Massachusetts Building Decarbonization Clearinghouse Final Report

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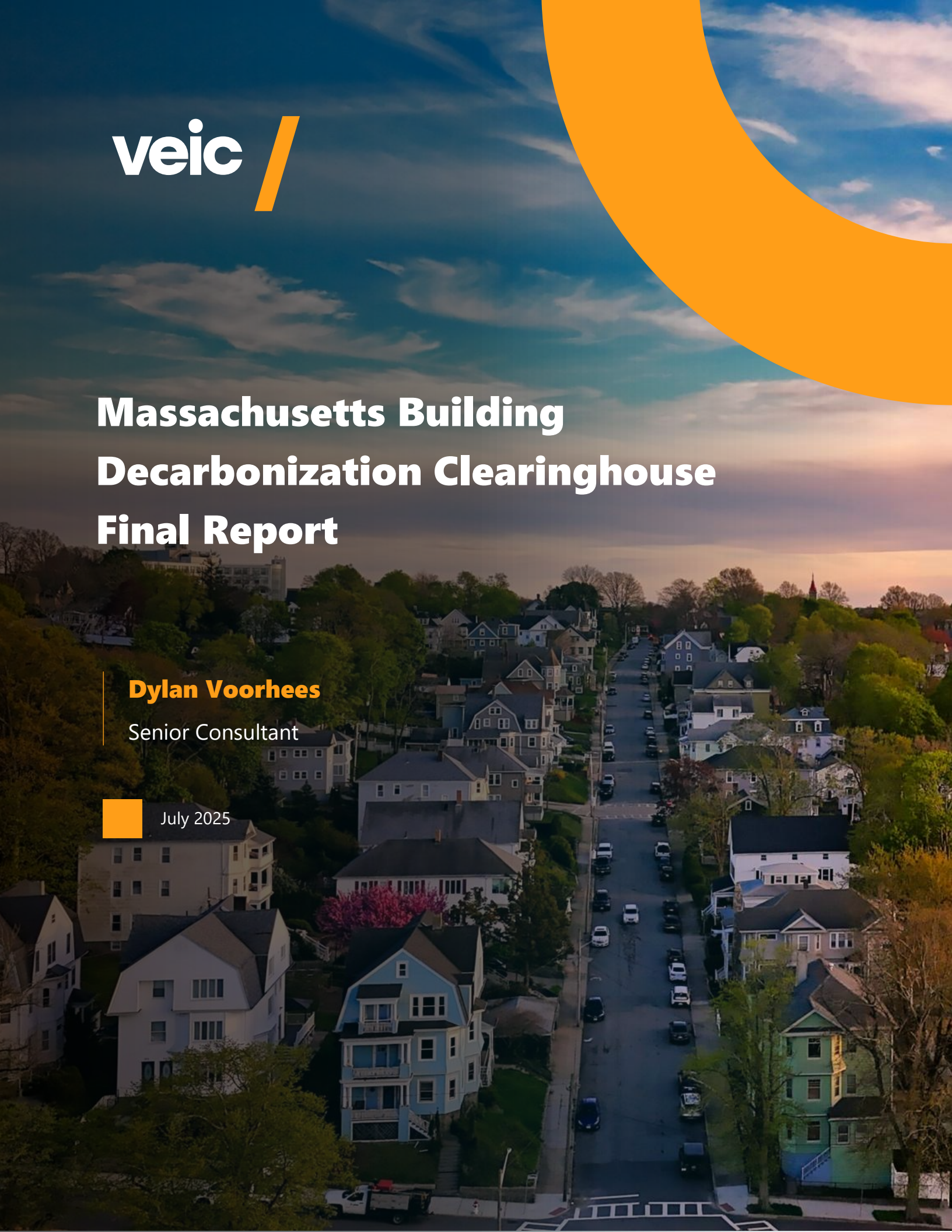
July 2025



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Letter from the Undersecretary of Decarbonization and Resilience

I am pleased to release the *Massachusetts Building Decarbonization Clearinghouse Final Report,* which details the Executive Office of Energy and Environmental Affairs (EEA) initiative to assess current and future building energy programs and explore options to create more equitable and streamlined services.

Heating and cooling our buildings is the second largest use of energy and source of greenhouse gas emissions in Massachusetts. Increasing the energy efficiency of and installing clean heating technologies in the roughly 2.7 million buildings in the state is critical to saving energy, creating healthier and more comfortable spaces, controlling costs, and advancing climate goals. This work is also deeply personal and requires customized solutions for the places we live, work, and learn.

Massachusetts is already setting an example. The American Council for an Energy-Efficient Economy (ACEEE) consistently recognizes the Commonwealth as a national leader in energy efficiency for programs like Mass Save that save energy, lower costs, and produce environmental and economic benefits. Mass Save has successfully reduced energy use by 13.9 billion kWh annually, the equivalent of 28 percent of current electricity sales. Since 2010, the program has produced over $34 billion in benefits and savings for all customers. The 2025-2027 Plan is estimated to yield approximately $12.1 billion in benefits. Additionally, residents who use Mass Save's weatherization services lower their energy use and costs by 20 percent.

Even with a clear record of success, Massachusetts continues to evaluate and evolve its programs. The 2022 Commission on Clean Heat found that Mass Save has experienced challenges in reaching low- and moderate-income households, environmental justice populations, and households where languages other than English are spoken. To make it easier for everyone to access the full array of energy saving programs offered across the state, the Commission recommended the establishment of a Clearinghouse to create a single point of contact for customers that is understandable and accessible to all customers.

To address that need, EEA embarked on a two-year assessment of options for delivering the comprehensive suite of building decarbonization resources – weatherization, electrification, efficient heating and cooling systems - to simplify and streamline customers' access to and support for energy efficiency and decarbonization resources. These changes are essential and urgent. Scaling cost-effective solutions over the next ten years is critical to increasing adoption of these measures and reaching our 2040 and 2050 emissions targets.

Produced by project consultant VEIC, the following report provides an overview of the assessment's extensive research, design phases, models, and comprehensive stakeholder engagement. The project team engaged more than 500 participants across focus groups and public listening sessions, incorporating input from energy efficiency industry experts, program administrators, business owners, municipal staff, local energy coaches, community-based climate

and environmental justice organizations, municipal light plant staff, and many others involved in current programs.

The *Massachusetts Building Decarbonization Clearinghouse* initiative informed provisions in the *Energy Affordability, Independence and Innovation Act* (EAII) filed by Governor Healey on May 13, 2025 to transform the Mass Save program. In drafting the provisions, components of the Clearinghouse analysis were considered and refined based on stakeholder input, evaluation findings, and elements to further advance affordability. Transforming Mass Save allows the Commonwealth to keep key assets of the nation-leading program in place while also reforming aspects of its administration, mission, and delivery to align with the state's affordability and climate priorities and maintain the momentum and progress reflected in both the 2022-2024 and current 2025-2027 Mass Save Plans.

Specifically, the EAII Mass Save Transformation provisions seek to codify a new framework for Mass Save, including legislative language to consolidate program administration, require a coordinated and statewide approach to procuring vendors, and enable data sharing to allow the program to better address customer needs. If passed, the Act would also permit the pooling of program funds for targeted uses so that the state can allocate resources to the areas of greatest need. The Act allows many of the ambitions of the Clearinghouse to become a reality, setting Mass Save up to transform the program into an even more customer-centric, streamlined platform for customers to access building decarbonization support.

Grounded in objectives established throughout the Clearinghouse assessment, the EAII:

- **Increases program accountability and customer trust** by eliminating the gas program administrators to align with the state's commitment to deployment of clean heat technologies. Fewer program administrators will also help streamline program delivery, reducing administrative costs.
- **Improves service delivery to lower income communities** by allowing for the pooling of program funds to support the delivery of a statewide plan to any customer served by at least one investor-owned utility. In addition, it requires that at least 20 percent of the funds be allocated to the low-income residential sector and the prioritization of programs for moderate income residential customers, renters, and commercial small business owners.
- **Creates a unified, customer-centric experience with all aspects of energy efficiency and decarbonization** by requiring program administrators to jointly prepare a single statewide building decarbonization and energy efficiency investment plan, and, where possible, conduct statewide vendor procurements to ensure consistency of service.
- **Establishes a centralized building decarbonization data platform** to enable strategic program deployment and coordinated customer engagement and assistance, particularly among historically underserved communities, while continuing to protect customer privacy. It will be managed by DOER with DPU oversight.
- **Promotes active, culturally attuned community-based engagement** by enabling ongoing work with community-based organizations and municipal partners and including express

language to improve data-sharing with program partners while ensuring customer privacy. Strategies for community engagement are included in the Mass Save Three Year Plan development process.

- **Aligns Mass Save with state's climate commitments** by explicitly naming it a building decarbonization *and* energy efficiency investment plan.

The EAII differs from the Clearinghouse assessment in a few ways:

- As part of our analysis of options for how best to deliver building decarbonization and energy efficiency programs, the assessment considered expanding Mass Save to include municipal light plants (MLPs). The legislation does not expand Mass Save in this way. The administration is working with MLPs to improve the tracking and crediting of building energy practices in their service territories.
- The EAII will expand existing Massachusetts law to allow utilities to issue rate reduction bonds to securitize costs related to Mass Save, electric grid modernization, storm recovery, and the gas system transition. Securitization will reduce the financial impact of these programs on ratepayers, particularly over the critical next ten years, by spreading the costs over the useful life of energy saving measures.
- The EAII also proposes a number of other provisions that would reduce overall demand for Mass Save rebates and services.

Passage of the Mass Save Transformation provisions of the Healey-Driscoll Administration's proposed energy affordability legislation will result in a more cost-effective, streamlined program and enhanced customer experience. Thank you to all who participated in the *Clearinghouse* assessment, and to those working to simplify the decarbonization journey for Massachusetts residents.

Sincerely,

KATHERINE W. ANTOS
Undersecretary of Decarbonization & Resilience
Executive Office of Energy and Environmental Affairs

EXECUTIVE OFFICE of ENERGY & ENVIRONMENTAL AFFAIRS

1.0 Executive Summary

In November 2022, the Massachusetts Commission on Clean Heat recommended developing a Building Decarbonization Clearinghouse to "serve as an umbrella for all applicable incentive programs, funding sources, and technical assistance…[and] become a public 'one-stop shop' to support Massachusetts building owners, residents, and businesses in evaluating, selecting, and implementing building systems and projects that accelerate the reduction of greenhouse gas emissions and improve the quality of the building stock."[1] This recommendation was echoed in the report of the state Climate Chief in October 2023 and the state Clean Energy and Climate Plan for 2050.[2,3] In the fall of 2023, the Executive Office of Energy & Environmental Affairs (EEA) selected VEIC as the lead consultant to evaluate options for a Building Decarbonization Clearinghouse ("Clearinghouse"). VEIC utilized Solomon Consulting Group as a subcontractor to support equity-related tasks.

EEA chaired a multi-agency project management team that included representatives from the Department of Energy Resources (DOER) and the Massachusetts Clean Energy Center (MA CEC) and engaged regularly with the Office of Climate Innovation and Resilience, the Department of Public Utilities and the Department of Environmental Protection.

