

ENERGY EFFICINCY AND RESOURCE MANAGEMENT COUNCIL

Minutes-January 13, 2011

Conference Room C, Second Floor DOA

Call to Order: The meeting was called to order by Chairman Ryan at 3:45 PM

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

Staff Present: Charles Hawkins

Consultants: Scudder Parker and Mike Guerard (by teleconference)

Others Present: Karl Munzel, Katie O'Rourke, Jeremy Newberger (by teleconference), Brian Kearny (by teleconference)

Acceptance of Minutes: Paul Ryan made a motion to accept the December minutes. It was seconded by Joe Newsome and passed unanimously.

Executive Directors Report

With some program redesign the OER should have sufficient staff to meet the remaining ARRA responsibilities which last until 3/31/12. There also appears to be sufficient staff to have a viable OER after ARRA expires. The biggest loss to the OER will be the departure of Dan Carrigg.

There will be a shift away from complex ARRA projects that take a long time to complete because of the transaction time involved. Reasons for this are: cash flow problems with municipalities that prevent up front funding; the requirement for NEPA review; and the negative effect the Portsmouth wind docket (D-10-126) has had on large renewable energy projects.

OER received USDOE OK to amend the SEP to include wastewater treatment plants last week and this program was announced with the Governor & EPA at a major press event. All jurisdictions are eligible for this funding not just those who were damaged by the flood. Emergency rules were filed. The plan for RGGI is to have a solid set of general rules and then have an annual allocation plan and do them concurrently

There is good news on LIHEAP. OER has been informed by HHS that it will have \$29.2M to spend this year, which is close to last years total. CAPs have been told that they can start processing crisis assistance grants. Chris P. asked how this would impact funds that went from WAP to LIHEAP. Ken P. said that WAP would be replenished. He also stressed the need to have roll-over funds available for the summer start of LIHEAP.

OER remains interested in establishing an analytical component so RI can have good energy info available. ARRA funding could be used to get it started. Paul R. asked if it could be housed at URI. Ken P. said yes, as well as other possible locations.

Joe N. expressed concern about RISE having exclusive control of energy audits and asked about NGrid's rebidding of this contract. He wanted to know if OER was involved. Ken P. acknowledged that the method of choosing who would do WAP work has evolved over time.

Abigail A. said that there were 11 contractors on the list to do follow-up work. Abigail A. and Marion G. will review the new vendor RFP that will be issued this winter to make sure there is more independent contractor participation in both non-low income & regular EE programs.

Joe N. asked about small businesses who wanted to do energy audits, and not just the follow-up work. How would they go about it? Brian K. said that under the current contract only the lead vendor can do audits. Mike G. said it is important that the RFP allow independent contractors to do audits because whoever does the audit tends to get the follow-up work. Only 10% of the work is currently being done by independent contractors. Joe N. wanted to emphasize that he is not arguing that RISE lose the contract; he just wants RI independent contractors to be involved in the program.

OLD BUSINESS

PUC Decision on the 2011 EE Procurement Plan

The PUC approved the 2011 Electric EE Plan by a 3-0. It will cost \$45.6M, up from \$31M last year. It will provide over \$178M in savings, 1.2 million MWhs of lifetime electric savings, and should yield 2700 job years of employment.

The Gas EE Plan did not do as well. The PUC voted 2-1 to not raise the DSM charge from .15 to .41. They cited the legislative cap on the gas DSM and felt it needs technical correction. Commissioner Bray said that if the Assembly can make a technical fix to the mandatory cap statute that there could be an expedited refiling and approval of the plan with full funding. Appropriate language is being drafted that would amend the mandatory cap statute. A stakeholder group, consisting of TechRI, NGrid EE vendors, and the job training community will be sending letters to Assembly leadership and committee chairs to urge passage of this amendment. If all goes well the law could be amended by late February.

At the hearing PUC told NGrid to revise their plan and resubmit a compliance filing that caps the funding at .15 by 1/21. This means that the gas EE plan will have to be scaled back by 67% if the technical fix is not successful.

