

The Rhode Island Energy Efficiency and Resource Management Council

Minutes—July 15, 2008

Place: Department of Administration Conference Room C

Call to Order: Chairman Paul Ryan called Meeting to order at 3:40

Members Present: Andrew Dzykewicz, Sam Kransnow, Joseph Cirillo, Chris Powell, Daniel Justynski, Joseph Newsome, David Jacobson, Vic Allienello

Others Present: Corrie Haley, Rachel Sholly, Ken Payne, Hannah Morini, John Farley, Amanda Meiser, Representative Art Handy, David Brown, Marion Gold

Staff Present: Janet Keller, Pat Condon, Julie Capobianco, Mateo Guglielmetti, Charles Hawkins

Consultant: Scudder Parker

Acceptance of Minutes: A motion to accept the minutes of the June EEMC meeting as presented was made and accepted.

Executive Director/Executive Secretary Report

Andy Dzykewicz spoke of the potential energy crisis that may occur this winter if fuel prices continue to rise. He felt that the council should turn its attention to this issue after the Opportunities Report is complete.

Opportunities Report Presentation

Scudder Parker was asked to present the Opportunities Report. Mr. Parker mentioned that this report is the first step in an on-going process where the council will take an in-depth look at the possibilities with on-site visits and deeper analysis. He emphasized that these Opportunity Reports are in a different context that assumes old methodologies to estimating savings potential that does not reflect the intention of LCP.

As RI and National Grid implements a strategy of procurement of energy efficiency resources that are cheaper than supply all it can refine these practices. These strategies can work and get market penetration. It is also an advantage for RI that National Grid has both the gas side and the electric side. This is a unique opportunity for RI to deliver a combined integrated customer friendly approach to energy efficiency.

Mr. Parker alluded to a chart on page 10 of the Summary report that indicates the potential for growth that could see LCP bring an estimated savings of \$78.5 million at current market prices. This is what needs to be looked at going forward.

Chris Powell asked if the chart on Page 11 that indicates \$1.17 billion in savings assumes traditional approaches and if this is the price of avoided costs.

Mr. Parker said that this was the avoided cost and that it was calculated at current market price of 12.5 cents with no escalators.

Sam Krasnow asked about what is being done to prepare for Phase 2.

Dave Jacobson said that National Grid was preparing to do 200 on-site visits, 400 residential surveys and 200 small business questionnaires to gather data in other jurisdictions.

Mr. Dzykewicz asked if the model used was developed from previous studies that did not take into account the RI mandate for LCP and if there is a lot more potential for savings than presented.

Mr. Parker stated that KEMA has done a lot of these studies nationwide and has built a useful database and has applied it to RI. However, in RI, there is a different dynamic because of LCP and RI has a chance in Phase 2 to reach a higher level of community acceptance than in other places.

Sam Krasnow stated that economic potential is what is achievable under LCP while achievable potential is what is available today with constraints.

Mr. Dzykewicz asked why the council was even considering achievable potential when what we want to look at is economic potential. In reality, economic potential is what RI can achieve through LCP. He also stated that RI was breaking the paradigm with LCP and that the study should also break this paradigm.

A discussion was then held about who the report should be distributed to. It was also decided to try to get the report on the OER web site.

URIFE Report Presentation

Ken Payne was then called on to give a presentation on the URIFE report “Building Capacity for Non-Utility Scale Renewable Energy in RI”.

Mr. Payne brought the council’s attention to Pages 9 and 10 of the report, which makes it clear that non-utility scale renewable energy is not a robust area of RI economic activity. In 2007, only 29 taxpayers claimed renewable energy tax credits totaling \$62,000. Sales tax exemptions totaled \$20,000.

Mr. Payne went on to state that RI has not reached what Malcolm Gladwell calls the tipping point where the diffusion of innovation becomes community adoption. RI needs positive examples in people’s neighborhoods before renewables can flourish in RI. Mr. Payne also stated that by the conventional measures of LCP, renewables are not as competitive in cost effectiveness as energy efficiency. He also stated that the report was presented with an idea that it will receive wider distribution than just the PUC.

