



STATE OF RHODE ISLAND
**ENERGY EFFICIENCY &
RESOURCE MANAGEMENT COUNCIL**

MEETING MINUTES

**Thursday, October 17, 2013
3:30 PM - 5:30 PM**

Large Conference Room - Coastal Institute
University of Rhode Island Bay Campus
215 South Ferry Road
Narragansett, RI 02882

Members Present: Abigail Anthony, Joe Cirillo, Marsha Garcia, Julie Gill, Marion Gold, Jennifer Hutchinson, Dan Justynski, Michael McAteer, Joe Newsome, Chris Powell

Members Absent: Paul Ryan

Consultants Present: Mike Guerard, Scudder Parker

OER Staff Present: Chris Kearns, Rachel Sholly

Others Present: Karen Bradbury, Jeff Broadhead, Lindsay Foley, Rachel Henschel, Craig Johnson, Courtney Lane, Sean Murphy, Jeremy Newberger, Tim Roughan

1. Call to Order

In Chairman Ryan's absence, Vice Chairman Chris Powell called the meeting to order at 3:32 PM.

2. Approval of September Meeting Minutes

Joe Cirillo made a motion to approve the September meeting minutes as submitted. The motion was seconded by Joe Newsome and passed unanimously.

3. Executive Director's Report

Marion Gold informed the Council that Charlie Hawkins has left the Office of Energy Resources (OER). She expressed her appreciation of his years of service and announced that Rachel S. has now taken on his responsibilities related to Council support.

Activity over last few weeks has been focused on editing the 2014 Energy Efficiency Program Plan (EEPP). She noted that this year's plan is very strong and achieves a high level of savings despite differing opinions among the parties involved. She expressed appreciation for National Grid and everyone who collaborated on this process.

Under the leadership of Danny Musher, the OER has completed the data gathering and goal setting phases for the RI State Energy Plan. They have also convened three implementation group meetings to strategize on policies that should be adopted in the electric, thermal and transportation sectors. OER will update the Council on this at an upcoming meeting. Three cross-cutting recommendations that will be acted on are grid modernization, energy security and financing.

OER staff have also been working hard on the residential Property Assessed Clean Energy (PACE). The East Providence City Council has approved a resolution to allow PACE in their municipality, becoming the state's first PACE community. Draft regulations are in place but the real challenge is how to build this program in a way that enhances and augments the existing energy efficiency (EE) programs and integrates with renewable energy (RE) programs. The OER will continue working in house with the consultant team and will then meet with a Council subcommittee.

Chris Kearns has been working on the streetlight tariff along with Dan Majcher, one of the attorneys at the RI Department of Administration. Municipalities are also intervening through the League of Cities and Towns. The Public Utilities Commission's (PUC) decision is expected in December and will be working over the next month and a half to compromise on the tariff. Jeff Broadhead handed out a factsheet on the Partnership for Rhode Island Streetlight Management (PRISM).

The RI Public Energy Partnership (RIPEP) efforts have been going very well under the leadership of Rachel Sholly in partnership with National Grid. She has organized four working groups in each of RIPEP's target sectors – schools, municipalities, drinking water and state. She and Mike Skinner from National Grid have also been meeting one-on-one with the municipalities, allowing them to discuss energy issues in more detail including streetlights. They are finding that some are interested in purchasing their own streetlights and some are not.

Rachel S. reported further on RIPEP efforts. Data gathering and analysis in partnership with the URI Outreach Center has been going well, with almost 200 buildings entered into EPA Energy Star's Portfolio Manager, a free online energy monitoring tool. Scoping studies have begun in approximately 30 buildings that have been selected for the first round of retrofits. National Grid has hired consultant Ilene Mason to help Grid fulfill its RIPEP commitments.

OER has invited Meg Lusardi and Eric Friedman of the MA Green Communities Division to meet with OER staff to discuss the MA Green Communities Program. OER is considering introducing legislation that would establish a similar designation and loan/grant program to help RI municipalities engage in sustainable energy projects.

