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**MEETING MINUTES**

****Thursday, October 19, 2017 | 3:30 - 5:30 PM****

Conference Room A, 2nd Floor, Department of Administration, Providence, RI

**Members in Attendance:** Chris Powell, Carol Grant, Anthony Hubbard, Michael McAteer, Joe Cirillo, Shigeru Osada, Joe Garlick, Raquel Webster, Diane Williamson and Betsy Stubblefield Loucks.

**Others Present:** Mike Guerard, Emily Levin, Nick Ucci, Sara Canabarro, Becca Trietch, Danny Musher, Jonathan Schrag, Lindsay Foley, Matt Chase, Erika Niedowski, Courtney Lane and Brigid Ryan.

1. **Call to Order**

Chairman Powell called the meeting to order at 3:36PM.

1. **Approval of Meeting Minutes**

Chairman Powell requested a motion to approve the minutes for September, with the amendments shown in track-changes by Shigeru Osada. Mr. Cirillo made a motion, and Ms. Stubblefield seconded it. All approved.

1. **Executive Director Report**
	1. *General Update*

Commissioner Grant was not present at this moment of the meeting, so she asked Deputy Commissioner Nick Ucci to provide the general update. Mr. Ucci reported that Rhode Island ranked third in the 2017 State Energy Efficiency Scorecard, rising one position compared to last year. Rhode Island earned a perfect score for its utility policies and programs for the fourth year in a row and continues to achieve levels of savings amongst the highest in the country. Mr. Ucci stated there is a one page summary included in the council member packets. Mr. Ucci also reminded the Council that, Senator Whitehouse will be hosting his Energy Environmental Stakeholder Event at the convention center tomorrow, October 20th.

1. **Chairperson Report**
	1. *General Update*

Chairman Powell stated that the majority of the meeting will focus on reviewing National Grid’s final version of the 2018 Annual Energy Efficiency (EE) and System Reliability Procurement (SRP) Plans. During the meeting, the Council will also be voting on a funding transfer request from National Grid. More information on this request will be provided by both the Consultant Team and National Grid during their presentations. Chairman Powell also stated that the C-Team is giving an update on the status of the Cost-Effectiveness Report. The Council will also vote on the Bylaw redlines, which Ms. Trietch will go over during this meeting. To help with discussion questions and votes, there is a document stapled to the agendas that were distributed to the Council members that shows recommended discussion questions and vote language options.

* + 1. *EERMC Quarter 3 Budget Status*

Chairman Powell reported that due to time constraints, an EERMC Q3 Budget report has been included in the Council member packets, but will not be discussed during today’s meeting. If there are any questions on the report, please contact Becca Trietch.

1. **National Grid Programs & Plans**
	1. *Overview of final 2018 Energy Efficiency & System Reliability Procurement Plans and Associated Budget Adjustments*

Mr. Guerard and Ms. Levin provided an overview of the final 2018 EE & SRP Plans and associated budget adjustments. To summarize, the savings were reduced from the first draft due to the budget cap, but are still higher than the levels of 2018 electric and gas savings in the Three-Year Plan. Cuts made due to the budget cap represent a reasonable balance across sectors and preserve Rhode Island’s commitment to energy security and innovation. The plan maintains Rhode Island’s national leadership and delivers robust, cost-effective energy savings. The plan includes a strong focus on innovation and pilots to position Energy Efficiency and System Reliability Procurement programs for the future. For all these reasons, the C-Team recommends that the Council vote to approve the 2018 Annual Plan as presented, to be submitted by National Grid to the PUC by November 1st.

Chairman Powell asked if the Council had any questions. Mr. Ucci thanked everyone involved in the making of the 2018 Annual Plans for their incredible, hard work, and he stated that OER strongly supports the plans. Deputy Administrator, Jonathan Schrag from the DPUC also stated their support for the Annual Plans.

The Consultant Team also summarized how the methodology for comparing the cost of energy efficiency to the cost of supply was updated for the 2018 annual plans. Instead of using the residential standard service rate, a weighted average of all rates was used. In addition, only the program cost of delivering the energy efficiency programs was compared to the weighted average rate to confirm the Plan’s cost-effective savings were less than the cost of supply. This methodology is in line with what other states are using. Mr. Osada asked if the Consultant Team was admitting that the old methodology for comparing EE costs to supply costs was not appropriate. Mr. Guerard responded that this change happened based on the Council’s discussion last meeting, and that the previous way was not wrong, but this new way is better, similar to how the Total Resource Cost Test (TRC) was changed to the RI Test this year in a similar move to improve methods. There were questions raised about whether the residential standard offer was the appropriate reference point, which led the Consultant Team to revisit the approach. The new definition is a more accurate way of representing EE costs versus cost of supply. To make sure the new methodology fulfills the Least Cost Procurement (LCP) law, the Council’s attorney, Marisa, was asked to write a legal opinion that included in the Council member packets. She found that the new methodology and the process by which it was changed does adhere to LCP law.

