STATE OF RHODE ISLAND
ENERGY EFFICIENCY & RESOURCE MANAGEMENT COUNCIL

MEETING MINUTES

Thursday, August 13, 2015
3:30 - 5:30 PM
Conference Room B, 2nd Floor
Department of Administration, One Capitol Hill, Providence, RI

Members Present:	H. Robert Bacon, Joe Cirillo, Jennifer Hutchinson, Michael McAteer, Shigeru Osada, Chris Powell, Betsy Stubblefield Loucks, Karen Verrengia, Diane Williamson
Members Absent:	Roberta Fagan, Marion Gold, Joe Newsome
Consultants Present:	Mike Guerard, Scudder Parker
OER Staff Present:	Ryan Crowley, Danny Musher, Nicholas Ucci
Others Present:	Michael Baer, Mary Coleman, Marisa Desautel, Angela Li, Nikka Malakooti, Leslie Malone, Stephen McShane, Fred Paine, Ben Rivers, Brigid Ryan, Tim Spillane, Emily Tradd, Puja Vohra, Belinda Wong, Chon Wong

1. Call to Order

Chairman Chris Powell called the meeting to order at 3:31 PM.

2. Approval of July Meeting Minutes

Bob Bacon made a motion to approve the July meeting minutes. Joe Cirillo seconded and all approved.

3. Executive Director Report

Rhode Island Infrastructure Bank Update

Nick Ucci informed the Council that the process has begun for establishing working groups on residential and commercial PACE and the efficient buildings fund. The Council will be represented at minimum by the consultants. Michael McAteer added that National Grid and Commissioner Gold had a meeting with Bill Sequino and his team to lay out what programs are currently available and to determine how the programs and policy will fit into the Rhode Island Infrastructure Bank (RIIB). Betsy Stubblefield Loucks asked if the stakeholder teams had been finalized. Mr. Ucci stated that the teams have not been finalized and any Council members interested in participating should notify Commissioner Gold. Ms. Stubblefield Loucks noted her interest in knowing who is making the decisions for the RIIB and wants to be sure they are paying attention to the sector she represents on the Council and the needs of her organization.

Danny Musher notified the Council that two public hearings on the State Energy Plan are scheduled for August 25 from 11am to 1pm and from 6pm to 8pm. All public input will be responded to with anticipation of the plan being adopted in October.

PUC Rate Design Proceeding Update

Mr. Parker shared that he, Marisa Desautel, Leslie Malone and Danny Musher attended the PUC Rate Design Proceeding. He said it will be a big proceeding that is expected to move fairly quickly. There is a hearing on September 17 on this matter. A motion to intervene has been filed by the EERMC, but the Council needs to consider to what degree it will intervene. Mr. Parker said the proposal is to recover more of the costs for the distribution system from fixed charges rather than variable charges. Chairman Powell noted that the EERMC needs to consider the impact the docket could have on efficiency programs. Mr. Parker stated that Grid has tried to moderate the impact by developing four tiers that apply to usage. Shigeru Osada asked who will represent the EERMC in the objection and what point will EERMC focus on in its objections. Chairman Powell said next month's meeting will be the time to decide how to move forward. Marisa Desautel reported the motion to intervene was filed today (August 13). She spoke with PUC's attorney, who described the September 17 meeting as a roundtable discussion from those who are objecting or voicing concerns. Mr. Parker stated that some of the issues that might be of interest to the Council include: does it reduce/increase the incentives; and metering. The Commissioners noted that they were pleased to hear EERMC's viewpoint on the rate design proposal. Chairman Powell suggested that Mr. Parker and Ms. Desautel meet before the next Council meeting to determine how to best move forward.

4. Executive Committee Report

Vote to Appoint Alternate Executive Committee Member

Chairman Powell notified the Council that there is an issue with attendance at the Executive Committee meetings. Because Abigail Anthony is out and Joe Newsome has limited availability, the Committee needs an alternate member. The Committee determines the Council's agenda based on the relevant issues of the month. Mr. Parker added that the Executive Committee provides great guidance to the consultant team about what they should be working on. Mr. Osada volunteered to be an alternate Executive Committee member. **Chairman Powell nominated Shigeru Osada as an alternate member for the Executive Committee. All members voted in favor.** Mr. Powell noted that it will be OER's responsibility to reach out to Executive Committee members to determine who will attend. Mr. Osada asked for a week's notice to fill in if needed. Mr. Powell noted that the meeting announcement needs to be changed to 2-3:30pm and some invitees need to be removed.