Rachel S. reported that energy expo planning is going well. Marsha Garcia and Dan Justynski have been participating in the planning meetings on behalf of the Council. The planning committee has calls every other week and has established subcommittees for workshops and speakers, vendors and displays, and marketing.

Rachel S. drafted a list of Council subcommittees and their participants and asked for corrections. Abigail suggested that National Grid should be added to more subcommittees and said the subcommittees should not be constrained to voting members. Marion G. agreed and felt that the Council should even seek out non-members to serve on subcommittees. Chris Powell said that the list should also include the

system reliability committee, which would include the consultants, Abigail Anthony, Chris P., Marsha Garcia and National Grid. Marion G. informed the Council that a meeting was just held on the system reliability and distributed generation effort and said she would be sure to loop in the Council subcommittee. Marion G. suggested that Rachel S. draft a description of each subcommittee including its activities and related timeframes.

Rachel S. asked about the development of the 2014 Council budget. In the past, Abigail A. has developed a draft budget with consultants based on the previous year's spending. Abigail A. clarified that there are both the Council's total budget as well as the consultant team's budget that need to be approved. The consultants are on a three year contract with annual renewals, the Council will need to approved The Council usually approves the budget in January because the Council's budget is tied to the EEPP which will not be approved by the PUC until December. She suggested that Rachel S. circulate the 2013 budget and spending to date to the Council and ask that any comments be submitted to the budget subcommittee through Rachel S. for the budget committee to discuss. Then the budget subcommittee will bring the budget to the Council for a vote.

Marion G. mentioned that the OER wondered if some leftover Council funds for could be used for additional consultant work on a particular EE project. Abigail A. said that we do things like this every year and that this is the sort of thing that should be happening now - submit comments and ideas to the budget subcommittee through Rachel. Chris P. reminded the Council that funds not spent go back into EE program budget.

Worked with National Grid and deployed remaining ARRA dollars to install 50 electric vehicle charging stations across the state. It is a great success story and had some of the fastest installation that has ever been done. We are finding that they are getting quite a bit of use.

The 12.5 MW Toray combined heat and power (CHP) system is on its way to Rhode Island and will arrive in Quonset Point in November.

The Chair of PUC, Meg Curran, the head of the DPUC, Tom Ahern, Al Contente of the DPUC, Marion G. and Barbara Cesaro of OER had the opportunity to tour the Taco Center for Innovation and Development Center. They have an amazing facility and are doing great things including training in the professional community. They have offered to host November 14th Council meeting. Michael McAteer added that National Grid brought a team of technical people to Taco and spent all day on a high performance design workshop. They are also working with other global leaders in EE. Chris P. added that Taco has been a vocal member of The Energy Council of RI (TEC-RI). Rachel S. will coordinate an optional facility tour at 2:30 PM. Chris P. suggested that we invite Taco to give a presentation on what they have done during the November meeting.

4. National Grid Presentation on Proposal for 2014 System Reliability Procurement Report

National Grid's Lindsay Foley presented an update of the System Reliability program. See attached presentation.

Joe Cirillo pointed out that everyone is inundated with mail and calls, so we need to figure out present our programs to the business community. Chris P. talked about this at last meeting. The owner typically has a relationship with HVAC representative, so we should explore ways to get to owners through the network of HVAC companies that service these businesses. Lindsey F. said this method of outreach is part of the plan for next year. Joe C. also suggested presenting to or communicating through local organizations that work with businesses the Rotaries, the Knights of Columbus, Chambers of Commerce, etc. Julie Gill agreed with Joe C. and added that Grid could give an incentive to companies that have used Grid services if they can get a new business to participate. Michael M. added that Grid is putting special focus on engaging trade allies, which will probably be less expensive than to continually try to market to customers.

Chris P. asked if the next 3-year EEPP will have a bigger chunk of projects and better cost-effectiveness. Lindsey F. said the evaluation is on-going through 2017 since it is a 6 year pilot, so the evaluation of this pilot should not yet affect the next 3-year EEPP.

