

Board Business Planning Workshop Webinar



DATE: December 3, 2018

TIME: 10:00 pm – 5:00 pm (PST)

LOCATION: NEEA Office, Cedar Conference Room

INVITEES: NEEA Board of Directors, Facilitator Julie Ryan, and NEEA Staff: Susan Stratton, Jeremy Litow, Julia Harper, Susan Hermet, Jeff Harris, Becca Yates and Jane Waian

Webinar link: <http://neea.adobeconnect.com/boardworkshopandmeetingq32018/>

To participate via teleconference: 866-398-2885 dial in; 262 063 5884 participant code

Desired Outcomes for the Meeting

1. Consensus on modifications to the Strategic and Business Plans based on regional outreach
2. Decision on Guiding Principles for Downstream Marketing Activities for inclusion in the Business Plan
3. Confirm level of support for the Business Plan

AGENDA

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10:00 - 10:05	<ul style="list-style-type: none">• Welcome• Invitation for Public Comment• Approve minutes from Sept. 12th Workshop	Andrew Grassell	4
10:05 - 10:10	Agenda Review	Larry Blaufus	

10:10 –10:20	Schedule and Logistics	Susan Stratton	
10:20 –11:30	<p>Regional Outreach and Recommended Updates to the Draft Business Plan Content</p> <ul style="list-style-type: none"> • Staff presentation • Review key theme outreach memo <p>Outcome: <i>Understanding of outreach themes, committee recommendations, alignment on agreed changes.</i></p>	Susan Stratton and Becca Yates	9
11:30-12:00	Lunch		
12:00 – 1:30	<p>RPAC+ Guiding Principles for Downstream Marketing Activities</p> <ul style="list-style-type: none"> • Context overview • Review solution • Board discussion <p>Outcome: <i>Approval of solution to include in Business Plan appendix about marketing coordination</i></p>	Larry Blaufus and Jeremy Litow	13
1:30-2:00	Break		
2:00-4:15	RPAC+ Downstream Marketing Coordination (Continued)		

4:15-4:30	Support for the Business Plan Outcome: <i>Understand level of support for Business Plan among Board members</i>	Julie Ryan	
4:30 – 5:00	Wrap Up & Next Steps <ul style="list-style-type: none"> • Invitation for Public Comment • Closing comments • Action items arising from today's discussion Outcome: <i>Summary of what has been accomplished in the meeting.</i>	Andrew Grassell Larry Blaufus Becca Yates	

Pre-reading:

1. Minutes from September 12th Board Workshop
2. *Memo*: Key changes between 4th and 5th Business Plan Drafts
3. *Memo*: Overview of Downstream Marketing Guidelines

Reference reading (attached but not included in the packet):

1. *Memo*: Key Themes from 2020-24 Draft Business and Strategic Plan Outreach Activities
2. Draft 5 Strategic and Business Plan
3. Draft 5 Redlined Business Plan



Minutes

NEEA Board Business Planning Workshop

September 12, 2018

The Grove Hotel, Boise, Idaho

Member Attendance:

In person: Dan Johnson, Larry Blaufus, Michael Colgrove, Cory Scott, George Pohndorf, Steve Bicker, Scott Pugrud, Bonnie Rouse, Jason Eisdorfer, Ben Otto, Andrew Grassell, Deb Young, Kim Thompson, Scott Coe

By phone: Tom Karier

Alternates: Craig Smith for Jim Baggs; Pete Pengilly for Theresa Drake

Absent: Jim Baggs, Theresa Drake, Bob Stolarski

NEEA Staff:

In person: Susan Stratton, Jeremy Litow, Julia Harper, Jeff Harris, Susan Hermetet, Becky Walker, Becca Yates, Jane Waian

Guests:

Brent Barclay, Bonneville Power Administration; Amy Wheelless, NW Energy Coalition; Jennifer Snyder, Washington Utilities and Transportation Commission (phone); Katie Pegan, Idaho Governor's Office; Julie Ryan, facilitator

Welcome and Public Comment

Andrew Grassell opened the meeting at 10:00 am with a quorum present.

Grassell turned the Workshop over to Larry Blaufus, Chair of the Ad Hoc Business Planning Committee Meeting. Blaufus asked Board Members to be forthcoming with questions during the Workshop and said that trust is important to build between the alliance, Board Members and staff.

