



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

EERMC FULL COUNCIL MEETING MINUTES

Thursday, September 20, 2018 | 3:30 - 5:30 PM

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

Members in Attendance: Chris Powell, Carol Grant, Karen Verrengia, Shigeru Osada, Joe Cirillo, Jennifer Hutchinson, Betsy Stubblefield Loucks, Joseph Garlick.

Others Present: Rachel Henschel, Mike Guerard, Mark Kravatz, Becca Trietch, Sara Canabarro, Dr. Carrie Gill, Erika Niedowski, John Richards, Matt Ray, Ben Rivers, Courtney Lane, Raquel Webster, Nicole Iannove, Chris Porter, Laura Rodormer, Alice Hourihan, Rachel Sholly, Matt Chase, Tim Roughan, Stephen Lasher, Albert DeMiranda, Dilip Shah, Kurt Teichert

All meeting materials can be accessed here: <https://rieermc.ri.gov/meeting/eermc-meeting-september-2018/>

Call to Order

Chairman Powell called the meeting to order at 3:32PM.

1. Approval of Council Meeting Minutes

Chairman Powell requested a motion to approve the minutes for the August council meeting with revisions shown in track changes. Ms. Verrengia made a motion to approve the meeting minutes, and Mr. Cirillo seconded it. All Approved.

2. Executive Report

Commissioner Grant introduced Chris Porter to the Council. She noted that Mr. Porter is taking Mr. McAteer's position, and he is stepping into the role of Director of Customer Energy Management at National Grid. Commissioner Grant stated that he is going to be a great resource for the Council. She quickly highlighted his background.

Mr. Porter thanked Commissioner Grant for the introduction and stated that he is looking forward to working with the Council members and others.

3. Chairperson Report

Chairman Powell stated that the Council will be focusing on the second/final drafts of the 2019 Energy Efficiency Plan and System Reliability Procurement Plan. He noted that due to the large amount of materials that must be covered during today's meeting, he is asking all presenters to stick strictly to their allotted times.

Chairman Powell reported that the second/final versions of the 2019 EE and SRP Plans were just released this morning. Therefore, there is no expectation that Council members or the public will have reviewed these versions of the Plans yet. He noted that the Council will not be voting on these Plans until the next Council meeting on October 4th. Today is an opportunity to hear National Grid's summary of these updated Plans, along with high level findings from the EERMC Consultant Team, and for the Council to ask questions and discuss.

Chairman Powell stated that for those that would like to provide public comments during today's meeting, there is a sign-up sheet near the food and drinks.

Lastly, Chairman Powell gave a personal update about his career change, and that he is starting his new job as Director of Energy Management at Yale New Haven Health on October 1st. He is very excited about this new chapter and his ability to remain an active member of the Council.

4. Council Business

a) Update on Least-Cost Procurement Standards

Mr. Guerard stated that at a hearing on September 6, 2018, the Public Utilities Commission (PUC) voted to approve the revisions to the LCP Standards proposed by PUC staff with some accommodation of stakeholder input, primarily comments from the Division of Public Utilities and Carriers. The language originally proposed by the EERMC back in May 2018 attempted to codify the "less than the cost of supply" test as a comparison between National Grid's standard offer service price and the utility's cost to deliver efficiency. The approved language takes a different approach, requiring that this criterion be met using the Docket 4600A Framework for cost-effectiveness, which captures ALL the costs of efficiency or supply regardless of who bears the costs.

Mr. Guerard reported that the Consultant Team has previously opined that using the Docket 4600A framework as required by the PUC's approved language would result in either:

1. a comparison between the cost of supply and the cost of efficiency that is identical to the outcome of the existing Rhode Island Test for cost-effectiveness, or
2. an inconsistent application of the Framework that would create a cost-effectiveness test more narrowly defined than the RI Test. This opinion is shared by OER and the Division.

Mr. Guerard stated that their understanding is that National Grid in the second draft Plan submittal, and in response to the approved language, will allocate all cost and benefit categories currently included in the RI Test to either the cost of supply or the cost of efficiency, and therefore present a comparison that is equivalent to the cost-effectiveness result. That is, if the portfolio passes the RI Test, it will also meet the less than cost of supply criterion of the LCP Statute. The Consultant Team is supportive of this approach.

Mr. Guerard noted that the EERMC's original proposal for the LCP Standards included an adjustment to one administrative item under the EERMC responsibilities section of the LCP Standards, related to the timing of the Council's "Cost-Effectiveness Report". The EERMC proposed a change to the Standards to extend the timeframe for submitting the Cost-Effectiveness Report to be within three weeks of filing, rather than the current two-week requirement. This change was accepted by the PUC.

