



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

MEETING MINUTES

Thursday, July 17, 2014

3:30 - 5:30 PM

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

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

Members Absent: Marsha Garcia, Julie Gill, Joe Newsome

Consultants Present: Rebecca Foster, Mike Guerard, Sam Huntington, Scudder Parker

OER Staff Present: Sue AnderBois, Danny Musher, Rachel Sholly, Nick Ucci

Others Present: Lindsay Foley, Courtney Lane, Kaitlin Johnson, Hannah Morini, Jeremy Newberger, Brigid Ryan, Ian Springsteel, Belinda Wong, Chon Wong

1. Call to Order

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

2. Approval of June Meeting Minutes

Dan Justynski made a motion to add approval of May and April meeting minutes to the agenda. Joe Cirillo seconded and the motion passed unanimously. Mr. Cirillo made a motion to approve the April meeting minutes. Mr. Justynski seconded and the motion passed unanimously. Chris Powell made a motion to approve the May meeting minutes. Mr. Cirillo seconded and the motion passed unanimously. Abigail Anthony pointed out that the June meeting minutes say that Chris Powell seconded a motion but he was not present at the meeting. Rachel Sholly will correct the mistake. Mr. Cirillo made a motion to approve the June meeting minutes as amended. Mr. Justynski seconded and the motion passed unanimously.

3. Executive Director Report

Commissioner Gold reported that the Office of Energy Resources (OER) staff has been working with National Grid on the 3-Year Energy Efficiency Program Plan, the energy efficiency marketing research,

and the system reliability plan integrating distributed generation. The thermal renewable energy working group has also been working hard to assess the market potential for energy efficiency for delivered fuels for customers across the state. Julie Gill is the EERMC representative on the thermal working group.

On July 2nd, the OER held a public hearing on the Regional Greenhouse Gas Initiative (RGGI) 2014 Allocation Plan. Letters of support were received from the New England Clean Energy Council, RI Department of Transportation, Pascoag Utility District, and Block Island Power Company. The OER is reviewing comments and will have a final Plan released shortly.

The OER recently received a Community Development Block Grant intended for Hurricane Sandy relief for \$150,000 to look at high-priority critical locations suitable for microgrids, including analyzing configurations and cost-effectiveness frameworks and designing a pilot for priority sites in RI. The OER has also applied for a grant from the U.S. Department of Energy's State Energy Program competitive grant program in partnership with National Grid and the State of Massachusetts. The proposal is to look at the viability of using natural gas demand response and renewable thermal technologies to mitigate winter peaking. The grant would fund a report and a pilot project to deploy technologies and analyze real-life contributions of those technologies.

Commissioner Gold then recommended that the EERMC direct the Consultant Team to work with the OER and National Grid to explore integrating the energy efficiency system benefit charge into the supply component of the ratepayer bill so that efficiency is viewed consistently with other supply sources as opposed to an extra cost with no benefits. Abigail Anthony was concerned that the system benefit fund would lose revenue from people who do not pay supply through National Grid. Nick Ucci clarified that the idea is to figure out how to better communicate the value of energy efficiency through the utility bill so that consumers understand that it is not that different from purchasing supply from a power plant. Jennifer Hutchinson noted that a bill message has gone out regarding the energy efficiency charge to create awareness around efficiency programs and what that charge represents. Mr. Ucci noted that the timing is good, with the 3-Year Plan coming out and the new billing and rate cycle starting January 1st, to figure out the right structure. This topic is on the Public Utility Commission's (PUC) radar and there seems to be interest there. Ms. Anthony said that this could be unprecedented in terms of putting efficiency on a level playing field and a much bigger deal than this conversation.

Ms. Anthony made a motion to authorize the Consultant Team to undertake this effort in partnership with Council members and the OER and National Grid. Michael McAteer noted that Grid had a conversation with the PUC on this and made some changes to the language as a result. He offered to provide that new language to the group. **Mr. Justynski seconded and the motion passed unanimously.**

Mr. Cirillo made a motion to move agenda item #4 to #8 so that the Consultant Team and any potential bidders can be excused. Mr. Justynski seconded and the motion passed unanimously.

4. Presentation by Peregrine Energy Group on "Solar PV for Distribution Grid Support: The RI System Reliability Procurement Solar Distributed Generation Pilot Project"

Ian Springsteel of National Grid introduced Fran Cummings of the Peregrine Energy Group. Mr. Springsteel thanked OER and EERMC for providing the resources for this effort and noted that this work is important in that it coordinates energy efficiency and renewable energy. This study provides the utility with a widely

applicable and scalable methodology around system reliability. Mr. Cummings presented an overview of the current work (*see attached*). Peregrine's task was to identify 250 kW of load relief in Tiverton and Little Compton to help mitigate electric load constraints in that area.

Chairman Ryan asked if they would be asking the bidder to reorient their system from 180 degrees (south-facing) to 220 degrees (west-facing). Mr. Cummings said yes if it were a new system because the goal is to reduce peak demand, not consumption, so the system should be oriented to optimize peak production.

