

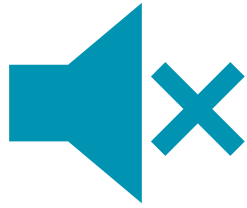
Options for a Building Decarbonization Clearinghouse:

Request for Stakeholder Input on behalf of Massachusetts Executive Office of Energy & Environmental Affairs

November/December 2024



Webinar Logistics



Participants are automatically muted



Questions can be submitted using the Q&A feature



Three ways to provide comments after presentation:

- Use the chat function
- Raise your hand and we will unmute you
- Respond to the survey form- we will share the link, survey available until 12/9

Purpose of Slides

- **Provide Background:** about the objectives, process, and status of the Building Decarbonization Clearinghouse project
- **Share Options:**
 - Overview of two alternative administrative models
 - Common elements of change that would apply identically or similarly to either
- **Solicit feedback for EEA:**
 - Which elements would provide the most important benefits? Which elements might be challenging or need change?
 - Is one administrative model better than the other?

Some acronyms and definitions

Building Decarbonization: is the process of reducing greenhouse gas emissions from residential and non-residential buildings by reducing energy usage, electrifying appliances including heat and hot water, and generating clean energy

EEA: Executive Office of Energy and Environmental Affairs

Energy burden: The cost of energy bills as a proportion of income

EJ: Environmental Justice, a state designation of communities that meet certain definitions related to energy and environmental equity and injustice

GHG: Greenhouse gas, which causes climate change

IOU: Investor-Owned Utilities, which may be electric and/or gas

MLP: Municipal Light Plant, a municipal electric utility

PA: Program Administrator, one of the entities administering Mass Save, namely the IOUs plus the Cape Light Compact)

Background

Why a Building Decarbonization Clearinghouse?

- The Massachusetts **Commission on Clean Heat** recommended in its final 2022 report to reconstitute a reformed Mass Save under a new “Building Decarbonization Clearinghouse”. The two primary goals for doing so were to advance long-term equitable decarbonization and elevate customer-centric design to create a “one-stop shop” that would be “understandable and accessible” to consumers.
- Massachusetts Executive Office of Energy and Environmental Affairs (EEA) hired a consulting team led by VEIC and supported by the Solomon Group to conduct research and develop options for a possible Clearinghouse, including in relationship to Mass Save.

What is a Building Decarbonization Clearinghouse?

A Building Decarbonization Clearinghouse would be a centralized resource designed to help individuals, businesses, and organizations navigate the various programs, incentives and technologies available for reducing greenhouse gas emissions. It can serve as a one-stop shop for information on energy efficiency, electrification, renewable energy and other decarbonization strategies.

Relationship to Mass Save

Mass Save is a long-standing and nationally-recognized energy efficiency initiative for (and funded by) IOU and Cape Light Compact ratepayers to reduce costs and environmental harms related to energy usage. Its primary function is to help consumers by seeking “all cost-effective energy efficiency”.

Every three years, the Mass Save PAs and stakeholders develop a new program plan that lays out program strategies, budgets and metrics according to governing laws and regulations. The 2025-2027 plan was recently filed for review at the Department of Public Utilities, a process that includes public input.

The new plan includes many features aimed at providing greater customer support for equitable decarbonization. The plan must comply with existing laws and regulations, including overall objectives and limits on funding. The Clearinghouse options below would *change* the laws, regulations, requirements and other structural constraints that currently apply to Mass Save.

Equity Advisory Committee

With advice and direction from EEA, VEIC and Solomon formed a temporary Equity Advisory Committee (EAC) of nine people to support the consideration of equity perspectives.

The committee was comprised of stakeholders from across the state to advise on topics related to environmental justice and equitable procedures and program structures, and to support us in better understanding customers' lived experiences.

EAC members came from a variety of backgrounds including energy advocacy, policy advisors, and community and municipal representatives.

Sources of Input

There were several sources of input leading to the development of the options:

- Initial interviews with about 30 individuals with knowledge of the current program landscape
- Mapping the existing program landscape (more than 50 programs and pilots)
- Research from other states to gather lessons and best practices related to a possible Clearinghouse
- Consultation with the Equity Advisory Committee
- Review of the Mass Save 2025-2027 draft plan
- Iterative consultation with staff and senior leaders at the EEA agencies about design choices and options

Understanding the Clearinghouse Options

This presentation includes **two options for how the Clearinghouse would be administered**: by a **(A) new statewide entity**, or by **(B) a modified set of current Mass Save PAs**. As described on the next slide, some changes would be applied regardless of the administrative option, some would be applied different depending on administrative option A or B.

