

December 10, 2010

VIA HAND DELIVERY & ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

**RE: Docket 4209 Energy Efficiency Program Plan for 2011
Responses to Commission Data Requests – Set 2**

Dear Ms. Massaro:

On behalf of National Grid¹, enclosed please find ten (10) copies of the Company's responses to the Commission's Second Set of Data Requests in the above-referenced proceeding.

Thank you for your attention to this matter. If you have any questions regarding this revision, please feel free to contact me at (401) 784-7667.

Very truly yours,



Thomas R. Teehan

Enclosures

Cc: Docket 4209 Service List
Leo Wold, Esq.
Steve Scialabba, Division

¹ The Narragansett Electric Company d/b/a National Grid ("Company").

Commission 2-1

Request:

With regard to the response to COMM 1-1, how much Federal Stimulus funding was received? Is this money different than the money that was discussed in the response to COMM 1-8? Of the amount received, how much is expected to be expended in 2010? How much is expected to be expended in 2011? Is the amount expected to be expended in 2011 included in the proposed \$65.5 million (\$54 electric + \$11.5 gas) 2011 EEPP? If yes, where?

Response:

The Company received a grant for \$2,298,476 for the Weatherization of Dwelling Units Using Deliverable Fuels. The grant money can only be used to fund rebates for weatherizations or heating equipment retrofits in homes that use oil or propane, and subcontractor fees directly associated with delivering these rebates. This grant is not the same as the funds referenced in the article in discussed in the response to COMM 1-8.

Of the funds granted, \$550,000 is expected to be expended by December 31, 2010. The balance, or \$1,748,476 will be expended in 2011. The amount to be expended is not included in the proposed \$65.5 million because the grant funds are not eligible to be used by any of the EEPP programs in the 2011 plan. Additionally, the grant does not help reach the electric and gas savings goals in the 2011 EEPP.

Prepared by or under the supervision of: Jeremy Newberger

Commission 2-2

Request:

The response to COMM 1-2 indicates the company has experienced difficulty receiving RGGI auction proceeds in a timely manner. How does this difficulty impact the company's ability to fund and/or adequately plan energy efficiency programs? Does this difficulty receiving funds in a timely manner jeopardize the success of achieving the overall goal of the energy efficiency program? Does this difficulty receiving funds in a timely manner impact the company negatively in terms of its own books?

Response:

The difficulty in receiving RGGI auction proceeds in a timely manner in 2010 has impacted the Company's ability to plan and fund or implement its energy efficiency programs. Because of this uncertainty, the Company needed to propose two alternative funding scenarios in Docket 4116 for 2010 programs. Tier 1 proposed program activities assuming receipt and use of 60% of the proceeds from RGGI auctions 1-10 totaling \$7.6 million; Tier 2 proposed additional innovative programs using the remaining 40% of the proceeds, totaling \$5.1 million. The Commission approved the plan, with both of these funding scenarios.

As noted in the response to COMM 1-2, actual RGGI fund distribution did not match the plan. The Company has received \$3.9 million of Tier 1 funding and none of Tier 2¹. The absence of the full amount of expected funds jeopardizes the success of achieving the goals of the 2010 program because it caused adjustments to implementation efforts. Furthermore, it has slowed the deployment of innovative programs and pilots intended to lead to the development of programs that will help reach even higher savings targets in the future.

In 2011, the proposed introduction of the reconciling funding mechanism removes much of the uncertainty about program funding. The Company has planned its programs for 2011 assuming the receipt of RGGI funds as identified in Table E-1a. If the Company's programs are approved as proposed and those funds are not received, or not received in a timely manner, the reconciling funding provision would allow the Company to spend the authorized budget to deliver the proposed programs in pursuit of the savings goals and recover the funds through the reconciling funding mechanism in the subsequent year's budget. From the perspective of the Company's books, the Company is not indifferent to spending exceeding funding, but acknowledges that the timing of receiving RGGI funds is not ideal. The Company is therefore comfortable that the reconciliation provision will ensure the company will eventually receive funds, even though it is at a later date.

