

## **ENERGY EFFICIENCY AND RESOURCE MANAGEMENT COUNCIL**

**Minutes-August 11, 2011**

**Conference Room B, Second Floor, DOA**

**Call to Order:** The meeting was called to order by Chairman Ryan at 3:40 PM.

**Members Present:** Abigail Anthony, Paul Ryan, Joe Cirillo, Christopher Powell, Joe Newsome, Vic Allienello, and Dan Justynski.

**Consultants Present:** Scudder Parker and Mike Guerard

**Staff Present:** Charles Hawkins

**Others Present:** Jeremy Newberger, Rachel Henschel, Tim Roughan, Michael McAteer, Peter Asen, Wendy Waller, Theresa Lavoie, Michael Townsley and Elizabeth Kenyon

**Acceptance of Minutes:** Abigail A. made a motion to accept the July Minutes. It was seconded by Dan J. and passed unanimously

**Executive Director's Report** (Attached)

### **Discussion & Vote on the NGrid Three Year EE Procurement Plan**

Jeremy N. & Rachel H. were introduced to give the highlights of this plan which is due to be filed with the PUC on September 1<sup>st</sup>. Jeremy N. cited the Community Review Session that the OER hosted on 8/4 and felt it was useful. A draft of the 3-Year Plan was circulated to members which gives the framework of the plan and a roadmap to achieving the EE goals set by the PUC in June.

This is the second electric 3-year EE plan and the first for gas. The electric savings target will be 2.5% of baseline year sales. The cost effective savings target for natural gas will be 1.0% of baseline year sales. This is down from the original goal of 1.5%. A July 2011 Regional Avoided Cost Study decreases gas EE benefits by 30%. NGrid will try to reach the 1.5% goal by the end of the 3-year plan, however.

The key themes for the new 3-year plan are: EE is for everyone; innovation; economic growth and transparency of savings. Other goals include gas & electric integration and realistic and sustainable expansion.

EE for everyone includes offering oil weatherization, and addressing the landlord-tenant split incentive. NGrid will reach customers where they live by bundling all EE programs, employing customer segmentation to improve marketing, and developing a long term strategic energy management plan (SEMP) for large C&I customers. They will also continue community initiatives and expand the Aquidneck Island Pilot & expand multifamily initiatives.

Key Innovation initiatives will include: designing a LED lighting program; researching large-scale residential behavioral programs; and expanding codes and standards initiatives. Economic growth will be stimulated by training more EE contractors and integrating EE with non-wire solutions. It is important that EE programs be clear and simple with RI looking at what neighboring states are doing.

Rachel H. said that the company will be taking a critical & honest look at EE cost in order to provide these benefits in the most cost effective manner. They will also take a look at gas savings. This plan is ahead of the curve because it uses evaluated savings. Joe C. wanted to make sure this data was shared with the EDC. Chris P. said the evaluation results can be used to tweak programs and inform future program design. He wanted to know what can be learned from these evaluations to bring costs down. Scudder P. said that one of the reasons claimed EE savings go down is because the market has accepted the EE measures.

In the electric plan summary, NGrid has made a commitment to lower cost per lifetime of KWh. Joe N. cited the new construction resulting from the I-195 as a possible EE opportunity. Scudder P. wanted to complement the 3-Year Plan Subcommittee with pushing NGrid to higher EE savings goals.

Chris P. said that his experience with gas EE at Brown is that the savings were higher than the 1.0% target goals. He said that because gas EE is relative new it can be harder to claim savings than on the electric side which is well established. Mike M. said that it is now easier to track gas savings.

The shareholder incentive will stay at 4.4% of the budget for achieving 100% of the goals. Chris P. asked for examples of outside funding sources. Grants from foundations, bonding, DOE grants, and ESCOs were given as examples. Abigail A. asked how NGrid was going to measure the impact of outside funding on the DSM. Jeremy N. said that it may take a year for the company to be able to measure this.

