



STATE OF RHODE ISLAND

ENERGY EFFICIENCY & RESOURCE MANAGEMENT COUNCIL

EERMC FULL COUNCIL DRAFT MEETING MINUTES

Thursday, January 25, 2024 | 3:00 PM – 5:00 PM

Department of Administration Conference Room 2B Providence, RI 02908 with remote participation via Zoom.

Members in Attendance: Harry Oakley, Peter Gill Case, Susan AnderBois, Kurt Teichert, Dave Caldwell, Bob Izzo, Priscilla De La Cruz, Thomas Magliocchetti, Joe Garlick, Chris Kearns, Brett Feldman

Others in Attendance: Steven Chybowski, William Owen, Georgia Cheney, Craig Johnson, Sam Ross, Toby Ast, Michael O'Brien Crayne, Carrie Gill, Stephen Lasher, Jay Gotra, Alex Purdue, Jeff Webber, Dana Goodman, Nate Hua (virtual), Nancy Chafetz (virtual), Jamie Charles (virtual), Todd Olinsky-Paul (virtual), Krysti Shallenberger (virtual), Jordan Graham (virtual), Joel Munoz (virtual), John Harrington (virtual), Nelson DiBiase (virtual), Tim Faulkner (virtual), Sara Sultan (virtual), Edward Schmidt (virtual), Emily Koo (virtual), Spencer Lawrence (virtual), Carlos Millan (virtual), Adrian Caesar (virtual), Mark Bowen (virtual), Ann Clarke (virtual), Margaret Hogan (virtual), Neevetha Nadarajah (virtual), Gabriela Olmedo (virtual), Pete Falcier (virtual), Shauna Beland (virtual), Rebecca Golding (virtual), Matt Sullican (virtual), Karen Bradbury (virtual), Alice Horgan (virtual), David Moreira (virtual), Ella Wynn (virtual), Mike Mernick (virtual)

1. Call to Order

Chairperson Oakley called the meeting to order at 3:06 p.m.

2. Chair Report

Chairperson Oakley gave an overview of the agenda. He also explained that any comments made by the public must be made during the Public Comment period and he provided instructions for virtual participants to provide public comment. Chairperson Oakley brought attention to the written public comments submitted before the meeting which can be found on the EERMC meeting website under "Other Materials". A summary of the PUC December hearings can also be found on the website under "Other Materials", for Council review.

3. Executive Director Report

Acting Commissioner Kearns of the Office of Energy Resources (OER) presented the executive report to the Council. Mr. Kearns reminded Councilors that the energy efficiency administrative request for proposals (RFP) was posted in December and applications are due in mid-March. Pertaining to Federal Funding, OER is working on two programs for home efficiency and electrification that together amount to about 64 million dollars. A

Request for Information (RFI) document will be posted to the OER website in the coming days soliciting feedback from stakeholders around the program design. These programs are tied to federal rules in terms of rebates and eligible technology, but OER still wants to solicit feedback from local stakeholders and responses are due by February 23rd.

Acting Commissioner Kearns also shared that the offshore wind (RFP) has been extended along with the other states participating to March 27th. This is for a multi-state procurement of offshore wind. Lastly, he shared that the Efficient Buildings Fund has announced an application period for this spring. This program is implemented in partnership with the Rhode Island Infrastructure Bank. Municipal energy project applications are due Friday, May 10th.

4. Meeting Minutes

Chairperson Oakley motioned to approve the December 21st, 2023, Meeting Minutes. Council Member AnderBois seconded. All in favor, none opposed, and the December Meeting Minutes were approved.

