

EERMC CONSULTANT TEAM

Memorandum

To: Energy Efficiency & Resource Management Council
From: Mike Guerard, Optimal Energy
Date: December 13, 2018
Subject: Proposed 2019 Scope of Work content, objectives and budget

I. Introduction

Optimal Energy, Inc. (Optimal) and its partners (collectively the Optimal Team, or C-Team) appreciate the Council's decision to extend our work in support of the EERMC's objectives and mission for another year. For 2019, we propose to continue the critical core services that allow the EERMC to fulfill its key role in bringing the significant benefits all Rhode Islanders receive through effective application of the Least Cost Procurement law. Our proposal also features a continuation of additional roles deemed valuable by the EERMC during 2018 in the areas of public education, stakeholder coordination and support, council member expertise building, and continued emphasis on innovation and focus on the future.

The C-Team proposes to maintain the majority of the 2018 Scope of Work (SOW) for its services to the EERMC in 2019. Consistent with the 2018 SOW, our approach remains to organize into three major work areas:

- EERMC oversight (day-to-day activities)
- Cyclical planning and reporting activities
- Policy and strategy

Collectively, these work areas address the varied roles that the C-Team plays over the course of the year as part of the three-year planning and implementation cycle to support the EERMC and the Office of Energy Resources (OER). For 2019, elements that will require new or expanded efforts compared to 2018 include:

- Potential Study: develop objectives, scope of work, solicitation and selection of vendor and management/oversight of vendor activities, through close coordination with key stakeholders and regular reporting to the EERMC.
- Preliminary steps for regulatory submittal of Targets to be informed by Potential Study, as well as framing of areas to update Least Cost Procurement Standards as part of the upcoming activities for the Three-year Planning cycle.
- Expanded council member support through meetings, education to build expertise base, and discussions on constituency issues, as well as additional activities related to onboarding at least four new voting members set to fill expired terms or resignations.
- Continue and expand the stakeholder networking activities in support of awareness and support of Least Cost Procurement for all sectors and segments of ratepayers.
- Close monitoring and as-needed participation in the increasing state focus on broader energy and environmental issues relating to energy efficiency: strategic electrification, demand response, renewables and

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storage and other elements to be covered in multiple forums, most notably the recently launched Power Sector Transformation working group.

- Continue and expand services to support public messaging through assuming the lead on the development and production of the Annual Report to the General Assembly, and maintaining and improving the EERMC website

In each of the three work areas below, our scope is keyed to a short paraphrasing of the many aspects of the contract spelled out in the original Request for Proposal (RFP) and more fully described in the budget table below.

Work Area 1 - EERMC oversight; day-to-day activities

Our first work area consists of the many related and integrated tasks that are necessary to maintain a consistent and efficient flow of information to and decisive action from the EERMC.

Enhance EERMC member interpretation and understanding...

Document and/or conduct research and analysis, and create recommendations...

Fully participate in the development of EERMC priorities...

Educating Council members ties directly to the task of developing EERMC priorities. We believe that an essential role of the Optimal Team is to ensure that individual EERMC members feel supported and empowered to provide strong energy efficiency leadership and, as a collective body, to serve as stewards of Rhode Island's LCP law. The Optimal Team will work continuously to advance the EERMC's knowledge of the LCP standards and EERMC responsibilities, energy efficiency (EE) technologies and programs, and key energy policy issues affecting the State through three distinct activities:

- Organizing the annual retreat, building on the success of the recent retreats
- Scheduling periodic, and as-needed, meetings with individual council members on key constituent issues and to support 2020 Annual Plan development and approval
- Developing and delivering presentations in EERMC meetings tailored to address Council members' information needs on relevant topics.
- Maintain an up-to-date EERMC website of all relevant information for members and the public

Actively participate and provide expertise in meetings...

The C-Team will provide in-person representation by at least one member of the core leadership group at all key meetings with the EERMC, EERMC Executive Committee, OER, Division, PUC, and Demand Collaborative. We expect that, as in the past, most months will see us distributing or presenting information to support discussions on relevant topics. We will also participate in preparatory and debrief sessions with other participants and provide input that is representative of the EERMC's priorities. We estimate that approximately 50 meetings each year will need in-person support.

Assume responsibility for managing additional consultants...

With the anticipated release of a Request for Proposal for an expert vendor to conduct the Potential Study, the C-Team will assume responsibility of managing the vendor in the delivery of all approved and budgeted deliverables, on time and with full compliance of objectives.