Research Phase

Working closely with the EEA-led project team and an Equity Advisory Committee (EAC) established for this project, the VEIC team conducted a research phase to map the landscape of programs and customer experiences that could be modified by a potential Clearinghouse. VEIC also researched Clearinghouse-like programs in different jurisdictions to identify lessons of importance to the Commonwealth. Research included program reviews, stakeholder interviews, and a customer journey analysis.

Among the findings, the team identified a rich program landscape with much to offer but also significant concerns about customers' abilities to navigate it to meet their needs, a concern held strongly within disadvantaged and historically underserved populations. Many equity stakeholders felt left behind, noting the weight of being historically underserved by Mass Save and other incentive programs. VEIC also found the existing program landscape includes a complicated set of metrics and objectives that are not always aligned with current policy priorities.

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[1] Massachusetts Commission on Clean Heat, Final Report. November 30, 2022. p. vi. https://www.mass.gov/info-details/commission-on-clean-heat-issues-final-report

[2] Hoffer, Melissa. Recommendations of the Climate Chief. October 25, 2023. https://www.mass.gov/doc/recommendations-of-the-climate-chief-october-25-2023

[3] Massachusetts Clean Energy & Climate Plan for 2050. p. 95. https://www.mass.gov/info-details/massachusetts-clean-energy-and-climate-plan-for-2050

Looking elsewhere, VEIC identified several critical lessons about accountability, objectives, data, and funding. However, the team did not identify any jurisdiction that reflects the scope, scale, and level of integration being evaluated in Massachusetts for a Building Decarbonization Clearinghouse. No programs with a scale similar to the Commonwealth had *both* a wide breadth of decarbonization measures and deep customer support.

Design Phase

Based on research in the first phase, the VEIC team worked with EEA and the EAC to explore and select objectives and design criteria to develop the Clearinghouse model. EEA approved five core objectives that the Clearinghouse would strive for:

1. Reducing the energy burden in environmental justice households
2. Providing equitable access to and adoption of decarbonization technology
3. Achieving long-term greenhouse gas (GHG) reduction quantities
4. Reducing energy costs for non-residential customers
5. Minimizing demand for electricity to reduce need for new infrastructure

As part of the design phase, VEIC also conducted a careful review of the Mass Save 2025-2027 Plan, which was being developed in parallel. The Plan includes several new features designed to respond to customer and policy needs related to equitable decarbonization. Recognizing that Mass Save is constrained by existing laws, regulations and funding, the purpose of the Mass Save Plan review was *not* to evaluate how well the Plan would meet the *current* objectives for Mass Save, but rather to determine how far the Plan would go toward the desired Clearinghouse objectives and design criteria.

Using the five objectives and a set of design criteria, VEIC and the Solomon Group developed multiple administrative models for a Clearinghouse. With EEA and EAC, these models were examined, debated, disassembled, and reconfigured. Combined with the results of the Mass Save analysis, the team developed five key design criteria around which to build "straw proposals" to bring to external stakeholders. The straw proposals included two distinct administrative models and several common elements, summarized in the table below. The Clearinghouse options were also compared to the implementation of the Mass Save 2025-2027 plan.

Design Criteria	Straw Proposal Option 1: Statewide Authority	Straw Proposal Option 2: Enhanced Mass Save	Mass Save 2025-2027 Plan
Administrative Structure	New quasi-governmental state entity governed by appointed Board of Directors	Electric investor-owned utilities (IOUs) & Cape Light Compact, with the potential addition of a fifth PA providing service to Municipal Light Plants (MLPs)	Electric IOUs & Cape Light; Gas IOUs for limited programs
Direct accountability to metrics and structure that align with decarbonization and equity policies/targets	New equitable decarbonization objectives established in statute; added 10-year planning to support focus on long-term results		All cost-effective energy savings target; GHG planning goal; performance incentives based on benefits, equity outcomes; shared accountability across administrators
	Single administrator accountable for all objectives; oversight by Board, which is accountable to Executive & Legislature	Reduced number of administrators to hold accountable; oversight by Dept. of Public Utilities (DPU); performance incentives (for IOUs)	
Statewide minimum standard of service to all customers	All ratepayers contribute and are served by statewide authority	All ratepayers contribute and are served by a PA	MLPs administer their own decarbonization programs
	Additional non-ratepayer funding available to support customers statewide		Pooling of some funds for electrification

Adequate and flexible incentive funding for equitable decarbonization	Significant ability to pool and mobilize funds to meet statewide objectives, with some limits to support ratepayer equity	Additional pooling to meet statewide objectives, with some limits to support ratepayer equity	
Unified, customer-centric experience with all aspects of decarbonization	Unified, customer-centric "one-stop shop" that helps customers access a full range of state and federal support services. Comprehensive decarbonization services addressing all technologies. Responsible for unified/coordinated statewide marketing, education, and outreach to support decarbonization across programs.		Ratepayer-funded energy efficiency & fuel-switching; new decarb. building assessments; primarily supporting Mass Save incentives; new heat pump turnkey and added technical assistance; statewide customer service center
High customer trust and flexibility to innovate quickly	Added 10-year planning to support focus on long-term results		Active Energy Efficiency Advisory Council to engage stakeholders; plan modification may require DPU approval
	Public authority with exclusive mandate to serve customers	Reduced number of administrators; no potential conflict of interest between gas utilities and decarbonization efforts	
Customer-oriented, relevant, and effective equity customer engagement	Funded regional equitable decarbonization "hubs"	Increase Community First Partnerships to cover significant portion of state	Increased funding for Community First Partnerships (~56 towns)

Stakeholder Engagement Phase

The VEIC-Solomon team conducted stakeholder engagement to receive feedback about which aspects of the straw proposal were positive or negative, as well as preferences for the administrative model. The team did this primarily through a targeted focus-group style of engagement, complemented by opportunities for input from the general public and stakeholders not otherwise engaged directly through focus group interviews. Key findings included:

1. Members of the energy efficiency industry were very concerned that establishing a new administrator would disrupt the Massachusetts industry, ongoing program delivery, and/or business growth.
2. In contrast, many other stakeholders, especially in the equity-related focus groups, prefer a new statewide authority. They are generally seeking greater trust, better communication, and an administrator with a single focus on programs. Even these supportive stakeholders want to see a well-managed transition and an administrator that is not bogged down by bureaucracy.
3. Some stakeholders expressed concern about an expanded role of state government, its ability to be efficient, and the upfront costs associated with establishing a new administrator. Other stakeholders expressed concern about whether utilities would put customer decarbonization needs over their other utility obligations and interests. Both perspectives were more linked to philosophical preferences than substantial evidence.
4. The Mass Save Program Administrators (PAs) strongly want to remain in their roles as administrators. They identified some opportunities for positive policy changes, but they also see the new 2025-2027 Mass Save plan as highly responsive to equitable decarbonization needs and the inputs of Mass Save stakeholders.
5. There is a universally strong desire for solutions that emphasize local engagement and relationships. In general, this desire is distinct from and beyond any preference for program administration by either statewide authority or utilities. This desire relates to customer engagement as well as to increased channels for input into program planning or delivery.
6. Stakeholders emphasized the need for more flexible funding to ensure equitable access to decarbonization technologies, a simplified process for customers to access incentives, and the removal of silos to provide a comprehensive view of available programs. Direct-to-consumer funding and additional funding sources could help overcome financial barriers and raise awareness about decarbonization incentives. Some stakeholders recognized that new funding, especially raised progressively, would be challenging to achieve and noted the straw proposals did not recommend a specific source.

7. Municipal Light Plants (MLPs) strongly oppose any requirement to participate in a Clearinghouse of either model. Some expressed the sentiment that they are doing a good job providing energy services already, but the primary opposition was to loss of autonomy and having to pay more for programs through their rates.
8. Most stakeholders (apart from MLPs and, to a lesser extent, PAs) emphasize the need for a unified customer experience, a single platform for emerging technologies, and a long-term approach to decarbonization, with a focus on hands-on engagement with building owners and equal program coverage. Robust data infrastructure and advanced metering is imperative to effectively target retrofit efforts.

Stakeholders almost universally believed that the structural and policy changes as part of one of the Clearinghouse models would be preferrable to implementation of a new Mass Save plan without any of those changes. Although there was more strongly expressed opposition to the Statewide Authority model because it could disrupt the progress and market transformation already underway among businesses, vendors and customers, the input from stakeholders overall did not provide a basis for VEIC to conclude that either model was infeasible. Based on stakeholder feedback, VEIC identified a series of priorities, potential changes, or areas of emphasis that EEA should consider if it moves forward with either administrative model. This included a preference for expanding the Community First Partnership program as a way to increase service to environmental justice communities, for example.

The most important priorities for the Statewide Authority model are managing a transition between administrators in 2028 and ensuring the new Administrator is not overly burdened by bureaucracy. The most important priorities for Enhanced Mass Save model would be managing the re-alignment of responsibilities between the PAs and existing agencies to achieve the goal of a truly unified customer experience, as well as ensuring that program objectives and funding constraints are adequately adjusted to support new approaches by the PAs.

2.0 Introduction

This project has its genesis primarily in the final report of the Massachusetts Commission on Clean Heat, which recommended:

> *The Commission recommends the Administration, in partnership with the Legislature, continue to reform Mass Save to align with the Commonwealth's decarbonization needs and building sector sublimits, and reconstitute it under a new Building Decarbonization Clearinghouse. The intention behind the Clearinghouse is to drive building decarbonization in the Commonwealth and serve as an umbrella for all applicable incentive programs, funding sources, and technical assistance. The goal should be to create a public "one-stop shop" to support Massachusetts building owners, residents, and businesses in evaluating, selecting, and implementing building systems and projects that accelerate the reduction of greenhouse gas emissions and improve the quality of the building stock.*[3]

This recommendation was echoed in the state Climate Chief report in October 2023 and the state Clean Energy and Climate Plan for 2050.[4,5]

In the fall of 2023, the Executive Office of Energy & Environmental Affairs selected VEIC as the lead consultant to evaluate options for a Building Decarbonization Clearinghouse ("Clearinghouse"). According to the RFP, the purpose of the project was to provide:

"Research, analysis, evaluation, facilitation, and engagement needed to establish recommendations regarding the scope and structure of a Building Decarbonization Clearinghouse (Clearinghouse) in the short, medium, and long-term and to provide pathways for implementation. This should include an assessment of the future of Mass Save and options to update its charge, program offerings, and delivery mechanisms, including potential integration into the Clearinghouse."

This report is organized to correspond with the main phases of the project: research, design, and stakeholder feedback. Section 3 summarizes findings from the research phase. Sections 4 and 5 describe the design approach and resulting straw proposals, respectively. Section 6 describes the stakeholder feedback process and results. Finally, Section 7 describes how stakeholder feedback could impact the design and policy choices. Multiple appendices contain additional information only summarized in the main report.

[3] Massachusetts Commission on Clean Heat, Final Report. November 30, 2022. p. 26. https://www.mass.gov/info-details/commission-on-clean-heat-issues-final-report

[4] Hoffer, Melissa. Recommendations of the Climate Chief. October 25, 2023. https://www.mass.gov/doc/recommendations-of-the-climate-chief-october-25-2023

[5] Massachusetts Clean Energy & Climate Plan for 2050. p. 95. https://www.mass.gov/info-details/massachusetts-clean-energy-and-climate-plan-for-2050

2.1 Relationship to the Mass Save 2025-2027 Plan

Mass Save has long been regarded as one of the strongest energy efficiency initiatives in the country. The design phase of the project overlapped with the development of a new three-year plan for Mass Save (2025-2027), a process led by the Mass Save Program Administrators (PAs) and the Massachusetts Energy Efficiency Advisory Council. VEIC monitored the development of the plan closely to better understand the possible future program landscape in the absence of new Clearinghouse policies or structures. VEIC was not charged with commenting on the plan or otherwise seeking to influence it.

