



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

MEETING MINUTES

Thursday, July 9, 2015

3:30 - 5:30 PM

Conference Room B, 2nd Floor
Department of Administration
One Capitol Hill, Providence, RI

- Members Present:** Abigail Anthony, H. Robert Bacon, Marion Gold, Jennifer Hutchinson, Michael McAteer, Joe Newsome, Shigeru Osada, Chris Powell, Karen Verrengia
- Members Absent:** Joe Cirillo, Diane Williamson, Roberta Fagan
- Consultants Present:** Mike Guerard
- OER Staff Present:** Chris Kearns, Danny Musher, George Sfinarolakis, Rachel Sholly, Nicholas Ucci
- Others Present:** Leah Bamberger, David DeCost, Marisa Desautel, Tim Faulkner, Connor Fiske, Linda George, Vin Graziano, Andrew Hintlian, Brian Kearney, Dalton Kell, John King, Angela Li, Leslie Malone, Stephen McShane, Marissa Pereira, Rachel Pinnons, Matthew Reinhardt, Brigid Ryan, Angela Tuoni, Belinda Wong, Chon Wong

1. Call to Order

Chairman Chris Powell called the meeting to order at 3:36 PM.

2. Approval of June Meeting Minutes

Joe Newsome made a motion to approve the June minutes. Abigail Anthony seconded and all approved.

3. Executive Director Report

General Updates

Shigeru Osada asked why the 2015 meeting minutes had not yet been posted to the EERMC website. Rachel Sholly explained that there was a technical delay with the Department of Administration's IT department, but they would be posted as soon as possible.

CHP Update

Commissioner Marion Gold explained that the EERMC is required by statute to hold a public meeting each year to review National Grid's plan for combined heat and power which is to be included in the 2016 Energy Efficiency Plan. August 24 and 26 are two proposed dates for the meeting. Michael McAteer said that National Grid found the previous meetings were beneficial and they look forward to the upcoming meeting.

RGGI Update

Commissioner Gold reported that the Office of Energy Resources (OER) has shared the proposed 2015 Regional Greenhouse Gas Initiative (RGGI) Allocation Plan with the Department of Environmental Management, the Public Utilities Commission and the Division of Public Utilities and Carriers. Nick Ucci presented the plan (*see attached*). The plan supports the state's existing energy efficiency goals and more importantly fills gaps. Not all of helps lower the SBC, but it does help spur economic activity and reduces budget strains. The 2014 plan allocated approximately \$7 million of 2013 proceeds. The 2015 plan allocates about \$10 million in 2014 proceeds plus about \$4 million in proceeds from the first two auctions of 2015.

4. Executive Committee Report

Vote to authorize Executive Committee to finalize and submit RGGI letter

Chairman Powell explained that the Committee recommends that the EERMC submit a letter (*see attached*) to the OER to ask that the RGGI funds be deployed in a cost-effective manner. Ms. Anthony further explained that the recommendation is that the Total Resource Cost test be applied to use of RGGI funds as it is for the National Grid efficiency programs. **Bob Bacon moved to authorize the Executive Committee to finalize and submit the RGGI letter to the OER. A note will be made on the letter that Commissioner Gold abstains.**

Vote on Energy Expo sponsorship

Chairman Powell explained that for the past two years, the Energy Expo as part of the Rhode Island Home Show has been successful. This year, the Rhode Island Builders Association (RIBA) has offered to take on the management and planning of the event on behalf of the state and National Grid for the same level of sponsorship. Ms. Anthony questioned whether the OER felt confident that RIBA could execute the event to the same level of quality as the previous years. Commissioner Gold added that RIBA plans to hire additional event planning staff to handle this and there would be a contract to ensure that they are held accountable. Ms. Sholly added that RIBA understands that they will be expected to communicate regularly and seek guidance and approval from the EERMC, National Grid and OER have been successful in bringing in the trade schools to build energy demonstrations. Basically getting a lot more than we did in the past. Angela Li from National Grid felt that we should ask for a better location in the show. Karen Verrengia expressed concern about the process for selecting which career and technical schools would be invited to participate in the workforce development component. **Ms. Anthony made a motion to accept RIBA's proposal to manage and plan the 2016 Energy Expo on behalf of the Council using the \$50,000 sponsorship funds which were allocated in the 2015 EERMC budget with the understanding that the Council will have the opportunity to review the contract before it is signed. Joe Newsome seconded and all approved.**

Interim Executive Committee member proposal

Chairman Powell explained that the Executive Committee meets the week before the Council meetings to discuss issues that need more in-depth attention and bring informed recommendations to the full Council. The Committee has asked Mr. Newsome to temporarily, for a minimum of three months, take Paul Ryan's seat on the Committee until the new members get a chance to learn more about it and for the Council to better understand who the right person would be.

Finance report

This item was postponed to next month.

5. Policy & Planning Issues

Vote on filing a motion to intervene on rate design docket

Ms. Anthony explained that the PUC earlier this month formally opened a docket to explore electric distribution rate design in light of our changing energy system, primarily focused on high levels of distributed generation that we might see under the new Renewable Energy Growth program. The PUC was required by law to open this docket solely for the delivery portion of the rate. National Grid filed an executive summary of their proposal today and will be submitting a formal proposal on July 31st as to how they propose to change delivery rates. She explained that all ratepayers pay a fixed charge to have the electricity delivered as well as a variable charge which is the cost of the electricity. If the fixed part increases and the variable rate decreases, customers save less by engaging in energy efficiency. Basically, scenarios could be proposed that could devalue energy efficiency.

It is important for the EERMC to be involved in this proceeding, but the question is at what level. It would take a small amount of time for the EERMC's legal counsel to file a motion to intervene on the docket, which could be revoked at any time. Any changes would be revenue neutral for National Grid.

Mr. Osada asked what the timeframe was. Ms. Anthony said it opened on July 1st and is expected to run until January or February. There is a pre-hearing conference next week to outline the schedule. A formal proposal is filed on July 31. The PUC has to render a decision in March of 2016 and any rate adjustments would go into effect on or soon after April 1, 2016. Ms. Desautel explained that the motion should be filed before the pre-hearing conference. Once the proceedings move forward, Ms. Desautel would be required to attend on behalf of the Council, which would significantly increase her hours.

