

## ENERGY EFFICIENCY AND RESOURCES MANGEMENT COUNCIL

### Minutes-September 16, 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, Joe Newsome, Paul Ryan, Marion Gold, Abigail Anthony, Vic Allienello, and Ken Payne

**Staff Present:** Andrew Kostrzewa, Dan Carrigg and Charles Hawkins

**Others Present:** Brian Kearny, Rachel Henschel, Jeremy Newberger, Karina Lutz, Jerry Elmer, Karl Munzel, Diana Duffy, Matthew Schweich, Tyler Rowley, Katie O'Rourke, Mike Nugent, David Brown and Tom Teehan

**Acceptance of Minutes:** A motion was made by Paul Ryan to move the minutes until the end of the meeting to allow Ken P. to present the Executive's Director's Report before he had to depart. It was seconded by Joe N. and passed unanimously.

#### **Executive Director's Report:**

Ken P. complimented the Council for the remarkable year it has had in moving EE initiatives forward. The Council was established to look at long-term energy issues in RI, this responsibility has been effectively met during the last year.

The amount of LIHEAP funding RI will receive will not be known until after the election. At best, we can expect level funding but may get a 20% cut. The worse case being a 30% cut. Ken P. expects bigger demand this year which could result in lower base grants. He looks for a slight increase in Crisis Assistance, which is the funding that gets people's power & gas turned back on and a slight decrease in Emergency Assistance. Ken P. does not want to reduce Weatherization funding because it is a long term solution. He is also looking to improve the CAP contracts to enable the low income program to function better. The first contracts that OER worked on were ARRA WAP.

By the end of September about 90% of the ARRA SEP funding should be obligated. The final piece is EE for waste treatment plants. The biggest challenge is going to be getting the funding spent. The two top priorities for OER going forward are:

1. Getting the CAP contracts resolved, this represents \$40M a year going forward.
2. Getting the remainder of the ARRA funding spent.

The EERMC does not need any structural changes. You don't fix it if it is not broken.

Paul R. was concerned about the USDOE pulling ARRA funding that has not been obligated. Ken P. said that although the USDOE will threaten such action they also realize how difficult it has been for States to move this funding quickly, with the large

number of required ARRA certifications and existing state & federal bureaucratic processes.

Joe N. asked about job creation. He would like to get a handle on how many contractors are out there and are they adding jobs. Are there woman owned business doing contractor work? What about minority participation? Ken feels that the OER has to change the informal way contractors are selected. He cited the well attended LIHEAP hearing where minority contractor brought up this issue. Ken P. plans on working with the community to find a remedy.

Joe N. asked Jeremy N. about the make-up of the list of qualified NGrid contractors that need to be employed to do weatherization work for RI residents. Brian Kearny, NGrid's Residential Program Manager, answered that in the EnergyWise Program, after an audit is done a BPI accredited contractor must do the work. Right now there are 7 contractors on the list. Joe wanted NGrid to find out if these contractors were adding to the workforce and also about the diversity of the list.

## **OLD BUSINESS**

### **Monthly Report from VEIC**

Abigail A. suggested making a motion to extend VEIC's contract through the 4<sup>th</sup> Quarter of 2010 with a plan to issue an RFP in January. Paul R. said she first had to move to make this an agenda item. **Abigail A. then made a motion to include the VEIC contract on the agenda. It was moved by Paul R. and seconded by Joe N. Abigail then made a formal motion to extend the VEIC/Optimal contract end the end of the year. It was seconded by Joe N. and passed unanimously.**

Mike G. referred members to two handouts in their briefing package that highlight possible changes and recommendation to the 2011 EE Program Plan. He offered to have members of the consultant team met with individual members to get input in their area of expertise before the filing of the 2011 EE Program Plan. Abigail A. said Mike G. & Scudder P. had done good work meeting with the NGrid program managers; analyzing the draft plan; and recommending some changes.

### **Phase II of the KEMA Opportunity Report.**

The Phase II Opportunity Report (OR) is a look at what EE opportunities are left in RI. It consisted of 450 on-site visits and telephone surveys that looked into what RI's energy uses are and how the State can achieve greater cost effective EE. It measures three kinds of EE potential: **technical**, which is all EE that is available from an engineers point of view; **economic**, which is all the cost effective EE –this is most closely aligned to the Council's LCP mandate; and **achievable**, which is how much EE can be achieved in response to a specific funded set of activities. The OR got good press with articles in the ProJo and PBN.