Prepared by or under the supervision of: Jeremy Newberger

¹ On December 9, 2010, the Company was informed that \$2.6 million in RGGI proceeds from Auctions 1-5 was being released. These are RGGI 40% funds for use in innovative programs.

Commission 2-3

Request:

Please provide copies of any correspondence (letters, emails, etc.) from December 1, 2009 to the present between NGrid and OER relative to the issue of transfer of RGGI funds from OER to NGrid.

Response:

The Company provides the following documentation of correspondence relative to the transfer of RGGI funds from OER to National Grid:

- Attachment 2-3a Letter from Michael Ryan to Andrew Hodgkin, November 19, 2009
- Attachment 2-3b Letter from Michael Ryan to Andrew Hodgkin, January 27, 2010
- Attachment 2-3c Letter from Michael Ryan to Andrew Hodgkin, February 9, 2010
- Attachment 2-3d Letter from Michael Ryan to Ronald Renaud, August 12, 2010
- Attachment 2-3e Letter from Ronald Renaud to Michael Ryan, December 9, 2010

Prepared by or under the supervision of: Jeremy Newberger

nationalgrid

Michael F. Ryan
Regional President – Rhode Island

November 19, 2009

Andrew M. Hodgkin, Esq.
Chief of Staff
Office of the Governor
222 State House
Providence, RI 02903

RE: Transfer of Regional Greenhouse Gas Initiative Funds to National Grid

Dear Mr. Hodgkin:

I am writing to initiate the transfer of funds earned from Regional Greenhouse Gas Initiative, Inc. (RGGI) auctions held from September 2008 until September 2009 to National Grid. On September 30, 2009, the Office of Energy Resources (OER) finalized rules for the distribution of RGGI funds for energy efficiency programs. According to these rules, sixty percent of the funds are to be directed to National Grid to supplement and expand its PUC-approved energy efficiency efforts. To date, it is our understanding that these funds, to be used to support National Grid's existing programs, total an estimated \$4.2 million. With the rules in place, National Grid is ready to receive the funds for application to their desired intent for 2009 and 2010.

Ken Payne with the OER, recommended that I contact you to assure a swift transfer of funds. It is essential that we receive these funds immediately because delays in finalizing the rules have created difficulties for the Company's implementation of several new or expanded programs. RGGI funds are also central to our programs planned for 2010; without them, our ability to meet our mutual goals in service and efficiency would be seriously impaired. In addition to requesting a transfer of RGGI funds collected to date, National Grid wants to establish a process in which future RGGI proceeds can be transferred to the Company quickly in order to guarantee continued programs and services. The next RGGI auction takes place in December 2009. Please let me know how we can assist the Governor's office to transfer existing RGGI funds, as well as establish a process for transferring future auction proceeds.

Sincerely,



nationalgrid

Michael F. Ryan
Regional President – Rhode Island

January 27, 2010

Andrew M. Hodgkin, Esq.
Chief of Staff
Office of the Governor
222 State House
Providence, RI 02903

RE: Transfer of Regional Greenhouse Gas Initiative Funds to National Grid

Dear *Andy* ~~Mr. Hodgkin~~:

I wrote to you on November 19, 2009 regarding the release of Regional Greenhouse Gas Initiative Funds. I have yet to hear a response from your office on the September 2008-September 2009 auction proceeds or about establishing a process for the future. As I wrote in November, our ability to meet our mutual goals in service and efficiency are impaired by further delay. I look forward to hearing from you.

Sincerely,



nationalgrid

Michael F. Ryan
Regional President – Rhode Island

February 9, 2010

Andrew M. Hodgkin, Esq.
Chief of Staff
Office of the Governor
222 State House
Providence, RI 02903

RE: Transfer of Regional Greenhouse Gas Initiative (RGGI) Funds to National Grid

Dear Mr.  Hodgkin,

Thank you for your February 3, 2010 letter regarding the expected monies from the RGGI program, so critical to continue successful energy efficiency efforts in Rhode Island.

