



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

MEETING MINUTES

Thursday, December 12, 2013

3:30 PM - 5:30 PM

Conference Room B

Department of Administration

One Capitol Hill, Providence, RI

- Members Present:** Joe Cirillo, Marion Gold, Jennifer Hutchinson, Dan Justynski, Michael McAteer, Joe Newsome, Chris Powell, Paul Ryan
- Members Absent:** Abigail Anthony, Marsha Garcia, Julie Gill
- Consultants Present:** Mike Guerard, Scudder Parker
- OER Staff Present:** Chris Kearns, Danny, Musher, Rachel Sholly, Nick Ucci
- Others Present:** Karen Bradbury, Caitriona Cooke, Belinda Wong

1. Call to Order

Chairman Paul Ryan called the meeting to order at 3:35 PM

2. Approval of November Meeting Minutes

Joe Newsome made a motion to approve the November minutes as amended. Chris Powell seconded and the motion passed unanimously.

3. Executive Director Report

Marion Gold introduced Nick Ucci, the Office of Energy Resources' (OER) new chief of staff, who previously worked at the RI Public Utilities Commission (PUC) and the Department of Labor and Training. The Council welcome Mr. Ucci and he expressed appreciation and excitement to be a part of the OER team.

Commissioner Gold reported that the Technical Session on the 2014 Energy Efficiency Program Plan (EPPP) was held on December 11th at the PUC. She thanked Chairman Paul Ryan for serving as the EERMC attorney and the Consultant Team. System Reliability Technical Session tomorrow. Jennifer Hutchinson added that she was blown away by all of the statements of support, especially that of the Division of Public Utilities and Carriers (Division) and its representative, Tim Woolf of Synapse, noting that this demonstrates the importance of working closely with the Division. Commissioner Gold asked if it would make sense for the Office of

Energy Resources to be a Party to the Settlement going forward. Mr. Ucci felt that the OER should consider at least intervening next year and perhaps exploring what it would involve to become a party to the settlement. He also suggested that a 2-3 page briefing on the Regional Greenhouse Gas Initiative (RGGI) presented to the PUC and the Division would help their understanding of RGGI and may help shorten these discussions in the future. Ms. Hutchinson announced that the PUC open meeting will be next Friday, December 20th, during which a decision will be made.

Rachel Sholly of OER has been working hard on the RI Public Energy Partnership (RIPEP). In cooperation with URI, the RIPEP team is prioritizing state energy data collection, aiming to have all state data into EPA Portfolio Manager by March 2014 to receive recognition at the 2014 Better Buildings Summit. The team is on its second round of sector working group meetings (state, municipal, schools, drinking water). The groups are beginning to identify and prioritize barriers to implementing efficiency in these sectors. The next step will be developing solutions to prioritized barriers. The RIPEP showcase project at the state-owned Davies Vocational School should be moving forward soon with projects that will reduce electric consumption in that facility by 60%. The state bond counsel has determined that state agencies do not need General Assembly approval to engage in National Grid's on-bill repayment program. Ms. Sholly is working with the State Division of Purchases to streamline the procurement process for state projects. National Grid is currently conducting scoping studies in 10 drinking water facilities, 10 schools and 10 state buildings. Municipal scoping studies are being scheduled for early 2014. These studies will identify the first round of RIPEP projects.

OER has spent a lot of time over the past two months thinking about transitioning RIPEP into a Green Communities Program, modeled after the successful program in Massachusetts. OER will probably not seek legislation at this point or pursue bond funding to support this effort, but will continue to strengthen the RIPEP program.

OER is looking at a July 2014 launch of the residential Property Assessed Clean Energy (PACE) program. Staff have been working with Peter Adamczyk of VEIC who has been researching how PACE has been implemented in other areas and helping to develop a strategy for approaching banks. In early January, OER hopes to begin working with National Grid and the RI Economic Development Council Renewable Energy Fund to coordinate and best deploy these financing tools in an integrated fashion.