Amy Wheelless from the NW Energy Coalition said she has been following the process closely and the Board has put in a lot of effort during the Business Planning process. She said that the world of energy savings is becoming more complex and she is concerned that the financial support of NEEA is waning. She added that NEEA is the force that keeps the pipeline filled and puts energy savings on the table for future years.

There were no additional public comments.

Agenda Review

Blaufus reviewed the agenda and said the purpose of this Workshop is to gain alignment on what's included in the draft Business Plan and to agree on the public outreach timing and strategy and define the next steps on the marketing discussion.

Updates from the August 21, 2018 Board Business Planning Workshop

Julie Ryan, facilitator provided a recap of the August 21, 2018 Board Business Planning Workshop. She said the three marketing proposals submitted had a lot of similarities with regards to strategy, developing modularity, messaging, timing and accountability. Blaufus reviewed the timeline for the remainder of the year and the five suggestions from the Regional Portfolio Advisory Committee (RPAC) with regards to marketing. In summary, he said that RPAC reached consensus that the marketing issues can be solved by improving existing forums and accountability and by getting the right people at the table. He said that RPAC agreed that working group and advisory committee meetings can be streamlined leading to an approximate 25% reduction in the Cycle 6 budget. Additionally, he said that RPAC recommended to create a task force to evaluate the current marketing process and to develop detailed recommendations to present to the Board.

There were no additional Board decisions or actions.

Ad Hoc Natural Gas Committee Meeting Update

Becky Walker, NEEA staff, provided an update from the last Ad Hoc Natural Gas Committee Meeting. She said the Committee discussed marketing, governance issues and the draft Strategic and Business Plans. Walker said the Committee also discussed the budget changes on the electric side and how those changes would impact the Natural Gas budget.

There were no additional Board decisions or actions.

Ad Hoc Business Planning Committee Meeting Update

Ryan reviewed the flow chart that outlined the process and meeting dates through the end of the year and Blaufus provided a summary from the last Business Planning Committee Meeting. Blaufus said the Committee decided to present a budget number of \$155.7M for today's Workshop, which includes incorporating previous recommendations from the Board and the Business Planning Committee. He added that some of the activities in the \$164M can be discussed later in the meeting.

There were no additional Board decisions or actions.

2020-2024 Draft Business Plan Budget Discussion

Blaufus said the Business Planning Committee felt it would be confusing to present two budget levels and therefore, decided to present the \$155.7M budget to the Board for further deliberation and if there is additional funding available, the Board can decide what to add back into the draft budget.

The Board discussed the budget limitations. Kim Thompson, Board Member from the Bonneville Power Administration said they were able to identify additional funds that can be used for energy efficiency and Litow confirmed this would increase the budget to the \$159.4M range. Litow explained how this would affect other funder contributions.

The Board agreed to support the budget of \$159.4M and discussed what items to add back into the budget from the list provided by staff.

After robust discussion, the Board agreed to add \$2M to the new initiative budget and \$1.6M to stock assessments broadly.

Action: Send the Board the breakdown of advisory committee costs that BJ used as part of his RPAC funder coordination streamlining conversation

Action: Send RPAC the memo that was sent to the Board summarizing the RPAC conversation of streamlining the funder coordination process

Action: Add language to the Business Plan that reflects the spirit of the marketing conversation and proposed coordination process

Action: Use "potentially funded optional activities" to describe optional items in the Business Plan

There were no additional Board decisions or actions.

Proposed Metrics for 2020-2024 Draft Business Plan

Susan Stratton, NEEA staff reviewed the proposed metrics for 2020 – 2024. The Board had questions on several of the new metrics and agreed that it's important to find new ways to define and quantify NEEA's benefit to the region. The Board agreed for NEEA staff to revisit the proposed metrics, clarifying some and combining others as discussed. The Board discussed that it is becoming harder to quantify NEEA's value and it may be time to put on paper the services that funders can't do ourselves but that are of value for the region. These different metrics give us the potential to look at new ways to value NEEA.

The Board asked for staff to separate metrics into goals and targets and ones that fall under monitoring. Staff will reorganize the metrics and also ensure that the definitions are clear.

The Board asked about developing a target for levelized cost and staff said they will relook to see what it can find on benefit cost ratio/levelized cost. The Board also had a question on the administrative budget management. Staff explained that the target is 18% administrative costs and this is lower than other nonprofit organizations. Staff said they will look for comparable organizations since NEEA does not have fund raising costs similar to other nonprofits.