The plan must conform to all existing laws and regulations, which largely dictate the nature of programs and the allocation of resources. One of the primary distinctions between the Mass Save planning process and the Clearinghouse design project was the fact that the latter was *not* constrained by existing policies or structures. Indeed, the VEIC team specifically examined whether changes to policies or structures could allow the Commonwealth to better achieve its climate and energy objectives than would be possible under the current legal requirements for Mass Save.

It is important to understand that the findings and conclusions of this project are not an evaluation of how well the Mass Save PAs achieve the objectives and regulatory requirements set upon them under current conditions. Rather, the purpose of this project was to envision and assess what Massachusetts could achieve with a set of *changes* to the current trajectory it is on. This is made more challenging because that trajectory includes program evolution. Therefore, VEIC sought to avoid the terms "status quo" or "business as usual" in defining the alternative to adoption of any Clearinghouse proposal.

The Energy Efficiency Advisory Council website features detailed information about the 2025-2027 Mass Save plan, including the final plan, filed October 31, 2024, as well as presentations and resolutions that summarize Council views on the plan as it evolved.[6] The new Mass Save plan contains many features that are directionally consistent with the design criteria that VEIC developed and used for the Clearinghouse proposals.[7]

2.2 Equity Advisory Committee

The VEIC team — in close consultation with EEA — established an Equity Advisory Committee (EAC) for the project, which met seven times throughout the project to review draft material and provide input. This was intended to center equity considerations, ensure that equity-related input was received throughout the design process — not only during the stakeholder feedback

[6] Plans & Updates – MA Energy Efficiency Advisory Council - https://ma-eeac.org/plans-updates/

[7] For example, see Massachusetts Energy Efficiency Advisory Council Resolution Regarding the 2025-2027 Massachusetts Joint Statewide Three-Year Electric and Gas Energy Efficiency Investment Plans, Adopted October 23, 2024 - https://ma-eeac.org/wp-content/uploads/2025-2027-Plan-Council-Resolution-10.23.24.pdf

phase — and to meet procedural equity goals such as consultation on the stakeholder engagement process and participants.

The committee was comprised of nine stakeholders from across the state who advised on topics related to environmental justice and equitable procedures and program structures, as well as to support VEIC in better understanding customers' lived experiences. EAC members came from a variety of backgrounds including energy advocacy, policy advisors, and community and municipal representatives.

The EAC was particularly important in providing input about the potential objectives of a Clearinghouse and the key criteria needed in its design.[8] Although it is difficult to summarize input from more than 150 person-hours of Committee time, a number of themes emerged and re-emerged throughout, including:

- Reducing energy burdens and increasing equitable access to and adoption of decarbonization technologies should be key objectives;
- There is a history of disenfranchisement of many equity customers in energy programs that makes it harder to build trust;
- There is a strong need for active, culturally attuned, community-based engagement;
- It is important to provide unified, easy-to-navigate customer support experiences that go beyond the website;
- Decarbonization is costly, and the state should allocate additional funding that is not primarily raised through utility rates/charges.

[8] The final straw proposal options developed for stakeholder feedback reflect the valuable insights and feedback provided by the Equity Advisory Committee as well as input from the the EEA Project Management Team on what options are feasible. Therefore, neither option is exclusively a recommendation developed by Equity Advisory Committee or its individual members.

3.0 Research Phase

3.1 Methods

Program Research

VEIC developed a list of 45 existing and currently planned programs available in Massachusetts in collaboration with EEA. (See Appendix A for list of programs.) The team reviewed program websites, state agency websites, news articles, and agency funding budgets as part of the effort to gather comprehensive information about these programs and who they are designed to serve. The research and analysis were compiled in a program matrix that outlines the current decarbonization program landscape and coverage as it pertains to customer segments, building types/technologies, and funding sources. The matrix enabled the team to map programs to the markets they serve and services they provide, resulting in a cross-sectional analysis of coverage areas and gaps. VEIC summarized the performance of these programs at a high level, including assessing their objectives in relation to Massachusetts decarbonization goals as reflected in the 2050 Clean Energy and Climate Plan. This review of the Massachusetts program landscape included identification and analysis of upcoming policies that intersect with building decarbonization efforts to provide context around likely changes to the program landscape. VEIC also reviewed a small number of building-related policies.

To the extent feasible, the team gathered information about:

- Program administrators
- Funding sources and amounts
- Program objectives
- Customer or building type(s) served
- Measures included

Initial Stakeholder Interviews

The program inventory and analysis were supported by 15 interviews with 35 individuals who had knowledge of the existing program landscape. These stakeholders were asked what was working well and what could use improvement across the program landscape, including how programs impacted underserved communities. VEIC asked stakeholders to give characteristics of successful programs across the decarbonization landscape and challenges to achieving goals.

Customer Journey Analysis

VEIC analyzed the customer journey of individuals and businesses interested in building decarbonization, focusing on three priority customer types identified in the program research and initial stakeholder interviews. The priority customer types were moderate-income households, small businesses, and small multifamily property owners. The customer journey

research and analysis were supported by the program research, additional program evaluation documents, and stakeholder interviews, including supplemental interviews with local energy coaches and advisors who support customer engagement.

Survey of Clearinghouse-Like Programs

As directed in the RFP, VEIC "review[ed] studies of energy efficiency administrator models and existing 'clearinghouse' approaches to building decarbonization resource and program delivery at the local, regional, national, and/or international scale and determine what lessons and best practices can be learned from them." The scope of the review was to "conduct desktop research to catalog program offerings, structure, customers served, costs, and impacts, and [to] interview up to 10 representatives of promising clearinghouse programs to understand advantages and disadvantages and key program outcomes and lessons."

The purpose of this activity was not to identify best practices for administration of energy efficiency programs. Rather, it was to understand policy, structures, and practices related to programs more focused on equitable building decarbonization and/or programs designed to support customers across programs or decarbonization technologies beyond energy efficiency.

The initiatives/programs surveyed were:[9]

Clean Energy Lives Here (MassCEC) – a statewide online resource providing customers with information and navigational support for decarbonization
Efficiency Maine – a statewide quasi-governmental administrator of ratepayer-funded energy efficiency and decarbonization programs
Efficiency Vermont – an energy efficiency utility providing ratepayer-funded clean energy programs
Electrify Cambridge (MA) – a local government funded initiative to promote building decarbonization with information and technical support
NYSERDA's Clean Energy Hubs – twelve regional initiatives operated under contract to NYSERDA to promote equitable adoption of clean energy
TECH Clean California/Switch is On – a statewide residential heat pump market transformation initiative which includes consumer resources for decarbonization, administered by a third-party

The literature review included a review of program websites, annual reports, and — to a limited extent — program evaluations. VEIC conducted interviews with mid-level or senior program managers to validate findings from the literature review and gain personalized insights.[10] The research focused on administrative structures, purpose and policy objectives, funding sources,

[9] VEIC and EEA considered several other programs/jurisdictions but concluded they would not offer incremental insights or be sufficiently analogous to a potential Clearinghouse framework.
[10] Managers from Efficiency Maine were not available for an interview.

oversight and accountability, target customers and technologies, metrics, and what program services were offered (at a high level).

3.2 Findings on Existing Program Landscape

The Massachusetts building program landscape is complex. Despite the potential benefits of offering multiple program/pilot options to achieve a goal for particular customer segments, some apparent overlaps create confusion for customers. For example, at least 20 different programs or pilots promote heat pumps, at least six of which promote heat pumps specifically to multifamily buildings and at least five of which promote them to market-rate single-family homes. While program counts are not clear indicators of how well-served a segment is, high program counts impact administrative efficiency and customer experience, including by creating a need for support navigating across programs.

At the same time, the Massachusetts portfolio has fewer programs supporting comprehensive solutions that address all aspects of building decarbonization. For example, there are critical disconnects between building envelope and HVAC efforts, and there are even greater disconnects between HVAC efforts, onsite renewables, and storage/load management for existing buildings. As a result, customers pursuing electrification of HVAC equipment could miss out on building energy efficiency and/or onsite renewables, thus paying more for larger systems, experiencing higher bills, and exerting more demand on the electric grid.

VEIC's assessment of metrics and the input of stakeholders both indicate that a stronger alignment between program metrics and state climate and equity objectives would better support achieving state goals.

The VEIC team also identified tension between greenhouse gas (GHG) reduction goals and equity goals. All stakeholders interviewed believed that equity is important to some degree, but some expressed that investing resources in equity initiatives may come at the expense of overall GHG reductions. Others were concerned with the opposite: that GHG goals may undermine achieving equity goals. If programs are motivated to focus on high volume and/or low-cost GHG reductions, they are more likely to focus on customers that need fewer program resources to complete projects (i.e. affluent as opposed to underserved populations).

Based on this finding, VEIC recommends that if equity measures are to be included in state goals, they should be as well-defined and measurable as metrics related to GHG reductions. Unlike certain emissions, energy, and technology metrics, there are no specific equity targets in the Clean Energy & Climate Plan (CECP). The Environmental Justice Policy and state definition of environmental justice (EJ) populations offer strong foundations, but they do not represent specific metrics. Therefore, individual programs like Mass Save develop their own equity metrics. This presents an opportunity for greater consistency, especially as the 2024 Environmental Justice Strategy identifies developing these metrics as an ongoing priority.

VEIC asked stakeholders about the characteristics of an effective program or portfolio, as well as the factors present in Massachusetts that make it challenging to run successful programs. Not all stakeholders agreed on the level of emphasis each factor should carry. However, common themes emerged as outlined below.

Stakeholder parameters for a successful program portfolio

1. **Aligned**: Program offerings and performance metrics should be aligned with state goals.
2. **Equitable and affordable**: Programs should support equitable access for all customers.
3. **Easy to use**: Low-friction programs help support participation.
4. **Supportive**: Programs should offer holistic customer support and technical assistance (for program and project navigation) to support participation.
5. **Stable**: Programs can support participation by energy services businesses through stable offerings.
6. **Targeted**: Programs should provide differentiated support to different market segments.
7. **Providing tangible benefits**: GHG-reducing programs should also provide participants with direct co-benefits such as cost savings, energy resilience, etc.

Challenges to success identified by stakeholders

1. **Misaligned climate metrics:** Program performance metrics are rarely optimized for achieving carbon goals.
2. **Limited support for synergistic measures:** Programs largely incentivize individual measures and often miss opportunities for synergies, such as using weatherization, HVAC, and onsite solar measures for the same customer.
3. **Complicated program landscape:** Customers struggle to understand which programs they are eligible for and to identify an entry point.
4. **Cost of natural gas vs. heat pumps:** The low cost of natural gas disincentivizes heating electrification for gas customers. One respondent discussed equity ramifications: lower-income customers in their community disproportionately heat with natural gas.
5. **Lag in grid modernization and renewable generation:** Limited renewable capacity limits potential GHG savings via electrification and contributes to relatively high electric rates (which can penalize electrification).

