



STATE OF RHODE ISLAND

ENERGY EFFICIENCY & RESOURCE MANAGEMENT COUNCIL

EERMC FULL COUNCIL MEETING MINUTES

Thursday, October 8, 2020 | 3:30 - 6:30 PM

Meeting conducted virtually using Zoom with additional audio conference capabilities

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

Others Present: Nathan Cleveland, Becca Trietch, Margaret Hogan, Sydney Usatine, Jill Goodman, Michael Baer, Sam Ross, John Tortorella, Joel Munoz, Chris Porter, Adrian Caesar, Mike Guerard, Daniel Tukey, Craig Johnson, John Richards, Kai Salem, Hank Webster, David MacLellan, Jack Miniati, Jeffrey Diehl, Sue AnderBois, Jessica Darling, Carinel LeGrand, Laura Rodormer, Ben Rivers, Matt Chase, Rachel Calabro, Angela Li, Julie Capobianco, Naomi Mermin, Mark Kravatz, Kevin Rose

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

1. Call to Order

Acting Chairman Hubbard called the meeting to order at 3:35pm

2. Approval of Council Meeting Minutes

Mr. Riccio made a motion to approve the September 17th open meeting minutes as written, Ms. Verrengia seconded. All approved by roll call vote.

Mr. Riccio made a motion to seal draft Executive Session meeting minutes from September 17 and keep them at the Office of Energy Resources. Mr. Teichert seconded the motion. All approved by roll call vote, with Mr. White abstaining.

Mr. Riccio made a motion to approve the September 21 open meeting minutes as written, Mr. Teichert seconded. All approved by roll call vote.

Mr. Riccio made a motion to seal draft Executive Session meeting minutes from September 21 and keep them at the Office of Energy Resources. Mr. Teichert seconded the motion. All approved by roll call vote, with Mr. Gill Case and Mr. White abstaining.

3. Executive Director Report

a) General Update

Commissioner Ucci provided two quick updates. First, the second public workshop on the Office of Energy Resources 100% Renewable Electricity by 2030 initiative was held on September 29th,

with over 150 attendees, and covered some preliminary data from the project, discussed next steps, and solicited feedback from the public. A recording of the session and further project details are available on the OER website.

Second, he reported the sad news that a former colleague of many in the energy sector, Erika Neidowski, unexpectedly passed away on October 2nd. She was the former director of Acadia Center's Rhode Island office and most recently at was at the Coalition for Solar Access. A GoFundMe is available for those interested; please contact Ms. Trietch for details.

4. Acting Chairperson Report

a) General Update

Acting Chair Hubbard reviewed the agenda for today's meeting, highlighting a Council vote on the 2021 Annual Energy Efficiency Plan and 2021-2023 Three-Year Energy Efficiency Plan, and asked all presenters to please stick to their allotted time.

He also noted there would be three separate opportunities for public comment given the numerous important topics being voted on today. All meeting materials were posted on the EERMC website and noted that two written public comments were submitted in advance.

Acting Commissioner Hubbard also informed the public that last night the Council, with the URI outreach center, hosted the first of three events in the Plugged Into Energy Research (PIER) lecture series on Energy Efficiency, Human Health, and COVID-19 and two more are to come in October and November, respectively.

Lastly, he reiterated that three Council members are needed to be on review committee for the consultant services RFP and those interested can either volunteer now, or contact Ms. Trietch after the meeting, and no later than the end of the day Monday as the committee needs to be formed by next week.

5. Program Oversight (formerly agenda item 5)

1. Update on COVID-19 from National Grid

Mr. Ray indicated that National Grid's energy efficiency services are fully back in the market, that health and safety protocols are being followed, and no COVID-19 infections have occurred through program activity.

They have conducted 2,580 virtual home energy audits in EnergyWise market rate program and 950 in the income eligible program.

Ms. Verrengia asked if energy audits are currently getting 100% cost coverage and is that a change from normal?

Mr. Ray indicated that yes, National Grid increased incentives to 100% for weatherization due to COVID. That increased incentive is available for work completed through the end of the calendar year associated with audits that took place prior to September 30th.

2021 Annual Energy Efficiency Plan

2. National Grid Review of the 2021 Annual Energy Efficiency Plan

Please refer to the [National Grid Presentation on the 2021 Annual Energy Efficiency Plan](#).