There were no additional Board decisions or actions.

Downstream Retail Customer Marketing

Blaufus said that the Regional Portfolio Advisory Committee (RPAC) weighed in on marketing and the previous ideas generated during the August 21, 2018 Board Workshop. He said the Business Planning Committee supports the RPAC recommendations and opened the floor for Board discussion.

Board Members discussed their individual positions, agreed that the goal is to reach customers and that how that gets done is what is being debated. Julia Harper, NEEA staff said that downstream customer marketing represents approximately 15% of the marketing budget and includes creative, strategy and delivery.

Blaufus recommended the following solution:

All downstream marketing creative and execution costs are in the core Business Plan budget.

Annually NEEA staff will put a marketing plan together as part of the annual Operations budget and downstream marketing activities/ campaigns will be flagged.

Funders can opt out of these downstream marketing activities/ campaigns and costs for execution at the time the Operations Plan is presented to the RPAC. If a funder opts out the execution costs for their funder share (based on the funding formula) will be adjusted or true up for that year. Funders cannot opt out of creative costs.

When the annual Operations Plan is then presented to the Board for approval the opt outs will be noted and the funding credits or true ups noted.

It will be important to create clear guiding principles, including product/ service technical issues, in the Business Plan for opting out of downstream marketing activities/ campaigns that come up midyear of the current Operations Plan and utilize RPAC as an escalation point as necessary.

The devil will be in the details however this recommendation keeps decision making for opt outs or participation in individual downstream marketing activities/ campaigns for downstream on an annualized basis for funder flexibility, especially in a changing market. It also accounts for timing issues for products/ services in different parts of the NW region. Finally, funders are not funding the execution of downstream marketing plans that either they can execute at less cost or campaigns they do not want implemented for technical reasons.

The Board discussed Blaufus' proposal and agreed to it in principle. The Board agreed for RPAC to establish a subcommittee, inviting others with marketing and program expertise to participate. This subcommittee will work on the details and will present the proposal to the Board at the December Meeting for consideration, modification and approval.

The Board agreed to proceed with the Business Plan while the downstream marketing details are developed.

Action: Develop a workplan on how to get to a place of resolution on the downstream marketing process

There were no additional Board decisions or actions.

Updates to the Draft Business Plan Content

Becca Yates, NEEA staff, reviewed the most significant changes to the draft Business Plan, including the integration of Natural Gas. The Board agreed for the Business Planning Committee to review the revised Business Plan before it goes out for public outreach.

There were no additional Board decisions or actions.

Public Outreach

Litow reviewed the plan for public outreach and the list of contacts. The Board had several additions to the list and asked for staff to create one list of contacts, eliminating the tiered approach. The Board requested for staff to meet in person in Montana and Idaho.

The Board agreed that the draft Business Plan is not a revision of the current plan, but rather a fresh start. As a result, they asked for staff to revise the cover letter to explain that the Board took a strategic, fresh look at the region and built a vision and budget from that fresh look.

Action: Conduct an in-person Montana and Idaho events versus doing 1:1 outreach

Action: Rework the Cover letter with more nuance around the strategic decisions and operationalizing the strategic plan. Describe what it is and not what it isn't:

Action: Work with the BPC to identify what key questions the region should focus on in the Business Planning cover letter

There were no additional Board decisions or actions.

Wrap Up

The Board confirmed there is consensus to make modifications to the draft Business Plan and execute the outreach process. The Ad Hoc Business Planning Committee will review the revised draft Business Plan and outreach letter before staff proceeds.

Blaufus said the Board works well when it needs to make decisions and he thanked Board members for their thoughtful and engaged participation. He said outreach will be from September 24th through October 19th with regional webinars on October 4th and 10th. He said that staff will add Montana and Idaho in person presentations. The Business Planning Committee will review the public input on October 29th and the Board will review the input on November 14th. He said the plan is for the Board to approve the Strategic Plan and Business Plan on December 4th.

Public Comment

Jennifer Snyder from the Washington Utilities and Transportation Commission congratulated the Board on all of the work accomplished. She expressed caution regarding some of the optics and said it was important not to spin too positively and appear to be hiding any of the difficult choices.