During this phase, stakeholders were not presented with a specific definition or proposal for a Decarbonization Clearinghouse, so while all the challenges cited are relevant, many of them require solutions beyond the structure and delivery of any Clearinghouse program.

Some of the stakeholders who provided input and feedback during the project (especially during the research phase, in the winter of 2023-24) expressed dissatisfaction with or wanted changes to Mass Save. However, it is important to note this feedback was based on experience

with Mass Save programs as they have operated and is not specifically reflective of what is planned for 2025-2027.

3.3 Findings on Clearinghouse-Like Programs

The Clearinghouse-like programs and initiatives surveyed in other jurisdictions varied widely by scale, breadth of decarbonization measures offered, and depth of customer support. VEIC found multiple trade-offs across jurisdictions.

In short, the team did not identify any jurisdiction that reflects the scope, scale, and level of integration potentially contemplated for a Massachusetts Building Decarbonization Clearinghouse. No programs with similar scale to the Commonwealth had *both* a wide breadth of decarbonization measures and deep customer support. For example, Efficiency Vermont and Efficiency Maine offer customer support for fuel-switching along with energy efficiency, but they do not provide significant support (financial or technical) for solar. Both programs have GHG-reduction objectives but do not have explicit legal accountability to meet building-sector GHG limits such as those in Massachusetts. On the other hand, MassCEC's Clean Energy Lives Here resource/campaign covers the full spectrum of decarbonization technologies but is not equipped to provide technical or financial support for any of them.

The models that provided informational resources and technical assistance but not incentives or rebates (e.g. Cambridge, NYSERDA Hubs, Clean Energy Lives Here) had the greatest flexibility to cover different technologies. However, it was more difficult to measure impacts, and they often lack access to customer information held by incentive-providing programs. Based on the survey, VEIC identified these general findings:

- Funding sources can establish limitations or create opportunities for strategic alignment of programs and metrics.
- Access to customer and program participation data allows the provision of more robust services and customer engagement, but there are limited examples of effectively integrating data from external programs as it is hard to structure and enable.
- Performance metrics have a significant impact on the ability of a program/initiative to pursue fuel- or technology-neutral decarbonization and help customers across multiple programs. Metrics associated with more fuel- or technology-neutral programs are typically connected to extensive use of non-ratepayer funds (NYSERDA Hubs, Electrify Cambridge, TECH California, Efficiency Maine), though ratepayer funding can also enable this approach if statutorily enabled (MassCEC). There are limited examples of formal program metrics for Clearinghouse-type programs that are tied to statewide GHG goals.
- Clear metrics support strategic planning and implementation. Metric cycles that run for multiple years allow for robust planning and phased program deployment. Metrics that span a portfolio allow creative solutions for where/how to achieve those metrics. Setting

specific equity metrics is generally seen to be necessary for ensuring resources are allocated to achieve those goals.

- Statewide and local programs each have unique advantages. Statewide models may have greater ability to layer programs and to bring effective programs to scale. Local programs may be more readily able to deliver locality-specific support. Some of the models studied attempt to blend these benefits.
- One size does not fit all: some customers require high-touch support, while others can succeed with less. Varying services by customer group allows for cost-effective allocation of technical assistance resources. (Regardless, traditional cost-effectiveness metrics and near-term savings goals can make higher-touch services challenging to fund.)
- Directly engaging and contracting with community-based organizations and trusted local leaders supports program enrollment and equitable outreach beyond traditional marketing strategies. This can foster long-term trust-building and a positive feedback loop into future program design.
- Customers *want* a one-stop shop. They do not always understand why large or comprehensive programs cannot meet all their needs. Programs that fall short of a full clearinghouse may pursue workarounds, such as hand-offs to other programs.
- Customers want help identifying project costs and implementation details, but these vary widely, making it difficult to provide this information. Technical assistance and intentionally structured project intake processes can help.
- Marketing the non-climate benefits (such as comfort, savings, or safety) of specific measures engages the widest array of customers. Once customers engage, programs can re-engage them over time to drive additional projects.

This research presented several implications for Massachusetts before any design work started. For one, it highlights a fundamental tension between geographically varied approaches and consolidated statewide Clearinghouse approaches, neither of which is perfect. Local, regional, or territory-based approaches can more easily leverage local relationships and offer support that is hyper-targeted to individual customer groups. However, the degree to which these benefits are predicated on *better resourcing* in the territory offering the service is unclear. Consolidated Clearinghouse approaches can yield greater administrative efficiency, make the program landscape less confusing for customers, connect customers with both regional and statewide support to maximize the impact of a customer contact, and potentially address geographic inequity by pooling resources across regions.

Smaller (which often correlates with local or regional) programs may be more flexible and adaptable than larger-scale approaches. There is a fundamental tension between scale and agility. Flexibility and adaptability also relate to administrative structure. Although state agencies in Massachusetts (and elsewhere) are administering innovative pilot-scale initiatives, there are no examples of state governments directly administering a Clearinghouse-type entity at scale.

4.0 Design Phase

4.1 Objectives and Design Criteria

Based on the research in the first phase, the VEIC team worked with EEA[11] and the EAC to explore and select objectives and design criteria to develop the Clearinghouse model. Through an iterative process and series of workshops, EEA approved five core objectives for the Clearinghouse.[12]

The five objectives identified were:

1. Reducing the energy burden in environmental justice households
2. Providing equitable access to (and driving equitable adoption of) decarbonization technology
3. Achieving long-term GHG reduction quantities
4. Reducing energy costs for non-residential customers
5. Minimizing demand for electricity to reduce the need for new infrastructure

There was one additional objective with strong support from some internal stakeholders, but ultimately it was unresolved to what degree the Clearinghouse should be responsible for it. The objective was:

- Accelerating the ability of the supply-side to efficiently and effectively deliver decarbonization technologies and services

In addition to the objectives, VEIC also explored and selected a set of design criteria to develop the Clearinghouse.

The design criteria acted as a form of "rubric" with which to design and evaluate options. The team agreed the Clearinghouse should:

- Be adaptable and flexible enough to meet evolving conditions (e.g. technology, policy)
- Leverage existing program capabilities (such as contractor networks or implementation services)
- Provide a single statewide point of entry for customers (with tailored customer service by customer segment type)
- Build and maintain high customer trust and accessibility (e.g. language)
- Adequately handle customer data

[11] In this report, with reference to project management or process, "EEA" or the "EEA team "refer to staff and senior leadership across agencies within the EEA, including DOER, MassCEC, DEP, MassHousing, and DPU. Senior leadership at the Climate Office was also included.

[12] The selection of these objectives was not intended to suggest that other objectives were not important or that other goals could not be achieved in the pursuit of the core objectives.

- Work in a structured way with municipal governments or community-based organizations
- Provide a single statewide point of accountability
- Have a sustainable funding source

VEIC also worked with EEA and EAC to identify generalized services, information, or other outcomes that customers would want the Clearinghouse to provide.

4.2 Initial Model Development

Using the objectives and initial design criteria, the VEIC team developed two initial conceptual models to explore possible Clearinghouse end-states (without regard to transition). The Straw Proposals described later and used to solicit stakeholder feedback grew out of the conceptual models.

Throughout our analysis there was always the third option of maintaining the existing framework of Mass Save and other programs. This option is not "status quo" because the existing framework is in constant motion, especially with the development of a new three-year plan for Mass Save.

The "Decarbonization Administrator" model included one entity that would administer all building decarbonization programs and offerings in the Commonwealth. VEIC made no specific presumptions about the nature of the administrator. In this model, there would be a high degree of consolidating funding sources and program responsibilities, including ratepayer funds. The Administrator would have significant flexibility to use funds to achieve the equitable decarbonization objectives on a statewide basis.

The "Decarbonization Facilitator" model presumed that Mass Save would continue to exist more or less as it does now, while additional Clearinghouse objectives and criteria would be met by an external entity. In this model, the Clearinghouse would act as an entry point and comprehensive concierge service for customers, helping them navigate between existing incentive programs. In addition, the Facilitator would provide customer outreach and provide technical assistance to support decarbonization project planning. (The Administrator would also provide these, as well as other services, such as direct incentives.)

While exploring these models, the most significant drawback identified was with the Facilitator. VEIC concluded that meeting the needs of a wide range of customers would require the Facilitator to do more than provide information about programs and "hand customers off" to different incentive programs. At the same time, VEIC predicted that it would be difficult to achieve accountability for Clearinghouse objectives if responsibility for providing incentives was largely severed from responsibility for engaging and supporting customers.

VEIC also conducted a review of the draft Mass Save 2025-2027 Plan to identify the ways the Plan did or did not fit with the objectives and design criteria. The purpose of the Mass Save Plan

review was *not* to evaluate how well the Plan would meet the *current* objectives for Mass Save, but rather to determine how far the Plan would go toward the desired Clearinghouse objectives and design criteria.

Through analyzing the conceptual models and the Mass Save Plan, VEIC created a revised set of key criteria that represented needs or challenges that would not be fully achieved through implementation of the Mass Save Plan alone—primarily because of current policy or structural constraints on Mass Save. The team concluded that the existing framework for the Mass Save Plan alone cannot provide:

- A unified, customer-centric experience with all aspects of decarbonization
- Adequate and flexible incentive funding for equitable decarbonization
- High customer trust and flexibility to innovate quickly
- A statewide minimum standard of service to all customers, regardless of utility service
- Direct accountability to metrics and structure that align with decarbonization and equity policies/targets
- Customer-oriented, relevant, and effective equity customer engagement

Using the refined key criteria, the VEIC team, in consultation with EEA, developed straw proposals for a Statewide Authority Model that would establish a new quasi-governmental authority and Enhanced Mass Save that would modify the Mass Save administrative structure, both with the goals of addressing the Clearinghouse objectives to the extent possible. These straw proposals were in addition to the third option of the Existing Mass Save Framework.

5.0 Straw Proposals

The table below provides an overview of the straw proposals, including how it would be applied across the two administrative models. The table compares to the Mass Save 2025-2027 Plan as filed at the DPU, not as operating. Note the two Clearinghouse options would be implemented post-2027; see Appendix D regarding the timeline.