OER staff have also been working to plan the upcoming energy expo, which is scheduled for early April in conjunction with the RI Home Show. Vendor applications are currently being accepted and the expo planning committee continues to hold weekly calls. Mr. Powell suggested the host of "This Old House" as a possible keynote speaker. Michael McAteer suggested Dennis Hayes who is a leader on zero net energy buildings.

Commissioner Gold hopes to discuss the consultant team's proposed 2014 work plan and budget with the Budget Committee during the first week in January.

4. Streetlights Tariff Update

Chris Kearns of the OER reported that the streetlight docket is still in negotiations for the tariff and contract terms. A pilot program is being considered. They are looking to requesting an extension from the PUC. Communications have been good among the parties but more time is needed to work out the details on things like control settings and metering options for

municipalities. Commissioner Gold asked for clarification on the two different tariffs. Ms. Hutchinson explained that the customer-owned tariff is currently pending with the PUC, with a decision expected in late February or early March. There will also be a separate tariff for Company-owned lights, but that is more complicated and has yet not come far enough along to have anything to present. Joe Cirillo commented that streetlight types and lighting levels change dramatically as you drive along a road from town to town and wondered if the PUC should be establishing streetlighting regulations for safety reasons. Commissioner Gold noted that this is not only a costly issue but also an emotional one for towns.

5. Update on Supplemental Filing for 2014 Energy Efficiency Program Plan

Scudder Parker explained that National Grid had discovered that an error had been made in the originally submitted EEPP. Different numbers were used in electric and gas, which increased the rate. Since the rate was a huge part of the negotiation, Grid responded by looking at where those savings could be found without interfering with services to customers. Mr. Powell asked if the forecasts were accurate enough to have an impact. Ms. Hutchinson clarified that it is the same forecast but it was the way the data was pulled from that forecast. There were inconsistencies in the way the forecast was being reporting in the energy efficiency filing compared to other filings. For the exemptions, a revised "Gas #1 Table" was provided for more transparency. On the electric side it was simpler because the correction did not have as significant of an impact. Chairman Ryan asked what the PUC does with any extra funds collected at the end of the year. Mr. Ucci explained that if an over-collection occurred in one year, those funds would get applied to the next year, but the goal is to not over- or under-collect.

Mr. Parker reminded the Council that it had empowered the EEPP Subcommittee to review and approve any revisions on the Council's behalf and the Subcommittee did so. He asked if the EERMC wanted to take a formalized vote to approve that action. The Council did not feel that a vote was necessary. Mr. Powell thinks it is important for the Council to know the details of the supplemental filing. Ms. Hutchinson will circulate the supplemental filing letter among Council members, which explains the details and can be found on the PUC website.

Ms. Hutchinson noted that the PUC feels like they are consistently being pressured by the legislature to make quick decisions. Mr. Ucci added sufficient time must be allowed for the parties to address questions. Chairman Ryan felt that it may be time to change the policy around this. Discussion ensued around the timing and level of effort involved with annual plans in addition to three-year plans. Vermont does a three-year plan and then an annual report to propose any adjustments to planned program. The place to discuss this is when revisions to the standards are being recommended. It may be helpful for the EERMC to provide guidance on this. Mr. Ucci thought that the relevance of the annual filings is probably less than it was several years ago and that perhaps an annualized briefing may suffice. Budgets can be difficult to manage over three-year time periods, but may allow Grid to plan better. Efficiency VT deals with this – if you do not make the target one year, you get less incentive. If it is a three-year target and the utility meets its annual target, it does not have to achieve more the following year. The Council would need to figure out who its partners in the legislature would be and would need to start the process before February 1st. It would be an amendment to existing legislation. The Council agreed that it should first discuss this with the Division and Commission before going to the legislature.

Joe Newsome made a motion to direct the consultant team to, in coordination with National Grid, evaluate an amendment to the statute which retains the three-year energy efficiency plan but eliminates the requirement for an annual plan within that same period. Mr. Powell seconded and the motion passed unanimously.