Amy Wheelless of the NW Energy Coalition said when communicating about the draft Business Plan, the information should acknowledge the budget number is still squishy. She also encouraged the Board to be clear about the energy savings that are still on the table. For outreach, she agreed with Snyder's comments about optics and said that optionality and modules make her a little nervous.

Adjourn

Andrew Grassell adjourned the Board Workshop at 5:00 pm.

Memorandum



DATE: November 20, 2018

TO: NEEA Board of Directors

FROM: NEEA Staff

SUBJECT: Key Changes Between Fourth and Fifth 2020-2024 Business Plan Drafts

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This memo identifies key changes to the Draft 5 Business Plan in this packet, based on regional input from outreach activities. Page numbers align with those in the redlined Draft 5 version.

Key Changes to Note Between Drafts 4 and 5 of NEEA's 2020-2024 Business Plan:

New Content:

1. A new appendix was added entitled Appendix 9: "Guiding Principles Downstream Marketing Activities" from the Regional Portfolio Advisory Committee (RPAC)'s proposal. (pp. 113-115)
2. A supplemental document will be posted along with the Plans that includes a summary of regional outreach activities, as well as key themes and Board disposition of the input. **(Please see pp. 3-5 of this memo for a draft of this supplemental outreach document.)**

Deletions:

1. The outreach cover memo was removed from the document, as it is no longer relevant.
2. Appendix 1 from the Strategic Plan was deleted and incorporated into the Summary of Regional Outreach on NEEA's 2020-2024 Strategic and Business Plan document, included in this memo.

Content Changes and Formatting:

1. Key updated content includes:
 - a. Grammatical changes and language clarifications were made for consistency and accuracy. (Throughout)
 - b. A new Figure 11 was added in the Natural Gas Strategy 2: Effective Portfolio Execution section to include Enabling Infrastructure content that applies to natural gas program work (pp. 42). All figures that come after this placement have been renumbered accordingly.
 - c. The Initiative Lifecycle graphic has been updated in Operations Efficiency section, to use plainer language to describe program stage gates. (p.52)
 - d. Language was added to the Executive Summary section to:
 - define long-term versus short-term product development emphasis;
 - reinforce the role of annual operations planning in providing flexibility;
 - describe impacts on overall savings anticipated in Cycle 6 for both electric and natural gas work; and
 - highlight the importance of regional equity to the portfolio. (pp. 4-8)
2. The Key Terms were updated to add definitions of Special Projects, Core Funding, Downstream Marketing and additional key terms from RPAC proposal. (pp. 116-119)

3. “Emerging Business Opportunities: Special Funding Section” was renamed to “Business Opportunities Beyond the Plan: Special Projects” and content was updated in the section accordingly. (*p. 66*)
4. “Optional Market Transformation Activities” was renamed to “Budgeted Special Projects” including Multi-Family Dwelling Stock Assessment, Strategic Energy Management and Industrial Technical Training Enabling Infrastructure. (*Throughout*)
5. References to Appendix 9 “Guiding Principles for Downstream Marketing Activities” were made throughout the document, including in the Electric Portfolio (pp. 21), in the Operations Efficiency section (pp. 51), Appendix 3 “Alliance Marketing” (pp. 88) and Appendix 4 “NEEA Branding” (91) to refer to Appendix 9 “Guiding Principles for Downstream Marketing Activities.” (*pp. 87-94*)

See the following pages for the Draft Summary of Regional Outreach on NEEA’s 2020-2024 Strategic and Business Plans.

Summary of Regional Outreach on NEEA’s 2020-2024 Strategic and Business Plans

Summary of 2017 Strategic Plan Outreach Activities

As part of NEEA’s strategic planning process, NEEA’s Board and NEEA staff conducted broad outreach to regional stakeholders, including more than **sixty interviews** with individual stakeholders. The focus of the outreach was to gather perspectives to assist NEEA’s understanding of the current and future environment and identify trends and issues that could potentially impact NEEA and its stakeholders. The following groups provided input as part of an in-person interview: Funders (electric and gas), state public utility commissions, state offices, NGOs, trade associations, manufacturers, retailers and distributors. In addition, an online survey, open to any stakeholder, resulted in **41 completed surveys**, with more than **200 views** of situational assessment papers the NEEA Board engaged with NEEA staff to create. This input helped inform the development of the Draft Strategic Direction Document in 2017.

