

Clean Energy Commission Meeting Notes 2/26/15
(Approved at the meeting of 3/26/15)

Members present: Candace Wheeler, Tom Kiely, Linda Brayton, Linda Stout-Saunders. Tom Balf and Sam Cleaves arrived late. **Staff:** Matt Coogan **Guests:** Suzanne Snyder and Christine Andrews, Next Step Living **Public:** Paul Johnson, Mike Salmon

The meeting was called to order by Candace Wheeler at 7:35 p.m. at Pond Rd. City Hall Annex, 2nd floor conference room. The minutes for the 12/10/14 meeting were unanimously approved as amended.

Public comment: Paul Johnson and Michael Salmon came to the meeting to express their concerns about the City's potential local collaboration/Memorandum of Understanding (MOU) that is under discussion with Next Step Living (NSL).

Paul Johnson, the owner/operator of a local business called Greentek, began by stating some of his background and credentials. This included certification as a Mass Save/National Grid Participating Installation and Home Performance Contractor who has done "hundreds of audits for Mass Save customers and others." He is also an appointed member (representing small businesses) on the 15 member MA Energy Efficiency Advisory Council which oversees the State's 3-year energy efficiency plan.

Paul stated that the proposed collaboration between the City and NSL creates the impression that only NSL offers free energy audits. In fact, Mass-Save subsidizes energy audits done by any Mass-Save certified contractor, not just NSL. The Mass-Save subsidies for both audits and up to 75% of energy saving measures are actually paid for by the utility rate payers through their monthly electric bills, so the audits/rebates are not really free.

Paul said that "contractors are complaining" about NSL because their businesses are being hurt; that this is unfair competition; and that the City, through an MOU, would be giving NSL an unfair advantage by "endorsing" them. He expressed his opinion that some of the practices being used are "misleading, unfair and possibly illegal." He also said that NSL "sells a lot of stuff", that they lost \$3M on doing energy audits, but they "get their foot in the door." He added that "they don't make their money on insulation" and he questioned the quality of the energy efficiency work being done through NSL. Paul claims that NSL pushes customers to install "mini-split" heat pumps which are not appropriate technology for New England conditions, when in fact insulation installation has the fastest energy use reduction payback. (Suzanne from NSL stated that NSL always recommends insulation work be done first). Paul also said that NSL is too aggressive.

He stated his opinion that there is no need for an MOU in any case since Mass Save and NSL "would be doing what they are doing anyway."

Mike Salmon of Cape Energy Solutions, which is a Residential Services Network (RESNET) certified Home Energy Rating System (HERS) rater and a Mass Save Participating Installation Contractor, did a presentation some years back on energy efficiency that was sponsored by the predecessor of the Clean Energy Commission (CEC), the Gloucester Renewable Energy Committee. Linda B. recalled that it was very successful. He said that a main concern for him is that there is "no firewall" between the energy auditor who recommends the work to be done and the contractors who do the installation job, creating a potential conflict of interest. Whoever is the "gate-keeper" for the Mass-Save rebates has much influence over the customer. He said that NSL is aggressively promoting energy audits and also their energy efficiency work through their approved contractors.

Under the proposed agreement, the City would, through NSL, be promoting energy audits for Mass Save, which is a non-profit that also does inspections and quality control. Mike said there are two ways a customer can get energy audits and efficiency work done: 1) through The Conservation Services Group (CSG) which has some 60 approved energy auditors. Mass Save and NSL are in this category; 2) by hiring a Home Performance Contractor directly from the industry (not through CSG) who would sub out the work to a contractor like Mike. Ultimately NSL and other

energy contractors like Paul and Mike are all “working from the same playbook,” (and have access to the same Mass-Save subsidies and rebates).

Although a major concern Paul emphasized was that contractors’ businesses is being hurt by NSL, Mike mentioned later that his own business is doing very well. He has done over 600 weatherization projects through the Mass-Save system.

Outreach to Residents/Businesses: Katie Kidwell, from Mass Energy, was unable to attend, but Suzanne Snyder, NSL municipal partnership representative, continued the discussion with CEC of a possible local collaboration/ MOU to encourage energy audits and purchasing renewable energy for homes and businesses.

Suzanne referred to the menu on the NSL website as a way to access reports on NSL’s results. She said too that the utility company pays up to 75% of the cost of energy efficiency project installations up to \$2K. Through Mass Save a customer can choose from a list of National Grid approved vendors, including NSL and any approved local companies.

She reminded everyone that an MOU is not exclusive and that others can approach the City to request their own MOU too. This MOU with NSL would simply signify that the City is behind NSL’s outreach efforts. It is not an endorsement of one company. However, Paul Johnson said that he thought that even if it is not, it gave that appearance. Suzanne referred to the messaging to be used as “co-branding.” NSL has a goal of about 5-10% of homes that have audits would follow through and have energy efficiency measures implemented by NSL. The end goal is for as many people to have energy audits and energy efficiency work done on their properties as possible.

Linda Saunders did research online relative to the proposed MOU document, including how it compares to those of other cities and towns. (She was unable to attend the last CEC meeting (12/10/14), but she had made some additional comments and recommendations after that time which she circulated.) She said that there is a disclaimer on the MOUs that NSL has with other cities and towns that says that the MOU is not exclusive one. Mass Save lists approved vendors and HERS raters on their website.

Since Paul had contacted several members ahead of the meeting about his attending and his point of view, Linda Saunders had also looked up his firm online. She noted that his firm is listed as "Greentek" but she was unable to find it. Linda also said that although Paul states that his is one of the few companies with full certifications she couldn’t find Greentek on the “Mass Save/National Grid Participating Installation and Home Performance Contractors lists updated as of 1/22/15.” She had that list with her. Paul could offer no explanation for this.