Karen Verrengia moved that the EERMC intervene in the rate design docket 4568. Mr. Osada seconded and all approved.

Finance update and vote to represent finance memo principles in RIIB working group

Mike Guerard explained that the purpose of the memo is to ensure that when the Rhode Island Infrastructure Bank (RIIB) steering committee group gets going, the consultant team represents the Council's principles and objectives properly. Additionally, a fair amount of follow-up will likely be needed to continue working with the Council and Grid on financing outside of the RIIB. The Council's 2015 budget includes up to \$70,000 allocated to any additional finance study activities needed. Mr. Newsome asked if it was clear from the legislation how broadly defined "infrastructure" is going to be. Mr. Musher explained that for energy purposes, renewable energy and energy efficiency are defined in the statute

as they are under the renewable energy standard. Additional details will be fleshed out over the next few months as rules and regulations are developed, which will have associated public hearings. Ms. Desautel recommended that the memo be amended to say that the just the EERMC asked the consultant team. **Mr. Newsome made a motion to approve the finance memo principles and authorize the consultant team to represent the EERMC in the RIIB implementation process. Joe Cirillo seconded and all approved.**

6. General Updates on Energy Efficiency Programs and System Reliability Procurement

EnergyWise cost comparison between MA & RI

Ms. Li and Rachel Henschel presented on behalf of National Grid in response to a question from the last meeting regarding the difference in contractor rates in Massachusetts compared to Rhode Island (*see attached*). Ms. Li felt that a positive indicator is that Grid has enough contractors to meet its obligations and continue to onboard them at a rate of two per quarter. Mr. Newsome felt that the Council should take a principled position on whether the Rhode Island contractors are being treated equitably. He reported on some numbers that had been given to him. Chairman Powell asked the consultant team to review the information and report back to the Council. George Constantinides from Calyx, a Rhode Island contractor, spoke in support of RI's programs and noted that they are in many ways different than the MA programs. He said that the customer bears the cost of the contractor expense and they need to know that they are getting a competitive price. Mr. Guerard added that this is a consideration of every program because that is how to get the savings as cost-efficiently as possible.

7. Other Business

There was no other business.

8. Public Comment

Brian Kearney of RISE Engineering explained that, as the lead vendor, there is a big difference in contractor pricing even within different regions of MA. Every contractor has access to the pricing list and there are more contractors asking for more work at these rates than saying they cannot make it work. National Grid is hosting a meeting on July 17th, which will be a forum for contractors to air these kinds of concerns. He invited the Council to attend. Vin Graziano from RISE added that the presence of the Boston market skews the overall MA numbers.

Brigid Ryan from Emerald Cities Providence encouraged the Council to look at where the money is going and who is getting paid. Of all the energy efficiency funds, look at what is spent in RI and make sure that RI gets prioritized to support job growth. With regard to the discussion of electric distribution rates, she cautioned the Council that if the argument is made that electric rates are more of a burden on the low-income population, she can bring resources to help combat that argument.

9. Adjournment

Mr. Bacon made a motion to adjourn the meeting. Chairman Powell seconded and all approved. Chairman Powell adjourned the meeting at 5:37 PM.

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

2015 RGGI Allocation Plan

Draft Plan as of June 24, 2015
Subject to revision and public comment process



STATE OF RHODE ISLAND

**OFFICE OF
ENERGY RESOURCES**

RGGI Authority

- **Governed by RIGL §23-82**
- **Use of proceeds may include, but not limited to:**
 - Reduction of long-term consumer energy demand and costs
 - Promotion of cost-effective, non-carbon renewable technologies
 - Promotion of cost-effective energy efficiency and conservation
- **Annual plan developed by OER, in consultation with EERMC & DEM**

Guiding Principles

- **Fulfill OER mission, state energy & environmental policy goals, and RGGI mandate**
 - Energy security, cost-effectiveness, and sustainability
- **Apply lessons from State Energy Plan**
- **Allocate consistent with strategic priorities**
 - Energy Efficiency ($\approx 60\%$)
 - Energy Resource Diversification & Innovation ($\approx 40\%$)
- **Leverage existing investments, programs & policies**

Proposed 2015 RGGI Plan

- Gross proceeds – 2014 RGGI Auctions \$10,364,421
- Gross Proceeds – Mar & Jun 2015 Auctions \$5,054,543
- RGGI, Inc. Administrative Costs - \$106,996
- DEM/OER Allocation - \$1,541,896
- 2012 Plan Correction + \$18,602
- 2013 Plan Re-allocations + \$195,788
- Accrued Interest + \$44,896

Net Proceeds for Energy Investments

\$14,029,358

2015 Allocation Plan Summary

- Rhode Island Infrastructure Bank - \$3.0m
- Residential and C&I Energy Efficiency - \$3.589m
- Public Sector Efficiency (RI PEP)- \$1.0m
- Energy Efficiency – LED Streetlights - \$3.8m
 - RI DOT Highway Streetlight LEDs - \$2.8m
 - Municipal Streetlight LEDs - \$1.0m
- Delivered Fuels Energy Efficiency - \$1.6m
- Expand Residential Solar – Solarize - \$300k
- EE in Municipal-centric Electric Utility Districts - \$650k
- Renewable Investments at Schools (K-12) - \$91k

2015 Allocation Plan Summary

- **Energy Efficiency**
 - Strategic priorities call for at least 60% of RGGI funds
 - Proposed plan exceeds this threshold by allocating funds to support:
 - Residential and C&I EE, while reducing ratepayer SBC (\$3.589m)
 - Supporting public sector EE projects through RIPEP (\$1.0m)
 - Supporting capitalization of RI Infrastructure Bank (\$3.0m)
 - Public sector LED streetlight conversion (\$3.8m)
- **Energy Resource Diversification & Innovation**
 - Proposed plan supports important investments in renewables, delivered fuels efficiency, and state's two municipal-centric utility districts
 - Additional innovation through streetlight LED conversion and installation of controller technologies