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Assist with oversight of National Grid’s investment of ratepayer funds...

Verify that energy efficiency program design and implementation are delivering excellent service...

Advocate for program design and delivery improvements...

Monitor, facilitate, and report on implementation and progress towards goals...

To maximize benefits to ratepayers, the Optimal Team will work on behalf of the EERMC to oversee EE and SRP activities. We will manage monthly residential, C&I, and EM&V team strategy and best practice meetings that include OER and National Grid staff; hold programs accountable by reviewing monthly data and quarterly reports to monitor progress towards program and savings goals; and when we recognize potential underperformance, we will disclose it at Council meetings or in memoranda and work closely with National Grid to better understand its nature and cause. We will continue our efforts in 2019 to properly calibrate the number of consultant participants in the residential and C&I sector teams to a consultant team lead and two sector experts.

Provide independent assessment of utility data reports and information...

Advocate for excellent data reporting...

Work with National Grid to receive more comprehensive and timely exchanges of relevant data...

To establish achievable savings targets and reach consensus on annual and three-year plan outcomes, a data-driven, fact-based approach is required. Data are also a vital element in the Optimal Team’s oversight of program implementation and tracking progress towards goals. To that end, we propose to start the year with a full review of current datasets, identify additional needs, and engage in discussions with National Grid on supporting data access and sharing. A key part of the process will be seeking input from council members to confirm that their individual needs are met relative to their broader role as well as for their specific constituencies.

Apprise the EERMC of developments in other jurisdictions...

We will leverage our team’s many engagements in other jurisdictions, including many of the leading states, to facilitate rapid and thorough information-sharing of best practices and “lessons learned.” We expect to bring forward timely and valuable information to support Rhode Island objectives with minimal additional effort.

Work to ensure that all programs are effectively coordinated and integrated with other state clean energy initiatives...

We will collaborate with the EERMC, Collaborative, OER, Rhode Island Infrastructure Bank (RIIB), and other stakeholders to address key topics as they arise.

Work Area 2 - Cyclical planning and reporting activities

Our second work area is focused on the annual and three-year planning and reporting cycles that form the basis for EE and SRP goals, program design, budgets, and National Grid’s performance incentives.

Support the development of Annual Report to the General Assembly

For 2019, the C-Team is prepared to undertake a larger role in the development, production and submittal of the Annual Report. This will be conducted, and dependent on, key contributions from National Grid and the OER.

Represent the EERMC’s priorities in the development of annual and triennial energy efficiency and system reliability plans.

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The EERMC's responsibilities for annual and triennial planning are established in the LCP Standards. It is expected significant work will have been completed by the end of 2018 to revamp the annual planning timeline and process, and the C-Team will work to successfully support its integration and achievement of objectives for improvement. In 2019, we will also work closely with OER and National Grid to lay the groundwork for the next three-year planning cycle by identifying ways to improve that process to ensure that the EERMC and other stakeholders have the opportunity to provide meaningful and timely input.

During the annual planning cycle, the C-Team will work on behalf of the EERMC to ensure that National Grid is capturing all cost-effective energy savings, comprehensively serving all customer segments, and innovating to address emerging opportunities and policy priorities.

Conduct a detailed review and report on the cost-effectiveness of efficiency plans...

In 2019 we will continue to invest substantial effort on behalf of the EERMC in coordinating with National Grid on the annual planning effort. We will use rigorous analysis and seek robust consensus in doing so. Our goal is to have the 2020 Annual Plan approved by the EERMC and recommended to the PUC, who in turn will provide final approval of the annual plan. This task involves detailed review of the Technical Reference Manual and the Benefit/Cost Models. We then work with EERMC legal counsel to complete the submittal of the report within required deadlines.

Work Area 3 - Policy and strategy

Our third work area is broadly defined to cover all EERMC activities and needs related to policy and strategy decisions. We expect that much of our work here will address the following issues: continued efforts to revise the performance incentive framework for EE programs to better align with the activities and outcomes of the PST proceeding and the National Grid rate case; strengthening focus on integrating electric, gas, and delivered fuels EE; leveraging EE capabilities to advance renewables integration and load management efforts; developing a sustainable program and funding model for delivered fuel and moderate income customers; and creating a regulatory and program framework to support strategic electrification, especially electric heating.

Develop and review policies on a range of issues germane to the EERMC's duties...

Evaluate the impacts of past and potential legislation and/or PUC directives...