EERMC Budget Report

Chairman Powell noted that 2% of the energy program budget is allocated for administrative costs. The legislation was changed during Director Licht's tenure to a 60/40 split between EERMC and OER. Starting next year there will be a 50/50 split and there will be less money in the consultant bucket next year. In December the Council will rework the budget for next year. Mr. Osada requested a monthly budget and Chairman Powell noted that it will have to be worked on with OER. Mr. Parker noted that the EERMC has never come out over budget and that the consultant team scrutinizes its budget monthly. Chairman Powell added that any changes in allocation of funds must be approved by the Council. He also added

that further discussion about OER providing additional details in the expense detail will happen at the next Executive Committee meeting.

5. Policy & Planning Issues

RFP for Next Phase of Finance Study

Danny Musher and Mike Guerard made a presentation on the RFP for next phase of finance work. The presentation identified the tasks that may be needed by the Council to explore new issues related to financing. Ms. Stubblefield-Loucks asked who the target audience is for the outcome of the study. Mr. Parker said the money being discussed would be used to determine finance strategies in most sectors where it could provide a benefit. Ms. Stubblefield-Loucks asked if there is an assumption that all sectors have an interest. Mr. Parker said it may be discovered that some sectors that do not fit but the goal is to figure out how to get a deeper investment in efficiency. Mr. McAteer said that National Grid finds that there are technical, operational and financing barriers but the biggest barrier is affordability. In the commercial sector there is a shortage of funds. Evoking far more participation in the commercial area is key. Mr. Musher noted that the selected consultant would be on a retainer basis. Mr. Guerard clarified that the selection process might not necessarily be an RFP but could also be a sole source contract.

Mr. Powell asked for clarification of Phase 1 and 2 budget figures. It was determined that $46,660 was spent and $23,310 was remaining. The funding had been previously approved, the vote being outlined is for the language in the RFP. Mr. Musher noted that the procurement rules for EERMC are different in that the Council will have more flexibility than state agencies do in regards to how to choose the consultant. Mr. Guerard said it would be ideal to find a candidate for the Executive Committee's consideration and then seek approval by the full Council. Mr. Osada asked what is next after Phase 2 is complete. Mr. Ucci said having the consultant on retainer will allow the EERMC to answer questions that are already being posed. Mr. Guerard clarified that this would not be a new study. Karen Verrengia stated that putting the money in an escrow account is a good idea as there are new programs beginning and many existing programs and the Council needs to determine how the different pieces fit together. She also noted that the bidding process can be rather lengthy. Diane Williamson asked if it is a qualifications based bid or a budget based bid. Mr. Musher said that the method of choosing needs to be discussed with the Executive Council.

Mr. Osada asked that future agendas include the language for proposed votes for the Council. Chairman Powell said agenda1s need to be more specific moving forward so Council members are more prepared.

Mr. Osada asked who finds the bidders. Mr. Musher noted that during the bid that Dunsky was chosen for, OER managed the bidders list with suggestions from the consultant team, National Grid and Acadia Center. Mr. Bacon asked if it would delay the process if the money was taken out of escrow and the Executive Committee was given the authority to go forward with the RFP or sole source. Chairman Powell said the escrow would not delay progress. Ms. Williamson expressed support for doing an RFP. Mr. Guerard said using the language "selection process" will allow the process to be expedited if necessary by using a sole source process rather than an RFP. Mr. Musher said having that option is important. Ms. Verrengia expressed support for having the option of a sole source and/or RFP.

Ms. Stubblefield-Loucks made a motion to approve the finalization and release of a selection process under the direction of the Executive Committee to secure the services of an expert consultant for technical and policy support related to energy efficiency financing for an amount up to $70,000, as

needed, to be held in an escrow account of Council's legal counsel. Karen Verrengia seconded and all approved.