I hope you received copies that I sent you of the law and accompanying adopted rules and regulations regarding disbursement of the RGGI auction proceeds. Having reviewed the information myself, I admit I am at a serious loss about why there must be any discussion at all as the rules seem quite clear. National Grid expects to receive the proceeds from the RGGI auction that the rules and regulations specify.

Energy efficiency is regarded as the most effective tool available for business and residential customers to deal with energy costs in the region. The American Council for an Energy Efficient Economy ranks Rhode Island 9th best in the nation for advancing energy efficiency policies as ACEEE Executive Director states "Energy efficiency is the only resource that can actually reduce energy consumption while growing the economy ...".

National Grid is proud of its leadership role and pleased to partner with states like Rhode Island that share commitment.

It is my hope that review by you and staff will lead the Governor to the conclusion that we and many others have already arrived.

I believe we have enjoyed a positive working relationship with the Governor and hope that will continue through 2010. Look forward to hearing from you.

Sincerely,



nationalgrid

Michael F. Ryan
Vice President
Government Affairs Rhode Island

August 12, 2010

VIA FACSIMILE

Mr. Ronald N. Renaud, Interim Commissioner
Rhode Island Office of Energy Resources
One Capitol Hill
Providence, RI 02908

Re: Request for RGGI, Inc. Funds for Energy Efficiency Programs

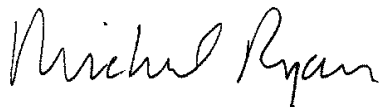
Dear Commissioner Renaud:

On behalf of National Grid, I am writing to request the release of \$2,633,434.92 in Regional Greenhouse Gas Initiative, Inc. (RGGI) funds. These funds represent 40% of RGGI Auction proceeds earned in Auctions 1 – 5, that were reserved for Innovative Financing and Partnership Account at the Utility under R.I. General Law § 23-82-6. In June 2010, the Office of Energy Resources, following consultation with the Department of Environmental Management and the Energy Efficiency Resources Management Council, approved National Grid's proposal to use the funds for innovative finance and pilot programs. The PUC approved the funds' use as part of their Order on May 27, 2010 in Docket 4116, the Revised Energy Efficiency Program Plan for 2010.

As noted in our proposal, these funds will be used to create a sustainable revolving loan fund for small businesses to finance energy efficiency projects, create a loan program for residents to finance their home energy retrofits, and to establish two residential pilot programs which focus on deeper savings in the new construction and retrofit markets.

We appreciate the OER's ongoing support of the Company's efforts to meet the state's Least Cost Procurement goals consistent with the Comprehensive Energy Conservation, Efficiency and Affordability Act of 2006 and approved by the PUC in 2008 in Docket 3931, the Least Cost Procurement Plan.

Very truly yours,



bcc: Kenneth Payne, RI Office of Energy Resources

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS



**RHODE ISLAND OFFICE
OF ENERGY RESOURCES**

One Capitol Hill
Providence, RI 02908-5850
(401) 574-9100
FAX (401) 574-9125
www.energy.ri.gov

December 9, 2010

Mr. Michael F. Ryan
Regional President – Rhode Island
National Grid
280 Melrose Street
Providence, Rhode Island 02907

Dear Mr. Ryan:

The State of Rhode Island's Office of Energy Resources 2009 Plan for the Allocation and Distribution of Regional Greenhouse Gas Initiative Auction Proceeds ("Plan") includes two payments to National Grid. The first payment of \$3,950,152.37 was sent to National Grid on March 12, 2010.

Enclosed please find the second payment in the amount of \$2,633,434.92. This payment, which is detailed below, is based on the auction proceeds generated from the two auctions in 2008 and the first three auctions in 2009.

