

## ENERGY EFFICIENCY & RESOURCE MANGEMENT COUNCIL

**Minutes-March 8, 2012**

**Conference Room B.**

**Call to Order:** Chairman Paul Ryan called the meeting to order at 3:35 PM.

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

**Consultants Present:** Mike Guerard

**Staff Present:** Richard Licht, Kelly Mahoney, Pat McCarthy & Charlie Hawkins

**Others Present:** Peter Asen, Hannah Morini, Rachel Henschel, Jerry Elmer, Tali Policelli, Ben Rivers & Michael McAteer

**Acceptance of Minutes:** Joe C. made a motion to accept the February minutes. It was seconded by Joe N. and passed unanimously.

### **VEIC Review of Annual Report (AR) Policy Recommendations**

**Director Licht was late so Chairmen Ryan moved this agenda item up to be presented until the director's arrival.**

Mike G. from VEIC brought the council's attention to a power point handout (attached). He said that VEIC & Abigail A. were working on a draft AR that should be ready for Council review before the April meeting. The design will be similar to last year's with a different color scheme. VEIC is now weighing in on AR policy recommendations.

The first Recommendation is to improve RI's ACEEE ranking which has moved from #11 to #5 since 2008. The ACEEE Scorecard is a comprehensive energy efficiency (EE) ranking of the states that include an array of metrics in six categories. RI did well in most categories but fell short on state government initiatives. An improvement in that area could push RI up to #3. One policy recommendation should therefore be to establish financial incentives like enabling legislation for PACE and direct state agencies to support EE efforts.

Dan J. asked if individual town's comprehensive plans, developed with the help of RI Statewide Planning, have EE recommendations. Marion G. brought up the Renewable Energy Siting Partnership (RESP) which is a stakeholder driven process that is assisting towns. She is also working separately with towns on EE though an EPA Grant. It is a key area because towns really need help with EE funding. Mike M. felt linking training opportunities with EE is an opportunity.

Other policy recommendations dealing with state initiatives include a building rating/disclosure policy for homes and businesses and establish benchmarking policy for public-sector buildings. Many other states have already done this. Dan J. said he was opposed to anything that would add cost to homes or businesses. Marion G.'s experience with assisting municipalities with benchmarking is the difficulty in compiling all the energy bills with some many separate accounts. She suggested doing a pilot with an individual town to assist in gathering energy data.

Other ACEEE categories with some RI upside potential include: building codes, combine heat & power (CHP) & appliance standards. Dan J. cited cheaper appliances with bad EE ratings that sell quickly because of price. How can the state give incentives for the purchase of better quality equipment? Chris P. suggested making it similar to the upstream lighting programs so it is already built into the cost. **At this point this presentation was interrupted to allow DOA Director Richard Licht to speak.**

### **Discussion of the 2012 EERMC Budget with DAO Director Licht**

Mr. Licht began by applauding the work the Council has done to focus attention on EE. However, he & the Governor's team both feel that energy policy in RI is fragmented. The only time energy policy was united was when Ken P. led the OER. So they want to integrate energy policy with unified leadership. He distributed a proposed organizational chart for the OER. He is looking for a partnership between the OER and the EERMC and sees energy as an employment generator. He is open minded about how this will occur. What is in the budget is not written in concrete, and he is looking for common ground. He then opened the floor for questions.

Marion G. said that a strong OER was needed and EE & renewable energy (RE) have to be coordinated. She does not want to lose ground. She cited the work of Rep. Ruggiero's Small Business Renewable Task Force, to bring the same sophistication to RE that EE has developed through the work of the Council. Mr. Licht agreed that RE & EE has to be coordinated and the OER has to provide the leadership.

Dan J. asked about the relocation of low income programs from the OER to Health & Human Services (HHS). Mr. Licht said that this was a legislative proposal that passed during the last session and will be implemented this year. It will take the Low Income Home Energy Assistance Program (LIHEAP) and the Weatherization Assistance Program (WAP) and move those programs to the HHS to provide constituents with a one stop portal for obtaining social services. LIHEAP is not really an energy program and WAP has the same eligibility criteria. But this results in a loss of OER's administrative funds

Dan J. said that he felt the low income programs were taking away from the OER's EE goals. It also took up too much of Ken P.'s time. He agrees with moving it. Mr. Licht agreed that the ProCap situation did take up too much of Ken P.'s time. Dan J. asked if the state's general fund could fund the positions on the chart Mr. Licht distributed? Mr. Licht said that this is why DOA is seeking some of the EERMC's administrative funding.

The Council would still have the rest of its DSM funding to formulate the EE plans. This will stay the same.