Scudder Parker noted that a dual-access ground-mounted system does not give up total production but it has a higher cost and asked if the incentive covers this incremental cost. Mr. Cummings replied that because tracking systems produce more power, they would probably bid at relatively low numbers because they generate plenty of revenue. The variation between two developers that bid on tracking systems is probably greater than the variation between two different trackers. Going out to bid seems to be a good way of addressing these variations and it is a nice way of incorporating all other incentive structures and financing options. Mr. Scudder pointed out that this should help to move the market because the people who bid see a different market value that they can bring to the customer. Mr. Cummings agreed and added that this should work anywhere, not necessarily just in load-constrained areas.

Chairman Ryan asked who would provide the solar coach. Mr. Cummings replied that ideally a local community representative would volunteer. Mr. Musher added that the Solarize campaign would be run through the OER and Renewable Energy Fund (REF), using community outreach based solar purchasing program to help drive down prices. The more customers enroll, the lower the cost will be for everyone. Mr. McAteer said that in MA many affinity groups and leaders are emerging to do this kind of coaching work.

Mr. Springsteel noted that this effort is going on in coordination with the SRP plan and program, and we are coordinating marketing. The Renewable Energy Growth Act includes a clause for locational incentives, so this process will help inform where to use those locational incentives. Additionally, the incentive values are not fixed, but will decrease as the cost of solar continues to decrease.

Hannah Morini of the REF asked Mr. Cummings to elaborate on additional rebates, explaining that a one-time payment of \$950 seems low to motivate a customer to implement a solar project. Mr. Cummings explained that this \$950 rebate would be extra as an instant rebate when a customer is ready to do a solar project with traditional rebate (REF). This rebate is intended to make a project whole. It would be possible to offer customers another incentive that would go beyond the total project cost versus compensation.

Mr. Parker felt that this was a very impressive presentation. He pointed out that this work is transferring the tools that have been developed on the energy efficiency side – a least cost market barriers analysis of costs and benefits – to a more sophisticated tool on the renewable energy side. Mr. Ucci asked recommend that Peregrine present to the PUC and the Division on this effort soon. This is the kind of innovative work that entities like that should see.

Jeremy Newberger asked if the team has given any thought to how the methods you have used could be repeatable so that this becomes a tool for future deployment of solar throughout the state and what that effort might be. Mr. Cummings replied that they have considered the replicability, and all you would need is a few hours of load data from a feeder. Then you use a solar analysis tool like "PV Anywhere" to generate hourly data. The spreadsheets have been designed to be replicable.

5. Presentation by VEIC on “Energy Branding & Marketing Study”

Rebecca Foster of VEIC presented an update on the Energy Branding and Marketing Study including initial high-level results (*see attached*). Regarding the statistic on satisfaction with National Grid, Mr. Newberger asked if it was with respect to energy efficiency or overall. Ms. Foster replied that it refers to satisfaction with National Grid overall. The conclusion was that a major rebranding is not necessary, but some tweaking could improve perceptions and participation. In particular, a stronger presence for the state within the brand could be helpful to provide assurance of oversight.

Commissioner Gold commented that she had the opportunity to listen in on some of the focus groups and felt it was a powerful experience. After two of the sessions, she went out and introduced herself to the groups, becoming the face of energy in Rhode Island. She noted that people always respond better when they hear a message from multiple sources, so going out and engaging with customers one-on-one is important. She also reported that there seems to be a lot of misinformation out there, which Ms. Foster confirmed.

Ms. Anthony wondered if it matters whether or not customers understand how the energy efficiency fund works as long as they are participating in the programs. Ms. Foster replied that it does not matter unless it prevents them from participating. We want to avoid introducing any doubt or slowing down participation.

Chairman Ryan asked if the recent promotion of power from third party marketers has been creating confusion. Ms. Foster said it seems that customers do have their guards up a bit. Chris Powell pointed out that large commercial and industrial (C&I) customers either call their National Grid account executive or the account executive calls them. Ms. Anthony added that many points of entry are needed that get the customer to the same place. Mr. Cirillo agreed with Ms. Anthony but noted that things have changed in the marketing of energy efficiency from smaller hardware stores to larger big-box stores where there are many options that can get confusing.

The surveys did not specifically ask if people think that the energy efficiency program funds come from National Grid, but they did ask why they thought National Grid offers efficiency incentives. If customers understand that they are paying for it, they may be more likely to participate.

6. Policy/Planning Issues

3-Year Energy Efficiency Plan First Draft Review

Mr. Newberger and Courtney Lane of National Grid (the Company) presented an overview of the 3-Year Energy Efficiency Program Plan first draft (*see attached*). A first draft was distributed to the Council last week and the Company is looking for feedback on it from Council members. In the beginning of August, the Company will be sending the final draft for approval at the August Council meeting. The savings targets presented here either meet or exceed the targets approved by the PUC.

