

ENERGY EFFICIENCY & RESOURCE MANAGEMENT COUNCIL

Minutes-December 8, 2011

Conference Room C, 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, Vic Allienello, Marion Gold, Dan Justynski, Chris Powell, Paul Ryan and Joe Newsome

Consultant Present: Scudder Parker, Mike Guerard and Sean Bleything

Staff Present: Pat McCarthy, Lewis Babbitt and Charles Hawkins

Others Present: Rachel Henschel, Jeremy Newberger, Michael McAteer, Karl Munzel, Danny Musher, Rachel Sholly, Chris Kearns, Peter Asen, Angela Li, and Jerry Elmer

Acceptance of Minutes: **Joe C. made a motion to approve the November minutes, and it was seconded by Chris P.** Dan J., however, said he wanted a chance to review the minutes before they were voted on. In the future he would like to receive the minutes before the meeting. It was agreed to put off the vote on the November minutes until the January meeting. **Dan J. made a motion to accept the minutes in draft form to be voted and delay a vote on the final minutes until the next month's meeting. It was seconded by Paul R. and passed unanimously.**

Discussion of the EERMC 2012 Work Plan & Budget

The original 2012 budget was \$946,700. The VEIC/Optimal approved work plan budget was \$600,000 and they have been invoiced for a total of \$557,811 which puts them under budget. Dan P.'s legal fees come in at around \$10,000 and the OER staff support after all invoices are reimbursed should be \$90,000. The total spent this year has been \$658,000 which leaves about \$288,000 unspent.

It was agreed to pay Dan P. a refundable retainer of \$12,000 for 2012 to be put into a client trust account. **Dan J. made a motion to authorize a retainer for \$12,000 to be paid for legal services from Dan Prentiss's law firm to be held in a client trust account. It was seconded by Paul R. and passed unanimously.**

At the last meeting it was agreed that a gas opportunity report (OR), similar to the previous electric OR but smaller in scope, should be undertaken. There is a surplus in the 2011 budget that can fund this report, but this will probably not be the case in 2012. Abigail felt the way to fund the OR, with this year's surplus, would be to put about \$188,000 into a client trust account that will be held by Dan P which could be drawn down in 2012.

Paul R. did not feel comfortable with this and asked Jeremy N. if there was any other way to segregate this money. Jeremy N. said that the only EE Program funds that can be carried over to the next year are for large C&I projects, per order of the PUC. Any carry over funds go back to be re-programmed. In past years the council has never used its whole budget. In 2012, however, the budget will be tighter and funds may not be available to fund a gas OR. Dan J. asked if there were any state restrictions on this type of transaction. No, these are ratepayer, not taxpayer money. Joe N. wondered why the funds can't just stay at NGrid. Jeremy said at the end of the calendar year anything that is unspent gets reprogrammed and re-budgeted. Dan J. asked if the report gets done for \$150,000 does the unused portion go back into the ratepayer fund. Yes. **Abigail A. made a motion to authorize NGrid to transfer \$180,000 to a client trust fund held by Dan P. for the primary purpose of doing an OR in 2012. It was seconded by Dan J. and passed by a 6-0 vote with Paul R. abstaining.**

Abigail said that the meeting was being recored on a digital recorder and proposed the Council purchase one so there will be a clean recording of every meeting. This recorder could be used for all energy forums that the council may chose to convene. It would also help with public information requests the council make get. **Abigail A. made a motion to authorize the \$1300 needed to purchase a digital recorder. It was seconded by Dan J. and passed unanimously.**

2012 Consultant Work Plan (attached)

The proposed budget is for \$699,910 with the breakdown of roles & responsibilities in the attached document. This budget is flexible and the consultant team will work closely with the Council to evolve specific areas of focus that may include: developments in the EE industry; economic conditions; and state and federal policy. A primary focus will be on behavioral programs; low-income customers; and codes and standards.

