



MEETING MINUTES

Thursday, March 19, 2015

3:30 - 5:30 PM

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

Members Present: Abigail Anthony, Joe Cirillo, Marion Gold, Jennifer Hutchinson, Dan Justynski, Michael McAteer, Joe Newsome, Chris Powell, Paul Ryan

Consultants Present: Mike Guerard

OER Staff Present: Ryan Crowley, Danny Musher, Rachel Sholly, Nick Ucci

Others Present: Marisa Desautel, Rachel Henschel, Sam Milton, Kelly Rogers, Brigid Ryan, Tom Sgouros, Rob Sherwood, Belinda Wong, Chon Wong

1. Call to Order

Chair Paul Ryan called the meeting to order at 3:34 PM.

2. Approval of January Meeting Minutes

Joe Newsome made a motion to approve the February meeting minutes as submitted. Chris Powell seconded and all approved.

3. Executive Director Report

Commissioner Gold from the Office of Energy Resources (OER) said she attended the monthly management Rhode Island Public Energy Partnership (RIPEP) meeting. The project has benchmarked 738 facilities and have completed retrofits at 68 projects to date with an average energy savings of 24 percent. They are on track to exceed their goal of 100 completed projects by September 1, 2015. RIPEP has identified major barriers from moving some projects forward. First barrier encountered was purchasing rules. City and towns were having difficulty working with National Grid without an RFP.

A state master price agreement is being developed to support the delivery of turnkey energy efficiency services for public sector entities. The parameters are based upon specifications used by National Grid in its certification of project expeditors. As proposed in the MPA, for projects up to \$50,000, a public entity can choose any company on the list for turnkey, for projects ranging between \$50,000 and \$600,000 will

need bids from 3 vendors on the list, and projects over \$600,000 will need a standard bid. The parameters were developed with the state purchasing office.

Commissioner Gold went on to explain the other major barrier identified is providing access to capital for projects that allow for a longer payback period. The Treasurer's office has been reviewing barriers in this area as well and their findings are consistent with those that were shared by Dunsky. The Treasurer has emphasized the need to have input from the appropriate stakeholders and Governor has reiterated the same message. Through work of RIPEP there will be many projects in the pipeline ready to be rolled out. RIPEP has done a great job on energy tracking using URI energy fellows to pull the data together for bill tracking. One issue that has been encountered is that it is difficult to update and maintain the database and therefore National Grid has pledged to develop an automatic upload of electricity and gas data and make Rhode Island the first state to have an automatic data dump. Michael McAteer noted that is a difficult process and expensive.

Commissioner Gold also noted that National Grid nominated the RI Department of Transportation for the Rhode Island Business Champion Award for the retrofit of streetlights on I-295. Mr. McAteer said that safety and security are being accented by the project. Commissioner Gold said the project will save taxpayers an estimated \$16,000 a year and may lead to a full conversation. If all state owned lights are changed savings will be almost \$1 million. Mr. Ucci said that through the 2014 RGGI allocation program the OER allocated \$525,000 to support enhanced incentives to municipalities to encourage the conversion to LED lights. Input has been sought from the League of Cities and Towns and the OER hopes to move the funds to National Grid and then National Grid can provide funds to cities and towns that are interested in participating. This would streamline the administrative process. Commissioner Gold said that RIPEP's Ilene Mason is trying to determine how the state tracks outdoor lighting (non-building). She also said that Danny Musher has been working on the thermal report and its recommendations. The draft report is almost ready.

Mr. Powell asked Commissioner Gold what buildings the efficient building fund applies to. She stated it is designed to be for municipal buildings. Mr. Powell then asked where the \$3 million in RGGI funds are coming from. Commissioner Gold said it is from future funds with the idea is to leverage the funds to bring in more private capital. Joe Cirillo asked that if there was still going to be an update on the RIPTA bus shelter stops. Chair Ryan stated that he believes Lamar has the responsibility to light the bus shelters.