Julie G. asked for a few clarifications. PP&A stands for Program Planning and Administration. STAT stands for Sales Technical Assistance and Training, which includes vendor fees, contractor training, working with manufacturers on a database, etc. The increase in PP&A costs between 2012 and 2013 is due primarily to an error in how those expenses got charged, so costs in 2013 and 2014 are more indicative of actual expenses.

Joe Newsome asked if the Council is supposed to be more generally informed of major system reliability and infrastructure issues and efforts. Chris. P. said if it is an EE related issue, the Council should know about it, but the PUC regulates those issues. System reliability law says that the Council is required to look at SR options that EE can help solve. Joe N. suggested that the Council get regular updates on this topic where it related to EE. Scudder Parker noted that Abigail A. has been the leader on this for the Council. Grid has set up rules for it to scan its proposed distribution investment capital projects to identify proposed investments. Grid is looking for opportunities to employ EE, demand response (DR) and distributed generation (DG) to help avoid the capital costs of new infrastructure in the transmission and distribution system in addition to traditional methods of avoiding generation costs. Chris. P. added that Grid created tools to figure these issues out and said that knowing where future load constraints. Marion G. added that OER, Grid and the PUC deals with these issues all the time including as part of the State Energy Plan and suggested building a presentation into an upcoming Council meeting. Scudder P. pointed out that EE has tended to be separated from DR, but can no longer keep those separate given the way the system is evolving. We must also integrate with RE strategy.

5. National Grid Presentation on 2014 Energy Efficiency Program Plan

Jeremy Newberger presented on behalf of National Grid. See presentation attached. Joe N. asked what Toray's total incentive was. Jeremy N. said it is \$15.9 million all together. Joe N. asked about the large increase in behavior program participants between the 3-yr plan and the 2014 plan. Jeremy N. explained that Grid did not expect the expansion of home energy reports program to gas customers, which accounts for the increase.

Regarding the issue of removing the provision that relieves CHP project customers from paying into the natural gas system benefit charge (SBC), Dan J. asked about the possibility of a third tier charge for the gas side for commercial CHP. Jeremy N. replied that it seems that the question in the Division's mind is whether projects that were installed before this will get grandfathered in, but he does not think the PUC has a problem with eliminating it in the future. Chris P. noted that this was an omission because it had not ever come up in the past and was not a prior issue. Jeremy N. said there is also the question of whether CHP projects should have to pay into the electric SBC, but it may not be legal to charge customers who generate their own electricity.

6. EERMC Subcommittee Presentation on 2014 Energy Efficiency Program Plan

Mike Guerard and Scudder P. presented recommendations on behalf of the EEPP Subcommittee (see attached).

Chris P. commended everyone involved for their hard work and input on this plan. He said it looks really good and now the question is how we keep these programs economically sustainable. Dan J. asked how the Council can get the Synapse bill and rate impacts study out in front so people know the situation before people, like the press, start going through PUC minutes. Marion G. suggested that there may be an opportunity to connect with Economic Development Corporation Board, perhaps starting with a National Grid presentation to that group. Chris P. asked if the Council is required by law to present to the General Assembly. Abigail A. and Jeremy N. noted that the Council is required to submit a report on the effectiveness of shareholder incentives but had not done this for some time. Marion G. mentioned that the OER is looking to employ a marketing firm to help market the forthcoming RI State Energy Plan.

Abigail A. thought the Synapse report would be good for an op ed piece but we would need to check with the Division to make sure they are okay with it. If they are okay with it, it would be a great way to reach people. Scudder P. asked the Division for a presentation at PUC hearing, and they are considering that request.

Joe N. asked about the multifamily (MF) piece. Mike G. responded that this area needs a fair amount of work because the sector is facing many challenges and it is still an untapped market. Grid is working on it, for example they are working on benchmarking in MF. Jeremy N. announced that the new MF program staff person will start in early November. Rachel Henschel offered to do presentation on what has been going on in 2013 in the MF sector.

7. Vote on 2014 Energy Efficiency Program Plan and System Reliability Plan

Abigail A. made a motion to provisionally approve the 2014 EEPP, pending final completion of the plan, and to instruct the consultant team to draft a document which analyzes the cost-effectiveness of the plan as required by law. The motion was seconded by Joe C.

