STATE OF RHODE ISLAND
ENERGY EFFICIENCY & RESOURCE MANAGEMENT COUNCIL

MEETING MINUTES

Thursday, February 11, 2016
3:30 PM - 5:30 PM
Conference Room B, 2nd Floor
Department of Administration, One Capitol Hill, Providence, RI

Members Present:	Abigail Anthony, Bob Bacon, Joe Cirillo, Roberta Fagan, Jennifer Hutchinson, Michael McAteer, Joe Newsome, Chris Powell, Betsy Stubblefield Loucks, Karen Verrengia
Members Absent:	Marion Gold, Shigeru Osada, Diane Williamson
Consultants Present:	Mike Guerard, Scudder Parker
OER Staff Present:	Chris Kearns, Danny Musher, Rachel Sholly, Nick Ucci
Others Present:	Leah Bamberger, Karen Bradbury, Kat Burnham, Craig Johnson, Mark Kravatz, Courtney Lane, Jeremy Newberger, Celia O'Brien, Brigid Ryan, Rob Sherwood, Belinda Wong, Chon Meng Wong, Muxi Yang

1. Call to Order

Chairman Chris Powell called the meeting to order at 3:33 PM.

2. Approval of January Meeting Minutes

Karen Verrengia made a motion to approve the January meeting minutes. Joe Cirillo seconded and all approved.

3. Executive Director Report

a) *Legislative Update*

Chris Kearns of the Office of Energy Resources (OER) gave a legislative update. Mr. Kearns reported that the only piece of legislation related to EERMC work that has been introduced to date is a piece that would enhance appliance standards in the state. National Grid, Northeast Energy Efficiency Partnership (NEEP) and the Office of Energy Resources (OER) are working together to move the legislation forward.

4. Executive Committee Report

Abigail Anthony gave an overview of the items discussed at last week's Executive Committee meeting that were not on this meeting's agenda. She reported that she and a small group visited National Grid's Sustainability Hub in Worcester, MA. The Hub highlights the use of energy efficiency in a home, rooftop solar and electric vehicles, and also provides a way for the public to interface with the utility. The Executive Committee also heard from Nick Ucci on regional successes and the Block Island Saves Program. Mr. Ucci elaborated, noting that the Block Island pre-pilot was successful and the program will be opened to all Block Island residents and businesses in 2016. The Executive Committee also discussed Dunsky's finance work, which is focused on reviewing Commercial PACE (C-PACE) as well as Grid's revolving loan and heat loan programs. The Committee also touched on a question raised by Betsy

Stubblefield Loucks regarding the EERMC's role in resource diversification efforts. Finally, the Committee discussed open meetings rules.

5. Policy and Planning Issues

a) *Savings Targets Update*

The consultant team presented on the status of savings targets development, including recent work on trend analysis and key driver analysis that will inform targets development. Scudder Parker reminded the Council that the savings targets are presented in September and form the basis for the three-year planning process and standards updating process. Mike Guerard said that the important thing to confirm is that historically the Council has filed the targets on September 1st, but that is not a legislated deadline. The plan is to have a final draft ready for approval at the Council's September meeting, which would allow time to file by the end of September. The consultant team is starting by reviewing jurisdictional comparisons, the KEMA study update and other regional potential studies. They are also analyzing trends and planning a stakeholder feedback session for April or May. (See attached)

Jeremy Newberger pointed out that these targets assume the same level of over-performance for 2016 as 2015, which is probably not a reasonable expectation. With regard to key driver analysis, Mr. Guerard said that the consultant team might recommend that some of the unallocated 2016 budget be used to bring on experts to focus on a couple critical areas that might be beyond the consultant team's bandwidth. Chairman Powell asked how new codes will effect targets setting. Mr. Guerard said that time will be allowed to come into compliance and National Grid's code compliance efforts are already laying the groundwork. Michael McAteer noted that these additional savings will need to be achieved through more synergistic work and that the way efficiency is acquired will change and codes will be a significant influencer. Scudder Parker noted that linear LED lights have potential, which is an example of one of the ways in which additional savings can be uncovered.