RI Infrastructure Bank

- **Program Description - \$3.0 million**
 - Pursuant to Governor's budget request, this allocation will support the capitalization of a RI Infrastructure Bank (RIIB)
 - RIIB will address the green infrastructure financing needs of our residents, commercial property owners, and public buildings by leveraging existing public funds and private capital.
 - Combination of programs under one agency will result in a centralized hub for green infrastructure financing initiatives, and a strong, simple brand that resonates with consumers

Residential and C&I Energy Efficiency

- **Program Description - \$3.589 million**
 - Consistent with Least Cost Procurement mandate
 - Investments reduce energy costs and drive economic activity
 - Achieves lowest cost, carbon-free energy savings
 - Reduces ratepayer impact of EE programs by lowering SBC
 - Core investments include:
 - EnergyWise Assessments & Residential New Construction
 - Commercial New Construction & Large Commercial Retrofit
 - ENERGY STAR lighting/products; high-efficiency heating & cooling

Residential and C&I Energy Efficiency

- Rhode Island remains a national leader (3rd) in EE
- 2014 EE Plan reduced energy costs & supported local jobs
 - \$477 million in total economic benefits generated
 - 618 full-time equivalent jobs supported by investments
 - Cost per lifetime kWh of electricity saved \approx 2.4¢ (vs. 10¢)
- 2015-2017 EE Plan will boost state GSP by \$1.2 billion and deliver \$2.70 in benefits for every \$1 spent
- General findings of DPUC rate and bill impact analysis demonstrates that average bill savings from all customers is a net gain

Public Sector Efficiency Investments (RIPEP)

- **Program Description - \$1 million**
 - RIPEP removes barriers by assisting public sector entities through:
 - Energy benchmarking
 - Technical assistance to help reduce investment barriers
 - Links to financial assistance & other energy efficiency incentives
 - Will enable continued facilitation of cost-effective EE projects at state/municipal facilities, and ease transition to Infrastructure Bank
 - Consistent with LCP and State Energy Plan goals
 - Funding administered by OER in partnership with National Grid
 - Leveraged with ratepayer SBC funds wherever possible
 - Investments will assist with reaching DOE goals

Public Sector Efficiency Investments (RIPEP)

- **What RIPEP has achieved to date (as of 3/31/15):**
 - Energy consumption and cost baselines completed for 55% of all public facilities (45% schools, 29% munis, 79% state)
 - EE retrofit projects completed in 82 facilities generating average energy reductions of 24%!
 - Numerous administrative and cost barriers to public sector energy retrofits have been identified and addressed

Energy Efficiency – Streetlights

- **Program Description - \$3.8 million**
 - Enable cost-effective public sector investments in LED lighting & control technology
 - LED conversions can significantly reduce state and municipal energy costs, while supporting local economic activity
 - Beyond energy and cost savings, LEDs can improve lighting and safety on major roadways
 - Builds on investments made through 2014 RGGI Plan
 - Allocation will support cost-effective projects for state (DOT) and municipalities

Energy Efficiency – Streetlights

- **Program Description - \$3.8 million**
 - DOT Highway Streetlights – \$2.8m
 - OER & DOT collaborating on multi-year plan with goal of replacing all 7,400 state-owned streetlights
 - Potential to save state \$1m annually in energy consumption alone
 - Additional savings from reduced equipment & maintenance costs
 - Builds on 2014 RGGI commitment and successful implementation of Phase I Pilot (154 fixtures, Exit 7, Rt. 295)
 - Municipal Streetlights – \$1 million
 - Funding will support incentives for municipalities seeking to install streetlight LEDs and control technologies

Delivered Fuels Energy Efficiency

- **Purpose**

- Provide energy efficiency incentives for residential customers with homes heated by delivered fuels (oil, kerosene, and propane)
- Consistent with State Energy Plan, and other economic and environmental goals
- Fills gap in EE funding availability for delivered fuels customers, pending development of long-term, sustainable funding source
- Leverages ratepayer SBC funds
- Ensures program continuity for installation contractors servicing delivered fuels customers, supporting local businesses
- Provides delivered fuels customers a way to manage energy costs, increase comfort of homes, and reduce environmental impacts

Delivered Fuels Energy Efficiency

- **Program Description - \$1.6 million**
 - Supports continued incentive offerings for homes heated by delivered fuels
 - Investments capture electricity savings, including savings from oil-heated homes with air conditioners
 - Potential to generate $\approx 2,000$ MMBtu annual delivered fuels savings (based on 2013 program results)
 - $\approx \$250,000$ annual savings (based on current heating oil prices)
 - \$100,000 reserved to provide energy efficiency incentives to small commercial businesses, including the agricultural sector, that use delivered fuels for heat or other thermal processes
 - Builds on farm EE pilot supported through 2013 RGGI Plan

Expand Small Scale Solar - Solarize

- **Purpose**
 - Solarize is a community-driven program designed to drive down the costs of installing small-scale solar energy systems
 - Key components include:
 - Tiered pricing system that leverages economies of scale
 - Competitively-selected installer
 - Community-based marketing
 - Will support investment and job growth in clean energy sector
 - Consistent with Rhode Island energy policy goals and State Energy Plan



Expand Residential Solar - Solarize

- **Program Description - \$300,000**
 - Goal of expanding Solarize campaigns for up to 5 municipalities (or consortiums of municipalities, i.e. Aquidneck Island)
 - Supports contract with marketing & communications consultant to drive enrollment and solar installations
 - Solarize has been piloted in three communities:
 - North Smithfield (October 10 – December 15, 2014)
 - Little Compton & Tiverton (January 26 – June 14, 2015)
 - Solarize North Smithfield
 - Partnered with RGS Energy
 - 84 residential/small commercial contracts signed in just 9 weeks
 - 623 kW power contracted to be installed

