

**Cape Light Compact Governing Board
Executive Session
Meeting Minutes
October 24, 2012**

The Governing Board of the Cape Light Compact met in Executive Session on Wednesday, October 24, 2012 @ 3:05 p.m. in Rooms 11 & 12, Superior Court House, 3195 Main Street, Barnstable, Mass. 02630

Present were:

William Doherty, Chairman, Barnstable County
Peter Cocolis, Treasurer, Chatham
Peter Cabana, Member @ Large, Dukes County
Barry Worth, Secretary, Harwich
David Anthony, Barnstable
Deane Keuch, Brewster
Timothy Carroll, Chilmark - Remotely via telephone
Brad Crowell, Dennis
Fred Fenlon, Eastham
Tom Mayo, Mashpee
Richard Toole, Oak Bluffs
Kenneth Rowell, Orleans
Everett Horn, Sandwich
Peter Fontecchio, Truro
Kathy Hubby, Wellfleet
Joyce Flynn, Yarmouth

Legal Counsel: JoAnn Bodemer, Esq., BCK Law

Absent were:

Michael Hebert, Aquinnah
Robert Schofield, V. Chairman, Bourne
Vacant, Edgartown
Ronald Zweig, Falmouth
Sharon Lynn, Provincetown
Bill Straw, Tisbury
Tim Twombly, W. Tisbury

Staff Present

Maggie Downey, Compact Administrator
Briana Kane, Sr. Res. Program Coordinator
Meredith Miller, C&I Program Manager
Vicki Marchant, C/I Program Analyst
Nicole Price, C&I Program Planner
Karen Loura, Administrative Assistant

Margaret Song, Residential Program Manager
Matt Dudley, Residential Program Coordinator
Philip Moffitt, EM&V Analyst
Debbie Fitton, Energy Education Coordinator
Gail Azulay, EM&V

ENERGY EFFICIENCY PROGRAM UPDATE – PROPOSED EXECUTIVE SESSION PURSUANT TO MGL CHAPTER 30A

§21(A)3 AND §21(A)10 At 3:05 p.m. Upon statement from T. Carroll, participating remotely that no other individuals are present and/or able to hear the discussion at his location and a pronouncement from Chr. Doherty that the Board would not re-convene in regular session, *D. Keuch moved the Board vote to enter into Executive Session pursuant to MGL Chapter 30A §21(a) 3 to discuss pending regulatory litigation relative to the 2013-15 Mass. Joint Statewide 3-year electric and gas energy efficiency plan (DPU 12-xx) and Chapter 30A §21(a)10 to discuss municipal aggregator proprietary commercial or financial information, seconded by Peter Cocolis and voted unanimously in favor by roll call vote.*

M. Downey provided a presentation (Attachment A) to the Board seeking to obtain direction relative to the 2013-15 Energy Efficiency Plan Term Sheet proposed by Massachusetts Energy Efficiency Advisory Council (EEAC) advisory to the Department of Energy Resources for Electric Program Administrators (PAs).

There was discussion concerning options available to the board. There was discussion concerning the dynamics of our region containing more oil and propane customers than other regions and ways to convert oil & gas savings into kWh equivalent savings which could be added to CLC 1.97% goal in effort to meet the 2.55% State-wide savings goal. Electric savings are calculated @ 118,085 MWH/year. In order to meet the State's savings goals CLC would need to have a total of 152,687 MWH/year.

There was discussion concerning penetration studies for regions with goals more than 20% lower than 2.55% savings goal. M. Downey said they are expensive and if accepted she would request the scope be developed and costs shared among all Program Administrators.

There was discussion concerning funding. Barnstable County provides funding to float the Compact between ERF payments.

Accepting the Term Sheet would necessitate elimination of all CLC-specific policies and filing a revised 2013-15 plan.

M. Song, Residential Program Manager distributed a sheet entitled "Total Non-electric Resource Benefits 2013-15" which shows a comparison of CLC savings and number of electric accounts with other State Program Administrators. (Attachment B)

M. Downey said negotiations are on-going and great strides have been made to have our goals accepted by the EEAC including favorable rulings received earlier today.

The Board unanimously agreed to support continued negotiations endorsing the option to seek an exemption and to have CLC non-electric savings benefits recognized and included in our 3-year savings goals.

Litigation, Attorney Client Advice and Proprietary Commercial or Financial Information Discussion M. Downey requested the State Inspector General to examine the Cape Light Compact Power Supply contracts in effort to respond to public allegations asserting impropriety on the part of CLC. The OIG chose to go deeper and required submittal of copies of all contracts and financials back to 2005 and are conducting a confidential investigation. This could take a very long time. This does not conflict with CLC's internal audit being performed by Sullivan, Rogers & Company, LLC. The OIG will also look at those audit results. The OIG will only report if there are findings.

At 4:05 p.m. B. Worth moved the Board vote to end Executive Session and adjourn, seconded by P. Fonteccio and voted unanimously in favor by roll call vote.

