

ENERGY EFFICIENCY & RESOURCE MANGEMENT COUNCIL

Minutes-March 14, 2013

Conference Room B, Second Floor, DOA

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

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

Consultants Present: Mike Guerard and Scudder Parker

Staff Present: Lewis Babbitt, Chris Kearns, Rachel Sholly, and Charles Hawkins

Others Present: Jeremy Newberger, Michael McAteer, Brian Kearney, Vito Buonomano, Rachel Henschel, Angela Li, Karina Lutz, Dave Jacobson, Marsha Garcia, and Karen Bradbury

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

Public Comment

Paul R. began the meeting by saying he would like to look into having

the minutes of the meeting go on a disc. He asked Marion G. if the state had a blanket purchasing agreement that would allow the Council to purchase a recorder that can produce an audio disc. Marion G. said she would look into it before the next meeting. Marion G. then introduced Marsha Garcia, URI's Campus Sustainability Officer, who has accepted an offer to put her name in for nomination for the residential seat on the EERMC.

Vito B. said that he had a petition he wanted to circulate showing support for recently introduced legislation, sponsored by Rep. Ruggiero, to reinstates renewable energy (RE) tax credits. He said that members of Local 99 of the Electricians' Union have thrown their support begin the legislation and have meet with General Assembly (GA) leaders. He cited how RE tax credits in Massachusetts have stimulated the industry.

Executive Director's Report

OER has finalized the nominations for new Council Members. Marcia G. will replace Marion G. on the residential seat. Jennifer Hutchinson and Michel McAteer will fill the two NGrid ex-officio seats on the council. Marion G. requested Chairman Ryan send a letter to Vic Allienello thanking him for her service as the ex-officio representative from the deliverable fuels sector. Chris Brennen of Superior Oil will replace him on the Council with assistance from the Oil Heat Institute's Julie Gill.

Marion G. then defined the administrative services OER will provide the Council. She has designated Rachel Sholly to assist Charlie H. in the administrative duties of the OER, which include developing the monthly Council agenda, booking meeting rooms, compiling and editing minutes. Rachel will call members before meetings to get feedback on agendas. OER will also review invoices from the C-Team & Dan P. and authorize payment. OER will also assist in developing the Annual Report (AR) and drafting the Council budget and maintain the EERMC website. Chris P. thought it would be good if OER could coordinate the work of Council sub-committees, which Abigail A. mostly does now. Marion G. agreed. Dan J. cited Rachel S.'s coordination of the Energy Expo Sub-committee meeting as an example of this.

Marion G. recently attended a USDOE symposium, held in Baltimore, on the barriers to large scale industrial EE and opportunities for combined heat & power (CHP). Both she & NGrid's Tim Roughan spoke on RI CHP initiatives. RI received kudos for its innovative work on the cost effectiveness (CE) analysis for large scale CHP. The President has set an ambitious goal for the development of CHP. In RI, PUC filed a docket in March for the Toray CHP incentives package and the goal is to have the project come on line by March 2015. Jeremy N. said that NGrid and Toray have agreed on an incentive package and now it has to go in front of the PUC for approval. Scudder P. wanted to give kudos to TEC-RI for the key role they

played in the Toray negotiations. Chris P. said there was concern about big CHP projects putting constraints on the C&I Energy Efficiency Program Plan (EEPP) budget.

A recent Green and Healthy Homes Initiative (GHHI) meeting, hosting by Mayor Taveres, was well attended. GHHI is looking to expand the program beyond Providence and may be assisted by recent public housing bonds. She also wanted to thank Joe C. for briefing her about the challenges that face the Field's Point LNG tank. Marion G. then introduced Rachel S. to give an update on the RI Public Energy Partnership (RIPEP).

Rachel S. said that they are currently in the data collection stage and the goal is to benchmark all of RI's public facilities. They are targeting state buildings, schools and public water suppliers. One challenge on Block Island is that residents and facilities are not eligible for NGrid EEPP incentives. EPA is having a meeting on water facilities with all the Northeast states in Albany. OER is planning on using \$1.4 M in RGGI funding on the RIPEP to supplement this USDOE grant. She also said that the 2012 RGGI Spending Plan is ready to go out for public comment. She wanted to compliment NGrid for their cooperation and said that their point of contact for the RIPEP, Mike Skinner, has been awesome.

Lewis Babbitt of the Department of Human Services (DHS) then gave an update on the low income (LI) programs. He said that the recent

sequester has resulted in a 5% reduction in funding. However, DHS had a 10% carryover so this reduction was planned for and should not have a drastic impact. The Coalition of Northeast Governor's (CONEG) is pushing for a 2014 LIHEAP budget of \$4.7B. A second crisis grant for deliverable fuels clients has been authorized. DHS is currently working on uploading an A-60 payment file to NGrid for gas & electric clients. This month's confirmations will be mailed to clients and the hope is that there will not be a gap of more than two weeks between confirmation and payment. That gives NGrid time to apply the payments to client's accounts. There have been no LIHEAP shortfalls and the conversion to the new software system has gone well.