Mr. Parker explained that the least cost procurement law says that the EERMC should look at effecting the time of use so that people and businesses are able to reduce their energy use at peak times is another benefit that efficiency programs and least cost procurement should be supporting. We do that now in a very simplified way by the capacity savings that are generated by the efficiency measures that are put in. This business of demand management, while it shares some of the same challenges, is a very different process than efficiency. The consultant team is trying to understand how the regional markets work, who the players in the regional markets are, if there are ways those markets could be adapted to provide more benefits to ratepayers. This is one area that may require additional expertise.

b) *Presentation on Regional Greenhouse Gas Initiative February 2016 Allocation Plan*

Chairman Powell explained that the OER is responsible for disbursement of Regional Greenhouse Gas Initiative (RGGI) proceeds and is required to consult with the EERMC and the Department of Environmental Management (DEM) on how the funds will be spent. Ms. Anthony added that the Council's job today is to listen to the proposed Plan and then it can provide feedback verbally or in written form. Nick Ucci walked through the memo (see attached). OER intends to get the Plan out for public comment within a week. There will be a 30-day public comment period ending in a public hearing.

Joe Newsome noted that most of the funds are proposed to be allocated to state facilities and asked how that coincides with the legislated criteria for use of RGGI funds, which includes helping all customers. Mr. Ucci said that those are eligible avenues to invest these funds but they are not requirements. Investing in state facilities reduces operational costs which benefits all Rhode Islanders. Mr. Newsome felt that allocating such a large portion of the available funds is a bit contrary to the intent expressed in the RGGI law. Mr. Ucci reminded the Council that in the last RGGI Plan, OER allocated a significant amount of funds to reduce the system benefit charge (SBC), which provided relief to all users. The Plans OER puts forward are always consistent with the law and it is important to note that it is the

only pot of funds that the state has to invest in efficiency. There are a lot of competing interests and OER does its best to be cognizant of those and to support the goals of least cost procurement, including the needs of the public sector.

Betsy Stubblefield Loucks requested a summary of how RGGI funds have been spent over the last few years. Mr. Ucci noted that all the Plans are available on OER's website. Ms. Anthony said that RI has historically seen some of the highest value from the RGGI program because of its consistent reinvestment of proceeds back into efficiency. In the past, funds have gone directly to efficiency programs. Ms. Anthony said that she does not see this Plan as inconsistent with Least Cost Procurement. These savings would still need to be procured, but they would have to be paid for with SBC funds. Chairman Powell noted that spending $4.4 million on state facilities will produce real savings and will result in taxpayer relief. Mr. McAteer said that state facilities are probably some of least efficient buildings out there. National Grid is embarking on a Strategic Energy Management Plan for state facilities and the biggest conundrum has been that there has not been any money to do significant upgrades. Now, taxpayers will no longer be paying for buildings that are operating at 60% efficiency.

Mr. Newberger asked, with regard to the state allocations, if the OER anticipates a partnership with National Grid similar to that of the Rhode Island Public Energy Partnership. Mr. Ucci said that question is being explored along with other questions including: How can we execute projects quickly? How can we work with agencies on longer term planning? What tools can we give them? Internal team has already identified more projects than can be funded than what this allocations allow. Mr. Newberger said that if there is a role for National Grid, it will be important to make sure National Grid is comfortable with that role and how it is language in the Plan.

Mr. Cirillo noted that since 1977, Rhode Island state facilities were construction compliant with codes but energy code was not always around. Leah Bamberger from the City of Providence felt that using RGGI funds to support state projects while municipalities are being asked to borrow money through the Efficient Buildings Fund is not Leading by Example.

c) *Discussion of EERMC role on planned RI Public Utilities Commission (PUC) docket "Review into Changing Distribution System"*

Mr. Parker and Mr. Musher explained that the efforts of the Systems Integration RI (SIRI) working group have in part prompted the Public Utilities Commission (PUC) to develop this proposal to explore the evolution of the utility distribution system. The PUC is looking for feedback on what it is intending to do and the framing that takes place for the proceeding itself. The PUC memo says that a single set of measurements would be developed by which all future programs funded through rates can be examined for reasonableness including whether differences between program incentives are reasonable and whether the decision to implement a utility activity is reasonable. How do all of these programs fit together and maintain a consistent approach in how customers get served. The consultant team memo outlines three key points (see attached). The consultant team offered to propose elements of a scope for the Council's consideration and potentially resulting in recommendations to the PUC. If directed by the Council, the consultant team would finalize and submit the scope to the PUC by the February 19, 2016 deadline in coordination with the Council's attorney. **Ms. Anthony made a motion to authorize the consultant team to submit comments and recommendations in response to the PUC request. Ms. Verrengia seconded and all approved.**

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

a) *Presentation on Rhode Island Public Energy Partnership Results*

Rachel Sholly presented the results of the Rhode Island Public Energy Partnership (RIPEP) (see attached).