VEIC would like to develop behavioral programs that have savings projections of more than one year. Mike M. said the whole issue of behavioral changes is rather new and NGrid is excited about the challenge. Marion G. was interested in EE funding for homes that heat with oil to fill the void created by the end of the ARRA Deliverable Fuels Program. **Abigail proposed that the Council get more feedback on the work plan and take a formal vote in January.**

Update on the 2012 LIHEAP Season

Paul R. asked if LIHEAP was slated to be transferred from OER to Health & Human Services (HHS). He is concerned that OER functions may get spread out to various agencies. Chris P. wanted to know if there was a plan if LIHEAP relocates. Dan J. said that there are statutory responsibilities assigned to the OER. Pat M. said that by statute low income programs will be moved in its entirety to HHS with the rest of the OER left behind. Chris P. said that it sounds like the council will not have any review of LIHEAP. Paul R. disagreed saying the Council can still ask HHS to provide updates at meetings.

Chris P. wants to make sure the Council understands what its responsibilities are under LCP. The council needs to monitor these programs if it is the council's responsibility to know. Pat M. said that this LIHEAP season will be the same as last year. Joe N. asked if the expertise of OER will be moving to HHS. Pat M. said yes, the whole operation will move. Vic A. asked, with the changes in the contracts, who will be dispersing the primary grants. Paul M. said it would be the same as in previous years. Vic A. said there was confusion on how the grants will be dispersed this year. Lewis Babbitt of OER was introduced to address these concerns.

There have been no changes in funding since the last meeting, RI still has \$12M from the President's budget and there is movement in Congress to change that. The only major change from last year is how vendors will be getting paid. There is a concern about timely payments to vendors. The OER's major focus in the next two weeks will be to make sure that oil vendors get into the system. The commitments to oil vendors will go out. Lewis B.'s main concern is not starting primary oil grants before the real cold of winter hits. He wants to make sure OER has adequate crisis funding in February.

In a normal year, OER serves about 38,000 LIHEAP customers. So far this year, 11,000 have been processed. Joe N. asked if there were any LIHEAP propane customers. Yes, but it is an unregulated utility and OER's goal is to make sure all LIHEAP customers receive similar funding no matter the fuel type.

Dan J asked if Weatherization & LIHEAP were separate because they perform separate functions. The functions are different, but eligibility requirements are the same. If you are eligible for LIHEAP you are eligible for Weatherization. Paul R. asked if the ProCap problem will mean less people being processed in Providence. Lewis B. does not anticipate that being a problem. The RI Cap's Association has helped with the intake and Providence is already about 2,000 ahead of last year. The goal is to make sure Providence clients get the same service as everyone else.

Vic A. wanted to know how fast vendors will be reimbursed. How fast will invoices be turned around? Lewis B. said they can either send a fax or e-mail with the invoices to the CAPs. This needs to be monitored carefully. OER does not want to put oil vendors at risk. Pat M. said that a meeting with the Oil Heat Institute is scheduled for the next day to iron out these issues.

Gas Opportunity Report

As was previously mentioned, at the last meeting the OER authorized VEIC to prepare a proposal to do a gas OR. Mike G. said there are aggressive gas goals in the 3 Year Plan, but the gas EE programs do not have the track record that electric does. What is achievable on the gas side? What are the best practices in other jurisdictions? Mike M. said that NGrid has 20 years of electric EE but it has only 5 years in gas EE so there is nowhere near the depth of experience. The manufacturing sector is a good place to look at greater gas savings opportunities. You also have to look at the building envelope. Jeremy N. said that if the council wants to broaden the scope of the gas OR it will need to

revisit the gas EE goals set in the 3-Year Plan. He recommends a narrower scope, however, and therefore feels the cost will be less than the \$180,000 allocated. NGrid is responding to Chris P. & Bill F's concerns about large C&I taking advantage of gas EE opportunities.

Chris P. wanted to know how the availability of LNG will affect gas system reliability (SR). LNG has kept the price of gas lower in NE. It has not always been that low. He is concerned about spikes if LNG becomes unavailable. Scudder P. assumed that VEIC will use the regional avoided cost for gas study. Chris P. would like to explore the peak gas load in the OR. Where is the market going for LNG? Will we see higher gas price spikes? Paul R. said that the problem is not as much the availability of LNG in January; but it is the ability of the system to move it. This is something an OR could study. Chris P. said most of the LNG is going to Japan and this could impact the supply. Scudder P. said they will look at this in the OR.