Dan J. said that this was a finite resource and the majority of the Council's administrative funding goes to getting expert consultants to assist them in their work. How will the OER support the work that has been done to date by consultants? Mr. Licht said he would like to see a RI based consultant. He does not expect the volunteer members of the council to do this. He would like to see the ratepayer funds spent in RI. Chris P. said that in his conversations with large C&I customers they expressed opposition to funding a state agency with ratepayer funds. Mr. Licht cited the Public Utilities Commission (PUC) as a state agency funded with ratepayer funds.

Abigail A. likes the idea of working as partners with the administration and being part of the solution for a stronger OER. In the past, the council has reached out to the administration to provide information on their EE savings goals. However, in order to have a strong partnership there needs to be transparency. She is frustrated by the lack of a transparent flow of information. The council feels like it has been blindsided at times. She cited the bill that was e-mailed to members just two hours before the meeting, which changes the duties and composition of the council. The council was not consulted on this bill. In the future the council needs to be consulted on such matters. Mr. Licht said it was fair comment and the bill should have been circulated sooner. He said that there is a difference between the budget and a bill. However, now that the bill has been introduced there will be plenty of time for consultation between the administration & the Council.

Marion G. said that the council needs to work to have a strong OER. They need a strong liaison like Ken P. The Council would be happy to fund some of the OER's activities, but not all of them. It troubles her that no state revenue goes to funding the OER because energy is such a strong component of the RI economy. She also said that the council needs to have autonomy. Chris P. said that there is also the Regional Greenhouse Gas Initiative (RGGI) funding that is already going to this purpose. He also said that he is concerned about the rise of the DSM charge and how that impacts large C&I customers. He is worried about backlash against the rise in the DSM and how this could negatively impact the Council's EE goals. The Council has done a good job of balancing these concerns. Rachel H. of NGrid said that this backlash could come sooner. Expenditures are going to increase and this could impact energy bills, especially for the manufacturing sector.

Mr. Licht said that we have to do more with less money. The funding will either come from the taxpayer or the ratepayer. It is hard when the administration is cutting things like dental care. He said that this conversation will not end today. Dan J. asked what would happen if there wasn't any OER. Since Ken P. left he feels there has been no liaison between the Council & the OER. Why can't the Council, working with the PUC, do everything the OER does. Mr. Licht that the state would not have a coordinated comprehensive energy policy which is necessary. There would be no single advocate to bring energy issues to the forefront. The Governor needs an energy-centric person. The Governor thinks that someone should be waking up every morning thinking energy.

Joe N. asked if that person should be the Economic Development Corporation (EDC) director. Marion G. said that it is pretty clear that energy is not EDC's primary function. Mr. Licht said that moving the renewable energy fund (REF) to the EDC was a political decision. There were personality problems between the person running the REF & the Assembly. Mr. Licht said that whoever becomes the Energy Commissioner should be in constant contact with the EDC Director. Marion G. said that it is an exciting time and she has been very impressed with both DOA's team and Janet Coit's Department of Environmental Management (DEM) staff who have been working with her team on a hydro project.

Mr. Licht said that the next steps include working with council members on the new legislation and he would like members to convey their thoughts to his assistance, Associate Director Kelly Mahoney. Marion G. said that two very important issues for the council to work on are workforce development and helping municipalities with their EE concerns. Mr. Licht said that the council should be thinking about how they want to interact with OER. What is necessary to make the partnership work? Mr. Licht thanked the council for their time and apologized for being late.

### **VEIC AR Policy Recommendations (continued)**

Other policy recommendation areas are: low income; RGGI, and deliverable fuels. A possible low income recommendation is to explore targeting low-income homes based on high health costs & high energy use, to leverage more funding. Joe N. said he was frustrated with lack of data about how low income EE was doing. He was expecting a draft of data from Lewis Babbitt. Joe N. was hoping for a presentation at the April meeting. Mike G. said he did not have that data. Abigail offered to follow up with Lewis because this data needs to be included in the AR. Pat M. said that the best time for this presentation is after April 15<sup>th</sup>, when the primary heating assistance season ends. This data will be current and from the most recent heating season.

Dan J. asked about the RGGI policy recommendation that states the EERMC will continue to stay engaged in the RGGI review process. Abigail A. said that states are currently reviewing RGGI with an eye towards improving it. Dan J. asked when the next time will be for RI to review their participation. He said that he did not feel he was involved in the process and questioned the Council's continued support of RGGI. He feels that RGGI is just passing on the higher cost of electricity to consumers. He would not want to participate in RGGI again.