Paul said again that that there is no need for an MOU. He said that local contractors could go to Farmers Markets, etc. and that CEC members could write newspaper articles, hold events, and do other outreach, rather than collaborating with NSL.

Tom Kiely emphasized that the CEC’s goal is getting information out to the public about energy audits and the opportunity for saving both money and carbon emissions through efficiency projects. He noted that NSL had proactively come to the CEC with a proposal to help further this goal, and that they were willing to invest in it. Tom asked Paul to offer his own ideas about other ways to accomplish the level of marketing that NSL could do.

Matt said that there are not enough people in Community Development or on CEC to do the work on the scale that NSL does. NSL also has the budget for outreach.

Tom Balf also stressed that NSL does outreach on a large scale (as part of its mission.) He recalled how much work just putting on one energy fair was in the past. Linda B. agreed, and summed up that CEC has already decided it cannot do outreach on a large scale on its own.

Suzanne said that there is a possibility of listing other certified professionals on Gloucester's proposed NSL "Landing Page." Winchester, for example, is already doing this. This could be a good way to address some of the concerns re: competition with local contractors.

In answer to Paul's questioning the legality of a "contract" with NSL and his idea that an RFP is needed, members emphasized that there is no contract involved and no money is exchanged. Anyone, including Paul, can present a proposal to the city and request that another MOU be considered. He did not have any specific proposal ideas at this time. He was mainly concerned about losing business.

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Candace questioned whether local contractors might work together and with NSL somehow. Linda S. said that they were in competition. Paul reiterated that NSL does energy audits, and also sells energy efficiency services. He sees this as a conflict. Candace asked whether local Mass-Save certified contractors could join NSL's group of affiliated contractors. Suzanne indicated that any contractor could apply to work with NSL, which has rigorous standards. Mike S. pointed out that contractors would make less money if they worked with NSL since NSL acts as a general contractor and gets 20% of project cost. NSL is a private business, not a non-profit. Paul said NSL didn't have to be paid, that they were doing the work anyway. Linda B. commented that if NSL found all the work and provided all the materials, then why should they work for free to promote other businesses.

Matt said that NSL and others promote Mass Save, which is under- utilized. Suzanne said everyone has the same goal – to promote more energy audits.

Sam said that NSL would do the "heavy lifting" re: promoting energy audits and energy efficiency. He added that what CEC wants is the promotion of audits. It is *not* for CEC to decide who gets business and who does not, but rather to see that outreach is done as effectively as possible in Gloucester. If Paul has a proposal for doing audit promotion on a large scale, he can present it to the City too.

Suzanne stressed that the MOU is open-ended, non-binding and non-exclusive. She noted that both Winchester and New Bedford are working with NSL, and have put links on their City websites to many local contractors as well as NSL. Gloucester could do this too.

Matt explained that the City has a new administration and also new legal counsel, and the draft MOU will need to be reviewed again. No particular problems are anticipated. He also noted that it may not be possible to piggyback NSL marketing information on a City mailer. Suzanne and Linda S. will go over the MOU changes Linda S. suggested.

Candace summarized the CEC's intent to promote energy audits with the quote, "A rising tide lifts all boats." If Gloucester has an agreement with NSL that will increase the number of energy audits and the amount of energy conservation measures on homes, then all will benefit including local contractors who get new business as a result of the outreach.

Votes were taken on two possible paths forward: 1) to work on a collaborative approach with several contractors at once (voted down 4-2) and 2) Continue with developing a possible MOU with NSL and make CEC's position clear, that we welcome any other open-ended MOU proposals too (voted 4-2 in favor.)

CEC and Suzanne also reviewed the legal process and the vetting process that NSL uses for their contractors. No one could see how they could improve on their "due diligence." As for complaints, they follow up on every one, and their ratings from customers are all consistently 90% and higher. Also, Suzanne said that there is a court action against online business rating service "Yelp!" where there were a number of nasty complaints against NSL.

The charge is that “Yelp!” uses filters on their site that ensure that those who buy advertising and have any positive ratings rise to the top of the list.

Tom B. asked about keeping track of the number of housing units weatherized relative to a selected baseline in the past year. Suzanne said that this could be done and that 5% would be a good goal, or 500 out of about 12,000 housing units in Gloucester.

Members agreed that at the next CEC meeting a vote might be taken to recommend that the administration consider the draft MOU. A later collaboration with Mass Energy and Mass Save on other opportunities should be considered at the meeting too. Suzanne said there is so much demand for investing in Solar Farms right now that this possibility should be revisited in about 6 months.

Update on streetlights: The Green Communities grant request is due 3/20/15, Matt reported. Funding is being requested for conversion to LED streetlights. Siemens will be the contractor for the City. This is a \$1M project that will add \$600 to the City’s electric bill each month under a lease purchase agreement based on the new LED light “tariff” rates. There is about a 7 year payback and a 10 year warrantee.

Other agenda items: Due to the lateness of the hour, all other agenda items were postponed.

Action Items:

- Continue reviewing draft Memorandum of Understanding (MOU) between the City of Gloucester and NSL - Linda S. and others
- Develop a solar plan and explore options for solar farm siting -Matt, CEC
- Complete final draft of CEC Annual Reports to present to City officials - Tom K. and Matt
- Continue website updates and other outreach venues - Tom K, Candace, Linda B. and Matt
- Strategic Plan draft (on-going) - Tom B.
- Obtain maps for possible gas-line extensions (on-going) - John M.

The meeting was adjourned at 9:30 p.m. The next meeting is scheduled for Thursday 3/26/15 at 7:30 p.m. in the Pond Rd. Annex Conference Room.

Respectfully submitted,

Linda Brayton