



MEETING MINUTES

Thursday, September 8, 2016 | 3:30 - 5:30 PM

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

Members in Attendance: Abigail Anthony, Bob Bacon, Joe Cirillo, Roberta Fagan, Carol Grant, Tom Magliocchetti, Michael McAteer, Shigeru Osada, Chris Powell, Betsy Stubblefield Loucks, Karen Verrengia, Diane Williamson

Members Absent: Anthony Hubbard, Jennifer Hutchinson

Others Present: Michael Baer, Brian Buckley, Vito Buonano, Priscilla De La Cruz, Lindsey Foley, Mike Guerard, Alex Hill, Alice Hourihan, Courtney Lane, Danny Musher, Jeremy Newberger, Scudder Parker, Matthew Ray, Ben Rivers, Laura Rodormer, Brigid Ryan, Paul Ryan, Rachel Sholly, Puja Vohra, Belinda Wong, Chon Meng Wong, Muxi Yang

1. Call to Order

Chairman Chris Powell called the meeting to order at 3:31 PM.

2. Approval of Meeting Minutes

Joe Cirillo made a motion to approve the August meeting minutes. Tom Magliocchetti seconded and all approved.

3. Executive Director Report

Commissioner Carol Grant reported that the Office of Energy Resources (OER) has been making great progress on the Governor's Lead By Example (LBE) Executive Order, which was issued last year. The first LBE annual progress report will be issued on October 1st. OER is also hosting a "Drive Electric" public outreach event on Saturday at Garden City.

4. Executive Committee Report

Chairman Powell reported that the Executive Committee discussed savings targets development and standards revision and the first draft of National Grid's 2017 Energy Efficiency Program Plan including key financing issues. Mike Guerard of the consultant team added that there has been good progress on the system reliability standards and the efficiency standards are the next area of focus. There will be some more substantive updates on both at the Council next meeting.

5. Energy Efficiency Programs and System Reliability Procurement Issues

a) Presentation and Discussion of Draft 2017 Energy Efficiency Program Plan

Scudder Parker reported that the consultant team has provided detailed comments and edits on all components of the 2017 Energy Efficiency Program Plan draft and offered to share them with Council members. Representatives from National Grid provided Council members with an overview of the first draft content and key numbers (*see attached*). Shigeru Osada asked how capacity price is forecasted. Jeremy Newberger of National Grid explained that the capacity price comes from an avoided cost study,

which includes a forecast of energy and capacity avoided costs. All the program administrators in New England get together to sponsor this study every three years. The consultants model the entire electric and gas system for the region and forecast capacity additions and retirements for generation. Mr. Parker added that the consultant team also reviews and confirms the cost-effectiveness of each Plan.

Regarding the income eligible heating program, Betsy Stubblefield Loucks asked what percentage of the income eligible population is expected to be covered by the 30 heating system allocation. Matthew Ray of National Grid said that this equates to about \$1 million and the emphasis will be on commercial multifamily systems which should reach more people. Mr. Guerard asked for clarification on what the \$500,000 delivered fuels allocation would support. Mr. Ray listed air sealing, weatherization, thermostats, aerators and pipe wrap, but not tune-ups or heating equipment.

Abigail Anthony asked for clarification on the calculation of the 4% shareholder incentive for delivered fuels. Mr. Parker noted that the consultant team would like to take a look at this. Mr. Guerard added that there is no fundamental change in what National Grid or the vendor is expected to do, so there may not be justification for a new shareholder incentive. Mr. Newberger said that Grid would be accepting a target for delivered fuels savings. Ms. Anthony asked what the Company hopes would change as a result of the incentive. Mr. Newberger replied that, given that demand for delivered fuels efficiency services is anticipated to increase, it would be good to see how a target and incentive would work toward achieving savings. Mr. Parker said that an overall benefits target that included delivered fuels could be an alternative option. Ms. Anthony asked the consultant team to define how the performance incentive fits into the EERMC's long-term priorities.

Chairman Powell expressed concern about the lifetime cost/MMBtu for gas programs being high and asked if there is a risk of hitting the cost-effectiveness threshold. Ms. Lane said that Grid shares that concern and explained that recent EnergyWise evaluation results have lowered the amount of savings that can be claimed for each measure, so it costs more to get the same savings. To address this, the Plan shifts more of the savings goal to C&I which is able to obtain savings more cost-effectively. Mr. Osada asked, since the cost of electric supply is less than the cost of the program, if there is data on how many customers have already taken advantage of low-hanging fruit in the large C&I sector. Ms. Anthony felt that Mr. Osada's suggestion would lead to higher costs over time. Mr. Parker reminded the Council that success in this field means that there are less savings for the Company to claim and deeper savings get more expensive.

EERMC finance consultant, Alex Hill, provided an overview and recommendation related to the Plan's finance proposal (*see attached*). Chairman Powell asked how the \$5 million system benefit charge (SBC) allocation to the Rhode Island Infrastructure Bank (RIIB) would revolve to fund future loans. Mr. Hill said that RIIB's plan for the next round of EBF financing is to use the ratepayer funds to create a first loss position allocation of bonds, which would be attached to a set of privately sold bonds, and with time those first loss position bonds the bank holds for itself would become freed up as the overall investments are repaid by the borrower, so it does operate as a revolving loan fund. These are up to 15-year terms though, so it takes longer for the funds to come back than with National Grid's on-bill repayment program. Chairman Powell expressed concerns about RIIB needing ongoing fund injections and the impact on the SBC. Mr. Hill said that the long-term goal is for the financing programs to begin to fund themselves. Michael McAteer emphasized the importance of evaluating the value and effectiveness of financing and how it can be applied to different markets in the same way that incentives are evaluated.

b) Presentation and Discussion of Draft 2017 System Reliability Plan

Lindsay Foley of National Grid thanked the Collaborative members who provided comments on the first draft System Reliability Plan. She reviewed the first draft (*see attached*).

6. Council Business

a) Vote on Consultant Team Budget Request

Chairman Powell said that the consultant team has requested a supplemental budget of \$55,000 for 300 hours of additional work in 2016 (*see attached*). Ms. Sholly reported that the Council has approximately \$219,000 in unallocated funds. **Karen Verrengia made a motion to approve the consultant team's request. Joe Cirillo seconded and all approved.**

b) Member Retreat Planning and Meeting Calendar

Ms. Stubblefield Loucks suggested holding both the member retreat and a short business meeting on the same day in October. The Council agreed and directed Ms. Sholly to poll members to find the best date.

7. Public Comment

Mr. Newberger informed the Council that he has accepted a new position at National Grid, which will essentially be the Michael McAteer of Massachusetts. He will be continuing his current role through the end of September. He also expressed gratitude for the Council's work and contributions to Rhode Island's leadership in energy efficiency.

8. Adjournment

Ms. Verrengia made a motion to adjourn the meeting. Mr. Bacon seconded and all approved. The meeting was adjourned at 5:42 PM.