



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

MEETING MINUTES

Thursday, October 16, 2014

3:30 - 5:30 PM

Conference Room C
Department of Administration
One Capitol Hill, Providence, RI

- Members Present:** Abigail Anthony, Joe Cirillo, Dan Justynski Marion Gold, Dan Julie Gill, Jennifer Hutchinson, Michael McAteer, Joe Newsome, Chris Powell, Paul Ryan
- Members Absent:** Marsha Garcia
- Consultants Present:** Mike Guerard
- OER Staff Present:** Danny Musher, Rachel Sholly, Nick Ucci
- Others Present:** Arielle Cohen, Craig Johnson, Betsy Florin, Lindsey Foley, Doug Gablinske, Rachel Henschel, Sean Murphy, Shigeru Osada, Brigid Ryan, Rob Sherwood, Marguerite Suzzo-Gole, Belinda Wong, Chon Wong

1. Call to Order

Chairman Paul Ryan called the meeting to order at 3:41 PM.

2. Approval of September Meeting Minutes

Chris Powell made a motion to approve the September meeting minutes as submitted. Joe Newsome seconded and all approved.

3. Executive Director Report

Commissioner Marion Gold reported that a very successful event was held for the combined heat and power plant recently installed at Toray Plastics. It will result in an estimated \$35 million in economic development benefits will be realized over the lifetime the plant. As part of the Energy Expo, which will be held the first weekend in March, there will again be an awards ceremony to recognized energy leaders in Rhode Island. She said that the "Clean Energy Future Awards" application for nominations has been distributed widely and encouraged members and attendees to nominate groups and individuals.

The Office of Energy Resources (OER) has been working with the RI Department of Transportation (DOT) to upgrade highway streetlights to LED technologies. The 2014 Regional Greenhouse Gas Initiative (RGGI) Allocation Plan set aside \$50,000 to allow DOT to pilot these technologies. One challenge being addressed is how to take advantage of utility incentives while complying with state purchasing requirements. For the DOT pilot project, quotes were requested from National Grid Project Expeditors and the project was awarded to EnergySource. The total project cost will be \$127,000, which includes \$63,000 from National Grid and \$50,000 from the OER's RGGI funds. Energy savings are estimated to be around 65%. DOT is aiming to have all of their streetlights retrofitted by 2016.

The OER is also working with the Public Utilities Commission (PUC) and the Division of Public Utilities and Carriers (Division) to review the RI State Energy Plan and regional energy prices. The next meeting will focus on EPA's Clean Power Plan – the national effort to address carbon emissions. RGGI partners have already been working on this, but the OER wants to make sure that energy regulators understand the perspectives of the OER and DEM.

Finally, the OER has been working with the income eligible sector on getting out in front of the regional energy price increases in terms of messaging and connecting them with programs that can help. The OER is also working with the Department of Human Services (DHS), which now manages the Low Income Home Energy Assistance Program (LIHEAP) and Weatherization Assistance Program (WAP), to ensure that all available funds are spent and to see what more we can do to reduce energy costs. Mr. Powell announced that Marguerite Suzzo-Gole, a student from Brown University, is in attendance and is leading a group of students to educate and help Providence residents with increasing energy prices. The OER is also initiating this conversation with the commercial sector. New electric prices will go into effective in January 2015 and will be in effect for six months. In 2015, we will likely see a slight decline in July rates and then a bump up in the winter. The Council discussed posting relevant presentations and information on the OER and EERMC websites.

4. Policy/Planning Issues

Discussion and Vote on Final 2015 Energy Efficiency Program Plan and 2015 System Reliability Procurement Plan

Rachel Henschel and Sean Murphy of National Grid presented a summary of the 2015 Annual Energy Efficiency Program Plan final draft (*see attached*). Mr. Powell asked if on table E1 the charges include increases in RGGI and forward capacity market (FCM). Ms. Henschel explained that they do and that is helping to keep the electric customer charge down. FCM proceeds are expected to continue increasing, which is good for program budgets. Chairman Ryan noted that at yesterday's PUC hearing on the Three-Year Plan, the RGGI conversation was minimal because the OER has been briefing them on how the funds are being used. If the Plan is approved today, National Grid will file it on November 3, 2014.

