



# 2017 RETAINER PROGRESS UPDATE

December, 2017

## MEMORANDUM

**TO:** State of Rhode Island Energy Efficiency and Resource Management Council (EERMC)

**FROM:** Alex Hill, Senior Consultant and Principal, Dunsky Energy Consulting

**RE:** Overview of 2017 Retainer Progress and Contract Extension Proposal

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## INTRODUCTION

This memo outlines the tasks that Dunsky Energy Consulting has conducted as part of its 2016-2017 retainer to support the EERMC to provide expertise related to energy efficiency financing in Rhode Island.

Overall, Dunsky has completed the majority of the planned tasks under the retainer, but some of our planned work has been delayed for the following reasons:

1. There has been much focus in this year's EE planning on the state budget scoop and limits, and therefore less attention has been paid to financing programs and discussions.
2. C-PACE and EBF have not yet generated significant volume in 2017 – and are likely better suited for a review after the calendar year is complete.
3. National Grid has not yet implemented its planned financing pilots or undertaken further financing evaluations in 2017.

**Proposed Contract Extension:** There remains about 180 of the planned 442 hours in our retainer budget to pursue the outstanding tasks from the retainer workplan. We therefore propose to the Council that our contract be extended to March 31, 2018, by which time we expect to have completed all tasks, and exhausted the retainer budget. Details on the scheduling and payment implications are provided at the conclusion of this memo.

## 2017 PROGRESS ON DUNSKY WORKPLAN TASKS

Dunsky's retainer covers three key tasks, each including specific deliverables. Below we provide an indication of the progress made to date for each task and deliverable, and remaining work to be pursued under the current retainer.

### Task 1: Contribute expertise to design and implementation of emerging financing program offerings

1. **Assist EERMC and consultant team to integrate EE Financing in the 2018-2020 three-year plan**
  - **Status:** Complete
  - **Deliverable:** Memo- *3-Year Financing Plan Review* (July 17, 2017)
  - **Details:** Dunsky reviewed multiple drafts of the 3-year plan and provided input both in writing and through meetings with the Council's consulting team, National Grid and RIIB.
  
2. **Review EE financing components of 2018 EE Plan**
  - **Status:** Complete
  - **Deliverable:** Memo - *Rhode Island 2018 Energy Efficiency Annual Plan - Financing Recommendations* (November 2, 2017)
  - **Details:** Dunsky reviewed multiple drafts of the 2018 Efficiency Program Plan, and provided feedback through a memo detailing proposed financing priorities for 2018 – 2020, and an assessment of the degree to which the 2018 Plan responded to the proposed priorities. We also communicated these results through meeting with the Council's consulting team, National Grid and RIIB.
  
3. **Perform a high-level assessment of new opportunities for EE Financing in multi-family buildings:**
  - **Status:** Complete
  - **Deliverable:** Memo *Residential Energy Efficiency Financing In Rhode Island - Multi-Family Sector & Opportunities* (April 3, 2017)
  - **Details:** Dunsky discussed multi-family building financing needs and challenges with a number of stakeholders in Rhode Island (RIIB, National Grid, Rhode Island Housing etc.) and prepared a summary of suitable financing options as a discussion piece to contribute to the on-going efforts to develop a financing tool for Rhode Island's multi-family building sector.

### Task 2: Follow up on recommendations from Dunsky Study/additional specific areas of investigation

1. **Provide recommendations and input on consistent reporting standards for RIIB and National Grid EE financing programs:**
  - **Status:** Complete
  - **Deliverable:** Financing Program Data Reporting Framework (November 21, 2017)
  - **Details:** Dunsky developed a reporting framework in collaboration with National Grid and RIIB that provides a tool for consistent and regular progress reports on the use and fund balance for revolving fund type financing programs (EBF, OBR). In October 2017 we reviewed an initial attempt to complete the reports by both parties, and engaged in further conversations to update the model to fit the available and relevant data. Both

National Grid and RIIB have agreed to populate the reporting template with 2017 year end results in January 2018.

**2. Track RIIB progress and programs:**

- a. **Perform a 1-year review of C-PACE financing:** including reviewing the lists of projects, measures, supported savings and incentives applied. Gathering information from RIIB and NGRID staff on how C-PACE is being used to support savings in the C&I sector, and how well it integrates with NGRID OBR and incentives.
- b. **Track EBF Round 2 Progress:** We will communicate with RIIB staff to track the application volumes, projects, measures and savings supported, as well as the integration with NGRID programs. This will seek to assess the ability of Round 2 to achieve its loan volume targets, and to understand to what degree RIIB can leverage the ratepayer and RGGI injections with private capital. These will be key understandings to inform any program design recommendations and future EE program planning.
- c. **Assist and Track R-PACE Development:** We propose to track RIIB's plan to launch a residential PACE program in 2017. We will offer our feedback on program design and best practices based on our insights from designing, researching and evaluating residential PACE programs in other jurisdictions, while also factoring in optimizing coordination with National Grid's HEAT Loan.
  - o **Status:** To be completed in 2018
  - o **Deliverable:** Memos to be produced outlining results of each program in 2017
  - o **Details:** We expect that both C-PACE and EBF will have closed a notable number of financings by the end of the 2017 calendar year. At that time we propose to review each program's progress toward supporting the Council's energy efficiency objectives. For R-PACE, it is our understanding that RIIB may pursuing an alternative residential financing model. We will provide details and reflections on progress made by early 2018.