In December 2017/January 2018 SPC members and NEEA staff again conducted broad outreach to regional stakeholders. The document and related survey hosted on Conduit generated **672 views** and **444 downloads**. Additionally, the Board hosted a webinar for Bonneville Power Administration customers as well as a call with the Washington Utilities and Transportation Commission staff.

Summary of 2018 Outreach Activities

NEEA’s Board and staff conducted regional outreach for input on the Draft 2020-2024 Business and Strategic Plans that included email outreach, in-person public meetings and regional webinars. In addition to five public workshops held over the course of the year, the Strategic and Business Plans were shared with the region for public comment via Conduit from June – October 2018.

Respondents were contacted via email, Conduit and NEEA newsletters, to review the Plans and participate in two regional webinars and eleven in-person presentations coordinated by NEEA Board members and staff. Results include:

- The Draft Strategic Plan was posted for a public comment period, running from June 28-August 31, and remained posted through October 19. The Draft Business Plan was posted for public comment from September 25-October 19.

- Approximately **5,600 stakeholders** were directed to the Plans via Conduit, email, and the BPA and NEEA newsletters.
- The Strategic Plan received **613 views, 248 downloads, and four completed feedback forms** from Northwest Requirement Utilities (NRU), the Northwest Public Power Association (NWPPA), the Northwest Energy Efficiency Council (NEEC), and the Northwest Energy Coalition (NVEC) within the comment period.
- The Business Plan received **657 views, 226 downloads, and nine completed feedback forms** within the comment period.
- In-person presentations were made to approximately **334 stakeholders**, through meetings held at the Washington Utility and Transportation Commission (WUTC), the Oregon Public Utility Commission (Oregon PUC), the Northwest Power and Conservation Council (Council), and the Pacific Northwest Utilities Conference Committee (PNUCC), among others.

This outreach mirrors the target audiences and activities conducted in March and October of 2017 for initial feedback on the draft Strategic Plan, which included email outreach and in-person meetings around the region with Board members and NEEA staff, and an online survey via Conduit on the Strategic Direction.

The Board has reviewed and considered the input from all stakeholders who participated in these activities within the outreach period, and those responses are characterized below.

Key Themes of Outreach Feedback

Much of the feedback during regional outreach on the Plans were questions and clarifications around how core and special projects funding is structured, and the reasons behind discontinuing Conduit (along with feedback both for and against discontinuing the platform). There was support for integrating natural gas and electric work and for getting alignment on downstream marketing. There was some concern expressed about the delayed timing of the stock assessments. The most common concern expressed was whether the proposed 2020-2024 budget was sufficient to attain enough savings through cost-effective energy efficiency for the future of the region.

Feedback Themes	Board Resolution of Feedback
Consider Discontinuing Aspects of Conduit Online Community	During tradeoff discussions related to budget, NEEA's Board prioritized activities that produced savings and/or concretely moved Market Transformation forward. Conduit's core functions may be provided in alternate ways. In 2019, NEEA staff will look at ways to support that transition.
Ensure Adequate Budget to Secure Regional Energy Savings	In creating the 2020-2024 budget, the Board started with a fresh, bottoms-up look across the full range of alliance activities, to determine the right mix of activities to balance needs across the region. Due to the long-term nature of the alliance's work, previous investments are phasing out while new programs are forecasted to phase in at a slower rate.
Review Timing and Scope of Regional Stock Assessments	Though originally removed from the 2020- 2024 budget, the Commercial Building Stock Assessment was added back in to the Business Plan due to strong funder support, but is intended to be completed in the 2025-2029 cycle. The Residential Building Stock Assessment will also be conducted in the 2020-2024 Business Plan, but will be streamlined to focus on single-family dwellings, due to budget limitations. Funders will have the opportunity to participate in a Multi-family Stock Assessment Special Project for the first time in 2020- 2024.