Mr. Tortorella noted that this year the Annual Plan is being filed concurrently with the Three-Year Plan due to a change in the Least Cost Procurement Standards this summer. He noted that National Grid expects positive fund balances at year end due to lack of activity in 2020, which allows for program momentum to be maintained while not raising the system benefit charge. This plan also advances significant priorities of stakeholders, such as workforce development and equity.

Mr. Tortorella then reviewed the high-level numbers of energy savings, budgets, lifetime benefits, and job creation for both electric and gas portfolio. He noted the adjustments from last meeting to this version of plan, which included finalized savings goals and budgets, and the system benefit charge being held constant at the 2020 level. Additionally, this version of the plan includes \$5 million dollars in the budget to support the Efficient Buildings Fund (EBF). Mr. Tortorella also explained that this version of the plan is able to incorporate results of the few outstanding Evaluation, Measurement & Verification (EM&V) studies which impacted savings numbers in this version of the plan - largely negative effect on claimable savings. The Company also finalized the rate and bill impacts analysis.

Mr. Tortorella then reviewed the details of the performance incentive mechanism by which National Grid can earn based on its achievement of program performance goals. The structure of performance incentive mechanism is proposed in the Three-Year Plan, and the specific earning opportunity is based on annual plan achievement. This year's performance incentive is a new structure that is based on a net benefits framework, excluding economic benefits, and measured at the sector level (as it has been previously) less the cost of achieving those benefits. In 2021 achievement begins at 65% of goal with a linear slope up to an earnings cap at 125% of goal. This provides a total earning pool of \$7.2 million dollars in 2021 for full goal achievement, with \$1.7 million coming from the gas portfolio and \$5.5 million coming from the electric portfolio.

Ms. Rodormer then provided the residential portfolio highlights of the plan, including an increased focus on equity and workforce development. She also gave an in-depth look at how National Grid was looking to drive increased savings in key areas from the potential study, such as weatherization, hot water, and heating, ventilation and air conditioning (HVAC).

Mr. Rivers then reviewed the commercial and industrial (C&I) sector highlights of the plan, including some new initiatives like Telecomm, new construction program modifications, as well as significant enhancement to the small business portfolio. He also discussed some of the innovations in the C&I portfolio, including an energy management platform that will provide greater visibility for the company into customer equipment and decision-making as well as continued work on barrier identification and reduction efforts.

Mr. Tortorella then reviewed the final savings goals and the changes between draft plans and this version. Adjustments were made throughout the planning process to account for evaluation results and portfolio changes shifting some focus to demand response and away from C&I on the electric side. Similarly for the gas portfolio, evaluation and programmatic changes adjusted savings goals from earlier drafts and budget constraints also inhibited progress toward the "low" savings scenario from the potential study. Mr. Tortorella noted the 2021 system benefit charge for both electric and gas would remain flat at 2020 levels, even though budgets are up about 10% for 2021. Finally, he reviewed rate and bill impacts analysis that demonstrate savings derived from

participants, average customers, and non-participants with participants seeing significant savings and average customers seeing some savings depending on portfolio.

3. Consultant Team Presentation on the 2021 Annual Energy Efficiency Plan

Please refer to the [Consultant Team Presentation on the 2021 Annual Energy Efficiency Plan](#).

Mr. Guerard gave an overview of the consultant team findings from the annual plan. COVID-19 impacted not only the delivery of the programs, which had to shutdown in quarter two of 2020, but also the planning process. Additionally, the updated Least Cost Procurement (LCP) Standards released by the Public Utilities Commission (PUC) in the summer, after a delay, allowed for a combined filing option that National Grid opted to take and further adjusted the schedule for plan development and review. He noted that the main impact has been the flat system benefit charge from 2020 to 2021 and a shift in focus from maximizing savings to maximizing cost-efficiency given this budget cap.

Mr. Guerard stated that this plan is consistent with the Standards and negotiations between stakeholders led to positive outcomes, including the updated performance incentive structure, the inclusion of an equity focus, improvements in barrier reduction identification and mitigation, and multi-year strategies for combined heat and power projects and the Efficient Buildings Fund. He did note that overall, the planning and review process would benefit in the future for allowing additional time between drafts and especially prior to voting on the final plan, both for the stakeholders and the Council members.