Marion G. has been working with Chris P., Mike M. and the RGGI Sub-committee on using RGGI funding to integrate RE & small distributed generation (DG) with System Reliability (SR). They are looking at the cost effectiveness (CE) of this program and will report their progress at next month's meeting. OER also wants to use ARRA funding for a C&I revolving loan program. Joe N. asked how much ARRA money. Marion G. said it was about \$3.6M but it needs to be obligated by August 31st so she would like to get it into a bank soon. Some of this funding will go to PACE, and some to the revolving loan.

Chris P. said that revolving loans are a good start as long as they are funded. He cited a positive meeting that was held with TEC-RI, NGrid and the C-Team on the C&I financing. The feedback was that

companies can't get funding for large EE projects. You need a six month payback to get companies interested. They would like on-bill financing over a longer term. Abigail A. said that there is confusion over spending RGGI funding on RE and its CE impact. NGrid & the C-Team have asked Dan P. for a legal ruling to answer these two questions: Does CE apply to RGGI? Is there guidance in the RGGI legislation on how to define CE? Dan P. will prepare a summary memo on these two questions by the end of next week in advance of the RGGI public hearing.

Discussion and Vote on the RI Energy Expo

Marion G. said a sub-committee made up of Dan J., Abigail A., Mike G., and Rachel S. has been formed to plan this event. Rachel S. distributed a draft resolution that authorized the council to spend up to \$100,000 on an energy expo. She also compiled a spread sheet that has a low and high end budget chart to calculate compensation for an event organizer. If revenue falls short, the compensation decreases. This gives an upside if the planner generates increased revenue and gives the Council protection if revenue falls short. The sub-committee has put together a list of tasks that require seed money before any revenue comes in. A commitment is needed by the Council to spend this seed money so a strong RFP can be developed. Can Council revenue be used to close the gap between revenues and expenses? If you get \$20,000 from the OER and \$20,000 from the Renewable Energy Fund (REF), what will the Council commit?

Abigail A. said there was \$251,000 in the council's reserve budget. Dan J. said to do it right you need at least \$165,000. If marketing bring in \$84,000 you are \$80,000 light. He feels if the organizer is doing their job the number should be higher than \$84,000. But if the event only garners \$84,000 the Council has to protect the \$80,000 shortfall so the event will proceed. He asked if \$100,000 was a number in excess of what the Council is willing to spend. Marion G. said it is a reserve fund where you could spend up to \$60,000 and use the other \$40,000 as a buffer. Once the funding is approved then OER can build the RFP. She cited the NE Turf Association which runs an event every year that either makes money or breaks even. Chris P. said that the Council would need to know now what percent of any shortfall they would be responsible for. He figures 60%-Council and 20% for the OER & REF. Paul R. asked what would happen if REF or OER could not come up with their end. Joe N. said if seed money was needed to get going the Council could match the \$20,000 from REF & OER to hire an organizer. If you had \$40,000 from Council and \$20,000 from the agencies you would at least have enough to hire a consultant. You don't need to have everything worked out today.

Dan J. said that the Council does not have to commit to the seed money until the RFP is ready. That won't be for 30 days. Dan J. asked if the OER has the ability to open account for the expo. Marion G. said that what is needed is an indication that the Council is willing to put cash on the table. Dan J. said they should change Bullet 3 to

make \$40,000 available to the OER when the event planner is selected. Change bullet 2 to a commitment of \$60,000 or 60% of any deficit. Marion G. said that Ocean State Clean Cities is very interested in the expo and could be another sponsor.

Abigail made a motion that the EERMC approve the draft resolution with the above amendments. It was seconded by Paul Ryan and passed unanimously.

Annual Report Policy Recommendations

These recommendations were discussed in a conference call with sub-committee members (Marion G., Chris P., Mike M., and Dan J.) on 3/12. Joe N. said he was not clear on what Recommendations #3 & 4 mean. They do not seem to be recommendations of such. #7 & 8 are also unclear. Scudder P. suggested listing them in categories.

Chris P. wanted a recommendation included that mentions the financing problems that the C&I sector encounters. There is no financing available and he feels this is a significant issue. Abigail A. suggested grouping them into three separate categories: specific policy recommendations; actions the Council are currently undertaking; and significant statements that sent a clear message to the GA. Joe N. suggested the recommendations come at the beginning of the bullet not at the end like it is with #7. Paul R. feels that #3&4 don't belong in policy but in another part of the AR.

Abigail A. said that the law says recommendations; they do not necessarily need to be policy recommendations. We may want to loosen this. Marion G. said that the Council needs to set priorities for next year. Scudder P. said the Council should convey to the GA and the public what their priorities are. Dan J. said the goal today is to give the sub-committee guidance when they finalize the recommendations for a vote in April. Abigail A. said that the document has to be final before the next meeting so the Council is voting on a final product in April. It goes to the printer right away. The e-version will go out the Tuesday before the next meeting. Chris P. said the sub-committee has to be authorized to finalize the wording to be adopted at the April meeting.

