



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF ADMINISTRATION

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MEETING
RHODE ISLAND RENEWABLE ENERGY COORDINATING BOARD

April 15, 2013
9:30AM – 10:30 AM
RI Department of Environmental Management
Conference Room 300

WELCOME

The meeting was called to order by Chairman Richard Licht at 9:35 AM.

Renewable Energy Coordinating Board (RECB) Members in Attendance:

Janet Coit, Director, Department of Environmental Management (DEM)
Grover Fugate, Executive Director, Coastal Resources Management Council
Marion Gold, Commissioner, Office of Energy Resources (OER)
Chairman Richard Licht, Director, Department of Administration (DOA)
Hannah Morini, representing William (Bill) Parsons, Acting Director, Economic
Development Corporation (EDC)

Advisory Council Members in Attendance:

Doug Sabetti, Bob Chew, Frank Epps, Bob Morton, Larry Dreiser, Michelle Carpenter,
Robert Toomey, Don Winerberg, Seth Handy, Doug McVay, Julian Dash, Bruce
DiGennaro, Karina Lutz, Bill Ferguson, Malcolm Spaulding, and Jerry Elmer

Others in Attendance:

Chris Kearns, Ken Payne, Fred Unger, Allison Rogers, Charity Pennock, Pamela
Mandler, Mark DePasquale, Linda George, Rachel Sholly, Charles Hawkins, and Danny
Musher

Chairman Richard Licht opened the meeting by introducing Hannah Morini who will be representing the EDC at the meeting. Hannah oversees the Renewable Energy Fund at EDC. Richard L. also mentioned that Kate Brock, the former director of Ocean State Action, had been hired as Governor Chafee's Policy Advisor for environment, energy and transportation issues. Richard L. then congratulated Marion Gold on her Senate confirmation as Rhode Island Commissioner of Energy.

APPROVAL OF THE MINUTES

Grover Fugate made a motion to approve the February 25, 2013 meeting minutes. It was seconded by Marion G. and passed unanimously.

PUBLIC COMMENTS

No members of the public requested to make a public comment.

UPDATE ON THE RHODE ISLAND STATE ENERGY PLAN (RISEP)

OER's Danny Musher was introduced to give a presentation on the Rhode Island State Energy Plan. (RECB powerpoints are available on the RECB section of the Secretary of State's website and/or available upon request.) The RISEP has three main phases: research and data collection (12/12-5/12); preparation of preliminary draft plan (6/13-9/13); and finally a technical and public review process and adoption of the RISEP as a State Guide Plan element (10/13-3/14). Four RISEP Advisory Council meetings have been held as of April 2013.

Richard L. said that the State Guide Plan is mandated by statute and overseen by the State Planning Council. He noted that he serves as the Chair of the State Planning Council and also mentioned that the State Planning Council recently added two new agencies, DEM & EDC, and plans on adding RIPTA and RI Housing next year. It plays a key role in RI planning and land use decisions. Danny M. said that at a recent National Association of State Energy Officials (NASEO) conference in Washington, D.C. the importance of state energy plans was highlighted.

The vision statement that guides the of the RISEP states: In 2035, Rhode Island will provide energy services across all sectors – electricity, thermal and transportation – using a secure, cost effective, and sustainable energy system. The RISEP will look at the whole energy system and set priorities. The preliminary baseline data indicate that in 2010 Rhode Island consumed 199,000 billion BTUs of energy, generated 11 million tons of CO2 emissions and spends \$3.6 billion, with most of these expenditures going out of state. . Looking at the whole energy system, expenditures, total energy use and carbon emissions are about even among the three sectors and there are opportunities for improvement in all sectors. Rhode Island fuel consumption is mostly fossil fuel with 1% renewable and 2% hydro.

The business as usual (BAU) forecast incorporated our current energy policy, including: natural gas energy efficiency program's impact on the thermal sector; the impact of RGGI on the electric sector; and the impact of petroleum consumption voluntary targets on the transportation sector. The BAU also includes the impact of RI's Least Cost Procurement legislation. Rhode Island is ahead of the curve with these policies to reduce reliance on fossil fuels. Danny noted that greenhouse gas emissions from our electricity use is projected to go down but emissions from Rhode Island power plants, almost entirely fueled by natural gas, are going up. RI power plants used to serve as peaking facilities but now run 24/7. More natural gas generation equals more emissions.

The next step for the RI SEP is scenario modeling which will identify strategies to achieve our energy goals. Navigant Consulting is helping with this task. Marion G. said that many stakeholders have been engaged in the process, which will provide a road map to achieve a clean, affordable and reliable energy system. Seth H. wondered if it may be

a good idea to have a meeting of the RECB Advisory Council before the RISEP scenario modeling process ends in September. Marion G. said that was a good point but noted that many of the group were already involved in the RISEP planning process. She invited any members who wanted to join the RISEP process to contact the OER and Danny M. welcomed members of the Advisory Group to join the RISEP meetings. Seth H. asked if he could receive notice of those meetings and Danny said that he would add his name to the invite list.