Feedback Themes	Board Resolution of Feedback
	This will also be the first cycle that gas funding supports the stock assessments.
Include Extra-Regional Partnerships and Funding in Alliance Work	The alliance works extra-regionally to leverage its efforts and has a process in place for NEEA's Board to determine extra-regional funding and participation in special projects. A current example of this type of work is End Use Load Research, which is funded by partners in the region, as well as special funding from Department of Energy. That project is part of NEEA's work, but is not part of the core, regionally funded work outlined in the Business Plan. These additional funding opportunities may emerge at any time. Any special project should fit NEEA's purpose to provide benefits to Northwest customers.
Address Locational and Demand-Based Activities	Many of the technologies that generate energy efficiency—NEEA's first priority—have a secondary ability to control or modify the demand that these devices place on the system. If properly configured and connected, these technologies can provide both energy and capacity in support of the needs of the Northwest electric power system. NEEA will provide additive value to existing energy efficiency-focused market transformation by: <ol style="list-style-type: none"> 1. Working with market actors to make the necessary changes to enable efficient products to be capable of being exercised as flexible demand resources, and 2. Working with standard setting organizations, utilities and manufacturers to move toward common technical specifications that the industry can adopt, resulting in economies of scale and further reductions in the incremental cost of this capability.
Explain Role of Boundary Conditions	The Boundary Conditions are intended to alleviate confusion about roles and responsibilities between alliance staff and funder staff in collaborating on programs. Boundary Conditions also help assure clear roles and accountabilities for the: <ol style="list-style-type: none"> 1. Board in strategy and policy; 2. Staff in operational execution; and 3. Advisors in technical and analytic guidance.
Integrate Natural Gas and Electric Market Transformation Activities	Based on funder interest and support, NEEA's Board has integrated alliance natural gas and electric market transformation activities into a shared Strategic Plan and Business Plan for 2020- 2024. In addition, the Board now has representatives from two natural gas funders, and plans are underway to incorporate natural gas funding and activities into the existing Next Step Homes program in 2019.

Feedback Themes	Board Resolution of Feedback
Align on Downstream Marketing Activities	NEEA's Board tasked the Regional Portfolio Advisory Committee and regional marketing experts with creating a set of guiding principles on how the alliance will conduct downstream marketing activities in 2020-2024. These guiding principles address a dual objective: funder concerns around marketing to customers and the ongoing effectiveness of regional market transformation work. The principles are included in the Business Plan, to ensure transparency, adequate time for deliberation, coordination in the planning process, and the ability to assess the effectiveness of the alliance's evolving regional downstream marketing work.
Account for Regional Equity	The Board uses regional equity as a key criterion for the alliance portfolio, both in its current work and in the 2020 – 2024 Business Plan.

In summary, NEEA's Board and staff thank all those stakeholders who participated in an event or provided comments over the course of the strategic and business planning process.

Memorandum

DATE: November 20, 2018

TO: NEEA Board of Directors

FROM: Larry Blaufus, Senior Manager, Large Industrial Customers/Conservation Planning at Clark Public Utilities
NEEA staff: Jeremy Litow, COO and Julia Harper, Director Market Strategy and Execution

SUBJECT: Overview of Downstream Marketing Guidelines



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Our Ask: In preparation for the December 3, 2018 Board workshop, please review the Downstream Marketing Guidelines (Guidelines), including the definitions for self-delivery and exemption. The Guidelines and definitions are incorporated at the end of this memo and included in the Business Plan in Appendix 9 and in the Key Terms.

Intention of this document

The purpose of this memo is to prepare the Board for an efficient discussion and resolution on the matter of alliance downstream marketing activities. As this matter is complex, the context of the process and a summary of the key topics is presented below to inform the Board's discussion.

Acknowledgements

At the request of the NEEA Board of Directors, the RPAC+¹ convened on a weekly basis for over a month to develop Guidelines for effective collaboration on downstream marketing activities. This was an extraordinary all-in effort by participants who, diligently and with great discipline, hammered out a consensus recommendation to the BPC on most elements of the Guidelines. Many parties made concessions of their own interests in the process, such as the inclusion of marketing creative in the core budget and allowance for both self-delivery of and exemption from downstream marketing activities. The BPC and NEEA staff recognize and greatly appreciate the time and effort of RPAC+ during this process.

Following the RPAC+ meetings, the BPC met three times to come to consensus on the Guidelines, confirm the majority of the RPAC+ work and to bring a revised recommendation on this topic to the Board for consideration.

While the Guidelines are not perfect, they may represent a path forward that is "good enough" to balance the needs and interests of the alliance for regional delivery of downstream marketing execution.