The next meeting is November 14, 2012 and will include Election of Officers.

Respectfully submitted,
Karen E. Loura
Administrative Assistant
Reviewed by B. R. Worth, Secretary

***Cape Light Compact's
Energy Efficiency Programs
2013-2015***

***CLC Governing Board
October 24, 2012***



PURPOSE OF TODAY'S EXECUTIVE SESSION

- To obtain direction from CLC Board relative to the 2013-2015 Energy Efficiency Plan Term Sheet proposed by Massachusetts Energy Efficiency Advisory Council (EEAC) for Electric Program Administrators (PAs)
 - Background on CLC Energy Efficiency Plan
 - Impacts of the Green Communities Act
 - 2013-2015 Energy Efficiency Plan Term Sheet
 - Discuss how the Proposed Term Sheet would impact CLC



BACKGROUND

- MGL Chapter 164 allows municipal aggregators to administer rate payer funded energy efficiency plans instead of the local distribution company
- CLC coordinates with the MA Department of Energy Resources on its Aggregation Plan
- CLC submits its Energy Efficiency Plan to the MA Department of Public Utilities (DPU)
- DPU approves the CLC Energy Efficiency Plan
- July 2001 – CLC began administering energy efficiency programs on Cape Cod and Martha's Vineyard
- Over time CLC Board has voted unique energy efficiency program incentives that differentiated CLC from other PAs



UNIQUE CLC ENERGY EFFICIENCY POLICIES

All Customers

- All CLC customers, regardless of fuel type, shall be served comprehensively, wherever possible

C&I Customers

- Municipal customers eligible for 100% incentive up to \$150k
- Special incentives for direct install customers
 - 80% vs. 70%
 - Year round tenants 95%
 - Zero % financing through RISE

Residential Customers

- Rebate for dehumidifier and air conditioner turn-ins and ENERGY STAR replacement
- Home Energy Services (HES) Customers with income 60% - 80% of state median served at the 100% incentive level
- Increased HES residential incentive level from \$2,000 to \$4,000
- HES residential tenants are eligible for 100% incentive up to \$4,000



2008 MASSACHUSETTS GREEN COMMUNITIES ACT

- Electric and natural gas resource needs shall first be met through all available energy efficiency and demand reduction resources that are cost effective or less expensive than supply
- Establishes a statewide three-year energy efficiency plan
 - Goal to create consistency in energy efficiency programs across the state
 - CLC 2010-2012 Energy Efficiency Plan includes unique program differences approved by the CLC Board
- Creates the Energy Efficiency Advisory Council – advisory role – DPU approval of Energy Efficiency Plan is required



2013-2015 Energy Efficiency Plan

- CLC staff prepare proposed energy efficiency budgets and savings goals and present to CLC Board in April 2012. Next three-year Energy Efficiency Plan includes CLC unique program offerings.
- CLC submits EE Plan to EEAC
 - April 30 - Draft
 - July 2 - Draft
 - September 19 - Draft
 - As part of its July 2nd and September 19th filing CLC submits supporting documentation on its program costs and energy savings
 - October 31 - FINAL
- CLC staff met with Town Energy Committees and hold four public information sessions on 2013-2015 EE Plan



WHERE WE ARE NOW – THE EEAC TERM SHEET

- EEAC has taken a narrow view of recognizing only kWh savings in the 2013-2015 EE Plan. This is inconsistent with the Green Communities Act – all cost effective directive for energy efficiency programs
- EEAC has set very aggressive kWh goals in the proposed Term Sheet based on climate goals; and wants lower “cost to achieve” savings
- CLC energy efficiency programs, as approved by CLC Board, are fuel blind – meaning CLC energy savings are not just electric, but are oil and propane (Non Electric Benefits) and the EEAC limited view does not recognize CLC’s Non Electric Benefits



Term Sheet Numbers

Sector	MWh Sales	Current Annual Energy Savings (MWH)
Residential	3,119,329	50,733
Low-Income	163,925	4,420
Commercial	2,704,461	62,931
Total	5,987,715	118,085

At 118,085 MWH, the Compact will have a savings of 1.97% over the three years versus the goal of 2.55%.

To achieve 2.55%, the Compact would need to have a total of 152,687 MWH for all three years.



WHERE WE ARE NOW – THE EEAC TERM SHEET

- What does this mean for CLC relative to the 2013-2015 EE Plan?
 - CLC kWh savings are lower than other PAs who have fewer oil and propane customers
 - CLC costs per kWh are higher because
 - we are not given credit for non electric benefits
 - because we pay a higher percentage of measure costs with our higher incentive levels
 - Other PAs' performance incentives (PI) are not included in cost/kWh figures
 - CLC measure mix reflects CLC Board commitment to comprehensive energy audits



EEAC TERM SHEET

- EEAC is proposing that any PA that has established savings targets that are more than 20% lower than the three-year statewide savings goal of 2.55% (CLC three-year savings goal is 1.97%) is required to document in a study during 2013 the penetration of program offerings and remaining cost effective potential for energy efficiency in that PA service territory