Design Criteria	Straw Proposal Option 1: Statewide Authority	Straw Proposal Option 2: Enhanced Mass Save	Mass Save 2025-2027 Plan
Administrative Structure	New quasi-governmental state entity governed by appointed Board of Directors	Electric investor-owned utilities (IOUs) & Cape Light Compact, with the potential addition of a fifth PA providing service to Municipal Light Plants (MLPs)	Electric IOUs & Cape Light; Gas IOUs for limited programs
Direct accountability to metrics and structure that align with decarbonization and equity policies/targets	New equitable decarbonization objectives established in statute; added 10-year planning to support focus on long-term results		All cost-effective energy savings target; GHG planning goal; performance incentives based on benefits, equity outcomes; shared accountability across administrators
	Single administrator accountable for all objectives; oversight by Board, which is accountable to Executive & Legislature	Reduced number of administrators to hold accountable; oversight by Dept. of Public Utilities (DPU); performance incentives (for IOUs)	
Statewide minimum standard of service to all customers	All ratepayers contribute and are served by statewide authority	All ratepayers contribute and are served by a PA	MLPs administer their own decarbonization programs
	Additional non-ratepayer funding available to support customers statewide		Pooling of some funds for electrification

Adequate and flexible incentive funding for equitable decarbonization	Significant ability to pool and mobilize funds to meet statewide objectives, with some limits to support ratepayer equity	Additional pooling to meet statewide objectives, with some limits to support ratepayer equity	
Unified, customer-centric experience with all aspects of decarbonization	Unified, customer-centric "one-stop shop" that helps customers access a full range of state and federal support services. Comprehensive decarbonization services addressing all technologies. Responsible for unified/coordinated statewide marketing, education, and outreach to support decarbonization across programs.		Ratepayer-funded energy efficiency & fuel-switching; new decarb. building assessments; primarily supporting Mass Save incentives; new heat pump turnkey and added technical assistance; statewide customer service center
High customer trust and flexibility to innovate quickly	Added 10-year planning to support focus on long-term results		Active Energy Efficiency Advisory Council to engage stakeholders; plan modification may require DPU approval
	Public authority with exclusive mandate to serve customers	Reduced number of administrators; no potential conflict of interest between gas utilities and decarbonization efforts	
Customer-oriented, relevant, and effective equity customer engagement	Funded regional equitable decarbonization "hubs"	Increase Community First Partnerships to cover significant portion of state	Increased funding for Community First Partnerships (~56 towns)

Because both models were intended to meet the same key criteria and work toward the same objectives, the models are more alike than different.[13] In fact, the two proposals would meet some key criteria in effectively identical ways, such as providing "**Unified, customer-centric experience with all aspects of decarbonization,**" as indicated in the table above.

Although stakeholders had different opinions or experiences, VEIC did not identify objective reasons why either the current electric Program Administrators or a quasi-governmental organization could not deliver similar services or programs, *so long as they were assigned the same objectives, resources, and responsibilities*. The models differ the most with respect to governance and accountability.

The elements of the straw proposals described below fall under the six key criteria, although many elements would support multiple criteria.

5.1 Unified, Customer-Centric Experience with All Aspects of Decarbonization

Meeting this key criterion remains the foundation for a Clearinghouse. Meeting this criterion is primarily driven by the scope of responsibilities assigned to the administrator, and therefore the two administrative models would achieve this criterion in effectively identical ways.

The Clearinghouse would be responsible for executing 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

The Clearinghouse would be responsible for a "one-stop shop" customer experience that consolidates customer-facing aspects of most building decarbonization offerings in the Commonwealth (e.g. unified building assessments, technical assistance, decarbonization planning tools over time, eligibility and enrollment support, etc.)

Some program administration might remain with agencies, but *customer-facing aspects* would be consolidated. This does not mean that the Clearinghouse would fully administer all decarbonization programs in the state. Agencies like the Department of Energy Resources would still be responsible for administering policies like the SMART solar incentives. However, the Clearinghouse could handle customer-facing aspects like providing information, incorporating solar options into technical support, or helping the customers determine eligibility or get enrolled.

This "one-stop shop" also does not mean that the Clearinghouse would provide the same services and tools to all customers. Not only do residential customers need different things than large commercial building owners, but each may also have different needs or want a different

[13] The straw proposal was intended to reflect a series of policy and structural changes and elements and not intended to represent a completed design for the Clearinghouse.

level of support. This does mean that customers would get what they need without having to navigate between different services and programs on their own. They would also not be subject to multiple, potentially conflicting pathways even to know what rebates or services they are eligible to receive.

VEIC's research strongly supported the idea that a program is only as good as the data it can mobilize to support its activities and the customers it serves. Both straw proposals includes the establishment of a statewide data platform that includes comprehensive customer and building information (owned by the state under either model) to enable such things as: customer support to scope projects, targeted outreach to support equity goals or utility system needs, or customer support related to adjacent policies like a building energy performance standard.

The Clearinghouse could use data that includes:

- Building information available through property assessments
- Energy usage metered by utilities
- Comprehensive program participation tracking (e.g. which programs and measures a customer has used, from low-income weatherization to solar to heat pump water heaters)
- Information that helps locate the household within environmental justice criteria (e.g. by census track or a more granular level)

Scoping and designing the platform to use these data would be a significant undertaking. Like a comprehensive, statewide Building Decarbonization Clearinghouse itself, there is no single model from another jurisdiction of a comprehensive, statewide database of buildings and customers. TECH Clean California includes a unified statewide data platform for utility customer data, which is joined with heat pump program participation data (which includes details about equipment installed) and, increasingly, with building information from assessor databases. This data system includes information on which customers qualify for subsidized utility rates but does not include information about whether customers qualify or receive other assistance. Likewise, it does not include program participation data from many of California's energy efficiency and decarbonization programs.

A comprehensive data platform could build on work done by Mass Save and state agencies over the past several years. There would need to be a robust plan for data privacy that protected information, but it would allow data to be effectively mobilized to engage and support customers.

5.2 Adequate and Flexible Incentive Funding for Equitable Decarbonization

The cost of decarbonization is a barrier for many customers, and the resources necessary for funding equitable decarbonization must be provided regardless of administrator. Therefore, the response to this criterion is similar for both administrative structures. Many steps will be needed to address this challenge, including those outside the scope of what a Clearinghouse can

provide (such as managing utility costs and rates). There are two important elements of the Clearinghouse that respond to this challenge.

First, the Clearinghouse would need flexibility to spend incentives and funds in any way to optimize the designated objectives or outcomes. Most of the Clearinghouse funds would come from electric and gas ratepayers, and it is fair to maintain some connection between which customers pay and which receive the benefits of spending. The Mass Save PAs have proposed some pooling of funds to enable more equitable electrification outcomes across utility territories. The straw proposals could codify the parameters for pooling funds.

Second, the Clearinghouse would need additional non-ratepayer funding. No specific source or amount is proposed, but there is widespread agreement that additional resources will be needed to support equitable decarbonization of buildings over time.

Both models leverage electric and gas ratepayer funding from all customers (including MLP customers that do not currently contribute to Mass Save programs).

The single statewide administrator could make it easier to pool funds and allocate them where needed to achieve the Clearinghouse objectives; however, there could still be limitations on spending in relation to ratepayer contributions. The Enhanced Mass Save model could allow some pooling of funds; however, this model would likely retain more territory-by-territory budgeting.

5.3 High Customer Trust and Flexibility to Innovate

The two models take a somewhat different approach to this criterion because outcomes like trust and innovation may be hard to separate from the nature of the administrator. It is hard to change customer trust through design. Customer trust evolves from responsiveness, transparency, and the sense that the administrator is acting in the customers' interest. Customer perceptions about whether the administrator is motivated to support decarbonization can matter as much as the administrator(s) "actual" interests.

The statewide administrator would be a public authority established for the sole purpose of supporting building decarbonization programs and customer services, with no inherent conflicting interests.

The Enhanced Mass Save model would consolidate program administration to the electric PAs. 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.

The ability to innovate stems from many different factors, including how oversight and accountability are applied (see 5.6 below). The Commonwealth wants innovation and flexibility to the extent long-term policy objectives are achieved.

In addition, few customers undertake a single building improvement project that fully decarbonizes their entire building; most do it in steps over time. A Clearinghouse can support

customers along this decarbonization journey if they have the tools and incentives to do so. A robust data platform that tracks customers and their buildings over time also supports longer-term engagement.

Therefore, the Clearinghouse would be required to develop a 10-year plan in addition to 3-year plans, which are part of Mass Save today. This will support long-term thinking about what buildings need and an atmosphere of flexibility in the shorter term.

5.4 Statewide Minimum Standard of Service to All Customers

Approximately 85-90 percent of utility customers in the state are currently served by Mass Save; the remainder of customers are served by MLPs, some of which offer their own energy efficiency or electrification programs.[14] To achieve statewide policy goals such as building decarbonization, all customers need support and solutions. The two administrative models achieve this criterion in different ways.

A single Statewide Authority would serve all customers as a matter of definition. The details of its governance structure would need to be established (see below), but it would be responsive to the needs of all customers on a statewide basis.

To meet this criterion under the Enhanced Mass Save model, MLP customers could be served by an existing electric PA (effectively Eversource and/or National Grid) or by a new PA selected by the MLPs to serve their customers collectively. Under the latter approach, the MLP PA would participate in joint planning, program procurement, and ancillary activities (such as data tracking and reporting) on equal footing with the other PAs.

In either case, funding would be collected from all electric and gas ratepayers in the state, which would be a change for many MLP customers currently. (Additional non-ratepayer funding would also be used for customers on a statewide basis.)

5.6 Direct Accountability to Metrics and Structures that Align with Decarbonization and Equity Policies/Targets

Although this criterion is critical for either administrative model and has a basis in some of the same statutory policy, the governance structure related to how each administrator would be held accountable would be quite different.

The objectives and accountability framework for Mass Save have evolved over time. For example, the original core objective in 2008 was to capture all cost-effective energy efficiency savings (something that has many utility, customer, and environmental benefits). Subsequently,

[14] MLP customers make up about 15% of customers in the Commonwealth, however some MLP electric customers are served by an IOU gas utility that provides access to several Mass Save programs and services. Although it is difficult to calculate and characterize precisely the number of customers with *no* access to Mass Save is probably 5-10%.

a greenhouse gas reduction target was added and assigned by the EEA Secretary ahead of every three-year plan. That target acts like a goal for the plan, alongside the efficiency standard.

The Mass Save PAs are eligible for performance incentives related to achieving savings goals and the size of benefits generated by the program. A key benefit that counts toward this metric is the amount of GHG reductions. Although the GHG planning goal is intended to be consistent with the Commonwealth's overall building emission targets and the performance incentive rewards PAs for maximizing benefits such as GHG reductions, the current system does not require or directly incentivize specific GHG achievements.

Under the straw proposals, state policy would establish fresh objectives for the Clearinghouse, including moving away from all cost-effective efficiency and toward the objectives described earlier, as well as the ability to use funds to pursue those objectives. The same objectives would either be assigned to the statewide authority or divided amongst the electric PAs. The mechanism for accountability would be different in either model.

A statewide authority would be accountable to an independent Board of Directors, as well as to the Executive and Legislative branches through standard means. In other words, the Executive would appoint and the Legislature would confirm Directors, with indirect accountability to the electoral process as well as performance toward objectives. This is similar to how MassCEC is structured (and Efficiency Maine), but MassCEC has different objectives — and the Clearinghouse Board could have a different composition.

Under the Enhanced Mass Save option, the PAs are subject to DPU oversight and (except for the Cape Light Compact) use financial performance incentives similar to Mass Save, but with metrics aligned with the Clearinghouse objectives.

5.7 Customer-Oriented, Relevant, and Effective Equity Customer Engagement

The straw proposals included two approaches to expand capacity for outreach and engagement of EJ households and communities. The first option is associated with the Statewide Authority model, although it could probably be adapted to fit with either model. Under this option, approximately six regional Equitable Decarbonization Hubs would provide customer engagement and support services. For example, the hubs could have field staff who speak different languages or have expertise and/or relationships with certain key constituencies, such as tenants or small multifamily property owners. For illustrative purposes, each hub might employ 15-20 people. The regional hubs could also provide direct funding to CBOs that deliver outreach or engagement services.

This is similar to a successful hub-based equity model used in NY; however, under this proposal the hubs would be integrated with program delivery and have access to all of the support tools used by the Clearinghouse, including access to data.

A second option, associated with the Enhanced Mass Save model, is to expand the Community First Partnerships (CFPs). Mass Save currently provides funding to entities in several dozen

communities. CFPs leverage their existing local networks and relationships for outreach and customer engagement. Under this option, Mass Save would significantly expand the number of CFPs.