Mr. Powell asked about the large C&I efforts. Mr. Newberger explained that, in terms of markets, the Company has just begun the new “channel sales” model, which will target large C&I. Mr. Powell elaborated that Brown University is one of the large C&I customers that has picked a lot of the low-hanging fruit and is now on the next level. They are getting some push-back from National Grid on some

of their proposed projects, not because of technology issues but because the current programs do not always fit evolving needs. There needs to be more input from large C&I customers to help them participate in programs. Mr. McAteer commented that the Company is working to understand the needs of the large C&I sector, including asset management, building analytics, capital, financing, etc. Mr. Parker observed that sometimes the market opportunities move faster than program design. The regulatory structure may also have features that do not reflect new technologies and opportunities, and we need to continue making the structure more dynamic in response to changes in market opportunities. Mr. Newberger agreed, noting that the bottom line is passing the cost-effectiveness test but, other than that, they can be flexible.

The company has asked for written comments from the Demand Collaborative by tomorrow. They will produce a second draft a week from tomorrow, which will be distributed to the Collaborative. Then everyone, including the Council, will see the third draft.

The reason the cost goes down over the three years is because of additional forward capacity market revenue and an assumed increase in RGGI allocation, which needs to be confirmed. The value of demand savings is also increasing, which helps cost-effectiveness. Ms. Anthony expressed concern regarding the utility cost per unit of energy saved and said that she has asked the Company for an analysis of cost drivers. Mr. Parker noted that the winter peaks are driving costs up and so maybe the marketing strategy should be to invest now in efficiency because higher prices are coming. Mr. Powell felt that there should also be internal messaging that the programs are getting more effective.

Planning Schedule Update

This was covered in the previous agenda sub-item.

System Reliability Procurement Plan Update

Lindsay Foley of National Grid reported that the System Reliability Procurement (SRP) Plan is in its second round of updates and the next draft will be circulated tomorrow. SRP is the primary method of promoting and implementing non-wires alternatives (NWAs) in Rhode Island. The current SRP pilot in Tiverton and Little Compton is in its third year and is scheduled to go through 2017, the end of the next 3-Year Plan. The new Plan being developed focuses on new and different projects. Themes for the upcoming plan may include: 1) exploring market-based solutions by using competitive bidding to procure NWAs; 2) looking at NWAs as one component in an overall transmission and distribution solution; 3) integration and coordination with other least cost procurement initiatives; 4) additional research on funding mechanisms. The Company will implement the Plan using a suite of technologies in energy efficiency, demand response, and the coordination of both. The Company is also looking at utility-side technologies and initiatives as well as an increased focus on renewables and pairing that with thermal or traditional storage.

Ms. Anthony pointed out that the Company's internal SRP process and guidelines, which were first developed in RI, are now also being used in NY and MA. The associated screening criteria from the RI standards are used in all of National Grid's territory. Mr. Parker asked if Council members would like to see the redline version. The Council members said they would like to see this.

In August, the Council will vote on the SRP Plan so it can be submitted to the PUC by September 1st. In October, the PUC will schedule a hearing on the SRP Plan. The first draft of the 2015 Annual Energy Efficiency Program Plan will be presented to the Council in September. The Council will vote on the final draft in October and the Company will submit it to the PUC by November 1st. Finally, the letter of cost-effectiveness from the Consultant Team will also need to be voted on.

7. Executive Committee Report

Chairman Ryan excused the consultant team and any others who might have a conflict. We can make a closed session when we discuss the selection of the consultant. Chairman Ryan reported on last week's Executive Committee report. The Committee discussed the proposed ad hoc committees, and decided to stick with the originally proposed committees for the time being and if we need to add or subtract one, we can do that in the future. The Committee also discussed the desire to have regular financial reports. Regarding the Council's legal services, Chairman Ryan described that there has been. AA, Rachel, Mike will meet with Dan Prentiss next week to discuss the schedule. We used to be in more regular contact with him.

Review and Vote on Consultant Team Request for Proposals

A draft Request for Proposals (RFP) for consulting services was distributed to Council members. Mr. Powell felt that the Council should review the ranking criteria used and decide who will be reviewing proposals ahead of time. The OER will develop ranking criteria. The Executive Committee, including National Grid, will be the primary reviewers. Mr. Newberger noted that there is language in the current RFP that may preclude VEIC from bidding. The Council received three bids in the last round and this will be the third solicitation. The Council discussed the desire to use a transparent, fair and equitable process that ensures that qualified candidates will bid. The OER will distribute the RFP on behalf of the EERMC through an extensive company list, the EERMC website and other relevant avenues.

Ms. Anthony made a motion to authorize OER to finalize the consultant RFP and issue it. Mr. Justynski seconded and the motion passed unanimously.

Mr. Cirillo felt that the redevelopment effort at Rocky Point could be a good opportunity for solar power.

8. Public Comment

There was no public comment.

9. Adjournment

Mr. Powell made a motion to adjourn. Mr. Justynski seconded and the motion passed unanimously. The meeting was adjourned at 5:54 PM.

Next Meeting: Thursday, August 14th 3:30-5:30 PM; Conference Room B