Chairman Powell asked what the gap between the cost of efficiency and the cost supply was. Mr. Guerard responded that the new interpretation is about $.05 efficiency, and $.10 supply. He added that, even if they had not changed the methodology, the old way would still have the portfolio of energy efficiency, costing less than the cost of supply. He repeated that this is simply a more accurate way to represent the cost difference. Ms. Levin stated that the Consultant team had made sure they were using best practices. Mr. Osada then asked if other States are using this new definition, and if RI has always done it wrong by using the old way. Ms. Levin replied that the other States have always used the new definition, and that RI was not doing it wrong, just not ideally. No matter what methodology you use for comparison, all the previously approved energy efficiency plans would still be cost-effective, so it would not have changed the outcome. Energy efficiency has always been less expensive, and they made this change to now align with the National best practice. Mr. Osada then asked, if the RI Test was changed and approved by the PUC without being discussed with the Council, should the same process be used for changes to this methodology? He also stated that he believes this change to be drastic. Chairman Powell replied that there is a memo from the legal counsel included in today’s packets that shows the Council is meeting and doing what they are supposed to do.

* 1. *National Grid Summary of the final 2018 Energy Efficiency & System Reliability Procurement Plans and Associated Funding Transfer Request*

Courtney Lane went over the changes to the Residential Sector programs and changes to the C&I Sector programs, highlighting that despite budget cuts, the plan delivers on innovative new technologies, will test new solutions and go-to-market strategies and will build solutions for the future. Ms. Lane then continued to go over the final draft by the numbers. Specifically, she highlighted the benefits and how the final draft costs less than supply. John Richards reviewed the final draft Bill Impact analysis, stating that over the lifetime of the programs proposed for 2018, the average RI customer’s bill will be less than if there were no EE programs. Ms. Lane concluded the presentation by stating that the Plan complies with LCP and the Standards; it meets the Three-Year Plan savings targets; continues proven strategies while preparing for the future and provides savings opportunities to all customer segments. It is also cost-effective and less than cost of supply, and gives benefits to the citizens of Rhode Island. In addition, this Plan is also supported by members of the RI Collaborative.

Ms. Lane then also requested the Council’s approval to transfer $1.8 Million from the Non-Income Eligible Sector’s ENERGY STAR® Lighting program to the commercial and industrial (C&I) sector finance budget in 2017. Approval of this transfer is essential to accomplishing all the goals outlined in the 2018 Plan. The letter requesting the necessary approval has been included in the Council member packets.

Next, Lindsay Foley and Matt Chase reviewed the Non-Wires Alternatives (NWAs) section of the SRP Plan and went over the Rhode Island System Data Portal included in the Plan. They also provided an update on the Tiverton Pilot implementation, and described the savings achieved by this pilot. Mr. Chase also reviewed the Little Compton Battery Storage Project that will be starting in 2018. Ms. Foley then reviewed the SRP Incentive Mechanism Proposal and the SRP 2018 Proposed Budget. The 2018 proposed budget had been developed to meet the requirements of the 2018 budget cap (i.e. the budget did not exceed the amount approved in the 2017 SRP Plan).

Mr. Osada questioned if the graph showing savings from the Tiverton pilot showed cumulative savings or savings each year. Ms. Foley explained that the graph represents how much load relief had been created in the Pilot area by the end of 2017.

* 1. *Public Comment on the final 2018 Annual Plans & Budget Adjustment Request*

Erika Niedowski from Acadia Center shared that they are excited that RI rose one place to #3 on the ACEEE National Energy Efficiency Scorecard. Ms. Niedowski stated that 2018 is a difficult year for EE programs. The $12.5 million scoop, and the program budget cap are depriving Rhode Island residents of significant energy savings at a time where electric rates have increased. The Acadia Center believes this is not the best plan we could have and it does not fulfill the State’s policy of LCP due to the budget cap. This plan, however, is the best we could do under the circumstances. Acadia Center offers its support for the Plans and urges the Council to approve it. The cuts while disappointing, were done with reasonable compromises. Acadia Center is ready is use their platform to help grow support for EE Programs within the State House and Rhode Island’s local communities, and it looks forward to working with everyone on those efforts.

Jonathan Schrag from the Division of Public Utilities and Carriers (DPUC) stated that on behalf on Rhode Island ratepayers, the DPUC supports the 2018 Annual Plans, in particular the SRP. This plan reflects a new direction with respect to transparency and a data based approach. The DPUC sees this as an important turning point for the distribution systems in RI. Mr. Schrag added that he is extremely impressed with the transparency and attention to detail that National Grid, OER and the Consultant Team have provided. The DPUC supports the 2018 Plans.