Mr. Newsome asked why, in the gas table, is there a significant difference between the benefit-cost ratios (BCR) of the income eligible and non-income eligible sectors. Mr. Murphy explained that income eligible programs are the most expensive because they are 100% subsidized and the offerings are more comprehensive. Ms. Henschel added that the BCRs have been going down over time because we have been pushing the market forward and picking the low-hanging fruit, and National Grid can no longer claim those savings.

Mr. Justynski asked if there is a point at which the customer chooses not to participate because the incentive is too low. Mr. Murphy explained that it can vary by program and National Grid has decreased some gas incentives due to budget constraints and will see how it effects participation. Mr. Justynski further asked if the incentive can be set reduced while keeping the program fully subscribed. Mr. Murphy explained that there are trade-offs and there are other objectives to meet in addition to cost and participation. Mr. McAteer added that National Grid's experience has been that simple payback should fall somewhere between 2 and 3 years for customers to participate. Customers are becoming more willing to accept longer paybacks because as you go deeper and broader it costs more but creates financial value for customer. Mr. Powell expressed his feeling that simple payback is not the best metric with which to evaluate energy projects.

Lindsay Foley of National Grid presented a summary of the final System Reliability Procurement Plan (*see attached*). Mr. Powell asked about Ms. Foley's point that there were not any curtailment opportunities this year, citing an early July peak at Brown University. Ms. Foley replied that the National Grid planners look at the ISO forecast and determine whether an event is needed. That never happened for Tiverton and Little Compton, where this program is focused.

Doug Gablinske introduced himself as the new Executive Director of The Energy Council of Rhode Island (TEC-RI), a non-profit organization that represents large commercial and industrial users. He announced that TEC-RI will be back at the table in terms of energy efficiency discussions.

Mike Guerard and Craig Johnson of the Consultant Team presented their key findings for the 2015 Energy Efficiency Program Plan and 2015 System Reliability Procurement Plan (*see attached*).

Mr. Newsome made a motion to approve the third draft of the 2015 Energy Efficiency Program Plan and 2015 System Reliability Procurement Plan as presented with authority designated to the Executive Committee to approve any last-minute amendments which occur between now and November 3rd. Ms. Anthony seconded and the motion passed unanimously.

5. Other Business

Discussion and Vote on Using Discretionary Funds for VEIC Design Work on RI State Energy Plan

Mr. Powell reported that the Executive Committee voted to approve spending \$10,000 of discretionary funds to support the design component of the RI State Energy Plan in order to get it delivered on-time.

Mr. Powell made a motion to approve this allocation. Mr. Justynski seconded and the motion passed.

6. Utilidata Presentation

The Utilidata presentation was cancelled.

7. Discussion and Vote on Consultant Team Proposals

Abigail Anthony summarized the discussion that occurred at the Executive Committee meeting. The Committee suggested negotiating with VEIC and Optimal in three areas in order to reach an agreement.

The Committee would like to see additional technical expertise on commercial and industrial (C&I) program design and delivery, more Rhode Island presence among the team, and would like it to be less expensive. Ms. Anthony felt that the Johnson proposal was strong and they had very strong technical qualifications and experience, but VEIC has experience working in a Least Cost Procurement state, which is very valuable.

Mr. Powell also thought that Johnson had strong technical expertise especially in the large C&I sector, but having local resources that truly understand our issues is critical. Chairman Ryan felt that the relationship which the present consultants have with the PUC and the legislature is very valuable, but would like to see the cost come down. Mr. McAteer added that the VEIC/Optimal team provides technical value and a relationship value. Commissioner Gold further added that the VEIC/Optimal team helps to build capacity within the OER and also brings a “deep bench” of expertise to any and all issues.

Mr. Justynski noted that the Council has not shaken things up in the last few years and wondered if it might be beneficial to try a new consultant, especially given the cost differential. He felt that the Council should look at this as a cost to the ratepayers. Mr. Powell felt that things have been stabilizing and perhaps the Council will need less consultant time going forward.

