

ENERGY EFFICIENCY & RESOURCE MANAGEMENT COUNCIL

Minutes-September 13, 2012

Conference Room B, Second Floor DOA

Call to Order: Chairman Ryan called the meeting to order at 3:30 PM.

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

Consultants Present: Scudder Parker & Mike Guerard

Staff Present: Charles Hawkins, Christopher Kearns & Barbara Cesaro

Others Present: Jeremy Newberger, Rachel Henschel, Mark DePetrillo, Bill Ferguson, Michael McAteer & Sam Nutter

Acceptance of Minutes: Joe C. made a motion to approve the August minutes. It was seconded by Abigail A. and passed unanimously.

Executive Directors Report

Marion G. said that OER is waiting final DOE approval for the \$700,000 RI Public Energy Project (RIPEP) competitive grant. The concept is to improve energy efficiency (EE) in municipal and state buildings. This is a good follow up to the Energy Efficiency Conservation Block Grant (EECBG) work that has been done in RI municipalities. The last piece is documentation from National Grid (NGrid) on their in-kind contribution of \$500,000 and a work plan. The URI Energy Center is working on benchmarking the energy use in municipalities.

Recent General Assembly legislation has mandated two meeting a year between the EERMC and the Renewable Energy Coordinating Board (RECB). The first of these meetings has been tentatively scheduled for November 27th at 9:00 AM. One of the agenda items will be the RI Comprehensive Energy Plan, which will look at developing an integrated energy management plan for RI. Paul R. said that at least four members will need to attend to get a quorum. Dan J., Chris P., Paul R., and Abigail A. said they all plan on attending.

Combined Heat & Power (CHP) Status & Next Steps

Paul R. wanted to begin by having the Council's statutory responsibility on CHP laid out. Abigail A. said that one requirement is to have a public meeting on CHP, (to be held on 9/20) with stakeholders to find out from people who have worked with CHP on what works. The second requirement is to develop a CHP Plan that is part of the 2013 EEPP to be submitted to the PUC on November 1st. They then have 60 days to approve it.

Chris P. said that the Council voted at the last meeting on CHP without knowing what the impacts would be. He was not happy that they voted on this without it being on the agenda and without the representative from large C & I in attendance. He wants a vote to form a Sub-committee to evaluate, with NGrid, what the Benefit Cost Ratio (BCR) should be made up off because this CHP project takes up a lot of the C & I EE budget. He would not vote on raising a cap unless some rules were in place. He would like to have the Sub-committee study it, make recommendations and then bring it to the entire Council for a vote.

Jeremy N. said that the proper incentive issue was raised at that morning's DSM Collaborative (DSMC) meeting and a Sub-Committee of the DSMC was formed to discuss all the issues related to CHP. He also said that no incentive for the Torey project will go into the current EEPP. Chris P. asked if it was appropriate to be on the DSMC Sub-committee or our own. Jeremy said that was the Council's discretion. The DSMC Sub-committee will be meeting next week. Marion G. said it would be better not to have two CHP Sub-Committees. Abigail A. said she would join Chris P. on it. Chris P. said that the EERMC should vote on the set of rules developed by the DSMC. Bill F. mentioned there was a CHP Task Force was formed about six years ago to look at the technical issues of CHP.

Chris P. made a motion for the EERMC to join the DSM Collaborative Sub-Committee on CHP and bring back a recommendation for a vote by the full Council. Jeremy N. asked if the Council wanted to vote on CHP separately or as part of the 2013 EEPP. Chris P. said separately, so we can get a clear direction from the Council without interfering with the big plan.

Jeremy N. wanted to thank the Council for their participation in the EE Public Forum that attracted over 130 people. He also wanted to thank Chris P. and Dan J. for speaking. He then wanted to mention the CHP Public meeting on 9/20 that will be held at the Economic Development Corporation (EDC). The purpose of the meeting is to ask a series of questions to the audience such as: What should NGrid do to support CHP? How reliable is CHP over the long term? What benefits of CHP made the difference in deciding to install it? What do people think is the MW potential of CHP to establish goals? Is there untapped potential there that NGrid can tap? Dan J. asked if NGrid was looking at load to see who would benefit from CHP. Mark D. said that NGrid did a study and marketing outreach that was not very successful. Chris P. asked about a CHP project installed at the Providence Place Mall. A small CHP (6.6MW) was installed but the economics did not work out for that project.

