

ENERGY EFFICIENCY AND RESOURCES MANGEMENT COUNCIL

Minutes-July 11, 2013

Conference Room B., Second Floor DOA

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

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

Staff Present: Charles Hawkins, Chris Kearns, George Sfinarolakis, Rachel Sholly and Danny Musher

Consultants: Mike Guerard, Sam Huntington and Scudder Parker

Others Present: Rachel Henschel and Jeremy Newberger,

Acceptance of Minutes: Joe Newsome made a motion to approve the June minutes. It was seconded by Abigail Anthony and passed unanimously.

Executive Director's Report

The Property Assessed Clean Energy (PACE) legislation passed the General Assembly (GA) which now allows RI residents to do energy efficiency (EE) and renewable energy (RE) projects with a lien on their property taxes. The ProJo's Alex Kuffner did a story on it and five municipalities have already contacted the Office of Energy Resources (OER) for more details. Now the OER needs to develop partnerships with banks. OER is working on an MOU with RI Housing on the ARRA \$3.2M that includes a loan loss reserve for PACE. They may be the holding agency for the funds but these details are being worked out. OER will be working on the guidelines for the EE component with NGrid and the RE guidelines with the Renewable Energy Fund (REF) to determine which projects are eligible. Marion G. would like to set up a PACE subcommittee.

The municipal streetlight legislation, which looked dead last month, surprisingly passed the GA. Now NGrid needs to do an alternative tariff within 60 days of the Governor's signature to present to the Public Utilities Commission (PUC). The PUC then has 60 days to review and approve the tariff.

OER has had much discussion regarding the system reliability (SR) project which will utilize RGGI funding to deploy cost effective (CE) distributed generation (DG) solar to support the goals of the SR mandate. This program has three components

- Administrative Component: The administrative requirements**

include:

- Ensuring coordination of multiple RI energy policies, programs, and funding sources

- Rolling-out the distributed solar offering to customers in the pilot area, including coordinating and overseeing consumer education, marketing, contractors, incentives & rebates, etc.;

- Managing technical consultants and coordinating with stakeholders, utility, and SRP Subcommittee.

- **Technical Assessment and Solution Design:** Technical assistance is needed to:

- Work with National Grid to identify and characterize the system need, and

- Propose solutions that deploy distributed solar as a grid resource.

- **Evaluation and Data Collection:** Technical assistance is needed to:

- Work with National Grid, stakeholders, SRP Subcommittee to identify key performance, functionality, cost, and benefit data and information.

- Quantify and describe these metrics to the extent possible.

- Ensure that evaluation effort furthers the long term goals of system reliability procurement and adds clarity to advancing SRP in RI

OER has been exploring options for managing the program. It makes sense for the administrative aspects to be managed by the OER; but

guidance from the EERMC SRP Subcommittee and the consultant team (C-Team) will be invaluable. Some of the technical assessment and solution design may be available from the National Renewable Energy Lab (NREL). Danny M. applied for and received a grant from NREL which will entail 400 hours of technical assistance from energy engineers on solar issues. The OER suspects that additional technical assistance may be needed.

Marion G. suggested reactivating the SRP Subcommittee of the Council so they can meet to discuss the options (such as going out to bid for a consultant versus adding an additional work element to the EERMC contract with VEIC/Optimal (funded with OER's portion of budget). Chris P.'s concern is how the subcommittee will track performance of the financial end of the project. What is the cost-effectiveness (CE) of the effort?

Abigail A. said this issue has been discussed in Massachusetts. You have EE, demand response and DG working in concert. How do you assess the cost and benefits to the overall system of these investments? The subcommittee can help design the cost benefit analysis framework – to look at how all of these investments work together. Something may not be CE on its own but when it is done in conjunction with the other measures it is.

Jeremy N. said that another consideration to keep in mind is that the company is deploying measures like demand response and EE to

determine if they can defer transmission and distribution investments. If other elements are introduced in the area, like solar, it may impact what you are trying to look at in the pilot.

Paul R. said that the SRP subcommittee needs to be limited to three voting members for quorum purposes. Right now it consists of Abigail A. & Chris P. Abigail A. suggested asking Marsha G. to be on the subcommittee because it has a residential component. Marion G. would like to have a SRP Subcommittee meeting after the next DMS Collaborative Meeting. Chris P. said that Rachel S. agreed to coordinate the EERMC subcommittee meetings at a past meeting.