Karina L. said she noticed the definition of affordability was lowered energy bills but she does not see anything about price volatility in the RISEP. One of the things that make energy affordable is the absence of price spikes. Marion G. said that was a good point and the RISEP project team will look into it.

UPDATES ON 2013 ENERGY LEGISLATION

The OER's Chris Kearns was introduced to give his power point presentation on 2013 Energy Legislation and he outlined the OER's legislative proposals. Marion G. feels this legislative package provides structure for RI's most pressing energy needs and works with the RISEP to provide fuel diversity and system reliability. This winter's competition for natural gas between heating and electric generation sectors shows the need for to diversify our energy supply to provide a more secure energy system

Important energy bills now pending in the General Assembly (GA) include:

1. Transfer of the Renewable Energy Fund in the state budget to the OER (H-5127, budget article 8)
2. RGGI Initiative relating to DEM & OER administrative funds (H-5812)
3. Distributed Generation (DG) Contracts Program (H-5803, S-641)
4. The Energy Reform Act of 2013
5. Property Assessed Clean Energy (PACE) residential program

The REF fund transfer received strong support during the House and Senate Finance Committee Hearing. Senate introduced legislation (S-642) transfers 20% of the REF to the OER for administrative and programmatic purposes on an annual basis. The RGGI legislation allows OER and DEM to use RGGI administrative funds for RGGI and also for climate change, RE and EE objectives. It received strong support at a Senate Environment and Agriculture Committee hearing. The DG legislation would increase transparency and oversight by the OER and it would require National Grid, at the end of each enrollment, to provide the applicant with written feedback and the reason the project was denied. The legislation was supported by environmental groups but they also recommended an expansion of the program's MW system size. The law also provides flexibility in what DG project is required to produce in its submitted application. A project would need to produce 90% of what is proposed in the application. It also allows the opportunity for small-scale hydro projects to compete. It was amended and passed out of its Senate committee with a floor vote expected soon. A public meeting on the program is scheduled for April 26th.

The Energy Reform Act was introduced by the Chafee Administration. It aims to improve the State's energy security by diversifying its portfolio for electric generation. There is concern about regional dependence natural gas for generation. It also allows for regional procurement opportunities in hydro and offshore wind. This legislation adds large-scale hydro as an eligible RES resource under the Renewable Energy Standard (RES) statute but does not allow these projects to be eligible for Renewable Energy Certificates (RECs) under either the RES or the DG long term contracting law. It also adds 80 MWs of nameplate capacity to the DG program and expands the successful program from December 30, 2013 to December, 30, 2018. The program will go from 40 MWs to 120 MWs. Chris K. then passed out copies of the legislation so stakeholders could review them. Janet C. asked for clarification about why hydro was eligible under the RES but not in the DG or REC program. Michelle C. said it was difficult to call the DG program successful when developers have had to absorb significant costs and their projects did not go forward. Seth H. noted that the program was actually tripling from 40 MWs to 120 MWs.

Doug M. asked if large scale hydro would count to the percentage the State must reach (16%) to satisfy the RES. The response was that, yes, it will. Seth H. said it looks like large hydro will be able to trade RECs regionally but not in Rhode Island. Marion G. said this issue is being hotly debated regionally. A discussion then ensued about Connecticut's attempt to have hydro eligible for RECs. Bob C. asked if large scale hydro is eligible for REF funding. It is not.

Bob C. asked why Rep. Ruggiero's bill to reinstate the RE tax credits was not on the list. Chris K. said that the list highlighted OER and administration bills. Karina L. asked what the justification was for including large scale hydro in the RES. Marion G. said that the New England State's Committee on Electricity is struggling to address this issue. A white paper on regional RE procurement was produced that demonstrates the cooperation between New England states. There is also a move to have ISO-New England do more with regional EE. Any long term large-scale hydro contract would have to be approved by the PUC. Seth H. noted that the transmission costs associated with hydropower could be high.

The PACE program would provide an innovative financing program for homeowners to pursue EE & RE upgrades on their property through a lien on their property taxes and would utilize available federal energy funds for a loan loss reserve. It would be voluntary for towns and not a mandate. It is modeled after a Vermont residential PACE program and needs state enabling legislation. The intent is to remove financial barriers for deeper residential efficiency projects and for RE. . To make it as easy as possible for towns, the administration will be done on the state level. Seth H. said that the Capitol Good Fund was working with the Treasurer's office on EE funding and OER should talk with them. The next step is to meet with as many of the Advisory Council members as possible to elicit feedback and go over the bills, especially the rather complicated Energy Reform Act.

Bruce D. wanted to thank Marion G. and OER for taking on this important work. He said what the state needs is vision. Ken P. said to really appreciate where the RI SEP process is today, all one has to do is look at the old Rhode Island Energy Plan. He noted that the old plan, which was written over a decade ago, really needed to be updated. Karina L. said that there were political considerations in Canada surrounding hydro such as its impact on indigenous people. Marion G. said she would like to talk to Karina L. about this off-line.

ADJOURN

The meeting was adjourned at 10:45 AM.