Draft Guideline– RCS State Plan

## Policy objectives

In April of 2017, DOER promulgated revisions to 225 CMR 4.00 – Residential Conservation Services, pursuant to M.G.L. c. 164 App. §2. The regulation was revised to clarify the role of RCS regulation within energy efficiency policy and programming, in light of laws passed by the Legislature in 2008 and 2012, and the role of residential energy efficiency within the broader clean-energy policy of the Commonwealth. This Guideline serves as the State Plan required in M.G.L c. 164 App. §§ 2-1 through 2-10.

Massachusetts’ statewide energy efficiency programs represent the largest single policy within the state’s Clean Energy and Climate Plan. Investment in energy efficiency and demand management programs is an alternative to less cost-effective investments elsewhere in the clean energy sector to maintain our emission reduction commitments under the Global Warming Solutions Act. The Commonwealth receives significant economic development benefits from our continued leadership and investment in the field of energy efficiency and demand management.

Given the benefits of the energy efficiency programs covered by RCS, it is important that all residences are able to access and benefit from the RCS covered programs. Customers stand to benefit from greater alignment between programs to support deployment of energy efficiency and distributed renewable energy resources, and deserve impartial information for when and how to convert to renewable fuels and an increasingly clean electrical grid.

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

* better integration of efficiency and renewable energy opportunities for the customer;
* 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;
* support for energy justice and consistency for residents of multi-family (5 or more unit) buildings, regardless of the customer’s current heating fuel;
* delivery of quality work by contractors who have a clear path into and out of program participation; and
* regulatory clarity.

Per statute and regulation, DOER provides the RCS State Plan, to specify program requirements and how they will be implemented.

## RCS General Program Requirements

The RCS program encompasses all residential buildings, including those in single and multifamily buildings, regardless of who owns the residence, and regardless of the types of fuels or equipment at the location. Customers may only be served by their existing Program Administrators. RCS Program requirements include:

1. The RCS Program Year shall run from January 1st through December 31st.
2. Program Administrators (“PAs”) must provide DOER, for review and approval, the methodology for assessing program measures for residential customers. As described in regulation, RCS recommendations must be comprehensive, transparent, and objective.

In conjunction with its first Coalition or Municipal Action Plan, a PA shall submit to the DOER the methodology used to assess heating, hot water, and cooling systems during home energy audits or ancillary services, including criteria used to make recommendations. Such criteria must include technical feasibility, carbon intensity of fuels, customer economics, and consumer protection as outlined below. DOER will review the methodology and approve or reject it, based on the extent to which the methodology is comprehensive, transparent, and objective, based on the criteria below. Any changes to a DOER-approved methodology must receive prior approval from the DOER.

* Technical feasibility: Are all options that are technically feasible recommended?
* Carbon intensity of fuels: Does the methodology include consideration of the carbon-intensity of fuels used? For technically feasible technologies, are customers presented with information about the carbon-intensity of fuels?
* Customer economics: Were customers presented with return on investment (i.e., payback period) for all technically feasible options, including all available incentives, including those available through, Mass Save, State or Federal sources)
* Consumer protection: Does the methodology sufficiently protect consumers from efforts to increase sales of a particular fuel? If incentives are offered by the PA, were calculations to determine cost-effectiveness and the amount of the incentive made without bias toward a particular fuel?

Program Delivery

As outlined in the statute, RCS services include all activities in Coalition or Municipal Action Plans that seek to assess the energy consumption, energy conservation, or demand management opportunities, and/or make recommendations for energy-related measures for a residential building, whether performed on-site or not. This includes in-home energy audits, ancillary services outside of the home, such as online or mobile customer engagement tools, or energy services provided by third parties and utilized by Program Administrators to provide RCS services. In aggregate, the goal of the RCS program should be to achieve DOER’s Outcomes. In its Action Plan, a Program Administrator shall propose its scope of Program Delivery. This scope shall include:

1. **Energy assessment and program services –** the methods by which energy assessments and incentives to facilitate installation of program measures will be provided to customers, including at a minimum, a description of:

* In-home audit and energy assessment services,
* All ancillary services, audits not requiring an in-home visit, and other methods of engaging customers to assess home energy consumption,
* All third party and/or co-delivery of RCS services used to deliver program measures,
* Delivery of a DOER-approved home energy scorecards, in conjunction with in-home audits, both before and after installation of program measures, and
* Incentives or rebates based on energy savings (as opposed to incentives or rebates for specific program measures).

1. **Frequency of RCS services** –
   * A proposal for how often customers will be served, screened, and prioritized for services, and how this proposal manages Program Administrator costs and ensures fairness to customers.
   * A description of any rules for how often a customer can receive energy assessment services and financial incentives to save energy.
   * A description of the method and systems the Program Administrator will use to maintain records and transfer data to implement its frequency of service policies.

If a Program Administrator would like to change the frequency with which it offers RCS services between Action Plans, it must receive prior approval from the DOER.

1. **Marketing Plan and Customer Outreach -** A plan for how RCS services will be marketed to customers to meet Action Plan goals, manage Program Administrator costs, and ensure fairness to customers.
2. **Program Measure Implementation Strategies –** Strategies used to encourage residential customers to implement energy efficiency measures. Program Administrators shall describe protocols used to ensure that RCS Services are providing fuel-neutral rewards.
3. **Vendor Qualification Standards -** How contractors are qualified to work within the Program Administrator’s RCS program, including a description of:
   * Protocols for intake and processing of customer complaints,
   * Minimum qualifications for contractors to participate in the program and remain qualified to participate, including contractors directly employed by program lead vendors and contractors that are not directly employed by program lead vendors;
   * Criteria a 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
   * A procedure for contractors to re-enter the program or re-gain participation status.

