

# Guideline Interpreting 225 CMR 4.00

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## Introduction

DOER provides the following Guideline interpreting 225 CMR 4.00 (the “RCS Regulation”), promulgated in April of 2017. This document is based on public feedback throughout the regulatory process by DOER.

## Objectives

DOER updated the RCS Regulation in April of 2017 to clarify their role in light of the Green Communities Act (GCA),<sup>1</sup> the Global Warming Solutions Act (GWSA),<sup>2</sup> and An Act Relating to Competitively Priced Energy.<sup>3</sup> The updated Regulation reflect modern consumer protections within the context of the GCA, which enables Program Administrators to provide incentives to consumers to act on RCS information. Specifically, RCS is designed to ensure that customers receive comprehensive information about energy conservation and renewable energy opportunities in their home.

The overall goals of the RCS revision have been presented in public stakeholder processes and include:

1. better integration of efficiency and renewable energy opportunities for the customer;
2. removal of barriers to fuel-switching and support for informed consumer decision-making, by providing comprehensive, transparent information about efficient HVAC & hot water system options, including renewable thermal systems, regardless of the customer’s current heating fuel;
3. support for energy justice and consistency for residents of multi-family (5 or more unit) buildings, regardless of the customer’s current heating fuel;
4. assurance of quality work by contractors who have a clear path into and out of program participation;
5. better insight into RCS Program performance through detailed data reporting; and
6. regulatory clarity.

In lieu of a public advisory committee, DOER will gather public input on Coalition Action Plan Programs through the Massachusetts Energy Efficiency Advisory Council (EEAC). DOER will also convene a public advisory committee, including municipal RCS Program Administrators (“PA”) and invited stakeholders, to provide input on the Municipal Action Plans.

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<sup>1</sup> C. 169 of the Acts of 2008.

<sup>2</sup> C. 298 of the Acts of 2008.

<sup>3</sup>C. 209 of the Acts of 2012.

# RCS STATE PLAN

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The term “Program Administrator” refers to RCS Program Administrators as defined in 225 CMR 4.01.

In furtherance of the RCS Program at G.L. c. 164 App. §2 and 225 CMR 4.02(2)(a), the RCS State Plan is set forth herein:

## 1. RCS Program Requirements

### A. Program Parameters

RCS services include all activities that assess the energy consumption, energy conservation, or demand management opportunities, or make recommendations for energy-related measures, such as energy conservation or renewable energy, for a residential building, whether performed on-site or not. Pursuant to the RCS statute and Regulation:

1. The RCS program encompasses all residential buildings, including single and multifamily buildings, regardless of who owns the residence or the type of fuel or equipment used. RCS services include in-home energy audits and other types of energy assessments, ancillary services outside the home, such as online or mobile customer engagement tools, and the marketing of home energy assessment services;
2. The RCS Program Year runs from January 1 through December 31;
3. All customers who heat with unregulated fuels (at the time of initial contact with the program) shall be served by electric Program Administrators;
4. Program Administrators must submit either a Coalition Action Plan or a Municipal Action Plan (collectively, “Action Plan(s)”) as outlined below;
5. In conjunction with its Action Plan, Program Administrators shall submit to the DOER the recommendation process for Program Measures; and
6. Program Administrators shall submit reports to DOER on RCS activity.

### B. Assessments

A Program Administrator shall pay an annual RCS Assessment to DOER pursuant to 225 CMR 4.10(2). On or before October 31st each year, Program Administrators shall submit documentation for the prior calendar year of the number of residential customers served by the Program Administrator and the number of fuel units sold to those customers. Electric Program Administrators shall submit residential sales in kWh; gas Program Administrators shall submit residential sales in therms and MMBTU with supporting calculations from the unit reported to the Department of Public Utilities (DPU). If a Program Administrator’s fiscal year does not coincide with the RCS program year, that Program Administrator may submit assessment information for its most recently completed fiscal year. This documentation shall be sent via electronic mail to [DOER.RCS@mass.gov](mailto:DOER.RCS@mass.gov).

### *C. Methods of Redress*

RCS customers may seek redress for injuries caused by RCS activity, as set forth in G.L. c. 164 App. §2-8 and 225 CMR 4.09(2-3).

