



STATE OF RHODE ISLAND

## ENERGY EFFICIENCY & RESOURCE MANAGEMENT COUNCIL

### EERMC FULL COUNCIL MEETING MINUTES

Thursday, August 29 2019 | 3:30 - 5:30 PM

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

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**Members in Attendance:** Chris Powell, Anthony Hubbard, Carol Grant, Karen Verrengia, Tim Roughan, Rachel Henschel, Butch Roberts, Bob White, Peter Gill Case, Kurt Teichert, Bill Riccio, Betsy Stubblefield Loucks.

**Others Present:** Nick Ucci, Mike Guerard, Mark Kravatz, Becca Trietch, Dr. Carrie Gill, Nathan Cleveland, Matt Ray, Matt Chase, John Tortorella, Chris Porter, Joel Munoz, Adrian Caesar, Alice Daniel, Ben Rivers, Linda George, Erika Niedowski, Kai Salem, Angela Li, Sydney Usatine, Craig Johnson

All meeting materials can be accessed here: <https://rieermc.ri.gov/meeting/eermc-meeting-august-2019/>

#### 1. Call to Order

Chairman Powell called the meeting to order at 3:30PM.

#### 2. Approval of Council Meeting Minutes

Chairman Powell requested a motion to approve July's meeting minutes. Mr. Riccio made a motion, and Ms. Verrengia seconded it. All approved.

#### 3. Executive Director Report

Commissioner Grant reported that she has a couple of updates on the Energy world:

1. Clean Energy for RI – Quarterly updates have been posted on OER's website, and the 2<sup>nd</sup> quarter report posted last week shows 793MW of Clean Energy towards the 1000MW Goal by 2020. She noted as OER does its calculations, they do expect it to hit the 1000MW goal just by using the existing programs that are already on the way.

2. Announcement – It was announced publicly today that the National Governors Association is partnering with the Department of Energy to work together to provide technical support and other expertise to continue the modernization of the Grid. RI, Maryland, New Jersey, and New Mexico will be working with these two organizations.

Commissioner Grant stated that OER is supportive of the continued updates to the system data portal, and engagement with 3<sup>rd</sup> party providers. She also noted that OER appreciates the discussion of coordination with other filings, especially EE – ISR – SRP.

#### 4. Chairperson Report

Chairman Powell stated that during today's meeting the Council will:

1. Learn more about National Grid's Quarter 2 Report and their 2<sup>nd</sup> Draft of the 2020 EE Plan
2. Discuss the 2<sup>nd</sup> Draft of the 2020 SRP Plan

Chairman Powell noted as usual for anyone who wants to make a public comment at today's meeting please sign-up near the food and drinks. We have specific public comment periods during the EE and SRP portions of the agenda. There is also general comment period at the end of the meeting for any comments unrelated to the EE or SRP Plans.

Chairman Powell reported that the C-Team will be reaching out to schedule one-on-one phone calls with each Council member. Comments to National Grid on the Second draft EE Plan are due September 6<sup>th</sup>. Therefore, discussions with the C-Team should occur before this date. The C-Team will be incorporating our thoughts into the feedback provided to National Grid on their second draft EE and SRP Plans. These phone calls are also an opportunity for you to have any of your questions answered.

Lastly, Chairman Powell noted that third draft of the EE Plan will be released the day of our next meeting (September 19<sup>th</sup>). Therefore, there will be no expectation that Council members have reviewed the third draft by the start of our September meeting. Instead, we will hear from the Company during that meeting how they attempted to address our comments/concerns from the 2<sup>nd</sup> draft we are now reviewing. The Council will vote on the final plans (both EE and SRP) at our October meeting which is scheduled for October 3<sup>rd</sup>.

## 5. Energy Efficiency Program Oversight

### *a) National Grid Presentation on the 2019 Quarter 2 Program Report*

Please refer to [National Grid 2nd Quarter Results](#) presentation.

Mr. Ray went over the Residential results. Some overview and highlights include:

- Under the Market Rate: 41.6% of the annual electric goal (38,150MWh) and 52.3% of the annual gas goal (100,359 MMBtu) has been met.
- Under the Income Eligible: 31.1% of the annual electric goal (2,168MWh) and 45.0% of the annual gas goal (13,342 MMBtu) has been met.
  
