



STATE OF RHODE ISLAND

ENERGY EFFICIENCY & RESOURCE MANAGEMENT COUNCIL

EERMC FULL COUNCIL MEETING MINUTES

Thursday, July 29, 2021 | 3:00 - 5:00 PM

Conference Room A, 2nd Floor Department of Administration One Capitol Hill Providence, RI 02901

Members in attendance: Kurt Teichert, Sue AnderBois, Karen Verrengia, Nick Ucci, Tim Roughan, Tom Magliocchetti, Joe Garlick

Others Present: Nathan Cleveland, Dr. Becca Trietch, Sam Ross, Craig Johnson, Joel Munoz, Adrian Caesar, Angela Li, Ben Rivers, John Tortorella, Josh Kessler, Kai Salem, Hank Webster

All meeting materials can be accessed here: <https://rieermc.ri.gov/meeting/eermc-meeting-july-2021/>

1. Call to Order

Mr. Teichert, filling in as acting chair for Mr. Hubbard, called the meeting to order at 3:11pm.

2. Approval of Council Meeting Minutes

The Council did not have a quorum so a vote on meeting minutes was not taken will be tabled until next month.

3. Executive Director Report

Commissioner Ucci provided updates on House Bill 6144/Senate Bill 634, which were the respective pieces of legislation extending Least Cost Procurement (LCP). These bills passed and were signed into law, thereby extending the LCP mandate through March 2028 for Energy Efficiency. He also noted that the administrative funding formula changes previously discussed – the regulatory funding being increased from 2% to 3% and the split of those funds 60% to the Office of Energy Resources (OER) and 40% to the Council – were included in the signed legislation. Commissioner Ucci also called attention to an addition in the legislation which includes an annual transfer of \$5 million dollars to the Rhode Island Infrastructure Bank (RIIB) as part of statute rather than part of the regulatory approval process alongside the establishment of a Clean Energy Fund at RIIB to support municipalities. He mentioned that OER will be coordinating with them to better understand their plans and to coordinate efforts to deliver on our collective missions supporting municipal clean energy projects.

In other legislative news, Commissioner Ucci also flagged that appliance standards – House Bill 5966/Senate Bill 339 – passed and were signed into law after numerous years of effort. As part of that legislation, OER is given power to develop rules & regulations governing appliance standards

passed and that OER has just begun the development process of those and will provide opportunities for EERMC and public comment and engagement during this process.

As a final note, Commissioner Ucci provided a brief update on EERMC Membership. Mr. Teichert was appointed to a new seat, Energy Regulation and Law, on the Council and Sue AnderBois was appointed to the Environmental seat. He did mention that still leaves vacancies and reappointments that need to be made and hopes that those will move forward if there is a Fall session, and if not, in the subsequent 2022 session.

4. Acting Chairperson Report

Mr. Teichert, serving as acting chair in place of Mr. Hubbard for this meeting, noted that the Council would not be able to take votes at today's meeting because they lack a quorum, but that they will review the items scheduled for a vote today and address those at the next meeting.

He then reviewed the agenda for today's meeting, including some recent updates to the 2022 Energy Efficiency Plan meeting materials from both National Grid and the Consultant team, informing everyone that the EERMC website is accurate but for anyone who may have downloaded materials early please check your versions.

Lastly, Mr. Teichert provided an update on the progress of the Equity Working Group. To date they have had three meetings, the first providing some level setting and an overview of energy efficiency in Rhode Island, the second reviewing program marketing and outreach, and the third covering program data and metrics. There are several more planned to finalize that group's recommendations and those will be shared in late August, and ideally incorporated into the final draft of National Grid's Energy Efficiency Plan.

5. Council Business

a) 2021 Legislative Session Discussion

No Council members had any follow up questions or concerns on the legislative updates given by Commissioner Ucci during his Executive Director report.

b) Discussion & Vote on Updated K-12 Energy Curriculum Training Proposal

Please refer to the [Technical Proposal](#), the [Technical Proposal Attachments](#), and the [Cost Proposal](#).

Dr. Trietch provided an update on the conversation with Green Building Research Institute (GBRI) on their original proposal for the K-12 training Request for Proposals (RFP). It was communicated to them that the original proposal was well received but over budget and the Office

of Energy Resources (OER) was asked to negotiate and see if they could modify the scope of work that is still responsive to the tasks in the RFP but would also meet the Council's budget. GBRI was amenable to providing an updated proposal and what has been put forward is within the budget set by the Council and provides the same number of trainings as originally asked for (in person or virtual) but cuts back on the bells and whistles from the original.