Dan J. felt that No. #5 could take years to get done but it should be put into the AR recommendations. Marion G. agreed and she felt the Council can benefit from work done in other jurisdictions like New York City. Abigail A. asked about multi-state initiatives. Mike G. said that adjourning states are looking at this closely. Dan J. said it appeared #5 was OK with a couple of tweaks. On #6, Dan J. said he wanted to make sure that RGGI benefits ratepayers. Chris P. said it wouldn't benefit ratepayers if it was not CE and he wants it mentioned in the bullet and defined as it is in LCP. Scudder P. said that part of the legal debate is whether the RGGI legislation uses the term CE. It is cited in the legislation but it is not precise. They don't define CE RE. The standard for RI LCP is the TRC. Abigail A. said the Council needs Dan P. to take a look at this.

Dan J. said that #8 was not on the original draft. Chris P. said that by highlighting GHHI they are leaving out other similar initiatives. Mike G. said the key to this recommendation is getting DOH & other agencies involved to maximize EE successes. Leveraging funds accomplishes this. You can get into a home and do comprehensive EE and address other issues in hard to serve areas. Marion G. would like to coordinate EE efforts with recent LI housing bond money to further leverage EEPP funds. It was agreed to go back to last year's language and emphasis coordination. Joe N. would like #8 to be more succinct. He does not like the idea of the Council making recommendations to themselves. He feels the central priorities should be upfront in the Chairman's report. The policy recommendations in the back of the AR should be to the Governor & the GA. Marion G. suggested a section that had Council priorities.

Dan J. said he has prepared a motion which authorizes the AR Policy Sub-committee to accommodate Council member's comments and work with the

C-Team to complete the final draft of the 2013 Annual Report recommendations for final approval during the April 2013 meeting. It was moved by Paul R., seconded by Joe C. and passed unanimously.

Overview of the NGrid EnergyWise Procurement Process

NGrid's Angela Li was introduced to give this power point

presentation (attached). NGrid is trying to establish a relationship with customers through EnergyWise, which is their flagship residential program. The Program has two core parts. Home Energy Assessments, which are performed by a lead vendor and includes installing power strips. After the assessment weatherization & air sealing are available and provided by a choice of 20 independent insulation contractors who are BPI certified.

The lead vendor was selected by NGrid's Strategic Sourcing Process. This consisted of sending an RFP to fifty-two suppliers of which three responded and two were brought in for in-depth interviews. On December 11th a multi-year (2012-14) contract was awarded to a lead vendor, RISE Engineering. Marion G. asked if future RFPs could be on their website.

Benefits of the lead vendor model include: cost saving, rapid introduction of new products, and consistent delivery. Dan J. said that the lead vendor model means that RISE is overseeing the contractors and does not do the weatherization work. In the past RISE would have done this work. Joe N. said his concern is that the contractor pool has been tripled from seven to twenty. He fears the pool will get so large that contractors will only be doing about three jobs a year. He asked if RISE was recommending the contractor. Yes, but the customer gets a full list of 20 from which to choose. The list is on the NGrid website.

RISE's Brian K. then introduced himself and distributed the full list of contractors. He said that three new ones were going to be added shortly. It is a merit based system and 100% of the work is reviewed and if the work is not up to standards, contractors can go on a probation list. 1,669 independent contractor jobs were done last year.

Contractors have told NGrid that it is one of the best programs to work and they value the level of inspections.

Scudder P. asked if most of the clients were gas customers or were incentives offered to everyone. Angela L. said yes, it does include deliverable fuels; it is a 25% incentive for oil and 75% for electric up to \$2,000. Marion G. asked if this program was helping NGrid meet its EPP goals. Angela L. said that NGrid was at 100% of its electric goal and the gas goal was raised to make up for shortfall in other programs and got to 130% of goal. Dan J. suggested identifying minority owned businesses on the list.

Public Comment

Karina L. asked if the RISE contract has been signed and written yet. Angela L. said it was awarded in November 2012.

On RGGI CE, Karina she feels the fact that the law is not precise is an opportunity not a problem. The Council should be looking at what is more CE for climate change and stabilization. You should look at CE in RGGI as helping to get to climate goals. She then demonstrated a

chart to show this. You should use RGGI funding to get at climate goals that can not be reached through LCP. Chris P. said that the goals of the higher RGGI cap are to get at carbon reduction. Dan J. said, that by his definition, you are taking funds away from CE EE and putting it into stuff that is not LCP. He said RGGI funds are not found money but the ratepayers. Chris P. said he was involved when they were trying to convince states to join RGGI and the selling point that got states to sign up was that the funding was going to EE at a rate of at least 90%, because they recognized it is being paid for by the ratepayers. It was meant for EE and that is how it was sold. Marion G. suggested Council members attend a April 24th Boston Roundtable Forum on RGGI that will be hosted by Jonathan Raab.

Paul R. made a motion to adjourn. It was seconded by Chris P. and passed unanimously. The meeting was adjourned at 5:35 PM.

Respectfully submitted

Charles Hawkins

Secretary Pro-tempore