

ENERGY EFFICIENCY AND RESOURCE MANAGEMENT COUNCIL

Minutes-October 13, 2011

Conference Room B, Second Floor, DOA

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

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

Consultants Present: Scudder Parker, Mike Guerard, Gabe Arnold and George Lawrence

Staff Present: Pat McCarthy and Charles Hawkins

Others Present: Kening Tan, Jerry Elmer, Michael Townsley, Cheryl Mattson, Frank Gorke, Tim Faulker, Peter Asen, Tim Roughan, Rachel Henshel, Michael McAteer and Josh Croft

Acceptance of Minutes: Dan J. made a motion to approve the September minutes. It was seconded by Joe C. and passed unanimously.

Discussion & Vote on the 2012 EE Procurement Plan

Rachel H. & Mike M. were introduced to give this presentation. The themes of the 2012 plan are consistent with the 3-Year Plan. The PUC held a technical session on the 3-Year Plan. Their reaction was positive and shareholder incentives for outside funding were discussed. During the development of the 2012 EEPP NGrid worked closely with VEIC to close potential gaps in the plan.

Targets on the electric side include reaching 362,000 customers with a savings of 128,570 MWh, which is a 25% increase over 2011. The TRC benefit/cost ration is 2.73. On the gas side the targets include reaching 16,900 participants with a savings of 231,548 MMBTUs, which is a 127% increase over last year. TRC benefit/cost ratio will be 2.03.

Joe N. asked about the definition of participation. He is under the impression that there are 450,000 households in RI. Rachel H. said that NGrid serves 422,000 customers in RI. She said the lighting program ramps up the number of participants. Mike M. said there was a lot of repeat participation in the business sector.

The implementing strategies are the same as the 3-year Plan. One of the keys will be overcoming barriers to financing EE with better access to capitol. NGrid is using social media to up participation.

Joe C. asked if the "EE is for Everyone" theme included working with the disabled to make their home more accessible so they can access EE benefits. Can federal EE funding

be used for this purpose. Mike M. said it was a good idea; but improvements to the Americans with Disabilities Act would be needed.

New innovations in the plan will include: the introduction of heat pump hot water heaters; and upstream C&I lighting. The plan also hopes to deliver \$221M in economic benefits. A Technical Reference Manual will be developed to verify savings.

In the residential programs, NGrid's Deliverable Fuels Program, formally funded by ARRA, will be continued using program plan funds. The Heat Loan program will also be continued. New technologies like Wi-Fi thermostats will also be introduced. NGrid will look to integrate the heating and cooling programs and continue behavioral pilot projects.

In the low income sector, the single family AMP programs will be continued. There will be increased emphasis on multi-family retrofits through the EnergyWise Program. Mike M. said that there needs to be a better understanding, in the multi-family area, about how residential and commercial metering can be integrated to allow for a seamless choice.

The C&I highlights include developing a long term strategic energy management plan (SEMP) that will set long term targets. NGrid's goal is at least nine MOUs with large energy users in RI, including Brown. They also want to streamline the application process. They are also looking to increase C&I EE savings with an upstream lighting initiative, code compliance studies and improved gas program delivery. Targeted sectors include: manufacturers, office tenants and multi-family units.

Finance highlights include a partnership with OER & EDC on a \$2.5M revolving loan fund for large C&I customers using ARRA funding. They are also using \$4M in RGGI funding for a revolving loan program for small & large C&I customers. Another initiative will look at attracting outside funding sources to attract additional capital with an eye towards establishing revolving loan programs.

The implementation budget on the electric side is \$55.6M with an EE charge of \$0.00589 which is lower than the 3-Year Plan. The gas budget will be \$12.8M with an EE charge of \$0.384, which is also lower than the 3-Year Plan. The shareholder incentive will remain the same at 4.4% of spending for reaching 100% of goals. There will be a new performance metric to incent outside funding to complement the DSM charge. 90% of the outside funding will go to customers with the other 10% going to shareholders. Outside funding comes from sources other than customer charges like grants, non-profits & DOE programs. Joe N. asked if other utilities have been able to locate outside funding. Mike M. was not aware of any but could see large non-profits getting involved in EE.

The VEIC team then gave their highlights of the plan. Scudder P. approved of the seamless integration of gas & electric plans. He also complimented the emphasis on leveraging the customer contribution for greater EE penetration. VEIC will now do a formal review of the plan's cost effectiveness to be presented to the council & the PUC.

Mike G. applauded the give and take between consultants & NGrid that allowed VEIC feedback to be incorporated in the plan. This year's process was a much more compressed timeframe because of the development of the 3-year Plan. He commended the CFL lighting program which looks to put 2 bulbs in each household which positions NGrid as an industry leader. He also felt the multi-family emphasis is critical as well as the integrated HVAC efforts. Other highlights include NGrid's strong commitment to hard to reach sectors and the upstream lighting initiative.

The major unresolved issues that the consultant team identified include:

- Investigating upstream HVAC opportunities.
- Clarifying details of the multi-family program, including the existing RI opportunities.
- Improving the residential new construction program.
- Additional upstream C&I opportunities and negotiated C&I incentives.
- Efficient LED street lighting opportunities with RI cities & towns.
- Other minor issues will also be addressed via meetings and phone calls between consultants & NGrid.

Marion G. was impressed with the progress shown in the plan and complimented the hard work done by all participants. Abigail A. felt that the review process for the plan has involved more scrutiny than in the past and the Council drew on the expertise of the entire VEIC team for a thorough & detailed review. Marion G. felt that the increased EE funding calls for increased scrutiny. Chris P. applauded the growth inherent in the plan and likes the innovative aspects of it.