Mr. Newsome made a motion to adopt the recommendation of the Executive Committee to negotiate with the current consultants. Ms. Anthony seconded and the motion passed unanimously.

8. Public Comment

Mr. Powell introduced Marguerite Suzzo-Gole, a senior at Brown who leads the Brown Climate Action League, which aims to pinpoint areas in which they can create change on campus and in the community. The group plans to distribute information on rising energy prices in cooperation with other relevant campus groups. Both National Grid and the OER expressed interest in partnering with this group. Mr. Powell suggested that Mr. Newsome be added to this conversation.

9. Adjournment

Mr. Powell made a motion to adjourn the meeting. Mr. Newsome second and all approved. The meeting was adjourned at 5:34 PM.

Next Meeting: Thursday, November 13th; 3:30-5:30 PM; Conference Room B

2015 System Reliability Procurement Report

Presentation to the RI EERMC

October 16, 2014

2014 Experience and Projections

- Participation overall has been steady, but not as strong as in 2013
 - ◆ Window AC participation much higher than central AC
 - ◆ Participation in window AC purchase & recycle rebates lower than projected
 - ◆ C&I sector continues to be challenging to recruit
- Telemarketing continues to drive leads
 - ◆ Additional emphasis placed on greater transparency of pilot goals with
 - ◆ Web landing page, FAQ and more contact avenues created
- No need-based DR events; 3 called for engagement & evaluation purposes

Incremental Load Relief	2014 Planning Assumption	Current 2014 Projection	% of Planning Assumption
DR Potential kW	33	35	107%
EE Installed kW	155	113	73%
Total Incremental kW	188	148	79%

2015 SRP Report and Projections

- Does not propose a new NWA project
 - ◆ 134 projects screened
- Proposes continuing Demand Link pilot approved in Docket #4296
 - ◆ Continues with existing portfolio except for the following changes:
 - Enhanced incentive for Heat Pump Water Heaters (\$350 extra)
 - Most LED replacement bulbs will now be covered by EnergyWise
 - Coordinated effort to serve income eligible customers in the pilot area
 - Potentially overlap wi-fi thermostat incentives with EnergyWise
 - ◆ Marketing
 - Continue rounds of seasonal telemarketing
 - Engage more with community partners
 - Coordinate with the OER's Solarize pilot
 - Differentiate messaging toward participants & non-participants
 - ◆ Conduct Demand Response events as necessary throughout the year

2015 Projected Summer Incremental Load Relief

EE Capacity (kW)	149
DR Capacity (kW)	34

Demand Link Quantitative Analysis

- With 2012 - 2013 actual results, 2014 projections and 2015 planned numbers:
 - ◆ Pilot is still cost effective at 1.67.
 - ◆ Year 2015 is cost effective at 1.53
 - ◆ Pilot still on track to meet deferral requirements
 - ◆ Successful realization of kW contributions from the OER's Solarize pilot may result in lower curtailment goals for 2016 or 2017
- 2015 proposed budget: \$513,200
 - ◆ Budget is ~30% higher than projected in 2014 due primarily to STAT & Evaluation category increases
 - ◆ Actual customer funding request is \$568,600 due to negative fund balance

To Rhode Island Energy Efficiency & Resource Management Council (EERMC)
From VEIC/Optimal Energy Consultant Team (C-Team)
Date October 16, 2014
Subject Activity Report to the EERMC

Highlights from the Consultant Team

Over the course of the summer up to the present, the Consultant Team (C-Team) was heavily engaged in the development of the 2015-2017 Procurement Plan and the 2015 Energy Efficiency Program Plan, and related activities including the revision to the Standards for Energy Efficiency and Conservation Procurement and System Reliability (Standards). Key projects that the C-Team supported ranged from the branding study; financing white paper; RI Public Energy Partnership (RIPEP); working groups for System Integration, Delivered fuels and multifamily enhancements; design of Property Assessed Clean Energy (PACE) and Home Energy Assistance Loans (HEAL); and support for hard-to-reach markets including farm/agriculture and income eligible residents. The C-Team also continued its ongoing role of program implementation oversight, support to the Office of Energy Resources (OER), and stakeholder communication and coordination, as well as regular participation in EERMC and Executive Committee meetings.