Mr. Newsome asked for a synopsis on the role and functioning of the demand collaborative. Mr. Scudder explained that Jeremy Newberger and Rachel Henschel of National Grid organize the meetings to get interested and invested stakeholders to share information on what is being considered as the Company carries out the implementation of the plan. This group allows all of these parties to have one conversation as opposed to individual conversations with Grid. Involvement by the consultant team makes those services available to all the parties so that everyone is on a common base of knowledge.

Mr. Newsome expressed concern for attention being paid to the income eligible (IE) sector among within the demand collaborative. Every year the Council looks at the projected results for the IE sector and discusses why this sector is not meeting its targets. Mr. Newsome noted that this is not necessarily a reflection on National Grid, but that the Council needs to talk about this in early 2014 and get some input from the consultant team on why the state routinely falls short in this sector. Mr. McAteer noted that some of the issues are out of Grid's control, and that Grid has brought on ClearResult to help address these issues. Commissioner Gold suggested scheduling a Council presentation on this topic in early 2014. Mr. Parker suggested that the EERMC ask the collaborative to find an IE representative or ask the consultant team to focus on this issue. Chairman Ryan suggested that the Council obtain and review the original enabling document.

6. Consultant Team Work Plan Proposal

Mr. Guerard presented slides on behalf of the consultant team (see attached). He explained that the consultant team is presenting an outline of areas in which the consultant team proposes to work, get feedback on initial outline, work with the budget subcommittee over the next month, and present a final work plan for vote at the January meeting. Mr. Guerard explained that this is the third year of a three year contract and went through the proposed activities. A technical session for the proposed energy savings targets is scheduled for February 13, 2014 and the en meeting for March. We will also have the opportunity to update the Standards for Energy Efficiency and Conservation Procurement and System Reliability, which only happens every three years. Mr. Parker brought up potential issues which the Council might address, including adjusting annual planning requirements, incorporating greenhouse gas emissions into cost effectiveness testing, and strategic electrification and its impacts on the grid. Commissioner Gold reported that OER will be launching a grid modernization program with RGGI dollars in the near future. Mr. Cirillo asked if there are national energy codes and a regulatory body. Mr. Parker explained that RI is a national leader in using energy efficiency programs to support the broader and more rapid adoption of codes.

Mr. Newsome said that he is looking forward to the consultant team's guidance on certain programs, particularly the IE sector. There are also significant opportunities in the multifamily sector, which overlaps with the IE sector. Mr. McAteer noted that Grid would like to present a multifamily program update at an upcoming Council meeting.

Mr. Justynski observed that an alternative option for this kind of board would be paying a full-time staff with a director to do this work. He felt that the investment of EERMC funds in the

consultant team is much more valuable than the full-time staff option. Mr. Parker explained that, as needed, they tap into individual team members who specialize in specific topics and are very careful to manage consultant time efficiently. Mr. Newsome expressed appreciation for the consultant team's excellent work and the rest of the Council echoed the appreciation with applause.

7. Consultant Team Monthly Report

The consultant team submitted a written report (see attached).

8. Other Business

Mr. Cirillo made a motion to change the February meeting from the second to the first Thursday of the month. Mr. Justynski seconded and the motion passed unanimously.

9. Public Comment

There was no public comment.

10. Adjournment

Mr. Cirillo made a motion to adjourn the meeting. Mr. Newsome seconded and the motion passed unanimously.

To Rhode Island Energy Efficiency & Resource Management Council (EERMC)
From VEIC/Optimal Energy Consultant Team
Date December 12, 2013
Subject Activity Report to the EERMC

Highlights from the Consulting Team

As has been reported at recent Council meetings, the Consultant Team (C-Team) has had a primary focus on key PUC filings over the last few months: the 2015- 2017 Savings Targets; the 2014 annual System Reliability Plan (SRP) and Energy Efficiency Program Plan (EEPP), including the resulting Cost-Effectiveness Memorandum; and to a lesser degree the Municipal Street Lighting Tariff.

In addition to these significant projects, the C-Team continue its ongoing role in exploring and facilitating stakeholder partnerships; providing support to the Office of Energy Resources (OER); and conducting research and networking on innovated approaches to support current future efforts for broader and deeper savings.

