

ENERGY EFFICIENCY AND RESOURCE MANGEMENT COUNCIL

Minutes-November 4, 2010 Conference Room B, Second Floor DOA

Call to Order: The meeting was called to order at 3:30 PM by Chairman Paul Ryan.

Members Present: Joe Cirillo, Paul Ryan, Joe Newsome, Chris Powell, Dan Justynski, Marion Gold, Abigail Anthony and Ken Payne

Staff Present: Charles Hawkins

Consultants: Scudder Parker and Mike Guerard

Others Present: Jeremy Newberger, Rachel Henshcel, Brian Kearney, and Kathy O'Rourke

Acceptance of Minutes: Joe C. made a motion to approve the October minutes. It was seconded by Chris P. and passed unanimously.

Executive Director's Report:

In June, the OER had 15 on staff with 4 budgeted vacancies. Due to one retirement and transfers that number is now down to 10 requiring the office to prioritize its goals. The first priority is LIHEAP this winter. With Matt G.'s retirement Ken P. now is spending 60% of his time on LIHEAP. The second priority is WAP. CAPS have guidance on NGrid's AMP Program for the first time. The third priority is to prepare for the transition of a new administration.

The other priority is to maintain traction around ARRA. The reduction in OER staff has created a hole that may make it difficult to spend the ARRA funding by the deadline of March 2012. A NEPA signoff on a major ARRA project can generate 100 page submissions. Categorical Exclusions also require a lot of paperwork but the review is usually faster.

At the present time, the OER is functional with set priorities. Ken P. sees the OER as a customer service agency. However, OER has had to move SEP program people over to the low income side to do monitoring. Therefore Ken P. felt it was important to update the Council on this matter.

Chris P. cited the OER staffing problems that the Council was concerned about during 2009 and asked if these developments would put ARRA funding in jeopardy. Right now here is not a problem, but if staff is not hired it could be a problem by February. OER will concentrate on short lead time projects that do not require NEPA review. EE improvements inside a building would be an example of a short lead project as opposed to a wind turbine which needs more review. The difference between the situation now

and the staffing situation in 2009 is that now the OER has a plan for how to manage ARRA projects and is coming off a year of high performance. It is not as bleak as 2009.

Joe C. suggested having a mini job fair to attract creative young people. Ken P. said OER has had good experience hiring people with talent. Chris P. asked if the staffing issue will improve after the change in administration.

Chris P. asked about wastewater treatment plants and rising sewer rates. Ken P. said there are 19 such plants in RI and they are typically the largest energy users in the community. Energy is the second largest cost in plants and the benefits of EE improvements are lower sewer rates and cleaner effluent.

Marion G. asked about progress on EECBG. Ken P. said it was slow because towns don't have the capital to match or leverage. Feds can OK advances but they are generally frowned upon in state procurement activities. Towns need to get traction, but once they start spending things will progress faster. USDOE is doing an EECBG workshop on 11/19.

OLD BUSINESS

Report on the 2011 NGrid EE Program Plan Filing

NGrid filed the program plan on Monday 11/1 after working on unresolved issues with the DSM Collaborative. There is no schedule yet for hearings and NGrid will schedule a collaborative Meeting to discuss filing. It has to be tied into the recent decoupling legislation. A discussion ensued about a separate filing for the decoupling docket. Paul R. asked about John Farley's replacement at TechRI. Bill Ferguson, formerly of OER and now with RISE, will replace John.

Update on Long Term Financing Meeting

A second meeting was held to discuss financing EE improvements. The consensus that was reached is that Residential & C&I EE do not match up. It was decided that EDC should be the lead on C&I and legislation should be readied for the next Assembly session. The energy savings are greater on the C&I side than residential.

On the residential side, it will be more difficult to establish a program and more legwork needs to be done, especially in reaching out to banks. Designing a residential EE plan will be more difficult and take much longer. RI Housing can't lend any money now and the loan programs that are running are under subscribed. So the decision was to split them off and work with the EDC on a C&I EE financing plan with the next legislative session. It is critical to ensure that it is solid legislation that can be effective. NGrid is getting ready to begin a residential heat loan program using the 40% RGGI funds.

VEIC Monthly Update

VEIC prepared a report on the cost effectiveness of the 2011 EE Program Plan that was presented at the October meeting. This was requested by the Council to be included in the Docket 4209 filing. The TRC test was used to determine that this EE plan was cost effective. Scudder P. acknowledged NGrid for incorporating VEIC & DSM Collaborative recommendations and thanked everyone involved for a constructive process. Abigail A. said it was important to have a council presence at the PUC hearings.

