



STATE OF RHODE ISLAND

# ENERGY EFFICIENCY & RESOURCE MANAGEMENT COUNCIL

## EERMC FULL COUNCIL MEETING MINUTES

Thursday, March 19, 2020 | 3:30 - 5:30 PM

Meeting conducted virtually using GoToMeeting with additional audio conference capabilities

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**Members in attendance:** Anthony Hubbard, Chris Powell, Butch Roberts, Karen Verrengia, Bob White, Kurt Tiechert, Peter Gill Case, Joe Garlick, Nick Ucci, Roberta Fagan

**Others Present:** Sam Ross, Craig Johnson, Mike Guerard, Rachel Sholly, Mark Kravatz, Marisa Desautel, Matt Ray, Becca Trietch, Nathan Cleveland, Tim Roughtan, Mona Chandra, Chris Porter, Sydney Usatine, Hank Webster, Samantha Caputo, Joel Munoz, Kai Salem

All meeting materials can be accessed here: <https://rieermc.ri.gov/meeting/eermc-meeting-march-2020/>

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### 1. Call to Order

Chairman Powell called the meeting to order at 3:35pm

### 2. Approval of Council Meeting Minutes

Chairman Powell requested a motion to approve the February meeting minutes. Mr. White made a motion to approve February meeting minutes as written and Mr. Garlick seconded. All Approved.

### 3. Executive Director Report

#### a) General Update

In light of the health crisis, National Grid has suspended on-site efficiency work through April 6<sup>th</sup> with OERs support. The impacts of COVID-19 on Rhode Island's efficiency workforce are being investigated and progress is being made with Governor's staff to ensure they are considered as responses are developed.

Mr. Ray reinforced that National Grid's priorities are to keep everyone informed as best as possible during this developing situation but that safety is key priority and the decision to suspend work was not made lightly.

Commissioner Ucci concluded by providing an update on the Office of Energy Resources allocation of RGGI funds. A public hearing on this had to be canceled, and has been rescheduled to March 26<sup>th</sup> and he is hopeful that the utility will get the funds by mid-April.

### 4. Chairperson Report

#### a) General Update

Chairman Powell welcomed everyone to the first ever virtual Council meeting, and asked that everyone be patient as we navigate new territory. There will be several votes at today's meeting: – on targets for the three-year energy efficiency planning process; on Council priorities for the Least Cost Procurement standards redlines; on Council priorities for the three-year plan, and on a RGGI allocation support letter.

He noted that the agenda had been streamlined to accommodate the virtual platform and that public comment will be managed via chat by Ms. Trietch to allow these comments to proceed in an orderly fashion.

## **5. Program Oversight**

### *a) Public Comment on Agenda Topics*

Kai Salem, Green Energy Consumers Alliance:

Regarding the Target setting vote Ms. Salem and Green Energy Consumers Alliance feel that they should align with carbon emissions reductions goals of State and that in order to reach those goals we need more ambitious investment. Therefore she urged the Council to enact targets as ambitious as possible today.

Hank Webster, Acadia Center:

Mr. Webster supported the comments of Green Energy Consumers Alliance and also noted that the vote on the Least Cost Procurement standards provides an opportunity to address the “environmentally responsible” definition within the standards. Mr. Webster recommended that the Council consider fleshing it out to include climate, local/indoor air pollution impacts and other considerations that are important but not currently considered.

### *b) Discussion and vote on Targets*

Please refer to the [EERMC Consultant Team Recommended Targets Memo](#) as well as [National Grid's Energy Efficiency Targets](#) presentation (after the meeting an error was corrected in National Grid's presentation. The updated version can be viewed [here](#)).

Mr. Guerard provided a summary of the memo on target recommendations from C-Team. He reminded everyone that the Targets are step one in three step process, and represent non-binding goals relative to savings goals and budgets. Step two is the three-year plan with illustrative goals and targets, also non-binding and built up based on targets with a Council vote this summer. Step Three is the binding annual plans for budgets and goals and where the system Benefit charge is set for customers and voted on in the fall by EERMC. These additional steps allow for lots of layers of granularity and consideration in factoring in outside concerns that could impact program achievement.