Auction	Vintage	Auction Date	Clearing Price	Amount
1	2009	9/25/2008	\$3.07	\$1,300,886.18
2	2009	12/17/2008	\$3.38	\$1,481,247.12
3	2009	3/18/2009	\$3.51	\$1,640,469.65
	2012		\$3.05	
4	2009	6/17/2009	\$3.23	\$1,485,033.73
	2012		\$2.06	
5	2009	9/9/2009	\$2.19	\$1,022,455.21
	2012		\$1.87	

Total of 5 auctions: \$6,930,091.89

Less permitted allowance for OER and DEM: CY 2008 & 2009: \$ (346,504.60)

Balance: \$6,583,587.29

60% of Balance: \$3,950,152.37

Remaining 40%: \$2,633,434.92

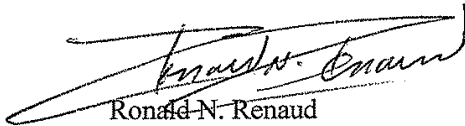
Mr. Michael F. Ryan
Page 2
December 9, 2010

In accordance with the Plan, the forty percent is allocated to the Innovative Financing and Partnership Account at the Utility for the sole purpose of investing in new partnerships, research, and pilot programs including innovative financing options and partnerships that can drive efficiency program development and enhancements to accelerate and broaden the energy savings for Rhode Islanders. Further, these funds shall be expended as specified in the *National Grid Proposal for Innovative RGGI Programs* dated April 2, 2010 from Jeremy Newburger (Manager, Energy Efficiency Policy, New England) of National Grid to Kenneth Payne (Administrator) of this Office.

This shall be the final payment National Grid will receive per the 2009 Plan. In accordance with section 23-82-6(c), the Office of Energy Resources will consult with the Department of Environmental Management (DEM) and the Energy Efficiency and Resources Management Council to prepare subsequent Plans on how the proceeds shall be allocated. As required by statute, the adoption of these Plans shall occur after a public hearing held by the OER in accordance with chapter 42-35 (the "Administrative Procedures Act").

In order to expedite the receipt and expenditure of these funds by National Grid, OER and the DEM stand ready to assist you.

Sincerely,



Ronald N. Renaud
Interim Commissioner

Enclosure

Commission 2-4

Request:

Please provide copies of the minutes from the November 4, 2010 EERMC meeting referenced in the response to COMM 1-2. Please provide copies of any other EERMC meetings where RGGI fund distribution was a topic of discussion.

Response:

Minutes from relevant EERMC meetings where RGGI fund distribution was discussed since the certification of the RGGI distribution rules in October 2009 are attached as Attachments 2-4a through 2-4g. These are the minutes of the following meetings in 2010:

- February 11
- June 10
- July 8
- August 12
- September 16
- October 14
- November 4

Prepared by or under the supervision of: Jeremy Newberger

ENERGY EFFICIENCY AND RESOURCES MANGEMENT COUNCIL

Minutes-February 11, 2010

Conference Room C, Second Floor, DOA

Call to Order: Chairman Ryan called the meeting to order at 3:40 PM.

Members Present: Paul Ryan, Chris Powell, Joe Newsome, Ken Payne, Sam Krasnow, Joe Cirillo, and Dan Justynski.

Staff Present: Charles Hawkins and Matt Guglielmetti

Consultants: Scudder Parker

Others Present: Jeremy Newberger and David Brown

Acceptance of Minutes: A motion was made to accept the January 19, 2010 minutes. It was seconded by Joe Cirillo and passed unanimously. Joe N. wanted to note that his suggestion to invite Larry Kunkel to a council meeting was omitted from the minutes.

Executive Director Report and ARRA Update

The ARRA process continues to move from program design to program implementation:

- All 39 cities and towns have signed letters of intent to participate in the EECBG program. Only one other state has such unanimous participation.
- The first round of the Non-Utility Scale Renewable Energy Program resulted in over 80 applications, which shows a high level of interest.
- There is huge interest in the Appliance Rebate Program and the OER is petitioning USDOE to allow more funding for kitchen appliances.

RI is no longer behind other states with only 4% of ARRA funds obligated nationwide. Ken P. also is pleased about the addition of an air quality expert, Barbara Cesaro to the OER staff. This is important because of the nexus between energy and air quality.

The Governor's Office still has not released the RGGI funds. Paul R. offered to write a letter from the Council to the Governor. Ken P. thought that was a good idea and he noted that the RGGI money is not discretionary but must be used to benefit RI ratepayers. Any spending plan that is offered must reflect this. Paul R. complimented the OER on its progress on ARRA.