Mr. Guerard quickly added that the PUC plans to hold a technical session in late October or November that will cover the application of the Docket 4600A framework for different types of filings. Everyone is welcomed to attend and ask questions/share feedback.

b) Council Discussion & Vote on Budget Increase for Council Legal Services

Ms. Trietch reported that in January 2018, the Council approved an allocation of \$25,000 for EERMC Legal Services for the year of 2018. Since this time, legal services have been required above and beyond what was expected for monitoring the Power Sector Transformation Dockets and the developments regarding the Least-Cost Procurement Standards. As a result, 100% of the allocated \$25,000 have now been spent.

Ms. Trietch noted that to ensure that Attorney Desautel is able to continue representing the EERMC through December 2018, it is recommended that an additional \$14,000 be allocated to legal services for the

2018 year. Per EERMC's contract with Desautel Law, Ms. Desautel shall continue to expense her time at the rate of \$275/hour for all work completed in 2018.

Ms. Trietch stated that the 2018 budget with this recommended change is included in everyone's packets. Currently, the EERMC holds unallocated funds much greater than this added expense.

Chairman Powell requested a motion to vote on a budget increase for EERMC legal services in 2018. Ms. Verrengia made a motion to approve the recommended budget increase for the EERMC legal services in 2018 as shown in the written request. Mr. Garlick seconded this motion. All approved.

5. Energy Efficiency Program Oversight

a) Summary of Comments Submitted on First Draft 2019 EE and SRP Plans from the EERMC Consultant Team

Mr. Guerard gave a brief summary of the Consultant Team's memo that was included as part of the meeting materials for today's meeting. He stated that as presented at the last Council meeting, the Consultant Team used the Core and Variable Factors presented at the May EERMC retreat in order to review the draft EE and SRP Plans. He noted the most important message is that after an in-depth review by the C-Team, OER, the DPUC, National Grid, and Collaborative members, they anticipate that the second draft will increase the savings estimates for both gas and electric portfolios – bringing both over the EERMC-established Targets – and that the proposed budgets for both portfolios will decrease between the 1st and 2nd drafts.

Mr. Guerard reported that once the C-Team goes through the second/final draft thoroughly, they will summarize the key changes for Council members. Mr. Guerard stated that the National Grid team will give more details about the changes to the Plans during their presentation later in this meeting.

Chairman Powell asked how the Navy CHP Project will affect the 2019 EE Plan and if it's going to have a big impact on the goals. Mr. Guerard explained that the Navy CHP Project will result in slight modifications to the Plan's text regarding the process for notification when CHP incentives will exceed \$3 million.

Ms. Henschel explained that the 1st draft of the EE Plan included a commitment of \$3 million for the Navy CHP even though the project will not be completed until 2020 or 2021. She stated that the total incentive should be in the range of \$7.5 million once the project is complete. She noted that by starting to collect funding to support the full incentive in 2019, National Grid will mitigate a future increase in required SBC collections in the year the full amount is due to the Navy. Whether this 'pre-funding' is prudent, is a matter for consideration by the EERMC.

b) National Grid Presentation: Overview of Second/Final Draft of the 2019 Annual Energy Efficiency (EE) Program Plan.

Ms. Lane gave a brief intro about the Second/Final 2019 Annual Energy Efficiency Program Plan. She stated that the final draft incorporates feedback from OER, EERMC C-Team, People's Power & Light (now Green Energy Consumer Alliance), Acadia Center, TEC-RI, and City of Providence. She noted that the screening models underwent extensive review by the C-Team, and this final draft balances stakeholder interests, lower budgets and maintains the Company's commitment to innovation.

Ms. Rodormer went over the Changes to the Residential Sector.

Mr. Rivers covered the changes to the Commercial & Industrial (C&I) Sector, quickly highlighting the Navy CHP 2020 commitment decrease from \$3million to \$2.8 million, and asking the EERMC to give feedback on whether the commitment should be included in the Plan or not.

Ms. Lane highlighted changes to the Main Text, which included the creation of an executive summary; text updates to comply with the PUC's recent revised Standards; an added section on how EE advances Docket 4600 principles and goals for the electric and gas systems; and last but not least, all graphs and tables are now complete and the bill impacts analysis have been included this latest draft.

Mr. Richards went over the Evaluation Results on Residential and C&I programs. He also gave an overview of the numbers, noting that in comparing the 1st with the 2nd draft of the Plans, the latest draft now meets both the electric and gas program savings goals.

Mr. Richards also showed a comparison of the programs over 2017, 2018 and 2019 for both electric and gas programs, as previously requested by Mr. Osada at the last EERMC meeting.

Ms. Lane then showed the electric program savings in MMBtus in order to better display impacts from more delivered fuels savings, which was also a request by EERMC at the last meeting. Ms. Lane noted that the Final Draft creates the following benefits: 1) Total benefits of \$656 Million over the life of the measures; 2) Avoids \$1.1 Million tons of carbon emissions; and 3) Investments in Plan will add \$85.7 Million to RI's Gross Domestic Product (GDP) and will create 1,257 job-years of employment.

