



STATE OF RHODE ISLAND
**ENERGY EFFICIENCY &
RESOURCE MANAGEMENT COUNCIL**

EERMC FULL COUNCIL MEETING MINUTES

Thursday, February 27, 2020 | 2:30 - 5:30 PM

Hearing Room B, 2nd Floor, Public Utilities Commission 89 Jefferson Blvd., Warwick, RI

Members in attendance: Chris Powell, Anthony Hubbard, Karen Verrengia, Butch Roberts, Kurt Teichert, Peter Gill Case, Bob White, Tom Magliocchetti, Bill Riccio, Roberta Fagan, Nick Ucci

Others Present: Mike Guerard, Mark Kravatz, Becca Trietch, Nathan Cleveland, Matt Ray, Matt Chase, Chris Porter, Joel Munoz, Tim Roughan, Adrian Caesar, John Tortorella, Sam Ross, Daniel Tukey, John Richards, Mona Chandra, Laura Rodormer, Matt Chase, Alex Hill, Nick Martin,

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

1. Call to Order

Chairman Powell called the meeting to order at 2:30pm

2. Approval of Council Meeting Minutes

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

3. Executive Director Report

a) General Update

Acting Commissioner Ucci reminded Council members who are up for re-appointment this year that they will be contacted soon with next steps in that process, if they haven't been already. He provided an update on the Office of Energy Resources (OER) efforts to fill the gap in the heat pump market as a result of the PUC decision regarding fuel switching incentives in National Grid's most recent EE plan. OER has a RGGI allocation plan out for comment now that allocates \$2.7 million dollars to supplement the National Grid incentive for heat pumps to restore the market to its expected 2020 output and Acting Commissioner Ucci urged comments in support of this plan be submitted for those looking to support this work.

Mr. Riccio asked if this allocation would be retroactive to address customers impacted by the abrupt end of the prior program, to which Acting Commissioner Ucci responded that this money would be forward looking only for those folks taking action once this plan was finalized and approved. Mr. Porter, from National Grid, indicated that the company was still waiting on a response from the PUC regarding their motion for relief to address those impacted in January and February and hopes to get a ruling soon. Chairman Powell suggested that the consultant team draft a letter supporting the allocation plan and National Grid's motion to be voted on at the next meeting.

The Executive Director report concluded with an invitation for all to attend the final workshop of the [Heating Sector Transformation](#) effort on April 7th which will be focused on policy options.

4. Chairperson Report

a) General Update

Chairman Powell urged presenters to stick to their allotted time because there is a very full agenda for today's meeting and then reviewed the agenda of items to be covered. He highlighted a memo from the Division of Public Utilities and Carriers outlining the resolution to the accounting errors identified last fall during the planning process as well as several public comments submitted to the Council regarding the changes to the heat pump incentives. He also provided an overview of items covered in the January executive committee meeting, including an initiative to begin in March to reduce printed materials Council meetings and a policy to ensure written responses to unanswered Council member questions that occur during a meeting are provided in writing by the next Council meeting. A motion on the written responses policy will be voted on during the next meeting.

5. Program Oversight

a) Presentation on Quarter 4 2019 Energy Efficiency Program Performance

Please refer to the [Fourth Quarter 2019 Results](#) presentation.

Mr. Richards provided an overview of the company's 2019 Q4, and by extension, total yearly performance in the Energy Efficiency program. Overall the company hit 98% of its electric goal and many sectors were at or above goal for the year. They also hit 104% of their gas goal with most sectors at or above goal as well. However, there was a significant underperformance in the Income Eligible Sector, both for multi-family and single-family, with each falling short of the electric goals. Ms. Rodormer and Mr. Richards attributed this to a decline in lighting opportunities and a decrease in additional measures being installed following audits, as well as EM+V updates that negatively affected savings performance in 2019.

Vice-Chair Hubbard commented that underperformance in this sector has been an issue for years and that the company has known lighting is going away for some time and asked why this continues to be such a challenge? He also indicated that a formal improvement plan of some kind with specific improvements and milestones to measure against would be very important and something he would like to see in order to ensure there is not another year of lagging performance. Mr. Guerard indicated that the consultant team could provide their analysis on this sector as supplemental information to support the development of this type of plan.

Mr. Riccio asked why Q4 is historically such a big chunk of the annual goal achievement and did that suggest that the company needed to work harder earlier in the year to adjust. Ms. Rodormer indicated that the annual increase in Q4 is a by-product of sales and implementation lead times, fall being a big opportunity for heating and weatherization work and the year-long process of developing a pipeline of projects to complete that takes time to get through installation, which is when savings are claimable.

b) Discussion on Least-Cost Procurement Standards

Please refer to the [Proposed Updates to Least-Cost Procurement Standards](#) presentation.

Mr. Guerard provided an overview of the Least-Cost Procurement standard and the cycle of making changes to the standards. He provided an overview of the recent PUC technical

session where stakeholders reviewed a restructured document with the PUC. The PUC is planning for additional technical sessions to redline the document using the new outline. The consultant team will be taking feedback from the Council and looking to incorporate that, alongside other stakeholder feedback from the Technical Working Groups, into an updated document. The council will vote on recommendations to the PUC on what their priorities for that document are at the next meeting, and then vote on a formal document once that text is available.

Chairman Powell wanted to ensure a clearer definition of prudent and reliable in the standards to help guide the Council, as well as ensure everything proposed is in alignment with the legislation, with a recommendation that EERMC legal counsel weigh in on the proposals priorities for redlining.

c) Presentation from Dunksy Energy Consulting on Draft Potential Study Results

Please refer to the [RI Energy Efficiency Market Potential Study](#) presentation.