Solarize @ Work

- **Parallel to Solarize’s Municipal-centric campaigns, OER will work with SmartPower to pilot a Solarize “Affinity” model targeting where people work rather than where they *live***
 - Partner with a RI based company to educate employees about solar PV
 - Program will increase solar adoption in RI across a wide geographic area
 - Selected businesses will work with Program Administrators throughout Summer 2015 while gearing up for Municipal Program in Fall 2015
- **Building on lessons learned, Dividend Solar will be offering financing for small scale PV systems through solar loans**
- **Solarize@Work will utilize a Rhode Island-based installer for duration of the program**

Municipal-centric Electric Utility Districts

- **Program Description - \$650,000**
 - New Shoreham - \$500,000
 - No comprehensive efficiency services offered to Block Island consumers despite exorbitantly-high energy costs
 - > 50 cents/kWh in 2014 or 5x current mainland rates
 - Funding will support implementation of limited cost-effective EE services/incentives to New Shoreham consumers, such as:
 - EnergyWise home audits, direct install & weatherization
 - Small business direct install incentives
 - Pascoag - \$150,000
 - Builds upon LED streetlight conversion project now underway

New Shoreham EE Pilot

- **OER – in partnership with National Grid and with support from the EERMC – will deliver a limited suite of EE programs and incentives on a pilot basis**
 - Programs tailored to residential and small businesses needs
- **Program designed as a short-term pilot (thru 2016) to:**
 - Help local residents/businesses save money today!
 - Build relationships and awareness with local energy consumers
 - Gather practical and technical experience/data
 - Inform future initiatives and longer-term solutions for Block Island
- **Strategic partnership will leverage EE programs and delivery supply chain already established on mainland**

New Shoreham EE Pilot

- Numerous factors impact program costs and potential energy savings; values are still being finalized
- Potential impacts from this investment include:
 - 135-150 residential projects
 - 25-30% of permanent households
 - 25-30 commercial projects
 - 15-20% of commercial customers
 - 325-350 MWh and 950-1,100 MMBtu in total annual energy savings
 - \$155-165K in total annual energy cost savings to local customers
 - Payback period of 3 – 3.5 years

Municipal-centric Electric Utility Districts

- **Example: Pascoag (PUD) LED Conversion Project**
 - PUD provides electric service on a not-for-profit basis to approximately 4,700 customers in Burrillville area
 - OER has partnered with PUD to convert 250 streetlights, reducing energy costs for community and maintenance costs for utility
 - \approx 81,245 kWh savings annually
 - \approx \$7,448 annual energy cost savings
 - \approx \$8,000 annual maintenance/material savings
 - \approx 5.4 year project payback
 - Improved lighting and roadway safety
 - Project leveraged 2014 RGGI funds with ratepayer dollars and utility's capital reserve funds

Renewable Investment at Schools

- **Program Description - \$90,684**
 - Supplemental allocation to support 2014 Plan initiative
 - Available to public and private school (K-12) facilities
 - Grant awards up to 75% of total project costs
 - Must include educational program supporting understanding of renewable energy and utilize data gathered from project
 - Projects funded through this initiative may also qualify the municipality for funding under the separate EV program
 - Priority will be given to schools which benchmark energy usage and/or have implemented significant EE measures

Questions?



STATE OF RHODE ISLAND

**OFFICE OF
ENERGY RESOURCES**

Rhode Island Energy Efficiency and Resource Management Council

DRAFT DRAFT DRAFT

July X, 2015

Dr. Marion Gold
Commissioner
Rhode Island Office of Energy Resources
One Capitol Hill
Providence, RI 02908

Dear Commissioner Gold,

Rhode Island has gained significant economic benefit from participation to date in the Regional Greenhouse Gas Initiative (RGGI), primarily due to the investment of auction revenues in least-cost energy efficiency programs. These RGGI-funded investments in energy efficiency reduce energy consumption, save consumers money on their bills, and reduce carbon emissions. It is in this context, then, that we respectfully urge the Office of Energy Resources (OER) to continue to allocate revenues from RGGI allowance auctions to cost-effective energy efficiency investments that provide the greatest energy savings, emissions reductions, and program cost savings for Rhode Islanders. The decisions to invest RGGI proceeds in energy efficiency resulted from a thorough evaluation of alternatives, in which energy efficiency provided the greatest consumer benefits.

In the 2015 RGGI Allocation Plan Summary, the OER has proposed to allocate RGGI funds to energy efficiency investments through several vehicles, including:

- The Rhode Island Infrastructure Bank;
- Rhode Island's comprehensive, ratepayer-funded electric and natural gas energy efficiency programs administered by National Grid;
- The Rhode Island Public Energy Partnership;
- LED Streetlights for state highways and municipalities;
- Delivered fuels energy efficiency (home heating oil, propane, and kerosene); and,
- Energy efficiency in municipal-centric electricity utility districts.

The proposed use of RGGI funds to further energy efficiency savings indirectly, yet in conjunction with, Rhode Island's comprehensive energy efficiency programs is valid. The RGGI funds that are allocated directly to the statewide comprehensive energy efficiency programs will be built into the 2016 Energy Efficiency Program Plan budget and are therefore factored into the calculation of the Total Resource Cost Test, the methodology approved by the Public Utilities Commission to determine whether the measures, programs, and portfolio of energy efficiency services are cost-effective and less expensive than supply under the law. The annual Energy Efficiency Program Plans are only approved if the benefits to ratepayers are greater than the costs and verified by technical experts and PUC regulators. Since 2008, for every \$1 invested in electric efficiency ratepayers have received \$x.xx in economic benefits on average. When used to supplement the rebates, incentives, and financing available from National Grid, the RGGI funds can help hard-to-reach sectors benefit from cost-saving energy efficiency measures. In order to ensure that Rhode Island ratepayers continue to receive excellent value for the state's participation in the RGGI program, the EERMC offers the following recommendations:

- RGGI funds allocated to energy efficiency should be evaluated using the same methodology- the Total Resource Cost Test- as the state's energy efficiency investments made under the Least Cost Procurement statute.
- The Office of Energy Resources should establish a process for evaluation, verification, and monitoring of RGGI-funded initiatives which are independent of allocations to National Grid

Commented [A1]: Need to update

programs and services to ensure the most efficient and effective allocation of RGGI funds in the future

We recognize that our recommendation to evaluate RGGI funds allocated to energy efficiency initiatives using the Total Resource Cost Test is stricter than the statute requires.¹ There may be new, innovative initiatives and ideas that meet the more general definition of cost-effective and, with the benefit of RGGI funding, can reasonably be expected to have potential to delivery economic and energy saving benefits to Rhode Islanders. We recommend that the OER clearly define a category of funding for innovative deployments of RGGI funding.