Tim R. was then introduced to give the 3-Year Plan's impact on System Reliability (SR). This 3-year plan is a more precise document than the 2008 plan. It will look at every circuit in RI. It deals with how to leverage funding for load reduction. It will look at what the true need is in MWs to defer distribution upgrades. He said that on July 22<sup>nd</sup>, RI achieved its all time peak for electric consumption. Scudder P. said that EE is based on MWs and not on peak. Deeper EE should make the peak load less. Tim R said that peak load reduction is often tied to behavioral measures.

Paul R. asked if any of the off-shore wind projects will be on-line in the next few years could aid SR. Tim R. cited the Texas situation this summer when despite 4000 MWs of available wind only 400 MW could be deployed during the recent heat wave. This highlights the need for better storage for wind.

Tim R. cited the new distributed generation legislation as a way to reduce peak load in the next three to five years. It provides for long term contracting with ceiling prices. Chris P. asked if it was for self generation. Yes, it is open to all renewable generation except wood waste bio-mass. NGrid has just filed its first set of comments on the net metering tariff. Dan J. asked for more information on the law.

Joe C. asked about the building codes initiatives in the plan and whether they would be on a statewide basis. NGrid is considering a compliance based program. Joe C. said that NGrid has been working with the State Building Commission on seminars that train the codes people. Mike M. said that new EE technologies are helping the codes community establish higher baselines. Joe C. cautioned about making the energy codes too expensive, like the fire codes. Chris P. said that Brown requires 25% over the minimum building code. It is a way to learn how to be more EE.

Paul R. then opened the floor for questions. Joe N. asked what happens to the shareholder incentive if NGrid only gets to 80% of its savings goals. Jeremy N. said that there was an adjustment mechanism in the shareholder agreement that would readjust the goals. Abigail A. said that if they only get 60% of the saving there is no incentive. Jeremy N. stated that if the company gets to 100% of its goals and by being cost effective only uses 80% of its budget the incentive can be adjusted higher.

Joe N. asked what will the PUC's biggest concern in the filing. Jeremy said that the plan must meet the statutory requirement of cost effectiveness. They will take a hard look at costs. Abigail agreed. She felt that the text and themes of the plan are top notch but the PUC will look at the numbers. She would expect them to do a data request to compare the plan to other states in order to protect the ratepayers.

Dan J. asked if RI's DSM charge was in line with other states. Jeremy N. said that although the charge is reasonable, if a company does not participate in the EE programs its net effect will be negative. The goal of the "EE is for Everyone" campaign is to increase participation and lessen the DMS's negative billing pattern. Dan J. asked how the cost of energy is calculated. Jeremy N. said that the TRC cost needs to be safely below the cost of supply. Cost effectiveness is the avoided cost of energy. Chris P. said the Council was created to make sure this happens.

Mike M. said the key for businesses is to participate. If you do not participate you loss. NGrid can demonstrate with every metric that EE will lower your rates and can create jobs, but you have to be engaged. NGrid can be a solution provider using the DSM.

Paul R. asked if the Council was ready to present a motion on the plan. Abigail A. offered the following motion: **To approve the 2012-2014 Energy Efficiency Procurement Plan and authorize the 3-Year Plan Subcommittee to work with National Grid to finalize text, charts and graphs**

Dan J. seconded the motion and it passed unanimously.

Abigail; felt that a motion was needed to direct the consultant team to work on there verification of the cost effectiveness of the plan and draft a report to be filed with the PUC. Abigail made the following motion: **To authorize the VEIC/Optimal consulting team to conduct a cost-effectiveness review of the 2012-2014 Plan and authorize the 3-Year Plan Subcommittee to file the review with the PUC.**

It was seconded by Paul R. and passed unanimously.

Abigail then proposed a third motion: **To authorize the 3-Year Plan Subcommittee to draft a letter on natural gas energy savings targets and file the letter with the PUC.**

It was seconded by Paul R. and passed unanimously.

Scudder P. wanted to thank Ken P. and the OER for holding the Community Review Session that created an opportunity for the public to comment on the plan. Paul R. agreed and asked how many people attended. Charlie H. said that about 30 people attended and he would send the sign in sheets to Council members.