Abigail A. made a motion to endorse the 2012 Energy Efficiency Program Plan and authorize a sub-committee to continue to work with NGrid to resolve outstanding issues. It was seconded by Marion G. and passed unanimously

Abigail A. then made a motion to authorize the consultant team to conduct its cost-effectiveness review of the 2012 EE program and and file the report with the PUC after November 1, 2012. It was seconded by Chris P. and passed unanimously.

Joe N. said that he does not think the Council's EE initiatives get translated to the general public. How much will the EE plan impact an average person's bill. Abigail A. said that an analysis has been done, which is in the docket, showing how much your bill actually goes down after implementing EE measures. Chris P. said that would valuable info for his constituents. Abigail A. thought that once the plan is approved the council can come up with talking points about these benefits. Joe N. would like to see the impact these EE measures have on the universe of residential households, rather than the murky metric of participation. Dan J. said that free ridership obscures the impact of EE measures.

Development of NGrid's 2012 System Reliability (SR) Report

NGrid's Tim Roughan was introduced to give this presentation. NGrid is looking at what can be done on the customer side to reduce peak load. In Little Compton & Tiverton, a

substation feeder upgrade is needed and presents an opportunity for a non-wires alternative (NWA) pilot project. NWA are customer side resources such as targeted EE, demand response, renewable energy (RE) and distributed generation. A pilot plan has been filed with the PUC that meets the criteria in Section 2.1 (C) of the SRP guidelines. To upgrade the feeder using a standard wires solution would be \$2.7M. The pilot's goal is a 1 MW reduction in load in the two towns.

Every 4-5 years you have a summer that is hot enough to need load relief. It needs to be 95 degrees or more for more than three days to get to peak load. Lessons learned from a Worcester Smart Grid summit will be used to determine the outreach techniques utilized in the pilot. Previous SR pilots have failed due to a lack of community engagement.

Joe C. expressed concern about the Tall Ships in Newport next July that will bring in lots of people. He hopes Newport can handle the peak load. A discussion then ensued between Chris P. and Tim R. about the cost of deferring substation upgrades and the cost of NWA. Abigail A. said that the value of the SRP pilot is not just the \$600,000 in deferrals but all the EE improvements as well.

The draft SRP is currently being completed and then will go through standard NGrid internal review. The goal is to provide a copy to the EERMC prior to the 11/1 PUC filing. Abigail A. said that the plan will be filed without the Council's endorsement and the council will have to intervene in that docket by providing supporting comments after the docket has been created. This could result in a second plan being filed. This process is different than how the council usually operates. Marion G. asked about press inquiries. Tim R. said he would like to keep the plan in house for now. A discussion then ensued concerning how smart grid can impact load control programs. Scudder P. said this was an example of when smart grid intersects with LCP.

Discussion & Vote on the Consultant Subcommittee Report

The RFP Subcommittee, consisting of Chris P., Marion G. and Abigail A. met last week to review the three responses the EERMC had for consultant services. An RFP was e-mailed to a long distribution list on 7/8 with a deadline for responses of 9/1. Hurricane Irene pushed this deadline to 9/8. Respondents include: COWI, VEIC/Optimal and the Townsley Consulting Group. They were scored according to criteria established during the original 2008 solicitation. There were 10 scoring criteria. However, it was decided not to use the "references" criteria because of some ambiguity. Therefore, the score was based on 9 criteria, with each member providing a written explanation of their scoring. On 9/30 the Subcommittee met to review the scoring. The result was:

Cowi: 52+44+28 for a final score of 124

VEIC/Optimal: 77+80+80 for a final score of 237

Townsley Consulting Group: 73+50+48 for a final score of 171

Based on this scoring the Subcommittee recommends that the EERMC approve entering into a new contract to VEIC/Optimal. NGrid will continue to handle procurement/contracting with the consulting team and the awarding of the new contract.

They also recommend that each respondent be allowed to view his own scores and feedback but not that of the other respondents.

Joe N. asked about the length of the contract. It is for a year, starting in January, with opportunities for renewal. Joe N. asked if the other 2 companies were based out of RI. COWI had three people in RI but the rest were in Holland. The Townsley Consultant Group is based in Conn. with a representative in RI. Dan J. asked if yearly cost was factored in. Scoring is set up with the nine substantive criteria, which are given the most weight, and price is a separate criterion, given less weight.

Chris P. said it was important to have a team that can respond quickly to complex energy issues like low income & SR, & have local people on the ground that the Council can talk to on a regular basis. Also it is important to be able to attend DSM Collaborative meetings. At the same time he would want the consultant team to be aware of what is going on in other jurisdictions. Chris P. also said that although the respondents had some solid RE credentials, LCP, and not RE, is the main focus of the council. Paul R. said that recent General Assembly RE legislation has set up a separate board for that purpose.

Paul R. asked if one of the criteria was experience working in RI. It was not a specific criteria but experience with program development and working with different sectors was factored. Paul R. said that even under RI procurement law you are allowed to weigh previous experience with the contracting agency.

Joe N. asked if the procurement was run through the state purchasing process. Abigail A. said that the procurement went through the NGrid process.

Abigail A. made a motion to have the EERMC approve entering into a new contract to VEIC/Optimal and authorize National Grid to handle the awarding of the contract. It was seconded by Dan J. and passed unanimously.

VEIC Monthly Report (attached)

Public Comment

Frank Gorke, who represents Clear Results, a Massachusetts EE & project management firm wanted to introduce himself to the Council. He chaired the Massachusetts version of the EERMC and has also worked on yearly EE program plans and wanted to congratulate the council on the work they did on the 3-Year and 2012 EE Plans.

Adjournment

Joe N. made a motion to adjourn. It was seconded by Joe C. and passed unanimously. The meeting was adjourned at 5:35 PM.

Respectfully submitted
Charles Hawkins
Secretary Pro-tempore