Mr. Guerard also noted that setting targets in this way is in keeping with the legislation and is supported by the data from a new, robust potential study to outline the universe of cost-effective energy efficiency in RI and gives a clear value to the Council that meets their mandate for target setting.

He closed by saying that the consultant Team recommendation recognizes other factors (cost of supply, prudent and reliable) are critical but come in during step two and three for the plans that

the Council will vote on. Standards as written indicate that National Grid must incorporate prudence and reliability in the planning process, which the consultants believe is accomplished in steps two and three and that past target setting processes have not included cost/budgetary considerations.

Mr. Ross then provided some additional context to the recommendation, stating that cost is not part of the current recommendation, as those come in during other phases, however some notes about impact of cost moving forward are made. Firstly, lighting is going away as a cheap, cost-effective course of savings and doesn't provide apples to apples comparison when trying to compare past budgets (with lighting) to future budgets (without lighting). He also noted that the cost estimate numbers in potential study are worse-case, estimated numbers and not budget estimates that would come about through the planning process and program development to reach certain levels of performance. The Max Achievable scenario uses a conservative assumption of 100% incentive for every measure in the portfolio, which is not how any program would be designed and will put significant downward pressure on any budget developed. He finally noted that costs of emerging technology will likely fall over time as well, which will further depress program budgets once developed.

Mr. Guerard then presented the two options the consultant team recommends but reminded Council members they are free to propose others as well.

Option 1: Use Dunksky study's Max Achievable scenario as the targets to inform the Three Year and Annual plan process

Option 2: Use Dunsky study's Mid Achievable scenario and ramp up to Max Achievable by year three.

Mr. Ross then reviewed the tables and charts outlining the specific target numbers associated with each scenario.

Chairman Powell asked if CHP numbers are built into total targets or not?

Mr. Ross replied that they are not, as CHP is much more difficult to forecast and typically a chunky measure, so for the sake of removing uncertainty we have kept them broken out as displayed in table 6.

Mr. Roberts asked why cost-effective as used as a metric to set targets produces numbers that are so far from prudent and reliable costs that end up in plans?

Mr. Ross responded that cost-effective was used in the context of the Rhode Island Test, and that it includes lots of other non-economic factors and provides a broader picture rather than a more narrow economics only view, which was Dunksky's scope of work and in line with mandate.

Chairman Powell added that the RI Test covers lots of macro factors, whereas micro is the more supply driven costs of energy, which is where the planning process factors in.

Mr. Gill Case asked if the consultants could speak to the approximate increase in energy costs to residential and/or commercial customers for electricity and gas in the max achievable scenario?

Mr. Ross replied that it was likely too early to know precisely what those impacts would be, but based on recent modeling it is likely that continued bill decreases for typical customer will result since these EE resources being less than the cost of supply help bring rates down, in addition to

impact efficiency has on transmission and distribution costs and wholesale energy prices. He noted that bill savings usually take ~2 years to overtake the initial cost investment.

Mr. Porter then presented National Grid's thoughts on the Targets and highlighted the important role of prudence and reliability in the process and the current lack of clarity among stakeholders on the utilization and application of these filters. He noted that Prudence and Reliability are mentioned in the Legislation before less than cost of supply, as a means of highlighting their importance in the process. He stated that National Grid feels that past targets have been built from bottom up and implicitly include costs and other factors and noted the close, historical relationship between Targets and the goals contained in the Three Year and Annual plans. Mr. Porter mentioned that although revisions to the LCP Standards are ongoing, current language from PUC staff found at 2.3.A.i of that working document includes explicit filter on prudence and reliability on targets.

He then reviewed the Dunsky slides from their February presentation on budget numbers based on their scenario targets noting the staggering size of those numbers and the substantial increase over historical budget numbers those represent. While recognizing that those are based on conservative assumptions (i.e. 100% incentive) and there are opportunities to get savings without 100% incentive, those numbers still represent substantial increases and concern on National Grid's side that targets at the max level would limit program flexibility and threaten success. He reviewed some slides that compared the historical system benefit charge to what increases would be incurred given the Max Achievable scenario indicating a nearly 3X increase.