5.8 Policy Changes

VEIC prepared for EEA a summary of the policy direction that would be needed for either administrative model. Many of the policy directives would be similar. VEIC did not conduct a legal analysis of what changes would be needed to the statute.

Policies Needed for Both Models	Statewide Authority	Enhanced Mass Save
Articulate primary purposes of Clearinghouse as 1) equitable decarbonization objectives and 2) unification of customer-facing elements of energy efficiency and decarbonization programs	Establish a new authority, board structure, governance principals	Transfer gas utility role to electric PAs; authorize use of gas ratepayer funds
Establish objectives as basis for performance incentives/authority mandates aligned with primary purposes; adjust cost-effectiveness requirement	Grant new Authority statewide jurisdiction, including MLP territories	Require MLP inclusion in Mass Save under chosen PA model and authorize use of MLP ratepayer funds
Increase flexibility of funding deployment across territory and fuels to meet objectives	Establish any limitations on spending by utility territory	
Authorize any non-ratepayer funding	Establish specific role for DPU in oversight	
Require 10-year planning process	Direct the establishment of four to six regional Equitable Decarbonization Hubs	
Establish a statewide data platform with access to utility data and relevant agency data		
Provide EEA Secretary with authority to assign specific customer-facing responsibilities to the Clearinghouse for state decarbonization programs		

6.0 Stakeholder Engagement & Feedback on Straw proposals

The final phase of the project was soliciting stakeholder feedback about the straw proposals. VEIC-Solomon team conducted stakeholder engagement primarily through a targeted focus-group style of engagement, complemented by opportunities for input from the public and stakeholders not engaged directly through focus group interviews. The objectives of the stakeholder feedback process were to answer the following questions:

1. Which proposed elements of the Clearinghouse straw proposals are important, problematic, or could use adjustments?
2. Is there an appetite among engaged constituencies to make the changes to either establish a new statewide Clearinghouse administrator or make the changes required for Mass Save PAs to act as the Clearinghouse? Do these proposals offer sufficient benefits and address needs?
3. Is the new Statewide Authority model or Enhanced Mass Save model preferable?

6.1 Methods

See Appendix B for a list of stakeholders consulted through focus groups and interviews. Many stakeholders are associated with current delivery of Mass Save, including the Program Administrators, program implementers, vendors and contractors, and the consultants to the Energy Efficiency Advisory Council. Many stakeholders include community-based organizations with ties to constituencies served by energy programs. Some stakeholders don't fit neatly into a category as suppliers or consumers of programs. For example, community action agencies are paid through Mass Save to deliver services but have a deep history as community-based organizations working on behalf of constituents.

Eight focus groups were held with 22 total participants representing small business advocates, municipal energy advocates and staff, climate/environmental justice advocates, and equity stakeholder organizations. The 22 participants filled out demographic surveys as representatives of their organizations, revealing the following:

- All participating organizations deal with clean energy, greenhouse gas reduction programs, and/or support EJ communities.
- The races/ethnicities of constituencies most represented by participating organizations were:
    - Black/African Descent/African American
    - White/Caucasian
    - Asian

- The languages of constituencies most represented by participating organizations were:
    - English
    - Spanish
    - Haitian Kreyòl
    - Portuguese
- 86% of organizations indicated their constituency included people of Hispanic, Latino, or Spanish origin.
- 55% of organizations represented assist/support/work with immigrant populations.

VEIC did not attribute any feedback from focus groups to individual participants or their organizations. Of course, this was not true for any comments made during public listening sessions or submitted as public comments through the website. EEA was active in arranging many of the first set of stakeholder meetings. EEA also attended and participated in almost all of them.

VEIC supported EEA throughout two public listening sessions and associated open comment periods. Approximately 400 people registered for the public sessions and many provided oral comments. Approximately 150 people submitted written comments through an online input form on the EEA website. VEIC also gave a short public presentation to the Massachusetts Environmental Justice Council, answering questions and receiving feedback from members.

All focus group and listening session presentations reflected the same straw proposal elements, although they were arranged differently to support effective communication. The materials and public listening sessions were translated into six to seven non-English languages (live sessions included American Sign Language).

6.2 Summary of Stakeholder Feedback

The VEIC team and EEA received very diverse feedback from stakeholders through this process. Appendix C contains some additional information on the feedback from different stakeholders.

There was no consensus about which administrative model was better. Some stakeholders expressed strong views in favor of one or the other model, and a smaller segment was agnostic or undecided. As stated earlier, some stakeholders had familiarity with what is planned for Mass Save in 2025-2027, while others did not.

These were VEIC's top takeaways from stakeholder feedback as a whole:

- The energy efficiency industry was very concerned that establishing a new administrator would disrupt their industry, program delivery, and business growth.
- In contrast, many other stakeholders, especially in the equity-related focus groups, prefer a new statewide authority. They are generally seeking greater trust, better communication, and an administrator with a single focus on programs. Even supportive

stakeholders want to see a well-managed transition and an administrator that is not bogged down by bureaucracy.

- The PAs strongly want to remain in their roles as administrators. They identified some opportunities for positive policy changes, but they also see the new Mass Save plan as highly responsive to equitable decarbonization needs.
- There is a universally strong desire for solutions that emphasize local engagement and relationships. In general, this desire is distinct from and beyond any preference for program administration by either statewide authority or utilities. This desire relates not only to customer engagement, but also to increased channels for input into program planning or delivery.
- Stakeholders emphasized the need for more flexible funding to achieve the following: equitable access to decarbonization technologies, a simplified process for customers to access incentives, and a comprehensive view of available programs free from silos. Direct-to-consumer funding and additional funding sources could help overcome financial barriers and raise awareness about decarbonization incentives.
- MLPs strongly oppose any requirement to participate in a Clearinghouse of either model. Some expressed the sentiment that they are doing a good job providing energy services already, but the primary concerns were loss of autonomy and paying more for programs through their rates.
- Most stakeholders (apart from MLPs and, to a lesser extent, PAs) emphasize the need for a unified customer experience, a single platform for emerging technologies, and a long-term approach to decarbonization, with a focus on hands-on engagement with building owners and equal program coverage. Robust data infrastructure and advanced metering is imperative to effectively target retrofit efforts.

There was near consensus that certain elements of the straw proposals were positive, including:

- Stakeholders support a centralized database that provides information about buildings and customers to support customer engagement and provide relevant and effective equity engagement, as well as a Customer Relationship Management (CRM) system that tracks buildings, owners, and residents to enable more effective customer journey support. They generally prefer including access to customer energy-consumption data, and many had general concerns about how customer privacy protection would be addressed (e.g. related to income-qualification or utility data).
- Increased capacity for local engagement (geographically, culturally, and linguistically attuned).
- Greater consolidation of customer services/supports (from marketing to technical assistance) as the core purpose of the Clearinghouse.
- Allocation of additional non-ratepayer funding.

- Refreshed objectives at the policy level. However, there were different views on which changes were needed or how impactful those would be; see below.
- Additional flexible funding and financing are important to supporting low- and moderate-income households' decarbonization projects.
- Consistent delivery of decarbonization technologies and services statewide regardless of energy provider/service territories – expressed by all stakeholders except MLPs themselves.

Policy Changes Related to Funding and Accountability

Stakeholders generally agree that it is time to evolve past the overall mandate for Mass Save of acquiring all cost-effective energy efficiency and toward the equitable decarbonization objectives offered in the straw proposals. Some stakeholders saw this as an opportunity for robust change and others predicted that the impacts would be marginal compared to the current trajectory for Mass Save. There were mixed opinions about the feasibility of establishing true accountability for building GHG targets given the fundamentally voluntary nature of incentive programs. Similarly, some stakeholders (especially PAs) were skeptical about their ability to do anything differently to reduce energy burden (arguing that rate reforms would be needed). However, this did not account for the potential to more proactively target customers for energy efficiency improvements based on energy burden, if that information was available.

Mass Save Administrators, Program Implementers, and Building Contractors

There was a strong general consensus among Mass Save Program Administrators, program implementers/vendors, the building retrofit industry and some customers currently served by Mass Save in favor of the Enhanced Mass Save model. They expressed concern that dismantling the current infrastructure and creating a new one "from scratch" would be disruptive and create business uncertainty in the markets for building retrofits, which would undermine progress and could jeopardize the Commonwealth's climate goals.

The PAs state the new plan goes a long way to addressing the Clearinghouse design criteria and objectives. They agree more needs to be done but do not endorse many policy or structural changes *beyond* those proposed in their new plan. (See Appendix C).

The PAs and some members of the program delivery and retrofit industry stated a desire for all current PAs to remain, including gas utilities. The Cape Light Compact and its constituent communities uniformly stated that their programs are highly responsive to customer needs because of their close connection to and governance by local governments.

Municipalities, Regional Government, and Energy Coaches

Many stakeholders in this group generally supported a unified statewide approach; however, they expressed a wide range of perspectives and a plurality could imagine either administrative model working. The focus group (primarily energy coaches) favored a Statewide Authority. Some caveated that a quasi-state entity could be better if it is set up carefully to maximize flexibility and minimize bureaucracy. They generally favor bringing MLPs into the Clearinghouse and phasing-out the role of gas utilities in programs designed to reduce the use of fossil fuels substantially over time. These stakeholders emphasized the importance of adequate and flexible funding to support low- and moderate-income customers.

Environmental, Climate, and EJ Advocates

The diverse advocacy groups included in this stakeholder group expressed the full range of opinions about the administrative model, with strong support for both models and some with nuanced or neutral views. As a whole, there was somewhat more support for a Statewide Authority model. The preference for continuing with Mass Save PAs was driven primarily by a desire to avoid risky disruption to program delivery, especially for equity customers.

They support more centralized oversight to streamline decision-making processes and enhance accountability in direct respond to state regulators, stakeholders, and the public. The group wanted to ensure that any regional equity hub model was complementary to, rather than a replacement for, Community First Partnerships.

Large Commercial & Industrial (C&I) Building Owners

In general, these focus group participants expressed a preference for a Statewide Authority and do not feel well served by Mass Save. However, there were also public comments from C&I customers with the opposite experience and preferences.

Equity Small Business Advocates

These stakeholders were supportive of a centralized, quasi-governmental entity to enhance equity, streamline service delivery. However, they also saw logic in letting electric PAs take the lead in an electrification-focused model. They expressed the need for a unifying entity under which all decarbonization programs can be considered, not just electrification, and stated that there are customer trust issues with utilities managing energy efficiency and decarbonization programs.

They agreed with the need for a unified customer experience, a single platform for emerging technologies, and a long-term approach to decarbonization with a focus on hands-on engagement with building owners and tenants. They desired more customer-oriented, relevant, and effective equity customer engagement. They also emphasized the need for culturally

relevant outreach, local business development, and representation from all stakeholders (especially local advocates) in decarbonization decisions.

Municipal Light Plants (MLPs) & Member Towns

MLP stakeholders did not express any preference for either model because they oppose any mandate to participate in either. Their opposition was based on a strong principle of legal and regulatory autonomy, and they consistently claimed that their customers are happy with their service and low rates. They offered little response to the purpose or design goals for the Clearinghouse. Some MLP stakeholders claimed that they are already doing well in efficiency or heat pump adoption goals. However, while additional data and analysis is needed, preliminary analysis of per capita weatherization and electrification measures indicates programming and results vary considerably among MLPs and, on average, lag behind Mass Save.

