STATE OF RHODE ISLAND
ENERGY EFFICIENCY & RESOURCE MANAGEMENT COUNCIL

MEETING MINUTES

Thursday, March 10, 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, Shigeru Osada, Chris Powell, Diane Williamson
Members Absent:	Marion Gold, Betsy Stubblefield Loucks, Karen Verrengia
Consultants Present:	Mike Guerard
OER Staff Present:	Chris Kearns, Rachel Sholly
Others Present:	Michael Baer, Leah Bamberger, Tim Faulkner, Rachel Henschel, Jeremy Newberger, Belinda Wong, Chon Meng Wong

1. Call to Order

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

2. Approval of February Meeting Minutes

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

3. Executive Director Report

In Commissioner Marion Gold's absence, Rachel Sholly gave a brief Director report. OER has hired an intern to update and redesign the EERMC website. Any content or layout suggestions should be directed to Ms. Sholly. OER will be collecting headshots of members who have not already provided one, which includes Bob Bacon, Karen Verrengia, Roberta Fagan and Diane Williamson.

The Energy Expo at the Rhode Island Home Show is coming up on March 31 - April 3 at the Rhode Island Convention Center. There are currently 84 energy-related companies and organizations registered to exhibit. There are many more solar companies than last year, probably due to the launch of Solarize Rhode Island, which is coordinated by Shauna Beland in our office. Now over 300 students from 20 career tech schools are engaged in the construction of the three feature energy demonstrations, which are the solar demonstration exhibit, the Cox Communications home technology showcase, and two solar tree houses. The marketing campaign started last week, which includes TV and radio spots that Marion and Michael did, a website, a promo video, social media, and $2 off coupons in National Grid bills. The opening ceremony will feature Senators Reed and Whitehouse, Representatives Langevin and Cicilline, and Providence Mayor Jorge Elorza and will be held on Thursday, March 31st at 4:00 PM on the show floor. Lastly, the invoice for the Council's $50,000 sponsorship has been paid.

4. Executive Committee Report

The Executive Committee discussed Rhode Island's participation in the Northeast Energy Efficiency Partnership's (NEEP) Evaluation, Measurement & Verification (EM&V) Forum. Rhode Island has participated for the past few years, however, the value to Rhode Island has been questioned. National Grid, OER and the EERMC are trying to decide together at what level to participate moving forward. In MA and NY, National Grid is no longer contributing. National Grid has allocated up to $100,000 from its 2016 Energy Efficiency Plan budget for Rhode Island's participation in the EM&V studies. Commissioner Gold has been asked to take Commissioner Paul Roberti's place on the Forum, which is made up of other regulators and energy commissioners from around the region. The Executive Committee agreed that Commissioner Gold should accept the seat on behalf of the EERMC on a trial basis with the goal of better targeting NEEP's priorities to match Rhode Island's priorities.

Additionally, in response to recent questions posed by Betsy Stubblefield Loucks about the Council's legislated responsibilities, specifically resource diversification, the Executive Committee directed the consultant team to develop a dashboard of programs or activities going on in the name of the Council that support EERMC legislated responsibilities. This will be something that Council members can reference to figure out their role for action and what to keep an eye on. A draft will be ready for Council feedback at Executive Committee meeting.

In light of recurring confusion on open meetings laws, the Executive Committee directed Marisa Desautel to create a summary of open meetings requirements related to communications among members. There was also continued discussion of the proposed use of Regional Greenhouse Gas Initiative (RGGI) funds. Abigail Anthony requested that the consultant team prepare the memo that is in member packets for the discussion later in today's meeting.

5. Policy and Planning Issues

a) Finance Update

Consultant Mike Guerard provided an update on recent finance activities, including Dunsky's work and developments at the RI Infrastructure Bank, including Commercial PACE and the Efficient Buildings Fund (EBF) (see attached). Ms. Sholly reported that the EBF received 27 applications - 20 efficiency; 7 renewable energy; 19 municipalities; 8 schools; $60M requested. All applications were scored and ranked by the OER and the final Project Priority List was sent to the RIIB on March 4th. Michael Baer of RIIB reported that they have begun meeting with applicants and expect to be able to finance all of the projects that want to move forward. Given the high demand seen in round one, RIIB is already starting to think about round two and is evaluating ways to come up with capital that can be used to provide low-cost financing for these projects.

Mr. Guerard reported that Commercial Property Assessed Clean Energy (C-PACE) program has been ramping up with meetings being held weekly to ensure that C-PACE design is fully synched with existing National Grid-administered programs. Mr. Baer also reported regulations are out for public comment until the end of March in preparation for the program launch at the end of April. RIIB has been seeing a lot of interest from stakeholders including energy efficiency vendors and solar installers. Shigeru Osada asked how energy savings will be reported to the public. Mr. Baer explained that SRS, the program administrator, will oversee any measurement and verification (M&V) that will be done. Because most of these projects will receive National Grid incentives, savings will be tracked and reported by National Grid. RIIB will track savings from measures that National Grid does not incentivize, such as windows and

doors. Both C-PACE and EBF participants will be required to track savings post-installation. Residential PACE will follow a similar process but likely will not launch until the end of 2016 or beginning of 2017.