All members approved except Joe N. who abstained because he did not receive the latest version of the report. The motion carried.

Jeremy N. announced that there will be a call on Tuesday to review final edits to the plan. Rachel S. will coordinate a call of the Council EEPP subcommittee.

8. Consultant Team Monthly Report

Mike G. and Scudder P. presented their monthly report. As directed by the Council, the consultant team is working on the streetlight tariff, which should take no longer than 30 hours and fit easily into the budget.

Dan J. asked how the Council is made aware of how the OER portion of the SBC is spent. Chris K. said that OER's annual report is filed on April 15 to the General Assembly.

9. Public Comment

There was no public comment.

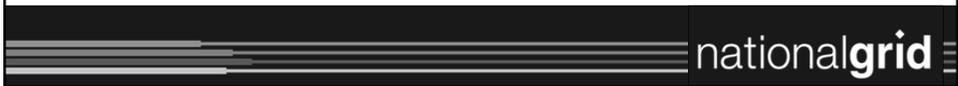
10. Adjournment

Joe C. made a motion to adjourn the meeting. The motion was seconded by Joe N. and passed unanimously. The meeting was adjourned at 5:37 PM.

2014 System Reliability Procurement Report

Presentation to the EERMC

October 17, 2013



New NWA Projects & Pilot Area Load Growth

- 2014 SRP Report does not propose a new NWA project
 - ◆ 141 wires projects screened throughout 2013
 - ◆ Most wires projects considered were excluded due to:
 - Asset condition
 - Small project budget

- Tiverton substation upgrade deferred by one year
 - ◆ 2014 load curtailment targets unchanged
 - ◆ Current forecast signals that future load curtailment targets may be reduced

Year	Load Curtailment Targets (MW)
2014	0.15
2015	0.39
2016	0.63
2017	0.86
2018	1.00



Demand Link Pilot Progress 2012 - 2013

- 2012 Implementation Experience:
 - ◆ Delayed start – approval in March, marketing began in May
 - ◆ Marketing effort was centered on targeted customer lists (e.g. recently-audited customers, high-energy users)
 - ◆ Prevalence of central AC was less than expected
- 2013 Implementation Experience
 - ◆ Marketing targeted entire pilot-eligible customer pool and frequency of outreach was significantly increased
 - ◆ Customer eligibility increased with addition of window AC rebates and Smart Plug devices
 - ◆ Community event in July increased understanding of customer sentiments
 - ◆ Two DR test events helped identify additional data and participation risks for mitigation prior to summer 2014

Year	EE MW Savings	Projected DR Capacity	SRP Participants	EW Audits	SBS Audits
2012 (Actual)	0.03	0.02	29	146	2
2013 (Projected)	0.19	0.09	146	249	23

 nationalgrid

2014 Demand Link Plan

- Continue existing portfolio of products and incentives with two enhancements:
 - ◆ Install standard LED light bulbs instead of CFLs (increases savings)
 - ◆ Enhanced load control device for larger window AC units (increases eligible customer pool)
- Introduce additional recruitment messaging
 - ◆ Add focus on community sustainability
 - ◆ Increase customer understanding of Pilot goals
 - ◆ Also continue using "save money save energy" message
 - ◆ Focus on reaching business owners/decision-makers
- Increase focus on participant communications
 - ◆ Prepare participants for DR events in 2014
 - ◆ Maximize participation per customer
 - ◆ Increase participant understanding of Pilot components, expectations and goals
- Conduct Demand Response events as necessary throughout the year

 nationalgrid

Demand Link Quantitative Analysis

- Pilot is still cost effective at 1.86
- Year 2014 is cost effective at 1.74
- Pilot still on track to meet deferral requirements
- Proposed customer funding request for 2014: \$342,050
 - ◆ Proposed SRP budget for 2014 is \$399,208
 - ◆ Projected fund balance for YE 2013 is \$57,158
 - ◆ Additional SRP funding needed per kWh would be ~0.0435mils, 0.05mils truncated