Mr. Ross covered the development of the savings goals and budgets during the planning process for the Annual and Three-Year Plans and indicated that the savings goals have decreased since the first draft of the Three-Year Plan (largely due to evaluation results and budget constraints) and the budgets have increased as much as possible to maximize savings achievement while maintaining a flat system benefit charge for 2021.

Mr. Johnson covered the sector highlights of the 2021 plan, noting that the lifetime savings achievement was flat throughout the planning process for the residential sector, though measurable progress was made to ramp up the heating, ventilation and air conditioning (HVAC) savings in planning. The commercial & industrial (C&I) sector saw a large decrease in savings goals, which was driven significantly by an evaluation study reducing claimable savings and the shifting of combined heat and power project savings to later years. The plan also contains a number of key commitments made by National Grid that address a number of key stakeholder priorities, like improvements in the Multifamily and Income Eligible programs, equity considerations, launching new initiatives, and addressing pre-weatherization barriers to name a few.

4. Public Comment on the 2021 Annual Energy Efficiency Plan

Public Comments made in writing in advance of the meeting can be reviewed on the EERMC's website: <https://rieermc.ri.gov/meeting/eermc-meeting-september-2020/>

Joel Munoz, Division of Public Utilities and Carriers:

Mr. Munoz stated that the Division recommends approval of both the Three-Year and 2021 Annual plans and they reflect a balance for ratepayers based on moving programs forward and managing short-term economic impacts for all ratepayers. The Division recognizes the long-term

benefit of energy efficiency, but also have concerns with economic landscape and cost of programming, which is why they consistently look to minimize the system benefit charge to mitigate those impacts. COVID is still having an impact on our economy and by extension, these programs, and we have the opportunity to reevaluate with subsequent annual plans as we have more information on long term outlook of economy and best interest of these important programs.

Kai Salem, Green Energy Consumers Alliance:

Ms. Salem said that their organization was pleased with the improvements in the second draft, especially with respect to equity considerations, given the importance of this issue to them and many other stakeholders. She noted that they had significant concerns about the declining performance in the Income Eligible sector over the recent years and views this plan as making progress to combat that trend. Also appreciated the innovation in finding new ways to connect with customers and focus on deeper measures.

Ms. Salem did state that they were frustrated that energy savings targets are so low and that the artificial cap on program spending is a big driver of that, and that Green Energy Consumers Alliance may not sign on as a settling party as a result. They feel this is a mistake given the importance of addressing the climate crisis head-on and cited recommendations from the recently released Heating Sector Transformation report and the Potential Study as one of many reasons as a need for increasing, not decreasing, investment in efficiency programming.

5. Council Discussion and vote on the 2021 Annual Energy Efficiency Plan

Ms. Verrengia led off by announcing that she would be recusing herself from the discussion and vote on these Plans.

Mr. Teichert asked Mr. Guerard regarding the performance incentive establishing a baseline in 2021 for one metric and not paying for that performance in 2021, specifically as it relates to equity.

Mr. Guerard replied that we are using 2021 to collect data and identify the appropriate metrics and targets for 2022 and beyond on how National Grid can earn an incentive by serving select groups, like renters, once we have a more informed baseline as a result of 2021 commitments.

Mr. Teichert also stated that while he understands the rationale for the 2021 plan targets, his expectation is that it will lead to an increase in achievements over the latter two years of the Three-Year Plan and hopes we will be more aggressive to make up lost ground.

Mr. Gill Case commented that he supports the plan as drafted given the limitations and challenges presented in 2020, though he emphasized that it is not ideal but merely acceptable. He looks forward to working on years two and three in particular to ramp up achievement and get us back on track and important for all us of to work collaboratively to meet lofty State goals. Additionally, Mr. Gill Case felt that the concerns about budget and system benefit charge levels going forward will need to be addressed. He feels that increases in later years of the plan, similar to recently approved rate increases for standard offer service, are appropriate. He concluded by stating that we need to take a more holistic view and energy efficiency is a worthwhile investment, especially relative to the investment versus benefits for customers and that he has high expectations for subsequent years of these programs.