Jeremy N. wanted to bring up some of the CHP issues that were brought up at the DSMC. One of them was size limit. What is the cutoff? Large CHP projects have more savings, but also more cost and we need to look at the impact on the transmission system. If a project creates more benefits on the system it could get more incentives. The distribution value comes in areas where the utility has load constraints and when the CHP project relieves this. Right now, 1 MW is being discussed as a limit. Objective criterias are

needed to decide the proper incentive a customer should get. They also need to look at the impact to other large C & I customers. Chris P. said it was not just an EE issue but it was also a rate issue. Jeremy N. said that this is a very complicated issue and he hopes the Council does not try to figure it all out in the EEPP because it is also a tariff issue. Marion G. was concerned about the impact of timing if we do an EEPP plan that has the CHP rules and then have a separate tariff filing. Paul R. said the Council only had 6 weeks to get this done.

Another issue is what terms and conditions will be placed on CHP facilities to make sure they work. Dan J. cited a recent ISO meeting where a New Hampshire company was explaining why they made their CHP decision and what the barriers were. The issue that was at the forefront was the interconnect agreement which can screw up the numbers. Jeremy N. thought it may be helpful to invite customers who have abandoned projects to come to the 9/20 meeting. Marion G. said the purpose of the meeting is not to vet any one project. She also asked if the four questions should be e-mailed to people who plan on attending. Jeremy N. thought that was a good idea.

Status of the 2012 Gas & Electric EEPP and Possible Gap Closers

Mike M. of NGrid was introduced to present what progress NGrid was making in closing the gaps identified at the last meeting. One was the High Efficiency Heating Equipment (HEHE) program which is projected to be only at 58% of goal. Dan J. asked if the gap closers will get HEHE to 58% or will it get to full goal. Mike M. said the 58% is where NGrid is at with what has been done and the gap closers will get you beyond 58% but not to the total goal of 100%. The gap closers are additional tactics to supplement what has already been done.

Next is C & I electric which is getting a little bit better with 61% to goal for new construction and 97% for retro-fits. One gap closer for new construction is LED replacement. Providence Place Mall has agreed to do all the lighting in the parking garage which is over 1500 units and 5% of the total goal. A discussion then ensued about the EE value of T-5 and LED lighting.

C & I gas's projections are good. One tactic being employed to close gaps are steam trap audits in Cranston & Warwick. This is a good way to get into buildings and identify other EE opportunities. Chris P. said that financing is still the big issue with C & I EE. He liked Bill F.'s idea of third party financing that was brought up at last month's meeting. Dan J. said it is critical to get a trusted third party when doing EE projects. The only way to make on-bill financing work is to have one quarterback overseeing the project.

Abigail A. said that she recently met with NGrid RI President Tim Horan about ENE's concerns about NGrid's not getting to the EE goals. ENE wants to make sure NGrid is fulfilling their Least Cost Procurement (LCP) obligations. She expressed the need for two additional information points. One is a full organizational chart accounting for the percent of staff time NGrid is spending in RI on EE. The other was a monthly data

dashboard which gives a sector by sector rundown of EE progress to be presented at the October meeting. She wanted to know if the Council wanted to join ENE in this request. Dan J. said he supported it and Marion G. said so as well. **Paul R. made a motion for the EERMC to support ENE's information request to have NGrid provide an organizational chart and also to provide a data dashboard for the October meeting. It was seconded by Abigail A. and passed unanimously**

Joe N. asked why low-income (LI) was not included in the gap closers. Is it because the data is so pathetic? Jeremy N. said when NGrid presents the data dashboard at the next meeting LI will be included. The biggest gap closers for LI would be to get the structure to work. It was also mentioned that \$300,000 was transferred from LI to C & I retrofits to do multifamily weatherization. Chris P. said that these were short term gap closers. Are there any long term closers being considered so the Council is not reacting with quick fixes every year. Mike M. said one way is going upstream with distributors and EE vendors.

Discussion of the Draft 2013 Energy Efficiency Program Plan

Jeremy N. was introduced to give this PowerPoint presentation (attached). A rough draft of the 2013 EEPP was distributed to member on 9/7 to get feedback. The electric savings are the same as the Three Year Plan and the gas saving slightly higher because of the use of a new evaluation process. The budgets are the same as the Three Year Plan. The DSM charges are less than projected because of carry-over funding and free ridership.

Joe N. asked what the universe of possible EE participants is in RI. Rachel H. said that residential and C & I combined is about 425,000 but there is overlap, especially on the residential side. Joe N. thought there was a better word to use than participants. Abigail A. said that participation does not matter much; it is the KW savings at the sector level that matters. Jeremy N. said participation is tracked because it is a public benefit program where everyone pays so they want to know how many people are taking advantage of the program.

The increase on the gas side is slightly higher at 25%. The benefit to cost ratio is 1.48. They are trying to overcome financial barriers to make it easier for businesses to participate. In the residential gas sector a big change will be a one stop portal so customers can get all EE options together in the customer's language. They are also launching a Home Energy Report where customers will get a report that compares their usage with other households. The goal is behavioral change. Dan J. asked if it would identify peak load usage. Rachel H. said it won't deal with peak load but it will compare your energy usage to where you were a year ago. They can also look at what month you use the most energy and recommend tips.