Policy and Planning

2015 – 2017 3-year Plan & Standards

- For the 3-Year Plan, the C-Team engaged in multiple meetings, reviewed substantial documentation and conducted relevant analysis and research to support the development of the 3-Year Plan, and the System Reliability Plan, that is in line with the mandates of Least Cost Procurement (LCP). Activities over the summer leading to the filing on September 2, 2014 included the following:
 - Participated in monthly DSM Collaborative meetings throughout the summer through to the most recent meeting on October 14, and discussed Plan content and direction during regularly scheduled meetings with National Grid's Sector Strategy groups.
 - Developed and submitted the Cost-Effectiveness Report on the Plan to the PUC on September 16, 2014.
 - Responded to two sets of Data Requests from the PUC directed to the EERMC, and reviewed Data Requests to National Grid and other associated submittals on the Plan to the PUC.

EERMC CONSULTANT TEAM

- Prepared for, and participated in, the October 15, 2014 PUC Technical Session on behalf of the EERMC.
- For the Standards
 - Participated in the PUC Technical Session in May, and followed up with written Reply Comments to the Division's Memorandum; Response to a PUC Data Request; and submittal of a final redline version of the Standards to the PUC at the end of May.

2015 Annual Energy Efficiency Program Plan

- As the process to finalize the 3-year Plan slowed in mid-August, 2014, planning and discussions regarding the development and content of the 2015 EEPP accelerated. The process and content associated with the 2015 EEPP was heavily informed by the substantial work undertaken in the development of the 3-year Plan, allowing for the more accelerated timeline for starting and completing the annual plan. As with the 3-Year Plan, the C-Team engaged in multiple meetings with the Collaborative, National Grid staff, council members and OER, and exchanged via e-mail messages with those entities as well as other stakeholders. Specific activities included:
 - Review and redline response to three drafts of the annual Plan in September and early October, 2014.
 - Review, discussions and redline and commenting on the Technical Reference Manual (TRM) update with National Grid staff.
 - Review and comment on three drafts of the Benefit Cost Model (BC Model), to assure general accuracy and specific linkage to the updated TRM inputs and alignment with the narrative description of program designs.

Other Activities

- General support for EERMC council meetings, including drafting agendas, and support and delivery of presentations.
- Managed and facilitated the EERMC-directed "branding" project, including oversight of the project contractor, and coordination of advisory group. The final report was issued in July and presented to the Council at the July 14 council meeting.
- Participated in the System Integration working group, including sourcing and supplying background information.
- Financing:
 - Supported the development and distribution of an RFP for the Financing white paper project, and ensuing review of candidates. Participated in the kick-off meeting, and follow up discussions with OER and the selected vendor.
 - Participated in group discussions with HEAL representatives, OER and National Grid on potential design, participants and process to introduce HEAL option for employee payroll-deduction financing for businesses in Rhode Island.

- Reviewed documentation and design concepts on PACE for OER; participated in multiple meetings with OER, National Grid and Commerce-RI to support effective development of the PACE offering.
- Developed materials and participated in the Delivered Fuels Working group, which included OER, National Grid, PP&L, fuel dealers, Commerce-RI and ENE. Also supported the associated Thermal Renewable pilot managed by OER with RGGI funding available.
- Continued participation and support of the RIPEP effort with OER, National Grid and municipal and state stakeholders.
- Continued support and participation in the Alliance for Healthy Homes and associated working groups and stakeholder coordination.
- Participated in meetings on Block Island to support investigation of providing energy efficiency services, as well as support for better renewable energy policy.
- Supported establishing the process and resulting meetings to accelerate investment in income eligible funding, resulting in group meeting with DHS, OER, CAP agencies, National Grid and GHFI in early October. Continuing support is being provided for the follow-up activities.