Provide technical support relevant to state and regional policies...

We see a need for both the strategic and operational level guidance we describe in Work Area 1 and a longer-term, "big-picture" view of policy issues and priorities. Planning for 2020 will complete the current three-year cycle, and significant technology and market shifts continue to materialize and expand. A key element to help realize these savings will be policy considerations, such as establishing appropriate guidelines to shape strategic electrification (including the potential impact on gas utilities) and increase the availability of financing. At a broader level, continuing to support Rhode Island's modernization of the grid via the PST initiative will be critical to align planning on EE and demand management. Our team will build on involvement in SIRI and Docket 4600 and continue to provide key expertise on SRP and distribution system issues going forward, potentially through regular participation with the Power Sector Transformation working group. Our local team members are poised to support the General Assembly and executive branch in interactions with the many entities involved in Rhode Island energy policy.

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Develop work products for relevant PUC dockets...

Testimony before the PUC is an important component of supporting the EERMC and its recommendations, including National Grid's 2020 annual plan filing later in October, 2019. We understand that—unlike whitepapers or internal memos—testimony must provide a clear and direct statement about analyses and policies rather than a detailed and nuanced consideration of all factors.

Represent the priorities of the EERMC in stakeholder fora...

The Optimal Team will advance the EERMC's priorities with all of the stakeholders engaged with the Council, and will collaborate with OER on strategies to expand efficiency services to income-eligible and delivered fuel customers, as well as other market sectors that have been traditionally underserved. The development of a formal EERMC Priorities List is a positive recommendation to have these issues identified early in the planning process to support C-Team activities representing Council priorities. This area can also be supported by broader stakeholder coordination and education, and the C-Team proposes to continue coordinating the group formed during discussions in preparation for December 2018 PUC technical sessions on the 2019 EE and SRP Plan during a November meeting of the stakeholders who have signed on to the Plan (Acadia Center, People's Power & Light; OER, the Division; and EERMC), which led to the creation of a standing group to continue working to help broaden education and awareness of the benefits of the Plan to the General Assembly, residents, and businesses.

Identify innovative approaches and improvements to program delivery...

Research and support planning initiatives on broader energy issues...

More so than in Work Areas 1 and 2, success in the areas of policy and strategy will require collaboration and cooperation with other entities, with both state government (e.g., OER and the Division) and external stakeholders. Innovation in policies and programs will be an important part of realizing the potential benefits of integrating different energy sector activities and leveraging the capabilities developed by the EE programs to serve a broader range of DERs, including combined heat and power, demand response (DR), and distributed generation (DG).

Document research and recommendations in the most appropriate format...

When the EERMC needs guidance, we will guide them in defining the question it needs answered, answer it efficiently, and communicate the results effectively. By clearly stating expectations, producing interim deliverables, and clearly defining the audience, we have reduced the effort and turn-around time to complete high-quality deliverables.

Provide direct support to OER on renewable integration...

For ongoing projects and new initiatives, the Optimal Team is prepared to continue providing support in this area via analysis, research and engagement with working groups, as needed.

Provide direct support to OER...and relevant specialized expertise to assist OER...

The Optimal Team has demonstrated our readiness to address any issues or needs brought to us by the EERMC. If requested, we will work with the EERMC to define the scope and objectives of any additional work requested.

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II. Staffing & Budget

Our management approach to the work will provide the EERMC with a small group of trusted advisors based in our Providence office who develop and maintain close working relationships with Council Members and key stakeholders. Optimal will utilize this strong local team and key subcontractor partners to fully and effectively deliver all elements of the scope of work. Work assignments and roles will remain flexible to assure that the right staff, skill sets and availability are in place on all core tasks, as well as to address evolving issues.

To meet the requirements of the work, we organize our tasks in three primary concentrations:

- Our Program Strategy and Innovation team will provide day-to-day oversight of LCP and system reliability programs and help National Grid identify innovative strategies to position programs for long-term success.
- The Policy and Regulatory team will supply the EERMC and other stakeholders with a sharp, consistent perspective on all energy issues that interface with LCP and the EERMC's charge, while listening carefully to input from all parties.
- The Evaluation, Measurement & Verification (EM&V), Education, and Stakeholder Coordination team will support critical EM&V efforts that validate savings and help to continually improve program delivery, and will also provide Councilor, stakeholder, and public education on the process and value of LCP.