Each element of the Clearinghouse options was selected to respond to a need or challenge identified during the project. Most of the rest of the slides describe a key need or challenge and a possible change to address it. (Some challenges need multiple responses, and some responses address multiple needs.)

In general, each change here would enable or require future PAs to ***go beyond*** or do things ***differently*** than required or allowed under Mass Save currently, but they are directionally consistent with changes in the new plan.

Key needs and challenges we heard

1. Customers can both *lack* trustworthy information and be *overwhelmed* by information and messages coming at them.
2. Customers can get lost navigating between different programs, including as state and federal programs increase in number.
3. Many customers need deeper support and “hand holding” to understand options and gather resources to complete building improvement projects.
4. Decarbonizing buildings happens in steps and needs support over time.
5. The cost of decarbonization is a barrier for many customers.
6. Customers have varying access to programs (and incentives) depending on which utility territory they live in.
7. Equity and EJ households need greater outreach and engagement to ensure they can benefit from programs more than in the past.
8. Need to strengthen the correlation between the delivery of decarbonization programs and achievement of the states CECF targets.
9. More is needed to center the objective of reducing energy burden, even as decarbonization presents new/greater challenges for energy burden.
10. Desire for mission aligned administrators with data transparency and clear accountability.

Response the same regardless of administrative model

Response varies by administrative model



1. Customers can both lack trustworthy information and be overwhelmed by information and messages coming at them.

→ Consolidate and coordinate marketing, education, and outreach

- The Clearinghouse would be responsible for execution of consolidated statewide customer marketing, education and outreach for all aspects of efficiency and decarbonization in the Commonwealth
- Marketing, education, and outreach would support multiple programs but be coordinated and streamlined across multiple channels
- If/when a new program, tool, or funding opportunity becomes available, marketing and outreach would be coordinated



2. **Customers can get lost navigating between different programs, including as state and federal programs increase in number.**

→ **Create a true “one-stop shopping” program experience**

- The Clearinghouse would be responsible for one-stop shopping customer experience that consolidates the customer-facing aspects of most building decarbonization offerings in the Commonwealth (e.g. unified building assessments, technical assistance, decarbonization planning tools over time, support with eligibility & enrollment, etc)
- Some program administration might remain with agencies, but ***customer-facing aspects*** would be consolidated

3. Many customers need deeper support and hand-holding to understand options and gather resources to complete building improvement projects.



→ Create a statewide data platform, and

- A data platform that has comprehensive information about buildings and how customers have participated in programs, or which they might be eligible for
- A data platform can keep track of information about the customer's participation in multiple programs so Clearinghouse is better able to treat the customer as a whole-customer/whole-building

→ Consolidate customer assistance and support

- A single building assessment would provide all necessary information for participation in any decarb offering from the state (and leverages the data platform to do so)
- Consolidated support for eligibility across offerings makes it easier to see all the supports available to a customer, from heat pump tax credits to funding for home remediation

4. Decarbonizing buildings happens in steps and needs support over time.



→ Require long-term planning, and

- Under both models the Administrator(s) would be responsible for a 10-year equitable decarbonization plan as well as the existing 3-year plans

→ Create a statewide data platform

- A data platform can include information about customers and buildings to support repeat engagement over time

5. The cost of decarbonization is a barrier for many customers.



→ **Allow flexibility in funding to support decarb objectives, and**

- Adopt statutory policy to allow funding to be used in alignment with objectives, something that is limited through Mass Save's current cost-effectiveness framework

→ **Allocate additional non-ratepayer funding**

- Equitable decarbonization requires additional resources compared to Mass Save, including to build capacity for long-term changes, e.g. expanded customer engagement
- No specific source of funding is proposed

6. Customers have varying access to programs (and incentives) depending on which utility territory they live in.



A: Serve all customers by a statewide entity

- Single statewide administrator serves all customers as a matter of definition
- New entity would be a quasi-governmental authority

B: Serve MLP customers through new or existing PA

- MLP customers would be served by an existing PA (e.g. Eversource or National Grid), or by a new PA selected by MLPs to serve their customers collectively

Under either option, the programs and services offered would be the same and funding would come from *all* ratepayers

7. Equity and EJ households need greater outreach and engagement to ensure they can benefit from programs more than in the past.

A: Establish ~6 regional Equitable Decarb Hubs

- Regional equity hubs would provide customer engagement and support that would be less local than CFPs but would provide additional capacity or services that cannot be funded in every community.
- For example, each regional hub could have field staff that speak all the main languages in the region, or those who specialize in outreach to landlords of small multifamily buildings
- Regional hubs could also provide direct funding to CBOs that deliver outreach or engagement services

B: Increase Community First Partnerships, or

- Mass Save currently provides funding to entities in several dozen communities to provide outreach and customer engagement
- CFP's leverage their existing local networks and relationships
- One option is to significantly expand the number of CFPs





1. Need to strengthen the correlation between the delivery of decarbonization programs and achievement of the state's CECF targets.