Policy and Planning

2015 – 2015 3-year Target Setting Project

- Based on activities undertaken over the summer months and working in conjunction with the EERMC's 3-Year Targets Subcommittee, the proposed targets were submitted to the RI PUC on September 1, 2013.
- Finalized for submission in early November the responses to the RI PUC's Information Request on the proposed 3-year targets.

2014 EEPP

- Collaborative meetings held on August 22nd to review and revise preliminary program design concepts, as well as savings and budgets reflected in the 2012-2014 Plan that will translate into the 2014 EEPP.
- Consultant Team members researched and developed reports on best practice areas to help inform the 2014 EEPP, along with "Top 10" areas of focus for both residential and C&I sectors, and presented these to National Grid Sector Strategy Groups.
- Members from the Consultant Team held strategy meetings covering the C&I and residential (including income-eligible) sectors on the 2014 EEPP development process on July 24th and August 27th with National Grid staff.

EERMC CONSULTANT TEAM

- First (Sep. 4th) and second drafts (Sep. 20th) of the 2014 EEPP, as well as excerpts from the 2014 Technical Reference Manual (TRM), were submitted to the Collaborative by National Grid and reviewed by Consultant Team. Comments and proposed enhancements submitted to National Grid within 10 days of receiving each draft.
- First draft of the SRP submitted by National Grid and reviewed by the Consultant Team on September 6th
- Conference call with stakeholders on the first draft of the SRP on September 11th.
- Collaborative meeting on Sep. 12th and 20th to review drafts and feedback from stakeholders.
- National Grid presentation to EERMC on Sept. 13th on status of EEPP drafts; EERMC appoints a 2014 EEPP subcommittee to support review of plan leading up to October 18th EERMC vote.
- First and second drafts (Sep. 17th and 28th) of the 2013 cost-effectiveness benefit/cost model received from National Grid.
- CHP Community Review Meeting (Sep. 17th)
- Ongoing Consultant Team review, discussions and exchange of comments with National Grid on the TRM.
- Multiple conference calls between National Grid staff and Consultant Team members to resolve program design, savings, cost, and budget issues, and between the Consultant Team and the EERMC's 2014 Plan Subcommittee.
- Second draft of SRP submitted and reviewed by Consultant Team.
- Third draft (Oct. 8th) of the 2014 EEPP received from National Grid; comments submitted by Consultant Team.
- Third draft of benefit/cost model provided by National Grid to the EERMC Consultant Team on Oct. 11th.
- Consultant Team presentation to EERMC on October 18th on the 2012, and recommendation to approve 2014 EEPP and SRP since they were deemed cost-effective and less than the cost of supply.
- EERMC approves the 2014 EEPP and SRP provisionally, pending any minor adjustments approved by the 2014 EEPP Subcommittee and informed by Collaborative stakeholder clarifications.
- Post-EERMC meeting (Oct. 22nd); Collaborative Subcommittee works with National Grid to assure all EERMC issues are factored into final version.
- Final discussion with Consultant Team and EERMC 2014 Plan Subcommittee on October 24th, providing guidance to the Consultant Team to provide a complete review of the final draft of the plans, and to direct the EERMC's attorney to sign on to the Settlement.
- Submittal of 2014 EEPP by National Grid to the Commission for approval.
- Once error was discovered in the sales forecast, additional Collaborative conference calls were scheduled, as well as Council 2014 Plan Subcommittee calls, to negotiate the necessary modifications to the plan.

- Attended and provided testimony (Scudder Parker) at the RI PUC Technical Session on 12/11/13.

Municipal Street light Tariff

- Participated in discussion with key stakeholders, including the League of Cities and Towns, Washington County Regional Planning Council and OER, with a focus on issues relating to LED's and controls.
- Participated in a PUC-directed stakeholder negotiation session at National Grid on 11/8.
- Attended and provided testimony (Gabe Arnold) at the PUC Technical Session on 12/3.