The foresight of the Office of Energy Resources with regard to energy is in keeping with the EERMC's vision of a low-cost, clean energy future for Rhode Island. Reinvesting the RGGI revenue in cost-effective energy efficiency is needed not only to meet the requirements of state law, but also to make available to all Rhode Islanders leading energy efficiency programs that enable residential, low income, municipal, commercial, and industrial customers to realize dramatic bill savings. We look to the OER for continued leadership on this compelling issue.

Sincerely,

List members

CC:

Douglas McVay, Chief, Department of Environmental Management Office of Air Resources
(Is there anyone else that should be copied?)

Commented [A2]: All need checking, updating

¹ In 2013, the EERMC was advised by its Counsel that the definition of the term cost-effective that is derived from the PUC's order pursuant to RIGL § 39-1-27.7 (determined on a total resource cost analysis) is not applicable to the term in every statutory context in which it is used. The statutory framework for the Regional Greenhouse Gas Initiative does not supply any particular definition to the term in general, and it should therefore be interpreted in its most generic sense as meaning "creating or producing something whose value is reasonable in relation to the cost of creation or production." See: Memorandum from R. Daniel Prentiss to the Energy Efficiency and Resource Management Council, dated March 19, 2013, Re" Meaning of the term "cost-effective" in R.I. Gen. Laws § 23-82-6.

HOME SHOW 2016 ENERGY EXPO SPONSORSHIP

\$50,000 Sponsorship level includes all the following:

- Included in TV, Radio, Print and other advertising when applicable
- Included in website copy and messaging
- Included in all PR and Social media
- Included in show promotions
- Use of stages for awards and / or energy related seminars etc
- Energy related features used and promoted in Home Showcase features if applicable
- 1,000 tickets
- Allocated space equal to ½ of one show hall for non-profit booths, Ngrid booths and other requested exhibitors and features as requested by OER or placed by RIBA
- Highlight of all energy related show vendors
- **Fully coordinated and managed by RIBA. – This is a major change from previous shows. Aside from some approvals and updates, all content for Expo produced by RIBA. We will dedicate staff for this specific purpose. The features will be overseen by RIBA Executive Director**
- *NOTE: This sponsorship level doesn't allow for the resources to build and dedicate a special feature for the Expo using local area schools. However, we would make the effort to include energy related features in other special features.*

\$100,000 Sponsorship level includes the following:

- Dedicated TV, Radio and Print advertising
- Dedicated web content and pages
- Dedicated PR campaign
- Dedicated special promotions
- Use of stage for awards, seminars and other demonstrations
- **Allocated space up to one full hall for exhibitors, non-profits, NGRID, OER and a dedicated special feature that will be built by numerous (perhaps 6 or more) CTE schools in RI. This will be significant!**
- **The special feature will be part of a workforce development program with the Career and Tech School system. We want to train a future generation of contractor to correlate energy with construction.**
- Dedicated giveaways
- Fully integrated energy concepts in other showcase features – the solar powered Tree House which will be given away at the show or dedicated to a school program.
- 2,000 tickets
- Energy Cash & Carry section – if applicable
- **Fully managed by RIBA. All content and coordination by RIBA**
- **Special shared booth space at show entrance with RIBA**
- Other features as agreed between the parties
- Shared additional sponsorship for Expo – if applicable - to reduce overall cost of primary sponsor.

Memorandum

To: Rhode Island EERMC

From: Scudder Parker, Mike Guerard

Date: July 9, 2015

Subject: EERMC objectives and priorities to support Rhode Island Infrastructure Bank (RIIB) start-up

The Consultant Team has been requested by the EERMC and OER to provide this Memorandum on Issues related to the startup of the Rhode Island Infrastructure Bank (RIIB). Over the coming months, the program parameters and details of the RIIB will be formulated, with implications for issues of importance to the Council. This memo outlines objectives and priorities of the EERMC and will help direct the Council Consultant Team as it advocates on behalf of the Council in RIIB meetings. These objectives and priorities were reviewed with Executive Committee members and are now being presented to the Council.

Upon Council approval of these items with modifications as directed by the Council, the Consultant Team will reference these in all upcoming meetings of stakeholders engaged in the RIIB start-up on behalf of the Council. In instances where these may be potentially compromised, the Consultant Team will report back to the Council to support appropriate actions that may be required.

It should be noted that the upcoming deliberations about the RIIB are a subset of a broader range of activities related to financing that the EERMC and OER are pursuing. In the fall of 2014, the EERMC commissioned an overarching study by Dunsky Energy Consulting to explore expanded opportunities for energy efficiency financing in Rhode Island. The study provided recommendations for potential improvements to Rhode Island’s existing financing initiatives as well as options for new financing strategies to pursue (some of which ultimately were adopted through RIIB – for example, commercial Property Assessed Clean Energy, or PACE). Following the conclusion of the Dunsky study, the Consultant Team and OER developed a list of follow-up items to address based on the study’s recommendations. Additionally, the Council approved a budget allocation for the option to use up to \$70,000 for follow-up research related to energy efficiency financing issues, if need be.

The Consultant Team will continue its work in coordination with OER to follow-up on potential action items that were identified in the Council-funded financing study undertaken by Dunsky. A key element of that work will be to identify what, if any, tasks can be identified for outside expertise to be funded through the Council-approved budget allocation of up to \$70,000.

This could include additional analysis; best practice research; evaluation; or retainer-based expert(s) for issues that may arise requiring immediate input.