- New Appliance Recycling Facility
- Heat Pump Water Heaters added to online marketplace
- Standardization Group Established
- Residential New Construction Program Awards

Mr. Rivers went over the Commercial and Industrial results. Some overview and highlights include:

- New Construction: 24.2% of the annual electric goal (2,626 MWh) and 22.0% of the annual gas goal (9,378 MMBtu) has been met.
- Retrofit: 20.3% of the annual electric goal (14,834 MWh) and 13.1% of the annual gas goal (20,312MMBtu) has been met
- Small Business: 47.1% of the annual electric goal (5,727 MWh) and 67.5% of the annual gas goal (1,728 MMBtu) has been met.
  
- Small Business Direct Install
- Commercial and Industrial Pilots, Assessments, and Demonstrations
- Codes and Standards

Chairman Powell stated that everyone knows Income Eligible has been a problem for quite some time now and does not seem like we are where we have to be. He noted he's going to keep bringing it up because as a Council they have to figure this out – maybe hire other experts or think of other ways to reach this goal.

Ms. Henschel asked which program he was referring to. Chairman Powell replied that multifamily is

the biggest issue. Ms. Henschel replied that Single family and multifamily are totally different challenges, but when looked at it together, sector wise, they will reach the goal - However, Multifamily electric will underperform.

*b) National Grid Presentation on the Second Draft of the 2020 Annual Energy Efficiency Plan*

Please refer to [National Grid 2nd Draft of the 2020 Annual EE Plan](#) presentation.

Mr. Porter gave an overview of the changes first draft to second draft of the plan.

Mr. Ray spoke on the Residential and Income Eligible Sector, as well as the Commercial and Industrial Sector Changes.

Mr. Tortorella went over/spoke on the graphs covering the budget and savings goals and targets.

Mr. Ray concluded the presentation by going over the Important dates, highlighting that September 6<sup>th</sup> is when the Second Draft Stakeholder Comments are due.

Mr. Roberts asked how gas surcharge differs between residential and commercial & industrial. Ms. Henschel replied that on the electric side it's the same surcharge for all customers – the gas side, they look at collections from residential and commercial customers, and National Grid takes an equal contribution from both sectors to fund the Income Eligible budget, and then surcharge is set. Mr. Roberts then asked if there is a charge on delivered fuels to which Ms. Henschel replied no. Mr. Guerard added that at one point there was a talk about putting small surcharge on Oil and Propane, but never went anywhere after it was looked at.

Mr. Gill Case asked if the incentives still include incremental incentives for achieving greater than 100% of savings goal. Mr. Porter replied that yes, but it is capped at 125%, and it becomes a linear flat design.

Chairman Powell asked if it was possible to see what makes up the charge – maybe a breakdown. Mr. Porter replied he will try to make a table explaining it.

Ms. Henschel noted that everyone's comments will help inform what the team can control – the team can control what the budget is, what savings to propose, but there are other factors like updating the rate, as well as sales forecast -that are outside of their control.

Mr. Porter added that they are constantly working with external stakeholders and C-Team to ensure National Grid is doing everything possible with the use of budget, and customer dollars to fund programs, and also striking a balance in maximizing achievable and cost-effective savings.

*c) Consultant Team Presentation & Council Discussion on the Quarter 2 Report and Second Draft of the 2020 Energy Efficiency Plan*

Please refer to [C-Team Quarter 2 Report](#) presentation.

Mr. Johnson introduced himself.

He then proceeded to go over the Performance Graphs, both current and historical, to put National Grid's Quarter 2 performance in context. He noted that many programs were behind their historical progress at this point, which is concerning.

Mr. Guerard went over the preliminary summary of the 2<sup>nd</sup> draft of the 2020 EE plan which highlights:

- Content of draft Plan v2 reflects responsiveness to stakeholder input
- Variance in savings goals from EERMC-proposed and PUC-approved 2020 targets improved
- Budget, and related system benefit charge (SBC) was reduced
- Still more room for improvement
- Additional electric savings and further reduction in budget and SBC
- Draft Plan v2 initial release had incomplete Residential and C&I attachments
- Recently received Benefit-Cost (BC) Model review in process

- Evaluation studies still pending and/or too recently completed to be able to incorporate into current draft
- Discussions on policy related components such as performance incentives, CHP, codes, etc. continue between OER, DPUC, the Technical Working Group stakeholders, consultant team and the Company

Mr. Guerard concluded the presentation by going over the next Steps for the C-Team, and the Next Step Milestones in which he highlighted that the memo from C- Team to EERMC will be completed for October 3<sup>rd</sup> Council meeting.