Other Activities

- Research on Grid Modernization issues that might affect Rhode Island Least Cost Planning, including background resources on "Risk-Aware Regulation," Utility 2.0, and other policy and context pieces.
- Began preliminary research on potential adjustments to the Standards for Energy Efficiency and Conservation Procurement and System Reliability.
- Support to OER and the EERMC RGGI Subcommittee on proposed allocations and principles for RGGI dispersal for 2014.
- Research and planning to support 2014 initiatives relating to proposed working groups on Grid Modernization and Delivered Fuels.

Oversight of 2013 Energy Efficiency Program Plan Implementation

Sector Program Implementation and Oversight

- Participated in meetings with Grid's C&I Strategy Group 9/13 and 11/21. Since October was an intense period aimed at finalizing the 2014 EEPP, a monthly meeting was not held, although multiple Collaborative meetings (10/3; 10/15 and 10/22) provided for direct interactions with C&I staff.
- Participated in meetings with Grid's Residential Strategy Group 9/17 and 11/26. Similar to the conditions listed above, no October meeting was held.
- The primary focus of both Sector meetings was the 2014 Plan, including review of the C-Team's proposed "Top 10" areas of focus and research documents that supported distinct areas for enhancement.
- Supported the communications and technical analysis regarding an RI-based LED manufacturer's efforts to have their product become eligible for incentives through National Grid's lighting program.
- Team members participated and reported on key industry events applicable to RI:
 - Northeast HERS Alliance Codes Committee regional update call.
 - Behavior Energy and Climate Change Conference

- NEEP Heat Pump Water Heater and Codes and Standards meeting
- Residential Retrofit Working group meeting, as well as “the Future of WAP” webinar hosted by NASCSP
- PNNL webinar of LED efficacy and pricing
- NEEP Regional Codes summit on October 24th.

Codes and Standards

- Reviewed and commented on the 2014 draft plan for Codes and Standards implementation and savings attribution
- Participated in a conference call on 12/5 with National Grid and the C&S implementation contractor to discuss the plan and next steps

Stakeholder Partnerships; OER Support Activities and Innovation/Research

C-Team members participated in a wide range of activities over the last few months to support current efforts, and development of new initiatives, aimed at supporting robust advancement of least cost procurement objectives. These included:

- Alliance for Healthy Homes – a collaboration of multiple state agencies and key stakeholders formed a single entity to serve their multiple objectives in a coordinated, streamline fashion. The group includes representatives from the Departments of Health, Housing & Community Development, and Human Services; OER, GHHI, RI Housing, and C-Team representation for EERMC issues. The Alliance is targeting a March, 2014 official launch for this group, with the clear objective to align, braid and coordinate work on housing interventions to maximize the health and energy efficiency of all RI residential units.
- Emerald Cities – C-Team members with Emerald Cities representatives on November 5th and 12th to support their efforts.
- RIPEP – C-Team members participated in monthly steering committee meetings, as well as working groups sessions for with key stakeholders. Also supported the finalization of “terms” for distribution of RGGI-related funds for this project.
- Farm/Agriculture – Ongoing discussions with representatives from the RI Farm Energy Program and DEM.
- PACE – C-Team members, led by Peter Adamczyk, participated in a meeting w/ OER and DOA staff on the design and upcoming process issues relating to launching PACE in 2014. Prep and follow calls were also held, covering issues such as:
 - Legislation enabling PACE in RI
 - Roles and responsibilities for state agencies and other partners

- Necessary staffing commitments from OER
- Development of an RFP for banks providing PACE funding
- Program documentation requirements
- Public outreach and marketing
- Education and technical assistance to participating municipalities
- Process flow, reporting, eligibility criteria and best practices

System Reliability Plan, State Energy Plan and Renewables

- Provided strategic advice and comments on the OER activity related to the System Reliability Procurement – Distributed Generation (SRP-DG) program – and development of a distributed generation procurement and demonstration project.
- Participated in conference calls and reviewed and commented on various drafts of National Grid's System Reliability Procurement report for 2014.
- Assisted with the Renewable Economic Impact Scope, solicitation, review and scoring of proposals, and provided continued support for the State Energy Plan and System Reliability Procurement activities of the OER.
- Continued to provide input and guidance to the OER on the RI State Energy Plan