Mr. Newsome asked about the status of the State Energy Plan. Commissioner Gold noted the Governor's office is supportive of the plan, which is currently with the state planning office. Their technical committee must first review and then the full committee must formally endorse it. Abigail Anthony stated she wants the Council to understand what is being proposed and decide if there is a position for the council.

Chair Ryan asked for a motion to move agenda item #5 higher on the agenda so it could be addressed when the Treasurer arrived. **Mr. Powell made a motion to move "Legislative Updates" higher on the agenda. The motion was seconded by Dan Justynski and approved by the Council.**

4. Executive Committee Report

Vote on Legal Contract

Marisa Desautel introduced herself to the Council and said she was formerly the environmental council for the Department of Environment. **Mr. Powell motioned to approve the legal services contract. The motion was seconded by Mr. Justynski and approved by the Council.**

5. Policy & Planning Issues

Review of 2015 Annual Report First Draft

Rachel Sholly presented the annual report first draft overview. A rough draft was sent to Council on March 13. Comments are due from the Council by March 27. A second draft will be sent on April 1 with comments due April 8. The Council will then vote on the report at its April 9 meeting. Policy recommendations were reworked based on comments and discussion at previous Council meetings. There are now two sections titled 'policy recommendations' and 'strategic principles and directions'. She noted that these items are aligned closely with the State Energy Plan. She welcomed discussion on how the recommendations and directions should be described and which should go in each section. Mr. McAteer preferred keeping the system integration section in the strategic principles and directions section. Mr. Powell agreed, saying that it would send message that this is a multiyear priority. Mr. Musher noted that the main audience should be considered when deciding what is being listed as a policy recommendation or direction. Ms. Anthony said regulatory recommendations should be highlighted in the recommendations section in the report.

Legislative Update

Treasurer Magaziner highlighted the partnership between Treasury and the Governor's Office to develop a Rhode Island Infrastructure Bank which has been included as part of the Governor's state budget proposal. He said there has been tremendous collaboration with the OER, DEM, Commerce RI, and Department of Business Regulation, as well as outreach to business and environmental stakeholders. He noted that the Dunsky report lined up with what Treasury found regarding energy financing needs – both what is currently being done well and what can be improved. He specifically noted that the Clean Water Finance Agency (CWFA) has managed very successful programs to support stormwater/drinking water improvements and a municipal road and bridge fund, and that National Grid-administered energy efficiency programs have reached thousands of homes and businesses. He stated that the retrofits National Grid does tend to be light and the missing opportunity is to retrofit old public buildings. \$50 million a year is being spent by cities and towns on electricity alone. The proposal would take CWFA and rename it the Rhode Island Infrastructure Bank and try to make it the centralized hub for finance. Existing programs will stay and continue as they are and they would add programs for energy efficiency for buildings such as Property Assessed Clean Energy (PACE). He noted that Connecticut has one of best PACE programs in the country and the goal of the proposal is to include commercial and residential. The second facet of the proposal would finance energy retrofits and projects in municipal buildings or school buildings.

Mr. Cirillo suggested that it would be helpful to have a committee or group look at the proposal and possible future projects. Treasurer Magaziner said there needs to be a cost-benefit analysis with any project and he believes that the various departments should have input for their respective projects. Ms. Anthony asked about the implications of this on the system benefit charge. Treasurer Magaziner said the proposal does not take funding away from other programs that are doing well. The legislation as it is written now would extend the system benefit charge for 20 years, which matches the term of the bond for the public energy fund. Less than one percent of the system benefit charge would be used if there is a case where there are no energy savings and the loan loss reserve is depleted.

Mr. Powell noted that the RGGI funding has strict rules about how the money will be spent because when forecasting was done, taking \$3 million from the fund and also funds from system benefit charge are two areas that may contrast with legislation that already exists. Treasurer Magaziner noted that RGGI funds will not be used on an ongoing basis but will instead be used for a one-time allocation to get the program up and running. Mr. McAteer said the challenge is to determine the scale of the work that

needs to be done. Commissioner Gold stated that RGGI funds were reviewed and approved for use by OER the Governor's office. Ms. Anthony asked what the process is until the budget is approved. Treasurer Magaziner said that feedback will continue to be collected and the most important goal is to get the proposal through the General Assembly. Commissioner Gold noted that partnering with CWFA will be beneficial to the OER because it is not a financing entity and it has been a pleasure to work with the Treasurer's Office.