The results were:

Technical Potential at 34% over ten years and 3.4% annually

Economic Potential at 29% over ten years and 2.9% annually

Achievable Potential at 27% over ten years and 2.7% annually

The next step is getting KEMA paid. Paul R. said that Liz Hicks should send an invoice to Ken P. and CC it to Jeremy N. Paul R. asked about the amount that was agreed upon last winter. In the minutes of the February 2010 meeting, it was agreed to pay KEMA \$45,000 for the report with additional data included when the report was completed.

Joe N. asked how the report can be used most effectively. What are the next steps?

Abigail A. said the report has already been used as the main data point in setting the September 1<sup>st</sup> saving target goals.

### **Energy Efficiency Savings Target Filing**

Using the OR as a guide, the Savings Target Sub-Committee, in response to a legislative mandate, worked collaboratively with NGrid to file energy savings goals with the PUC on 9/1/10. The goal on the electric side was 2.5% savings of the base load through 2014. On the gas side it is 1.2% of base load. Marion G. said that these were some of the most aggressive EE savings goals in the country and hoped Council member could market this to the community.

Abigail A. said that the potential economic impacts from implementing these savings goals are: 12,000 job hours; an increase of approximately \$1B in RI's Gross State Product, and a savings of between \$500 and \$600 million for RI consumers.

Paul R. asked if the 2.5 % goal will included in the same docket as NGrid's 2011 DSM filing. Jeremy N. said yes. Paul R. wanted to know if the Council could petition the PUC to have separate dockets. Abigail A. said she would talk to Dan Prentiss.

Action items pending at the PUC this fall:

- NGrid's Decoupling filing
- The EE Savings Targets goals mandated by the General Assembly
- The 2011 Annual Plan, including a reconciling mechanism.

The Council is responsible for showing that the elements in the 2011 plan met two criteria: that EE is cheaper than supply; and that the EE is cost effective. It is important to have council members at some of the November hearing to show support for the plan. Paul R. suggested contacting TechRI to see if they want to weigh in on the plan.

## **NEW BUSINESS**

### **Status of the NGrid 2010 EE Program Plan**

NGrid's C&I EE Program Manager Katie O'Rourke was introduced to give an update on implementation of the 2010 C&I EE Program Plan. She said the budget figures were for

Tier I of the program plan without RGGI. The electric EE after getting off to a slow start in 2010 is ramping up and will get to its goals. On the gas side, it was more of a challenge with 80% of savings goals expected due to a shortage of big C&I EE projects. The RI economy has impacted C&I EE plans more in RI than other NE states.

One of the improvements NGrid has made on the C&I side is having a single point of contact for both gas & electric. They are also looking at deeper and more comprehensive measures with up to 90% reimbursement for C&I electric and gas customers. Joe C. asked about training for electrical and mechanical engineers. What interaction is there between NGrid and the engineering community. NGrid will be reaching out to these groups.

NGrid is doing a statewide marketing campaign to become more proactive and increase awareness. They are also doing a multi-family pilot that will highlight a single statewide 1-800 number. Joe N. asked why the multi-family program was not in the residential program. Because these are large housing projects that are metered with the C&I rate. Joe C. wanted to insure that NGrid work on code and standards does not go below the established RI code.

NGrid's Residential EE Program Manager, Brian Kearny, then gave an update on programs in 2010. NGrid is meeting its goals on the electric side and exceeding them on the gas side thanks to a very successful heating program. 2010 was also the first year NGrid targeted the hard to reach market (HTR) and Brian K. segued that into addressing Joe N.'s concerns about contractor equity. NGrid hopes targeting the HTR segment will increase awareness of the EE programs like CFLs and stimulate the interest of minority contractors. NGrid currently has eight certified BPI contractors. RISE is the lead auditor and they are the largest weatherization employer in RI.

NGrid has a successful launch of the ARRA Deliverable Fuels Program through Energy Wise and have done over 200 audits. The Energy Star Homes Program for new construction will hit its 2010 goal of 300 homes with 100 built to Tier 2 standards with a HERS of 60 or below.

The need to close the High Efficiency Heating Equipment (HEHE) Program due to the overwhelming response was one of the challenges the program faced this year.

### **Process and Schedule for Review and Filing of the 2011 EE Program Plan**

NGrid will embark on a combine Residential and C&I marketing effort that will emphasis a single point of contact for gas and electric. For the first time in RI, EnergyWise will introduce Heat Loan, which allows for 0% financing on seven year loans up to \$15,000 and will capitalized it using the RGGI 40% funding. Gas low income will also increase by 400%. NGrid will also follow the KEMA reports recommendation to embark on a behavioral study and will combine the lessons learned for the Aquidneck Island Pilot with HTR efforts.

Joe C. asked if these outreach efforts include Spanish speaking literature. Brian K. said that is was part of the HTR effort.