A discussion then ensued about the Renewable Energy Commission meeting chaired by Rep. Ruggiero that consisted mostly of small renewable businesses. Interest has been

expressed in creating an overarching clean energy council that would include renewables in LCP along with EE. With the DSM expiring, EE is protected by LCP, renewables do not have that same protection. The renewable energy community would like to double the amount of the DSM that goes to renewables.

However, in the LCP Statue, SR is a component. Chris P. said renewables would have to pass a cost benefit test for LCP. Scudder P. suggested having David Hill of VEIC give the council an update on what is happening in the renewable energy market. Ken P. mentioned a working group on renewables convened by the RI Bar Association, where no consensus was reached. Abigail agreed that VEIC should be on the agenda for the next meeting to educate the Council on this issue. Paul R. said that the council has no statutory authority in the alternative energy field.

Update on System Reliability (SR) by NGrid's Doug Smith

A Non-Wires Alternative (NWA) Team has been formed at NGrid and has been meeting every two weeks for the last two years. They are studying use of demand side management (DSM) and distributed generation (DER) to defer the need for expensive upgrades to transmission & distributing. Other NWA include EE, energy storage, direct load control or a combination of the above.

RI is ahead of the game with the LCP statue and NGrid would like RI to be the first state to do a pilot that defers a T&D project. Going forward NGrid's policy will be to develop non-wires alternatives concurrent with the development of wires alternatives for major capitol projects. The NWA Team has participation from the following NGrid groups: Energy Products which includes EE, Regulatory, Transmission Planning, Distribution Planning, Distribution Asset Strategy and Policy, Smart Grid, Siting, and Load Forecasting. They are using some of their DSM budget to develop a planning tool to provide NWA costs and impacts. NGrid engineers, who only looked at wire alternatives before, are now looking at things in new ways.

Joe N. asked about the vulnerabilities of the system. Doug S. said that there is no immediate vulnerability but that they have to plan 5 years in the future because it takes 4 years to build things. Joe C. asked if you could use RI colleges as a pilot. Doug S., for example, said that Brown could build a CHP facility to defer building a substation. Hourly pricing will be another option in the future. Direct load control is also a NWA. Scudder P. mentioned the integration of LCP strategies with T&D.

Joe N. asked how SR relates to the low income population who can't afford heat or electricity. Abigail said this is a lower priced way that will reduce electric bills. Chris P. said that if you can defer a \$5M project it means lower electric bills for everyone. Doug S. said that research shows that low income people like options like hourly pricing and they share the benefits with other customers.

Four NGrid VPs are ready to sign a planning document to do a NWA analysis and then propose a pilot project. They will develop a screening tool with the help of VEIC by the end of the month and they go through RI to look for a possible pilot.

Abigail A. complimented Doug S. for helping to change the direction of NGrid to an area that is new to the utility industry.

VEIC's Monthly Report

Scudder P. said that the fact that NGrid had 4 VPs working on NWA is a culture change that is not happening in other places. In the last month VEIC has been working on:

- Support for the 2011 EEP and compiling a cost effectiveness study
- Strategy for gas EE pertaining to the DSM technical fix.
- Helping to develop a work plan for 2011
- Analyzing the savings claims from NGrid on 2011 plan
- Help develop the C&I Low Interest EE loan with EDC to leverage ARRA funding.
- Looking at standards for the 3 year planning cycle regarding LCP and SR and how decoupling and the incentive structure will work.
- Help the Council prepare the Annual Report. He recommended this be put on next month's agenda.

Paul R. thought that the PUC December ruling is a switch from DSM to LCP.

Discussion and Vote on the 2011 EERMC Budget & Workplan

Paul R. said that with an increased budget the Council will be getting more attention. The Council then discussed the attached work plan and budget. The line item for the OER's staffing was discussed and it was agreed to increase it from \$80,000 to 90,000.

Abigail wanted to a make sure there were resources to do a real professional Annual Plan and have more copies printed. Paul R. thought the \$20,000 for legal may be a bit small. He felt that there may be more PUC dockets this year. Abigail said the Reserve Fund of \$182,000 could be used for contingencies. There was also talk of having more public forums this year because of the success of the June 5th URI event. The possibility of a low income forum was discussed.