On the multifamily front, there will be one stop shopping for vendors. On the LI side, NGrid has received bids from its recent RFP to provide the delivery of LI Weatherization. It is a role the State has been playing, along with the CAPs. NGrid went

out to RFP to see if there was interest in anyone else doing it. They hope to have someone on board by January 1st

In the C & I sector, NGrid is learning a lot from the Strategic Energy Management Program (SEMP) process at URI & Brown. The focus is on new market sectors like grocery, municipal and hospitality. Joe N. asked if municipalities were receiving any help with street lighting. Jeremy N. said two things are pending. First, NGrid is working with Clark University to do a power quality assessment of LED streetlights to make sure there were no power quality impacts on the distribution system. NGrid is also doing a cost effectiveness analysis. If it passes those tests NGrid will have to redesign their tariffs on street lighting to provide the proper incentive to customers who own their own streetlight and to revise the tariff so it is fair. Joe N. wondered if there was an opportunity for savings. Jeremy N. said the potential is big, maybe 50,000 MW, for company owned streetlights. But this needs to be phased in. Mike G. said that street lighting issues were being dealt with elsewhere in the US.

C & I financing includes a \$6 million revolving loan fund for small & large C & I and a \$7 million loan trust with a third party lender. Dan J. asked if this is on-bill financing. Jeremy N. said it would be on-bill repayment. Chris P. asked what the term was, does it get to 5 years. Yes for large C & I, however, it is two years for small C & I.

The implementation budget for 2012 is \$61.7 million and the EE charge is less than projected. On the gas side the implementation budget is \$17.1 million and the EE charge is less than projected. The incentive mechanism will remain the same; 4.4% of spending for meeting 100% of goals. It would eliminate the incentive element related to outside funding. In summary, Jeremy N. hopes NGrid is moving in the right direction and knows the 2013 EEPP needs more work.

Dan J. wanted to know how the input from the EE forum would be incorporated into the 2013 plan in such a short time. Rachel H. said it will be summarized in a draft report next Tuesday. Dan J. said he got feedback from some EnergyWise contractors at the forum and they would like to get in front of Citizens Bank to talk about EE opportunities. Dan J. said the contractors want to do more work and they want to do a direct sell. Mike M said that word of mouth is helping promote EE.

Jeremy N. asked if the council would consider moving the October meeting up a week. The extra week will help NGrid, VEIC & the Council work through many of the EEPP issues. Paul R. said he had a hearing at 4:30 that day so he would like the meeting moved to 3:00 PM. **Dan J. made a motion to move the October meeting from October 11 to October 18 at 3:00 PM. It was seconded by Paul R. and passed unanimously.**

The System Reliability (SR) Plan has been circulated and there is not much change from last year because there are no new projects. The Tiverton & Little Compton pilot will be continued. The budget will be a little higher at \$800,000. The Council needs to vote on this at the October meeting.

VEIC Monthly Report

Mike G. lead VEIC's review process of the draft 2013 EEPP. They are preparing a list of comments. Mike G. said that reviewing all this is a big challenge with a very tight timetable. They are digesting a huge amount of information in a short time. It is critical that there is no slippage. Along with the plan VEIC also has to prepare a technical reference manual and a SR plan. After that they need to do a cost effectiveness memo.

On the positive side there are a lot of really good new things in the EEPP like the behavioral program in the Home Energy Report. This program goes from 0% to 30% of the residential program. There are also a lot of issues related to the cost effectiveness of CHP that have to be factored in. Another huge addition is the C & I financing package which is a great addition and can be game changing. Not many places in the US have done this; especially doing it on-bill. There are many new things but they don't have a track record. They are also looking to claim savings from code compliance. There is a lot of work to do digesting all this info.

Scudder brought up the RIPEP grant. He is pleased that NGrid is providing a staff member and feels the State needs to invest in having staff who can relate to specific market sectors where there is a big opportunity and build these relationships over time so there is a trusted partnership. VEIC also worked on adjustments to the RIPEP grant, and helped rewrite the grant. Marion G. said this was a huge help. Another thing he wanted to touch on is that they are eager to work on the RIPEP but they don't work for the OER. This is not in their Scope of Work (SOW). It is an example of the extra things that VEIC can do like bringing in RE experts for presentations. They could also work on a PACE program. They need guidance from the Council as where to go.