Mr. Richards then went over the Final Draft Bill Impacts Analysis and Ms. Lane described what goes into a customer's bill by showing a sample energy bills.

Lastly, Ms. Lane finished the presentation by going over a Conclusion slide. She highlighted that Energy Efficiency is the least cost form of energy and empowers customers to take control of their energy bills. She noted that the Final Draft:

- Incorporates hundreds of stakeholder comments
- Complies with Least- Cost Procurement and the Standards
- Meets the Three-Year Plan savings targets
- Provides savings opportunities to all customer segments
- Is cost-effective and less than the cost of supply; and
- Benefits Rhode Island's citizens, environment, and economy

c) National Grid Presentation: Review of Second/Final Draft of the 2019 System Reliability Procurement (SRP) Plan.

Mr. Chase from National Grid, gave a brief intro to the 2019 System Reliability Procurement Plan (SRP). He gave an overview of what SRP is, and what Non-Wires Alternatives (NWA) are. He also went over feedback received from the Collaborative on the first draft of the SRP Plan.

Mr. Stephen Lasher covered the Customer-Facing Program Enhancement Study and Mr. Roughan and Mr. Chase went over the revisions since the first draft of the SRP Plan.

Mr. Chase then went over the SRP 2019 Proposed Budget and Funding Request.

Mr. Chase finished the presentation by going over a Conclusion slide. He highlighted that SRP is the path to provide lower supply and delivery costs and enhanced forms of energy to Rhode Island customers. He noted that the 2018 SRP Report:

- Complies with Least-Cost Procurement Law and the Standards
- Proposes NWA opportunities that are cost-effective, reliable, prudent and environmentally responsible; and
- Benefits the citizens of Rhode Island, the environment, and the economy.

d) Public Comment on 2019 EE and SRP Plans

Dr. Gill read a comment from Jonathan Schrag, Deputy Administrator at the Division of Public Utilities & Carriers. This letter was included in the Council member packets and was also posted on the EERMC website as a meeting material.

Ms. Niedowski from the Acadia Center, stated that she is pleased that the Plan will now meet the electric savings target set by the Council with decreased costs. However, she flagged the cost per lifetime savings, and noted she will keep an eye on this metric going forward.

Ms. Niedowski also noted that she is pleased to see an expansion of heating electrification goals. She is happy that the PUC gave guidance on the Least-Cost Procurement Standards and noted that the Acadia Center will participate in the technical session that the PUC will host in October/November.

Lastly, Ms. Niedowski restated that the programs are cost-effective and less than the cost of supply no matter which test is used. She quickly noted that she will be seeking more information on the incentives proposed for the System Reliability Procurement Plan.

e) Council Discussion

Mr. Cirillo asked Ms. Trietch and National Grid Team to please avoid using abbreviated words and acronyms in the agenda, presentations, and in documents shared with the Council members.

Chairman Powell agreed with Mr. Cirillo's comment and noted that is particularly hard to understand abbreviations and acronyms for the System Reliability Procurement Plan since it is fairly new to Council members.

Ms. Hutchinson stated that her and her team will try harder to avoid the use of abbreviations in the future.

Ms. Verrengia commented that she is amazed, and extremely happy with many of the outcomes included in the Second/Final Draft of the Plan. She also applauded everyone's hard work that has gone into this process.

Chairman Powell stated that he believes battery storage is not yet cost-effective. However, SRP seems to be investing heavily in it. He asked the SRP Team if there are any other options that are more cost-effective, and what the reason is for investing in batteries right now.

Mr. Chase explained that for the pilot project using battery storage, batteries are indeed cheaper and more cost-effective than the substation/wire upgrades that would have been needed otherwise.

Mr. Osada asked if the battery storage could last longer or provide greater capacity relief than the 250MW over 4 hours that it is designed for. Mr. Chase answered that it can only provide the energy/capacity relief it is engineered to provide.

Ms. Henschel stated that if the Council is interested to learn more about battery storage, she can have a team member expert come to one of the upcoming EERMC meetings to present on it.

Chairman Powell thought that would be a great idea to have a presentation on battery storage in the future. He also thanked both National Grid's teams for doing a great job at presenting, for their hard-work and to sticking to their time allotments during the meeting.

Mr. Guerard noted that as the C-Team processes the latest version of the EE and SRP Plans during the next week, they will connect with the Council members individually to go over any feedback, questions or concerns they might have prior to the council vote at the Oct 4th meeting.

6. Public Comment on All Other Topics

No Comments.

7. Adjournment

Chairman Powell requested a motion to adjourn the meeting. Mr. Garlick made a motion to adjourn, and Ms. Verrengia seconded it. All approved.

The meeting was adjourned at 5:07pm.