

THE ENERGY EFFICIENCY AND RESOURCE MANAGEMENT COUNCIL

Minutes- December 10, 2009

Department of Administration

Conference Room B

Call to Order:

Chairman Ryan called the meeting to order at 3:40

Members Present: Joe Cirillo, Vic Allienello, Paul Ryan, Sam Krasnow, Chris Powell, Ken Payne, Joe Newsome, and Dan Justynski

Others Present: Tom Teehan, Jeremy Newberger, Karina Lutz, David Brown, Doug Smith and Abigail Anthony

Staff Present: John Langlois, David Cordiero, Matt Guglielmetti, Dan Carrigg and Charles Hawkins

Consultants: Scudder Parker and Mike Guerard

Acceptance of Minutes: A motion was made by Chris Powell to accept the November 12, 2009 minutes as presented, Dan Justynski seconded and it passed unanimously.

Executive Director's Report and ARRA Update

Paul R. introduced John Langlois, former lead council at DEM, as the new RIOER attorney. He then turned the meeting over to Ken P. who detailed the administrative support the OER plans to provide the EERMC. He announced that the OER now has the capability to administer its statutorily required function to the council. David Cordiero will maintain a library at the OER for EERMC records. He also introduced Dan Carrigg as a new OER staffer and also announced the hiring of Barbara Cesaro who is an air quality expert from DEM. This is important because of the EPA's endangerment finding that allows it to regulate greenhouse gasses under the Clean Air Act.

Chris P. asked about staff to handle new weatherization and RGGI funds. Ken P. said that issue will be addressed in agenda item 4b.

ARRA Update

Good news! SEP The Non-Utility Scaled Renewable Energy Program regulations have been signed by Ron Renaud and will be filed electronically with the SOS's office in the morning. They will be effective immediately upon filing because they have been promulgated as emergency regulations. This will save three months.

Chris P. asked about an application. Ken P. anticipates a January deadline for the first solicitation. Dan C. will develop the electronic

application.

EECBG rules should be finalized next week Ken P. cited the positive community review session where there was no substantial objections to the draft regulations.

ARRA Weatherization funding is moving along. An MOU has been executed with RI Housing for \$6M in Weatherization funding. The Appliance Rebate RFP is done and it is over at State Purchasing. The Deliverables Fuels Weatherization RFP is being reviewed by the technical committee.

OER is now moving from developing plans to executing them. Ken P. also cited the late guidance from USDOE on NEPA compliance and historic preservation that delayed progress.

Joe N. asked about the urgency of allocating RGGI funds. Could it be on the agenda for the next meeting?

Decoupling

Paul R. attending the PUC hearing and reported that Mark Lowry did an excellent job of simplifying and explaining decoupling to PUC members. He felt the investment was well worth it and the commissioners were pleased that the council had employed Lowry. Dan P. did a good job cross-examining NGrid witnesses and John

Farley testified against decoupling. It was a good educational experience for everyone.

Tom T. passed out hard copies of the response of NGrid to the questions the EERMC posed in their decoupling letter last month. The letter, dated December 4, 2009 will be included as an appendix to these minutes.

Karina L. and Sam K. asked Tom T. about backup rates. Tom T. said that they were primarily geared to distributed generation.

Joe N. asked who he should address questions he has about the NGrid's response letter. Tom T. said to contact him.

The briefs to the PUC are due on Jan. 22nd. Paul R. suggested the council review the letter before the next meeting and have Dan P. available to provide a draft memo the council can vote on at the January meeting.

Dan J. and Chris P. asked about question 6 and what percentage of decoupling's up and down is related to energy efficiency vs. sales. Chris P. posed that question to Mark L. during the November work session and the answer was 20%. He does not see the answer in NGrid's response. We don't know the scale of energy efficiency vs. other factors. Tom T. responded that it is a symmetrical process and that as usage increases you would have credits coming to customer

because you have exceeded the target revenues for that year.