2016 Energy Efficiency Program Plan Update

Mr. Guerard outlined what has been completed and what is upcoming. All important dates and deadlines are included in meeting materials. Chairman Powell asked that presentation be sent to the Council via email. Angela Li, Ben Rivers and Puja Vohra presented an update on the 2016 Energy Efficiency Program Plan for the residential and commercial/industrial sectors. Mr. Rivers reported that residential numbers are where they were expected and that commercial numbers are slightly lower than expected in the second quarter report.

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

There was no update.

7. Other Business

Mr. McAteer reminded Council members to review National Grid's second quarter report. Mr. Osada asked to see the budgeted price of each segment so Council members have a better understanding of where matters stand.

8. Public Comment

Mr. McAteer added that the Commissioners toured the Toray facilities to understand how policy translates to customers and the kinds of decisions customers make. National Grid noted that a public meeting on combined heat and power will be held at DOA on August 24 at 3:30pm.

9. Adjournment

Mr. Cirillo made a motion to adjourn the meeting. Mr. Bacon seconded and all approved. Chairman Powell adjourned the meeting at 5:52 PM.

Next Meeting: Thursday, September 10th; 3:30-5:30 PM; Conference Room B

2015 EERMC Budget Report 8/6/15

"INCOME"	
2015 EERMC SBC ALLOCATION*	
SBC - Gas (2015)	$ 318,800
SBC - Electric (2015)	$ 846,100
Total SBC Allocation	**$ 1,164,900**
Carried Over in Prentiss Escrow Account	$ 26,660
TOTAL "INCOME"	**$ 1,191,560**

EXPENSE				
	Budgeted	**Q1**	**Q2**	**YTD**
Consulting Services (contract $702,000 + special projects $80,000)	$ 782,000	$ 165,453	$ 161,840	$ 327,293
Finance Study Phase 1 Carry Over (from Prentiss fund)	$ 26,660	$ -	$ 23,350	$ 23,350
Finance Study Optional Phase 1 Supplement	$ 20,000			$ -
Finance Study Optional Phase 2	$ 50,000	$ -	$ -	$ -
Legal Counsel	$ 15,000	$ 1,967	$ 6,650	$ 8,616
Communications, Design & Annual Report	$ 50,000	$ -	$ 2,915	$ 2,915
EERMC Travel	$ 3,000	$ -	$ 212	$ 212
Energy Expo 2016	$ 50,000	$ -	$ -	$ -
OER Staff Support				$ -
Continuation of RI Public Energy Partnership	$ 36,282			$ -
Residential & income eligible EE; Integration of EE & RE	$ 36,140			$ -
State energy benchmarking & project implementation	$ 23,094			$ -
Total Proposed OER Staff Support	$ 95,516	$ -	$ 95,516	$ 95,516
EERMC Interns (as needed)	$ 10,000	$ -	$ -	$ -
TOTAL EXPENSE	**$ 1,102,176**	**$ 167,420**	**$ 290,482**	**$ 457,902**