Mr. Alex Hill and Mr. Nick Martin from Dunksy Energy Consulting were in attendance to present the initial findings from their RI potential study to the Council.

Mr. Hill provided an overview of the scope of the study and what areas the results would be broken down into for review, which are: Energy Efficiency, Demand Response, Combined Heat and Power, and Heating Electrification. He noted that each sector has a technical, economic, and achievable lens applied to it, and then a low, mid and max achievable scenario is presented for each sector giving savings and estimated budget numbers for each. This was done for electric, gas, and delivered fuel savings for EE.

For the efficiency sector, much of the lighting has been removed from the later years of the model because the expectation is that market will be fully transformed. However, the study shows new, deeper savings opportunities exist and can be captured cost-effectively. Gas savings will likely continue to grow in the ensuing years and may become a larger focus of the EE program. Also, program costs may increase to capture the deeper, more expensive measures. However, the cost-effectiveness of the programs and the net benefits captured remain significantly large.

Mr. Hill then discussed Demand Response results, which suggest residential programs offer opportunity for steady growth and that expanding programming to include new measures has a bigger effect than raising incentives.

Mr. Martin then presented the results on the CHP sector, indicating that while the sector is small there is still reasonably large potential for cost-effective development and savings achievement. The biggest opportunities lie in the office, healthcare, education, and industrial segments of the market and that current incentive levels can encourage adoption commensurate with recent years.

Chairman Powell questioned the efficacy of the CHP portion of the program given that RI has had strong incentives for the sector and little to no activity there for a few years. He also wondered how a shifting focus to GHG reductions would impact CHP adoption. Mr. Martin suggested that their modeling indicated that the opportunities they are presenting all screen as cost-effective and have a reasonable rate of return for the customer, and so perhaps there are other factors that need to be considered to move what is traditionally a very chunky, slow moving sector forward.

Mr. Martin then reviewed the heating electrification results, which demonstrated that this sector has significant opportunity in RI and can deliver some large benefits to the State and its customers. Their research indicates that those benefits come in large part from switching delivered fuel customers to efficient heat pump technologies and that increasing incentives drives significantly more adoption, particularly moving between their mid and max scenarios.

d) Discussion on the Targets

Please refer to the [Update on 2021-2023 Target Setting](#) presentation.

Mr. Ross gave an overview of the sections of Dunksy's draft results that would inform the target setting process for the Council and then went through three big decision points on which the Council provided feedback. Those areas were lifetime versus annual savings targets; kWh/therms versus all-fuels MMBtu savings units; and balancing the Program and Max achievable scenarios (e.g. low and max) from Dunksy's report. He also provided consultant team recommendations to the Council for each of these three areas, which incorporated feedback garnered from other stakeholders at Technical Working Group Meetings as well.

On the lifetime vs. annual topic, Chairman Powell asked what the impacts to program design would be if this switch was made. Mr. Ross suggested that the mix of measures would likely change in scale to focus more on those with greater lifetime savings (e.g. HVAC, envelope) over shorter term (e.g. behavioral efforts). Multiple council members indicated support for using lifetime metrics for the Targets.

Mr. White asked what the concerns/issues would be with switching to using a MMBtu all-fuels savings metric. Mr. Ross indicated that it could present some methodological challenges to calculate accurately in some areas, especially in determining whether to use site or source emissions in the calculation. This is partly why the Consultant Team's recommendation is to use the existing kWh/therms savings metrics while MA completes a study on the MMBtu metric issues.

On balancing program and max achievable numbers there was robust debate among those present on the proper approach to inform targets. Mr. Roughan and Mr. Porter highlighted concerns on the budgetary impacts of the max achievable numbers Dunksy presented as well as how and when the "prudent" and "reliable" filters should be applied in this process. Chairman Powell indicated the need to follow the legislation of least-cost procurement closely and felt that politically it was important for the Council to set high targets as stretch goals for the company to work towards. Mr. Teichert indicated that customers are used to paying a certain rate per kWh, but for a larger amount of kWh and that setting high targets and increasing the budget to meet them would be investing now (which would increase rates) but allow customers to need fewer kWh in total. Mr. Gill Case suggested a need to prioritize using a long-term view when planning, even if we only end up at a similar budget for the program based on other factors, that long-range thinking is critical to sustained success. Mr. Roberts expressed a concern about setting a stretch goal that is too ambitious such that there isn't a reasonable chance of ever hitting it and concerns about the job impacts higher rates might have. Mr. White indicated that the Council's goal was to set targets based on up to date and best information at hand and that the company has opportunities to adjust and justify deviations in the annual planning process. Chairman Powell echoed this sentiment by saying high targets give us the flexibility and leeway to adjust as needed, rather than setting an artificial value on what could be achieved.

Mr. Guerard indicated that the consultant team is working on a memo for Council Members on electric bill impacts that will help inform their vote in March. National Grid indicated a desire to suggest an alternative target recommendation for consideration at the next meeting where the Council will discuss and then vote.

6. Council Business

a) Discussion on Draft Council Priorities for the Three-Year and 2021 Annual Energy Efficiency Plan

Please refer to the [EERMC Proposed Priorities](#) presentation.

Mr. Guerard reviewed the process for developing priorities for Council consideration and the stakeholder engagement that has taken place to incorporate their thinking into the recommendations. The aim is to present these priorities to National Grid in early April to help guide the creation of the Three-Year Plan. At the March Council meeting the Council will vote on the recommended priorities.

7. Public Comment

There was no public comment.

8. Adjournment

Chairman Powell called for a motion to adjourn the meeting. Mr. Teichert made a motion to adjourn, which Ms. Verrengia seconded. All Approved and the meeting was adjourned at 5:44pm.