Joe Cirillo wanted to know if the report can be given to the various town economic development committees. He felt it would be a waste if all of this research was merely filed away.

Mr. Payne stated that the report was written in layman's terms with the idea that it would have a more general distribution that just the PUC and saw merit in Mr. Cirillo's suggestion.

Joe Newsome asked how the PUC would make use of this report.

Mr. Payne said that the PUC could say that there could be a reasonable investment in renewable energy under certain circumstance. He stated that the market for PV's may become more cost effective as the price of them goes down and the prices of fossil fuel go up.

Mr. Parker stated that there is a TRC test to measure the cost-effectiveness of energy efficiency but there is no such test to determine the effect of small-scaled renewables. This is work the EERMC must do and is a piece of the LCP picture that has not been resolved. He spoke of how other states have been far more aggressive in stimulating the development of renewable energy and the EERMC should look at whether RI should follow this lead.

Mr. Parker stated that RI should look into including solar hot water, which can be cost effective when developing low-income housing projects.

Mr. Dzykewicz stated that current RI law encourages this but only four such applications have been received. He also stated that current law makes the Renewable Energy Fund self-sustaining so the fund cannot just give out grants.

Chris Powell said that Brown is working up a long-term investment analysis that looks at life cycle benefits.

Mr. Dzykewicz stated that we have to break the paradigm of always looking at first cost and not life cycle costs.

Mr. Payne stated that the URIPE looked at low-interest loans as a way of spreading out these one-time capital costs.

Joe Cirillo brought up the possibility of having a bond that would establish a revolving fund to help to finance some of the initial capitol cost of installing renewables. Mr. Dzykewcz would like to link renewable energy development to system reliability. If a project contributes to the system in a cost effective manner it should be considered, especially if it results in not having to put in new transmission wires.

Chairman Ryan moved to bring the Opportunities report to a vote.

Chris Powell stated that it was important to add the achievable economic potential column to Page 9 of the Summary Report.

Mr. Dzykewicz said that this was very important.

Mr. Krasnow suggested adding a sub-column to the report. An Amendment to reflect this was proposed and passed.

The Opportunity Report also passed unanimously.

It was agreed that the National Grid Procurement Plan and the discussion of the by-laws will be held at the 8/14 EEMC meeting that will be held at 3:30 PM

Other Business

Vic Allienello of the Oil Heat Institute (OHI) next spoke about the impact high oil prices were having on his industry. His group was supporting a Sanders bill in Congress to increase LIHEAP funding. They also plan to meet with the SBA to see if they can provide relief to consumers with low-interest loans.

Mr. Dyzkewicz said that it was going to be a serious heating situation for everyone. When it takes \$1500 to fill an oil tank, the average homeowner will be paying \$5,000 this winter to heat his home. This transcends the low-income populations and affects the middle class and will be reflected in less spending on things that generate the economy.

Mr. Allienello said that in the last 5 years the number of oil customers were relatively static but in the last year there has been a big move away from oil. Andy said that the price of gas is now starting to approach oil at the wellhead. This will be reflected in an increase in electric rates.

A question is asked about what the role of the EERMC is in this crisis.

Chairman Ryan said that the EEMC is charged with looking at the big picture and has a role in this discussion. The EEMC should be instituting a plan or offering suggestions. EERMC can't set policy but it can plan a role in making suggestions.

Joe Newsome said he was "deputizing" the council as low-income advocates. He also asked if it is possible for the governor to proclaim an energy crisis and what would this mean. What happens when he does that?

Mr. Dyzkewicz said OER has helped over 30,000 with its Weatherization Program but he would like to help twice that many. Unfortunately, the low-income legislation passed in 2006 was supposed to do this but the funds were never made available.

Chairman Ryan then made council member aware that they were entitled to mileage reimbursement when they drive to meetings and all other council business.

Adjournment: A motion to adjourn was called by Chairman Ryan and seconded unanimously by members at 5:40 PM.