He concluded by highlighting specific measures that would need to increase 400-1500% to reach these targets, and that the scaling of programs to reach these numbers, in addition to the rapid increase in expenses and rate impacts, leaves National Grid unable to support the Max Achievable scenario as realistic and reasonable and that would prefer a lower number that still represents year over year growth in the programs.

Chairman Powell asked if they could bring up slides from Dunksy report on costs associated with their low, mid, and max scenarios to allow all to get a sense of scale/perspective on what different target levels may mean for costs.

Mr. White asked what is Council's fiduciary responsibility and wanted to clarify that Goals and Budgets are two different things, and we're just dealing with goals in this process?

Chairman Powell responded that their fiduciary role is in annual plan process/vote as that is when system benefit charge is set once budget is done. Not sure there is one here, in his view. He also asked what happens if targets are set, but not met?

Mr. Guerard replied that these Targets are a stretch and they don't expect National Grid is able to hit Max, especially in year one, but allows us to find barriers that prevent them from getting to Max potential and document those in order to continue improving the programs and increase savings. These are not binding targets and only provide direction on what to shoot for in plan development. No negative impact if targets are not hit, as long recommendation is clear on the expectations from the Council and that the planning process indicates why that is the case – annual plans are the only binding numbers.

Mr. Porter responded that the Company feels the Council fiduciary role is unclear in the current standards and referred back his earlier comments where they feel there is a PUC expectation of

prudent and reliable filters being applied here. If Goals are far below Targets set by EERMC, he feels the Company would be open to significant criticism, and the Council may be subject to same criticism as well, despite what may be in the text of your recommendations.

Mr. Teichert commented that he appreciates the reputational risk concerns, but not clear to him how high targets impedes the company from developing best possible programs in the present and the future. Isn't the Council's job to push, and how does having a high target impede your ability to develop good programs?

Mr. Porter responded that high targets have the same impact as targets that are too low in his opinion, i.e. it has no impact because they are not in touch with the on the ground reality. If that's the case, only impacts would then be reputational and we feel those are significant.

Ms. Desautel stated that fiduciary duty is a very specific legal term and EERMC role is not that with any fiduciary responsibility in this process, implied or expressed.

Commissioner Ucci stated that OER is supportive of the 2<sup>nd</sup> option laid out by consultants and allowing the Company time to process the results of the potential study and present their concerns is important. He continued that many of those concerns are real, but targets should be aspirational and the envelope needs to be pushed so he feels that option 2 is a good middle road.

Mr. Roberts commented that he is still struggling with the big spread between "all cost-effective" used by Dunsky and the impact of "prudent and reliable" on those numbers. Do we have an issue with cost-effective as defined?

Mr. Teichert referenced Mr. Ross' earlier comments as providing a hint of bill impact analysis, which is important during program phase, rather than using potential study budgets not designed for target setting, is that correct?

Mr. Porter stated that the Company disagrees.

Mr. Roberts commented that Option 2 assumes you are happy with option one but want to lessen shock and ramp up to that. Are we happy with using max as a target at any point? I have a problem with using the max as targets.

Mr. Teichert made a motion that the consultant team updates the Targets memo to include only option 1 and then file with PUC as directed by March 20; Mr. Garlick seconded the motion.

Mr. Roberts asked if the memo could better explain cost-effective and why prudent and reliable considerations are not included (specifically in paragraph 2).

Motion amended to allow Exec Committee of Council to approve minor edits to definitions of cost-effective, prudent, and reliable and how they are applied in Section II.

Chairman Powell then called for a roll call vote. The motion passed with 6 in favor (Mr. Powell, Mr. Hubbard, Mr. White, Mr. Garlick, Mr. Gill Case, Mr. Tiechert), 1 opposed (Mr. Roberts), and 1 recusal (Ms. Verrengia).

*c) Discussion and vote on Council Priorities for Revising the Least-Cost Procurement Standards*

Please refer to the [Priorities for Revising Least-Cost Procurement](#) presentation.