Current status and decisions needed

RPAC+ and the BPC came to consensus on the Guidelines with the exception of one topic - Reimbursement. Both bodies recommended the consensus material (Appendix 9 less Reimbursement) to the Board, and look to the Board for a decision to accept this and find consensus on the topic of reimbursement.

¹ A group consisting of Regional Portfolio Advisory Committee members, funders marketing staff and other funder staff

Recap of topics identified by RPAC, the BPC and NEEA staff that shaped the consensus recommendation

The topics below were raised by participants during the development of the Guidelines as those that needed to be discussed, balanced and monitored as the alliance moves forward under the Guidelines.

1. **Reimbursement is a slippery slope.** Reimbursement can run counter to the alliance model. The value of any single regional activity varies from funder to funder and the alliance offers an overall portfolio of benefits that represents a “good enough” value package compared to what any one funder might prioritize. Clear guidelines need to be in place for reimbursement/exemption on marketing to ensure the success of evolution to the alliance model.
2. **Administrative cost should be minimized.** The process of tracking, calculating and processing any reimbursement needs to be simple and implemented in a way that minimizes or avoids increases in costs.
3. **Equity is an important principle for the alliance.** The alliance strives to achieve equity. Care needs to be taken so that funder investments for project execution (as well as admin costs as noted above) will not go up as scale is diminished and regional campaign costs are spread across fewer funders, although this may be the outcome in some circumstances. Equity considerations will be a key discussion point at the mid-cycle review called for in the Guidelines.
4. **Double paying is of concern.** Reimbursement for funders that prefer self-delivery provides budget for local marketing in support of alliance efforts, avoids duplication of effort and avoids double payment scenarios that could be interpreted as non-prudent expenditures.
5. **Downstream marketing is important for market transformation success.** At times funders may not wish to utilize alliance downstream marketing execution. The balancing act is to manage alliance concerns that exemptions could lead to a lack of critical mass and/or coverage in critical areas of the region and, as a result, affect the program goals associated with the marketing activity. The effectiveness of alliance investments as a whole and locally for individual funders is important in order to build and maintain important relationships with manufacturers and other market actors, and to continue the region’s ability to create a pipeline of new technologies.
6. **Lack of reimbursement may create regulatory risk.** Downstream marketing expenditures may not be fully controlled by funders and may present regulatory risk; cost recovery may be jeopardized.
7. **Dual-fuel funders have concerns about marketing efforts for electric technologies.** Downstream marketing efforts will occur in areas where both electric and natural gas customer reside. Collaboration must occur between NEEA staff and funders to ensure proper targeting of marketing tactics to intended customers based on the technology being promoted. Dual-fuel funders opting to self-deliver may only promote electric technologies to their electric-only customers, excluding their dual-fuel customers. The alliance should monitor risk that the awareness campaign may not reach a significant number of dual-fuel customers.

Appendix 9: Guiding Principles for Downstream Marketing Activities

Problem Statement

Downstream marketing activities are a small subset of the marketing activities undertaken at NEEA, but they are a sensitive subject with funders due to the customer touch.

Objective

These guiding principles address a dual objective: funder concerns around marketing to customers and the ongoing effectiveness of regional Market Transformation work. The intent of this work is to ensure transparency, adequate time for deliberation, coordination in the planning process, and the ability to assess the effectiveness of the alliance's evolving regional downstream marketing work.

Principles

1. An implementation process will achieve the dual objective above.
2. An option for self-delivery and exemption will be provided for funders.
3. Funders will have flexibility regarding the timing of self-delivery.
4. The delivery of marketing activities in participating and self-delivering service territories will include the entire electric and/or gas service territory, including areas with overlapping zip codes.
5. Decisions made should include consideration of the regional result and initiatives' objectives.

Implementation of Principles

1. Coordination Process for Downstream Marketing

a. **ILC Milestones** - As part of the Business Case for Scale-up Approval milestone votes at RPAC, downstream marketing activities will be flagged if they are a strategy for that phase of the program. To the extent downstream marketing is known as a potential intervention following the Initiative Start milestone, it will be flagged in the Business Case.

Purpose: Information sharing around marketing, decision point for program progress

b. **As early as available, prior to October each year** - Funders agree to share marketing plans relating to relevant alliance programs. NEEA staff will provide guidance.

Purpose: Information sharing around marketing, consider opportunities for leverage and coordination.

c. **Early October each year** - As part of the Operations Plan packet, RPAC+ will receive a Marketing calendar with downstream activities for the upcoming calendar year highlighted.