Joe N. said it was a lot to digest and he could not find an answer for the 3rd question. Paul R. wanted to know how decoupling impacts different rate classes. How does it impact a residential homeowner in Providence as opposed to Citizens Bank or Brown or RI Hospital. Is the benefit for small uses or is it across the board for all users.

Chris P. wanted to include all the impacts that are built into decoupling not just energy efficiency. If a big manufacturer moves out of state someone has to make up that revenue? What are the economic impacts that effect usage? We need clarification on how much of the puzzle is energy efficiency.

Paul R. mentioned that the cost of money is the most important factor in energy. He said that decoupling has to be on the agenda for the next meeting because the brief is due on Jan. 22nd.

As a process Sam K. suggested members send clarification questions to him and he will collect and forward to the EERMC. Ken P. said it would be better to e-mail comments to dcordiero@energy.ri.gov and he will get them to Sam. This way the OER will have a record.

Karina L. opined that the letter just talks about 2009-10. Why not project over a longer time? A discussion then ensued about where

energy efficiency will be in two years and benchmarks.

Paul R. wants decoupling on the January agenda for discussion and vote on the brief memo. In the meantime members should E-mail questions to NGrid through David C.

Rate of Low Income Weatherization

In response to an inquiry from Joe N. the OER did some preliminary research into how many homes in RI are eligible for weatherization. The answer is about 95,922. Matt said the reason that number seems high is that it serves people at 60% of the medium income, which means it gets at the working poor.

The next question is what is the rate of Weatherization? In FY09, the OER, using WAP, LIHEAP transfer, DSM gas and DSM electric funds, weatherized 1,195 households. The cost is \$4,000 but can be higher if a boiler replacement is needed. At this rate it would take about 50 years to accomplish this goal.

Ken P proposed having the EERMC take a deeper look into this critical issue. The OER is willing to do this if the council is interested.

Paul R. cited an e-mail he and Joe N. received from a contractor who cited the RISE monopoly in RI as a deterrent to getting

Weatherization done. He would like to use ARRA funding to train more weatherization contractors.

Chris P. asked what happens if the 95,922 number grows. Ken P. said that this was the type of deeper analyst that the OER can do for the council.

Sam K. expressed support for a resolution to study this issue. He would also like to explore pursuing legislative options with the General Assembly that would sustain funding beyond ARRA.

Chris P. asked if Davis-Bacon requirements will restrict the amount of homes weatherized. Matt G. said in the next two years he anticipates the OER will weatherize 2000 homes and also do deeper energy efficiency improvements for each home. Before ARRA, WAP was the only Federal program not affected by Davis-Bacon.

Dan J. asked if eligible homes were denied Weatherization in FY09. How long is the wait from appointment to audit to getting the work done? Matt G. said that all 3400 homes that received LIHEAP in FY09 are eligible for Weatherization. Matt G. then explained the system and the timetable of doing the audit and the work. Ken P. said that some homes may need \$7,000 of work if their need is greater, some may only need \$1,000 if their need is less.

Paul R. suggested a motion to keep his issue a priority for the council

and that the council get monthly updates on the progress of contractor training and Weatherization.

Joe N. mentioned that although reaching the working poor is good the council must be attentive to the most vulnerable segments of the population. Joe C. and Chris P. expressed concern about the 95,922 number growing to more like 120,000 in a few years.

Ken P. suggested looking at age of houses by census tracking. It gives you a map able picture. He also suggested a community meeting so people could give input. The OER could coordinate the meeting as part of it support function.

Jeremy N. mentioned that in the 2010 EE Program Plan a LIHEAP group will be established.

Sam K. talked about making sure the plan is sustainable beyond ARRA. Chris P. expressed the need to optimize money spend.

Paul suggested some one make a motion. Sam proposed a motion that OER do work around three elements of the issue: to do research to quantify the problem; to get the opportunity for community input; and the third is identify solutions including possible legislative action and the optimization of delivery solutions. Paul R. wanted to include NGrid'S best practices.