Other things VEIC has been involved in include:

- Supporting the Long Term Financing Sub-Committee which has had two meetings to date.
- Working with Chris P. and Abigail A. on the System Reliability Sub-Committee which is making steady progress. NGrid is developing an analytic tool to compare non-wire investments.
- With the uncertainty of VEIC's contract, Scudder P. asked if it was appropriate for them to begin developing a draft work plan for 2011.. The Council faces what may be its most challenging year and needs to develop a three year plan. Some other pending issues include: NGrid performance incentives, decoupling, and the statutory expiration of the DSM charge which need to be addressed in the three year plan and M&V and evaluation issues.

Abigail A. suggested forming an RFP Sub-Committee to work on a draft work plan and present its findings to the full EERMC at the December meeting. Paul R. cautioned about designing an RFP around a single consultant. Ken P. said that forming a RFP or work plan Sub-committee was desirable to flesh out what the Council wants from its consultant. He did not feel this was a good time to change how things are functioning when the Council's work is excellent as is the product they are getting from the consultants. He felt that the RFP process will take between 4-6 months. In the interim VEIC should be keep on so progress is not interrupted. This sub-committee can look at the issues the Council needs to address in 2011 and also look at the regulatory timetable.

Abigail A. made a motion to form a RFP Sub-Committee. It was seconded by Paul R. and passed unanimously. Paul R. would like the sub-committee to work on these issue and report to the full Council in December.

Paul R. then asked Jeremy N. about the EERMC budget for 2011. Jeremy said that the council receives 2% of the DSM charge. With the proposed increase of the DSM for 2011 this could mean a budget of over \$1M if the PUC approves the plan.

NEW BUSINESS

LIHEAP Discussion

The LIHEAP season opened on 10/22 and OER authorized the CAPS to pay overtime to get through the opening process. This year the intake process will be more challenging for the following reasons:

- The contracts with the CAPS have been updated for the first time in 12 years.

- A GOA report this summer revealed a lack of integrity in the system especially in regards to eligibility. In the past the CAPs maintained a good faith assumption on eligibility, now they will need to document eligibility. There will be increased federal scrutiny this year and there is currently tension in the system

The funding news is also dismal. Last year the national LIHEAP budget was \$4.5B. This year it is down to \$2.7B. This combines with higher fuel prices and the predictions for a colder winter to make for a difficult situation. The recession will also put greater pressure on crisis assistance which is what turns people's power and gas back on and pays for oil when a client has an empty tank. In the first quarter HHS has told the OER that can only get 60% of last year's appropriation. Projections indicate that RI could receive as little as \$17M this year after getting \$30M last year. The best case scenario is a cut of only 20%; the realistic assumption is more like 30%.

One of the things OER is doing is reprogramming WAP funds to LIHEAP for the near future. Currently OER allocates 15% of LIHEAP funding to WAP. Ken P. feels that with ARRA funding and increased NGrid participation the WAP can maintain its current rate of 175 homes a month.

Abigail A. asked when the decision of further LIHEAP funding will be made and if ARRA contributed to the increased funding for LIHEAP last year. Ken P. said he did not know when the LIHEAP funding decisions will be made but he said that ARRA does not have an effect on LIHEAP.

Dan J. said he was concerned about reprogramming funding from an EE program (WAP) to a social service program (LIHEAP). He also wanted to know what LIHEAP was even doing in the OER and why it was part of the Council's agenda. He sees this as a conflict and a distraction from the EERMC goals of EE and LCP.

Ken P. said that OER can allocate LIHEAP funds to WAP and the plan was to transfer 15% from LIHEAP to WAP. The goal is to make LIHEAP sustainable. However, this year's recession has made it more critical to address the basic issues of utility turn offs and empty oil tanks so that 15% was needed to assist families in just keeping warm. When it was decided to put 15% of LIHEAP into WAP in August, OER did not know that the LIHEAP appropriation would be cut.

Dan J. wanted it on the record that he can not understand why LIHEAP is in the OER and why it is in the purview of the EERMC. Joe N. said there was a need and that it was a spiritual, moral and societal question. He said that helping low income people out does not seem to be in vogue these days with government officials. He cited a recent morning when the heat in his house went out and he had to dress his granddaughter in a 49 degree room. This experience gave him an idea of what it is like to be cold, especially with kids involved.

