

ENERGY EFFICENCY & RESOURCE MANAGEMENT COUNCIL

Minutes-November 8, 2012

Conference Room B, Second Floor DOA

Call to Order: Chairman Ryan called the meeting to order at 3:40 PM.

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

Consultants Present: Mike Guerard and Scudder Parker

Staff Present: Chris Kearns and Charles Hawkins

Others Present: Jeremy Newberger, Rachel Henschel Tim Faulkner, Vito Buonomano, Michael McAteer, and Paul Tangredi

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

Executive Director's Report

The State Energy Plan (SEP) Initiative has officially been launched with an Advisory Council Meeting. The State Planning Council was recently briefed on the process and OER will update the Council at the November 27th Joint meeting with the Renewable Energy (RE) Coordinating Board (RECB). The OER website is being revamped which also includes updating the EERMC website. The Public Energy Partnership (PEP) is moving forward and a meeting is scheduled with DOA Facilities Manager Marco Sciappa. First off the ground is an ARRA funded State House LED project that has been delayed by bidding snafus. Chris K. is working on an RFP for a green energy jobs report that will provide key metrics on economic impacts of energy efficiency (EE) & RE. Jeremy N. said that NGrid was also doing a similar study and doesn't want overlap.

Marion G. was recently briefed by RGGI Inc, on the status of the program. RI has been a leader in reinvesting the Regional Greenhouse Gas Initiative (RGGI) funds in EE. OER is proposing to host another Combined Heat & Power (CHP) meeting for large energy users as a follow-up to the previous stakeholders meeting. The object of the meeting is to hear NGrid's CHP incentive plan for 2013. Paul R. asked about the joint meeting with the RECB. He wanted to know if a quorum was needed. The members were polled and they all said they could make the meeting. The agenda will include a review of the SEP and a plan to use RGGI funds to foster system reliability (SR) by integrating RE & EE.

Report on Outstanding 2013 EE Program Plan (EPPP) issues

Abigail A. said that the only outstanding EPPP issue was CHP. She asked Chris P. to report on a meeting he attended with NGrid & the DPUC to hash out these details in the

CHP plan. Chris P. said increased incentives were discussed, which would be higher if you get to deeper EE savings. The key caveat is that the plant owner will need to have the plant in constant operation and if there is a disruption in power that is caused by something other than Operation & Maintenance there is a penalty that is paid to the other ratepayers. You need the plant to be running for it to be an asset to the system. It needs to be reliable, especially during high load times. Chris P. thinks that it is an equitable plan. EERMC is supporting increased incentives because of the provisions in the law. But they have to be tied to rates, which is a role for the DPUC, not the EERMC. There is a severable clause; meaning there is no deal if the rate issue is not addressed

Scudder asked Chris P. if the subcommittee's recommendation to the EERMC is that they approve the CHP plan if the whole package is passed. Abigail A. said the council needs to ratify the decision of the subcommittee. Marion G. asked Chris P. if it is feasible for a plant to operate if there is a penalty for going offline for 15 minutes. Chris P. said it is, as long as you can shut down for planned maintenance. Chris P. also said that the plant does not have to be operating at 100%. If you reduce your demand by 50% you would not get a penalty. It is similar to demand response. It is a rate equity issue for the twelve largest energy users in RI. If you lower your demand load you don't get a penalty. Abigail A. said that this is supposed to be an incentive to encourage good clean cost effective CHP, not a give away. When you get an incentive there is also risk.

Vito B., a public attendee, asked if the incentives come from the utility ratepayers. He said that RI does not have a 70-30 program for EE. He said other states are focusing on EE and not CHP. He felt ratepayer funds would be better used for EE. Paul R. said the Council is responding to legislation. Chris P. said that there was a debate between EE & CHP in the legislature and a law was passed that said RI needed to do more to encourage CHP. There were already CHP incentives in the 2012 EEPP, but the General Assembly said we had to do better. The debate is not with the EERMC but with the General Assembly. EERMC's job is to support this legislation. Vito B. said that natural gas is very unstable and wonders if NGrid can guarantee a stable price going forward. Dan J. cited RI's position in the top five nationally for EE as an example of RI supporting EE. Dan J. said that this effort has also supported SR. Paul R. said that, in RI, the General Assembly drives the debate. Vito cited 70-30 programs in other states where 70% of the EE is paid for and the other 30% goes on the bill. Dan J. said that on-bill financing is also available for small businesses in RI. Chris P. said there is also an on-bill financing program available for large C&I customers in RI.

