**EERMC FULL COUNCIL MEETING MINUTES**

Thursday, July 16, 2020 | 3:30 - 5:30 PM
Meeting conducted virtually using GoToMeeting with additional audio conference capabilities

**Members in attendance:** Nick Ucci, Kurt Teichert, Karen Verrengia, Anthony Hubbard, Peter Gill Case, Roberta Fagan, Bill Riccio, Joe Garlick, Tom Magliochehti, Bob White

**Others Present:** Nathan Cleveland, Becca Trietch, Angela Li, Sam Ross, Mike Guerard, Craig Johnson, Sydney Usatine, Joel Munoz, Hank Webster, Jack Miniati, Kai Salem, Daniel Tukey, John Tortorella, Dr. Carrie Gill, Mona Chandra, Laura Rodormer, Tim Roughan, Chris Porter, Kevin Rose, Adrian Caesar, Yasmin Yacoby, Matt Ray, Adam Jacobs, Mike Rossacci, John Richards, Seth Handy, Rachel Calabro, Jennifer Amatore, Eric Belliveau

All meeting materials can be accessed here: [https://rieermc.ri.gov/meeting/eermc-meeting-july-2020/](https://rieermc.ri.gov/meeting/eermc-meeting-july-2020/)

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1. **Call to Order**
   Acting Chairman Hubbard called the meeting to order at 3:31pm

2. **Approval of Council Meeting Minutes**
   Acting Chairman Hubbard requested a motion to approve the June meeting minutes. Mr. Gill Case made a motion to approve June meeting minutes as written and Ms. Verrengia seconded. All approved by roll call vote.

3. **Executive Director Report**
   a) **General Update**

   Commissioner Ucci thanked Acting Chair Hubbard for stepping up to run the Council meetings, especially as formal appointments/title changes are likely on hold until the next legislative session in 2021.

   The first public workshop was held by the Office of Energy Resources (OER) for the 100% Renewable Electricity by 2030 initiative last week and was very well attended by the public. The Brattle Group is the consulting firm working with OER on this effort and Commissioner Ucci noted that energy efficiency will be a foundational part of that work.

   He also noted that Ron Gerwatowski was formally appointed by the legislature as the new Public Utilities Commission (PUC) Chairperson, and they also formally appointed Linda George as Administrator of the Division of Public Utilities & Carriers (DPUC) and we are looking forward to working with them moving forward.
He closed by noting that both OER and Consultant team are involved with other stakeholders in the development of the latest Avoided Energy Supply Costs (AESC) study, which has impacts on the reporting and calculations for the energy efficiency programs.

4. **Acting Chairperson Report**

   a) *General Update*

   Acting Chair Hubbard welcomed everyone to the meeting and let everyone know that he attended the first 100% renewable workshop and found it very informative and encouraged other council members to attend future ones if they are able.

   He then reviewed the agenda for today’s meeting and stressed the importance of staying on schedule. As part of that agenda he highlighted a discussion and vote regarding rescheduling the October meeting to accommodate an adjusted filing timeline for a combined Three-Year and Annual Plan for the energy efficiency program and asked Council members to have their calendars ready to decide on this matter.

   Lastly, Acting Charli Hubbard reminded everyone of the location of meeting materials on the EERMC website and noted that not all materials will be discussed at today’s meeting. He encouraged anyone looking to make public comment to please make that desire known in the chat and we will call on you during the public comment sessions and public comment is always welcome through the EERMC website.

5. **Program Oversight**

   a) *Update on COVID-19 from National Grid*

   Ms. Li provided a brief update on COVID-19 response efforts. The multi-state collaboration on health & safety protocols is ongoing and has led to a series of tests contractors need to take and pass before being able to go back in the field.

   86 participated and 34 passed so far; 95% of companies that work in the EnergyWise program are cleared and back in the field, but not all of their crews came back due to furloughs/layoffs and so they are only at 60-65% of prior capacity. The expectation is that as work ramps back up the workforce will continue to increase in the coming months.

   Ms. Li also stated that 294 Weatherization projects have been completed so far, mostly since July 1, and 780 Virtual Home Energy Audits completed in the market rate program and 510 in the Income Eligible Services program. Importantly, the first weatherization project scoped entirely through a virtual audit has been completed and the contractor was able to inform National Grid that the scope from virtual assessment was spot on, which is good news.