Mr. Guerard provided an overview of the LCP standards review process. Prior discussion with the Council and stakeholders highlights some opportunities for clarification. Preliminary work has been undertaken but the revision process is not completed at this point. Council can vote on some high level objectives for updated Standards, which will inform consultants in a forthcoming redlining session with PUC. EERMC will have opportunity to review final redlines during a public comment period. He also noted that the proposed priorities do align with LCP legislation, as requested by Powell at last meeting.

Ms. Desautel commented that Council members have a memo about scope of EERMC authority, which is broad, and based on her review that because of enabling statutes language everything presented/discussed is consistent with the law.

Mr. Roughan indicated that there are ongoing discussions about System Reliability Procurement, and that the item referring to SRP being a comprehensive map is something that is already happening in another docket and the Company feels it is duplicative to include that here as well. Mr. Guerard noted that they felt the inclusion of this information was supporting Council's role on stakeholder transparency into energy systems work. He also noted that this document is a direction, and so if the bullet in question is addressed elsewhere then no problem, and the Council will have opportunity to vote on finalized document as well.

Mr. Teichert asked if the language could change "creating" to "coordinating" or "if not already covered elsewhere" to address redundancy issue regarding SRP information here and work being done elsewhere?

Mr. Teichert made a motion to approve priorities as shown in slides 4-6 with amendment to modify item 4 for SRP as discussed above: "coordinate w/ other planning efforts". Mr. Roberts seconded the motion.

Chairman Powell called for a roll call vote. All voted to approve.

## **6. Council Business**

### *a) Discussion and vote on Council priorities for the Three-Year and 2021 Annual Energy Efficiency Plans*

Please refer to the [Council Priorities for the Three-Year Plan](#) presentation.

Mr. Guerard walked the Council through the proposed priorities, reiterating that there will be an opportunity in the future to discuss goals for annual plan. He stated that the consultants want to formalize key themes/objectives from the Council in order to drive the three-year planning process.

Mr. Roberts asked to clarify the difference between cost-efficiency and cost-effectiveness. Mr. Guerard replied that cost-efficiency is anything can be done to help impact and lower budgets; doing more with less in a sense, avoiding overpays, etc.

Chairman Powell asked if there was anything specific relating to low-income programs, given past performance and Council's desire to improve those services?

Mr. Hubbard advocated including low-income programming under item 4 as a specific call out. Mr. Teichert mentioned that the LCP redline language had conversations around defining equity; can we include reference to equity in here as well?

Mr. Teichert made a motion to approve priorities for three-year plan with amendments to include under bullet 4 language around equity and income eligible customers developed by consultants and to present these at next Technical Working Group on Council's behalf.

Mr. Roberts seconded the motion and Chairman Powell called for a roll call vote. All approved.

*b) Discussion and vote on draft Heat Pump letters*

Please refer to the [Draft Letter to the Office of Energy Resources](#).

Ms. Trietch indicated that the only relevant letter to be voted on is the one directed to OER providing Council support of the RGGI allocation of \$2.7 MM for heat pump rebates moving forward.

Ms. Verrengia made a motion to approve letter as written. Mr. Garlick seconded the motion and Chairman Powell called for a roll call vote. All Approved.

## **7. Public Comment**

Kai Salem, Green Energy Consumers Alliance:

Ms. Salem commented that having to choose between ambitious efficiency programs and targets or a high utility bill is a false dichotomy, because our programs are cost-effective and less than supply cost. What is more expensive is waiting to address climate issues. She urged everyone of the need to be proactive to address these issues, and that we shouldn't think about keeping the surcharge low but how can we raise the efficiency surcharge to perhaps eliminate other surcharges or costs. She closed by saying she looks forward to working to get to Max Achievable scenario in program development and results.

## **8. Adjournment**

Chairman Powell called for a motion to adjourn the meeting. Mr. Verrengia made a motion to adjourn, which Mr. Tiechert seconded. All Approved and the meeting was adjourned at 5:53pm.