In addition, if a customer has concerns regarding the quality of program results and recommendations, the customer should first follow the redress protocol established by the program vendor or relevant certification body (e.g. RESNET for HERS rating concerns). Following a documented effort to seek redress through RCS service providers, customers with remaining concerns may appeal to the DOER for further redress.

### *D. Reporting Process*

No later than 45 days after the end of a calendar quarter, a Program Administrator (or designee) shall generate a report of RCS performance, per a template provided by DOER. The report shall include a per-unit record of activity, by unique identifier, and specify if multiple units are located at the same street address. Reports shall include home characteristics, energy saving recommendations, which recommendations were and were not adopted, and the home energy scorecard<sup>4</sup> for each unit. Secure transmission or access to reports shall be sent to DOER via electronic mail to [DOER.RCS@mass.gov](mailto:DOER.RCS@mass.gov).

The RCS report template will be determined with Program Administrator and other stakeholder input prior to the beginning of the first program year following the release of the State Plan and, subsequently, on an as-needed basis.

## **2. Coalition Action Plan**

Each Program Administrator that participates in the statewide Energy Efficiency Investment Plan (EEIP)<sup>5</sup> shall develop a Coalition Action Plan (CAP) that describes its proposed RCS program. The contents of the CAP and the DOER review process are set forth below.

### *A. CAP submission and review process*

In 2018, Program Administrators shall submit the CAP to DOER as part of its EEIP submission to the DPU. Every three years thereafter, PAs shall submit a draft CAP as part of the April 30<sup>th</sup> draft EEIP and a final CAP to DOER for review by September 1.

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<sup>4</sup> Scorecard design criteria and minimum requirements will be determined by DOER with the input of PAs, their audit vendors, and customer representatives.

<sup>5</sup> The EEIP is the statewide energy efficiency plan for investor-owned utilities and municipal aggregators with certified energy plans (e.g. the Cape Light Compact) pursuant to the Green Communities Act. Municipal utilities generally do not participate in the EEIP. RCS applies to sections of the EEIP that serve existing residential buildings.

DOER will review the CAP to determine whether it complies with the requirements of the RCS statute, the RCS Regulation, and this Guideline, and whether it is likely to achieve the Outcomes established pursuant to 225 CMR 4.05. Upon completion of its review, DOER will file a letter with the DPU stating whether the CAP complies with RCS requirements or not. If the CAP does not comply, the DOER letter will specify why it does not comply and a timeframe within which the CAP must be amended to achieve compliance. CAP PAs must notify DOER of any subsequent changes to the six CAP components listed in section B (below), and receive approval from the DOER before implementation.

The PAs must include the CAP, along with budget and cost recovery data, in the EEIP submitted to the DPU every three years, for review of the reasonableness of the RCS budgets pursuant to G.L. c. 25, §21.

Program Administrators shall make reasonable attempts to jointly coordinate the CAP. If a particular Program Administrator deviates from the CAP, it must explain these exceptions within the submission.

## *B. CAP Content*

The CAP must describe the RCS Program with details regarding the RCS Program Requirements set forth in 225 CMR 4.00 and this Guideline, including:

1. **Energy assessment and program services** – the methods by which energy assessments and recommendations will be provided to customers, including at a minimum, a description of:
  - In-home audit and other energy assessment services,
  - All ancillary services, audits not requiring an in-home visit, and other methods of engaging customers to assess home energy consumption,
  - Third party and/or co-delivery of RCS services used to assess home energy consumption and recommend Program Measures,
  - Delivery of DOER-approved home energy scorecard,<sup>6</sup> in conjunction with in-home audits, both before and after installation of program measures.
2. **Frequency of RCS services** –
  1. A proposal for how often customers will be served, screened, and prioritized for services, and how this proposal manages RCS costs and ensures consumer protection.
  2. A description of any policies for how often a customer can receive RCS services.
  3. A description of the method and systems the Program Administrator will use to maintain records and transfer data to monitor frequency of service.

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<sup>6</sup> The standard format and methodology for energy scorecards and energy performance ratings will be determined by DOER with input from Program Administrators, their audit vendors, and customer representatives. Delivery of DOER-approved scorecards shall be required for all 1-4 unit homes, as well as low-rise multi-family homes compatible with conventional heat-loss models.