EEAC TERM SHEET cont

- CLC staff recommend that the Board reject this language for the following reasons:
 - CLC's variance from the statewide savings goals is not the result of a lack of penetration. Rather, it stems from the EEAC's recognition of kWh savings and its exclusion of savings from oil and propane, as required by the Green Communities Act
 - Achieving the statewide savings goals will require CLC to overturn its existing energy efficiency policies and focus on kWh savings and conceivably lower our incentives to municipalities and other customers
 - Penetration Studies are very costly and this type of evaluation study would be best done by all PA's for the 2016 -2018 EE Plan



CLC OPTIONS

- Option 1- request CLC be exempt from meeting the statewide three-years savings goals. This is consistent with municipal aggregation statute and Green Communities Act, which support a variance in municipal aggregator's savings goals and budgets
- Option 2 – accept the language on Penetration Studies, but request the Penetration Studies be done on a statewide basis with scope developed and costs shared amongst all PA's
- Option 3 – accept the Term Sheet and overturn of all CLC-specific policies on slide #4, and file revised 2013-2015 EE Plan together consistent with other PA's
- Option 4 – do not execute Term Sheet and file CLC 2013-2015 EE Plan that may not have express EEAC support



What Option 3 Requires

For our C&I Customers

- *No oil and propane measures*
- *No municipal LED parking lot lights*
- *No increased incentives for renters*
- *No zero interest financing through RISE*
- *Possibly Some Municipal copay*

For our Residential Customers

- *Reduce enhanced incentives (rental)*
- *Do not serve oil and propane for multi-family*
- *Focus on CFLs only (no LEDs)*

For our Low Income Customers

- *No oil and propane measures for multi-family*
- *Not everyone will get weatherization*
- *No LEDs and all funds into CFLs (may not be achievable)*



BUDGET IMPLICATIONS

- Filing a CLC EE Plan without EEAC support may cause an increase in litigation costs of about \$15,000
- All costs associated with filing the CLC EE Plan are budgeted to the energy efficiency program

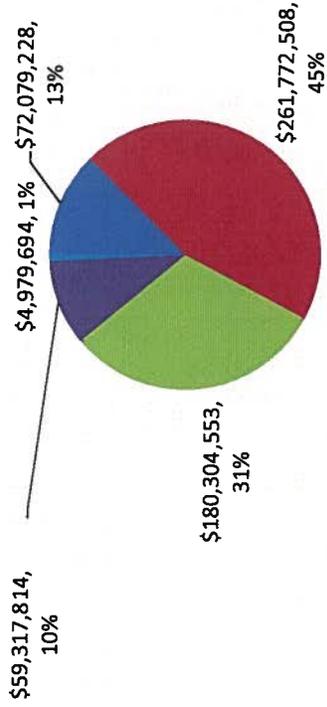


Attachment B

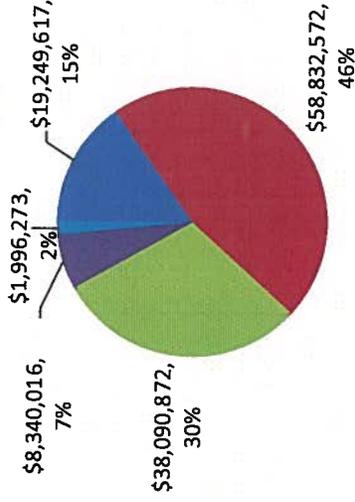
Total Non-Electric Resource Benefits, 2013-2015

	CLC	NGRID	NSTAR	WMECO	UNITIL	Residential	Commercial	Total
Residential	\$72,079,228	\$261,772,508	\$180,304,553	\$59,317,814	\$4,979,694	175394	27027	202421
Low-Income	\$19,249,617	\$58,832,572	\$38,090,872	\$8,340,016	\$1,996,273	1110226	174967	1285193
Commercial & Industrial	-\$77,707	-\$26,908,145	-\$321,514,504	-\$14,816,580	\$0	804527	136885	941412
Total	\$91,251,138	\$293,696,935		\$52,841,250	\$6,975,967	187620	21954	209574
						24344	4123	28467

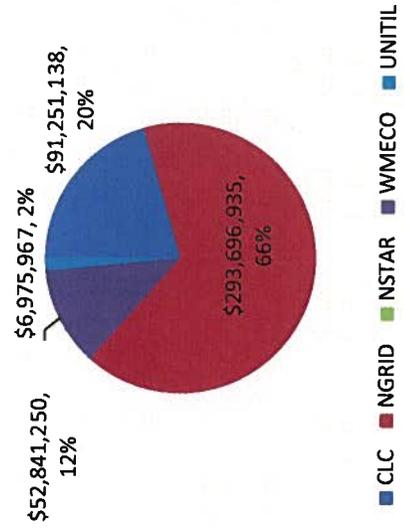
Residential



Low-Income



Total



2011 Residential Accounts