Dan J. asked about how fuel shifts are accounted for when looking at EE savings. Vic A. said that high EE oil burners can bring the same EE savings as gas. Oil customers today are using 33% less oil because of more EE equipment. Rachel said that federal oil standards are also driving increased EE. Joe C. asked about LNG going to Japan. Chris P. said that reports he has been receiving indicate that was the case and it could affect large C&I. Now there is a movement to export LNG from the scale gas deposits in Penn.

Abigail A. said the choices were to vote to authorize a sub-committee to get working on the OR now or wait until the January meeting to vote on it. Option one will get work started now. Paul R. felt that he would like to wait until January. Chris P. said he would rather the work start now. Abigail suggested giving preliminary approval and changes can be made and voted on in January. Mike M. said it would be good to get TechRI & other stakeholder input. **Marion G. made a motion to authorize the EE Program Plan sub-committee (Abigail A., Marion G., & Chris P.) to review and give preliminary approval to do a natural gas opportunity report prior to the January 2012 EERMC meeting. It was seconded by Dan J. and passed unanimously.**

VEIC Monthly Report (Attached)

Chris P. needed to leave the meeting at this point. VEIC finalized the cost-effectiveness study on the 2012 EE PP for the PUC technical session held in December. It confirmed that the plan is cost-effective using totals resource cost test (TRC).

Scudder P wanted to emphasize that customer-sided smart grid technology can be a helpful tool in the long run. It can track the EE in each household. It would be easier to document performance. He sees three advantages to smart grid: better management of the electric system; demand response; and long term behavioral changes. With the integration of gas & electric, RI could be a smart grid leader. It could maximize customer related benefits. Jeremy N. spoke about a NGrid smart grid pilot in Worcester that could be applied to RI. Scudder P. talked about the intersection of electric vehicles (EVs) and smart grid. Marion G. talked about two commissions that will look at EV's

Marion G. asked about the Green & Health Homes Initiative (GHHI). Mike G. mentioned a meeting he attended on this initiative this month. The timetable calls for the work to be completed by March. It is one of 14 pilots nationwide and it has done a great job of leveraging asbestos and lead money with ARRA funds. This allows contractors to do the weatherization work in a seamless manner. It is also increasing the labor force.

Public comment

Marion G. introduced Danny Musher from the URI Energy Center who is partnering with ENE on a Renewable energy siting Partnership to develop an on-line data base using ARRA funds. It will be available to the public and will have an interactive map with consumption & pricing data. Dan J. wanted to know what metrics they were using. How will it help local decision makers to make a business case? Marion G. is frustrated about the lack of data on how EE programs are doing.

Paul R. spoke about Senator Reed & Snowe's efforts to increase the LIHEAP budget. Peter Asen from the Hosue Policy Officie wanted to clarify that in the 2012 budget LIHEAP will be moving to HHS on July 1, 2012. But this could change during this session.

Mike M. asked for an opportunity to briefly describe NGrid's new management structure (attached) that will emphasis a more local approach. NGrid will be organized by state with a president for each state, Tim Horan for RI. The strategy will include local go to people like Angela Li & Kathleen Livelli, from the residential group. Mike M. reports to Ed White, VP for Customer & Business Strategy. The new VP for Sales & Operations will be Terry Sobolewski.

The other area that is being expanded is vendor management. They will be better managed with more clearly defined goals. There will also be an effort to get more mature in the gas segment. Jeremy N. then displayed the new technical resource manual which is available for council members. Karl Munzel commented that he felt that the Council's annual Report should be printed by a local firm.

Abigail A. said that it would be beneficial to have outside experts do presentations at some of the meetings this year. She thought John DeGray, an expert in Cloud Technology, might be a good choice for an early winter meeting. Dan J. said that this is relevant on the C&I side and would like to hear this presentation. Joe C. asked if the meeting could start an hour earlier when this presentation is given,

Dan J. would like some feedback on what is happening with RGGI funds. He would like to have an update. What happened to the money? Jeremy N. cited Ken P.'s 2011 spending plan presented at the May 2011 meeting, which gave NGrid 80% for EE. It became official last week when it was posted by Secretary of State. Rachel said that NGrid has a report on the RGGI spending due in March and could brief the council on it at the next meeting. Dan J. would like that.

Joe N. made a motion to adjourn the meeting. It was seconded by Paul R. and passed unanimously. The meeting was adjourned at 5:40 PM

Respectfully submitted
Charles Hawkins
Secretary Pro-tempore