5. Public Comment:

Stephen Lasher, Enphase Energy

Mr. Lasher submitted public comments to the EERMC in partnership with Sunrun, Nexamp, Rooftop Power, Newport Solar, NEC Solar, Sol Power Solar, and New England Clean Energy. These comments are made in response to Rhode Island Energy's Connected Solutions Proposal to reduce the residential battery customer incentive from \$400 to \$200 a kilowatt year and to reduce the scheduled term from five years to three years. All eight organizations oppose Rhode Island Energy's proposal because it would decimate the residential battery adoption and enrollment in the program. Rhode Islanders will be less prepared for future load growth due to beneficial electrification and climate change because residential battery and solar backup batteries play a role in the long-term liability and resiliency of local and regional bridge. They respectfully urge the EERMC to reject Rhode Island Energy's proposal and recommend that all effective stakeholders collaborate on a rigorous cost-benefit analysis based on current and future benefits and costs. Then, based on these results stakeholders should work together to develop an improved residential battery program with an incentive structure that will support sustainable development now and in the future. He shared that the Massachusetts battery enrollment is a fraction of what it is in Rhode Island on a per capita basis. Specifically, the 45% higher program incentive offered by Rhode Island currently has resulted in 4.6 times higher battery adoptions and program enrollments per capita. The current residential battery program directly supports jobs and local installers and also residential battery systems energy customers. That is why there are so many installers at the meeting today. Mr. Lasher ended with the comment that changing the incentive with such short notice would be very disruptive to all program participants, including customers, and would result in a poor customer experience. Mr. Lasher requests at least nine months of advance notice of incentive changes to prepare their company for programmatic changes. Mr. Lasher also requests to work with Rhode Island Energy and consultants to develop a revised benefit-cost analysis test and determine the new incentives.

Jay Gotra, Smart Green Solar

Mr. Gotra runs his business out of Providence and currently has 3,000 customers in Massachusetts and Rhode Island that the company has recruited over the past three years. Mr. Gotra echoes what Mr. Lasher said about the technical side of the Connected Solutions Plan and added his perspective of the business side of the Connected Solutions plan. Batteries are needed to create microgrids to lower the power consumption and usage. Billing is what killed net metering in California, time of use billing is the biggest threat to our constituents and our homeowners, and they are not prepared for it. Mr. Gotra points out that his company already marketed this program and had thousands of customers sign up this year to participate. To accommodate this, Mr. Gotra invested over a million dollars to go out and install batteries throughout Rhode Island. The new Connected Solutions program would limit the program to 841 participants, negatively impacting the enrollment in Mr. Gotra's business. Mr. Gotra remarks that if Rhode Island wants to have 100% renewable energy by 2030 it cannot limit battery installations to 841 homeowners per year. Rhode Island is not currently building microgrids fast enough. Mr. Gotra would like to get more installers involved to understand fulfillment concerns as they are the ones implementing the programs.

Alex Purdue, NEC Solar

Mr. Purdue also echoes Mr. Lasher's comments. NEC Solar has seen high battery adoption rates in Rhode Island businesses. The current program in Rhode Island has seen great adoption rates which are attributed to the current demand response program. There will be a dramatic decrease in adoption rates without this incentive program. Mr. Purdue seconds Mr. Lasher's idea that a more thorough review of this proposal is needed.

Jeff Webber, Greentech Renewables

The companies present at this meeting are all customers of Greentech Renewables. The Connected Solutions proposal will greatly hurt not just the solar and battery installers but also the renewable energy distributors. This will result in a loss of employees and trucks on the road. Ultimately, it means a reduction of resources spent in the state which in turn lowers tax revenue in Rhode Island.

Nate Hua, Leap Energy

Mr. Hua submitted public comment before the meeting. The comments focus on the commercial and industrial (C&I) offerings from Rhode Island Energy's plan. First, Mr. Hua questioned why the small commercial rate customers were integrated into the residential pathways, and Mr. Hua believes that these customers should be allowed to participate via the C&I pathways. As an example, if a commercial customer is able to reduce their load by greater than a Kw, their annual incentive would exceed that of the residential offering. Additionally, Leap Energy recognizes that a lot of commercial customers often like to participate in multiple programs at once and that a full suite of programs is not currently accessible. Utility offerings are managed holistically via a curtailment service provider. The avoided capacity cost for exports and the deck that Rhode Island Energy will walk through is valued at zero. Mr. Hua suggests that this value should equal the avoided capacity costs for curtailment, ultimately, that the incentive for exports should equal that of daily dispatch. This is because exports provide similar value to the grid as curtailment and are only allowed within pre-approved interconnection limits, and it also represent procurable

capacity. The third point made is that Mr. Hua recognizes and appreciates Rhode Island Energy's willingness to honor the 2023 dispatch rate for enrollments prior to the 2024 season, however, since the season starts on June 1st rather than April 1st and recruitment for the summer is already underway and proposals are not finalized, it is recommended that the date be changed from April 1st to June 1st and that the 2023 incentives are honored.

