



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

MEETING MINUTES

Thursday, December 14, 2017 | 3:30 - 5:30 PM

Conference Room B, 2nd Floor, Department of Administration, Providence, RI

Members in Attendance: Chris Powell, Carol Grant, Michael McAteer, Joe Cirillo, Shigeru Osada, Betsy Stubblefield Loucks, Bob Bacon, Karen Verrengia, Roberta Fagan and Tom Magliocchetti.

Others Present: Mike Guerard, Emily Levin, Nick Ucci, Sara Canabarro, Becca Trietch, Rachel Henschel, Kate Desrochers, Danny Musher, Jonathan Schrag, Erika Niedowski, Kat Burnham, Carrie Gill, Brigid Ryan, Belinda Wong, Angela Li.

All meeting materials can be viewed at: <https://rieermc.ri.gov/meeting/eermc-meeting-december-2017/>

Call to Order

Chairman Powell called the meeting to order at 3:36PM.

1. Approval of Meeting Minutes

Chairman Powell requested a motion to approve the minutes for November. Mr. Cirillo made a motion, and Ms. Verrengia seconded it. All approved.

2. Executive Director Report

a) General Update

Commissioner Grant reported that National Grid filed a rate case, which is generally a 9-month process, and the DPUC is taking the lead on this. Commissioner Grant stated that if the Council members had any questions, to please let her know.

Commissioner Grant thanked all the Council members for their efforts throughout this challenging year.

3. Chairperson Report

a) General Update

Chairman Powell stated that the majority of time today will focus on Council business. He noted that there is a special public comment period in the agenda to accommodate comments specific to the memo on the cost of supply vs cost energy efficiency (EE) methodology. There were also two public comment letters received prior to this meeting, and have been included in everyone's packets; one is related to the cost of supply vs cost of EE methodology, and the other one will be noted during the public comment period at the end of the meeting.

Chairman Powell reported that to help with discussion questions and votes, there is a document stapled to the agendas that shows recommended discussion questions and vote language options. He also noted that the change to the methodology for comparing cost of supply to the cost of EE has already been approved by the Council through previous votes. Today the Council is voting to make the presented memo describing the methodology change a part of the EERMC's official record. If there are further concerns about the methodology, the topic can be revisited next year during the 2019 Annual Plan filing.

Chairman Powell also informed the council that today's special topic presentation is focused on Rhode Island's Power Sector Transformation Initiative.

4. Council Business

a) Discussion & Vote on EERMC 2018 Meeting Calendar.

Becca gave a quick overview of the 2018 Meeting Calendar. She stated that all meetings will occur every third Thursday on a monthly basis, with the exception of August, October and December's meetings.

Chairman Powell requested a motion to approve the EERMC 2018 Meeting Calendar. Mr. Cirillo made a motion, and Ms. Verrengia seconded it. All approved.

b) Review Draft 2018 Consultant Services Scope of Work

Mr. Guerard quickly highlighted the memo, which summarizes the response to the RFP, and the is the basis for the scope of work for 2018. Mr. Guerard reported that the chart on page 9 highlights three important areas, which include the Policy Regulatory Work, Program Strategy and Innovation, and Education & Stakeholder Coordination. The response to the RFP only provided basic services, so the scope of work does include optional items that need to be reviewed by the Council. Nevertheless, the proposed budget is only about 2/3rds of the 2017 budget because 2017 included both a Three-Year Plan and an Annual Plan.

Chairman Powell asked if the Potential Study description starting on page 8, was included in the current budget for the consultant work, and if it is an optional item. Mr. Guerard answered that this study is not included in the budget shown in the scope of work since it is an optional item, and they are not sure of the exact amount of work that would be required to complete the study. Ms. Trietch stated that under consultant services, in the EERMC 2018 budget, there is a core budget and there is a supplemental work budget which is called 'as needed expert services'. Ms. Stubblefield Loucks asked what the focus of the study is; Mr. Guerard explained that data would be collected to help with the setting of the 2021-2023 targets.

Mr. Osada reported that he has no concerns with the Scope of Work proposed by the C-Team, but he wants clarifying language added to the scope of work describing the authority of the C-Team to speak for the EERMC. Ms. Levin said she would have this change ready by the time the Council needs to vote on the Scope of Work.

c) Discussion & Vote on Dunsky Contract Extension

Mr. Guerard reported that due to other challenges and priorities in 2017, Dunsky wasn't able to use their total number of hours allocated to financing review and assistance. Therefore, Dunsky is asking the Council to move a \$9,000 retainer from 2017 to the 1st quarter of 2018, to use the approximately 180 remaining hours. Mr. Guerard believes this would be a beneficial time to use these hours as it would help to set the stage for a successful 2018.

Chairman Powell clarified for the Council that this vote is to approve the \$9,000 retainer to be moved from the 2017 to the 2018 budget, and at another meeting they would review and approve the scope of work for the 180 hours.