Mr. Riccio thanked National Grid for reintroducing funds to support the Efficient Buildings Fund, as they are critical to allow energy efficiency to thrive in municipalities.

Mr. Riccio made a motion to approve the 2021 Energy Efficiency Plan as presented today by National Grid to the Council with a total electric budget of \$122.3M and a total natural gas budget of \$38.6M, and to allow for non-impactful and cosmetic changes (typos, etc.) to be done prior to filing. Furthermore, the Council directs Marisa Desautel to provide a signature page to National Grid prior to October 15th as part of the Settlement of Parties for the PUC (Public Utilities Commission) filing. Mr. White seconded the motion. All approved by roll call vote, with Ms. Verrengia recusing.

2021-2023 Three Year Energy Efficiency Plan

6. National Grid Presentation on the 2021-2023 Three-Year Energy Efficiency Plan

Please refer to the [National Grid Presentation on the 2021-2023 Energy Efficiency Plan](#).

Mr. Tortorella reviewed the objectives of the Three-Year Plan and the priorities and goals that it sets out for achievement over the ensuing annual plans. He noted that 2022 and 2023 provides both a “base case” and “high” scenario for energy savings, which is a first for the Company, as they don’t currently see a path to hitting those high scenarios but will re-evaluate in each subsequent annual plan process. This is similar to the “innovation adder” from the 2018-2020 Three-Year Plan, for those who were part of that process.

Mr. Rivers touched on some of the Three-Year Plan highlights for the Commercial & Industrial sector, which include: a new telecomm, hotels, and commercial real estate initiatives which they feel are important growth sectors, modifications to the new construction program to add zero net energy ready pathway, and incentives to facilitate comprehensive efficiency. He also noted that during all the planning processes to come, everyone would continue to identify, and mitigate or address, customer investment and adoption barriers, with a focus on equity.

Ms. Rodormer provides some residential sector highlights of the Three-Year Plan, which include: a focus on deeper measures outline in potential study (building envelope, hot water, and heating, ventilation and air conditioning), identification and addressing of barriers to participation and adoption of measures, a focus on enhancements to allow for more comprehensive measure adoption, and an increase in overall participation.

Mr. Tortorella reviewed the savings, budgets, and system benefit charges projected for 2022 and 2023, including discussion of the “base case” versus “high” achievement scenarios and how National Grid developed those. He noted that each of those scenarios is cost-effective and less than cost of supply in each of those years as well, even with higher budgets.

7. Consultant Team Presentation on 2021-2023 Three-Year Energy Efficiency Plan

Please refer to the [Consultant Team Presentation on 2021-2023 Three-Year Energy Efficiency Plan](#).

Mr. Guerard reviewed the key findings on the Three-Year Plan. National Grid was responsive to earlier draft targets being too low, which led to the “base case” and “high” scenarios development. National Grid also prioritized the identification of barriers and mitigation of those in pursuit of higher savings in 2022 and 2023, recognizing that the system benefit charge cap in 2021 is a significant barrier to savings achievement. He noted that the annual planning process for both 2022 and 2023 will be critical to escalating savings achievement and those will likely deviate from planned values.

Mr. Ross discussed the relationship between the Public Utilities Commission approved targets and the proposed savings throughout the Three-Year Plan. He also discussed the rationale behind why those numbers may have shifted from earlier plan drafts, which is primarily the system benefit charge cap for 2021, and then demonstrated the expected steady increase in 2022 and 2023. Mr. Ross also highlighted that the Commercial & Industrial sector is much closer to hitting Potential Study targets than the Residential sector in later years of the Three-Year Plan, and indicated the consultant team will be working to improve that achievement in the annual planning process. Lastly, he reviewed the budgets and anticipated system benefit charge for all three years of the plan and focused on the expected increases in budgets as more comprehensive and expensive measures take on a larger role in the subsequent plan years, with an accordant system benefit charge increase that goes along with that.

Mr. Johnson covered some high-level observations from each of the sectors in the Three-Year Plan. Lighting will be almost completely out of the residential program by 2023 and thus savings from other sectors will need to make up the difference, with most coming from heating, ventilation, and air conditioning and efficient products in this plan. The commercial & industrial sector is also seeing significant decline in lighting savings and the current portfolio’s savings achievement is weighted by the expectation of large combined heat and power projects in the 2022-2023 range, with negative impacts on goal achievement should those not come online then.