   Ms. Chandra noted that the health & Safety protocols developed for the residential sector also apply to the Commercial & Industrial (C&I) side of the business. She let the Council know that 57 Large C&I virtual pre-inspections and 48 virtual post-inspections had been completed as of July 10th. Furthermore, 17 Small business virtual audits had been conducted and 113 contracts for additional work were signed in the May-July period so the project pipeline is beginning to ramp up again in this sector as well.
b) National Grid Presentation on Income Eligible Programs

Please refer to the National Grid Income Eligible Program Update presentation.

Ms. Rodormer began by providing an overview of what she would provide updates on, which includes COVID-19 impacts to the program, as well as the Single Family and Multi-Family Income Eligible Programs, providing program status relative to 2020 goals and work being undertaken to close gaps in program performance.

Ms. Rodormer began by reminding everyone that COVID-19 is impacting this sector like all others. The Income Eligible program’s virtual audit process began in mid-May with a few agencies before a Statewide roll out in June across all agencies. This was because they needed more time to ramp up since some staff had been either furloughed or laid off during the pandemic. All Community Action agencies have been through the required health and safety training and weatherization jobs have been assigned to implement. In-home assessments will begin again soon (~end of July) as health & safety protocols tests are passed and personal protective equipment is acquired.

She mentioned that 510 Virtual Energy Assessments have been completed, as Ms. Li alluded to and that 443 instant savings measures (e.g. LED light bulbs and smart power strips) have been sent to customers. Only 2 customers took advantage of the Face-Time like video feature as part of Virtual Energy Assessment process. From the 510 virtual assessments, 329 weatherization opportunities and 211 heating system opportunities have been identified but they have yet to implement any of those opportunities derived from a virtual assessment yet. She noted that National Grid will be paying close attention to efficacy/accuracy of virtual audits to actual conditions once more move forward.

Ms. Rodormer then touched on the Process Evaluation Recommendations from 2019; COVID-19 has paused several of those initiatives, for various reasons, including: difficulty with landlord engagement, delays in implementation of new Key Performance Indicators as part of the new Weatherization process (mostly around timing), and the capacity of assessors at the Community Action agencies.

She also discussed that National Grid is working on a new delivery model for this program that will provide other auditor/staff support from a 3rd party agency as needed to these agencies in order to ensure both equity of access as well as to remove delays in service as they staff back up.

Lastly, she provided a status update on the program numbers so far. Of the $12 million Single Family budget, they are projecting to come in significantly under that for 2020 based on invoiced work, current pipeline of projects, and projections through the end of the year for a spend amount of ~$3.5 million.

Ms. Amatore then discussed the number for the Multi-Family Program. Of the $6.5 million budget there is a much larger gap projected for the end of the year based on invoiced work, current pipeline of projects, and contracts presented to customers, as they are anticipating a spend of ~$2 million. An important note for this program is that it did not move forward with Virtual Assessments, so not as much as a projected potential work as you saw in the Single Family program.
Ms. Rodormer then covered the next steps for these Income Eligible Programs with the Council. First, they have a meeting with executive directors from the Community Action agencies next week to discuss strategies for improvement like bringing on more auditors and targeting renters more heavily. There is also a quarterly best practices meeting with the weatherization and appliance management program managers and National Grid will solicit feedback and ideas from them at that meeting for new strategies to reach customers (and do so safely).

She also noted that they are developing an iPad enabled feature for the audit process to speed up data entry and collection from audits. Targeted marketing is panned for this as well, especially around health and safety protocols, to try and generate new leads.

Ms. Amatore then discussed next steps for the Multi-Family Program. National Grid is looking to have a meeting with housing authorities to discuss providing air conditioning solutions for those buildings, particularly heat pump opportunities, given the especially hot summer this year.

Ms. Verrengia asked if there were any plans to target the trailer housing communities across the State for potential energy efficiency opportunities?
Ms. Rodormer replied that weatherization of mobile homes can be tricky but they will look into reaching out to these communities.

Mr. Gill Case asked if there was any information, across sectors, on how the Income Eligible Virtual Assessment numbers stack up compared to market rate sector etc.? He would like to see those comparisons and track progress.