Joe N. asked about the nexus between the EERMC, the OER and EDC now that EDC has the REF. Ken P. felt that the EDC is a relatively late comer to energy issues. He mentioned that throughout RI history each stage of economic development has been defined by energy. He also said that energy is not just economic development, there are also social equity, and a how to pay for systems components.

Joe N. asked if the EDC should have seat on the council. Ken P. noted this recommendation and it could be included in the annual report.

Old Business:

Review of Settlement Agreement for LCP/DSM 2010

Jeremy N. stated that NGrid resubmitted its plan to the PUC on Monday, 2/8. He feels it is responsive to the concerns expressed at the PUC rejection. He is optimistic they will approve it. It keeps the DSM charge at 3.2 mils and makes use of funding from other sources like RGGI & ARRA.

In the rate case the PUC did not adopt NGrid's decoupling proposal. Paul R.'s sense was that if only Part One of the proposal was in front of the PUC, dealing with the concept of decoupling, it had a chance. The inclusion of Part 2-4, however, made it too complicated. Jeremy N. said that this should not impact the settlement plan because decoupling was never a part of it. It could be an issue getting to the next tier of energy efficiency (EE).

VEIC Quarterly Work Plan Report/EERMC Budget

Scudder P. proposed a budget of \$78,440 for the first three months of the year. Sam K. said that he put together a proposed work plan and a budget that reflects the council's upcoming work schedule. Sam K. suggested putting System Reliability (SR) on the next agenda with a report from the sub-committee. Scudder said that it needs to be demonstrated to SR people that the EE alternative is as reliable as building new lines. Paul R. felt this should go into the annual report and be put in layman's terms. VEIC's plan to work with Ken P. on the annual report with Ken P. taking the lead. Another thing VEIC would like to work on is a definition of smart grid and have Betsey Harper of Efficiency Vermont report on financing smart grid in the residential sector.

Dan J. asked about the EECBG and whether towns were asking about setting up residential loan programs. Ken P. said that towns were engaging in planning activities at present and did not know where that would lead.

Joe N. asked who the players were in the SR Collaborative. Who else needs to be a part of that discussion? Chris P. represents the EERMC, there is TecRI, E-NE, and NGrid Staff. Scudder P. cited the DPU and People's Power and Light as potential players. DSM Collaborative members are also invited.

Chris P. mentioned the Al Dalberg's "Project Get Ready". He also said smart grid and real time pricing is a hard sell to consumers.

EERMC Budget

Sam K. asked the members to review VEIC's proposed First Quarterly Activities with 424 total billable hours at a total of \$78,440. He recommended a motion to approve.

Paul R. asked if there was enough money in budget for it. Sam K. responded that there was currently \$592,000 available to the Council for this year.

Paul R. offered a motion to approve the VEIC Quarterly Report, Dan J. seconded it and it passed unanimously.

In calculating the EERMC budget he took the \$78,440 from the 1st Quarter, doubled it for the first half estimate; and then added more hours for the second half of the year for a quarterly average of \$90,000 and came up with a rough estimate of \$336,000 for the year for planning purposes.

KEMA Phase 2 Opportunity Report

Sam K. has had discussions with KEMA about going over budget on Phase II of the Opportunity Report (OR). He passed out an outline of KEMA's progress to date with a draft report due on 3/29. It also includes the additional work KEMA needed to do that put them over budget. Sam K. recommended approving an additional \$45,000 to finish the product but nothing more. This is conditioned on having KEMA at the next 2 meetings to update the council on progress.

Paul R. would give them the \$45,000 and get a release from any further obligation. Jeremy N. said that the KEMA contract calls for a payment of \$341,000 for Phase 1 & 2. Sam K. suggested agreeing to the extra \$45,000 but no more payments until the product is delivered. Joe N. asked why the OR was done. Sam K. said it is a statutory responsibility for the council every 3 years that was due on 7/15/08. Chris P. asked if there were any interveners to the PUC rejection of the EE Plan. He cannot understand the rejection of the plan and why EE advocates did not intervene.