→ Adopt policies to include direct accountability for GHG reduction targets

- Adopt statutory policy to establish objectives for the Clearinghouse, including meeting building GHG targets
- These objectives would replace the core Mass Save objective of capturing "all cost-effective energy efficiency"

A: A statewide authority would be accountable through an independent Board of Directors, and to the Executive and Legislative branches

B: Separate PAs would be accountable to utility regulators, and IOU PAs would be subject to financial incentives based on objectives

9. More is needed to center the objective of reducing energy burden, even as decarbonization presents new/greater challenges for energy burden.

→ Target and support customers with a statewide data platform

Data platform would include information about energy usage and eligibility for low-income services, allowing targeting based on degree of energy burden and tailored customer support

→ Adopt policies to include direct accountability for equity and energy burden objectives,

A: A statewide authority would be accountable through an independent Board of Directors, and to the Executive and Legislative branches

B: Separate PAs would be accountable to utility regulators, and IOU PAs would be subject to financial incentives based on objectives



10. Desire for mission-aligned administrators with data transparency and clear accountability.

A: Establish a single statewide entity, or

- Single statewide administrator would consolidate all responsibility into a single entity
- This would allow for additional cost-efficiency

B: Serve all customers by electric PAs only

- This would reduce the number of PAs to 4-5 (depending on the option for serving MLP customers) which could streamline data transparency and lines of accountability
- PAs could continue to consolidate tracking and joint procurement of services on an incremental basis

Under either option, gas utilities would not provide decarbonization/efficiency programs to customers, which would also reduce potential conflicts that could emerge over time. Gas ratepayers would still contribute to (and benefit from) programs.



Objectives for Clearinghouse

These objectives would be the **key outcomes** the Clearinghouse would work to achieve and be accountable to.

Reduction of energy burden in households in environmental justice households

Equitable access to and adoption of decarbonization technology

Achievement of long-term GHG reduction quantities

Reduction of energy costs for non-residential customers

Minimizing demand for electricity to reduce need for new infrastructure

The Clearinghouse cannot fully achieve these objectives on its own; additional policies, regulations, and investments will also be needed to support these objectives.

The Enhanced Customer Journey

After successful implementation of these changes a customer would be more likely to...

- Receive technical assistance and financial resources due to their decarbonization potential and equity status
- Identify a single recognizable brand for all their decarbonization and efficiency needs
- Receive wrap-around decarbonization services that include incentives and programs through a single point of contact
- Receive targeted, data-informed, regionally nuanced outreach to encourage them to take advantage of the resources on offer



Customer Journey Example

A moderate-income customer has an aging water-heater and calls the program for help. The Clearinghouse would...

- Conducts basic eligibility analysis so customer knows **all** state and federal incentives available
- Connects the customer with an installer and/or what they need to do to access funds
 - contacts the Climate Bank on behalf of the customer and provides initial information so the Climate Bank can follow-up; enters that into data platform for so if the customer calls back with questions, they know the status of the loan.
- Leverage energy usage information in the data platform to identify whether customer might be a good candidate for more comprehensive electrification
- Inform the customer about the pros and cons of pursuing a comprehensive project vs just the heat pump water heater and offer a building assessment
- Create a building assessment report that contains all the necessary information for the customer to access all electrification, efficiency and weatherization, onsite solar, and housing remediation, etc.
 - Enter information about appliance ages into data platform so if customer does not replace HVAC system at this time, there is a follow-up in X years before it reaches end of life



Ongoing Stakeholder Engagement

Through the end of the year EEA and the VEIC/Solomon team will conduct:

- Meetings and focus groups with:
 - Mass Save PAs and program implementers
 - Municipal Light Plants (MLPs)
 - Municipalities and regional planning agencies
 - Business groups
 - Energy efficiency professionals
- Environmental justice and equity service organizations
- Two public listening sessions in early December

VEIC/Solomon will synthesize the findings and use them to advise EEA on a preferred path forward, including possible changes to what is proposed.

Key Questions for Public Stakeholders

- Which aspects of the proposal (e.g. slides 10-20) would provide the most benefit and why? Which might be challenging?
- What changes would you recommend for any aspect of the proposal? Are there major gaps?
- Which administrative model (single statewide administrator, or modifying the existing set of PAs) do you prefer and why?
- Would you support legislation that made the necessary changes for either administrative model to operate as described?