Jeremy N. said the settlement plan will include an up front narrative piece that will emphasis: cost effectiveness; meeting the EERMC's EE savings target goals; and focusing on LCP for gas EE. He stated that the savings goals were 102,566 in annual MWh with a preliminary cost per lifetime of the measure being 5 cents which, is less than supply. This conforms with LCP goals. The preliminary budget is \$53.2 million which assumes \$9.8 million from RGGI. The RGGI funding includes: a carryover of \$3.5M from the 60% funding; 2.4M from the RGGI 40% Plan; and \$3.9M from 2011 auction proceeds. They have still not received this funding from OER.

The preliminary DSM charge will be .48 cents per KWh which is a 50% increase from the current charge. With regulatory and legislative support, along with the recent savings goals Jeremy N. feels the company has a strong case in front of the PUC. It is also lower than the projected DSM in the Three Year Plan.

On the gas side the goal is 178,000 annual MMBTU which is 0.5% of baseline sales with a cost effectiveness of \$1.80 of benefits for a dollar spent with a cost per lifetime of \$0.64 which is less than the cost of supply. The budget is expected to be \$11.5M with a DSM charge expected to be 0.35 cents per dekatherm up from 0.15 cents.

The plans will be e-mailed to council members on 10/7 to be reviewed for the 10/14 Council meeting. Until then NGrid would welcome comments from both the Council and the DSM Collaborative and will also consult with VEIC.

Paul R. asked about the assumption of the \$9.8M from RGGI. Jeremy N. said that NGrid has been working Ken P. on rules and he hopes the money will flow smoothly. If there is a problem that results in a budget shortfall, however, he hope the reconciling provision in the decoupling legislation will satisfy the PUC. Paul R. mentioned that RGGI was 20% of the program plan budget. Joe N. asked about NGrid's marketing budget for 2011. The figure is about \$1M with some individual programs having their own marketing budgets. The consultants feel this adequate.

### **Green & Healthy Homes Initiative (GHHI)**

GHHI Project Manager Bert Cooper gave an update on this initiative that improves the integrated delivery of housing interventions, like EE, WAP and lead reduction, to create healthier and more cost efficient housing. It is sponsored by the Coalition to End Childhood Lead Poisoning. A 2-year pilot is now underway in Atlanta, Baltimore, Chicago, Cleveland, Denver, Detroit, Flint, New Haven, Oakland, Philadelphia, Providence, San Antonio and two Indian tribes. The goal is 3,500 GHHI homes by 12/12. The initiative is supported by the USDOE, USEPA, USHUD, the Center for Disease Control and Prevention and over fifteen local and national foundations.

There is a need to combine different funding sources into an integrated delivery. Leveraging is a key. ARRA provides an opportunity to provide a single process for home intervention and create jobs. Data has been accumulated in 9 cities that found that 15% of low-income homes could not be weatherized because of health concerns. This creates implementation concerns. The strategy is to align government agencies; then blend them with local groups and utilities; and coordinate with non-profits and foundations to leverage resources.

Joe N. is concerned about getting cooperation from non-profits who don't often cooperate and blending it with government inefficiencies. What will be in administrative model? Bert cited 3 models: a non-profit coordinate in Baltimore; in some cities the Lead Programs have taken the lead; and in Connecticut the utility took the lead.

Vic A. asked about the need in RI for contractors to be lead paint certified by the end of the year. Bert was not aware of this provision. Bert cited a case study in Baltimore that comprehensive home intervention averages around \$12,000 as opposed to \$16,000 without it. In Providence GHHI has been working with the City and the RI Foundation, who is committed to launching the effort and has established a steering committee. EERMC could be on that committee. Providence has applied for \$4.5M in lead funding to support the model. GHHI is looking for a Project Coordinator for Providence.

Rachel H. asked if GHHI was an opportunity to decrease Administrative costs. Bert said if it was done right it probably would. Andrew K. feels it will increase administrative costs, especially if a non-profit was coordinating it.

### **Public Comment**

Joe C. asked that a discussion of an analysis of the seismic condition of the Field's Point LNG tank be added to the agenda for the October meeting. It is 40 years old and he is concerned about antiquated technology, especially after the incident in California.

Karina L brought up social marketing, especially in regard to the Aquidneck Island Pilot, and follow up to audits. What are the challenges to getting the EE work done.

### **Adjournment**

Paul R. made a motion to adjourn the meeting at 5:54 PM. Since there was no longer a quorum present, approval of the August minutes will wait until the October meeting.

Respectfully submitted

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Charles Hawkins  
Secretary Pro-tempore