Ken P. said there were 2 justifications for giving KEMA an increase: there was the additional work required that neither party anticipated; and the fact that we are getting more than we expected. There is additional value to the report. He said that the Council has to make sure they get this added value. He wants it on the record as to why there was an overrun.

Sam K. proposed a motion to give KEMA the additional \$45,000 contingent on being present at the next 3 meetings to give progress reports; that the product is more than expected and that they give justification in writing for the additional money. Jeremy wanted clarification on whether the \$45,000 was being added to the Purchase Order and that nothing will be paid on the larger purchase order until work is done. Paul R. said yes.

The third piece to the budget is the OER. Ken P. recommended \$60,000. Paul R. said that was reasonable.

A motion was made to pass the EERMC budget as discussed. It was seconded and passed unanimously.

Paul R. proposed the above motion to be voted on. Sam K. proposed a motion to increase the KEMA budget, with the above contingencies. It was seconded. Joe N. voted against giving the extra money to KEMA. The Chairman did not vote so the result was a 3-1-1 vote.

Ken P. said that KEMA data could be very valuable in drafting ARRA C&I regs which are more difficult than residential. OER needs that insight now.

Review of Senate Oversight Hearing

Ken P. gave a recap of RI energy legislation. Overall these legislative efforts have been successful. What he feels the Senators will want to hear is what is next for the EERMC. Joe C. felt there was a need to assist the 39 cities and towns in EE. RI is behind its neighbors in national EE ratings.

Chris P. wanted to know what RI is doing to keep EE resources in RI. Maybe RI needs a shift in policy with more incentives to keep businesses in RI. Dan J. cited EE in town comprehensive plans. A discussion was held about retro commissioning and retrofits.

Scudder P. listed three points to bring up with the Senate:

- The rejection of the EE settlement by NGrid;
- The fact that there is no LCP for gas;
- Create a document for them that graphically describes the difference between LCP and DSM.

A discussion about the expiration of the DSM ensued. Ken P. said that there will no longer be a legislative mandate on DSM, but the PUC could still use that mechanism. DSM does not necessarily go away; the hard obligation to do it goes away. Chris P. felt this may be a good thing; it provides the council with a chance to take a look at EE & LCP with fresh eyes.

Paul R. will emphasize, as Chairman, that the Residential member still has not been chosen and that there is still no vice-chair. He would deal with those types of issues and let Ken P. address the more technical stuff.

Annual Report

Ken P. suggested forming an annual report Sub-Committee with staff support from the OER. He passed out an outline he had prepared. Sam K. passed out an annual report from Connecticut's EE council. Ken P. suggested having the Sub-Committee meet and review the draft outline and agree to it in a rapid manner. OER Staff would then work with the Sub-Committee to draft a report to present to the council as a whole. It should be a similar process to the by-laws. The Sub-Committee members will be Sam K., Joe N., and Abigail Anthony.

Educational Seminar

It has to be decided whether the council wants a large public gathering or an invitation only gathering. Paul P. wants it to be public. Ken P. thinks we can get about 200 people. This means you need a larger venue with no food. That precludes Alton Jones. Paul R. liked the idea of CCRI/Warwick.

Joe N. asked how much prep time is needed. He wanted to be sure there was enough prep time to insure a first class event. Ken P. estimated 6-8 weeks.

Paul R. liked the idea of doing it in May. It would be approaching the third year anniversary of the Council's establishment. Ken P. feels it is an opportunity to get people engaged in a "can do" attitude about energy.

Adjournment

Paul Ryan made a motion to adjourn the meeting. It was seconded and passed unanimously. The meeting adjourned at 6:00 PM.

Respectfully submitted

Charles Hawkins
Secretary Pro-tempore

ENERGY EFFICIENCY AND RESOURCES MANGEMENT COUNCIL

Minutes-June 10, 2010

Conference Room B, Second Floor, DOA

Call to Order: As Chairman Ryan was going to be late for the meeting, a motion was made by Sam Krasnow to have EERMC Executive Director Ken Payne begin the meeting in his absence. It was seconded by Joe C. and passed unanimously. The meeting was called to order at 4:00.