- i. Marketing calendar is presented as part of Operations Plan presentation
- ii. RPAC+ shares marketing calendar internally with marketing and program staff and discusses proposed downstream activities in advance of Q4 RPAC meeting

Purpose: Information sharing in preparation for decision at Q4 RPAC meeting

d. **Q4 RPAC Meeting** - Funders will be prepared to discuss their marketing plans and opportunities for regional synergies. Funders will commit to participating, self-delivery, or exemption for downstream marketing activities for the upcoming calendar year.

Purpose: Decision point for activities in the draft Operations Plan marketing calendar, informs the Operations Plan that is approved by the Board.

e. **Two months prior to planned campaign** - NEEA staff will conduct a webinar for RPAC+ sharing NEEA's planned marketing approach. Funders opting to self-deliver agree to document and share their planned marketing approach within four weeks following this webinar.

Purpose: Information sharing

f. **Q2 RPAC Meeting-** If changes or additions are made to the current-year Marketing calendar, there is another discussion at the Q2 RPAC meeting and changes will be sent to RPAC+ a month prior to the meeting for internal review/vetting. Funders will commit to participating, self-delivery, or exemption for downstream marketing activities in their territories.

Purpose: Decision point for any activities added to marketing calendar

g. **Quarterly-** Marketing calendar will be included in quarterly marketing newsletter. Newsletter distribution will include marketing contacts, RPAC, gas funders, and sector advisory committee members (other program staff can request to be included).

Purpose: Information sharing

h. **Ad hoc-** If there are new marketing activities that were not included in the previous semiannual review but have a planned start-date before or within two months following the next scheduled review, a special communication with RPAC+ will be initiated to determine whether a special meeting/webinar is needed, or if the next scheduled review (Q4 or Q2) is sufficient for determining how the activity will be executed.

Purpose: Possible decision point if a special meeting/webinar is needed

i. **Q2 2022-** A mid-cycle review will be conducted to determine effectiveness of this process and identify suggested improvements. Funder documentation of self-delivery work and/or exemption will be essential for this review. RPAC+ will develop specific metrics and desired outcomes for this mid-cycle review.

Purpose: Information sharing, possible decision point for process

2. Option for self-delivery and exemption

a. Funders agree to document their rationale for self-delivery or exemption and, when choosing to self-deliver, share their plans to support the intended outcome of the regional effort.

b. NEEA staff will provide an online template to support funder documentation in a streamlined and efficient manner. Funders agree to document activities executed in the market within approximately 30 days following execution of self-delivered activities. Funders agree to document and share results as they become available.

c. Documentation is recommended in the spirit of sharing, collaboration and learning, and is not intended as scrutiny of Funder decisions.

3. Flexibility around self-delivery timing

a. At the time the Marketing calendar is reviewed with RPAC+ (Q2 and Q4), Funder plans for self-delivery of downstream marketing activities will include an expected execution timeframe and rationale. Funders choosing self-delivery of regional execution agree to conduct activities within a timeframe that will help meet regional objectives in the spirit of this agreement.

b. When a Funder opts for self-delivery of downstream marketing activities, NEEA staff and the funder should attempt to coordinate activities to optimize campaign effectiveness. This coordination should include consideration of timing sensitivity (e.g. seasonality, partnership commitments, etc.)

4. Handling of areas with overlapping zip codes

a. Alliance activities will include all electric and/or natural gas zip codes for funders participating

in the regional campaign irrespective of self-delivery or exemption elections of other funders with overlapping zip codes. Other coordination arrangements may be considered.

b. Self-delivery activities may include coverage for overlapping zip codes in addition to any regional campaign activity. Funders opting to self-deliver agree to include all of their electric and/or natural gas service territory zip codes in the activity they undertake to support the regional campaign.

5. Reimbursement

a. Reimbursement for self-delivering funders will be based on the funder share of budgeted costs for each campaign or activity in each Operations Plan and as agreed by funders at each Q2 RPAC meeting for any mid-year changes to marketing activities.

b. No reimbursements are provided if the campaign or activity is cancelled.

c. Reimbursement is not provided for exemption.

d. Reimbursement will be provided on request and computed on an annual basis and will be provided in the form of a bill credit after acceptance of the audit report for the preceding year.