Nancy Chafetz, CPower Energy

Ms. Chafetz noted that written public comments were also submitted in December. CPower Energy is one of the largest demand response service providers in the nation with 6 gigawatts of capacity under management. Ms. Chafetz's comments are also related to the Connected Solutions program and the C&I side. Ms. Chafetz is particularly concerned about the changes to daily dispatch because she thinks it will discourage battery development. She is specifically concerned about the elimination of the five-year rate lock. Lowering the incentive rate and lowering the incentive rate for net export is problematic. Net exports have the same value as load reduction from batteries. She believes that the new cap on the incentive is a problem. Many battery installations are currently under development and none of them will be able to go forward with these changes in place. It is hard to develop a C&I battery without a rate lock. even a three-year rate lock is a non-starter for C&I batteries. Increasing peak demand reduction from this program while keeping the budget static and decreasing incentives does not work. Ms. Chafetz thanks the Council for the opportunity to make a public comment.

Jamie Charles, Sunnova Energy

Mr. Charles explained that Sunnova Energy is a national leading solar and storage service provider. They have 386,000 customers in over 48 states and territories including Rhode Island. Sunnova works with independent local dealers and sub-dealers who would be greatly impacted by these proposed changes so Mr. Charles would like to comment on the System Reliability Procurement investment proposal by Rhode Island Energy. The largest barrier to residential energy storage is the cost and the proposal is to reduce the incentive levels and shorten the incentive schedule for residential energy storage deployment increasing customer barriers due to higher costs. In contrast, Connecticut's public utilities regulatory authority has recently increased incentives for storage programs to support residential battery storage. Rhode Island Energy's justification for reducing incentives is based on the idea that it would generate value by reducing peak demand through discharging electricity and exporting it to the distribution system. By participating in demand response programs customers can curtail their electricity usage during periods of peak demand when energy prices are typically at their highest. This results in lower peak demand charges in overall electricity costs. Lowering incentive levels may result in lower available capacity from customer-side batteries to offset peak demand, potentially leading to the need for more expensive peaker plants to be utilized. It is Sunnova's recommendation that Rhode Island Energy continues the Connected Solutions Program with the current incentive levels. These levels pay the fair compensation for the value of services that customers are providing. By reducing the incentive level in the program, the program and its success will be reduced.

Todd Olinsky-Paul, Clean Energy Group

Clean Energy Group is a national nonprofit located out of Vermont and works with state energy agencies on clean energy programs and policies across the country. Mr. Olinsky-Paul has focused on energy storage policy for the past 11 years and has studied the Connected Solutions model from its inception with analysis and advocacy, including conducting independent cost-benefit analysis for the program in Massachusetts. Olinsky—Paul agrees with the comments filed by CPower and would like to add additional comments. The Connected Solutions program started in Rhode Island and Massachusetts as an innovative model that has since spread throughout New England and is now being replicated outside of the region in places such as New Jersey, Maryland, and North Carolina. Rhode Island, where the program started has not expanded and improved, and in this case, the current proposal for Rhode Island Energy not only fails to meaningfully expand the program but instead proposes to reduce incentive rates, cap incentives, and reduce the incentive term. This would kill numerous projects in the pipeline, discourage future subscribers and make financing for future battery projects much more difficult. Aggregated, distributed storage, coupled with distributed solar is the clean energy resource of the future. It offers numerous grid benefits and supports the State's clean energy goals, while providing valuable resilience revenues and cost savings to the customer. What Rhode Island should be doing is increasing Connected Solutions program budgets, increasing incentives, and adding equity incentive adders for low-income and underserved communities. He feels that it is tragic that while the innovative Connected Solutions model is being adopted and improved by other states, the state that invented it, is not advancing the model, but is content to allow it to be gradually reduced and devalued. Mr. Olinsky-Paul offered to provide more information upon request and will submit written comments.

Krysti Shallenberger, Sunrun

Ms. Shallenberger appreciates the opportunity to provide testimony before the Energy Efficiency Council on agenda item 6a, the Rhode Island Energy System Reliability Procurement proposal. The proposal as presented makes significant changes to Rhode Island's Connected Solutions program, and Ms. Shallenberger requests that the Council does not vote to approve the plan today as there are some questions and issues that warrant further consideration. Ms. Shallenberger thanks Rhode Island Energy for taking the time to have discussion and receive feedback on the Connected Solutions proposal and Ms. Shallenberger hopes to continue those conversations. Sunrun has seen customers become interested in Rhode Island's Connected Solutions program and Sunrun had planned to increase the number of customers. However, they now fear a sharp decrease in the performance payment from \$400 per kilowatt to \$200 per kilowatt will negatively impact overall enrollment numbers at a time when more enrollments should be encouraged to directly reduce peak demand constraints. There are some outstanding questions that Ms. Shallenberger urges the Council to consider before approving any changes proposed today. Absent in the avoided cost calculation for battery exports is the value from customers who self-generate their energy and consume it without taking power from the grid or exporting it. Additionally, also absent is the value of greenhouse gas emissions reductions Sunrun recommends that this value be calculated within the performance payment value stack. Sunrun believes this will strengthen the program for all Rhode Island participants. Finally, Sunrun appreciates and supports the five-year lock for already enrolled customers, but would recommend moving back the start date for any changes to this program to at least