Paul Ryan made a motion to accept the Work Plan & Budget as presented with an amendment to increase the OER staff resources to \$90,000. It was seconded by Chris P. and passed unanimously.

Public Comment

Abigail A. made a motion to authorize the EERMC to send a letter to Assembly leadership supporting a technical fix that eliminates the .15 statutory cap. It was seconded by Paul R. and passed unanimously

Abigail brought up the reappointment of Council members. She is filling out the rest of Sam K.'s term and needs to be reappointed this year. She is going to send a letter to the Governor's office to accomplish this. She also wanted to know who else needed to be reappointed. It was agreed that OER staff would research this for the council to see if Joe N. & Joe C. needed to be reappointed.

Abigail A. wanted to know if members wanted to set a time limit for meetings. Marion G. thought it was a good idea. After discussion it was agreed to try to end meetings by 6:00 PM.

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

Respectfully submitted

Charles Hawkins
Secretary Pro-tempore

**EERMC Proposed 2011 Work Plan and Budget
January, 2011 DRAFT**

1. Policy and Program Planning Consultant

Until this role is rebid, the VEIC Consultant Team (Vermont Energy Investment Corp.) is the EERMC's Policy and Program Planning Consultant. The primary responsibility of the Consultant Team is to be a partner and project manager to help ensure all goals are met and tasks are accomplished for the EERMC to meet its statutory objectives and duties. The Consultant Team leverages similar work in neighboring states to offer some cost mitigation and efficiencies. Such support is factored into the proposed budgets.

The Consultant Team will provide critical services and support for EERMC priorities through the following roles and responsibilities:

- Coordinate EERMC member interpretation and understanding of utility efficiency, distributed generation, and system reliability program planning, policy development and implementation, and facilitate EERMC member participation in the planning and oversight process.
- Fully participate in the development of EERMC priorities and provide technical inputs and analysis as necessary to advance the EERMC's priorities.
- Assume overall responsibility for managing and coordinating the work of any additional technical consultants hired by the EERMC to support its objectives.
- Provide support on relevant PUC dockets, including direct testimony on behalf of the EERMC upon its request.
- Develop and review policies on a range of issues including, but not limited to, triennial and annual efficiency plan development and implementation; efficiency and system reliability standards development; energy efficiency savings targets; program budget and financing; cost-effectiveness; evaluation, monitoring, and verification; financing; and performance incentives.

Regular responsibilities of the Consultant Team include:

- Identify innovative approaches and improvements to program delivery, including: (1) gas/electric integration; (2) infrastructure development; (3) best practices and emerging technologies; (4) statewide education and marketing; (4) program designs that are both deeper (more savings per customer) and broader (reaching more customers); (6) evaluation, measurement, and verification; (7) financing; and (8) innovative delivery mechanisms and partnerships.
- Develop and review policies on a range of issues germane to the EERMC and provide summaries of policy analyses conducted so that stakeholder representatives can make decisions based on sound information.
- Provide technical support and representation with respect to relevant state and regional entities and policies, including the Rhode Island General Assembly and Executive branch, ISO-New England, the Regional Greenhouse Gas Initiative (RGGI), and the Forward Capacity Market (FCM).
- Support the development of, and draft, the required Annual Report to the General Assembly on EERMC activities due on April 15 of each year.
- Draft recommendations and reports on energy issues as needed.
- Actively participate and provide expertise in regular monthly EERMC meetings, Collaborative Subcommittee meetings, System Reliability Subcommittee meetings, other related subcommittees that may be formed, and at technical sessions and hearings before the PUC.
- Provide independent assessment of utility reports and information, such as Energy Efficiency Plan quarterly and annual reports and program tracking data.
- Keep the EERMC apprised of developments in other states that could improve the quality of energy efficiency programs in Rhode Island.
- Monitor, facilitate, and report on the implementation and progress towards the goals of the 2011 Energy Efficiency Program Plan. This includes regular meetings with National Grid program managers, evaluation of pilot programs,

participate in the low-income best practices working group, and specific program area research and reporting.