Ms. Verrengia thanked the C- Team for all their work, and she is very thankful for the detailed memo overview which makes it so easy to understand – they help a lot.

Mr. Guerard asked the Council members to please reach out to him or Craig if they have any questions, comments, or concerns.

*d) Public Comment on the Second Draft 2020 Annual Energy Efficiency Plan*

Linda George (Division of Public Utilities) introduced herself and gave a brief background on what the Division does.

Ms. George started off by thanking everyone for their efforts around Energy Efficiency. She stated that she has a few points to go over:

1. Incentive Mechanism: DPUC is opposed to the proposed increase in performance incentive; the EE program which is fully funded by ratepayers does not contribute in risk for the company and that this does not deserve additional compensation. DPUC appreciates that the company offers feedback on this issue, and that they restored the historical shareholder incentive to 5%. DPUC recommends that the company looks at reducing the peak hour incentive structure similar to the electric program. Even though all parties have agreed to address this feature on the next years plan, the Division is open to alternative design to the 2020 Program Year. The Division would like to propose some preliminary concepts and discussion amongst all parties.
2. Budget: The Division is concerned that the current incentive structure encourages the Company to impose large budgets because it makes it easier for the company to achieve the efficiency targets and performance incentive would be larger. The past years shows trend of over budgeting – company should be required to meet goals with smaller budget.
3. Building Code Enhancement: The Division recognizes the important role that Building Code plays in Energy Efficiency, building design, and technology. However, the company’s proposal to engage in building codes enhancement represents legislative engagement that should not be funded by the ratepayers.
4. Combined Heat and Power (CHP): The Division’s proposal details recommendation to the company regarding reform of CHP program, It should be a requirement that the company conducts a natural gas analysis prior to undertaking and even negotiate CHP projects over \$1 Million Dollars. The Division believes it should be a requirement that the company discloses annually the pipeline of CHP Projects. The Division also believes that there should be an obligation that the company negotiates any CHP Incentives at least cost for ratepayers.
5. Efficient Building Fund: The Division recognizes that these projects often take longer to complete and involve engagement with multiple parties. As a result, it is extremely important that the company develops accounting and reporting formats on EBF dollars in order to calculate appropriated savings tied to these projects. In addition, it should also detail National Grids role in

these projects in order to access the proposed incentive narrative.

Final comment: The Division is willing to work collaboratively with the company and all other parties around Energy Efficiency.

Kai Salem (Green Energy Consumers Alliance) introduced herself and gave a brief background on what the company does.

Ms. Salem stated that she has a few items that she would like to go over:

1. They are disappointed to see that some things are going backwards, like the lifetime savings – they have been talking about this issue for years, since 2013, yet the Plan continues to fall away from this issue. They really believe that the lifetime savings is the most important metric and hopes to see it in the future.
2. Since the Plan does not really focus on the lifetime savings, it should lay down the groundwork for the future on things like heating electrification, demand response, and other areas – some are included but they need to be enhanced.
3. They thank everyone for their work and are very happy to see all the stakeholder involvement in shaping the Plan, and they are thankful for the extra time to review it – it was great.

Erika Niedowski (Acadia Center) quickly introduced herself and gave a brief background on what the company does.

Ms. Niedowski stated that she is super excited to see a full room of Council members and welcomed everyone- she is looking forward to working with everyone on the upcoming EE Plans.

She reported she is currently “digesting” the 2<sup>nd</sup> draft of the Plan- 2 main areas that she would like to speak about: Proposed switch to lifetime savings measure and performance incentive.

Ms. Niedowski quoted she “did not have an appetite” for the new proposed performance incentive on the 2<sup>nd</sup> draft –likes that it is being walked backwards. She stated that she hopes in the future if the Division makes some changes, maybe the company will make those changes as well on how they collect those incentives.

Ms. Niedowski stated that her 2<sup>nd</sup> issue is the lifetime savings measures. Acadia center are supportive in general of moving to lifetime savings as a measure, especially because it can help achieve State Policy goals around electrification, not only helps consumer savings, job growth, but its also great for environmental reasons.

Ms. Niedowski reported that she likes seeing the return of measuring of reduced peak demand – thinks it’s a very important goal and is happy to see it on the Plan.

She concluded by saying that she is still not done going through all the material yet- but is looking forward to working with National Grid, C-Team, the Council and Technical Working Group. Acadia Center will be looking very close at the budget, EE charge, and equity of distribution of efforts to the low-income.