Ms. Trietch stated that the Council's attorney, Marisa Desautel, had also drafted a contract extension letter. Chairman Powell requested a motion to extend Dunsky Contract to March 2018. Ms. Verrengia made a motion to approve the execution of the contract extension letter drafted by Ms. Desautel, and Ms. Stubblefield Loucks seconded this motion. All approved.

d) Discussion & Vote on Legal 2017 Budget Increase.

Becca stated that the Ms. Desautel sent an email requesting a budget increase for her contract. Her current contract is \$25,000, and she requested an increase of \$3,000. Becca requested the Council to approve the highlighted changes of the 2018 Budget with the new number of \$28,000 for her contract.

Chairman Powell requested a motion to approve the highlighted changes to the 2017 budget. Ms. Verrengia made a motion, and Mr. Magliocchetti seconded it. All approved.

e) Discussion & Vote on EERMC 2018 Budget

Ms. Trietch reported that she updated the 2018 budget and has further clarification on the three line items that raised questions at the last Council meeting: Consultant Services, Public Education, and Potential Study. Ms. Trietch stated that the budget for the legal counsel services had also been updated to the \$28,000 amount just approved.

Regarding the Consultant Services line item, she believed the C-Team's review of their proposed Scope of Work answered the questions raised during the last meeting. Council members had no further questions. Regarding the \$200,000 budget for a potential study, Ms. Trietch referenced a memo included in Council member packets. Mr. Guerard also explained that by having this study done early, it would help provide a report by the Spring of 2020 to help inform 2021-2023 targets. It would also lessen the burden of doing this work closer to 2021 and would reduce budget uncertainty. Mr. Guerard explained that the Council would have to agree and vote on the Scope of Work for the potential study data collection, and then the scope of work could be put out to bid. Ms. Henschel stated that she agrees with everything Mr. Guerard explained about the amount of work that goes into the study, and why it is so important to start doing this early- it is in the Council's best interest to have this done.

Ms. Trietch added that the third item that required more information for the Council was the Public Education line item. There are no concrete proposals on how to spend those funds right now, but some ideas currently being discuss by the Communications subgroup were included in the Council member packets. Before any of the Public Education funds could be spent, the council would need to approve specific allocations.

Mr. Osada asked Mr. Guerard how he came up with the budget of \$200,000 for the potential study, to which Mr. Guerard explained that it was an estimate, and if the Council decided to approve it later on, then they would have a more concrete number from the bidding process.

Ms. Trietch stated that today's vote was to approve the draft invoice located in the Council's packets – it moves any remaining EERMC funds in the Main Account at the end of 2017 to the Client Fund for use in 2018 – and to approve the 2018 budget with the three items that were just discussed.

Chairman Powell requested a motion to approve EERMC 2018 Budget. Ms. Verrengia made a motion to approve, but then withdrew her motion to clarify the voting language. Ms. Verrengia then made a motion to approve the EERMC 2018 budget as is and to approve the invoice to move any remaining funds in the Main Account at the end of 2018 to the Client Fund. As is, the budget will require additional council votes to approve spending plans for line items titled: As-needed Expert Services, Public Education and Potential Study-data collection. Ms. Stubblefield Loucks seconded this motion. All approved

f) Summary of Memo on Changes to the Comparison of Cost of Supply and Cost of Energy Efficiency

Ms. Levin gave a brief overview of the memo. She stated that the methodology for comparing the cost of supply to the cost of energy efficiency has already been approved by the Council through previous votes. Ms. Levin added that they are providing this memo as additional information to better explain why the changes to the methodology were made, and the rationale behind it. Ms. Levin reported that the changes were made after the first draft of the annual Plan because Council members had questioned the previous method. The two changes that were made affect the calculation of the cost of energy efficiency and the calculation of the cost of supply. For the calculation of the cost of energy efficiency, the new method only includes the utility's contribution, while the previous method included both the utility's contribution and the customer's. The new methodology is in line with best practices put forward by the Lawrence Berkeley National Laboratory (LBNL) and the American Council for an Energy Efficient Economy (ACEEE). The Cost of Supply calculation was previously based on residential customers only. The new definition includes not only residential customers, but also commercial, and industrial customers. A weighted average of these different customer supply costs is used. Ms. Levin stated that even with the previous methodology, the portfolio was still cost effective and less than the cost of supply. This new methodology has been reviewed extensively with OER and the Division of Public Utilities, and it is strongly supported by the DPUC Consultants; she added that this is truly the best practice, and the entire C-Team will continue to improve methods as necessary.