- Monitoring and reporting on developments in innovative financing strategies.
- Monitor all energy efficiency funding available in Rhode Island, such as RGGI and FCM funds.

The Consultant Team will have expanded responsibilities in 2011. Additional tasks, issues, and responsibilities for 2011 include:

- Working with and on behalf of the EERMC in front of the PUC to support the passage of the EERMC's proposed natural gas and electric efficiency goals for 2012-2014.
- Working with National Grid and the Collaborative Subcommittee to develop the 2012-2014 Three-Year Energy Efficiency Procurement Plan for Rhode Island.
- Quarterly meetings with National Grid efficiency program managers assess the implementation of the 2011 Energy Efficiency Plan.
- Providing recommendations and assisting in the development of revised standards for Least Cost Procurement and System Reliability Procurement.
- Providing monthly verbal and written presentation of issues and work tasks from previous months as well as verbal and written summaries of upcoming issues to be resolved. All reports will also be provided electronically for archiving and historical record.
- Evaluating the impacts of decoupling and other recent legislation on energy efficiency.
- Supporting the development of state legislation or other strategies needed to ensure funding and coordination of energy efficiency offerings for oil and propane heat customers as well as to ensure full funding of least cost procurement for natural gas.
- Distributed resource planning, including oversight and evaluation of National Grid's system reliability procurement plan and potential pilot projects.
- Supporting discussion and providing recommendations with regard to how performance metrics are set, how evaluation, measurement, and verification tasks are identified and conducted, and the nature and level of reward for National Grid. Work with the EERMC to identify and conduct the proper role for the Consultant Team on evaluation, measurement, and verification.
- Support the development of a Rhode Island Technical Resource Manual to transparently document how energy efficiency measure savings are calculated, update, and reported.
- Support the development of residential and C&I energy efficiency financing strategies, including support on state legislative initiatives prioritized by the EERMC.
- Evaluating the long-term rate and bill impacts of energy efficiency on Rhode Island electric and natural gas customers.
- Conduct a detailed review and report on the cost-effectiveness of the 2012 gas and electric efficiency plans, and possibly the 2012-2014 plan, for submittal to the PUC.
- Working with National Grid to develop the 2011 Avoided Cost Study.

Budget: \$600,000

In light of the Consultant Team’s expanded responsibilities in 2011 and the regular work required to assist the EERMC in meeting its statutorily defined objectives and duties, the EERMC will require the Consultant Team for approximately 4,000 hours. This work load is essential to ensuring that the EERMC fulfills its responsibilities and that the objectives of Least Cost Procurement and System Reliability Procurement are advanced. The following budget was proposed by the VEIC Consultant Team and approved by the EERMC through the end of June 2011 and has the ability to be extended by the EERMC

	Quarter 1	Quarter 2	Total through June 30, 2011
Hours	700	850	1,550
Budget	\$120,000	\$150,000	\$270,000

2. Staff Resources

The Office of Energy Resources currently provides staff resources and supports the EERMC in providing an integrated, comprehensive, public, stakeholder-driven process to secure the economic and environmental benefits of energy efficiency and system reliability for Rhode Island electric and natural gas customers.

Expanded responsibilities in 2011 will include: improving and maintaining the EERMC website so that all EERMC minutes, reports, and materials are made available to the public, assisting the EERMC with press releases and other media opportunities, and helping the EERMC to coordinate conferences and topical forums.

The Office of Energy Resources will provide critical services and support for EERMC priorities through the following roles and responsibilities:

- Scheduling EERMC meetings and posting meeting details and agenda on with the Secretary of State as required by law.
- Providing space for regular monthly EERMC meetings and subcommittee meetings.
- Recording and transcribing meeting minutes.
- Assisting the EERMC with press releases and other media opportunities.
- Developing, hosting, and updating the EERMC website (www.rieermc.ri.gov).
- Support in advancing the legislative priorities of the EERMC.
- Providing updates and reports on Rhode Island energy issues germane to the EERMC.