Jeremy N. said that NGrid would work with the 3-Year Plan Subcommittee to update the text to reflect today's comments. At the next DSM Collaborative meeting NGrid will try to get the support of TEC-RI and the DPUC.

**VEIC Monthly Report** (attached)

**Update on EERMC Listening Sessions** (attached)

## **NEW BUSINESS**

**USDOE Competitive Grant for Commercial Retro-fits** (attached)

### **Public Comment**

Scudder P. wanted to highlight the negotiations that resulted in the lower savings target for gas. PUC was concerned about whether the 1.5% gas savings target was cost effective. He felt in the long run 1.0% was a more realistic goal and that the compromise PUC gives the PUC a comfort level.

Jeremy N. recommended that the Council commission a limited scope gas opportunity report to be ready by the spring of 2012. Paul R. said he would need to have a DOA lawyer look at that to determine what the proper bidding process would be.

**Paul R. made a motion to adjourn the meeting. It was seconded by Abigail A. and passed unanimously.**

Respectfully submitted  
Charles Hawkins  
Secretary Pro-tempore

**ENERGY EFFICIENCY AND RESOURCES MANAGEMENT COUNCIL**  
MEETING AUGUST 11, 2011

EXECUTIVE DIRECTOR'S REPORT

1. Transition from ARRA to Post-ARRA Era. During the period 2009 through the present, planning for and using ARRA funds has been the dominating responsibility of the Office of Energy Resources (OER). In July the emphasis shifted to transitioning into the post-ARRA era. Critical components of the post-ARRA will be:

- (a) Least Cost Procurement,
- (b) Net-Metering and Distributed Generation Long Term Contracting,
- (c) Henry Shelton Act (LHEAP enhancement).

Prospectively, as much or more investment will be occurring in RI for energy efficiency and renewable energy development as took place during the ARRA period. It appears that Low Income Home Energy Assistance and Weatherization Assistance will be stable at roughly the FY 2011 in FY 2012.

2. ARRA SEP Reprogramming. On July 25<sup>th</sup> the OER submitted the final ARRA-SEP reprogramming to the Administration. The initiatives that will be taking the through the reprogramming include:

- (a) LED lighting (\$1 M),
- (b) Waste Water Treatment Facility energy efficiency improvements (\$1 M),
- (c) Residential Weatherization for dwellings using deliverable fuels (\$ 600 K, N-Grid contract increase),
- (d) Green and Healthy Homes Initiative in Providence (geographically concentrated weatherization, complementing lead abatement, etc.) (\$ 850 K)
- (e) Renewable Energy Fund augmentation (\$1.5 M, EDC MOU)
- (f) Ocean SAMP Implementation (\$ 685 K)
- (g) Renewable Energy Siting Partnership (RESP), aka "Land SAMP" (\$ 1.2 M)

3. RGGI. Public hearing on July 25<sup>th</sup> on:

- (a) Rules and Regulations for Allocation of Proceeds.
- (b) 2011 Allocation Plan.

4. Distribute Generation Long-Term Contracting. Community Review Meeting was held on August 3, 2011: agreed on the "CREST" methodology set forth in the march 2011 NREL Report, with broad support to concentrate on solar PV for 2011 target of 5 MW.

5. Henry Shelton Act (LIHEAP Enhancement) legislation. Implementation activities were commenced with Division of Public Utilities and Carriers.

6. Least Cost Procurement and System Reliability Plan. OER participated in an in-depth review of the triennial plan and strongly concurs in its basic approach: full and effective implementation of the three year plan through annual plans is vitally important.

To Rhode Island Energy Efficiency & Resource Management Council (EERMC)  
From VEIC/Optimal Energy Consultant Team

Date August 11, 2011

Subject Monthly Report: July 14 – August 10, 2011

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## Summary of Activities

The VEIC/Optimal Energy Consultant Team (Team) continued to prioritize efforts on the development of the next 3-Year Plan to be filed by September 1, including issues related to Performance Incentives, transparency, program costs and savings targets. Additionally, the Team was engaged activities in support of the 2011 Energy Efficiency Program Plan, as well as preliminary planning discussions for the upcoming 2012 Annual Plan development.