Marion G. had an exciting proposal to merge the Energy Expo with the Home Show which will be held from April 3rd to April 6th. The Home Show, managed by Bob Yawkey, draws upwards of 20,000 people and has been held since 1994 at the Convention Center with a budget of over \$100,000. OER role would as a giant co-sponsor and Yawkey will add energy components to the agenda. There would be good synergy in reaching out to the home market. The Energy Expo Subcommittee has met to review the proposal and will get back to the full Council with more details. Abigail A. said it makes sense and is a no-brainer. Chris P. said it would allow the EERMC work to reach a wider audience. Marion G. said we could also team up with Ocean State Clean Cities and perhaps do an EE home with an EV charging station. There could also be a speaker component. Bob Yawkey would also like to do something around the

Home Energy Reports and other energy workshops. Abigail A. said it would also be cheaper and Dan J. liked the additional lead time.

The RI Public Energy Partnership's (RIPEP) scheduled kickoff at Davies Vocational School has been postponed due to a purchasing snafu. OER may do a press release instead and the event has been cleared from the Governor and Tim Horan's schedules.

Rachel S. hosted a Water Supply Working Group Meeting at the Save the Bay and it was well attended with over 30 participants. The discussion was lively and revolved around strategies to breaking down barriers to EE and lessons learned. This group will meet quarterly. The Municipal Working Group will be the next to meet. URI is currently baselining consumption in the 30 round one facilities. OER is sending NGrid \$1.4 million for on-bill financing for the public sector in addition to what they can offer in their incentive programs.

Bill Impact Analysis and Report (DPUC Project/Synapse presentation)

Jennifer Kallay of Synapse was introduced to give this power point presentation (attached). Synapse, an energy consultant firm that specializes in electric generating systems, is doing this study for the DPUC. They have done work for the DPUC for over a decade and assist ISO-NE on capacity resources issues. They have been looking at rate and bill impacts in conjunction the DPUC for the last two

months. Today they will share their preliminary results with the EERMC.

This presentation will look at rate and bill impacts, review residential outputs, explain the approach taken, and possible utilization of this data. Rate and bill impacts are studied because they can play a critical role in stakeholder support for EE. Non-participants in EE programs see higher rates, while participants also see higher rates, they see lower bills because they are saving energy. It is a matter of customer equity. It is important to know what the impact of different levels of EE investment from 2015-2017 will have on customer rates and bills. The model will look at the inputs of three cases: no EE (with no EE programs); Base EE (based on the 2013 Energy Efficiency Program Plan (EEPP) goal of 2.5% savings); and an alternative EE that looks to achieve a savings goal of 2.7%. Scudder P. asked if Synapse was doing a study for the gas sector. No, this just looks at electric, they plan on doing one on gas but are not there yet. Chris P. asked if it were economic potential they were looking at in the alternative case. It is the achievable potential put out in the KEMA Opportunity Report

Participation is not well understood or analyzed. Two key inputs into the rate & bill impacts are: the number of customers that participate in EE programs; and the amount of energy saved by customers who participate. The participant has to be identified at the customer level.

The residential outputs indicate that EE costs are a relatively small component of residential rates in the Base EE case. Chris P. asked about the fixed cost lost revenue recovery in distribution. It is the charge to recover fixed cost. He asked if the off-shore wind contracts were figured into this calculation. Jeremy N. said there was an assumption build in of escalating rates but he can not speak directly on whether it was included in the model. Dan J. said it gets watered down because it is not a large percent of the generation sold. Jennifer K. will check to see if off-shore wind is included. She said we are not seeing its full impact because it is not up and running.

Over the long term, residential customers see an average 0.2 cent/kWh increase in rates from EE in the base EE case. However, the average residential customer sees a decrease in bills in the base case with bill increasing for non-participants and decreasing for participants. Scudder P. asked about the price suppression bar in the graph. Price suppression means shifting the resources so you don't need as many high cost resources and the result is all customers see a lower cost. It benefits all customers.

The average residential customer sees a decrease in bills in the alternative EE case compared to the base. The assumption is as you add to EE budgets you are adding participants. By 2017, NGrid could serve nearly 40% of eligible customers with appliance measures under the Energy Star Program in the base EE case. It is important to

know how many people you plan to serve. On average, customers participating in residential programs experience bill saving in the base EE case. One way to utilize this data is to gain an understanding of the level of customer EE savings that will completely offset rate impacts. It can also lock down on key EE assumptions for residential EE and help rollout models for low income, and large and small C&I.