Abigail A. made a motion to ratify the CHP Subcommittee's recommendation to approve the CHP component of the 2013 EEPP. Paul Ryan seconded the motion and it passed unanimously.

VEIC Presentation of the 2012 EEPP Cost Effectiveness Memo

The EEPP needs to be cost effective and this finding needs PUC approval as mandated by RIGL 39-1-27.7. This memo is an elaborate documentation of what was presented by VEIC at a previous meeting. VEIC's findings were that both the gas & electric EEPP

were cost effective. They also conclude that both the SR & the CHP plan are cost effective. The CHP projects will have a different screening procedure and will be evaluated individually. There will be a PUC hearing to approve the memo on December 18th. Dan J. asked if behavioral changes were factored in. He cited the Home Energy Reports. Scudder P. said that most of these savings are for one year, as opposed to lifetime savings of other measures. The second year is likely to be more cost effective. There was a brief discussion about the discount rate which impacts cost effectiveness.

Abigail A. thought the memo was very thorough but it did raise questions. She felt the Council may want to look at the value of developing high & low cost effective clean energy in their portfolio. Even low cost effective EE has a value in market transformation. She also said that the Council should consider setting aside one meeting a year to have a presentation on what is happening with evaluations. Scudder P. liked the idea and said that Massachusetts is doing it. RI can leverage this work. Chris P. agreed and would like to connect it with the Benefit Cost Ratio (BCR). You need to keep the cost of KWh below supply. How will the CHP impact the BCR?

Abigail A. made a motion that the EERMC approve the VEIC's Cost Effectiveness Report and authorize it to be submitted to the PUC when it is final. Dan J. seconded the motion and it passed unanimously.

Scudder P. wanted to emphasize that RI now has two standards for cost effectiveness. It applies a standard for CHP, including economic benefits to the community and other environmental benefits not counted for other EE measures. He feels this will come to the attention of the PUC when they look at it.

NGrid Presentation on EE Behavioral Programs (Home Energy Reports)

Rachel H. wanted to bring the Council's attention to two items in the briefing package. The first is the Third Quarter Report. On the last page the numbers are similar to the ones in last month's data dashboard. The second item, which has been previously discussed, is a fund transfer letter to the DPUC which is one of the gap closers on the gas residential side.

Rachel H. then briefly discussed the recovery and restoration efforts in NY and other parts of the Northeast. She showed some slides of Hurricane Sandy damage. RI took four days to get back fully on-line. NGrid will be marketing EE rebates on storm damage replacements. A discussion then ensued on the impact of the storm. Joe N. would like NGrid to summarize the impact of the storm for RI.

Rachel H. then moved on to the behavioral presentation (power point attached). NGrid is proposing to introduce behavioral programs that include Home Energy Reports (HER) and an Online Platform. HER presents personalized energy usage information, normative comparisons and EE tips to residential ratepayers. The goal is to prompt customers to take action to become more EE.

The online platform will be on NGrid.com and it encourages customers to get additional information to enhance their HER. Customers can join a community and share energy saving experiences. The most common measures HER customers take are unplugging appliances, putting computer to sleep and turning off lights.

NGrid did two individual evaluations on the Massachusetts HER to verify savings. They looked at almost 500,000 gas and electric customers. Savings varied from 1-2% of annual energy usage. There are many very large HER programs going on nationwide. NGrid will be using national M&V best practices established in 2012. NGrid will be working with OPower which delivers reports to more than 10 million households. Massachusetts's HER program is one of the largest in the US.

NGrid proposes to do 240,000 households in RI and will use mailing and e-mail blasts. Their energy use will be compared to what similar houses use and compared to past usage. Square footage info helps when comparing past energy use and customers are encouraged to go on line and include this data. Joe N. asked about how the number of people in a house impacts the HER. Data indicates that households with more children were not saving as much as other customers. HER compliments the "EE is for Everyone" theme in the Three Year Plan. It will also be integrated with other community initiatives like those going on at URI & Aquidneck Island.

Dan J. asked when the website would be ready. NGrid plans to launch in March or April. Dan J. said why not start it in January. March was picked because it is when people are getting ready for summer and doing spring cleanup. It is also between the winter heating and summer cooling seasons. Marion G. asked about long term impacts. Rachel H. said that NGrid was anticipating 1-1.5% savings in the first year, but that should rise to 1.8-2% in the second year. The Massachusetts HER is at 2.06% of savings. When customers are dropped from the HER, however, the savings go back down. Mike M. said it can be an educational platform that makes it sustainable. Abigail A. wondered if the HER helped drive customers to other EEPP programs. Rachel H. said there was no sufficient uptake in Massachusetts studies. Paul R. said it was like a weight loss program where you put the weight back when you go off the diet.