Jerry E. said there is no sunset in the RI statute; but New Jersey has pulled out of RGGI and New Hampshire may join them. Chris P. said that the money goes back to the consumer to provide cost benefits. There is a value proposition. Abigail suggested focusing the recommendation on the first bullet; that the Council continue to participate in RGGI. Dan J. feels that RGGI is just another thing passed on to the ratepayers and only those people who take advantage of programs put in place benefit from it. Chris P. said that was not true. Other health & environmental benefits come with it, like lower

asthma rates. Jerry E. said that RGGI funds go back to EE. The largest dollar return is during the 10-15 hours a year where the load is highest and the electric cost to every ratepayer is the highest. When you shave the yearly peak period every ratepayer benefits from lower bills. This is especially true for those consumers who do not participate in programs. The reason Governor Carcieri bought into RGGI was because of the multiplier effect of EE benefits to every ratepayer.

Dan J. feels it is just moving money around to create another program. He is tired of not saying something about how he feels about RGGI. He can't understand why it is not on the agenda how we don't have a position on this as a Council. Maybe he has to make some decisions on what he is doing here. Paul R. said that it can go on the agenda, but next month's will be tight because of AR approval.

On deliverable fuels, VEIC recommends OER, NGrid & the General Assembly work to ensure that all fuels EE services are available to all unregulated fuel users like they already are for electric and natural gas customers.

### **NGrid Presentation on Upstream Lighting Initiative**

NGrid's Ben Rivers was introduced to give this presentation. Chris P. began by saying that Brown had utilized the upstream lighting incentive and it was very successful with no paperwork. This initiative represents a paradigm shift in the way NGrid will deliver some C&I EE products. The upstream initiative replaces paperwork with a simple set of questions at the point of sale. The financial burden is shifted from the customer to the distributor and NGrid. It is an easy system for firms to participate in. LED products that are available include MR-16, PAE20, PAR30/BR30 and OPAR38/BR40 lamps. All lighting must be Energy Star certified and meet CE standards. Is it available to all non-residential rate customers in RI.

Over 20 distributors are participating in the program, with seven of these having one or more physical locations in RI. A website will be available to drive participation. Chris P. asked if the suppliers are communicating the program to their supply bases. Ben R. said that they want to get numbers for the first few months before doing a broad marketing campaign. They don't want to have to shut the program down. Paul R. said that he remembered LED lighting being considerably more expensive than other lighting. Is NGrid eating the cost of this lighting? Ben R. said that the cost of LED lighting is coming down by as much as a half and will become less expensive over time. CFL lighting has hit its peak and LEDs have much more potential. Savings prediction are around 18.5 million KWh per year which is 20% of the overall C&I goal for RI in the 2012 EE PP. In Massachusetts, where this program has been running since last year the savings were significant.

Rachel H. brought the Council's attention to a 3/2/12 NGrid letter to Dan Prentiss. The letter notified the EERMC of a request to the PUC to transfer of funds in the 2012 EE Program Plan (PP) from the Small Business Direct Install Program & the Large C&I Retrofit Program to the large C&I New Construction Program. This is being done to

mitigate the anticipated demand for the new Upstream Lighting Initiative. When the EE PP was developed NGrid did not know about the potential of the upstream lighting program and the amount of EE savings it could generate. NGrid is asking the PUC's permission to do this program in place of other more expensive initiatives. The RI EE savings goals stay the same. Chris P. said that he represents large C&I and he has already promoted the program. He said that the only challenge is that there can be a delay in getting the products from the suppliers because they are not always in stock.

### **NGrid Overview of 2011 EE Plan year End Results**

Rachel H. & Michael M. were introduced to give this presentation. On the C&I side NGrid got to 86% of the saving and spent 76% of the budget. On the gas side, they got to 162% of savings and spent 85% of the budget. What helped drive the numbers on the gas side was a large project with Aspen Aerojets. New construction was down because of the bad economy.

Next steps include a stronger manufacturing push. NGrid is working with TEC-RI's Bill Ferguson on a study to find out what the landscape is for EE in manufacturing. The Whole Building Assessment Program is being used with cities & towns utilizing benchmarking. More work needs to be done on implementation with municipalities. They are also trying to get an arm around solid-state lighting.

On the residential side NGrid got to 110% of savings goals on the electric side. The Energy Star Lighting program had a very successful year. The Energy Star Appliance Program recently won an award for refrigerator art. The EnergyWise Program went deeper into homes to achieve savings goals. The Energy Star Homes program is doing better in RI than anywhere else in New England.

On the gas residential side the results were mixed. The EnergyWise Program surpassed its goals with over 1500 home weatherizations, and 500 were done by independent contractors. The High Efficiency Heating Program did not do as well because the program started late. There are a lot of lessons to be learned from that program and NGrid is trying to fix the problems.

In the low income sector results were poor. NGrid only achieved 60% of their savings goals in both gas & electric. This was due to ProCap's problems in Providence. When it was time to use NGrid funding, ProCap was shut down. NGrid's top priority this year is to fix this problem and to avoid this ever happening again. Abigail A. wants NGrid to document the lessons learned; particularly on the gas side because of the new gas DSM funding that is available. Marion G. said that three NGrid representatives will be speaking to a working group of town officials on how to maximize EE opportunities.