Oversight of 2014 Energy Efficiency Program Plan Implementation

Sector Program Implementation and Oversight

- Participated in monthly meetings with National Grid's Sector Strategy Groups, reviewing program results, issues and upcoming activities identified in the 2014 EEPP. Reviewed program data to support meeting discussions, when provided.
- Review and comment on Monthly data dashboards and quarterly progress reports from National Grid, when issued.
- Monitored progress and developments of the Codes & Standards Working Group, including review and comment on reports on preliminary implementation results.
- Participated in and supported subgroups focused on enhanced design and delivery of the multifamily program; integration of energy efficiency and solar in new construction (Net Zero homes and buildings) and existing homes (Solarize); and street lights.
- Research and analysis on program/product areas, including DHP's, energy management systems, Industrial processes, energy audit programs and farm/agriculture.



STATE OF RHODE ISLAND

**ENERGY EFFICIENCY &
RESOURCE MANAGEMENT COUNCIL**



Presentation of Findings and Recommendation on 2015 Energy Efficiency Program Plan and System Reliability Plan

EERMC Meeting
October 16, 2014

Consultant Team:
Mike Guerard



EERM Consultant Team Key Findings

2015 Energy Efficiency Program Plan:

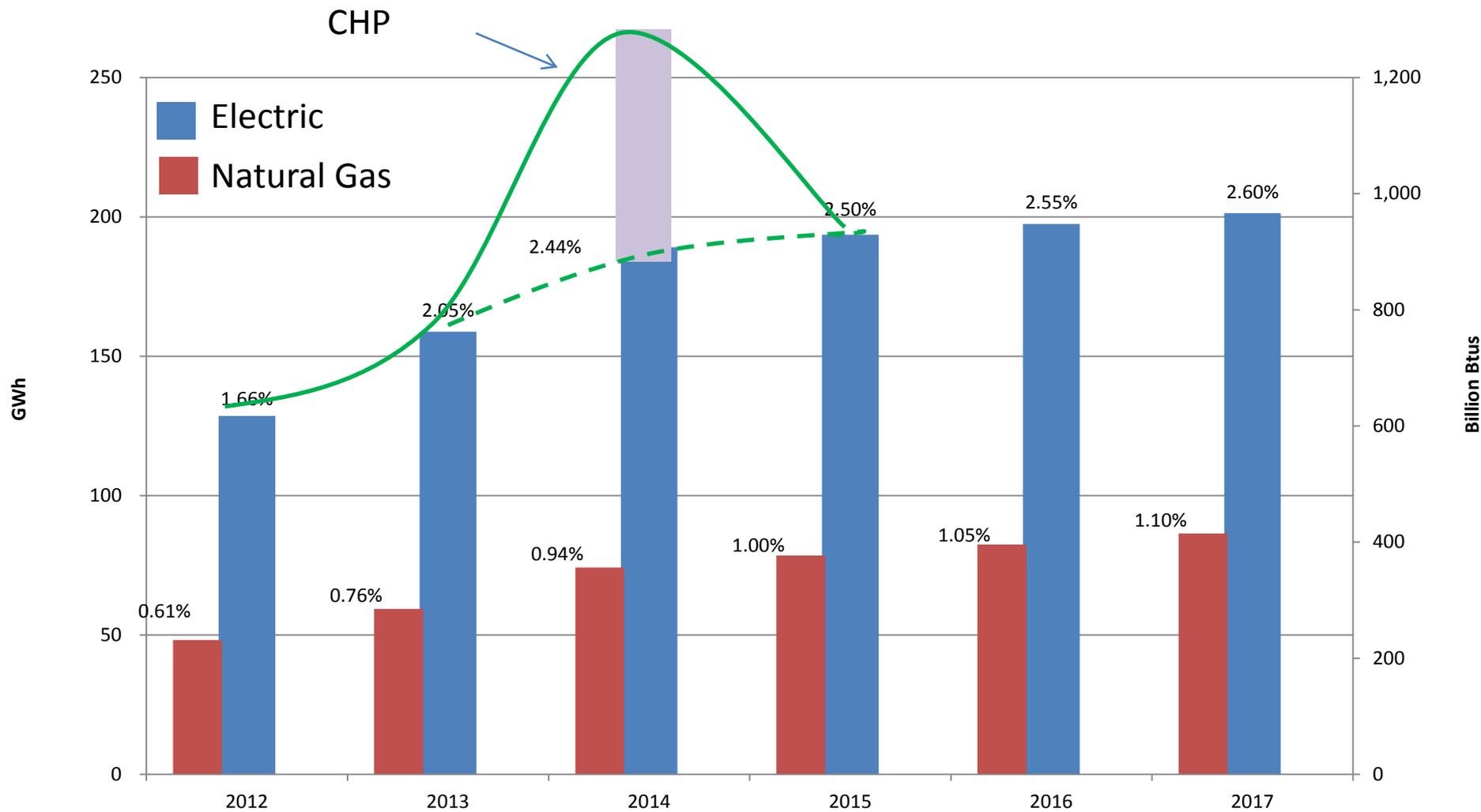
The collaboratively-developed Plan appears cost-effective (and *cost-efficient*) while meeting the objectives of the 2015-2017 Three-year Plan, and effectively sets the stage for continued upward trajectory of savings to meet Least Cost Procurement objectives in the future.