Lastly, Dunsky has provided input to National Grid on two evaluation studies – one on the revolving loan on-bill repayment program and one on the HEAT Loan program. Dunsky is also looking at how all of these financing developments might help inform the savings targets process that is underway. A memo to the finance and targets working groups should be ready by the end of the month.

Joe Newsome asked about outreach to quasi state agencies. Ms. Sholly said that there was not much outreach to that sector in the first round of the EBF, but the suggestion will be taken for the second round.

b) Savings Targets Update

Mr. Guerard said that the Council will need to submit the targets to the Public Utilities Commission (PUC) by the end of September. The consultant team will have a final draft ready by the end of August for approval at the September Council meeting. Related activities currently underway include jurisdictional comparisons, high-level trend analysis to understand recent trajectories, and the key driver analysis. The consultants are looking at major measures in coordination with the savings targets working group. The work will also be reviewed with residential and C&I strategy teams.

To get stakeholder input, Mr. Guerard proposed holding a session in May to garner insights from key constituents to help inform the targets setting process. The Council's role would be to help identify key groups to invite. A memo to better frame the desired outcomes and discussion questions will be developed for the April meeting. Diane Williamson asked what types of constituents should be invited and how many. Ms. Anthony said to think about who members know that has insight into major energy trends. Mr. Newberger added to think about who among member constituents is doing something of significant magnitude that would make a dent in shaping the targets. The Council asked the consultant team to pick some potential dates and send out a doodle poll. Ms. Anthony suggested that, to provide flexibility, there be a process for people to submit comments or schedule individual meetings with the consultant team.

c) EERMC Response to Regional Greenhouse Gas Initiative Allocation Plan

Ms. Anthony explained that OER presented its plan for RGGI allocation last month and the Council heard a lot of public comments. She recommended that the Council decide whether it wants to provide formal written comments and, if it does, the Council should discuss what they should say.

Mr. Osada asked how energy savings from RGGI funded projects are tracked. Ms. Anthony said that if OER uses RGGI funds for energy efficiency projects and leverages National Grid programs then those projects meet all the same criteria that National Grid projects must, which is probably most projects. Mr. Newberger added that OER must adhere to the criteria in the RGGI statute, which says that funds must be used for the most cost-effective available projects.

Mr. Newsome asked what the phrase "consult with" means. Mr. Kearns said that consult means engaging with a party to get feedback. Mr. Newberger noted that OER is now doing two allocation plans per year to get money out more quickly and the Executive Committee discussed developing a better timeline so EERMC has more time to comment.

The consultant team presented a memo requested by the Executive Committee outlining potential comments on the RGGI plan. Mr. Guerard said there is still time to submit written comments before the public hearing on March 17th and 10 days after the public hearing. The Council could also attend the

public hearing and provide either oral or written comments there. Mr. Kearns recommended that any public comments received by the EERMC be submitted separately by those entities.

Ms. Anthony said that is hard to deny that state facilities are in great need of efficiency improvements. She thought it would be productive for the Council to submit any thoughtful, constructive comments to the OER on the best way to deploy that $4.4 million so that it goes the farthest and achieves the most energy savings. Having heard concerns from a variety of stakeholders, it is incumbent on Council to submit constructive feedback. She received feedback from outside stakeholders that the RIPEP model is a best practice for municipalities to use to leverage customer payments and National Grid funds. Transferring the RIPEP model from municipalities to state could be a good recommendation for Lead by Example.

Chairman Powell said that it is assumed that system benefit charge (SBC) funds will be leveraged with the deployment of RGGI funds, but state dollars and financing should also be leveraged. Creating a revolving loan fund would better capture the savings. RIPEP had a set of rules that were applied to the spending of those funds. The Council could recommend that the state apply that same level of rigor and requirements to the use of these Lead by Example funds.

Mr. Newsome said he would resist submitting comments that will not be taken into consideration by the OER. Ms. Anthony noted that OER used suggestions from the last RGGI public hearing and had a better result. Diane Williamson felt that the Council should comment whether or not OER decides to accept them. She offered a few criteria that could be recommended, including an energy savings target, leveraging as many funding sources as possible, and aligning with planned capital improvements. Ms. Anthony said that maybe all of these best practices have already been encapsulated by RIPEP and maybe the EERMC's recommendation is to point out the most important elements of the RIPEP model and recommend that they be implemented at the state level as well.

Ms. Sholly noted that the Strategic Energy Management Plan (SEMP) that the state is engaging in with National Grid provides a framework for these types of structured criteria. Ms. Williamson said that a recommendation could be to tie the RGGI allocation plan to SEMP action items.

Mr. Newsome observed that nothing in the plan specifically addresses low-income customers. Mr. Guerard said that there is a small amount ($300,000) allocated to state-owned homeless and behavioral health facilities. He also said that between the federal funding and the National Grid programs low-income customers get a 100% incentive for efficiency projects, which is a challenge. In previous years, OER allocated funds to nonprofits that served low-income, but it is a challenging sector.