Dan J. asked about how NGrid incentives were calculated? Are all the programs lumped together or are high performing programs higher compensated? Rachel H. said that it is done by fuel and by sector. The high performing programs like C&I gas will get incentives, programs that don't reach their goals, like low income, will not.

Marion G. asked how the contractor meeting on the Energy Wise Program went. Rachel H. explained that this was a quarterly breakfast to kick off the drive to get more independent contractors into the EnergyWise Program by getting them on the BPI list. There was discussion about how do make participation in EnergyWise easier and also about prices which are traditionally lower in RI.

Joe N. asked if when RISE completes the home audit are they still leaving the homeowner with their estimate of installation costs? Rachel H. said that weatherization is a set price for all jobs. Everyone will receive the same price no matter who does the job. After the audit RISE assigns the job to a contractor. RISE can't do a weatherization in RI unless it is an emergency situation. In 2011, 33% of the Energy Wise jobs were performed by independent contractors. Paul R. wanted to know why RISE can't do jobs in RI. He felt that when they did work on his house they did good work. He had problems contacting an independent contractor so he went with RISE. Abigail A. said they was a lot of pressure on the Council & NGrid to get RISE to open up the contractor market. There was an appearance of conflict of interest because RISE would do the audit and because they were already in the home they had an built in advantage to do the work.

Marion G. said that in her work with municipalities she is trying to raise the level of energy skills with Building Operator Certification (BOC) training and wonders when NGrid will be subsidizing this training. Michel M. said that NGrid is trying to grow this program because it is an enormous opportunity. It is getting people who run buildings to do it more efficiency.

### **VEIC Monthly Report (Attached)**

There were no questions from the Council about this report

### **Minutes (continued)**

OER's Pat M. in response to the motion at the February meeting, pertaining to OER monthly invoicing, wanted to clarify this situation. He said that OER will have no problem providing the detail requested in the motion, however, the state's financial system works on a quarterly basis and is unable to provide it monthly. Paul R. said an amendment was needed to last month's motion. Abigail A. said that quarterly reporting was fine as long as the EERMC Budget Sub-committee see the invoices. **Paul R. asked for a motion to change the invoicing from OER to a quarterly as opposed to monthly and that it be cc'd to the EERMC Budget Sub-Committee. It was moved by Marion G., seconded by Paul R. and passed unanimously.**

The OER also wanted to inform the Council that if someone needs to reserve a phone to teleconference into a meeting it needs to be done a week in advance. This is a result of DOA disconnecting the jacks in the conference room phones. It takes a least five days for DOA's Tech people to reactivate the jacks.

## **Public Comment**

Conservation Law Foundation Attorney, Jerry Elmer, wanted to correct Director Licht's impression that it was not a big deal to use Service Benefit Charge (SBC) revenue to fund a state agency. He said that for the last 100 years, utility law is clear that charges on ratepayers bills should go directly to ratepayer benefits. If the OER takes all of the EERMC's administrative funding, the Council's work of bringing EE to all Rhode Islanders will end. He feels this is a radical & unprecedented idea because no where in the US has any state used a SBC to fund a state agency.

He also emphasized that this idea is likely to bring push back from the PUC. He reminded the Council that on 12/23/09 the PUC rejected NGrid's EE PP because it included a very small increase to the natural gas SBC. Commissioner Bray said that in a recession it is not a good time to increase ratepayer's bills. The EERMC does not want this kind of pushback when it goes before the PUC to get their EE plans approved.

Although he felt that a strong OER was needed to do the things that the Council does not do, like renewable energy (RE), it should not come at the expense of EE. He said he testified at the recent budget hearing and is cautiously optimistic. The feedback he has heard from legislators is not favorable to this budget item. If the EERMC stays firm he is cautiously optimistic that this can become another Governor's sponsored budget item that is turned down by the Assembly. He said this is about public policy. The OER should not be funded from ratepayer funds. It should be funded from state funds.

Joe N. asked about who should be making the case. Jerry E. said the best case that the EERMC can make is that since its inception, unlike many other state entities, it has worked the way it was designed. The Council has provided ratepayers with much EE benefits using limited funding. Paul R. said that he has invited both Senator Sosnowski & Rep. Handy to the April EERMC meeting. He wondered if the April meeting should be held at the State House. The logistics complications of such a move may make it difficult, however.

Dan J. wanted to compliment NGrid on their assistance with an engineering problem his company recently encountered. He wanted to thank NGrid for stepping up to the plate and helping with his company's EE.

**Paul R. asked for a motion to adjourn. It was moved by Marion G., seconded by Joe C. and passed unanimously. The meeting was adjourned at 6:15 PM**

Respectfully submitted  
Charles Hawkins  
Secretary Pro-tempore