2014 System Reliability Plan:

The plan represents an effective continuation of efforts to create unique and valuable alternatives to address load constrained areas.



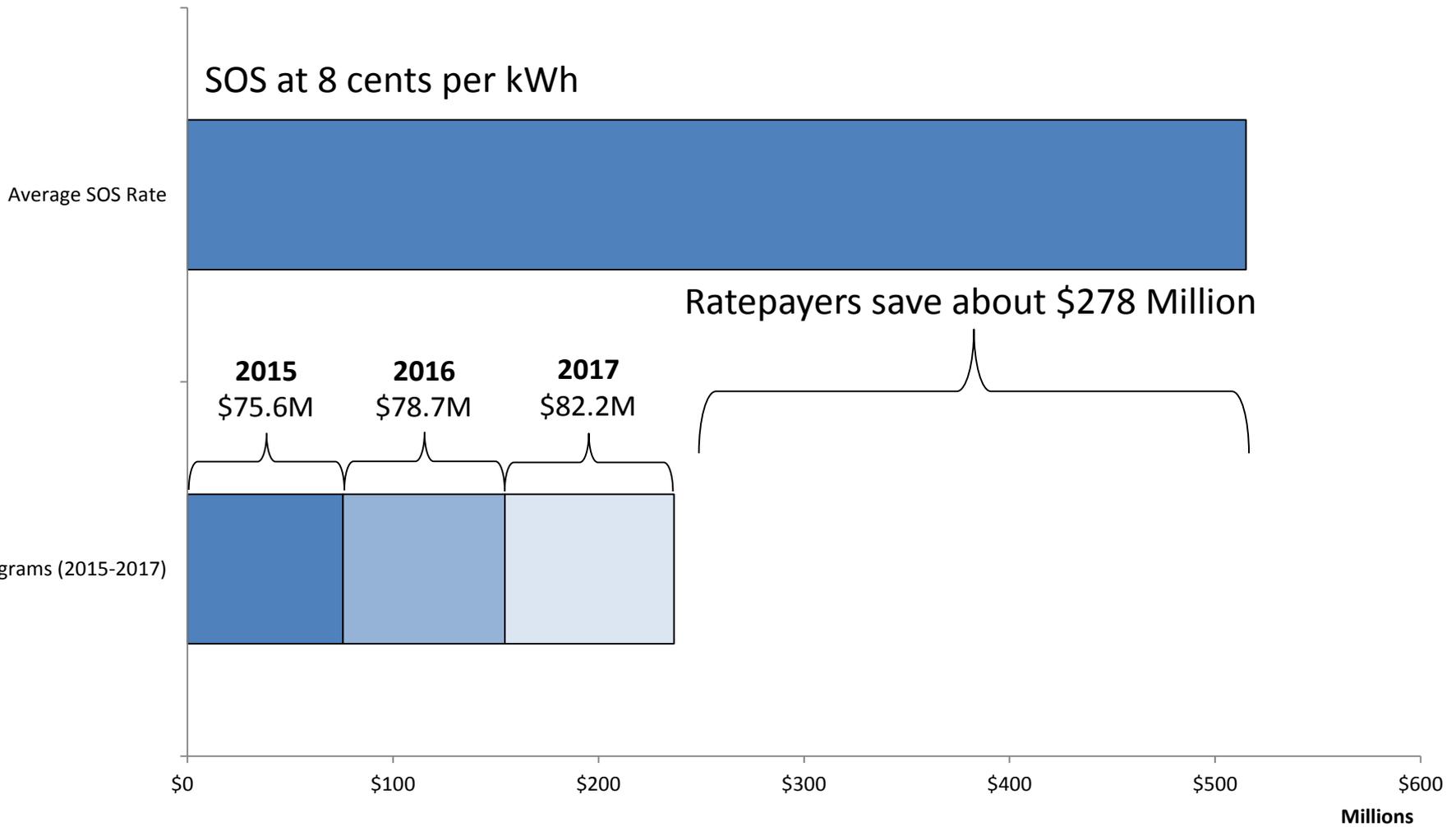
2015 in LCP Context





3 Year Plan EE Savings in Context

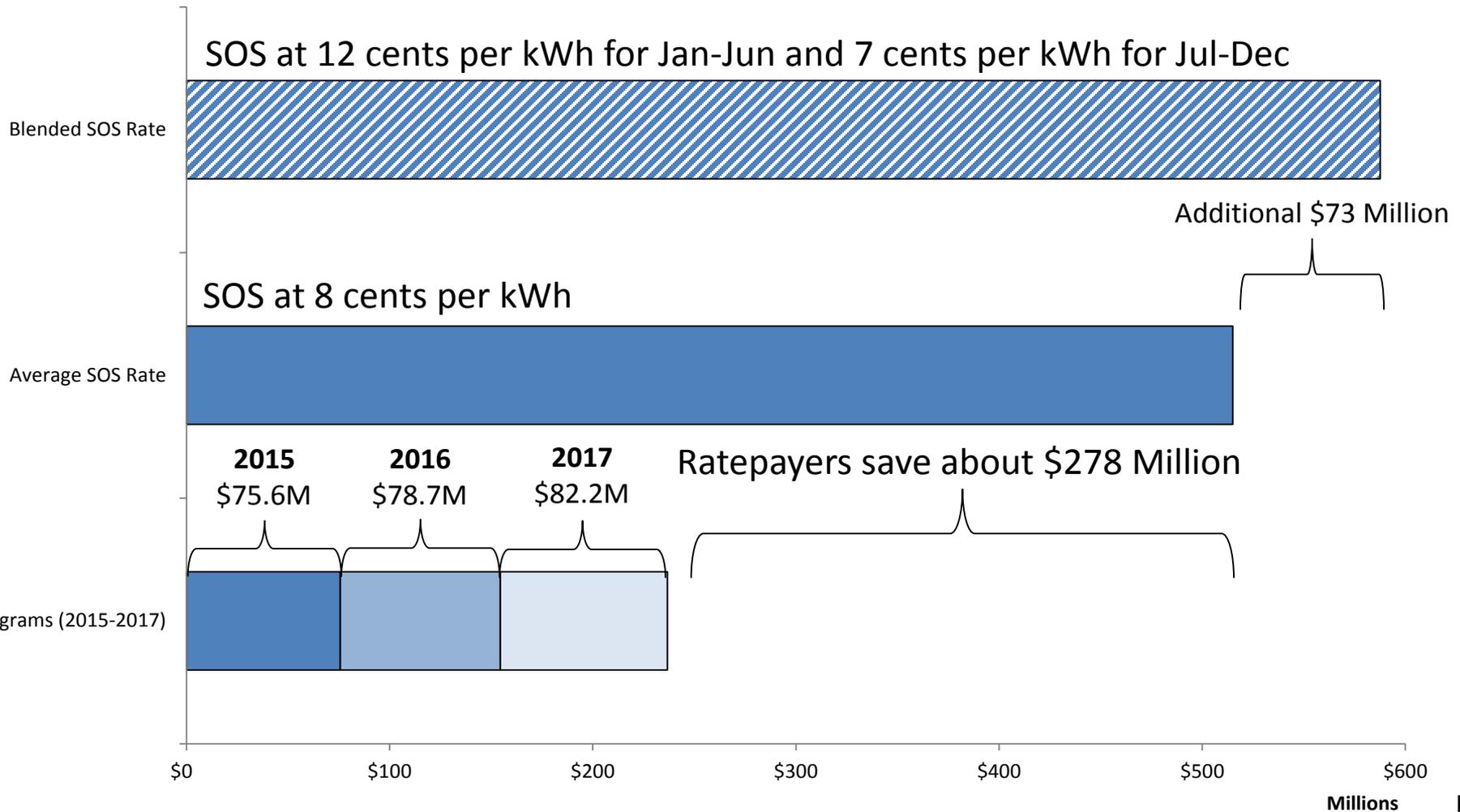
Estimated cost of meeting 6,186 GWh of electric demand