8. Public Comment on 2021-2023 Three-Year Energy Efficiency Plan

Jeff Diehl, Rhode Island Infrastructure Bank:

Mr. Diehl thanked the Council for approving the annual plan for 2021 with the \$5 million dollars in support of the Efficient Buildings Fund (EBF). He wanted to note how critical the continued capitalization of EBF in all three years of the plan is because it sends a strong signal to municipalities to take steps necessary, including lengthy municipal borrowing approval processes, to take on comprehensive energy projects and access the benefits of the low-interest financing. This not only drives municipal engagement but also allows for growth of the program and signals to rating and bond agencies the health of the program and the benefits that it helps unlock. The Bank appreciates your continued multi-year support of the EBF program.

Kai Salem, Green Energy Consumers Alliance:

Ms. Salem voiced her support for the performance incentive mechanism tied to net-benefits, calling it a big improvement over previous iterations and now feels it properly aligns utility and stakeholder goals.

The Green Energy Consumers Alliance wants to see higher savings, especially in 2022 and 2023, so we can continue to grow the infrastructure needed to meet our energy goals. She stated that rather than frame this as savings gradually increasing, they view it as missed opportunities of savings not achieved in each of those years by not getting close to the approved targets.

9. Council Discussion and Vote on 2021-2023 Three-Year Energy Efficiency Plan

Mr. Riccio made a motion to approve the 2021-2023 Three-Year Energy Efficiency Plan presented today by National Grid to the Council, and to allow for non-impactful and cosmetic changes (typos, etc.) to be done prior to filing. Furthermore, the Council directs Marisa Desautel to provide a signature page to National Grid prior to October 15th as part of the Settlement of Parties for the PUC (Public Utilities Commission) filing. Mr. Garlick seconded the motion. All approved via roll call vote, with Ms. Verrengia recusing.

10. Consultant Team Presentation on the Cost-Effectiveness Report for both the Annual and Three-Year Energy Efficiency Plans

Please refer to the [Consultant Team Presentation on the Cost-Effectiveness Report for both the Annual and Three-Year Energy Efficiency](#).

Mr. Ross covered the process undertaken by the Consultant team to review the Three-Year and Annual Plans to determine if they appropriately meet the legislative standards for Council approval, including the Rhode Island and Total Resource Cost tests and detailed review of the Benefit/Cost model. The Consultant Team is confident that the plans are cost-effective and less than cost of supply and meets the requirements.

11. Council Discussion & Vote on the Cost-Effectiveness Report

Mr. Teichert made a motion to approve the cost-effectiveness report as currently written and to direct the consultant team to update the highlighted sections prior to submitting the report to the Public Utilities Commission by the November 5, 2020 deadline. Mr. Riccio seconded the motion. All approved by roll call vote.

System Reliability Procurement

12. National Grid Presentation on the System Reliability Procurement Three-Year Plan

Please refer to the [National Grid Presentation on the System Reliability Procurement Three-Year Plan](#).

Mr. Chase reviewed the overarching objectives and motivations for System Reliability Procurement (SRP) and what the typical projects undertaken through that process are. He also reviewed the differences between work undertaken in SRP, versus the work done in the Infrastructure, Safety, and Reliability (ISR) and Energy Efficiency (EE) dockets, given their unique relationship to the electric or gas systems focusing on targeted needs.

Mr. Chase showcased the changes in the second draft, which include additional details on the Non-Pipe Alternatives (NPA) program in the body of the plan and the executive summary sections. There is significant additional detail on alignment with the Least Cost Procurement Standards and this draft provides much more information around the analysis of existing system needs. The Company will also be taking any additional comments from stakeholders at upcoming technical working group meetings and in writing after circulation of the final draft should anyone have any.

The third and final draft will be circulated on October 29th in preparation for a Council vote on November 12th and filing on November 20th to the Public Utilities Commission.

6. Public Comment on General Topics

None

7. Adjournment

Acting Chairman Hubbard called for a motion to adjourn the meeting. Mr. White made a motion to adjourn, which Ms. Verrengia seconded. All approved and the meeting was adjourned at 6:17pm.

Outstanding Council Member Questions Requiring a Written Response:

None.