Scudder P. wanted to thank Synapse and the DPUC for this very helpful presentation. It addresses questions the EERMC has been asked a number of times. He was concerned, however, about benefits that are not accounted for such as the broader, societal benefits that keep rates down for everyone, even non-participants. One example is that by running aggressive EE programs the market in lighting and appliances improves. Dan J. asked about timing on the different sectors like C&I. When will they be included in the project? They plan on having the other sector data by the next Collaborative meeting.

VEIC Consultant Team Report

One of the emerging issues for EE is grid modernization. What can be done to make the electric grid more EE and what is the potential for EE & RE implementation enhancements. We also need to look at what modifications will need to be made to the 2014 EE & SR standards. Abigail A. said there is a huge range of possibilities that

grid modernization or smart grid has for EE and utilities and stakeholders are now trying to plan for it. Changes need to be made in the future to ensure a robust grid. Abigail A. said the Council may want to look at how these new technologies can support the goals of EE. Smart grid does not always lead to EE and the Council needs to look at how it can.

Scudder P. said this is a big discussion and it involves large capitol investments that could have rate impacts. This has been a tough fight in other jurisdictions because utilities can't document the benefits. Vermont, for example, has not been able to get legislation passed on EE for delivered fossil fuels. The key is managing the system so the EE benefits are realized. The goal is to figure out how grid modernization fits in with Least Cost Procurement. How do you account for high EE heat pumps that increase your electric bill but reduce your overall energy burden.

Chris P. asked if Vermont was looking at more natural gas. Is gasification a better process than electrification? Connecticut has begun an aggressive policy to expand their gas infrastructure. Scudder P. brought up the winter peak issue, where, as the price of gas goes down, coal generation is being replaced by gas. In New England, however, where gas is used for heating this has brought about winter distribution constraints that have created a winter peak that ISO-NE is concerned about-especially in cold snaps.

Mike G. has been working on an assessment of the technical potential for electric and gas savings in preparation for the filing of the Three-year Savings Target Project to the PUC on September 1st. He said the Synapse rate and bill impact study will be referenced in this report. The Savings Target Subcommittee, which has been very helpful, has been working on them to prepare for an August Council vote.

Dan J. asked if the definition of CE will be modified in the 3-year Target plan. Will there be a forward looking statement on CE in these projections? Scudder P. said the Council needs to be aware that this could impact the screening for CE. A Total Resource Test has been adopted but it does not look at climate change and air quality benefits that could be included. The EERMC could recommend revising the EE standards.

Chris P. said that if the Council is going to vote on the savings targets in August, a lot of information sharing within the group needs to happen prior to the vote. He asked if there was a date that members would get some specific information. It will be presented at the July Collaborative meeting. He missed last month's VEIC presentation on the savings target. OER agreed to e-mail Chris P. the power point and other information from last month's meeting to bring him up to date. Chris P. would like the whole Council to get information to digest before voting. He would also like Tec-RI's Bill Ferguson to get the same information.

Mike G. said the theme of the savings targets project is to find out the gaps in implementation and then link it into the NGrid EEPP. The next thing VEIC will be focusing on is the 2014 EEPP and Mike G. introduced Jeremy N. to give a timeline.

2014 Energy Efficiency Program Process & Timeline

Jeremy N. wanted to give the highlight dates for the development of the 2014 EEPP and the technical resource manual (TRM) which will be filed with the PUC on November 1st. NGrid is getting an earlier start in developing the technical resource manual at the Council's request. They will have a first draft of it for stakeholders by the end of the month which is over a month earlier than last year.

They will have a first draft of the 2014 EEPP and a second draft of the TRM circulated to the Council by September 4th. At the September meeting, NGrid will have an overview of the budgets and other key changes in the EEPP and they will be looking to get feedback from the Council. NGrid will take that input and other feedback from the Collaborative and prepare a final draft to be e-mailed to members on October 10th. This will give members a week to review it for a vote at the October 17th meeting which has been moved back one week.

The key dates then are: September 12th-first draft EEPP and second draft of the TRM; October 10th final draft circulated; October 17th final vote for a November 1st PUC filing. Marion G. wanted to thank

the Council for agreeing to move the October meeting back to allow for more deliberation. Jeremy N. said the strategy meetings with the C-Team have been helpful in formulating ideas for the EEPP. He also said beginning the process earlier this year has been helpful.

Dan J. made a motion to adjourn. It was seconded by Joe C. and passed unanimously. The meeting was adjourned at 5:50 PM

Respectfully submitted

Charles Hawkins

Secretary Pro-tempore