Chairman Powell read an email from Ms. Stubblefield Loucks who was absent from the meeting: "*I noted at the Executive Committee meeting that several people asked me questions about the most recent RGGI allocation. It would be helpful to know how those allocation decisions are made. Are they based on a set of criteria? When equal options are presented, who and how is the final selection made? Also, there has been some concern that the $4.5 M for state buildings could be better structured, perhaps as a revolving loan that the state would pay back. Access to capital is a huge barrier for investments in energy efficiency and climate change mitigation and adaptation, so I would appreciate a better understanding of what options OER weighed, how future decisions will be made, and what role EERMC plays in that process.*"

Ms. Anthony moved to authorize the consultant team to develop recommendations to OER on the first 2016 RGGI Allocation Plan based on input received with final review prior to submittal by either the Executive Committee or Chairman. Ms. Williamson seconded and all approved.

d) Public Utilities Commission Docket "Review into Changing Distribution System"

Ms. Anthony reminded the Council that this started when National Grid submitted a rate design proposal to the Public Utilities Commission (PUC). The EERMC was an official party in that proceeding because it had important implications for energy efficiency and other energy issues. National Grid ultimately withdrew that proposal and the docket was closed. Then the PUC issued a solicitation with questions on what kinds of costs and benefits on the energy system should be measured. Last week, the PUC opened a new docket (#4600) based on those questions and issued a 10-page document on the reason for this proceeding, which is essentially to find mechanisms that would allow it to make more strategic decisions and investments on the energy system as a whole. The PUC will look for stakeholders to identify themselves and volunteer to participate in the proceeding. The PUC is also engaging with an expert consultant to facilitate the stakeholder process. The outcome will be guidance to utility for future rate cases. Mr. Newberger said that the PUC will convene meeting in early April, so the Council should decide if it wants to be an official participant in the proceeding. Ms. Anthony said the cost would be pretty low and recommended that the Council at least take the first step of becoming an official participant and then determine its level of involvement going forward.

Ms. Anthony made a motion to direct the Council Attorney to submit the EERMC intervention petition for PUC Docket #4600 when the time comes. Bob Bacon seconded and all approved.

e) EERMC Annual Report

Ms. Sholly reported that OER will again take the lead on developing the EERMC Annual Report, as it has for the past two years. The process has been delayed due to reduced staff capacity, so the report will be submitted in May instead of April. OER will notify the legislature of this delay and does not anticipate any concerns. Development is underway and the first draft will be presented at the April Council meeting. Mr. Guerard suggested that the Council take some more time to review the proposed policy recommendations and strategic principles and send any comments.

6. Rhode Island's Participation in Avoided Cost Study

Mr. Newberger explained that Rhode Island, along with the other New England states, cooperates on a regional avoided energy supply component study that provides us with the values for electric energy capacity, natural gas and fuels that are used in screening programs for cost-effectiveness. The frequency of this study update is up for discussion. Mr. Newberger felt that Rhode Island should subscribe to the update and the update should be done now so it can be used for 2017 and 2018 programs, assessing cost-effectiveness and developing three-year targets and the next three-year plan. VT and ME have expressed interest in participating, NH and MA are on the fence, and CT will likely not participate. Ms. Anthony thought RI should participate because the PUC will want the most updated avoided costs possible. Mr. Newberger said that if RI ends up being the only subscriber and has to pay for the whole study, he would choose a subset of study topics: natural gas costs, electric load forecasts, and capacity retirements and additions. National Grid can cover the cost with its evaluation budget. The Council supported this direction.

7. Council Business

a) EERMC Budget Report & Discussion of Unallocated Funds

Chairman Powell said that there is a $290,000 unallocated fund balance in the EERMC budget. If excess funds are left with National Grid, they go back to the general fund and are reallocated to other programs. Last year, the Council moved leftover funds to a client fund held with the Council's attorney.

One idea for use of funds was to hire an expert to inform particular pieces of the targets setting process that the existing consultant team could use help on. Another suggestion was to hire a consultant to evaluate moving from the total resource cost test to the societal cost test for screening measure cost-effectiveness. Another idea was holding a Council member workshop, similar to the orientation workshop held last year. Mr. Guerard suggested that any decisions be held for when more members are present and said the consultant team could draft a more substantive list for Executive Committee review.

8. Public Comment

Joe Cirillo referenced bill H770 introduced Representative Handy which minimum energy efficiency and water standards, which proposes detailed enhancements to appliance standards. Ms. Sholly explained that the OER has been involved in this along with Northeast Energy Efficiency Partnerships and National Grid. Mr. Guerard added that this is the third year this bill has been introduced. Chairman Powell suggested a presentation on this at the next Council meeting.

9. Adjournment

Mr. Newsome made motion to adjourn. Mr. Cirillo seconded and all approved. The meeting adjourned at 5:35 PM.