Acting Chair Hubbard asked is any contingency plans were being made to try and do as much in-person/in-home work now in case of a second COVID-19 wave that precipitates another shutdown? Ms. Rodormer mentioned that this very question was on the agenda for the executive director meeting next week and was another strong reason for bringing on a 3rd party entity to support all of this work now rather than waiting for a longer ramp up using just the existing capacity of these agencies.

c) Consultant Team Presentation on Three-Year Energy Efficiency Plan Comments

Please refer to the Consultant Team Three-Year Energy Efficiency Plan Comments presentation.

Mr. Guerard gave an overview of the comments presented by the consultant team to National Grid on July 3rd regarding the Three-year Plan first draft, which are also covered in the memo prepared for this meeting detailing each of them. Mr. Guerard wants to ensure these comments are indeed the areas the Council wants their consultants to be focusing on with National Grid and stakeholders in the rest of the plan development process.

Mr. Guerard made clear that significant enhancement is needed to first draft to meet high level objectives of identifying barriers to success, developing a roadmap for overcoming those barriers, and demonstrating program growth year over year. This includes a focus on raising savings overall, particularly through several major end use categories where the potential study showed significant opportunity for additional savings relative to the first draft, specifically: Heating, Ventilation & Air Conditioning (HVAC), hot water, and envelope.
He also indicated that there needs to be more justification and quantification of barriers and what strategies will be used, including timelines and milestones, for overcoming those. Additionally, should next year’s program be impacted by the economic impacts of COVID-19 (either in the overall budget, or a desire to minimize the System Benefit Charge), we need to ensure special consideration is made to those most affected by these economic impacts – including small business customers, Income Eligible customers, and community-based non-profits.

Mr. Gill Case added that COVID-19’s economic impacts make the emphasis on ensuring equity and service to most vulnerable even more critical.

Mr. Guerard then reviewed the next steps in the plan development process, including a series of follow up meetings for each sector, specific meetings on workforce development and the end use categories identified by the consultants, and technical working group conversations.

d) National Grid Presentation on Comments on the First Draft Three-Year Energy Efficiency Plan

Please refer to the National Grid Three-Year Energy Efficiency Plan Update presentation.

Mr. Ray reviewed the stakeholder comments presented on the first draft of the Three-Year Plan, both via email and in the Technical Working Group meetings. He noted that each sector team would provide an update on the planning process within their sector since the last Council meeting.

Mr. Ray shared that the comments received hit on some similar themes, including identifying and addressing barriers that prevent reaching the savings targets; a strong justification for why the savings goals are lower than the targets approved; focusing on end uses other than lighting (like HVAC, hot water, and envelope) to increase savings; increased focus on equity and how that will be achieved; also reframing some of the messaging about the transformation of the lighting market (a success story and not a negative), Heating Sector Transformation work, and rate impacts.

Ms. Rodormer reviewed some of the residential sector engagement that’s happened since the draft was released, including meeting with stakeholders to review barriers and discuss solutions as well as discuss the HVAC program and suggest enhancements to the program at those meetings. Additionally, a matrix was developed and shared by the consultants with some program design and program enhancements for each sector that are being discussed and reviewed for the next draft. Ms. Rodormer noted that all of this was done with the goal of closing the savings gap between first draft numbers and the targets. National Grid will be working to better illuminate barriers and provide solutions to overcome those over the life of the Three-Year Plan as well as increasing the savings goals proposed in the coming weeks. She closed by noting that the Company is planning to provide a rationale for why certain ideas/suggestions may not make it into this plan to ensure transparency with stakeholders on the Company’s thinking.

Ms. Chandra discussed the commercial and industrial sector’s engagement since the first draft was released, which included numerous meetings with stakeholders to discuss barriers and strategies to overcome those. The consultant team matrix with program design and program enhancement
suggestions was reviewed and identified a number of barriers and how they can be overcome through creative solutions to enhance program savings goals. She also noted that the sector team is working with their vendors to discuss some of the proposed solutions and to refine program goals and plan content to be responsive to comments and suggestions.

Mr. Ray then reviewed the updated timeline for the plan development in light of the Three-Year Plan and Annual Plan combined filing and what will be done with Council and stakeholders between now and then.