Ms. Niedowski thanked the Council and others for putting RI in a really good spot on Energy Efficiency work.

## **6. System Reliability Procurement Oversight**

- a) *Consultant Team & National Grid Presentation on Comments on the First & Second Drafts of the 2020 System Reliability Procurement Plan*

Mr. Chase introduced himself and went over the presentation. Mr. Chase went over what the Purpose of SRP (System Reliability Procurement) is and what NWA (Non-Wires Alternatives) are.

He reported that “while the Company does not have viable NWA projects to propose in the 2020 SRP Report, the Company will state its intent to continue exploring these NWA opportunities” and quickly went over the South County East NWA Proposals that did not move forward.

Chairman Powell asked if this didn’t pass the first time, why do they think it will pass the next one? Mr. Chase replied that he believes the market vendors did not have all the benefits clearly outlined to them- so the team is looking into clearly outlining in the RFP the scope of work and the funding options. They are also going to best state the possible additional funding mechanisms through the RFP in line with the benefits. The team will also specify the requirements even further with tighter perimeters, so it’ll be easier for vendors to understand.

Ms. Verrengia agreed with these changes, stating that she believes it’ll make a big difference for the next RFP’s.

Mr. Chase continued to go over the presentation, which included: 2020 SRP Report Commitments (continued engagement with technical working group, exploration of locational incentives, data governance, and a revised NWA screening process) NWA Proposals in 2020 SRP Report (4 South County East projects that all did not move forward), Proposal Summary (only a brief request for marketing funding in 2020), First and Second Draft comments, and the Third draft planned updates.

Mr. Guerard very quickly went over the C-Team review of the 2020 SRP 2<sup>nd</sup> Draft presentation. He gave a brief summary of the 2<sup>nd</sup> draft SRP plan:

- Content of draft Plan v2 reflects responsiveness to stakeholder input
- Successful launch of SRP focused Technical Working Group in 2019 allowed for consistent and more comprehensive engagement
- Future consideration of non-pipe alternatives for areas of natural gas restraints was added into 2020 considerations
- While no 2020 NWA projects included, stakeholder expectations of Grid to support and improve identification of future needs recognized
- Proposed 2020 Activities mainly to support projects starting in 2021
- No planned non wire alternative projects budgeted in 2020
- 2 of the 3 unsuccessful RFPs for NWAs in South Kingstown/Narragansett will be re issued in 2020
- Budget request will be limited to supporting market engagement, with the RI System Data Portal continuing to be an important tool to support developers’ identification of grid system beneficial locations for future projects

Mr. Guerard went over the Next Steps, highlighting that the Review of the Final Plan is due September 19<sup>th</sup> and the memo from the C-Team to EERMC will be completed for October 3<sup>rd</sup> Council meeting.

#### *b) Council Discussion*

Chairman Powell brought up the worry about CHP being sited on a gas constrained pipeline, and how they have to be careful answering questions regarding this matter. Mr. Guerard noted that some CHP program enhancements are addressing this matter.

Mr. Gill Case noted that he wants to see SRP grow more, especially with Storage. Commissioner Grant added that OER is also supportive of Storage and she will keep the Council updated on that work as it progresses.

Mr. Teichert asked if the Potential Study would cover the SRP potential. Mr. Guerard replied that they have added renewables to it and also a focus on demand response – a way to get delivered fuels market a

better understanding as well as opportunities for strategic electrification. All these areas are part of Energy Efficiency.

When it comes to NWA, there are a lot of other groups already looking into this, so the NWA do not come from the SRP. It is a different group at National Grid that looks at the NWA locations – SRP does not. Mr. Guerard noted that they are having a kickoff meeting focused on the potential study – this is going beyond the traditional Energy Efficiency.

*c) Public Comment on the Second Draft 2020 System Reliability Procurement Plan*

None.

**7. Council Business**

*a) Update on Potential Study*

Mr. Guerard reported that they have finalized the contract with Dunsky and Marisa (Council's attorney) has already made her comments, and now its on the hands of OER's attorney who is currently away but will be back by next week. He noted that they will have a kickoff meeting towards the second- half of September. Mr. Guerard added that he hopes to have Alex Hill from Dunsky attend the next Council meeting to provide the Council with some updates and to answer any questions the members might have.

**8. Public Comment on All Other Topics**

None.

**9. Adjournment**

Chairman Powell requested a motion to adjourn. Mr. Roberts made a motion, and Mr. White seconded it. All approved.

Meeting was adjourned at 5:26pm.