Upcoming Activities

December:

- 12/11/13 – RI PUC Technical Session on 2014 EEPP and SRP
- 12/12/13 – EERMC monthly meeting
- TBD – RI PUC Open Meeting on 2014 EEPP and SRP

2014:

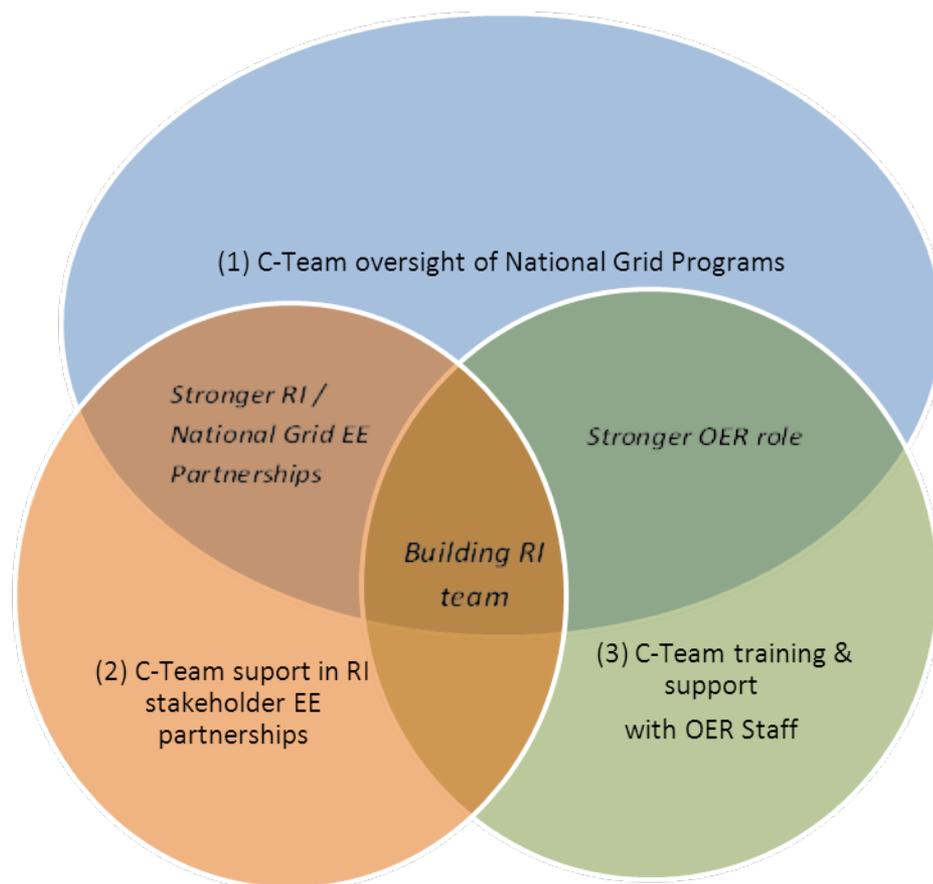
- 1/9/14 – EERMC monthly meeting
- 2/12/14 – RI PUC Technical Session on EERMC's Proposed 3-year targets
- 2/13/14 -- EERMC monthly meeting
- 3/19/14 – RI PUC Open Meeting on EERMC's Proposed 3-year targets

Outline of Proposed Areas of Focus for VEIC / Optimal Energy Consultant Team 2014 Scope of Work

Scudder Parker
Mike Guerard

RI EERMCM Meeting
December 12th 2013

In 2013, the C-Team used the figure below to illustrate and guide the approach it took in providing services. We propose to continue and expand on the 2013 accomplishments that have come from using of this approach.