Mr. Teichert asked if this updated proposal still achieves the core tasks originally put forward. Dr. Trietch indicated that it did still meet those core objectives.

6. Program Oversight

a) National Grid Presentation on Request for Approval of 2021 Overspend in Energy Efficiency & Consultant Team Response

Please refer to the [National Grid Overspend Presentation](#) and the [Consultant Team Recommendation Memo on Overspend Request](#)

Ms. Li provided an update on the budget spending in the EnergyWise Market Rate program which is projected to exceed the planned budget for 2021. She indicated this budget overage is driven by several factors, including increased customer interest, pipeline issues from the work stoppage in 2020 as a response to COVID-19, and the increased incentive levels offered as a means to drive business coming out of the COVID-19 work stoppage. These factors taken together have led to the growth in spending in this program in 2021, particularly on weatherization measures.

Ms. Li stated that the gas side of the program was at 96% budget spent and the electric program was at 68% of budget spent through June. Their projections for gas spending could go as high as 200% of budget and 135% of budget on the electric side for 2021. She noted that the overall portfolio is projecting at 117% of budget spend for the year. It is because of that projection that they are seeking approval from the EERMC on the projected overspend in this area, given the regulatory requirement to notify and seek vote of approval from the EERMC if spending exceeds 110% of the budget.

Ms. Li also indicated that National Grid has already started taking corrective action to reduce the budgetary pressure in the short term, with incentive levels being reduced to 50% (from 75%) for weatherization as of June to better align resources with demand moving forward. She also made clear that National Grid will be tracking conversion rates before/after this incentive level change and that this information may influence the incentive offering for 2022.

To put this request in context, Ms. Li indicated that if the overspend request is not approved there is the potential for program stoppage, contractors being deployed to other states and/or furloughs and the possibility of a 2022 slowdown depending on the size of the workforce remaining/available in Rhode Island at that time.

Commissioner Ucci asked if the 50% incentive will remain at the same level if the overspend is supported/approved?

Ms. Li indicated that yes, the incentive is likely to stay at that 50% level the rest of this year given the budgetary spending already incurred, but it has generated a slowdown in the pipeline since being introduced. She also noted that National Grid is likely to start out next year with an incentive level somewhere between 50-75%.

Commissioner Ucci recommended trying to keep incentive levels as close to 75% as possible, as that does make a difference in the customer willingness to act and measure affordability.

Mr. Teichert commented that the incentive is the key variable the Company has control over that impacts their costs and so given size of program its likely hard to make quick changes. He then asked what the implications of not getting a vote today would be?

Ms. Li indicated that National Grid would need a decision before the next meeting, but not sure how getting a quorum may work timing wise for the Council.

Dr. Trietch noted that she could ask the Council about having a special meeting and/or moving up the August meeting to potentially accommodate this vote.

Ms. Li noted that the program pipeline still contains lots of 100% incentive customers that need to be served - likely through September - and then 75% incentive customers in the pipeline after that, so the 50% incentive customers probably won't be coming on the books until year end or into next year. Importantly though, Ms. Li did confirm that if the future incentive goes up to 75% before the 50% customers are served National Grid can and will go back to them and offer the higher incentive.

Mr. Ross provided the consultant team's thoughts on the overspend request, indicating they feel it is advisable for the Council to approve the overspend in the gas portfolio for a few reasons:

1. Increased participation and customer interest that should be served
2. Strong interest remains in the offering despite corrective action on the incentive level
3. Good evidence that this spending supports incremental savings achievement

Mr. Ross also noted that procedurally, the overspend language includes the Council approval at 110% budget overspend and Public Utilities Commission (PUC) approval at 115% budget overspend and so the consultant team recommends Council approval up to 115% budget spending given the uncertainty around spending above those levels. Courtesy notice should be provided to PUC as well, which the Company has recently done. He also suggested that the Company should provide updates at each monthly Council meeting going forward on spending and progress in this program.

Mr. Johnson noted for the Council that the memo the consultant team wrote goes into more detail around the procedural and logistical components of approving this request for those interested, but overall the consultant team is supportive of approval for all the reasons Mr. Ross outlined.