3. **Marketing Plan and Customer Outreach** - A plan for how RCS services will be marketed to customers to meet Outcomes, and ensure consumer protection and fairness.
4. **Vendor Qualification Standards** - How contractors are qualified to work within the Program Administrator’s RCS program, including a description of:
  1. Protocols for intake and processing of customer complaints,
  2. Minimum qualifications for contractors to participate in the program and remain qualified to participate, including contractors directly employed by program lead vendors, home performance contractors, and other contractors authorized to offer weatherization incentives;
  3. Criteria the Program Administrator will use to disqualify a contractor from participating in the RCS Program, including contractors directly employed by program lead vendors and contractors that are not directly employed by program lead vendors; and
  4. A policy for whether and how contractors may re-enter the program or re-gain participation status.
5. **Disclosure of Audit Contents** – A description of how audit information will be made available to customers, subsequent purchasers, and tenants within the confidentiality provisions of G.L ch.164 App. §2-3(c).
6. **The Process for Recommending Measures** – A description of the process for recommending heating, hot water, and cooling systems, during home energy audits or ancillary services which may include samples of materials presented to customers, and an explanation of how auditors are trained to discuss these options. The description should explain how the Program Administrator will assess technical feasibility, GHG intensity of fuels, and customer economics, while ensuring consumer protection, when making recommendations for heating, hot water, and cooling systems. DOER will review the process and approve or reject it, based on the extent to which it meets the criteria below. Any changes to the process must receive prior approval from the DOER.
  1. Technical feasibility: Does the process recommend all options that are technically feasible?
  2. Greenhouse gas (GHG) intensity of fuels: Does the process include consideration of the GHG-intensity of fuels used? For technically feasible technologies: Are customers presented with information about the GHG-intensity of fuels?
  3. Customer economics: Does the process present customers with their return on investment for all technically feasible options, including all incentives available through Mass Save, state or federal sources)
  4. Consumer protection: Does the process sufficiently allow consumers to make informed decisions?

### *C. CAP Outcomes*

In 2018, DOER plans to release final Outcomes prior to the EEIP submission to the DPU. Every three years thereafter, DOER intends to establish draft coalition Outcomes by April 1, and final Outcomes by August 1, of

each year that a new EEIP is required to be filed with the DPU. In establishing Outcomes, DOER will consider the Commonwealth’s energy goals, including targets in the Global Warming Solutions Act<sup>7</sup> and the Clean Energy and Climate Plan<sup>8</sup>, priorities expressed by the Energy Efficiency Advisory Council, the objectives set forth in this Guideline, the input of public stakeholders, and other relevant, energy-related goals of the Commonwealth. RCS Outcomes may be qualitative or quantitative.

DOER will monitor Outcomes based on reports provided by CAP PAs through the Quarterly Reports required by the RCS Regulation and these Guideline.

### 3. Municipal Action Plan

Each municipal gas or electric utility that does not participate in the statewide Energy Efficiency Investment Plan (EEIP) shall develop a Municipal Action Plan (MAP) that provides the following information.

#### A. MAP Submission and Review Process

Each year beginning in 2020, each municipal utility, as defined in M.G.L. ch. 164, App. §2-1, shall submit a MAP for the following RCS program year, by October 1st to DOER. A municipal utility may submit its MAP individually, in coordination with other municipal utilities, and/or through a designee. If a municipality has both an electric and gas utility, MAPs for both may be submitted jointly, provided that budget calculations, assessment data, and budget details are presented separately.

For 2020, municipal utilities shall submit an interim MAP for July through December to DOER by May 1<sup>st</sup>, 2020. If the municipal utilities has been offering RCS services for the first half of 2020, the interim MAP may include budget and plan details for all of 2020.

DOER will review the MAP to determine:

- Whether the total RCS budget meets the minimum RCS requirements or if there is sufficient grounds for a waiver<sup>9</sup> of any RCS requirement, as described in 225 CMR 4.08(3),
- The extent to which the MAP is likely to achieve the Outcomes established pursuant to 225 CMR 4.05 and detailed in Appendix 2 of this Guideline.

Upon completion of its review, DOER will notify the filing municipal utility (or designee) of its findings, and may offer suggestions for improving the MAP.