Joe N. wanted to include metrics to gauge progress. Ken P. said the OER could develop the metrics by the March meeting. For the January meeting the OER will prepare a scope of work.

EERMC By-Laws

The By-Laws Subcommittee, (Joe N. Paul R. and Dan J.) met on December 3rd to discuss a draft authored by Ken P. The only changes to the draft made at the meeting were to Sections 5.0 and 9.0. They were to allow the council to hold meetings outside of the DOA with 48 hours notice; and to change negligence to gross negligence

Chris P. asked about why the vice chair provision was in it because the council has never had one. His other question concerned 6.10.01 dealing with purchasing requirements which he felt were a major change.

Paul R. then documented the process used in 2007-08 to bring the council's PUC lawyer, Dan Prentiss, and VEIC on board. In early 2007 the council had reports pending and a need to get a consultant on board quickly. It was his idea to go through NGrid to hire VEIC and escape the delay in statewide purchasing. Dan P.'s contract did go through statewide purchasing.

Paul proposed that going forward the money will still stay at NGrid but the contract will be with EERMC. Paul has a promise from Ron R. that in the next 11 months they will move the paperwork along as fast as they can. Chris P. was concerned about the continuity of the council's work.

At this point Ken P. posed the following questions: Is the EERMC a state Agency? Yes it was created by PL 42-142.1 and it fits the definition of a state agency. Does the Council perform a public service? It clearly does. Are funds available to it through a statutory scheme? They clearly are. NGrid is holding the funds in trust for the EERMC. What are the rules EERMC must follow to use the funds? They must use the state purchasing system. The former DBR chief said that the EERMC is subject to state purchasing rules.

RI Purchasing is the procurement agency which insures impartiality. EERMC will decide who the vendor will be and the contract will be between the vendor and the EERMC. The vendor bills will go to the EERMC with a copy to the OER.

Chris P. again expressed concern about the continuity of the council's work. How can we make this happen? Sam K. was also concerned because he feels that the current system works. RI was recently cited for being 10th in the country in energy efficiency. Paul R. mentioned that the budget for 2010 is \$860,000 but this money will

have to go out to bid.

Paul R. explained the concept of the lowest responsive bidder. The council does not have to necessarily take the lowest bidder, but the one with the qualifications necessary to do the job. They would need PUC experience for instance.

Ken P. mentioned a conversation with Ron R. where they agreed that they did not want to unravel current council efforts.

Jeremy N. asked for clarification on how the system will work. Who would the winning bidder submit the invoices? Paul R. said that the bidder would submit the invoices to the council and they would send it on to NGrid. This way the council will have a record of the transaction. Jeremy said that normally with big contacts the company likes to use their own accounts payable process.

Ken P. said the OER recognizes its obligation to provide administrative support. OER wants the council to have the benefit of knowing how things are performing against their budget. The DSM settlement establishes a hard budget number so the EERMC can set a budget plan in January. Once you have a budget plan in place it can be shared with NGrid because it should cover most of the council's business. This allows the OER to track what is going on in various categories.

Sam K. said this makes sense, however, right now there is a contract between NGrid and VEIC and this structure works well. He asked: even if we went through the purchasing process for the RFP and the selection criteria is it possible to have the contract be similar to the one we have now that works very well?

Paul R. said that because of political pressure the council will have to go out to RFP this year. With increased visibility and funding the EERMC has more notoriety. He cited a conversation he had with Senator Reed.

Paul R. said that he can justify what the council did three years ago, but now they must adhere to state purchasing laws. He does not advocate changing anything but he is saying that the council has to do things by the numbers so the EERMC has a defensible position.

As a procedural matter with a 2/3 vote by the council these by-laws can be used as a guideline going forward. They have to be promulgated by the APA rule making procedure. This takes about three months.

Jeremy brought up the number of sub-committees. Should these sub-committees be enumerated? Paul R. expressed a desire to have committees include members of the public. Paul R. said he would be more comfortable if 6.08.03 were reworded to include members of the public.