Mr. Teichert commented that the Annual Plan process last year had an incremental approach and the final draft is where the numbers (for both budgets and savings) really took shape against what our expectations were. He then asked if the next draft of this plan would demonstrate significant changes from draft one?
Mr. Ray responded that National Grid is going to take this seriously but they want to be clear that hitting Max targets, especially in year one and two, is not going to be possible, and they are weighing the economic/budgetary impacts of reaching higher goals very heavily. He stated that they are not intentionally holding back information, but that they want to use time afforded to them to ensure we get it right.

Mr. Teichert than stated that it seems highly unlikely, due to COVID-19 and other factors, that we will spend all our budget in the Income Eligible sector and perhaps others. He asked if and how that impacts budgets for next year and over the Three-Year plan?
Mr. Ray responded that National Grid haven’t factored any COVID-19 impacts into the plan yet, and that they intend to do this in the next draft as they get more information, but that the fully reconciling funding mechanism will reflect any unspent monies.

Ms. Verrengia commented that she hopes to see more focus on the three primary end-use areas the consultants identified significant opportunities in future drafts, especially to show increase in performance year over year.

Mr. Gill Case noted that the Targets are the goalposts and that he feels we need to do everything we can to reach those, or at least clearly communicate why we aren’t getting there. Additionally, he is expecting to see progress in savings achievement over the three years since a significant ramp in year one was always going to be a challenge, but need to be moving ever upwards. He also asked if he could be included in future conversation surrounding the identification and overcoming of barriers moving forward, if possible.

e) Consultant Team and National Grid Presentation on Performance Incentives and Codes & Standards.

Please refer to the Consultant Team and National Grid Performance Incentives and Codes & Standards presentation.

Mr. Tortorella gave an overview of the Performance Incentive Mechanism (PIM) development process so far with stakeholders for both the Energy Efficiency Program as well as the Codes & Standards program, which has been ongoing for most of 2020.
Mr. Porter gave a brief overview of how National Grid earns across all of its activities, including investment in infrastructure to deliver energy and earn a return on those investments and then operating costs, which are returned through rates and have a built in a profit opportunity. For energy efficiency, the fully reconciling funding mechanism allows for the collection of funds to run the programs but does not include any built in profit like operating costs and so performance incentives align company incentives with the public interest to help ensure and guide optimal performance and maximize benefits to the public.

Mr. Tortorella reviewed the establishment of these performance incentives through the Least Cost Procurement statute and standards, which is set up to achieve the goals outlined by Mr. Porter for those earnings. The current incentive structure for 2020 and the prior few years has been an opportunity to earn 5% of the eligible program budget upon meeting savings goals. Mr. Tortorella noted that the earning opportunity begins once 75% of savings goal ha been achieved and National Grid can continue to earn up to a cap of 125% of the savings goals. The earning rate is steeper from 75-100% then it is from 100-125% and budget rules are in place to govern underspend/over save situations.

Mr. Belliveau discussed the current incentive proposal for Rhode Island’s efficiency program moving forward, which is different than current structure.

He noted that there are a number of areas of shared agreement on the new structure among the parties, as well as some areas for continued discussion/negotiation. The areas of agreement include the following:

- Move to a shared benefits model, which would emphasize deeper/longer-lasting measures, with performance and earnings determined on an annual basis and not cumulative over a Three-Year Plan.
- Proposing to lock much of the incentive structure in the Three-Year Plan but maintain the flexibility to set payout rate based on the binding annual savings goals.
- Set a 125% incentive cap at 125% of target outcomes, with long-term thresholds at 75% of target outcomes and more “straight-line” performance and payment curves between threshold and capped earnings, compared to steeper and more gradual rates currently in place.

Areas for further discussion include:

- The specific payout rates (and resulting design level earning opportunity)
- The granularity of performance and earning calculations (program vs. sector vs. portfolio level)
- The exact split between total and net benefits
- Incentive mechanisms to account for other specific priorities
- A near term earnings threshold to include considerations for COVID-19 related uncertainties.

Mr. Teichert asked if there is any precedent or proposal to have variable incentive structure for specific sectors, i.e. Income Eligible having a higher return on success than others?
Mr. Belliveau responded that it is possible to do this. Often this is achieved through a specific, additional metric on a singular goal with a pool of funds to earn for hitting that specific goal. For example, Massachusetts has included a goal specific to renters.