#### B. MAP Content

<sup>7</sup> <https://malegislature.gov/Laws/SessionLaws/Acts/2008/Chapter298>

<sup>8</sup> <http://www.mass.gov/green/cleanenergyclimateplan>

<sup>9</sup> If a waiver of any RCS requirement is requested, please provide a brief (less than one page) statement of justification based on budget calculations,

A MAP must include the following elements in the format of the template attached hereto as Appendix 3:

- Municipal utility's RCS program total budget amount for the coming year, which must be at least the amount calculated pursuant to 225 CMR 4.08(3).
- Municipal utility's gross annual retail revenues for the previous year, and the calculation used to arrive at the proposed RCS budget;
- RCS Assessment Data pursuant to Section 1.B (above);

The template also requires the MAP to include a roadmap of RCS activity, including:

- A description of the municipal utility's RCS Program, including information about home energy assessments, rebates and/or incentives, and ancillary services.
- RCS budget detail, showing types of RCS activities (e.g., marketing, audits, incentives/rebates) and corresponding budget amounts. At a minimum, budget amounts shall be shown for the following RCS Program activities: audits, incentives/rebates, administration, and marketing.

### *C. MAP Outcomes*

Annual Outcomes for 2020 are specified in Appendix 2. DOER intends to update draft municipal Outcomes by June 1, and final Outcomes by July 1, of each subsequent year. When establishing Outcomes, DOER will consider the Commonwealth's energy goals, including targets in the GWSA and the Clean Energy and Climate Plan,<sup>10</sup> stakeholder input, and other energy goals of the Commonwealth. RCS Outcomes may be qualitative or quantitative.

DOER will monitor Outcomes through the Quarterly Reports required by the RCS Regulation and this Guideline.

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<sup>10</sup> <https://www.mass.gov/files/documents/2017/12/06/Clean%20Energy%20and%20Climate%20Plan%20for%202020.pdf>

# Appendix 1

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## 2019-2021 CAP Outcomes

Pursuant to 225 CMR 4.05, DOER is required to establish Outcomes for the RCS program, and pursuant to 225 CMR 4.04(7), RCS Program Administrators are required to submit quarterly reports to DOER based on those Outcomes.

Below are the Outcomes applicable to the RCS programs included in future Energy Efficiency Investment Plans, applicable to RCS Program Administrators subject to 225 CMR 4.07.

In addition to the reporting requirements in statute, regulation, and guideline, RCS reports shall include metrics, specified by DOER, which measure success of the following RCS Program Outcomes:

- Provide RCS customers with the DOER-approved home energy scorecard in conjunction with their in-home audit
- Provide RCS customers with information to increase awareness of renewable thermal technologies and air source heat pumps
- Increase number of hard to reach customers served by RCS Programs, including rental, moderate income, and non-English speaking households
- Track insulation, weatherization, other Program Measures in homes receiving RCS Programming



# Appendix 2

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## 2020 MAP Outcomes

Pursuant to 225 CMR 4.05, DOER is required to establish Outcomes for the RCS program, and pursuant to 225 CMR 4.04(7), RCS Program Administrators are required to submit quarterly reports to DOER that include information that enables DOER to determine whether Outcomes are being met.

Below are the Outcomes applicable to Municipal Action Plans.

- Create an efficient flow of RCS information between municipal utilities and DOER.
- Establish participation data for customers served by RCS services, while ensuring access to hard-to-reach customers, including renter, low and moderate income, and non-English speaking households.
- Track rebates and incentives provided by the municipal utility that are linked to home energy assessments through the municipal utility's RCS program
- Provide RCS customers with a DOER-approved home energy scorecard, in conjunction with an in-home audit
- Provide RCS customers with information to increase awareness of renewable electric and thermal technologies including air source heat pumps

# APPENDIX 3

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## Municipal Utility Plan Template

*Each municipal RCS PAs shall submit its annual plan by May 1<sup>st</sup>, 2020, using the following template.*

### Program Budget Data

For the most recent reporting (calendar) year, please provide:

Reporting year	
Gross annual Retail Revenue (\$)	
Annual RCS budget threshold (must be at least .25% of gross annual retail revenue)	

\_\_\_ Check here if seeking a waiver in accordance with 225 CMR 4.08(3).