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

Staff Present: Charles Hawkins

Consultants: Scudder Parker and Mike Guerard

Others Present: Tom Teehan, Rachel Sholly, Rachel Henschel, Domenic Musco and David Brown

Acceptance of Minutes: A motion was made by Joe Newsome to approve the April Minutes and the May meeting summary. It was seconded by Joe C. and passed unanimously.

Executive Director's Report

Ken P. explained that the OER needed to ratify NGrid's 40% RGGI Plan after consultation with the EERMC & DEM. At the May 17th meeting he consulted with the Council on the 40% RGGI plan and on May 19th OER met with DEM's RGGI staff to present the plan. DEM did not think the plan was particularly exciting but was not opposed to it. The council now needs to ratify the consultation that occurred on May 17th. The Council took a prior position in support of the February EE Settlement Plan which includes spending the RGGI 40% on innovative EE programs. **A motion was made by Marion Gold to ratify the consultation by the OER on the RGGI Plan to the council. It was seconded by Joe C. and passed unanimously.** Ken P. will recommend to the DOA to sign off on NGrid's 40% RGGI Plan..

The General Assembly had a productive session regarding energy issues. Ken P. credited the work of Sam K. and Environment NE with getting a decoupling bill passed that includes gas LCP. This bill contains new EERMC responsibilities including proposing performance-based energy savings targets to the PUC no later than September 1, 2010.

Because of this tight deadline, Ken P. recommended that the council retain VEIC for at least another quarter. In the next few months, the Council will have to take a close look at their new statutory responsibilities and continuity of consultant services if required. **A**

motion was made by Paul R. to retain VEIC for another quarter to cover the months of July, August and September. It was seconded by Joe N. and passed unanimously. It was also suggested that the council may want to extend VEIC's contract until the end of the year at the July meeting.

It was also agreed to hold the July meeting on the second Thursday of the month, July 8th, and to try and hold all Council meetings for the remainder of the year on the second Thursday of the month. OER will prepare a summary of this year's legislative changes affecting the council

The RI Senate also gave its "advise and consent" to two new council members, Marion Gold who will represent the Residential Sector and Abigail Anthony who will replace Sam K. as the environmental representative. Dan J. and Chris P. were also reappointed with Chris serving as Vice Chairman.

ARRA UPDATE

OER is making a push to get 100% of the SEP ARRA energy funds obligated by the end of June. Ken P. believes that optimistically 90% could be obligated by the end of the month

- The technical review of Round 2 of the Non-Utility Scale Renewables has been completed and is now waiting for sign-off from the Governor
- Contracts have been sent out to recipients of Round One funding for the Non-Utility Scale Renewable solicitation and the first checks have been cut.
- A MOU is in the process of being executed to administrate the ARRA Commercial & Industrial EE Program to the EDC.
- All agreements are now in place for the ARRA WAP program
- The technical review is slated to begin on the 30 applications OER received in the competitive Round of the EECBG.

The ARRA energy programs have gone through three stages:

1. Program Design which took place last spring and summer;
2. Program Solicitation which began this winter and is now near completion;
3. Program Implementation which involves executing agreements based on the solicitations.

This is where the money is spent.

Ken P. then introduced Rachel Henschel of NGrid to present a summary of NGrid's 2010 EE targets and 1st quarter results. Residentail gas is oversubscribed with NGrid reaching 361% of its goal. This is primarily due to a huge demand created by the March floods. She also mentioned a bit of bad news, HVAC suppliers have stop ordering high EE units. In other sectors; Residential Electric EE has hit 30% of its goals and Low-Income EE 27% of its goals. C&I Electric EE is coming in at only 20% of its target which was projected to be 72% by now.

Chris P. asked if these numbers were with the RGGI funds.

No, this is Tier I which includes the RGGI 60% but not the RGGI 40%.

Rachel H. then introduced Dominec Musco who is the new head of NGrid's RI Gas & Electric EE programs.