Category	2012 (Actual)	2013 (Projected)	2014 (Planned)
PP&A	\$2,600	\$50,000	\$74,000
Marketing	\$24,700	\$75,000	\$75,000
Incentives	\$32,500	\$81,600	\$116,700
STAT	\$2,000	\$4,900	\$13,500
Evaluation	\$25,100	\$100,000	\$120,000
Total	\$86,800	\$311,500	\$399,200

2014 Energy Efficiency Program Plan Council Draft



Presentation to RI EERMC
October 17, 2013



- How we got here
- Residential program summary
- C&I program summary
- Plan numbers
- Policy issues
- Summary

2014 is going to be a great year for EE!

- Participation increases compared to 2013 in both Residential and C&I sectors
- Addresses significant concerns of stakeholders in a balanced way
- Accommodates Toray project with a modest increase in the EE charge
- Nation leading goal of 3.25% of Annual Sales: great benefits to RI economy
- Region leading low costs of \$0.34 per kWh
 - \$0.41 per kWh without Toray
- *“Unprecedented, but not precedent setting”*
- *Sets us on a trajectory for successfully delivering 2015-2017 savings targets*

- Continue successes and innovations of 2013, plus
 - Commitment to LED lighting
 - Test *EnergyWise* customer segmentation
 - Streamline HVAC opportunities at time of gas conversion
 - Collaborate with state on Zero Net Energy ready homes
 - Host community outreach events
 - New RI Energy Challenge Communities

- Continue successes and innovations of 2013, plus
 - Enhanced New Construction Portfolio
 - Expanded Upstream Products
 - Additional RIPEP & Multifamily Benchmarking Services
 - More SEMP Customers
 - Pursuit of EE Solid State Street Lighting
 - Ramped-up Code compliance and Standards advocacy
 - More funds for financing
 - Piloting for the future (Zero Net Energy, Low/No-cost O&M, Small Business Energy Reports)

- Level out increase in electric EE charge
- Create two-tiered gas EE charge
- Inject funds for finance
- Commit to negotiating incentives
- Remove EE charge exemption for CHP projects
- Maintain commitment to partnerships with others, particularly OER
- Position well for 2015-17 through innovation, stable delivery, and essentially level services

Major changes from the September draft **nationalgrid**

- Electric energy efficiency program charge limited to no more than \$0.009/kWh
- Proposed two tier charge for gas energy efficiency charge
- Elimination of the exemption of gas used for distributed generation from the gas program charge
- Preservation of weatherization services to oil heated customers through RGGI funds
- Slight downward adjustment of projected electric savings to reflect budget cuts and updated information on Toray project

2014 Natural Gas Plan Summary



	2013 EE Plan	2014 in 3 Year Plan	2014 EE Plan
Gas			
BC Ratio	1.91	1.51	1.69
Annual Dth	287,775	355,917	355,923
Participants	145,150	21,671	192,526
Implementation + Evaluation Expenses	\$ 18,641,700	\$ 21,392,323	\$ 24,597,172
Total Budget*	\$ 19,540,000	\$ 22,602,890	\$ 25,784,017
EE Program Charge	\$ 0.414	\$ 0.732	\$0.596 (Resi); \$0.474 (C&I)

- Savings consistent with three year plan (3 YP)
- 24% increase compared to 2013
- Gas savings equal to three year plan target
- Implementation and total budgets are ~15% higher than 3 YP projections
- Energy efficiency program charges less than 3 YP for gas due to increased sales
- Gas charge: \$0.596/Dth for residential customers and \$0.474 for C&I customers; 22% and 54% lower than 3YP illustration, respectively

	2013 EE Plan	2014 in 3 Year Plan	2014 EE Plan
Electric			
BC Ratio	2.27	2.26	3.14
Annual MWh	158,820	189,068	255,959
Participants	476,435	560,730	513,134
Implementation + Evaluation Expenses	\$ 67,256,100	\$ 81,691,294	\$ 83,412,818
Total Budget*	\$ 77,496,800	\$ 88,236,598	\$ 87,464,343
EE Program Charge	\$ 0.00862	\$ 0.00985	\$ 0.00896