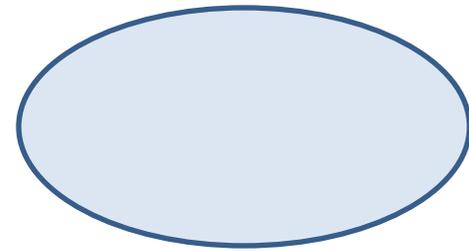
The representation of these three areas in Venn diagram format emphasizes the inter-relatedness of the approach. It also seeks to provide a strong framework to help achieve the Council’s mission:

“Provide an **integrated, comprehensive, public, stakeholder-driven** organizational structure to secure for Rhode Island and its people the **full supply, economic and environmental benefits** of energy efficiency, conservation and resource management.”

The work base will continue to be general support of the EERMC:

- Representation and activity reporting at all Council meetings
- Working with various EERMC Subcommittees
- As-needed and requested meetings with individual council members on specific issues or sector-related topics
- Development of the Annual Energy Report to the General Assembly on April 15.
- Representation of Council concerns at related meetings such as the DSM Collaborative Subcommittee and other stakeholder events.

Implementation Oversight and EE Planning

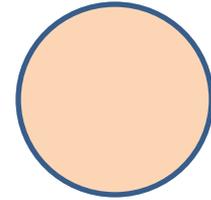


Majority of work will continue to be related to the design and delivery of the ratepayer-funded energy efficiency programs, including:

- review and oversight of the Energy Efficiency Procurement Plan (EEPP) implementation covering regular meetings with utility staff
- review of performance results and data
- research and input on actions designed to continually support savings goal achievement.

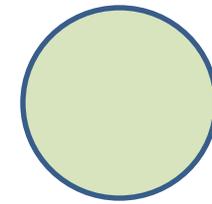
Another key element will be the development of the annual EEPP and System Reliability Procurement Plan (SRP) for 2015.

Stronger RI Partnerships



A second area of work involves:

- 1) partnering with the EERMC to develop strategic relationships between the Council, National Grid and groups already working on energy efficiency in Rhode Island
- 2) identifying underserved sectors and e.e opportunities in RI and proposing strategies to improve delivery of efficiency services. Examples of these successful efforts in 2013 to be built upon, and added to, in 2014 include:
 - a. The Alliance for Healthy Homes
 - b. Emerald Cities
 - c. RI Public Energy Partnership
 - d. The Farm/Agriculture sector
 - e. Delivered Fuels industry
 - f. PACE and other innovative Financing concepts