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## Highlights of Specific Activities

Specific activities that the Team delivered over the last month included:

- Planning & Policy issues relating to 3-year Plan
  - The Team maintained engagement with Council members, stakeholders and the Energy Efficiency Collaborative, and developed documentation and research to support the process, including:
    - Attended Collaborative meeting on 7/28 and Community Review Session hosted by RI OER on 8/4.
    - Participated in review session via conference call with National Grid on 3-year Plan screening process.
    - Reviewed and commented on drafts of 3-year Plan distributed by National Grid on 7/22 and 8/5.
    - Supported development of comparison data tables reflecting cost and savings of programs in neighboring jurisdictions to help inform reasonable levels to be included in RI's plan.
    - Participated in numerous conference calls with Council members, stakeholders and National Grid regarding various elements of the Plan.
- Preparation for 2012 Annual Plan development
  - Members from the Consultant Team held strategy meetings covering the C&I and residential (including low-income) sectors in advance of the 2012 Annual Plan development process.
  - Met with Council members and the RI OER to establish priority objectives for the EERMC in upcoming plans, as well as to support planning for future EERMC activities and improvement.
- 2011 Efficiency Program Implementation activities
  - Attended meetings and prep sessions relating to the following programs and strategic initiatives:

- Low-income Multifamily – Met with Joe Newsome to review potential areas for program enhancement on 7/22.
- Gas Program funding – Attended 7/25 PUC meeting on the re-filed gas program, which was approved.
- EnergyWise home assessment program –
  - Reviewed and commented on the updated draft RFP from National Grid.
- Emerald Cities Collaborative – Met with representatives of the Emerald Cities project and Chris Powell regarding the project's efforts to support energy efficiency in commercial buildings while creating sustainable jobs in the industry.
- DOE Funding Opportunity – Provided input and review of proposal for a joint submittal from the RI OER, NEEP and National Grid for a Commercial Buildings Retrofit grant, which will focus on policy and strategy to remove barriers to upgrading buildings, include the creation of sustainable financing options.
- Outreach & “Listening Sessions” – Continued planning activities to support listening sessions with the two initial target areas: C&I customers and low-income stakeholders.

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## Upcoming Areas of Focus

For the balance of August, the Team will continue activities in support of finalizing the 3-year Plan, as well as the initiation of efforts to support the development of the 2012 Annual Plan with National Grid and stakeholders. Many of the activities detailed above regarding support of 2011 implementation will also continue.

### **Report on EERMC Outreach Activities**

**August 9, 2011**

**Marion Gold**

- 1) We are working with Optimal Energy to hold program specific listening sessions to gain feedback from participants in NGRID efficiency program. The draft work plan is provided below.
- 2) EERMC Web Site. We propose hiring a student (an Energy Fellow) to maintain the EERMC web site and assist with other EERMC outreach activities. We are working with the OER to determine how best to proceed.
- 3) We are considering holding another Sustainable Energy Forum this fall – similar to the session held at URI in June, 2010. The forum would provide an opportunity to showcase sustainable energy accomplishments and discuss the exciting and innovative energy programs planned for the next three years. Earliest possible date would be late October/early November (still in time to prepare for heating season!).

## Rhode Island Listening Sessions Draft Work Plan from Optimal Energy

### Overview:

To better inform the current planning process for the 2012-2014 electric and gas efficiency programs, three program specific C&I listening sessions will be held to gain direct feedback from participants in each of National Grid's three core C&I programs. These programs include Small Business Direct Install, Large C&I Retrofit, and New Construction.

The participants will be randomly selected from a list of all 2009 and 2010 participants in each of the three programs. The consulting team has proposed to target 30 invitees in each program, with an expectation that 15 to 25 participants will actually attend the listening sessions for each program. This relatively small group will be more manageable and will likely offer a better forum for more open feedback.

