rule, above) with no notice or input from the HPC community.

Summary:

The inherent competition between HPCs and CSG creates a counterproductive environment. If CSG, as a lead vendor, is going to maintain its governing authority over HPCs then the competitive aspect must be removed. Allow all insulation contractors to compete on a level playing field essentially making everyone an HPC and/or allowing existing IICs the ability to rely on their own business skills to develop partnerships with HPCs if they only wish to act as a subcontractor.

Submitted May 16, 2013 at 8:30pm

ANONYMOUS