* * * * *

We want to start with some observations that inform our perspective on this effort and may be useful as the challenging process of actually creating this exciting new capability in Rhode Island. The first, we believe, has been clearly demonstrated by the performance to date of Rhode Island's Least Cost Procurement mandate:

Efficiency is highly cost-effective. Indeed, energy efficiency costs are often significantly lower (and far less volatile) than the supply cost they reduce (electric, gas, delivered fuel). One of the well-known constraints to adopting efficiency measures is that often a long-term perspective is needed as investments secure savings over the lifetimes of the measure invested, and the payback period can be from 1-10 years or more.

Our second is, we believe, a widely shared expectation that we can advance implementation of Rhode Island's Least Cost Procurement Mandate:

Through improved and more comprehensive financing options, we will be able to secure deeper savings, and more comprehensive treatment of buildings. Even with financing strategies currently in place through National Grid, and the Office of Energy Resources (OER), the term of loans may not be long enough to make cost-effective major capital investments affordable even on a positive cash flow basis for repayment. The offer of including renewable energy, strategic electrification, and certain other improvements, may also make these financing options more attractive to customers.

There are other hoped-for developments that some supporters of the RIIB believe will come from its creation and implementation:

- ❖ **Consumers can contribute more.** At least one of the driving forces behind the creation of the RIIB has been the belief by some that since many energy efficiency investments are very cost-effective, customers will be able to afford a larger contribution to the significant capital costs usually associated with securing the benefits of efficiency if financing is reasonably accessible.
- ❖ **Financing Strategies should be able to moderate or even lower the amount of future System Benefit Charge (SBC) funding required to attain savings goals.** The reasoning behind this thinking is that if we can make it easier for customers to afford efficiency measures by financing on a positive cash flow basis, the level of direct utility incentive required can be reduced yet still be sufficient to encourage participation.

While the Consultant Team shares to some extent the perceptions and the hopes behind these last two observations, we believe it is important to recognize that they need to be proven in practice in the market sectors the RIIB is hoping to reach. Practitioners of energy efficiency efforts have learned that overcoming market barriers is fundamentally a process of learning and understanding customers and markets better. The RIIB will need to undertake its effort with this open-minded and investigative approach.

The process of learning why customers do not make the efficiency investments one might argue it is “logical” for them to make is at the heart of the decades of work that Rhode Island’s regulatory bodies and Rhode Island utilities have undertaken for decades to improve the efficiency of Rhode Island’s energy economy. To date they have had significant success that is providing both immediate and long-term benefits. We strongly urge that the development of the RIIB build thoughtfully on the learning and experience of National Grid, the EERMC, the OER, the regulators and other key stakeholders in Rhode Island as they have brought the state to a position of national energy efficiency leadership and that the implementation of this entity is fully integrated with the other participants.

We believe that there are three vitally important advantages to the framework for the RIIB that has been adopted in Rhode Island. These features of the RIIB have been informed in part by the experience with energy efficiency investment to date.

- 1. The approach to consumer savings opportunities and benefits is comprehensive:** The RIIB will be permitted to lend not only for electric efficiency or gas efficiency, but also for renewable energy and other related improvements (water savings) that can yield financial and customer benefits. This opportunity for comprehensiveness allows for approaches that treat buildings as systems, and permit investments that attain multiple objectives. We are persuaded that this approach has the potential to overcome some of the resistance to investing “just for efficiency.”
- 2. The term of the loans and the interest rates are likely to be affordable and reasonable.** We believe that one of the primary advantages of the RIIB will be that a trusted lender is offering reasonable terms, with an eye to the customers’ (and society’s) long-term benefit. They will be doing this while approaching energy financing as ‘business as usual’, recognizing the economic value of energy savings and its ability to support loan repayment. In addition, innovative financial solutions that allow transferability at sale or methods for tenants to benefit through leasing arrangements will expand the range of options beyond those currently offered by financial institutions.
- 3. The RIIB will complement and coordinate with the aggressive efforts already under way to secure efficiency savings.** We believe this is of critical importance. Customers need integrated service to facilitate adoption of strategic energy investments. Complexity, complicated hand-offs and perceived bureaucratic hurdles seriously diminish participation. At its best, an infrastructure investment bank can

prioritize and rationalize the allocation of scarce financial resources to maximize results in partnership with efforts already under way.

The Consultant Team urges some basic guidelines as the development of the RIIB commences and evolves. Most of these have to do with ensuring coordination and ongoing improvement of service delivery among the RIIB, National Grid, market actors (vendors, installers, etc.) and of course, customers.

We recommend the following priorities and objectives:

- **Get the Framework and the Performance Objectives Right.** It will be critically important to make sure that the RIIB is set up to succeed and provided with proper incentives for coordination with Grid and other participants in the market. This means we should find a way of documenting and rewarding the RIIB for doing the things it can do well: leverage funds, aggregate data to address the gap between the capital market's gap perception of the risk of energy financing and its actual observed performance; gain comprehensive treatment of facilities, and gain deep levels of investment.
- **Evaluate and document savings, but do not set up a competition over "savings claims".** National Grid has very demanding energy savings targets. It will need to regard the RIIB as a partner in maximizing cost-effective energy savings. Its metrics are well established. It would be unproductive to have RIIB and Grid compete for credit as to "who got the savings" or what share of the savings for a project belongs to each. This means that while it will be important for *program planning* purposes to evaluate the level of additional savings that new financing products have generated, these findings should not be used for *regulatory* purposes to establish competing savings claims.
- **Focus on how the work will get done.** National Grid does not spend its entire program on direct incentives. As Rhode Island's energy efficiency Program Administrator, it currently provides essential market training, marketing, building assessment, vendor relationships, etc. There is no need for the RIIB to re-create or duplicate these services and it should not do so. The services Grid offers will be critically important to having successful opportunities identified and advanced for funding by the RIIB which should operate (as its name suggests) primarily as a bank. The RIIB will be stretched for staffing to play the limited critical functions required to secure capital and develop the basic functions of the PACE programs currently allocated to it. It should learn early how to "use" and not duplicate the work of this sort that Grid is already doing.
- **Learn to partner actively.** In the long run, a successful partnership between Grid and the RIIB may also inform the evolution of Grid's programs. Shared advocacy between the two entities to clarify roles and to jointly overcome unintended regulatory barriers will be a sign of real progress.