Brigid Ryan from RI Housing shared that she appreciates being part of the collaborative and the overall process of developing the EE and SRP Plans. Ms. Ryan stated that RI Housing supports the new RI Test, and that many lives were, and are being saved by the health benefits of energy efficiency. Ms. Ryan also shared that RI Housing believes that program caps and any limitations are wrong- instead of growing our economy, we are hurting Rhode Islanders since energy rates are already too high for our residents. Ms. Ryan appreciates everyone’s protection of the Low-Income programs during the budget cutting process and she stated that RI Housing supports the approval of the Plans.

* 1. *Council Discussion & Vote on Funding Reallocation in 2017 Budget*

Ms. Trietch quickly reported that a spreadsheet highlighting all the changes to the 2017 budget that would occur with the transfer of funds request was included in the Council member packets. In addition, the DPUC was also asked to approve this funding transfer request and has already done so (their approval letter was also included in Council member packets for easy reference). The formal request from National Grid is in the packets and was sent out via email in advance of today’s meeting. Ms. Trietch also attempted to draft an approval letter for the EERMC.

Chairman Powell requested a motion to vote to approve on National Grid’s funding transfer request. Mr. Garlick made a motion to approve the signing of the drafted letter of approval for National Grid’s 2017 funding transfer request and for OER to send to the signed letter to National Grid by October 20th. Mr. Hubbard seconded this motion; All approved.

* 1. *Council Discussion & Vote on final 2018 Annual Plans*

definition of the which now excludes the customer’s contribution. He also stated his belief that the benefit-cost ratio is now inflated by the PUC-approved RI Test which includes further economic and carbon emission benefits of energy efficiency. Mr. Osada is concerned that these changes make it too easy to justify increasing the system benefit charge on customer bills in the future.

Chairman Powell requested a motion to vote to approve the 2018 Annual Plans. Ms. Stubblefield made a motion to approve the 2018 EE and SRP Plans as written by the National Grid and to allow slight amendments and/or edits to the Plans if such changes are deemed appropriate by both National Grid and the EERMC Consultant Team. Any such amendments must be reviewed and agreed to by the EERMC Consulting Team, acting on behalf of the Council. Furthermore, the Council should direct Marisa Desautel to provide a signature page to National Grid prior to November 1st as part of the Settlement of Parties for the PUC Filing. Mr. Garlick seconded this motion; All approved, except for Mr. Osada.

* 1. *Schedule Cost-Effectiveness Report for 2018 Annual Plan*

Mr. Guerard informed the Council that the Standards require that the Council submits a cost-effectiveness report on the 2018 Annual Plan 14 days after National Grid files the plan. Unfortunately, the next Council meeting is on November 16th (16 days past the November 1st filing deadline). Therefore, Marisa requested an extension from the PUC which was granted. The Council members will now be able to vote on the final draft of the cost-effectiveness report during the November meeting. The report will then be submitted to the PUC by the extended deadline of November 17th.

1. **Council Business**
	1. *Vote on EERMC Bylaws Edits*

Ms. Trietch quickly went over the suggested redlines (shown in the packets), that were put together by Marisa, DOA’s Legal team and herself. The goal of the edits was to try to lessen the burden of the Executive Committee. The largest changes include moving the agenda creation duty to the Chairperson (from the Executive Committee), specifying some duties already performed by OER under the Executive Director, and specifying a method for Council members to adjust agendas if desired. By moving the monthly agenda creation to the Chairperson, the Executive Committee could meet on an as-needed basis instead of monthly. Chairman Powell requested a motion to vote to approve the Bylaw edits. Mr. Hubbard made a motion to approve; Ms. Stubblefield seconded this motion. All approved.

* 1. *Update on Consultant Services RFP from the evaluation Team*

Anthony Hubbard shared that the Evaluation team had received one response to the RFP from the existing Consulting Team. The Evaluation Team agrees it’s a very well written response, and since this is a very specific scope of work, they do not foresee any other firm submitting other responses. They would therefore like to make a recommendation to the Council to move forward with the evaluation process. Ms. Trietch stated that in November’s meeting, they will bring the full recommendation and the Council will be voting on the selection.

1. **Other Public Comment**

Mr. McAteer stated that he appreciates everyone that worked and contributed towards the 2018 Annual Plans, and he thanks the Council for its approval. Commissioner Grant also reminded the Council one more time of Senator Whitehouse’s Energy and Environment event occurring tomorrow, October 20th.

1. **Adjournment**

Chairman Powell requested a motion to adjourn the meeting. Mr. Cirillo made a motion to adjourn; Mr. Garlick seconded the motion. All approved.

The meeting was adjourned at 5:03PM.