3 Year Plan EE Savings in Context

Estimated cost of meeting 6,186 GWh of electric demand





Process and Activities leading to findings

- **Discussed and provided feedback to key parties since August on Plan text:**
 - **At Collaborative meetings with multiple stakeholders**
 - **At Monthly Implementation Oversight meetings with National Grid Sector Strategy groups**
 - **Internal team discussions and research**
 - **Provided redlines to each of 3 drafts**
- **Input between 1st and 2nd drafts was somewhat significant**
- **Inputs between 2nd and 3rd less substantive**
- **Ongoing intensive analysis of TRM and BC Model throughout**
 - **Minor issues on BC Model still being addressed**



EERM Consultant Team Key Findings

The Consultant Team reports 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 2015 filed as part of the current 3 year Plan.

It is **recommended** that the 2015 Energy Efficiency Program Plan and the System Reliability Plan **be approved “provisionally,”** with direction to the Council Executive Committee to finalize details of the Plans with National Grid prior to filing with RI PUC on 10/31/14



EERMC Consultant Team Key Findings

- **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

2015 Annual Plan

Presentation to the EERMC
October 16, 2014



- The Plan builds upon strong foundation from the 3 Year Plan
- Includes residential and commercial strategies, innovations, partnerships
- Collaborative parties are supportive

- Gas portfolio was modified based on feedback
 - Increased participation in residential programs
 - Decreased overall budgets and customer charge
- Plan elaborates on plans for increased winter participation
- Plan elaborates on efforts to count unique participants
- Plan includes Bill Impacts illustrations
 - Model the effects of EE programs on customer bills
 - Direct Energy Savings
 - System-wide effects

Electric Programs by Sector	Implementation Spending in 2015 (\$000)	Annual MWh Savings	Lifetime MWh Savings	Total Benefits (\$000)	TRC B/C Ratio	Participants
Non-Income Eligible Residential	\$29,194	85,733	618,068	\$ 99,186.34	2.32	402,748
Income Eligible Residential	\$10,105	6,587	67,772	\$ 18,826.29	1.77	10,500
Commercial and Industrial	\$41,001	101,282	1,279,742	\$ 159,872.72	2.80	3,649
Subtotal	\$81,709	193,602	1,965,582	\$277,885	2.48	416,897

- EE program Charge: \$0.00953
 - Includes SRP

Gas Programs by Sector	Implementation Spending in 2015 (\$000)	Annual MMBtu Savings	Lifetime MMBtu Savings	Total Benefits (\$000)	TRC B/C Ratio	Participants
Non-Income Eligible Residential	\$10,316	168,686	2,513,260	\$ 32,486.16	1.98	148,811
Income Eligible Residential	\$5,022	27,878	452,954	\$ 6,889.27	1.37	3,300
Commercial and Industrial	\$7,249	180,397	1,919,724	\$ 19,227.14	2.36	2,826
Subtotal	\$23,118	376,961	4,885,938	\$58,603	1.93	154,937

- Gas EE Program Charge: \$0.781 Residential, \$0.637 C&I

- Questions & Discussion