### RCS Assessment Data

For the most recent reporting year (per the PA’s Annual Return, filed with the DPU pursuant to 220 CMR 79.02), please provide:

The time period reported in mm/dd/yyyy – mm/dd/yyyy		
Data Description	Amount in DPU reported units (MWh, therms)	Units
Total Residential* Electric Sales (MWh)		MWh
Number of residential* electric customers		Accounts
Total Residential* Gas Sales <sup>†</sup>		e.g. therm, mcf, etc.
Number of residential* gas customers <sup>†</sup>		Accounts

\*Including market rate and low income

<sup>†</sup>Only applicable to gas municipal PAs

Electric Program Administrators shall submit residential sales in MWh; gas Program Administrators shall submit residential sales in the units they submit to the Department of Public Utilities (DPU). If a Program

Administrator’s fiscal year does not coincide with the RCS program year, that Program Administrator may submit assessment information for its most recently completed fiscal year.

**Municipal RCS Roadmap**

Please provide a detailed RCS program planned budget for 2020, showing categories of RCS Program activities and their corresponding budget amounts. At a minimum, provide budget amounts (even if the amount is zero) for the categories shown below. If the RCS program budget includes other significant costs or budget categories, include them here.

<b>Budget Category</b>	<b>Planned Dollar Amount</b>	<b>Planned volume (include units)</b>
Audits		
Instant Savings Measures provided during audit		
Additional Customer Incentives/Rebates		
Administration		-
Marketing		-
<i>Added Budget Category 1</i>		
<i>Added Budget Category 2</i>		
<i>Added Budget Category 3</i>		
<b>Total</b>		

## Program Summary/Description

Provide a description of the RCS Program including the following.

### Assessments

Include the following information about the home energy assessments:

- Customer eligibility requirements (e.g. single family, multifamily, heating source, etc)
- Cost of audit to customer
- Frequency (minimum time period between home assessments for the same customer and address)
- Name of audit software, if any (including a description of any customization)
- Description of the process used by the auditor to make recommendations
- Information provided to customers to help them decide which measures to implement (e.g. cost savings, GHG impact, etc.)
- Are Massachusetts home energy scorecards provided during the assessment and after upgrades? If not, please provide timeline for implementation.

### Immediate Savings Measures

Specify what, if any, immediate savings measures are provided. using the products listed below as an example. Please add any other instant savings measures and provide specific efficiency characteristics.

Product	Description	Requirements
Lighting		
Smart Strips		
DIY Weatherization		
Other equipment or service*		

\* Other equipment and services must be reviewed by DOER to be included in RCS budget

Example Incentive Description

<i>.5W Nightlights</i>	<i>Will replace up to 5 nightlights</i>	<i>Must replace incandescent nightlight</i>
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### Rebates and/or Incentives

Specify what, if any, rebates or incentives are provided. using the products listed below as an example. Please add any other rebated products. Provide minimum equipment efficiency or other requirements (such as the existing fuel type if that is a requirement to qualify for the rebate) and the incentive/rebate amounts:

Product	Description	Requirements	Incentive Amount
Air sealing			
Insulation			
Heat Pumps			
Heat Pump Water Heaters			
Boilers			
Furnaces			

Air Conditioning			
Electric Vehicle Smart Chargers			
Battery Storage			
Active Demand Management			
Appliances (please specify product types)			
Other equipment or service*			

\* Other equipment and services must be reviewed by DOER to be included in RCS budget

Example Incentive Description

<i>Ductless Air Source Heat Pumps to replace oil or electric heating</i>	<i>Rebate for heating system replacement</i>	<i>New heat pump must have a minimum SEER ≥ 15, HSPF ≥ 9</i>	<i>\$100</i>
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**Ancillary Services**

- How do you track implementation of recommended efficiency measures after the audit?
- How do you follow-up or engage with customers post-audit?
- What marketing or outreach strategies are employed? For example, do you use online ads or local event tabling or do you target un-audited homes with mailers?
- What strategies, if any, ensure that the following have access to your program?
  - low income customers;
  - residents of multi-family buildings;
  - moderate income customers; and
  - residents for whom English is not their first language.
- How will RCS audit information be made available to subsequent purchasers and tenants of multi-unit buildings?
- If the program recommends contractors to implement energy efficiency measures, please describe:
  - Contractor qualification standards;
  - Protocols for intake and processing of customer complaints;
  - Criteria used to disqualify a contractor from participating in the RCS Program
  - Any policy for how contractors may re-enter the program; and
  - If the utility does not qualify contractors, does it do anything else to match customers with contractors?