Budget: \$80,000 (Not confirmed)

3. EERMC Annual Report

R.I.G.L. §42-140.1-5(c) requires the EERMC to: “[s]ubmit to the joint committee on energy an annual report on/ or before April 15 of each year, commencing in 2008, regarding the activities of the council, its assessment of energy issues, the status of system reliability, energy efficiency, and conservation procurement and its recommendations regarding and improvements which might be necessary or desirable.”

In recent years, the EERMC Annual Report has included a summary and assessment of the following issues: least cost procurement, system reliability procurement, future opportunities for energy efficiency, and RGGI. The April 2010 Annual Report (for the period April 16, 2009 to April 15, 2010) includes a break-down of funding for energy efficiency and weatherization from the American Recovery and Reinvestment Act of 2009 (ARRA). The Annual Report provides the results of the low-income, residential, and commercial and industrial energy efficiency programs and an analysis of regional greenhouse gas emissions trends and energy prices. The Annual Report also recommends long-term policies and strategies to advance the objectives of Least Cost Procurement.

The EERMC anticipates that the April 2011 Annual Report (for the period April 16, 2010 to April 15, 2011) to the General Assembly will be 30 to 40 pages in length and include similar information to the April 2010 Report. The budget for the Annual Report includes, but is not limited to, the following:

- Professional design services
- Printing (approximately 600 copies)

Budget: \$15,000

4. EERMC Counsel

Prentiss Law Firm represents the EERMC in regulatory proceedings and other matters. In 2011, Prentiss Law Firm will represent the EERMC in docket proceedings related, but not limited, to the energy efficiency savings targets, revisions to the Least Cost Procurement and System Reliability Standards, decoupling, and the 2012-2014 Three-Year Energy Efficiency Procurement Plan and any related annual plans for 2012, as well as possible an expedited re-review of the natural gas efficiency plan for 2011. The EERMC spent \$8,504 on legal counsel in 2008, \$13,331 in 2009, and \$8,689 in 2010. Given the heavy volume of proceedings already planned for 2011 there is likely to be a need for more hours of Prentiss Law Firm's services than in years past.

Budget: \$20,000

5. Conferences and Forums

On June 5, 2010 the EERMC partnered with the University of Rhode Island (URI) Energy Center, the Washington County Regional Planning Council, and the Office of Energy Resources to hold a free half-day forum for municipalities, schools, small businesses, non-profits, and residents on sustainable energy. This forum was attended by more than 200 people and show-cased state experts in energy efficiency and renewable energy projects. It included panels and opportunities to learn about successful on-the-ground energy efficiency and renewable energy projects, ways to take advantage of Rhode Island's efficiency programs, and networking with RI-based energy leaders and technical experts. Speakers included Senator Sheldon Whitehouse, Region-1 EPA

Administrator Curt Spalding, Kenneth Payne, Administrator, RI Office of Energy Resources, and Paul Ryan and Sam Krasnow of the EERMC.

In 2011 the EERMC will continue its on-going work to with diverse stakeholders to build support for and awareness of Rhode Island’s energy efficiency and sustainable energy initiatives. The EERMC will partner with other organizations to plan and host at least two public events to raise awareness and generate discussion of energy efficiency and other energy issues and provide information on how to participate in, and benefit from, Rhode Island’s energy initiatives. One forum will target a general audience and the second forum will target low-income and other hard-to-reach customers.

Budget: \$25,000

6. Reserve Fund

The Reserve Fund will support additional needed expenditures, as determined by the EERMC.

Possible expenditures include but are not limited to:

- Expert witnesses and technical consultants on issues such as decoupling, energy efficiency financing, cost-effectiveness, performance incentives, bill impacts, and evaluation, measurement, and verification.
- Forums on special topics such as small business energy efficiency, residential efficiency financing, the Providence Green and Healthy Homes Initiative, and low-income best practices.
- Printed materials and other marketing efforts
- Other priorities that emerge over the course of the year as determined by the EERMC

Budget: \$182,000

Draft Budget Summary

Category	Estimated Hours	Estimated Budget
Policy and Program Planning Consultant		\$600,000
Staff Resources		\$80,000
EERMC Annual Plan		\$15,000
EERMC Counsel		\$20,000
Conferences and Forums		\$25,000
Reserve Fund		\$182,000
Total Budget		\$922,000