A limitation of these listening sessions as planned is that we lack specific project information, customer size, efficiency measures installed, and sub-program information (Custom, prescriptive, etc.). The consultant team plans to work with Mark DePetrillo from NGID to compile this information from National Grid of the targeted invitees. (Q: does this introduce potential bias or other concerns?)

### Other Issues:

We are also working with the consultants, National Grid and Tec RI to explore the value and logistics of holding a listening session specifically for large manufacturers whose interests and needs are different from other customers also included in the large C&I category. Finally, we are considering how to reach out to non-participants regarding barriers to participation.

Program	2009-10 Total Participants	Targeted Number of Attendees
Small Business Direct Install	1,880	30
Large C&I Retrofit	751	30
New Construction	401	30

### Proposed Schedule:

Task	Tentative Dates
Invitees Selected	August 25, 2011
Invitations Sent/Participants Contacted	September 8, 2011
RSVPs from Participants due	September 22, 2011
Listening Sessions	Late September 2011

### Listening Session Logistics

Location – Economic Development Corporation, RI Foundation Board Room or RICE headquarters at Davol Square.

Coffee, Juice ,Muffins (morning); Soda, Cookies (afternoon)

One morning, one afternoon and one morning of the following day. Specific dates TBA

**US DOE SEP DE-FOA-0000533  
PRELIMINARY PROJECT ABSTRACT  
7/26/11 - NEEP Draft for Discussion**

**Applicant Name:** Rhode Island Office of Energy Resources (RIOER)

**Project Director/Principal investigator(s):** Charlie Hawkins, Outreach & Community Liaison, RIOER; Carolyn Sarno, Northeast Energy Efficiency Partnerships

**Project Title:** A Policy Road for Commercial Building Retrofits

**Project Objectives: Two-Year Project**

1. Develop and support adoption of policy approaches that resolve policy, regulatory and other barriers in Rhode Island to cost-effective investments for commercial building energy efficiency retrofits.
2. Develop and support adoption of programs and policy tools that support a self-sustaining market for commercial building efficiency retrofits.
3. Attract and provide sustainable access to private investment capital for commercial building efficiency upgrades.

**Project Description:** Methods be employed include:

1. Convene Commercial Building Retrofit Leadership Advisory Committee with representation from key stakeholders (e.g., state agencies, building owners and managers, financial institutions, gas and electric utilities, the commercial real estate industry) to inform project research, materials, recommendations, and implementation plans.
2. Assess current commercial building retrofit market including high level profile of commercial building characteristics including age, size, ownership, occupancy, condition, status of property valuation, and potential for cost-effective energy savings.
3. Detail market, legal and regulatory barriers imposed by current policies, ordinances, regulations and other major factors that impede comprehensive commercial building efficiency retrofits including consideration of historical building preservation policies.

4. Research the status of financing available for efficiency retrofits for the range of building types and ownership and identify gaps and barriers to ready access to financial products.
5. Review current best practices in Rhode Island and the Northeast to identify solutions and practices to build on or adopt with consideration of the need for consistency in approach and requirements to remove barriers and build market momentum.
6. Develop Commercial Building Retrofit Roadmap with policy and program recommendations to resolve known barriers to building retrofits including the role of ratepayer-funded efficiency programs, building energy rating and benchmarking, leasing arrangements to address split incentives, leveraged resources, creative financing approaches and other strategies including streamlining or creating standards, refining laws and ordinances, reforming or creating new financial incentives, coordination with federal efforts (e.g., [US DOE's Better Buildings](#)) and consideration of a commercial buildings extension service to attract and promote investments to retrofit commercial buildings, and protocols to assess energy savings.
7. Create model programs and policies for state and local adoption to promote commercial building retrofits as recommended by the Commercial Building Retrofit Roadmap.
8. Develop dissemination plan, and conduct outreach and training to support policy reform and to implement program recommendations including one-day regional summit.