Ms. Anthony mentioned specific bills that the Council should be concerned about such as capping the performance incentive. Commissioner Gold said that this bill presents an opportunity to educate legislators on the hard work that went in to getting the incentive. Ms. Anthony will draft a legislative position paper for the Council to review. Commissioner Gold said there is a bill to add a large and small institutional representative to the Council and Mr. Ucci noted the OER has not taken a position on any bills on behalf of the administration.

Mr. Justynski said he is concerned about creating another entity to fund programs that municipalities may already be entitled to. Mr. Powell said the municipalities have asked for more financing. Chair Ryan said the infrastructure bank idea was presented to the Governor when she was Treasurer and it became clear with ARRA that CWFA was more organized than other financing agencies. Ms. Anthony asked if under the Governor's proposal, municipalities would still be getting incentives. Mr. McAteer said National Grid would continue to use incentives. Commissioner Gold said there are many details that still need to be worked out but the Dunsky report confirmed that projects are currently take too long to payback with the current model. Mr. Ucci said that as legislation progresses, the OER will adjust how its traditional energy efficiency programs will be delivered and invested.

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

2014 Energy Efficiency Program Results

Rachel Henschel presented National Grid's 2014 Energy Efficiency Program results before the Council voted on the budget transfer.

Vote on National Grid Budget Transfer 2014

Ms. Henschel outlined National Grid's request for approval to transfer \$136,500 from the residential sector to the commercial and industrial sector. Jennifer Hutchinson noted that National Grid that the Public Utilities Commission (PUC) has been notified of other required transfers. Ms. Anthony asked what evaluations are being modified lighting, appliances and other residential products. Mr. Justynski asked if any customers would be deferred to a subsequent year because of the budget transfers. Ms. Henschel said that will not happen and there may actually be more customer served with this change. Mike Guerard noted that similar transfers do happen in Massachusetts. Commissioner Gold noted that Rhode Island will also be reviewing the Massachusetts evaluation for the Heat Loan Program.

Mr. Justynski made a motion to approve a National Grid budget transfer of \$136,500 from the residential program to the commercial electric program. The motion was seconded by Mr. Powell and approved by the Council.

Systems Integration Working Group Update

Ms. Anthony said the group is trying to hire a facilitator to clarify what the group wants to do. The facilitator would engage external stakeholders in advance of the distributed generation rate design proceeding at the PUC in the summer. An RFP was drafted and two responses have been received. Commissioner Gold noted that RGGI allocation from a few years ago was set aside for this topic and

would be used for the facilitator. Ms. Anthony said the goals of the group need to be decided with the PUC activity forthcoming this summer. Mr. Powell asked if there were any updates on the rate design. Commissioner Gold noted there was a conference on March 26. Ms. Anthony said the Commission is currently educating themselves about the topic. Mr. Powell suggested the Council should be thinking about how it would deal with load shedding and how these rate designs will effect consumers in the 2017-2018 year. Chair Ryan asked which entity is overseeing/holding the docket. Jennifer Hutchinson said the docket must be open by July 1 but is unsure if National Grid will make an affirmative filing on that date or if the PUC will open it.

7. Other Business

Energy Expo Debrief

Ms. Sholly presented the preliminary debrief of the Energy Expo. She noted that over 22,000 people attended and over 100 energy vendors participated in the Rhode Island Home Show. Chair Ryan asked if the allotted intern hours and assistance was helpful. Ms. Sholly said it was helpful but also said that there was a lot of work that could not be done by the interns because of their limited time and that she had to put her other projects and responsibilities on hold to make sure that the Energy Expo ran smoothly.

8. Public Comment

Mr. Cirillo commended National Grid on how they handled a recent gas leak in his home.

9. Adjournment

A motion to adjourn was made by Mr. Justynski and seconded by Mr. Powell. The meeting adjourned at 5:37 PM.