**NOTE:** At this time, the meeting agenda was adjusted to accommodate Council voting while a quorum was present. Ms. Verrengia made a motion to adjust the meeting agenda to move items 6a & 6b forward for immediate consideration. Mr. Gill Case seconded the motion and all approved by roll call vote.

### 6. Council Business

**a) Discussion and Vote on Letter to the Public Utilities Commission on the Demand Response Potential Study Update**

Please refer to the [Letter to the Public Utilities Commission on the Demand Response Potential Study Update](#)

Mr. Ross reviewed the content of the memo and the reasoning behind providing this update to the Public Utilities Commission (PUC). There was a minor change to the Demand Response module based on feedback received on the final report, which came after the vote on the Targets was made. As a result of this module adjustment, there were reductions of ~ 1 Megawatt of potential in each of the three years, and so the memo recommends that the targets not be re-filed as a result of the minimal changes, and that this memo notifies the public and the PUC of that change, since the material impact on the plans and program design would be negligible.

Mr. Teichert made a motion to submit the letter as written to the Public Utilities Commission, Mr. White seconded the motion and all approved by roll call vote.

**b) Discussion and Vote on Moving the October Meeting Date**

Ms. Trietch notified the Council that as a result of National Grid’s intention to file the Three-Year and Annual Plans jointly, the new filing deadline is earlier than our scheduled October meeting. As a result, the suggestion is to move the October meeting to October 8th, rather than October 22nd. The Council members present all indicated the new date worked for them.

Ms. Verrengia made a motion to move the October Council meeting date from October 22ns to October 8th to accommodate a vote on the efficiency plans, which Mr. White seconded and all approved by roll call vote.

### 5e. Consultant Team and National Grid Presentation on Performance Incentives and Codes & Standards - Continued

Mr. Guerard gave an overview of what work is covered when we discuss codes (Rhode Island State building codes for fire, electrical, and energy) and standards (minimum efficiency requirements of appliances). National Grid has been working on supporting codes and standards development for a number of years, by providing training on codes to code officials, engineers, and architects to make sure they are aware of changes and are working towards those. They receive credit for some energy savings attributed to this work. Similarly, they have been doing some work to help advance appliance standards through the legislature over the past year.
Mr. Guerard informed the Council that codes & standards are important because they are highly cost-effective savings, have a large potential for energy savings, contribute to significant greenhouse gas reductions, and is a fast way to transform markets. Also, it is a category in the American Council for and Energy Efficient Economy’s State scorecard where Rhode Island is currently lacking due to inaction on appliance standards.

He noted that a performance incentive for this work is different because these things are highly political and harder to quantify, especially since other entities support this work as well so how much of credit should go to National Grid? Having an incentive mechanism provides an incentive for the Company to do this work because higher codes and standards reduce their opportunities in the energy efficiency program to make improvements and this important to reward this work to offset that disincentive.

Mr. Guerard closed by reviewing the current proposal for a performance incentive, which is to limit work funded by efficiency program dollars to technical assistance and only pay National Grid for successful achievement of a code amendment or new standards, which reduces the disincentive for the company to engage.

Mr. Rose expanded on Mr. Guerard’s comments to discuss why a new codes & standards proposal is being considered for the three-year plan, recognizing the broad stakeholder support for this work, but also the fact that this work is not easily tied into the existing (or proposed) incentive structure.

He noted that the proposed model is to provide a financial adder for codes & standards work that covers the lost opportunity (plus a bit more) that results from increasing baselines, which would financially incent the company to support this work, rather than do nothing and continue to accrue savings from traditional, lower baseline, opportunities. Their earnings would be determined at time of implementation but applied towards the period when benefits are actually realized.

Ms. Verrengia expressed interest in revisiting this topic in a future meeting to allow for further discussion and for other council members to hear the conversation.

Mr. Gill Case stated that he is very supportive of codes and standards adoption as a cost-effective means of driving savings and improving baselines.

\textit{f)} Public Comment on First Draft Three-Year Energy Efficiency Plan and/or Codes & Standards and/or Performance Incentives

None.

7. Public Comment

None.

8. Adjournment
Acting Chairman Hubbard called for a motion to adjourn the meeting. Ms. Verrengia made a motion to adjourn, which Mr. Gill Case seconded. All approved and the meeting was adjourned at 5:49pm.

*Outstanding Council Member Questions Requiring a Written Response:*

None.