- Electric savings targets are 35% higher than three year plan; 61% higher than 2013 targets
- Implementation and total budgets are 2% higher than 3 YP Projection while total budget is 1% lower
- Electric charge: \$0.00896/kWh, 10% lower than 3 YP projections
- Bill impacts analysis indicates that customer segments will benefit from Plan that honors Toray commitment and offers others an opportunity to participate

- Eliminate requirement for commitments, except on projects with incentives greater than \$3 million
- Require Company to propose use for unanticipated carryover within 30 days of filing of Year End Report, and secure Collaborative approval for that use
- Modify CHP use of economic development benefit
- Propose broader re-examination of TRC test in EERMC's review of LCP standards in late 2013/early 2014
- Eliminate gas charge exemption for natural gas used for distributed generation

- 2014 Energy Efficiency (EE) Plan is consistent with 3 Year Least Cost Procurement Plan
- Plan is consistent with legislative/regulatory requirements
 - Cost effective
 - Less expensive than supply
 - Supports Combined Heat and Power
 - Addresses order on Toray incentive
 - Creates (unprecedented) consumer benefits
- Plan built with broad stakeholder contributions
 - DSM Collaborative Subcommittee
 - CHP Public Meeting
 - Customer feedback

EERMC 2014 Plan Subcommittee

Presentation of Findings and Recommendation on 2014 Energy Efficiency Program Plan and System Reliability Plan

RI EERMC Meeting
October 17th 2013

Council Subcommittee: Chris Powell; Dan Justynski; Marion Gold;
VEIC/Optimal Consultant Team (Scudder Parker, Mike Guerard);
Rachel Sholly/Coordinator

The Top Story, and Bottom Line:

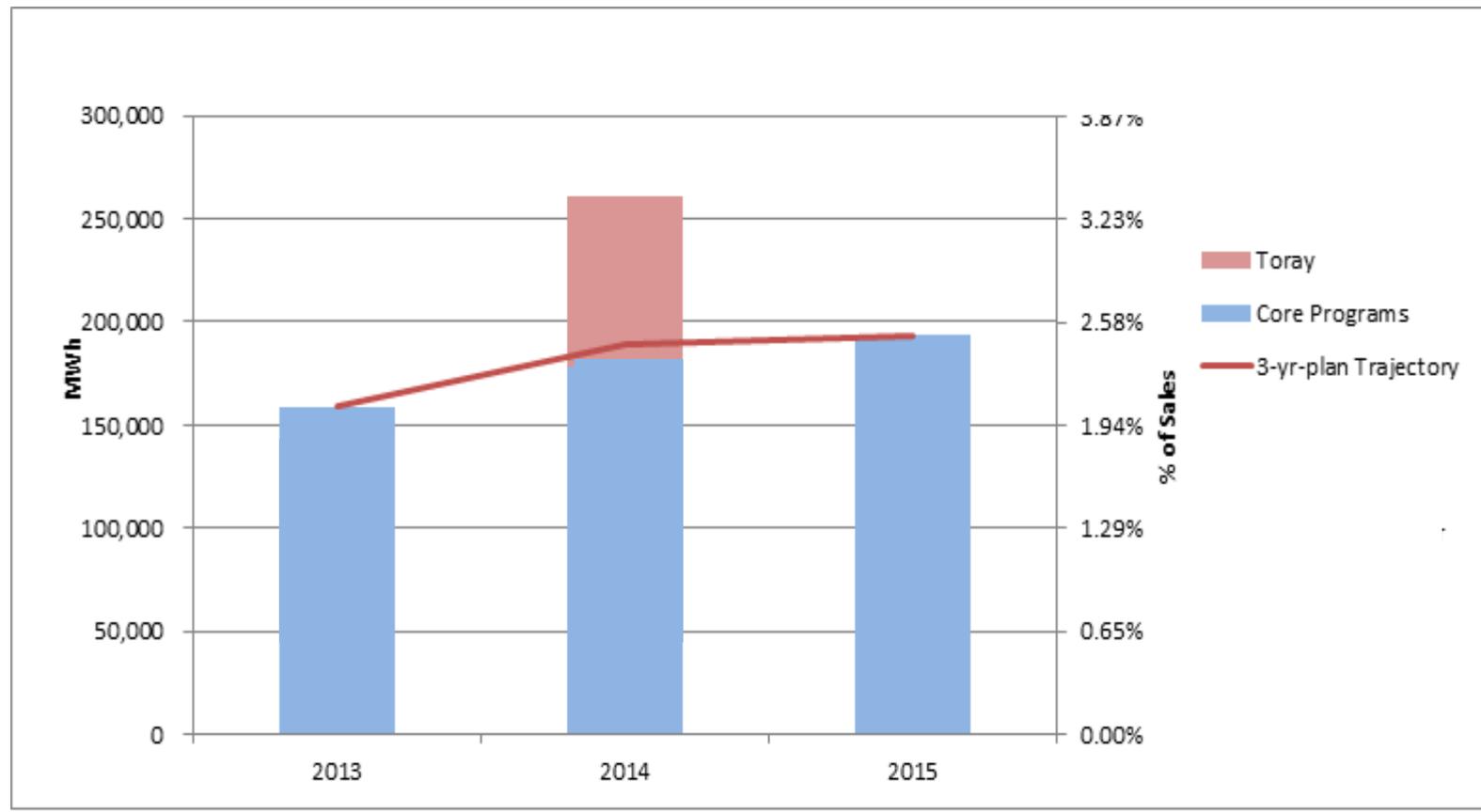
2014 Energy Efficiency Program Plan:

Record-setting Plan achieved **collaboratively, cost-efficiently,** and **cost-effectively** while meeting the objectives of the current 3-year Plan and setting the stage for continued upward trajectory of savings to meet Least Cost Procurement objectives in the future.

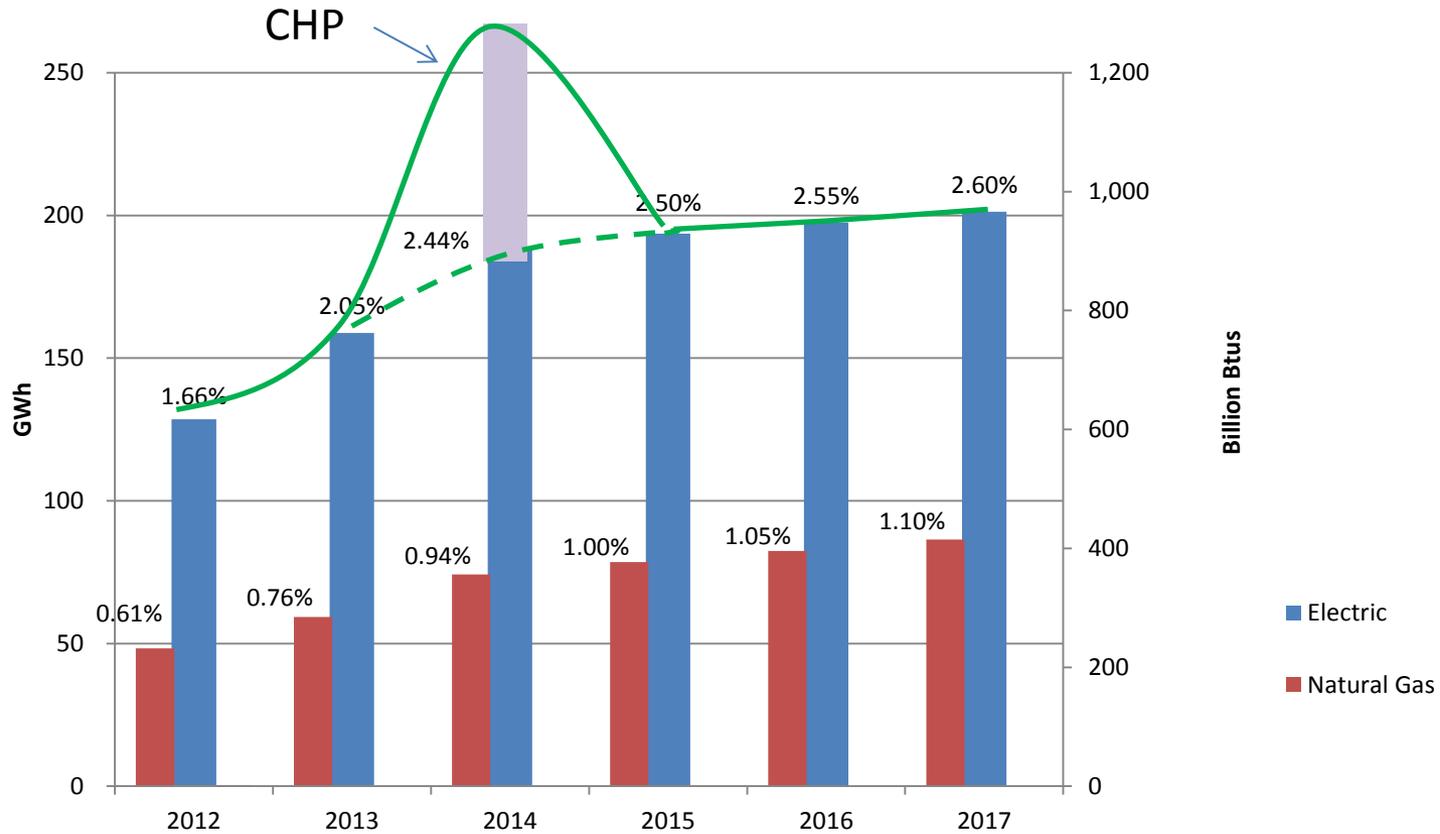
2014 System Reliability Plan:

An effective continuation of efforts to create unique and valuable alternatives to address load constrained areas.

2014 In LCP Context (electric)



2014 in LCP Context



Collaborative Process -- Main Participants

- **National Grid**
- **Division** of Public Utilities & Carriers (with Attorney General support)
 - Rate payer focus
- **TEC-RI**
 - Representing issues for large business
- **People's Power & Light**
 - Representing issues for residential and small business
- **Environment Northeast (ENE)**
 - Focus on environmental and policy issues
- **OER**
 - Focus on energy policy & strategy
- **EERMC & Council Consultants**
 - Focus on meeting all objectives of Least Cost Procurement law

Collaborative Process

The 2014 Plan built upon the Council & Collaborative work on the 2015 – 2017 3-Year Plan Activities that commenced at beginning of year, including:

- **Bill/Rate Impact analysis (by Division's Consultant - Synapse)**
- **Discussion & Agreement upon emphasis to continue participation increases, without compromising need for deeper savings...**
- **... with a clear understanding of the associated budget and rate-payer impacts**
- **Identification of areas of potential from C-Team's Achievable Potential Analysis leading to 2015-2017 Targets Recommendation (LED's expansion; streetlights; upstream HVAC; etc.)**

Council & Consultant Team

- **Via Monthly Implementation Oversight meetings w/ National Grid, C-Team worked w/ Sector strategy groups starting in 1st Q to identify areas of research and investigation to inform first draft of Plan**
 - C-Team prepared reports on EnergyWise, Residential Lighting, Hospitality Sector and Regional Chains
 - C-Team developed “Top 10” lists for each sector
- **Input between 1st and 2nd drafts was somewhat significant**
- **Inputs between 2nd and 3rd less**
- **More intensive analysis of TRM and BC Model**
- **The Council Plan Subcommittee coordinated via calls the review and response to adjustments made over three drafts**

Recommendation

The Consultant Team & Council Plan Subcommittee report that the Plans appear to successfully achieve (pending any final, minor adjustments, as needed) the objectives of Least Cost Procurement and the targets set for 2014 filed as part of the current 3 year Plan.

It is **recommended** that the 2014 Energy Efficiency Program Plan and the System Reliability Plan **be approved “provisionally,”** with direction to the Council Plan Subcommittee to finalize details of the Plans with National Grid prior to filing with RI PUC on 11/1/13.