June 1st, 2024. This aligns with the start of the 2024 season to ensure that the proposed changes are made with the customers in mind and provide the optimal experience to enroll in the program. Ms. Shallenberger thanks the Council and requests that they do not vote to approve the plan today.

Jordan Graham, Tesla

Mr. Graham opposes Rhode Island Energy's proposal to sharply decrease the performance compensation under the Connected Solutions battery energy storage program. Mr. Graham also opposes the elimination of the five-year compensation level lock. Virtual power plant programs are still somewhat young and are trying to build trust with residential customers. At a time when Rhode Island is seeking to increase its storage deployment, things that matter most to residential customers in terms of making purchasing decisions are predictability, consistency, and market stability for programs in which they participate. Essentially, customers need to understand the economics of their purchasing decisions when they make it. If word going around Rhode Island is that Connected Solutions funding can be decreased on a whim with no ability to lock performance payments for even five years, then that is going to deter customers from buying residential battery energy storage systems. The other states with Connected Solutions have the five-year rate lock and there is no reason Rhode Island should do away with it. While it may be reasonable to readjust the incentive, Tesla believes it needs to be done more thoughtfully with more nuance and leeway than Rhode Island Energy has proposed. Due to these issues, Tesla recommends that the Council does not vote to approve the proposal as it stands.

- *Dana Goodman, NEC Solar*

Ms. Goodman opposes the proposal for the various reasons previously stated. She thinks the suggestion that the heat loan would be available only to low-income residents would be problematic. Most of NEC Solar customers take advantage of the heat loan. The reduction to \$200 is not going to be something that NEC Solar clients are going to want to hear. It is going to make it difficult to incentivize customers to buy batteries knowing that their friends and neighbors are already getting higher incentives than they are and knowing they will not have the same five-year rate lock. From a public perspective this is going to cause quite an uproar. Even in Massachusetts they are doing \$275 and, in this proposal, commercial is at \$300. Why is commercial valued over residential when residential homeowners have the right to install what they want and should be compensated for that? The rate lock is problematic because starting on March 31st, 2024, does not give NEC Solar time to inform existing clients that are in the process of purchasing batteries. The clients that are in the process of having a battery installed and going to be surprised as to why all of the sudden their rate lock is going to change. It is unfair to customers unable to participate in the five-year rate lock when in the customers sales consultation NEC Solar promised a five-year rate lock. It will be problematic for NEC Solar to be able to sell batteries moving forward when customers are not guaranteed the promised five-year rate lock. In moving forward NEC Solar needs to be able to sell batteries and to have an active demand response program in the state which is now being disincentivized.

6. Program Oversight

- a. *Presentation and Potential Vote on Rhode Island Energy's 2024 System Reliability Procurement Investment Proposal for the Electric Demand Response Program (15 min, 3:10 – 3:25 p.m.)*

Dr. Gill presented on Rhode Island Energy's 2024-2026 System Reliability Procurement Investment Proposal for the Electric Demand Response Program. Dr. Gill discussed the program structure of the Connected Solutions Program, how customers can participate, and the calculations made to set program values. She offered to talk with anyone through email about the Connected Solutions program, her email is CaGill@rienergy.com.

Mr. Ross recommended that the Council does not take a position on the Connected Solutions program at this time because Council Members were not given enough time to review the proposal and the proposal is not finalized yet. Once the Council has a more informed decision, they can then choose whether to endorse or not endorse the program. The program is time sensitive as the demand response program operates in the summer.

Council Member AnderBois commented that she agrees with Mr. Ross' suggestion, and she requests more information on the analysis of willingness to pay, if the incentive amount enough to achieve climate goals, and wants to hear more about EV demand response programs.