Ms. Stubblefield Loucks asked if communities that participated usually included both the municipality and school district. Ms. Sholly was not sure but said that municipalities and schools often operate very independently so the overlap might not be as large as one would expect.

Mr. McAteer said that RIPEP has been an exemplary performance by the OER. He also thanked the EERMC consultants for their critical involvement. The goals were very ambitious and were still exceeded. This initiative proved that the technical capability to go deep and broad is there, but it requires the tactical approach of OER and National Grid working together. Ms. Sholly agreed, adding that almost all of the applications received for the Efficient Buildings Fund (EBF) have estimated reductions of 20% or more, the highest being 55%. Additionally, RIPEP savings were limited by National Grid's 5-year on-bill repayment program, while the EBF's 15-20 year loan terms will allow for deeper savings.

Mr. Parker noted that these are tough sectors and the partnership between National Grid and OER is part of what made this pretty dramatic movement into a market sector possible, which is a sign of a mature efficiency program. Ms. Verrengia said that she hopes the works continues, especially the student engagement piece in partnership with the University of Rhode Island. Mr. Newsome asked if the EBF team did any outreach to public housing entities. Ms. Sholly said that they were not specifically targeted, but that the team plans to do more outreach to the quasi-governmental agencies during the next round.

b) *Presentation on National Grid's 2015 4th Quarter Program Results*

Courtney Lane presented the results (see attached). The spend amounts are final, but the savings amounts will not be final until May 1st after all the numbers are checked for the final report filing. Mr. Newsome asked why the customer participation result for the income eligible multifamily line item was only 56% of the target. Ms. Lane explained that there was a planning error and that the actual planned participation should have been about half of what it was. Ms. Anthony asked what this success can be attributed to. Ms. Lane said that there was a lot of momentum from the previous year; this was the second year for several vendors and marketing and outreach helped to carry momentum forward. These trends are expected to continue into 2016.

Mr. Newberger noted that in 2014, National Grid only counted 90% of the Toray savings and counted the last 10% in 2015, which created a savings bonus. Ms. Anthony wondered if goals are be set too low or if markets really starting to move. Ms. Lane said that this will be discussed internally at National Grid. Mr. McAteer added that upstream lighting may account for a lot of new savings. Chairman Powell recalled a previous discussion about annual savings versus lifetime savings and felt that this should come into play strategically. One-year targets are great but the focus should also be on the lifetime savings. RGGI funds have been offsetting costs and allowing for longer term measures. Mr. Parker felt that the work of RIPEP was a driver that helped move into new market sectors, and the RI Infrastructure Bank programs will do the same.

7. Future Meeting Topics

Ms. Stubblefield Loucks explained there was a discussion at the Executive Committee meeting about unallocated funds in the budget that could be used for research to support the targets setting process. She had also raised the question about the role of the Council with regard to resource diversification and energy conservation, observing that the Council talks a lot about energy efficiency but less about renewables. This led to a conversation about what things the Council should know about and what presentations it might want to request to make sure it is doing a good job as Council. She thought one such item would be a summary of what programs are going on in the Council's name. Another would be to learn more about whether more research is needed to help identify opportunities for renewables in RI. Mr. Musher said that there is a lot of ongoing work around renewable energy and resource diversification in the state. A lot of the work and structure of the EERMC is guided by the Least Cost Procurement (LCP) standards, which are updated every three years and might be an appropriate agenda

item. Chairman Powell noted that the EERMC was supposed to meet regularly with the Renewable Energy Coordinating Board, which has now been dissolved. Mr. Musher added that Ken Payne, the Chair of the Distributed Generation (DG) Board, expressed interest in exploring a similar collaboration between the DG Board and the EERMC. He added that while LCP does include renewable energy and related language, it is an older law and now there are more laws that focus more on renewables. The consultant team and OER will facilitate a discussion with the Executive Committee on next steps. Mr. Musher will be presenting to the DG Board on systems integration on Monday and will work with Sue AnderBois, a DG Board member, to explore a collaboration.

8. Public Comment

Brigid Ryan of Emerald Cities said that she experienced RIPEP in her capacity as a member of the Newport Energy Commission and it was very helpful to have someone to take Newport's energy data and synthesize it. There is still an opportunity to help municipalities increase capacity around project development, looking at projects that go beyond just available rebates. Additionally, Emerald Cities is working to bring a new multifamily program to RI which addresses financing issues in the low income sector and could be applied to public housing authorities.

9. Adjournment

Mr. Newsome made a motion to adjourn. Bob Bacon seconded and all approved.