BALANCE (reserve fund)	**$ 89,384**	**$ 1,024,141**	**$ 901,078**	**$ 733,658**

* SBC allocation only includes the EERMC's 60% and does not include OER's 40%

EERMC 2015 Expense Detail **8/6/2015**

	CORE CONSULTING CONTRACT VEIC (4104)					OTHER EERMC EXPENSES									
Month	**VEIC**	**Optimal**	**Travel/ Phone**	**Other**	**Total C-Team**	**Finance Study Phase 1 + Optional Supplement**	**Finance Study Optional Phase 2**	**Legal Counsel**	**Communications, Design & Annual Report**	**EERMC Travel**	**Energy Expo 2016**	**OER Staff Support**	**EERMC Interns**	**Reserve Fund (unbudgeted)**	**Total EERMC**
Jan-2015	$ 21,466.25	$ 27,683.75	$ 776.32	$ 3,126.61	$ 53,052.93			$ 1,966.50							$ 55,019.43
Feb-2015	$ 22,490.00	$ 31,433.75	$ 505.09		$ 54,428.84										$ 54,428.84
Mar-2015	$ 20,572.00	$ 36,505.00	$ 894.41		$ 57,971.41										$ 57,971.41
Apr-2015	$ 18,522.50	$ 37,877.50	$ 24.04		$ 56,424.04	$ 23,350.00		$ 4,599.50							$ 84,373.54
May-2015	$ 10,652.50	$ 31,982.50	$ 109.21		$ 42,744.21			$ 2,050.00		$ 106.15					$ 44,900.36
Jun-2015	$ 27,657.50	$ 34,797.50	$ 216.75		$ 62,671.75				$ 2,914.50	$ 106.15		$ 95,516.10			$ 161,208.50
Jul-2015					$ -										$ -
Aug-2015					$ -										$ -
Sep-2015					$ -										$ -
Oct-2015					$ -										$ -
Nov-2015					$ -										$ -
Dec-2015					$ -										$ -
TOTALS	**$ 121,360.75**	**$ 200,280.00**	**$ 2,525.82**	**$ 3,126.61**	**$ 327,293.18**	**$ 23,350.00**	**$ -**	**$ 8,616.00**	**$ 2,914.50**	**$ 212.30**	**$ -**	**$ 95,516.10**	**$ -**	**$ -**	**$ 457,902.08**
BUDGETED					$ 782,000.00	$ 46,660.00	$ 50,000.00	$ 15,000.00	$ 50,000.00	$ 3,000.00	$ 50,000.00	$ 95,516.10	$ 10,000.00	$ 89,384.12	$ 1,191,560.22
REMAINING					$ 454,706.82	$ 23,310.00	$ 50,000.00	$ 6,384.00	$ 47,085.50	$ 2,787.70	$ 50,000.00	$ -	$ 10,000.00	$ 89,384.12	$ 733,658.14
% REMAINING					58%	50%	100%	43%	94%	93%	100%	0%	100%	100%	62%

STATE OF RHODE ISLAND
ENERGY EFFICIENCY &
RESOURCE MANAGEMENT COUNCIL

Rhode Island Energy Efficiency Financing Consultant Services

Request for Proposals

SUBMISSION DEADLINE: XXXday September XX, 2015, 9:00 AM EST

Questions concerning this solicitation must be received by the EERMC at danny.musher@energy.ri.gov no later than **5:00 PM EST on XXXday September XX, 2015**.

All questions received will be responded to within 48 hours of receipt. Responses will be posted on the EERMC website. All questions must be submitted in writing.

A notification of intent to bid is preferred but not required. Notifications of intent to bid should be sent to danny.musher@energy.ri.gov by **XXXday September XX, 2015**.

Proposals must be submitted via email to danny.musher@energy.ri.gov. Proposals must be received at the email address above by **9:00 AM EST on XXXday September XX, 2015**.

Request for Proposals

SUMMARY

The Energy Efficiency and Resource Management Council (EERMC, or "Council") seeks to retain an expert consultant for technical and policy support related to energy efficiency financing. The EERMC seeks to engage a consultant on a retainer basis over the course of one year. Services required include, but are not limited to: data analysis, policy analysis, evaluation support, and stakeholder interactions.

Applicants may be individuals, sole proprietors, professional consultants or companies with multiple employees. Proposals may be submitted by firms, individuals, or as a team with more than one firm or individual to provide the necessary breadth of skills to complete the scope of work.

BACKGROUND

As Rhode Island continues to set nation-leading goals for customer-side investments in least-cost energy efficiency, increasing attention has been paid to the role that financing might play in expanding the reach of programs, lowering their overall costs, and otherwise supporting the wider and hastened adoption of efficient and clean energy technologies. In particular, several key recent developments should be noted:

Dunsky Energy Consulting Study: In 2014, the EERMC commissioned a study by Dunsky Energy Consulting to evaluate how new and existing energy efficiency financing strategies could potentially support Rhode Island's public policy of Least-Cost Procurement. Dunsky Energy Consulting worked with a group of energy efficiency and finance stakeholders over the course of five months to explore the following research objectives:

1. Defining the purpose of an expanded focus on financing
2. Clarifying terminology related to financing
3. Reviewing how Rhode Island currently uses financing
4. Learning what other jurisdictions have done regarding financing
5. Discussing which financing methods make sense for Rhode Island
6. Understanding the benefits and costs of financing
7. Specifying how Rhode Island would smooth the way for expanded use of financing
8. Exploring wider financing opportunities

Dunsky's final research findings helped advance an understanding of how Rhode Island's existing energy efficiency financing offers are performing and interacting, as well as the potential to introduce new financing options into the marketplace. The study highlighted the financing success stories and opportunities for improvements in the residential sector, the commercial/industrial sector, and the municipal sector. The study also provided recommendations for improving RI's efficiency financing programs going forward, filling gaps, and increasing the effective use of ratepayer money.