One challenge or risk that VEIC identified for the Enhanced Mass Save model is that the potential desire to minimize political change could prevent achieving the changes envisioned in the three-year plan. This could pose a risk for achieving policy goals, especially for PAs. For example, if PA's objectives are updated but there is not an update to how the PAs can use funding, PAs will be set up for failure.

7.0 Options and Priorities

Based on feedback from stakeholders, VEIC identified several areas where EEA might consider modifying elements within the straw proposals - including those common to both administrative models. Given the range of stakeholder preferences, VEIC did not make a recommendation for one model or the other, but the team did identify potential priorities or areas to emphasize should each model be pursued.

7.1 Funding-Related Policies

VEIC did not identify stakeholder suggestions for funding policies, acknowledging that the straw proposals did not include detailed funding information. There was a near consensus in support of additional non-ratepayer funding and modifications to how Mass Save should apply cost-effectiveness testing.

7.2 Local, Regional, and Environmental Justice Engagement

Most stakeholders supported expanding Community First Partnerships. Many stakeholders went further and advocated evolving the CFP initiative, not merely expanding its coverage or funding. This group wants the CFP initiative to be more integrated into program delivery with more accountability and transparency. For example, many stakeholders wanted CFPs to have greater access to information on program participation or opportunities for targeted outreach so they could provide better local engagement.

EEA should consider that although there was some interest in Regional Equitable Decarbonization Hubs, there may not be enough understanding or enthusiasm to develop hubs as envisioned in the straw proposals.

Many stakeholders also expressed the desire for greater input into programs on an ongoing basis. This was especially true of equity stakeholders and local CBOs, but also others such as commercial customers. While the Energy Efficiency Advisory Committee (EEAC) represents one of the more robust stakeholder advisement boards in the country, there was clearly a desire to hear from a wider range of stakeholders. Multiple stakeholders wanted a re-instatement of a standing EEAC work group for Commercial and Industrial programs, something that would likely take additional agency support.

7.3 MLP Participation

There are no obvious responses to the strong opposition from MLPs to be required to participate that also meet the key criteria laid out by EEA. The option that comes closest to the MLP desire for independence would be the use of a MLP-specific Program Administrator under the Enhanced Mass Save model; however, this approach still would not satisfy the more

fundamental objection from MLPs that they each want to retain the right to elect *any* level of program service, including none.

Because the MLPs did not propose any alternative way to meet the building decarbonization objectives and criteria, additional dialogue is warranted.

7.4 Priorities Relevant to the Statewide Authority Model

A primary concern expressed by stakeholders about this model was the risk of disrupting existing delivery of decarbonization services and markets, which, while imperfect, have many benefits. Given the uncertainty about this model perceived by the program delivery marketplace and the time it would take to undergo a transition, it is unlikely that any response or modification would fully address this concern. However, VEIC identified some responsive measures that could be considered, including:

- Immediately assigning a Change Management ombudsman to support a smooth transition and clear stakeholder communication throughout the transition, with particular focus on implementers and contractors.
- Providing sufficient staffing for transition and program planning to minimize burden on those delivering programs.
- Issuing a determination as soon as feasible that the Clearinghouse authority will extend the contracts held by current Mass Save implementers for at least one year after it takes over before conducting new solicitations for program implementors.

Stakeholders' secondary concerns were about the ability of a quasi-governmental entity to operate with sufficient flexibility and nimbleness. They worried it may be bogged down by bureaucracy. This concern was most typically expressed by stakeholders who supported this model. Some responses and priorities to emphasize could include:

- Adopting a governance and regulatory structure with as few bureaucratic restrictions as necessary to ensure nimbleness and responsiveness to the energy services community.
- Creating a board of directors with more emphasis on non-governmental slots (private sector, community-based organizations, etc.) than leaders from other government agencies.[15]
- Establishing a narrow, targeted role for DPU that gives them high-level oversight of ratepayer funds but minimizes role in program designs and budget allocations.

Finally, there was feedback that the Cape Light Compact had several attributes that warrant special consideration, including the fact that it is itself a quasi-governmental organization. Although VEIC did not prepare analysis of this option in any detail, it would be possible to

[15] For reference, the MassCEC Board of Directors has five state government positions and eight non-governmental (half of whom are from academic institutions). Efficiency Maine's nine-person Board of Directors is entirely non-governmental, with two non-voting ex-officio governmental positions.

designate the Compact for a particular role under this model. It would be challenging but not impossible to create a role for the Compact that takes advantage of its local knowledge and connection to communities without undermining the fundamental goal of providing more uniform and comprehensive decarbonization services to customers across the Commonwealth.

7.5 Priorities Relevant to the Enhanced Mass Save Model

During stakeholder engagement with Program Administrators, their feedback focused on the changes anticipated in the upcoming Mass Save Plan. This meant there was less attention to the straw proposal elements that would *modify* the policy mandate under which the PAs operate and consolidate responsibility under the PAs which now exist at different state agencies. Before moving forward with this model, VEIC recommends EEA seek greater affirmation from utilities that they understand and are prepared to accept greater responsibility for delivering a statewide "one-stop shop" customer experience, as well as updates to the objectives for which they are held accountable. As envisioned in the straw proposals and supported by the majority of stakeholders, this goes beyond providing a new call center with navigation to other programs or services for some customers to receive decarbonization planning support, although both are welcome elements of the new plan.

On the flip side, this model requires agencies to plan for transferring certain activities to the PAs over time, including most activities related to customer marketing, outreach, and education, as well as many types of technical assistance. Although this would also be true under the Statewide Authority model, it could be easier for shifts to occur *within* state government and/or the pre-existing PAs have their own experiences and interests could affect how smoothly this transition could occur. Without adequately consolidating customer-facing activities, the Commonwealth will continue to provide an overly complex and disorienting program landscape that underserves customers unable to navigate it.

As noted in Section 7.1 on policy changes, this model requires particular vigilance that policy changes related to objectives, use of funds, and accountability are not unduly minimized, lest the PAs are unable to truly shift and evolve from the current trajectory to one more aligned with state policies and customer needs.

Finally, most stakeholders want greater statewide uniformity and responsiveness from Mass Save if the Enhanced Mass Save model is pursued. Although there is significant joint design and procurement, the PAs and their implementation partners, including Community Action Programs (CAPs), do not deliver the same level of service across the state or have uniform interfaces (e.g. data systems). EEA should consider requiring PAs to produce a single statewide scope of work and take other measures to reduce duplication or administrative complexity.

Appendices

Appendix A: Programs Reviewed

Program	Administrator
Residential Energy Assistance Grant Program (forthcoming)	Attorney General
Healthy & Green Retrofit Pilot	City of Boston
DCAMM CBEI Energy Savings Optimization Program	Division of Capital Asset Management and Maintenance
Demand Response & Energy Credits Program	Division of Capital Asset Management and Maintenance
Affordable Housing Deep Energy Retrofit	DOER
Commercial - Property Assessed Clean Energy (C-PACE)	DOER
Energy Management Services	DOER
Green Communities	DOER
Leading By Example Program	DOER
Merrimack Valley Building Excellence	DOER
Merrimack Valley Small Business Program	DOER
Solar MA Renewable Target (SMART)	DOER
Appliance Management Program	Executive Office of Housing and Livable Communities
Heating System Repair & Replacement Program (HEARTWAP)	Executive Office of Housing and Livable Communities
Weatherization Assistance Program (WAP)	Executive Office of Housing and Livable Communities
Home Electrification Appliance Rebate program (HEAR, formerly HEEHRA; forthcoming)	IRA
High Efficiency Rebates program (HER, formerly HOMES; forthcoming)	IRA
Solar for All (forthcoming)	IRA
Solar Technical Assistance Retrofit (STAR) Program	LISC Massachusetts
Climate Ready Housing Program	MA Housing Partnership (MHP) on behalf of EOHLC
School Commissioning Program	MA School Building Authority
Alternative Energy Portfolio Standard Program	Mass CEC
Building Electrification & Transformation Accelerator (BETA): Commercial Buildings	Mass CEC
Building Electrification & Transformation Accelerator (BETA): Decarb Pathways	Mass CEC
Building Electrification & Transformation Accelerator (BETA): Non Profits and Public Entities	Mass CEC

Building Electrification & Transformation Accelerator (BETA): Triple Deckers, Market Rate & Affordable Housing	Mass CEC
Clean Energy Lives Here	Mass CEC
EmPower Massachusetts	Mass CEC
Green School Works Program	Mass CEC
Networked Geothermal / Kickstart MA	Mass CEC
Mass Save Commercial: Building Energy Assessments	Mass Save
Mass Save Commercial: ConnectedSolutions	Mass Save
Mass Save Commercial: Deep Energy Retrofit	Mass Save
Mass Save Commercial: Equipment & Systems Performance Optimization	Mass Save
Mass Save Commercial: New Construction & Major Renovation	Mass Save
Mass Save Commercial: Specialty Equipment Program	Mass Save
Mass Save Community First Partnership	Mass Save
Mass Save LEAN Low-Income Multifamily Electrification Program (forthcoming)	Mass Save
Mass Save Residential: Cape & Vinyard Electrification Offering Demonstration	Mass Save
Mass Save Residential: ConnectedSolutions	Mass Save
Mass Save Residential: Enhanced Weatherization Upgrades	Mass Save
Mass Save Residential: HEAT Loans	Mass Save
Mass Save Residential: Heating & Cooling	Mass Save
Mass Save Residential: Income-eligible programs	Mass Save
Mass Save Residential: Low-Income Multifamily Deep Energy Retrofit Pathway	Mass Save
Mass Save Residential: Low-Income Multifamily Retrofit Program	Mass Save
Mass Save Residential: New Construction	Mass Save
Mass Save Residential: No-Cost Home Energy Assessments	Mass Save
Mass Save Residential: Retail Program	Mass Save
Mass Save Residential: Weatherization Program (Market Rate)	Mass Save
Massachusetts Community Climate Bank (forthcoming at time of review)	MassHousing

Appendix B: Consulted Stakeholders

The following organizations were directly consulted for feedback and input on the straw proposals, primarily by participating in one or more focus group or an interview with the VEIC/Solomon team. Additional organizations provided feedback through the public listening sessions and/or by providing written comments.

