



MEETING MINUTES

Thursday, September 10, 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, Roberta Fagan, Marion Gold, Jennifer Hutchinson, Michael McAteer, Shigeru Osada, Chris Powell, Betsy Stubblefield Loucks, Karen Verrengia, Diane Williamson

Members Absent: Joe Newsome

Consultants Present: Mike Guerard, Scudder Parker

OER Staff Present: Chris Kearns, Danny Musher, Rachel Sholly, Nicholas Ucci

Others Present: Michael Baer, Lindsay Foley, Linda George, Rachel Henschel, Courtney Lane, Jeremy Newberger, Matthew Ray, Laura Rodormer, Brigid Ryan, Puja Vohra, Raquel Webster, Belinda Wong, Chon Wong, Muxi Yang

1. Call to Order

Chairman Chris Powell called the meeting to order at 3:35 PM.

2. Approval of August Meeting Minutes

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

3. Executive Director Report

Commissioner Marion Gold of the Office of Energy Resources (OER) reported that much of the work the OER has been doing will be discussed as part of other agenda items. The Clean Energy Industry Report was released a couple weeks ago and found that there are almost 10,000 clean energy jobs in RI and that number is projected to grow by about 16% in the year to come. She described other results of the report. Many of the businesses surveyed reported challenges with finding well-trained workers. The Council has begun partnering with RISE, National Grid and some small businesses to work on a Real Jobs grant starting with a needs assessment, talking to local companies about what skills they are looking for and what kinds of training opportunities the state can provide. Additionally, the OER is also on track to convert all state highway streetlights to LED by the end of 2016, which will result in significant energy and cost savings for the state, following a successful pilot with RIDOT.

4. Executive Committee Report

Chairman Powell reported that at last week's Executive Committee meeting, the OER presented a new format for reporting EERMC expenses based on recommendations from the August Council meeting. Chairman Powell had recommended adding committed/uncommitted expenses to distinguish from projected expenses and have a more accurate picture of total balance. The OER will revise and present to the Executive Committee at its next meeting. The Committee also discussed a letter submitted by TEC-RI requesting \$20,000 to offer energy seminars to its constituents. The Committee decided to explore a process for approving funding requests such as this that support stakeholder activities that advance the objectives of Least Cost Procurement. The Consultant Team will draft a proposal for the November Executive Committee meeting before bringing it before the full Council. The other items covered at the Executive Committee meeting will be discussed as part of today's agenda.

5. Policy & Planning Issues

Review of 2016 Energy Efficiency Program Plan First Draft

Jeremy Newberger of National Grid and Scudder Parker from the EERMC Consultant Team presented a summary of the draft plan including key issues identified at the September Collaborative meeting (*see attached*). Shigeru Osada pointed out a discrepancy between the graph on slide 6 and the data that National Grid provided recently. National Grid and the Consultant Team will coordinate to ensure that their data is consistent. Mr. Guerard noted a scheduling issue which will be addressed at the next Executive Committee meeting.

Regarding delivered fuels, Mr. Newberger thanked the OER for committing \$1 million in Regional Greenhouse Gas Initiative (RGGI) funds to support delivered fuels energy efficiency measures in 2016. It was noted that a significant percentage of the state uses oil for heating. The budget for gas efficiency measures is about \$6-7 million compared to the \$1.7 million being allocated to delivered fuels in 2016. Danny Musher explained that the OER coordinates a delivered fuels working group to identify and pursue solutions to this issue. Mr. Bacon asked how other states fund this work. Mr. Newberger and Mr. Parker explained that other states use electric ratepayer funds, RGGI funds, and forward capacity market funds, but it is usually far less than the demand. Nick Ucci said that the OER is committed to addressing this issue and feels that a long term solution could provide jobs and economic development for Rhode Island. Michael McAteer noted that the demand for energy efficiency is greater than the supply and our work is to close the gap.

On slide 25, Mr. Osada would like to see the customer cost and where the benefit cost ratio is coming from. National Grid has those numbers and will share them. Diane Williamson asked why annual savings are lower in the income eligible program than the non-income eligible programs. Rachel Henschel explained that the income eligible number represents only two programs whereas the non-income eligible number represents eight programs.

Lindsay Foley presented the draft System Reliability Procurement plan (*see attached*). Ms. Stubblefield Loucks expressed interest in receiving more information regarding the decisions made to shift to programs that achieve shorter term savings rather than long-term savings. Jennifer Hutchinson introduced Raquel Webster from National Grid and said that she will probably attend more EERMC meetings as additional legal representation.

Update on PUC Rate Design Proceeding and Vote on Strategy and Next Steps

Mr. Parker presented a memo on the context, potential EERMC position and proposed next steps regarding the rate design docket (*see attached*). The memo states that the rate design, although it complies with the law, is something that will have the potential to reduce the savings that customers get from efficiency programs because more is being paid through a fixed cost rather than a variable cost. Does advance least cost planning and the preference is to take some time. Chris Kearns noted that the Public Utilities Commission (PUC) will hold a technical session next Thursday to discuss how to approach this docket over the next few months. The OER will likely ask for an extension on the September 30 deadline because there is a lot of information to absorb before the parties can provide testimony. The Consultant Team was directed to participate in the hearing and review what comes out of it.

Regarding the language of the proposed EERMC position, Mr. Newberger felt that the idea that the proposed rate design is "flawed" is a bit of a mischaracterization because the Company was instructed to come up with a proposal that was revenue neutral, so it is not designed to induce wholesale changes in customer behavior. National Grid thinks that with education about the tiers, customers will understand the value of managing their use. The Company feels that this docket is the first step in an incremental rate restructuring process and the Company hopes that the process is not delayed. Ms. Stubblefield Loucks asked for clarification on the finality of this proceeding. The answer was that the rates decided upon during this proceeding will be final and the PUC would have to open a new docket to restructure the rates. Mr. Newberger explained that the Company expects customers to either try to get into lower tiers with lower charges or they will take steps to reduce their usage so they do not go into the higher tier.

Joe Cirillo made a motion to approve the drafted position with the exception that an extension has been requested from the PUC. Karen Verrengia seconded and the motion passed.

Update on Finance Expert Selection Process

Mr. Guerard and Mr. Musher presented information on the finance subgroup's process to provide a recommendation of a finance expert(s) per the Council's vote at the August meeting (*see attached*). The process should result in a candidate(s) being presented to the Council at the October 1, 2015 meeting.

6. Other Business

There was no other business.

7. Public Comment

There was no public comment.

8. Adjournment

Bob Bacon made a motion to adjourn the meeting. Commissioner Gold seconded and all approved. Chairman Powell adjourned the meeting at 5:40 PM.

Next Meeting: Thursday, October 1st; 3:30-5:30 PM; Conference Room B