At the time the study was commissioned, the EERMC envisioned that a consultant would be hired to provide support and oversight in the evaluation and implementation of the study's recommendations and set funds aside for this purpose. The objectivity and fresh perspective of a new entity was seen as a vital component of a successful rollout. This solicitation is the first step in putting that plan into effect.

Rhode Island Infrastructure Bank: In March 2015, Governor Gina Raimondo and General Treasurer Seth Magaziner introduced the Rhode Island Infrastructure Bank (RIIB) as part of the FY2016 State Budget. The RIIB would manage and oversee the Efficient Building Fund (EBF) and a Residential and Commercial Property Assessed Clean Energy (PACE) program. The EBF program would provide long-term financing to make energy efficiency upgrades at municipal and state facilities. The PACE program would be made available to homeowners and businesses looking to finance renewable energy and/or energy efficiency improvements to their respective properties. In June 2015, the Rhode Island General Assembly overwhelmingly passed the FY2016 State Budget, which included the establishment of RIIB and associated energy programs. It is anticipated that the EBF and PACE programs will launch during 2016. Rules and regulations are under development during the remainder of 2015.

2016 Energy Efficiency Program Plan: The 2016 Energy Efficiency Plan ("the 2016 Plan") is currently under development by National Grid, the Council, and other stakeholders. The Plan will continue past efforts to offer financing options to customers in the residential, small business, and large C&I sectors. The Plan will also address issues relative to coordination between the energy efficiency program and the RIIB. Finally, there have been discussions of exploring a future expansion of the existing Revolving Loan Fund (RLF) available to small business and large C&I customers.

Scope of Work

The EERMC seeks to retain a consultant to provide guidance and recommendations relative to the following topics and tasks. Some of these tasks emerged as next steps from the Dunsky study; others relate to the implementation of the RIIB; still others represent additional topics related to energy efficiency financing for which the Council seeks expert support.

Task 1: Develop an overarching work plan for energy efficiency financing

As evidenced by the initiatives described in the previous section, Rhode Island currently is experiencing a wealth of ongoing activities in the area of energy efficiency financing. The Dunsky study helped lay out the existing landscape of energy efficiency financing in Rhode Island, and highlighted gaps and opportunities. Subsequently, some of the major recommendations of the Dunsky study were ultimately adopted and institutionalized through RIIB—for example, the establishment of a CPACE program. Members of the Council and OER have also continued to follow up on an ongoing basis on other gaps and opportunities identified by the study. Finally, related issues have cropped up with the development of the 2016 Energy Efficiency Program Plan.

Now the Council has identified a need to return to the findings of the Dunsky study in light of the new developments with RIIB and the drafting of the 2016 Plan. The Council wishes to set these new developments in the context of an overarching work plan for energy efficiency financing in Rhode Island. The Dunsky study helped define the universe of issues and highlighted some of the best practices common to successful programs; now there is a need to establish concrete goals, tasks, and metrics for

Rhode Island to achieve measurable outcomes relative to energy efficiency financing over the short, medium, and long term.

The Council would like a consultant to develop a work plan for energy efficiency financing in Rhode Island that includes the following:

- Compile available data on EE financing-related activity in each sector in RI, using data from the Dunsky report and supplementing as necessary with additional research. Evaluate the data for integrity and consistency, and develop report format for use in tracking long-term trends and especially to evaluate future program efficacy.
- Identify metrics by which to measure the success of the different programs in achieving their goals
- Map out the roles and relationships of the major existing financing programs for reaching these goals
    - HEAT Loan
    - Residential PACE*
    - Efficient Buildings Fund (EBF)
    - Commercial PACE*
    - Small Business and large C&I Revolving Loan Fund (RLF)
- Define major research activities, evaluation studies, or pilot programs that are needed

  *Note that RI's PACE legislation defines residential PACE liens as junior in priority to mortgages, and commercial PACE as senior-lien.