The proposed budget estimate for the three work areas is as follows:

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Task 1: EERMC Oversight	Hours	Total Cost
Enhance EERMC interpretation and understanding of EE and SRP program planning, policy development and implementation, and facilitate EERMC participation in process. Educate EERMC regarding relevant, energy topics.	348	\$59,420
Meetings: EERMC; Collaborative; OER and other state agencies engaged in the implementation of LCP initiatives; EE/SRP-related PUC tech sessions and hearings; and any other stakeholder meetings that may be important to the successful advancement of LCP mandates, i.e. PST working group -- plus associated prep, participation and follow-up tasks from mtgs	364	\$67,920
Document and/or conduct research/analysis, and create recommendations for stakeholder reps can make decisions based on sound info. Provide policy summaries, analysis, and whitepapers, as needed, to inform, guide, and empower stakeholder reps.	164	\$27,960
Participate in the development of EERMC priorities and provide technical inputs, analyses, and tasks necessary to advance the EERMC's priorities in the development, implementation, and evaluation of plans and programs for LCP	220	\$42,320
Assume overall responsibility for managing and coordinating the work of any additional consultants hired by the EERMC to support its objectives.	268	\$47,860
Assist with oversight of National Grid's investment of ratepayer funds, running monthly meetings with the company's strategy groups, OER and other relevant participants, including prep and follow-up.	368	\$62,360
Verify that EE program design and implementation meet goals and maximize of EE for all ratepayers. Provide input to Grid to continually enhance program design/implementation.	58	\$11,210
Advocate for program design and delivery improvements, including, but not limited to, providing recommendations for increasing the benefits of efficiency to underserved sectors.	172	\$28,440
Provide independent assessment of utility data reports and information, including monthly data dashboards, quarterly data, and year-end performance results. Make recommendations for improvements.	108	\$15,740
Advocate for excellent data reporting, transparency, and access to data when appropriate.	64	\$9,800
Apprise the EERMC of developments in other jurisdictions that could improve the quality and delivery of energy efficiency programs and system reliability investments in Rhode Island.	26	\$4,990
Monitor, facilitate, and report on the implementation and progress towards the goals of the annual EE Program Plan, including regular meetings with National Grid program managers and other affected stakeholders.	50	\$8,790
Work with Grid to receive more comprehensive and timely exchanges of relevant data as needed by the EERMC and/or OER.	24	\$4,600
Work with Grid and stakeholders to ensure that all EE programs are effectively coordinated and integrated with other state clean energy initiatives	24	\$4,600
Task 2: Cyclical Planning & Reporting Activities	Hours	Total Cost
Support the development of the required Annual Report on EERMC activities due on April 15 of each year to the Gen.	100	\$15,920
Represent the EERMC's priorities in the dev of annual/triennial EE & SRP plans., including technical support on Potential Study	654	\$116,490
Conduct a detailed review and report on the cost-effectiveness of the annual and triennial natural gas and electric efficiency plans for submittal to the PUC.	356	\$60,180
Task 3: Policy & Strategy	Hours	Total Cost
Develop and review policies related to the EERMC's duties including,triennial and annual EE/SRP development and implementation; EE and SRP stds development; EE savings targets;program budget and financing; c-e; EMV; financing; and PIs	132	\$25,080
Evaluate the impacts of past and potential legislation and/or PUC directives on EE/SRP, including legislation or PUC orders. Educate key stakeholder on such legislation and associated impacts.	76	\$14,660
Develop work products for relevant PUC dockets, including direct testimony on behalf of the EERMC upon its request.	81	\$15,635
Provide technical support from, and representation of, the EERMC with respect to relevant state and regional policies before entities including, the General Assembly and Executive branch agencies, ISO-New England, RGGI, and FCM.	36	\$7,020
Represent priorities of the EERMC in relevant stakeholder forums	91	\$17,110
Identify innovative approaches EE program delivery	236	\$43,040
Document research and recommendations in the format most appropriate for the audience and purpose.	56	\$8,820
Provide direct support and relevant specialized expertise to assist OER with existing programs and pilot programs	54	\$9,870
Provide direct support to OER on renewable integration with energy efficiency (e.g. PACE	36	\$6,360
Research and support planning initiatives for the integration and leveraging of broader energy issues, such as strategic electrification and resiliency, with ratepayer funded efforts.	56	\$9,360
Provide any add'l work on special projects directed by the EERMC on an as-needed basis.	64	\$10,920
WORK AREAS TOTAL	4,962	\$876,000