Joe N. expressed concern over the progress of the 2012 EEPP and the progress of the gap closers. Dan J. cited four EE projects that NGrid is doing for small businesses. He feels that NGrid is going as fast as they can and cited the hockey stick effect. He said he is putting up \$500,000 in capitol to get those projects done this year. Jeremy N. said at the data dashboard presentation for the December meeting will have new data on 2012 EEPP progress. Abigail A. said that the Council should be concerned. However, she feels a lot of active steps are being taken by NGrid to address those concerns. Scudder P. cited the new incentive plan for 2012 that sends a clear message to NGrid that they will be rewarded more for getting to 100% of goal.

Report from the RGGI Subcommittee

The RGGI subcommittee, Abigail A., Joe N., Chris P., and Marion G., have met to discuss a spending plan for Auctions 11-14 and a little bit from Auctions 5-10. The total amount available is \$2.4M. At the meeting they agree to allocate 60% of the funding to leverage additional financing to do EE improvement on state and municipal facilities and buildings. These building would be identified through the PEP. Another 10% would go to the non-profit sector (boy's clubs etc) to leverage additional EE improvements. Chris P. said it was for non-profits that serve low income constituents. This will piggyback on the large C&I financing program being introduced by NGrid.

The remaining 30% will go to support the integration of RE distributed generation systems in SR pilot areas, like Little Compton and Tiverton, to reduce peak load. The goal is to defer transmission upgrades. The subcommittee needs to do some additional analysis to see if this initiative is cost effective. They will work with NGrid to develop assumptions to see how this would play out. Abigail A. said that the subcommittee wanted to make RE rebates contingent on participation in the EnergyWise Program

That leaves 5% of the funding remaining from Auctions 6-10. Joe N. suggested the funding be used for benchmarking energy use in multi-family units. Marion G. mentioned a recent meeting with the City of Providence who have been using the tool Peregrine Energy developed for benchmarking. She said OER wanted to find the best use of \$750,000 in funding for benchmarking. The tool worked well in Providence but only after about nine months of matching accounts. Abigail A. said she felt positive about this RGGI proposal. Marion G. said it was a great opportunity to integrate RE into SR.

Joe N. asked about the RGGI timetable. Marion G. said they were ready to move forward with a public hearing. Abigail A. said that if the analysis says that RE will not support SR they will have to use the money elsewhere. Marion G. said it should then go for on-bill financing for large C&I. Chris P. said that large C&I had the smallest financing for the largest program and the Council needs to address this. Mike M. said that the on-bill payment program is like an engine that keeps coming back. If you design it along an incentive or rebate manner the money is gone but it is more sustainable with on-bill financing. Chris P. said it is a win-win because it helps the programs reach their savings goals. Marion G. felt this was a good back-up plan and she would do a draft for subcommittee approval. The next step is public hearing.

Rachel H. wanted to update the council on use of previous RGGI funding. He said the deep retro-fit projects have been completed and NGrid plans a tour of the two houses.

VEIC Monthly Report (attached)

The consultant team spent most of their time reviewing the process for the 2013 EEPP and SRP. The report details this. Page three of the report documents the activities of the team. Some other highlights include the kickoff of the PEP, the RGGI discussions, and residential PACE. Marion G. cited a very valuable conference call on PACE with Peter

Adamo and Richard Licht. Richard L. was skeptical about the PACE concept but after the call wanted to move it forward. Mike G. said that PACE is a better funding mechanism than the heat loan with more dollars available.

Abigail A. wanted to talk about the proposed EERMC Open House. She asked if having it in early January would be a good idea. It would be just as the General Assembly is convening. She would like a structured agenda that starts with what the Council does, go to some success stories, and finish with Annual Report policy recommendations. They would be looking to attract legislators, policy makers and business leaders. Dan J. talked about having it on the 13th floor of the Citizens Bank Building. The bank wants him to do a policy statement regarding using the bank facilities for legislators so it is not viewed as a partisan event.

Public Comment

Jeremy N. said that he had copies of the RI Technical Reference Manual for anyone who is interested.

Dan J. made a motion to adjourn. It was seconded by Joe N. and passed unanimously. The meeting was adjourned at 5:25 PM.