In addition to the development of this work plan, the EERMC is seeking technical guidance, primary research, and analysis from the selected consultant in three additional targeted areas:

Task 2: Provide technical guidance for integrating Residential PACE and the HEAT Loan program

Currently, Rhode Island offers a 0% interest rate HEAT Loan for residential customers delivered through third-party lenders. As the new residential PACE program begins in 2016, offering PACE loans at market rates alongside 0% HEAT loans may pose a marketing challenge that could undermine the launch of the PACE program. However other programs, such as Clean Energy Works Oregon, have shown that when they are delivered through a complementary approach shorter term, unsecured loans can coexist alongside longer term secured loans (such as PACE) and that integrating the sales and marketing of the two can help customers access the type of financing most appropriate to their project and financial profile.

Also, the current 0% interest rate HEAT loans represent an equivalent value of 20% additional incentive to homeowners. This comes at significant expense to ratepayers, and may tend to be directed toward creditworthy participants (who tend to have higher incomes and less debt). Moreover, the fixed 5% buy down and administrative process may be putting pressure on the lenders to deliver HEAT loans.

Expert consultant support and guidance is needed in the following areas:

- **Propose set of key issues and process needs to support better alignment of PACE & HEAT. Based on the resulting list, provide technical analysis, guidance, and recommendations. The following questions/items should inform this inquiry:**
    - Develop in coordination with National Grid and the Council a list of questions that would need to be answered, by evaluation or otherwise, in order to establish confidence for testing a move from 0% to a more market rate for the HEAT loan (Dunsky recommended maximum 2%-3% interest difference).
    - What are the sources and uses of funds for interest rate buy downs? Are there any real or perceived conflicts that might create disincentives to offer the optimal financing to a customer?
    - Cadmus is in the process of completing an evaluation of a MA Home Energy Services Initiative and Heat Loan delivery assessment study. RI stakeholders are anticipating reviewing the results of this study to consider potential improvements to the RI HEAT Loan program. Will all of the questions (from the first bullet above) be answered by the MA HEAT Loan evaluation? Are they transferable to RI or are there limitations?
    - Dunsky also suggests considering covering the unsecured HEAT loans with a loan-loss reserve (LLR) and analyzed high-level impacts in the study. What additional analysis and evaluation is needed? In particular, develop a list of questions that National Grid and the Council feel would need to be answered. Budget permitting, perform analysis to answer questions.
    - Provide recommendations on bringing underwriting criteria for PACE and HEAT loans as close together as feasible so that as many applicants as possible can qualify for one or the other, thus ensuring most homeowners are given an EE financing opportunity.
    - Can PACE and HEAT share administration processes, for example, with the EnergyWise program acting as the front end for loan origination? Then the applicants could be sent to the financing administrator(s) who can quickly identify whether the participant is better suited for PACE or HEAT.
    - How does the Renewable Energy Fund and/or the Renewable Energy Growth Program get integrated into PACE/HEAT? Evaluate and provide recommendations.

<u>Task 3: Provide guidance for commercial sector financing strategies</u>

For the development of the 2016 Energy Efficiency Program Plan, National Grid has proposed to triple the C&I Revolving Loan Fund by 2020. Under the proposal, the total fund would reach $45 million by 2020, lending $20 million annually. Concurrently, the Rhode Island Infrastructure Bank is developing a CPACE program, anticipated for launch in 2016.

Expert consultant support and guidance is needed in the following areas:

- **Review existing and proposed C&I sector financing offerings and offer recommendations for a holistic approach in this sector in Rhode Island. The following list of questions and issues should inform this inquiry:**
    - Examine and compare the proposed expansion of the C&I RLF with the upcoming CPACE program. What respective needs, barriers, and gaps are they seeking to address for the

commercial sector? Review evidence to date (from the Dunsky report, supplemented by additional primary research as needed) of program performance and success at addressing barriers.