RI Weatherization Contractor Pricing



EERMC
July 7, 2015



- Why is the gas system benefit charge different in MA?
 - 2015 MA charge: \$0.0751 per therm
 - 2015 RI charge: \$0.0757 per therm
- RI charge includes debt
 - Collaborative decided to recover over two years
 - Without debt, estimated charge \$0.0688
- RI & MA have different mix of services, different incentives
- Customer charge and the cost to acquire savings are very different
 - Better indicator is the cost per lifetime therm of savings
 - 2014 MA: \$0.543 per therm in residential sector
 - 2014 RI: \$0.384 per therm in residential sector

RI to MA weatherization cost comparison



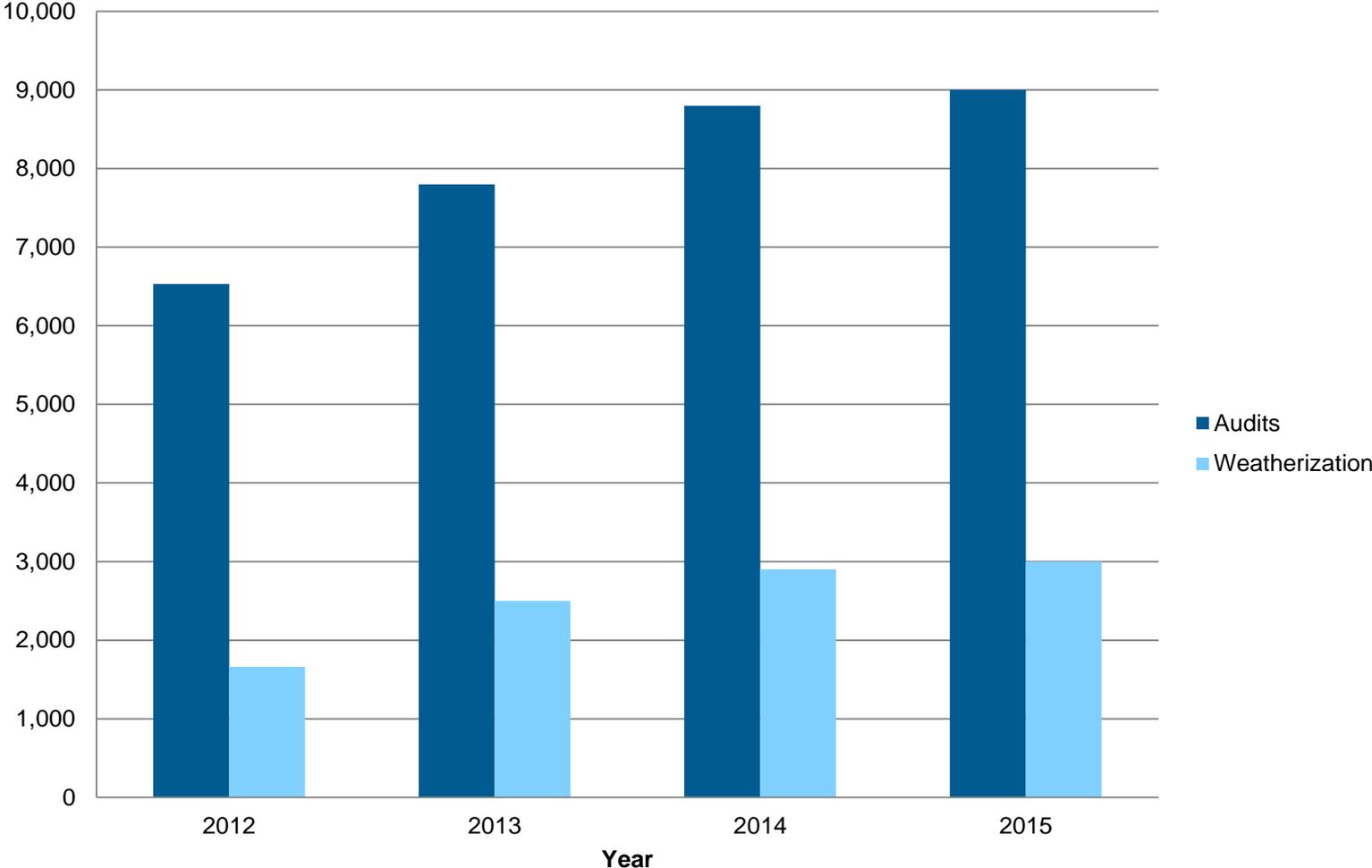
Cost Comparison RI to MA	First Half of 2015	Second Half of 2015
Basket of 20 most common measures + air sealing	67%	75%

- Basket of highest quantity weatherization measures installed in RI during 2015 used for this cost comparison.
- Price increase approved in May and in effect in July, 2015.
- Median value of owner occupied housing RI to MA 75%
- Per capita income 2013, RI to MA 85%
- Cost of Living Providence to Boston 66%



Customer Incentive towards total WZ cost	RI	MA
Electric Weatherization	75%	75%
Gas Weatherization	50%	75%
Oil Weatherization	25%	75%
Customers moving from audit to WZ RI	2014	2015
Electric Weatherization	57%	61%
Gas Weatherization (2014, 75% incentive; 2015, 50%)	49% \$663	36% \$1,327
Oil Weatherization	26%	22%

EnergyWise Program Growth



To Rhode Island Energy Efficiency & Resource Management Council (EERMC)
From VEIC/Optimal Energy Consultant Team (C-Team)
Date July 9, 2015
Subject Second Quarter Activity Report to the EERMC

Highlights from the Consultant Team

During the second quarter of the year, the Consultant Team continued its wide-ranging activities in support of the EERMC's mission to provide an organizational structure to secure the full supply, economic and environmental benefits of energy efficiency, conservation and resource management for Rhode Island through its statutory responsibility to oversee National Grid's programs, guide energy efficiency program planning and budgeting, support stakeholder engagement, and facilitate public awareness and understanding of energy efficiency.