Council Member De La Cruz commented that she agrees with Council Member AnderBois and is troubled by Rhode Island Energy's approach to policies like the Act on Climate. She believes that Rhode Island Energy is being short-sighted and not considering the long term and what is beneficial to the residential customer. Ms. De La Cruz requests a cost comparison be made considering all costs and factors. She was also curious about how this plan compliments grid modernization efforts.

Council member Teichert posed a question on the timeline. He was concerned about the proposal being changed to start March 31st and how that timeline will be influenced by the PUC and Council review timeline. Mr. Ross responded to Council Member Teichert that if the Council wants to voice opposition through a formal docket filing, they can or they can take a position at their next meeting on February 15th.

- b. *Consultant Team Review of Data Snapshot (15 min, 3:25 – 3:40 p.m.)*

Chairperson Oakley motioned to table agenda item 6.b. until the next Council meeting Council Member AnderBois seconded. All in favor, none opposed.

- c. *Discussion of Council Priorities for the 2025 Program Year (20 min, 3:40 – 4:00 p.m.)*

Mr. Johnson presented to the Council on developing priorities for the 2025 program year. This included why the Council develops priorities and how they are used. He reviewed the 2024-2026 Energy Efficiency plan priorities including topics related to the Future of Gas docket, the Act on Climate, and federal funding. Mr. Feldman commented that Rhode Island Energy wants to further explore the outcomes of the PUC hearings with Council Members.

7.Council Business

- a. *Review and Potential Vote to Reallocate Funds in the Council's 2024 Budget (15 min, 4:00 – 4:15 p.m.)*

Mr. Chybowski presented on the 2024 EERMC budget. He explained that the PUC set the Council budget lower than the Council initially proposed for the 2024 year, with the possibility to apply for more funding if needed as the year progresses. Vice Chair Gill Case commented to Council Members that the Council will monitor and assess the budget in Q2 and Q3 to determine if more funds may be needed. Chairperson Oakley agreed with Vice Chair Gill Case and asked Council Members to wait and see how things go before making adjustments to the Council budget.
- b. *Review and Potential Vote on the Consultant Team's 2024 Draft Scope of Work (15 min, 4:15 – 4:30 p.m.)*

Chairperson Oakley motioned to table agenda item 7.b. until the next meeting Council meeting. Council Member AnderBois seconded. All in favor, none opposed.
- c. *Discussion and Vote to Execute Contract Extension with the URI Cooperative Extension for Public Forum and Lecture Series Services (5 min, 4:30 – 4:35 p.m.)*

Mr. Chybowski shared that the Council worked with URI for their public events in 2023 and that the contract allows for an extension if both parties agree. Council Member AnderBois commented that URI did an amazing job did this past year and Vice Chair Gill Case and Council member Teichert agreed. Chairperson Oakley requested that the Consultant Team outline how 2024 could be elevated in terms of the lecture series hosted by URI. Vice Chair Gill Case motioned to execute a contract extension with URI for the EERMC Public Forum and Lecture Series and to direct the Office of Energy Resources to work with EERMC legal counsel to execute the contract extension. Chairperson Oakley seconded. All in favor, none opposed.
- d. *Discussion and Potential Vote on the Council Meeting Calendar for 2024 and a Preview of Possible Discussion Topics (15 min, 4:35 – 4:50 p.m.)*

Mr. Johnson presented on the Council's 2024 meeting calendar which includes meeting times and potential meeting topics. Chairperson Oakley recommended that the meetings continue to be on the third Thursday of the month from 3 p.m. to 5 p.m., with the option to be flexible if needed for a quorum. He asked the Council Members to be proactive in assessing their schedules and notifying the Council if they cannot make a meeting. Chairperson Oakley requested that Council Members give two to three weeks' notice if they cannot make a meeting. Council member Teichert asked to hear more in the future about the energy efficiency supply chain. Vice Chair Gill Case also pointed out that Council Members have more commitments than what is shown on the calendar, such as participating in the SRP technical working group meetings. Dr. Gill offered to bring in anyone from Rhode Island Energy to provide further information on issues like federal funding. Council Member Caldwell announced the start of RIBA's building code training course that was created to help contractors understand the new 2024 building codes that will go into effect this summer.

8. Adjournment

Chairperson Oakley thanked everyone for their participation today and motioned to adjourn the meeting at 4:58 p.m. Council Member AnderBois seconded, and the meeting was adjourned.

DRAFT