- Test the following assumptions and suppositions contained in the Dunsky report. Perform additional primary research (e.g. interviews, surveys) as needed. Then provide guidance on how the proposed expansion of the C&I RLF addresses these issues:
    - The availability of 24 month financing may have little impact on participants' investment decisions.
    - Short term (24-month) lending does not likely significantly impact the ability for most measures covered in the incentive program to achieve net positive cash flow.
    - National Grid had previously indicated that significant further expansion of their lending activity may start to exceed their administrative capacity to deliver results.
    - Interviews suggested that National Grid would benefit from additional financial sector expertise to assist in attracting third-party capital to support further commercial sector financing.
    - 0% interest rate loans is common for the commercial OBF programs reviewed. Over the typically short lending periods, and alongside the high commercial incentive levels it typically does not appear to contribute significant additional burden to rate payer costs. What happens when you grow the amount being lent, possibly extend terms, and reduce size of incentives?
    - Will increases in buydown costs exceed program budgets when longer loans are introduced, and if so what strategies can be adopted to address this?
- Based on barriers identified through the above research activities, provide guidance and recommendations for consideration by EE stakeholders working on the C&I RLF and the upcoming CPACE program.

Task 4: Testing Reduced Incentives

System Benefits Charges (SBC) on customer electric and gas utility bills supply the vast majority of funding for budgets for Rhode Island's energy efficiency programs. However, in recent years RI's programs—and budgets—have grown significantly to meet the statutory mandate of procuring all cost-effective energy efficiency that costs less than supply. This growth has led to higher SBC's, which are perceived as a challenge to customers who face already high bills in light of recent rate increases (even though energy efficiency programs benefit participants and non-participants alike). The growth in program budgets and SBC's has led to interest in exploring how financing paired with reduced incentives might reduce the need for continuing to grow the SBC in order to fulfill statutory mandates of LCP.

In recent years, several developments have raised the idea of financing to the forefront of energy efficiency policy discussions in Rhode Island. Concerns regarding the level of ratepayer investment required to secure least-cost energy efficiency resources have spurred interest in novel ways—such as financing—to possibly reduce long-term bill impacts on consumers.

Expert consultant support and guidance is needed in the following areas:

- Can a pilot evaluation be done to look at incremental reduction of incentives and effect on participation, etc.?
- What would be a good place to start? (residential, C&I, other, etc.?)
- What would this pilot look like, what would be the study goals, scope, metrics, measures of success, etc.?
- Contact EE industry experts to determine if this analysis has occurred in other markets. For example, the California experience with PACE suggests that a customer-friendly source of financing paired with contractor marketing and sales has the potential to deliver more cost-effective and more comprehensive approach to EE than incentives.

Remaining Questions:

- What will be the length of the contract?
- Will this consultant be contracted on a retainer basis? Related, should deliverables be defined at the outset or should we be building in some level of flexibility? How should progress reporting be handled?
- Will the consultant be asked to report to the EERMC financing subgroup, who should be represented on the subgroup, and how should it be structured?

TIMELINE

Below is an estimated overview of the timeline for the encompassed work.

Milestone	Date
RFP Release Date	
Deadline to Submit Questions	
Notification of Intent to Bid	
Proposal Due Date	
Proposal Award Date	

PROPOSAL REQUIREMENTS

All proposals submitted for this request must be submitted in the format described below, clearly labeling the sections as described. Please keep fonts to 11 point at a minimum and length of proposals to 20 pages at a maximum (1.5 line spacing) including all sections listed below:

1. OVERVIEW
   The Overview will concisely lay out the offeror's understanding of the problem, describe their proposed approach to the work and explain how they are well suited to perform the tasks.

2. TECHNICAL PROPOSAL

Discuss your solution to the proposed scope of work. Indicate your ability to complete the scope of work within the established timeframe and proposed schedule of deliverables/project milestones.

3. QUALIFICATIONS & EXPERIENCE

   Please provide the following:

   - **Company Profile:** Provide an overview of history, length of time in business, organizational and staff capacity, core competencies, and any other resources uniquely suited to recommending and implementing solutions to the scope of work outlined in this solicitation.
   - **Relevant Experience:** Describe your experience with similar projects. Respondents familiar with the New England region are desirable.
   - **Examples of Prior Work:** If possible, reference two or three examples of previous projects that best display your ability and experience with work of a similar nature and specify the role your firm played in each project.
   - **Reference Information:** Provide names, addresses, telephone numbers and permission to contact two former or current clients for which your organization has performed work in the last three years.