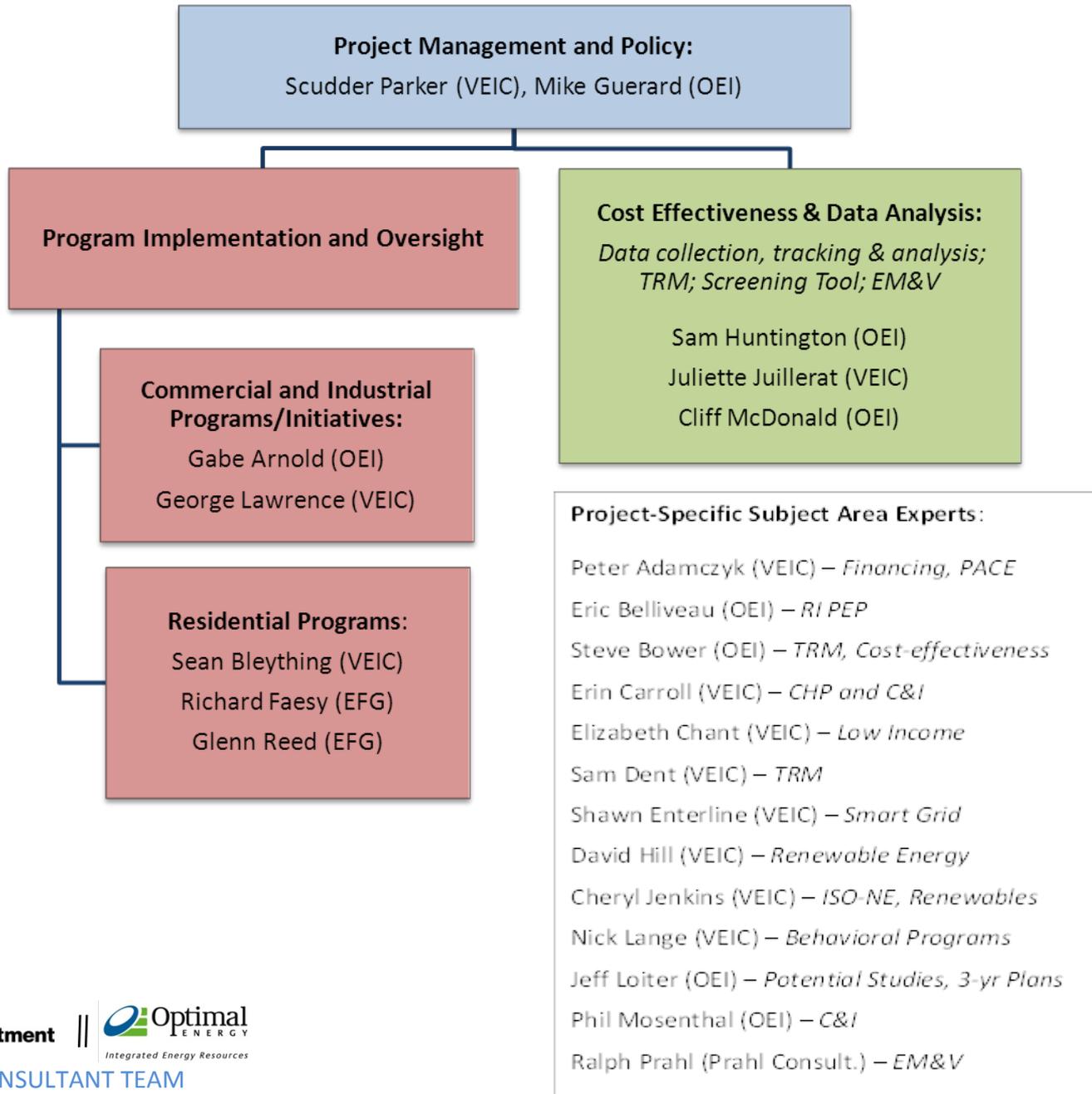
In 2013, the C-Team was directed to provide support to OER in the form of training, planning, and guidance. The C-Team proposes to continue this ongoing OER support, with less emphasis on training and support and more for activities related to one of the EERMC's assigned "Power & Duties":

“Advise the commission of energy resources and recommend policies, standards, strategies, plans, programs, and procedures with regard to functions of the office of energy resources including but not limited to plans, strategies, and programs to:

- (1) Implement cost-effective energy conservation and energy efficiency programs;
- (2) Promote the development of eligible renewable energy resources for Rhode Island;
- (3) Foster distributed generation of electricity and demand response;
- (4) Assist low-income households in meeting energy needs;
- (5) Coordinate the use of funds, resources, and programs from diverse resources to achieve the purposes of the office.”

Additional Tasks for 2014

- In early 2014, deliberations on the 2015-2017 Targets by RI PUC ramp up. The C-Team will support this effort.
- The EERMC has the opportunity to review and potentially propose modification to the “Standards for Energy Efficiency and Conservation Procurement and System Reliability.” The C-Team will support the research and deliberations to identify enhancements to the Standards, including support of an associated Docket with the RI PUC.
- Based on approved targets, the next 3-year EEPP covering 2015 – 2017 needs to be developed and submitted by 9/1/2014. This effort will require significant investigation of statewide, regional and national developments; data sourcing and analysis; negotiations; and reporting. The 2015 annual EEPP will then need to be completed in a compressed timeframe, adding challenges to this critical component of the EERMC’s responsibilities.



Next Steps

Finalize a proposed Scope of Work for presentation at the January EERMC meeting

- **Work in conjunction with the EERMC Budget Subcommittee through the drafting process**