The C-Team continued to engage in the many cross-cutting, overarching energy issues affecting Rhode Island including financing issues; delivered fuels; and system integration. To support these efforts, the C-Team coordinated with Office of Energy Resources (OER) staff on many of these issues, in addition to our general support and guidance to OER staff, including regular meetings with the Commissioner.

Core activities relating to monitoring and oversight on the 2015 EEPP continued, although as the quarter progressed, discussions with National Grid Strategy staff shifted primary focus to preliminary planning and strategies for the 2016 Energy Efficiency Program Plan (EEPP) development. With the implementation of 2015 program portfolios in both sectors on a solid trajectory, the shifting emphasis to planning is critical to support continued advancement of energy efficiency designs and future performance.

Another key service the C-Team provided was to help plan, prepare for, and participate in EERMC's first ever "New Councilor Orientation" event held at the Rhode Island Foundation on July 7. As part of that activity, a library of relevant EERMC materials was assembled to support future meetings and presentations by EERMC members for their constituencies as well as to support future EERMC obligations at regulatory meetings and other occasions.

Additional work completed by the C-Team is described below.

Tasks to Support the EERMC Oversight Role

The C-Team has both a Residential and C&I group of experts assigned to coordinate and communicate with National Grid's Strategy Groups in these two sectors. Standing monthly dates for each group meeting with National Grid include established timeframes for preliminary data exchange, as well as internal preparatory discussions. The C&I group met on 4/28, 5/19 and 6/24. The residential group met on 4/15, 5/22 and 6/17. An OER representative is also typically at these meetings.

The April and May meetings focused on confirming there were no significant issues or barriers that may compromise the programs' ability to achieve or exceed 2015 goals (no significant concerns raised) and supporting any potential enhancements to support broader or deeper savings. In June, the focus shifted to the 2016 EEPP development while still maintaining high level monitoring of 2015 program results. The planning process generally seeks to confirm which program areas are expected to continue in current form with continued dependable performance to set a solid base, and then to identify program areas that have a chance to accelerate or may decelerate because of market conditions and/or technology changes. The final element to explore is new and innovative approaches to add to the portfolio. This process will increase in intensity over July and August leading to the first draft of the 2016 EEPP due on August 24.

In addition to these activities associated with 2016 EEPP development, the C-Team also had discussions with National Grid about the transition from a Technical Reference Manual to an online Technical Reference Library.

Tasks to Support the EERMC Activities

C-Team members attended monthly EERMC, EERMC Executive Committee and Collaborative meetings, and supported agenda and presentation development as needed. Also, we supported processes to orient new prospective council members and the new EERMC legal counsel. The Consultant Team delivered the following core functions in support of this item:

- Supported the development of relevant full EERMC and EERMC Executive Committee meeting topics and overall agendas. Presentations that the C-Team reviewed or delivered included the 2015 Annual Report; ACEEE Scorecard (with associated memo); RI Alliance for Healthy Homes; Strategic Electrification (with memo); and Financing opportunities/issues (with memo).
- Participated in the Collaborative meetings in April, May and June, including supporting agenda development.
- Participated in the System Integration Rhode Island (SIRI) subcommittee of the Collaborative meetings throughout the second quarter, including supporting the onboarding of a contracted facilitator to coordinate the effort.
- Supported the ongoing orientation of the EERMC's new legal counsel, and worked with the Council to establish parameters for direct engagement between the C-Team and the legal counsel via a blanket waiver.
- Participated in and provided input on key legislative issues of the 2015 General Assembly including the Rhode Island Infrastructure Bank (RIIB) and least cost procurement extension.

General Activities in support of EERMC interests

To support this task, the C-Team:

- Participated in a wide range of stakeholder working groups and tasks force relating to program implementation and planning including the Zero Energy Task Force; Income Eligible Best Practices Group; RI Public Energy Partnership Steering Committee; Codes Compliance



EERMC CONSULTANT TEAM

Evaluation group; Low income / DG Multifamily Working Group; residential and C&I Building Asset Labeling Groups; and Alliance for Healthy Homes.

- For the RIIB, participated in multiple stakeholder meetings in support of the development of RIIB leading to final approval and launch of RIIB, and then for the initial meeting of key stakeholders seeking to align interests and efforts to design effective RIIB programs including the Efficient Building Fund for the public sector, and residential and commercial Property Assessed Clean Energy (PACE) programs for all homes and businesses.
- Provided technical support and representation to state and regional entities including supporting National Association of State Energy Officials (NASEO) and Institute for Market Transformation (IMT) review of RI's Code Savings Attribution effort as a model for the EPA's Clean Power Plan (111d) regulations; participating in an Appliance Standards Awareness Project (ASAP) boiler standards call; participating IES Meetings with DOE; reviewing Acadia Center comments on Load Management; participating in NEEP air source heat pump, Home Energy Management Systems (HEMS), and EM&V New Savings webinars; participating in the second stage of NEEP Lighting Delphi process, and participating in a NEEP Residential Lighting Strategy kick off meeting. The C-Team also traveled to and helped to facilitate part of a NEEP-sponsored regional meeting on building energy labeling and planned with NEEP for the next monthly meeting.
- Provided facilitation and coordination to align state agencies (Department of Human Service and OER), National Grid and its implementation vendor, and CAP agencies to streamline and maximize energy efficiency investments of federal, state and rate-payer funding for income eligible residents.
- Represented the EERMC's priorities by reviewing and making final edits to the Thermal Working Group report.
- On Block Island, residents and businesses currently pay extremely high energy costs and do not have access to efficiency programs. In April and May, the C-Team worked with OER and National Grid to explore program implementation on the island using RGGI funding. In the coming months, the C-Team will continue to support OER and collaborate with National Grid to continue pilot development and stakeholder outreach.