Paul R. said they are limited to what is in their contract. Abigail A. said that this raises a good point that needs to be discussed. Who will pay for an expanded SOW? Should the Council pay for it out of their budget or should it be a separate contract. Marion G. said that was a good point, but, a point that has not been raised is to articulate all of the tasks that are involved in running the council. One of the OER's responsibilities is to begin to staff up so they can do some of the heavy lifting in partnership with VEIC. OER needs help from people who understand the complexities. Whoever she brings in will need guidance. How can we do some team building? She is dead set on bringing the work of RE & EE together in the Strategic Planning process. She has \$5M in ARRA funding she wants to deploy in a way that is consistent with the work of the Council and she needs help.

Paul R. asked if the OER gets their piece of the budget directly. Paul R. asked what OER's share of the budget was. Chris P. said \$800,000 and he wondered if this money can relieve the Council on their 1.2M. Abigail A. said the Council always budgets \$90,000 to the OER to pay for logistics. Does the Council now need to pay that?

Marion G. said that over the years OER staff has been involved in the Council. Chris P. would like to see a plan on how this arrangement is going to work. What group is going to do what? Abigail A. said that the Council needs a process when OER needs help with things not in the SOW. The Council should be able to vote on whether they want to authorize the consultants to do additional work. Mike G. said that we are getting close to the end of the year and changes can be made in the 2013 SOW. Scudder P. feels that one time federal programs like ARRA be used to build the RI EE infrastructure.

Paul R. asked Jeremy N. if NGrid had \$2 million in the bank for the OER, VEIC and other expenses. He has never received the monthly budget figures he has been asking for six years. The EERMC account has never been treated as a dedicated fund. It is part of the general EE fund. If NGrid noticed the Council was going over budget they would flag it and ask the council what they wanted to do about it. Paul R. said that the Council needs to get a better handle on it. They need to discuss it as a Council. Chris P. suggested the budget sub-committee could look at it. Marion G. said plenty of work needs to be done.

Abigail A. said that every year the Budget Sub-committee creates a budget with various tasks with the largest being the SOW for VEIC. Then there are line items for Dan Prentiss, the OER, the Annual Report, and travel and conferences. Invoices are received and paid out. That is the system used. Chris P. said that the Council has not agreed to spend the whole \$1.2M or 2% that they receive. This needs to be decided through a process. Abigail A. feels that the Council will need a lot of the 2%. She feels that the Council may need to hire an auditor to look at the status of LCP in RI. She also fears if the Council does not budget for the \$1.2M it will be scooped. Paul R. suggested the Budget Sub-committee meet and come up with a plan for the November meeting. He would like to get a frame work together for that meeting so they vote on the budget in December. Chris P. said that the Council still does not need to spend the whole budget. We need to make good decisions.

Marion G. said that everybody agrees that a strong OER is needed. The General Assembly and the Governor's office are looking for the OER to seize control of this great program. She said that right now there is a lot of bad news about RE and not a lot of news about EE. If the council does not do a good job of educating the General Assembly and the Governor's office the money can be scooped again.

Joe N. asked how the negotiations where going with RGGI. Marion G. said that the thought was to create a partnership between NGrid & the OER and do programs through the OER that are complementary to the EEPP. Chris P. said that the Council has not seen a RGGI plan. We have had three plans and have given input but nobody has listened. Marion G. said that one plan had OER working with schools on EE Education. It would provide matching funds for other NGrid education programs. Another was to deploy EE & RE in load constraint areas. Can solar be deployed in the Little Compton & Tiverton SR pilot areas to reduce load? Chris P. asked if the Council was still in the loop on RGGI. Will they get something to vote on? He said that the Council had a Sub-committee that

just kept meeting without coming up with anything. Marion G. asked who was on the sub-committee. It is Abigail A., Joe N., and Chris P. Marion G. said she would call the sub-committee together for discussions.

Abigail A. said that the Council has to develop a process to decide on tasks that are outside of VEIC's SOW. The EERMC is the client and the Council needs a process for vetting the work & it needs to be voted on. The role of the Executive Director needs to be clarified. Scudder P. said that VEIC loves working in RI and they have come in under budget every year. They have also been very flexible when something comes up that is not in the SOW. VEIC feels they are working in partnership. They need to be guided by the Council. Paul R. said the next step was to have the budget sub-committee report back to the full council in November.

Joe N. wanted to make a note that he would like to get a report on how the ARRA EE money was spent. Marion G. said that OER can do that for the December meeting.

Joe C. made a request that the EERMC take up code compliance in a future meeting. He is distressed at the small amount of compliance in RI. He would like to discuss, from a code point of view, how compliance can be improved. The lead person should be a mechanical engineer. The OER does not even have a mechanical engineer. Marion G. said the OER was in the process of hiring an engineer. Abigail said that Puja V. of NGrid was already scheduled to present on code compliance for October. Chris P. said it made sense for the C & OER to work on codes.

Paul R. made a motion to adjourn. It was seconded by Joe C. and passed unanimously. The meeting was adjourned at 6:30 PM.