

ENERGY EFFICIENCY & RESOURCE MANGEMENT COUNCIL

Minutes-June 14, 2012

Pre-Meeting with the Governor's Office

Conference Room B, Second Floor DOA

Call to Order: Chairman Paul Ryan called this pre-meeting to order at 3:00 PM

Members Present: Marion Gold, Chris Powell, Dan Justynski, Joe Cirillo, Abigail Anthony, Joe Newsome, and Paul Ryan

Consultants Present: George Lawrence, Scudder Parker & Mike Guerard

Staff Present: Patrick McCarthy and Charles Hawkins

Others Present: Tim Faulkner, Michael McAteer, Jeremy Newberger, Angela Li, Rachel Henschel, Chris Kearns, Rachel Sholly, Puja Vohra, Wendy Waller, Sabrina Ulansova, Cara Nunez, Sarah Martin, Jarret Katz, Eric Kretsen and Ron Renaud

Governor's Chafee's Policy Aide Chris Kearns was introduced to summarize recently passed General Assembly legislation. He began by congratulating EERMC member Marion Gold for being Governor Chafee's nominee for Office of Energy Resources (OER)

Commissioner.

The first legislation discussed was S2792 Substitute A, which would require all electrical distribution companies to support the installation and investment in clear and efficient combine heat and power (CHP) installations at commercial, institutional, municipal and industrial facilities. It stipulates that the EERMC submit a CHP Plan, along with the yearly Energy Efficiency Program Plan (EEPP), for PUC review and approval no later than November 1, 2012. At least one public review meeting on the plan will be held yearly to solicit public comment. The CHP plan will be discussed at DSM Collaborative meetings that will be held this summer.

Jeremy N. felt that the public review was only necessary for the CHP plan. Chris K. said that was true, but if the Council wanted to submit the whole EEPP to public review; they may want to do it at the same time.

Marion G. wanted to know what the rationale was for this statute. Chris K. said that the Governor was interested in promoting CHP, and he felt there was a lot of interest among municipalities for this technology. He felt it was a new opportunity for businesses to look at their energy options. Mike M. said that NGrid is heavily engaged in CHP and it can be a good technology in the right spaces, however, it needs the same cost effectiveness (CE) testing as any other EE measure. Pat M. mentioned that East Providence was doing a CHP

project using competitive EECBG funding.

Dan J. mentioned a discussion at ISO-NE on the unknowns of the cost of insurance for back-up generation. This can be complicated and risky. Is there anything in the law that addresses this issue? Chris P. said that the cost of back-up rates can nullify the CHP savings. Chris K. cited Page 3, Line 29, which mentions contract terms.

Abigail A. felt that it may be a good time to educate the EERMC on CHP before engaging in a public stakeholder process. Perhaps they can review the Nescam CHP Opportunity Report that the Council commissioned in 2008. VEIC has offered to put together a memo on CHP that could be presented at the July meeting. It would deal with barriers in RI, like back-up rates, and talk about best practices in other states. Jeremy N. said that CHP is in the 2012 EE PP and NGrid has CHP projects in the pipeline that are eligible for rebates. Paul R. wanted to put this on the agenda for July. Abigail said that the goal is to make CHP projects better and more CE by getting feedback from industry. Jeremy N. offered Mark DePetro as NGrid's expert on CHP to help with the presentation. Scudder P. said that the low cost of natural gas needs to be considered.

The discussion then moved to the budget. On page 21 the transfer of the LIHEAP, Weatherization Assistance (WAP) and Emergency Fuel Programs from the OER to the Department of Human Services (DHS)

was made official. However, mainly due to the Henry Sheldon legislation, the OER will provide advisory assistance to the DHS. OER will also maintain a link with the federal delegation regarding LIHEAP & WAP funding.

On Page 22, the DEM was removed from the RGGI spending rules process and replaced by the newly formed Renewable Energy (RE) Coordinating Board. The goal is to streamline the process and have both RE & EE represented. On Page 23, Line 7 states that the 5% administrative funding for the RGGI Program be allowed to be carried over into other years which give the OER more flexibility in that restricted account.

Chris P. cited the meeting that was held with EERMC members, the DEM and OER where there was disagreement on how the RGGI funding should be spent. He felt that the RGGI enabling legislation specified CE projects that provide ratepayer relieve. Chris P. felt there should be a definition of CE in place, with a plan for action, so good projects will be chosen. Chris K. will take this up with Barbara C.

Chris K. then move to the last paragraph of page 23 which sets April 15th as the annual date for the filing of the RGGI report and stipulates that it be posted on the OER website. Going forward, all energy reports will now be posted on the OER website. This will make for a central repository for all RI energy information. Also posted on the

OER website will be a yearly report which will monitor how EE businesses are doing and how many jobs have been created and how many vendors participated in the program.

On Page 27, solar thermal projects were made eligible to participate in the Renewable Energy Fund (REF). The REF was also made more flexibly by striking requirement that 50% of the funding go to municipal RE projects. With the new Distributed Generation legislation, the REF is no longer the only avenue for municipalities to get RE funding. This opens up the REF to small businesses. On page 31, the REF expands to include a residential RE program. The REF was not transferred to the OER, as was stipulated in the Governor's budget. However, there is anticipated to be much collaboration between the EDC & the OER as there is now with the ARRA RE funding.

On page 30 the 2% DSM administrative funding was split with 40% going to the OER and 60% to the EERMC. The OER & the EERMC will be independent of each other and will submit separate Annual Report to the General Assembly on April 15th each year. This transition will occur within the next several months once the Commissioner is in place. The Governor is excited about having a strong state energy office with sufficient finding and staffing to meet its objectives.

Abigail A. said that an EERMC priority is getting Marion G.'s seat on the Council filled when she becomes the Energy Commissioner. She

was hoping this could be done during the proposed Assembly special session. She does not want this to lag until January. She hopes the Council could work with the Governor's office to get someone nominated.

Joe C. felt that there are now too many people involved in the energy code process. Who will tell engineers & architects who to go to in order to get approval for EE projects? He felt things were becoming too complicated. Why is the EDC involved? Chris K. said that the Governor is looking for collaboration. Mike M. felt Joe C. raised a good point about stakeholders in the process and he cited the NGrid Codes & Standards Initiative.

Paul R. then convened the regularly scheduled monthly EERMC meeting. The Pre-meeting was adjourned at 3:45 PM.

**Respectfully submitted
Charles Hawkins
Secretary Pro-tempore**