**Task 3: Contribute to oversight of National Grid finance offerings (C&I and Residential)**

**1. Perform a final review of the OBR Evaluation Report and EnergyWise/HEAT Loan Evaluation Reports (Final Drafts – when available)**

- o **Status:** Complete
- o **Deliverable:** Memo - National Grid Large Commercial and Industrial OBR Program Interpretation of Cadmus Evaluation (November 17, 2016)
- o **Details:** Dunsky finalized its review of the Cadmus OBR evaluation report among the first tasks completed under this retainer. The memo interprets the evaluation results in relation to the Council's efficiency objectives. No further drafts of the HEAT Loan Evaluation report were reviewed under this retainer.

**2. Recommend and assist in the scoping of further evaluation efforts**

- o **Status:** To be accomplished in 2018
- o **Deliverable:** Input into HEAT Loan – HVAC program evaluations and OBR-related C&I Program evaluations (format to be determined)
- o **Details:** National Grid has prioritized undertaking an evaluation of the HEAT Loan – HVAC program interaction in 2018. We propose to assist them in establishing the priority areas

of investigation for the evaluation, as we did for the previous HEAT Loan – EnergyWise and OBR evaluations.

**3. Work with NGRID Staff to explore options to integrate OBR financing with incentive delivery to support flexibility in incentive levels:**

- **Status:** To be accomplished in 2018
- **Deliverable:** memo on recommendations
- **Details:** National Grid is exploring options to establish a cashflow based pilot wherein the LCI incentives and OBR can be adjusted to ensure that customers install cashflow positive projects, while reducing the incentive cost ratepayers. National Grid is also exploring ways to integrate private lenders into its financing offer. These projects are taking place somewhat later than anticipated when we prepared our proposal in late 2016, and we propose to track National Grid’s progress on these pilots and provide assistance as requested in early 2018.

**In-person meetings in 2017**

During the retainer, Dunsky team members were present in Rhode Island to meet with relevant financing program administrators and report to the Council and its Executive Committee. The dates and purposes of the meetings are outlined in the table below.

Date	Meetings	Purpose	Present
<b>March 1-2 2017</b>	<b>RIIB DOA/DPUC National Grid EERMC Executive Council</b>	<ol style="list-style-type: none"> <li>1. Residential EE Financing Opportunities, including Multifamily</li> <li>2. Integrated Reporting Method for Financing Programs: EBF, OBR, HEAT etc.</li> <li>3. Financing Evaluations and Next Steps</li> </ol>	Alex Hill Leslie Malone
<b>May 17-19 2017</b>	<b>RI PUC RIIB National Grid</b>	<ol style="list-style-type: none"> <li>1. Presentation to PUC</li> <li>2. Discuss progress on residential and C&amp;I financing priorities in 3-year plan</li> </ol>	Alex Hill
<b>September 26-27 2017</b>	<b>RIIB Forum RIIB/National Grid Meeting</b>	<ol style="list-style-type: none"> <li>1. Presented current challenges/opportunities for EE financing in RI</li> <li>2. Discuss progress on residential and C&amp;I financing priorities in 3-year plan and 2018 annual plan</li> </ol>	Alex Hill

## PROPOSED RETAINER EXTENSION

There remains about 180 of the planned 442 hours in our retainer budget to pursue the outstanding tasks from the retainer workplan. We therefore propose to the Council that our retainer be extended to March 31, 2018, by which we expect to have completed the scope of work, and exhausted the retainer budget.

The table below outlines the proposed tasks to be completed under in 2018, and an estimate of the retainer billing for 2018 follows.

	Budgeted Hours	Hours to date	Hours Remaining	Description of remaining tasks (Dec. 2017-March 2018)
<b>EEMRC: Meetings and Reporting</b>		85		
In-person meetings w/ EEMRC/Executive/Stakeholders	60		25	Meeting with EEMRC/Ngrid/C-Team in Feb/March 2018, and provide report on 2017-18 Retainer activities
Coordination with C-Team (monthly check-in calls)	30		8	Monthly progress meetings Dec-Mar 2018
<b>Task 1: Contribute Financing Program Expertise</b>		96		
2018 EE Plan Input	32			COMPLETE
2018-2020 three-year plan input	53			COMPLETE
Opportunity Tracking (Mulit-Family)	15		15	Follow up on Residential OBR and MF
<b>Task 2: Follow up on 2015 Report Recommendations</b>		26		
R-PACE Progress Tracking	10			
Review of C-PACE Year 1	40		28	Early 2018
Review of EBF Round 2	40		28	Early 2018
Develop Consistent Reporting Standards (RIIB-NGRID)	30		6	Reivew 2017 Year End Report in Early 2018
<b>Task 3: Oversight of National Grid Programs</b>		55		
Review of OBF and EnergyWise Evaluation Final Reports	20		25	Input into NGrid Evaluations in early 2018
Outline further evaluation efforts	20			
Explore financing/incentive delivery integration	92		45	Interact wtih with NGrid on Pilot (OBR cashflow etc.)
<b>Total</b>	<b>442</b>	<b>262</b>	<b>180</b>	

**Dunsky 2017 Retainer Invoicing Summary**

Total Contract Value: \$90,000

Invoice 1: \$45,000 (50% upon contract execution) – Dec. 31, 2016

Invoice 2: \$36,000 (40% after 90% of initial allocation is expended.) – Oct. 31, 2017

Invoice 3: \$9,000 (to be billed upon completion of retainer tasks)

**Potential Billing in 2018**

\$9,000 remains to be billed on the current Dunsky retainer. By extending the retainer, this would be billed on or by March 31, 2018.