Potential Project Impact: (i.e., benefits, outcomes) TBD

Major participants: Northeast Energy Efficiency Partnerships, National Grid

**US DOE SEP DE-FOA-0000533**  
7/26/11 - NEEP Draft for Discussion

#### **Proposed Project Team**

##### **Rhode Island Office of Energy Resources - Project Director**

- US DOE Grantee (hold grant, provide interface with and necessary documentation and reports to US DOE)
- Project Director
  - Contract with NEEP as Project Manager,
  - Regularly review project management plan with NEEP,
  - Provide input to and comment on RFPs to retain and select contractors, draft work products, and other project outputs.
- Chair Advisory Committee
  - Direct development of committee participants
  - Approve committee agendas
  - Chair meetings

##### **Northeast Energy Efficiency Partnerships - Project Manager (Contracted)**

- Project Manager
  - Develop/Maintain project management plan in collaboration with RIEOR

- Solicit/retain/manage contractors to conduct research, develop roadmap, develop model policies and materials
- Prepare required reports for US DOE
- Manage outreach and communications overall (e.g., respond to inquires)
- Advisory Committee Manager
  - Convene committee,
  - Manage communications including input to, comment on draft work products
  - Maintain password protected project pages for Committee access to materials)
- Manage/support outreach and training to support implementation of roadmap recommendations

#### **National Grid Role - Project Advisor**

- Co-Funder (20% cost-share)
- Member of the Advisory Committee

#### **Suggested Next Steps**

1. Confirm/finalize project scope
2. Confirm/finalize project team and their respective roles
3. Estimate budget and confirm National Grid co-funding (20%) - provide commitment letter
4. Identify project personnel (resumes to be included in proposal)
5. Identify other project participants (e.g., potential Advisory Committee members) to request letters of support
6. Clarify roles and schedule to produce grant proposal
  - Grants.gov log-on and submittal (forms to fill out on-line) - RIOER?
  - Abstract - NEEP (Draft for RIOER)
  - Narrative - NEEP (Draft for RIOER)
  - Form SF-424 and SF-424A - NEEP (Draft for RIOER)
  - Budget and Budget Justification - NEEP (Draft for RIOER)
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**US DOE SEP DE-FOA-0000533**

#### **Merit Review Criteria Required (p. 25)**

Applications will be evaluated against the merit review criteria shown below.

#### **Area of Interest 1 - Enhancing Commercial Building Retrofits through Streamlined**

##### **Standards and Policy Incentives**

##### **Criterion 1: Project Approach Weight: 40%**

- Reasonableness, completeness and feasibility of the proposed approach to meet the objectives of the Funding Opportunity Announcement;

- Degree to which the project contains clear goals, metrics, tasks and methods, deliverables, schedule, and budget; and
- Degree to which applicant's approach adequately addresses evaluation, measurement and verification procedures to ensure policies deliver projects that provide reasonable savings.

**Criterion 2: Potential Impact Weight: 30%**

- Degree to which the proposed programs and activities overcome investment challenges for the building retrofit market, and provide for a convincing case to investors and retrofit decision-makers;
- Degree of potential impact, as determined from applicant's projected amount of capital funds dedicated to retrofits, and the projected market(s); and
- Degree to which the applicant demonstrates that the proposed approach can be replicated in or expanded to other markets, municipalities, states or regions, or at the national level; and
- Degree of project sustainability that will result from policies.

**Criterion 3: Partnership Structure and Capabilities Weight: 30%**

- Appropriateness of the credentials, capabilities, and experience of the project team and key personnel;
- Degree to which the roles, responsibilities, and level of effort of each of the project team members has been identified, and to which the described management approach allows for successful management and implementation of the proposed project;
- Ability of the applicant to achieve cooperation among and between regions, states, local governments, industry, commissioners, and other relevant organizations;
- Degree of demonstrated commitment of the project team (for example, letters of commitment/support from local and state government officials, financial institutions, community colleges and/or universities, public utility commissions, energy service companies, program sponsors, non-profit organizations, and other critical participants); and
- The extent to which funding is leveraged by other organizations and/or programs.