Mr. Teichert asked why their recommendation was for approval at 115% level as opposed to the 117% projected spend level?

Mr. Ross responded that the text of annual plan has a 115% budget spend notification threshold to the PUC and it is unclear, without PUC interpretation in writing, how they view that approval process. Therefore because approval of 117% spending from the EERMC has the potential to contradict the 115% approval threshold for the PUC, they recommend not exceeding that level.

Ms. AnderBois asked how long would the PUC take to review and/or approve this request?

Mr. Ross indicated that once the Council has a quorum and votes, it is prudent to seek clarity from the PUC on their interpretation of the approval process at that time. National Grid legal counsel has their interpretation based on the video recording of the 2021 Energy Efficiency Plan hearing, but we still don't have the written order outlining the PUC position, hence the consultant team's prudence here regarding their recommendation.

b) Council Discussion & Vote on National Grid's Requested Approval for 2021 Overspend in Energy Efficiency

The Council did not have a quorum at this time and this vote was tabled until the August meeting.

c) National Grid Presentation on the First Draft 2022 Energy Efficiency Program Plan

Please refer to the National Grid [Presentation on the First Draft 2022 Energy Efficiency Plan](#)

Mr. Tortorella summarized the plan at a high level and then noted key areas of focus for each sector. He also noted that next version of the plan, which will be the final draft, is five weeks away from being circulated and that there will be Evaluation, Measurement and Verification (EM&V) updates coming next month that may impact savings values in that version. Mr. Tortorella also indicated that the analysis on the rate and bill impacts will be incorporated in the final draft.

Mr. Tortorella reviewed the savings and budget numbers for the 2022 Plan at a high level, noting the key differentiation between 2022 numbers from the Three-Year Plan compliance filing and 2022 annual plan first draft are driven by measure life reductions in the Commercial and Industrial (C&I) sector for lighting in the electric portfolio and Energy Star HVAC program in the gas portfolio. He also noted that the updated gas sales forecast is built into the plan already, but the electric sales forecast won't be ready for the final draft and will be incorporated into the forecast update that happens every December.

Lastly, Mr. Tortorella noted that the 2022 annual plan has 5% year over year budget growth from 2021, which is in line with Public Utilities Commission (PUC) guidance. The transformation of

the lighting market continues to affect measure mix and measure lives in the portfolio, which impacts both annual and lifetime savings numbers as well as the cost to achieve metrics. The Demand Response program is showing potential for strong growth through 2021 and into 2022.

Mr. Rivers reviewed the key focus areas for the Commercial and Industrial (C&I) sector in the 2022 plan. He also noted that, as previously mentioned, claimable savings in C&I lighting continue to decline as evaluations indicate lower measure lives as that market follows the residential market in transforming to fully Light-Emitting Diode (LED) technology.

Mr. Magliocchetti commented that he feels like this is a moment where focus on ventilation is so high, especially in businesses and other large facilities, that it provides an opportunity to capitalize on that interest and increase potential achievement of the programs through marketing and engagement by the Company.

Ms. AnderBois noted that there is likely an opportunity to coordinate energy efficiency programming with the vast amount of bond-related upgrades for municipal and school facilities that have been voted on recently and will be built over the next two to five years as well.

Ms. Li then reviewed the key focus areas for the Residential sector, including marketing and outreach that will be particularly focused on the multifamily program for 2022.

Mr. Teichert asked that, with the emphasis on and customer interest in weatherization does the program account for savings of right-sizing of heating, ventilation, and air conditioning (HVAC) systems as a result of weatherization work necessitating smaller equipment?

Ms. Li responded that yes, on the heating side National Grid is able to claim those savings, but not for cooling.

Mr. Tortorella then highlighted a few key changes to the Rhode Island Test in the 2022 Plan, which includes both the use of the 2021 Avoided Energy Supply Cost (AESC) study results for the first time and the shift from macroeconomic benefits being quantitative to being qualitative. Attachment 4 of the plan provides an element by element breakdown on how the different benefits are treated by the Rhode Island Test to allow for clarity and transparency given these adjustments.

d) Council Consultant Team Perspectives on the First Draft 2022 Energy Efficiency Program Plan

Please refer to the [Consultant Team Presentation on the First Draft 2022 Energy Efficiency Plan](#)

Mr. Ross began with an overview on the entire planning process leading into this first draft. He also noted that while they have reviewed the First Draft of the Plan, the Technical Reference Manual (TRM) has not been received by the consultant team yet, but once received they will have

a week to review and then they will provide updates, as appropriate, at the August Council meeting.