A Better City
Abode Energy Management
Acadia Center
Action for Boston Community Development
Action Inc
All in Energy
Alliance for Climate Transition
Berkshire Gas
Boston Climate Action Network
Boston Green Ribbon Commission
Braintree Electric Light Department
Browning the Green Space
Building Electrification Accelerator
Built Environment +
Cambridge Energy Alliance
Cape Light Compact
CET
City of Andover, Sustainability
City of Lowell, Sustainability
CleaResult
Climable
Codman Square Neighborhood Development Corporation
Commercial Real Estate Development Association, MA (NAIOP)
Community Action Pioneer Valley
Community Labor United
Conservation Law Foundation
Core Energy Insights, Inc.
Dismas House
Emerald Cities Collaborative
Ener-G-Save
Energy Advocate for Sharon, Walpole, Norwood
Energy coach for Salem
Energy New England
Environmental League of Massachusetts

Eversource
Ferriter, Scobbo & Rodophele PC
Fraunhofer
Georgetown Municipal Light Department
Green Roots SEJ
Homeowners Rehab
Homeworks Energy
Hull Municipal Lighting Plant
JLC Consulting
Leidos
Liberty Gas
Local Initiatives Support Corporation (LISC)
Low-Income Energy Affordability Network (LEAN)
Mansfield Municipal Electric Department
Mass Energize (Framingham)
Mass General
Massachusetts Environmental Justice Council
Massachusetts Municipal Wholesale Electric Company
Merrimac Municipal Light Department
Metropolitan Area Planning Commission
Municipal Electric Association of Massachusetts
National Grid
NV5
Public Health Institute of Western Mass
Rise Engineering
Shrewsbury Electric & Cable Operations
Unitil
Valley Home Insulation
Wakefield Municipal Gas & Light Department
Westfield Gas & Electric Light Department
WinnCompanies
Worcester Community Action Council
Worcester Community Energy Action (RENEW Worcester)

Appendix C: Stakeholder Feedback on Straw proposals

This appendix contains feedback from stakeholders summarized in the main report. However, the following information still represents a summary of often lengthy and detailed comments offered by some stakeholders.

Mass Save Administrators, Program Implementers, and Building Contractors

There was strong general consensus among Mass Save Program Administrators, program implementers/vendors, and the building retrofit industry in favor of the Enhanced Mass Save model. These stakeholders stated, often quite emphatically, their strong support for using existing Mass Save PAs based on:

- Strong track record of success.
- Value of maintaining existing relationships and structures.
- Many new decarbonization and customer support enhancements in the new Plan.

The PAs state the new plan goes a long way towards addressing the Clearinghouse design criteria and objectives. They agree more needs to be done but did not endorse many policy or structural changes *beyond* those proposed in their new plan. Their recommendations include:

- Expressly codifying the ability to pool funds for electrification (per Plan).
- Modifying the cost-effectiveness test by expressly codifying flexibility to remove some external costs from the total resource cost test and expressly codifying the ability to apply income-eligible non-energy impacts to disadvantaged communities and moderate-income customers (per Plan).
- Codifying the ability for PAs to access data from state agencies on customers who have qualified for benefits programs that make them categorically eligible for the discount rate, as well as amending statutes to more easily share data with community partners.
- Authorizing additional funding sources aside from customer bills.
- Amending statute to explicitly reference "decarbonization" in connection with the services to be provided by the PAs.
- Including additional regulations that mandate participation in programs for publicly financed multifamily buildings.

Municipalities, Regional Government, and Energy Coaches

Many in this group generally support a unified statewide approach; however, there was a wide range of perspectives and a plurality could imagine either administrative model working. These are primarily governmental stakeholders who believe government can be effectively held

accountable for public interests, although their experience with Mass Save utility administration has positive elements to it as well. These stakeholders emphasized the importance of adequate and flexible funding to support low- and moderate-income customers. Like the PAs, several stakeholders in this group felt additional funding should come through fees on oil and propane supply, creating an incentive to increase costs to discontinue use of those products

Environmental/Climate/EJ Advocates and Affordable Housing Stakeholders

These diverse advocacy groups expressed the full range of opinions about the administrative model, from strong support for Statewide Authority (e.g. CLF, Green Energy Consumers Alliance) or Enhanced Mass Save (e.g. National Consumer Law Council) and nuanced or neutral views (e.g. Acadia Center). Overall, there was somewhat more support for a Statewide Authority model. The preference for continuing with Mass Save PAs was primarily driven by a desire to minimize program delivery disruption, especially for equity customers.

Several affordable housing stakeholders, especially at the local level, have been satisfied with the support they have received from Mass Save PAs. Others stated a statewide entity that could take a more holistic approach would benefit the customer and that Mass Save lacks the comprehensiveness to work toward full decarbonization.

Equity Small Business Advocates

These stakeholders were supportive of a centralized, quasi-governmental entity to enhance equity, streamline service delivery, and leverage place-based knowledge for tailored customer outreach. However, they also saw logic in letting electric PAs take the lead in an electrification-focused model.

They agreed with the need for a unified customer experience, a single platform for emerging technologies, and a long-term approach to decarbonization with a focus on hands-on engagement with building owners and tenants. They desired more customer-oriented, relevant, and effective equity customer engagement and emphasized the need for culturally relevant outreach, local business development, and allowing all stakeholders, especially local advocates, to have a voice in decarbonization decisions. They recommend leveraging social mechanisms and peer examples to build trust and drive clean energy adoption through localized campaigns — something beyond what CFPs can provide today.

They also strongly desired breaking down funding and information silos to ensure equitable access to decarbonization technologies (especially for LMI households where comprehensive retrofits or upgrades, such as updating electric panels, are required to receive decarbonization technologies). Participants were supportive of using ratepayer funds and alternative funding sources for data tools and energy-related interventions currently outside the scope of approved fund-usage regulations.

Policy Changes Related to Funding and Accountability

No stakeholders fundamentally disagreed with the premise that statutory policy could be updated to better align program objectives with state policy (and to better align funding with program objectives). Some stakeholders saw this as an opportunity for robust change, while others predicted that the impacts would be marginal compared to the current trajectory for Mass Save.

Stakeholders generally agree that it is time to evolve past the overall mandate for Mass Save of acquiring all cost-effective energy efficiency and toward the equitable decarbonization objectives offered in the straw proposals. These objectives include reducing energy burdens, demand on the grid, and customer bills, all of which require strategic investment in energy efficiency.

Appendix D: Implementation Timeline

VEIC developed a high-level list of the broad stages and tasks that would be needed to implement either administrative model in the straw proposals. The team estimated the range of time that might be needed for each stage and some high-level ordering or dependencies to give an overall estimate of time needed. The purpose was to inform general feasibility and potential differences between the administrative models, not to prepare a detailed implementation plan. This investigation also did not estimate the transition costs (including labor) under either model or how much of the cost might be paid for through ratepayer funds (which currently pay for Mass Save evolution and planning) or other sources.

Under the Enhanced Mass Save model, VEIC estimated that under best case conditions it would be feasible to adopt/plan and implement necessary changes by the start of 2028. Under the Statewide Authority model, the team estimated that under best case conditions it would be feasible to adopt/plan and implement necessary changes by mid-2028; however, there was a greater possibility that a longer timeline would be needed (going to the start of 2029).

Both approaches will require additional start-up resources to be implemented on these time-tables:

- Both will require agency staff for planning and liaisons at multiple agencies, especially in first 18 months.
- Statewide authority would become primarily self-staffed after 18-24 months; this also requires PAs to provide staff for transition planning, data platform, etc.
- Enhanced Mass Save approach would require PAs to allocate additional staff and resources beyond those administering 2025-2027 plans.

The timelines include certain dependencies, which are not hard and fast. In particular, **developing a detailed scope of responsibilities for the administrator** (e.g. which non-Mass Save programs would be fully administered by Clearinghouse, how will the Clearinghouse cover the customer-facing elements with programs it will not directly administer, etc.) must at least partially *precede* certain other steps, such as

- Scoping the data platform
- Some regulatory changes
- Procuring/assigning MLP coverage (for Enhanced Mass Save approach)
- Establishing new structures for joint responsibilities (for Enhanced Mass Save approach)
- Full staffing (for Statewide Authority)

Statewide Authority

One timeline constraint of this approach is that most administrative scoping, program planning, and regulatory changes cannot be *completed* until after a new board and director is established and has at least a core staff. Most of these tasks can and should be *initiated* earlier, within

existing agency capacity and run in parallel to initial to board/director/initial staffing. In particular, the development of a statewide data platform should begin prior to any Clearinghouse staff can be hired.

There is more uncertainty about the duration for some steps under this approach, including legislative adoption, initial staffing, and rulemaking—the Clearinghouse will need its own rules, in addition to changes at DPU.

Enhanced Mass Save

The PAs will need several new structures and/or agreements to be jointly responsible for a broader scope of services. The details of this would be determined in the initial scoping phase. These include:

- Data platform responsibilities
- MLP coverage/integration
- Expanded equity customer supports
- Interacting with agencies that continue to administer programs also included under the Clearinghouse

Some of the joint structures may be dependent on regulatory inputs (although regulators will also want to receive proposals from PAs, so they are interdependent). MLP coverage should be established relatively early so the solution (or entity) can be involved in regulatory changes, joint structures, etc. However, before an MLP solution is selected there should be a detailed scope for the Clearinghouse.

Appendix E: Operational Costs

VEIC conducted a review of different cost categories for program administration and prepared high-level estimates of the degree of change that might be expected compared to the current trajectory, i.e. the Mass Save 2025-2027 Plan plus smaller amounts to be expended by DOER and Mass CEC (primarily) in the near term.

The team considered other jurisdictions, but there was no specific data available for comparisons because no other jurisdiction has centralized building decarbonization services as envisioned under the Clearinghouse straw proposals.

VEIC did not estimate the cost of additional customer incentive funds or identify a source of those funds. In general, those costs should not be different based on the corporate identity of the administrator.

Broadly speaking, the change in operating costs is the sum of increases from providing additional services and benefits and any decreases from improved cost-efficiency in streamlining delivery. Improved cost-efficiency could stem from reducing the number of administrators (potentially down to one) and through consolidating services now provided across state agencies and/or Mass Save.

Additional responsibilities that are likely to **increase costs** include:

- More decarbonization technical assistance
- Integrating customer-facing support with existing agency initiatives
- More workforce engagement to support electrification
- Additional customer outreach and engagement (beyond marketing)
- More complex three-year planning; additional 10-year planning
- Tracking, evaluating, and reporting additional objectives/metrics
- Evaluating longer-term initiatives, such as market transformation
- Decarbonization pilot activities (complementing CEC activities)
- Statewide data platform management

Opportunities for greater **cost-efficiency or cost-reduction** include:

- More efficient planning and decision-making processes
- Better alignment between incentive spending and policy goals
- Consolidation across existing agency programs that employ vendors or conduct supply chain engagement
- Consolidation to fewer administrators (less contracting, legal, payroll, reporting, etc.)
- Consolidation of marketing and education
- For Statewide Authority: elimination of performance incentives

The annual cost of Mass Save as submitted to the DPU for the new program cycle, plus related building decarbonization programs or services offered by the agencies, would be approximately $1.9 billion in 2025-2027, with approximately $560 million in non-incentive spending and the rest for customer incentives, grants, etc. Setting aside customer incentives, VEIC estimated that annual operational costs *on net* under either model would not change by more than five percent.

Mass Save performance incentives currently amount to approximately $65 million per year, an amount that would likely grow somewhat if additional responsibilities were assigned to the PAs under the Enhanced Mass Save model. This cost would not be occurred under the Statewide Authority model, making this approach roughly $75 million per year cheaper. This means the Statewide Authority might have a *net* cost impact compared to the status quo of close to zero.

Based on the information available, VEIC made two general findings:

1. There was little basis for concluding that either administrative model would have significantly different operational costs, other than the cost of paying performance incentives to the utilities under the Enhanced Mass Save model ($65-75 million/year).
2. Setting aside the cost of additional customer incentives to support fulfillment of equitable building decarbonization objectives, the change in operational costs would be marginal compared to the status quo, although slightly higher for the Enhanced Mass Save approach.

Although the cost of performance incentives is not small, the cost analysis suggests that operational costs alone are not a strong basis for choosing between administrative models.