4. PROJECT MANAGEMENT & ORGANIZATION

   List all staff and/or subcontractors proposed as members of the project team and the tasks they will perform on the account. Describe their duties, responsibilities, and concentration of effort applying to each. Please include resumes, curricula vitae or statements of prior experience and qualification (these may be provided as attachments not counting towards overall page limit). An organizational chart showing roles and responsibilities on the project is desirable. The consultant team may include subcontractors; however, the prime respondent will be solely responsible for the management and work-products of the consultant team.

5. COST PROPOSAL

   Please provide a signed Cost Proposal reflecting one, all-inclusive price for the scope of service. **The maximum budget for this solicitation is $70,000**. The maximum budget is inclusive of contractor expenses, including travel. These costs should be indicated as a separate line item. Please also include the following, by task and for each staff and/or subcontractor proposed as members of the project team: estimated personnel hours, level of effort, hourly billing rates, other direct costs, and any other relevant information.

EVALUATION PROCESS

The financing subgroup on behalf of the EERMC will review and competitively evaluate all of the applications and recommend a candidate to the EERMC for approval. The EERMC reserves the right to select no proposals for any reason or if the responses do not meet a sufficient standard based on the evaluation criteria. The EERMC reserves the right to waive any minor irregularities or informalities in a proposal as it determines or to allow Respondents to correct them, and to accept or reject any Proposal or portion thereof. The EERMC reserves the right to discuss with the selected applicant(s) any terms and conditions, including financial issues, for any proposed project. The EERMC reserves the right to seek

additional information from any and all Respondents including but not limited to requests for clarifications and interviews. Scoring criteria will be as follows:

Scoring Criteria	Description	Possible Points
Technical Proposal	• The quality of the Proposal demonstrates the candidate's ability to provide superior expertise for assessing energy efficiency financing strategies in Rhode Island • The proposed approach meets the needs and criteria set forth in the RFP	40
Qualifications & Experience	• The candidate has completed similar projects and is qualified to undertake the scope of work outlined in the RFP • References and prior work demonstrate the candidate's ability to provide superior facilitation, research, and analytical support	30
Project Management & Organization	• Proposal shows clarity of team management structure, the availability of senior staff to supervise and contribute to the work, and ability to complete deliverables in a timely fashion	20
Cost Proposal	• The candidate submits a reasonable and competitive pricing structure commensurate with the value offered	10
Total		100

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2016 Energy Efficiency Plan: Residential & Commercial/Industrial Sector

Angela Li

Ben Rivers

Puja Vohra

Residential 2016 Top 8

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- Equalizing incentive amounts with financing in EnergyWise
- System Integration with solar and financing
- Building asset labeling
- New tier in residential new construction
- Upstream Electronic Commutated Motors and Heat Pump Water Heaters
- LEDs
- Early replacement of older, top loading clothes washers
- Ductless minisplits

Commercial/Industrial Top 8 Enhancements/Additions in 2016 Plan

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1. Restaurants/lodging: Targeted services/expertise, focus on refrigeration, kitchen equipment & systems

2. Municipal sector:

   - Grants to support existing school energy managers
   - Leverage BOC training/other learning opportunities for state/municipal staff
   - Integrate RIIB funding with Company operations plan

3. Build Alliances with manufacturers for integrated efficiencies

4. Strategic approach to healthcare:

   - Address top 5 hospitals through long-term strategic energy planning (SEMP)
   - Address nursing homes/assisted living through energy managers: focus on non lighting measures, increase participation

Commercial/Industrial Top 8 Enhancements/Additions in 2016 Plan

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5. More products through upstream delivery:
   - Lighting, HVAC, water heating
6. Industrial Sector Enhancements:
   - Gap analysis tool to assess customer needs, Identify energy teams for select customers, customized trainings
7. Address barriers to commissioning
8. Integrate Distributed generation (DG) and EE choices for customers:
   - Renewable Energy Growth
   - Zero Energy Buildings