A discussion then ensued about the DSM Subcommittee and how it interacts with the council. Public notice and having a quorum present at DSM meetings was discussed. Jeremy asked about the process for circulating meeting announcement and minutes to the council. Paul R. proposed having DSM meeting notices & minutes go to directly to David C. and he can e-mail them to council members. Paul expressed concern about conflicts in EERMC and DSM voting. He thinks it is something we will have to figure out down the road. David C. asked about participation of an OER staffer in DSM meetings. Jeremy said that would not be a problem.

A motion was made to amend to 6.08-03 to allow member of the public to serve on EERMC committees. Dan J. proposed the motion it was seconded by Joe C. and passed unanimously.

Dan J. offered a motion to approve the By-Laws as amended, Sam K. seconded and it passed unanimously. The APA allows these by-laws to be amended if needed.

VEIC Budget & Work Plan

Paul R. introduced Scudder P. to present the VEIC plan. He asked for guidance from the Council on what they require. He does not know if VEIC has a contract for next year. He then passed out the plan for the council to consider and then opened the meeting up for questions.

Chris P. wanted to look at alternative approaches to delivering energy efficiency services. Should we be looking for other models? Who out there is doing things differently? He cited the EDC's Road Map for a Green Economy Conference and the ideas presented there. If we can't increase the budget we can increase the efficiency of the services delivered.

Scudder P. accepted it as part of the scope of the work plan. He asked if the EECBG funding would be linked to the PACE financing model. This model has the flexibility to do both energy efficiency and renewables and leverage more funding.

Sam K. thought it made sense to add this as an extra bullet to the plan. VEIC will also monitor the failure with this type of financing. Paul R. said you have to look beyond the two years of ARRA.

Scudder said the NGrid energy efficiency loan program that they are now operating is as effective as any program he has seen in the US.

Ken P. said that the consultant work plan must match the work that can be done by the council. The plan should not be larger than what the council can reasonably accomplish. The EERMC should develop an annual work plan and then consultants should build a plan to accommodate what the council wants done. The OER could offer support in this regard. This would free up the consultant to do what

only consultants can do. The EERMC should set goals and these goals should be married to a work plan in January.

Sam K. said that he felt this was a productive meeting and it was helpful to have the System Reliability Sub-Committee meeting before the regular meeting. He proposed a working session on the work plan before the January meeting.

Paul R. mentioned that VEIC has come in under budget in all three years. He thought a sub-committee meeting on the work plan is a good idea. He asked David C. to organize a meeting in early January. A discussion then ensued about when the meeting should be held. Ken P. offered to find a meeting room between the 2nd and 14th of January at 1:30 PM. The object of the meeting will be get a draft of what the council wants to include in a work plan for 2010.

David C. said that he council was looking to have two meeting on a day in January, one at 11:00 AM and one at 1:30 PM. The topics will be guidance on the work plan-at 1:30 PM. The other meeting is for the SR sub-committee. Two members can't make it on the 1/14 so other dates have to be considered. Ken P. said the OER would not schedule a meeting if there can't be a quorum. It was decided to schedule the regular EERMC meeting on January 19th after much discussion.

Chris P. asked about the residential seat. Ken P. said that first the

**Governor has to appoint and then General Assembly has to approve.
This can't happen until the Assembly reconvenes**

Sam proposed a motion to have VEIC proceed on a month to month contract with the current work plan until further notice. The motion was seconded and passed unanimously.

David C. will find a good date to have the work plan meeting. 1:30 PM on 1/19 was suggested and agreed upon. VEIC will be there.

Sam K. brought up the support letter to the PUC for the DSM settlement. He would review last years letter support letter, make any necessary changes, circulate it to the council and get it to NGrid before the technical review meeting.

New Business

Paul R. suggested sending Janet Keller an official vote of thanks for the work she did for the council. He made a motion to that effect and it passed unanimously.

There was no public comment and the meeting was adjourned at 6:40.

Respectfully submitted

Charles Hawkins

Secretary Pro-tempore