Chris P. said that the WAP helps realize EE goals. Scudder P. said that historically there has been a link between WAP & LIHEAP because of the 15% transfer. In the OER the

top priority is WAP. That is a long term solution. So there is a risk of separating low income issues from energy strategy because there is a connection between fuel assistance and WAP. Scudder P. mentioned that federal housing policy does not even address EE.

Chris P. asked if OER prorates WAP homes. Ken P. said that the OER looks at energy burden along with family size and income. Abigail wants to refocus the council's attention on setting up an EE program for oil.

There is currently an ARRA pilot program for deliverable fuels that pays for a free energy audit and up to 25% of the recommended EE improvements. To date 458 homes have had audits. The OER is also encouraging CAPS to install more EE boilers in the boiler replacement program.

NGrid Food Bank Lighting Project

Brian Kearney of NGrid was introduced to give an update on NGrid efforts to reach hard-to-reach (HTR) populations with CFLs. 7,000 CFLs have been shipped to the main distribution center for the RI food banks. The bulbs will be added to the shopping list and this will increase awareness of CFLs in HTR areas. In addition, NGrid will have their vendors on site to do educational outreach at the three largest food banks on three different dates, 11/8, 11/16 and 11/17

The second promotion is in collaboration with the Good Neighbor Energy Fund that will kick off on November 10th. Each person who applies for heating assistance will receive a NGrid shopping bag, a CFL, tip sheets, and info about having a home energy assessment. They will also be asked to take a survey about their knowledge of CFLs. Joe C. said that Cardi Brothers may be interested in doing the translation work with HTR.

Field's Point Seismic Condition.

Joe C. asked his friend David Oder to review the seismic code for the Field's Point LNG facility. Joe passed out two handouts. The code was developed in the 70s through data from the 1964 Alaska earthquake.

The tank consists of 26 million gallons of LNG and if it escaped it could have a tremendous impact. Joe C. has provided this info because he feels the tank needs some kind of detailed analysis.

Dan J. wanted to know if there was a supply risk if the tank was put out of service. What is the economic impact to the State. Yes, the tank is critical for natural gas supply in the winter. Chris P. said that there are natural gas bottlenecks on really cold days.

Paul R. asked who has jurisdiction for the tank. The answer is FERC. Ken P. said that on the state level it is in the purview of EMA. OER has \$300,000 in ARRA funding to do an Energy Assurance Plan. This plan will look at supply disruptions.

Joe C. also said that the impact of a hurricane also has to be looked at. We have not had a large hurricane up the Bay since the tank was built in 1975. This should also be analyzed. FERC restudied all these issues during the EIS FERC performed on the tank in 2005. Scudder P. suggested including this in the Annual Plan to the Assembly to make them aware of the problem. He does not think the council has the resources to delve into it further.

Ken P. said that if there is an energy emergency the Governor convenes a council and the staffing of this council falls to the OER. This same jurisdiction tasks the OER with doing the Energy Assurance Plan

Paul R. made a motion to include a study of the seismic condition of the Field's Point LNG Tank in the Energy Assurance Plan the OER will be conducting using ARRA funding.

Public Comment

Joe N. would like to get a determination on how RI is doing on renewable energy development as compared to neighbor states. Abigail A. said that she is working with a group that is working on streamlining RI's renewable energy laws. She could give a report to the Council in December.

Paul R. said that a key issue is zoning regulations for wind turbines and other renewable energy applications. Ken P. said that state law requires Statewide Planning to include criteria for renewable energy facilities in the State Guild Plan. If this is adopted, local comprehensive plans and zoning ordinances have to be brought into conformity with this State Guild Plan element. This is a way to get clarity on this issue. Ken P. said that RI has the most aggressive net metering law in the US but has few other subsidies. He also said that the income tax law passed by the Assembly this spring eliminated the residential renewable energy tax credits for tax years after 2010.

Abigail A. suggested forming a sub-committee to work with Ken P. on RGGI issues. Ken P. said that it would be helpful to him in writing the new rules. Paul R. said that it is not on this month's agenda and would rather take up the issue in December.

Adjournment

Paul R. made a motion to adjourn the meeting. It was seconded by Dan J. and passed unanimously. The meeting was adjourned at 6:10 PM.

Respectfully submitted

Charles Hawkins
Secretary Pro-tempore