Mr. Ross then reviewed the plan through the lens of the five Council priorities that were put forward earlier this year and what concerns they feel should be addressed in the final draft.

1. Priority #1 – Align with Three-Year Plan
 - a. First Draft had no reference to the “high scenario” in the plan text and no attempt to document why goals fall short.
2. Priority #2 – Comply with Least Cost Procurement (LCP) Standards
 - a. Council asked for key metrics to be tracked and reported and the First Draft includes Greenhouse Gas Emissions and renter participation, but would be valuable to have a central list of all metrics, how they are calculated, and when they will be reported.
3. Priority #3 – Incorporate Stakeholder Input
 - a. First Draft documents priorities put forward by Technical Working Group members but does not clearly reflect those in specific planned actions.
4. Priority #4 – Support Equity and Access
 - a. While equity related discussions have been taking place and are mentioned in different areas of the plan, no clear list of tasks for quarterly reporting has been developed and this should be included in the final draft.
5. Priority #5 – Ensure Effective and Efficient Development and Review Process
 - a. National Grid providing a high level update on feedback received and responses to redlines in mid-August would ensure a checkpoint for all stakeholders before the final draft is released and would allow for additional discussion at the next Council meeting before votes need to be taken in September.

Mr. Johnson provided some additional thoughts based on comments made on the Plan Outline Memorandum that were not addressed in the First Draft, including the need for rate and bill impacts to be included and analyzed; increased focus on outcome-oriented language; a need to design the plan based on LCP standards and justify deviations from the “high scenario” rather than simply increasing the budget 5%.

He also highlighted that the budget changes in the plan year over year, with an increase in spending on the electric Commercial and Industrial sector, aligns with the the Company’s opportunity to earn a performance incentive from that sector and we all need to make sure this is not done at the expense of other sectors.

Commissioner Ucci reminded Council members about the opportunity for a workshop with the Public Utilities Commission on energy efficiency topics prior to the plan filing where they can discuss policy questions and noted that Office of Energy Resources staff are working to coordinate that meeting and develop a potential agenda, which can potentially be discussed at the August meeting.

7. Public Comment

Kai Salem, Green Energy Consumers Alliance:

Ms. Salem indicated that she agreed with the consultant team that the 5% year over year budget increase suggested by the Public Utilities Commission (PUC) is not a hard cap, and that Green Energy Consumers Alliance (GECA) also would prefer ground up approach to developing savings goals and budgets which the Company then justifies. She also emphasized that the gas program overspend shows there is significant opportunity out there to take advantage of, especially for weatherization and heating and cooling measures and that GECA views these as critical elements to meeting our climate heating sector goals. We should be encouraging and supporting all weatherization efforts to ensure that each building is as energy efficient as possible so that regardless of heating technology all buildings are prepared for a decarbonized future. Ms. Salem concluded by noting that the Company should focus on the equity components of the plan and the working group recommendations for the final draft.

Hank Webster, Acadia Center:

Mr. Webster feels there is an opportunity to convert more schools to electric based heat that the Company should look to take advantage of, which is especially important as these investments will start to come quickly in response to federal stimulus dollars. He also advocated for more alignment of the Energy Efficiency Plan with targets and the “high scenario” and pushed the Company to go beyond the 5% spend increase; the gas overspend is an indicator of this demand. He complimented the Company for great marketing shifts during the pandemic, which shows the value of innovation and feels there are opportunities to reach new/different customers through creative marketing and outreach. Lastly, Mr. Webster noted that Acadia Center would like to re-raise the issue of electrification for delivered fuels customers with the PUC and other stakeholders, especially given the act on climate mandate.

Joel Munoz, Division of Public Utilities and Carriers:

Mr. Munoz indicated that his comments were specifically related to the overspend request from National Grid. He indicated that the Division supports this spending because it is a good investment of money and they don't want to turn away interested customers who may not come back next year. He did note that their support was conditional on National Grid making the PUC aware of this potential overspend immediately and involving them in these conversations and approval processes right away.

8. Adjournment

Mr. Teichert adjourned the meeting at 5:10pm

Outstanding Council Member Questions Requiring a Written Response:

None