Mr. Osada stated that he has continuously expressed his opinion that he is against this change. He also noted that the EERMC never discussed, in depth, this new method like the C-Team discussed with OER and the DPUC. Mr. Osada agrees with the new Cost of Supply definition, but disagrees with the Energy Efficiency Cost definition. Chairman Powell reported that the memo explaining the definition change is included in the Council's packets, as well as Mr. Osada's public comment letter explaining his thoughts. Ms. Levin noted that the customer's costs are included in the RI Test, and that the RI Test also includes all the benefits. So it is the combination of the RI Test and the cost of supply versus cost of EE test that ensure overall compliance with the law. Mr. Osada expressed that in his perspective, the new definition for the cost of EE is not accurate.

g) Public Comment on the Changes to the Comparison of Cost of Supply and Cost of Energy Efficiency Calculations

No public comment was made.

h) Vote on the approval of the Memo on Changes to the Comparison of Cost of Supply and Cost Energy Efficiency

Ms. Trietch informed the Council that the vote today is not to approve the methodology. The methodology has already been approved in previous meetings. Instead, the vote today is to approve that this memo is finalized and that it should be posted on the EERMC website as an official document highlighting the changes and explaining the methodology. Mr. Osada asked if the PUC had to approve this memo, and Chairman Powell answered that the PUC does not need to vote to approve this memo since it is to be kept as a Council's Official Document.

Chairman Powell requested a motion to approve the Memo on changes to the comparison of cost of supply and cost energy efficiency. Ms. Verrengia made a motion to approve the memo as a final EERMC document and to make the document publicly available by posting it to the EERMC Website; Mr. Cirillo seconded this motion. All, but Mr. Osada approved.

i) Review of Draft RFPs” Energy Education Needs Assessment & Legal Services

Ms. Trietch reported that there are two RFPs included in the Council’s packets. The first RFP is for the Energy Education Needs Assessment, which the Communications Sub-Group has already reviewed. Ms. Trietch asked all the Council members to please review it, especially pages 9-13 which contain the scope of work, and submit any changes, edits or comments to her before December 19th.

Ms. Trietch stated that the second RFP is for EERMC Legal Services. Pages 10 through 12 contain the scope of work. Ms. Trietch asked the Council members to submit any revisions, comments or edits by December 31st via email. Chairman Powell asked if the budget was still \$25,000, to which Ms. Trietch replied yes- everything is the same as the previous year. Ms. Trietch also noted that she will be reaching out to the members, to be part of the Evaluation Teams for these RFPs.

5. Special Topic

a) Power Sector Transformation Presentation

Kate Desrochers framed the presentation by explaining how portions of the Power Sector Transformation (PST) initiative are related to the regulation of utilities and the utility business model. She also explained that PST is focused on data availability and cost-effectiveness. She concluded that this presentation shows a lot of exciting opportunities for energy efficiency.

Danny Musher from OER, and Jonathan Schrag from Division of Public Utilities gave a presentation on the Power Sector Transformation. (Please see slides).

Throughout the presentation there was a brief discussion between Mr. Magliocchetti and Mr. Schrag regarding how some of the information provided could help RI hospitals.

Mr. Osada stated that he is unsure as to how the Power Sector Transformation correlates with the 1,000MW goal by 2020. Commissioner Grant replied stating that the 1,000MW goal is related to the Power Sector Transformation work because PST and other initiatives are working on how to make it more cost effective to integrate renewables with the grid- and that both increased grid flexibility and information from the PST initiative will be useful for moving forward and strategically building renewable energy systems. Mr. Magliocchetti asked how many MWs RI currently has in comparison to the 1000MW goal. Commissioner Grant stated that as of Quarter 3, RI has 230MW, and she is very confident we will reach the 1,000MW goal by the end of 2020.

Mr. Cirillo asked about the possibilities of building underground systems, to which Mr. Schrag answered that it would be extremely expensive to do a system like that, but they are constantly considering other alternatives.

6. Other Public Comment

Ms. Trietch reported that there is a public letter in the Council’s packets, and that it is also upload on the EERMC website. Mr. Magliocchetti asked if it is common for these letters to be directed to the EERMC, or if they usually go to National Grid. Mr. McAteer stated that National Grid does receive many letters with similar issues to this one. Mr. Magliocchetti expressed his concerns about the language and information provided on this letter, and asked for the EERMC to respond. Chairman Powell stated that the EERMC will address this letter.

Mr. Osada asked Ms. Trietch about the meeting minutes, stating that he did not find the last meeting’s minutes uploaded to the website, as previously promised. Ms. Trietch replied that the minutes are only uploaded to the EERMC website once the Council votes and approves them. So, there will always be about

a one month delay. However, now that they have been approved, they will be posted as quickly as possible.

Ms. Levin shared poems that a former Council member, Scudder Parker, wrote about Least Cost Procurement.

7. Adjournment

Chairman Powell requested a motion to adjourn the meeting. Mr. Bacon made a motion to adjourn; Mr. Cirillo seconded the motion. All approved.

The meeting was adjourned at 5:34PM.