Assessments

A Program Administrator shall pay an annual RCS Assessment to DOER pursuant to 225 CMR 4.10(2). On or before October 31st of each calendar 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 MMBTU with supporting calculations from the unit reported to the Department of Public Utilities (DPU). Documentation shall be sent via electronic mail to [DOER.RCS@state.ma.us](mailto:DOER.RCS@state.ma.us).

## Coalition Compliance Process

RCS Program Administrators subject to 220 CMR 7.00, shall submit a Coalition Action Plan (CAP) to DOER as part of their statewide 3 Year Energy Efficiency Investment Plan (EEIP).[[1]](#footnote-1) The CAP may be integrated within the EEIP for submission to the DPU, but the CAP must be submitted to DOER for RCS approval as outlined below.

CAP Requirements

The CAP must include an RCS program description with details regarding RCS program requirements as described in 225 CMR 4 and this Guideline. Budgets and cost recovery data will be submitted with the EEIP as described by the DPU in 220 CMR 7.

CAP Review Process

In an EEIP planning year, Program Administrators shall submit the CAP, for DOER review, by September 1 of the year that the EEIP is due. Program Administrators may submit the preliminary CAP as part of the April 30th draft EEIP filing.

Program Administrators that file the EEIP shall make reasonable attempts to coordinate the CAP collectively. If a particular Program Administrator has a compelling reason for deviating from the CAP, exceptions must be explained within the CAP. Upon approval of the CAP section of the EEIP, DOER will file a letter with the DPU confirming that it complies with RCS requirements. If the CAP does not comply, the DOER letter will indicate that the residential sections of the EEIP do not comply with all applicable laws.

## Municipal Compliance Process

Pursuant to 225 CMR 4.08, municipal utilities must comply with RCS regulations and this Guideline. Municipal PAs shall submit a Municipal Action Plan (MAP) to the DOER. The MAP may be Program Administrator-specific or several Program Administrators can submit their MAP collectively. If a municipal utility company determines that it cannot comply with all of the requirements set forth in the regulation or this State Plan, it shall submit a waiver request to DOER either with or in lieu of its MAP. DOER will grant a waiver if the Program Administrator has demonstrated its inability to comply. A municipal Program Administrator may apply for either a full or partial waiver.

MAP requirements

The MAP must include an RCS program description with details regarding RCS program requirements and budget documentation as described in 225 CMR 4 and this Guideline.

MAP review process

On Oct 1 prior to the start of an RCS Program Year, municipal PAs shall submit a Municipal Action Plan (MAP) to the DOER. DOER will review the MAP and provide feedback to municipal PAs prior to a final review deadline of December 1st.

## Establishing Outcomes

CAP Outcomes

DOER shall establish draft coalition Outcomes by April 1 of each year that a new EEIP is required by the Department of Public Utilities. Final Outcomes shall be established by September 15th. In establishing Outcomes, DOER shall consider the Commonwealth’s energy goals, including targets in the Global Warming Solutions Act[[2]](#footnote-2) and the Clean Energy and Climate Plan[[3]](#footnote-3), priorities expressed by the Energy Efficiency Advisory Council, the policy objectives set forth in this Guideline, and other relevant, energy-related goals of the Commonwealth. RCS Outcomes may be qualitative or quantitative.

DOER shall monitor whether Outcomes are met based on reports provided by RCS Program Administrators through the Quarterly Report section of these guidelines.

MAP Outcomes

DOER shall establish municipal Outcomes annually by October 15. When establishing Outcomes, DOER shall consider the Commonwealth’s energy goals, including targets in the Global Warming Solutions Act and the Clean Energy and Climate Plan, the policy objectives set forth in this Guideline, and other relevant, energy-related goals of the Commonwealth. RCS Outcomes may be qualitative or quantitative.

DOER shall monitor whether Outcomes are met based on reports provided by RCS Program Administrators through the Quarterly Report section of these guidelines.

## Quarterly report process

No later than 45 days after the end of a calendar quarter, an RCS Program Administrator (or designee) shall submit a report of RCS performance, per a template provided by DOER. The reports shall include a per-unit record of activity, ordered by unique identifier. Multiple units at a single address shall be treated as separate but grouped records. Reports shall include home characteristics, energy saving recommendations, and what recommendations were and were not adopted, per a template provided by DOER. Reports shall also include the DOER-approved home energy scorecard for each unit where a scorecard has been established and other information needed to assess outcomes, per a template provided by DOER. Reports shall be sent via electronic mail to DOER.RCS@state.ma.us.

# Appendix – Proposed Outcomes for EEAC Member Program Administrators

In April of 2017, the Massachusetts Department of Energy Resources (DOER) promulgated and updated the Residential Conservation Services (RCS) regulation. The updated regulation provides a framework for implementing an RCS program in light of more recent statutes that address home energy efficiency. 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 target RCS Outcomes applicable to the RCS programs in the 2019-2021 Energy Efficiency Investment Plan, 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, that measure success toward these Outcomes:

* + - **Increased adoption of beneficial electrification and renewable thermal technologies**
    - **Increased equity in program delivery**
    - **Programs that actively manage electric demand**
    - **Consumer transparency through home energy scorecards**

1. The EEIP is the statewide plan for investor-owned utilities and the Cape Light Compact. Municipal utilities generally do not participate in the plan. RCS applies to sections of the EEIP that serve residences in existing buildings. [↑](#footnote-ref-1)
2. <https://malegislature.gov/Laws/SessionLaws/Acts/2008/Chapter298> [↑](#footnote-ref-2)
3. <http://www.mass.gov/green/cleanenergyclimateplan> [↑](#footnote-ref-3)