OLD BUSINESS

Review of the June 5th Sustainable RI forum

The turnout exceeded expectations with at least 210 attending. Rachel S. thought the actual number was higher and stated that there was lots of positive feedback from vendors. She also wanted to thank NGrid for having representatives at all the breakouts, which was a great help. Marion G. also thought the event was a success but would like to see more wrap-ups from breakouts at the final plenary session. Sam K. was pleased and wanted to especially thank the URI Energy Center for their efforts.

There was a discussion of next steps. Paul R. would like to do a similar community outreach event in the fall. He would like to hold it in Providence, but not at the State House. Marion G. mentioned a more targeted event, perhaps targeting low income residents.

Joe N. wants to reach out to small non-profits who tend to be critical social safety nets in the community. They have really suffered from state budget cuts recently and severe budgetary constraints that make it difficult for them to come up with matching funding. He cited how many non-profits opposed the Deepwater Wind Power Purchase Agreement because they oppose rate increases of any kind.

Ken P. thought it was essential to do program design work and find out how to assist non-profits and small businesses who do not have access to capitol. OER is currently studying this problem. Joe N. brought up the ESCO Workshop the OER had in April and wondered if some of these non-profits could aggregate and employ an ESCO to figure out how to finance EE improvements. That way they could take advantage of economies of scale. Scudder P. cautioned that although ESCOs are a nice concept, they may not be a good match for cash starved non-profits. Rachel H. said that the NGrid 40% RGGI Plan targets small businesses.

Paul R. feels that the Annual Report gave the council more credibility with Assembly members. Abigail A. noted that almost all of the policy recommendations in the Annual Report were adopted in Assembly legislation.

Filling Vacancies for Voting and Non-voting Membership

As was noted in the Executive Director's Report, four voting members were approved by the RI Senate. This leaves the two non-voting vacancies that are open due to the

resignation of Tim Stout and Ron Gerwatowski. A discussion ensued about whether ex-officio members needed to be confirmed. Sam K. thought they did. Ken P. saw no reason why the Council can not ask NGrid to designate two people to serve in an advisory capacity. **A motion was made by Paul R. to ask NGrid to designate two people to serve in an advisory capacity to the Council. It was seconded by Chris Powell and passed unanimously.**

Abigail A. wanted to address the issue of having members represented by designees because of the problem of achieving quorum. She cited a Massachusetts policy that allows a similar energy council to designate and wanted to know if the council wanted to change their By-laws to accommodate this. Paul R. said the change needs to be statutory and can not be made in the by-laws because of the RI Open Meetings Law. You can not participate by phone unless you are disabled or on active duty in the military.

Discussion of Consultant RFP

This was discussed and voted on in the Executive Director's report.

NEW BUSINESS

Legislative Discussion and Update Including EERMC's Role in Decoupling

Ken P. suggested forming a sub-committee to work with the consultants to prepare a draft of possible EE goals for the July meeting. This draft will need to be redefined in August to be ready to present to the PUC in September. The work has to begin now. Paul R. suggested Abigail A. head the sub-committee.

Abigail A. thought it would be beneficial to emphasis the 2011 goals that are already laid out, but also to look toward the goals for the 2012-2014 three year plan. She would be happy to take the lead on this with a goal of having RI move up into the top three nationwide in EE. She said there were three main elements to the Decoupling legislation:

1. Decoupling itself that requires the utility to make a proposal to PUC for the decoupling mechanism;
2. It adds natural gas to LCP mandate;
3. The fully reconciled funding mechanism, which was taking from Mass. language that requires the PUC to purchase all EE measures that are cost effective and are included in the three year plan.

Sam K. said that the Council needs to get a high level sense of what the gas and electric savings goals are for year one and then take a look at what the goals are for the next three years and get into the PUC by 9/1. Then separately, NGrid will have to make a filing for how they actually want to do the mechanics of decoupling. On 9/1/11, NGrid will have to file a plan for what will happen in the next 3 years. It makes sense for NGrid to consult the Council during this process. Scudder P. pointed out that the long-awaited KEMA Phase 2 Opportunity report is now timely and their data can be helpful in establishing savings goals.

Dan J. wanted to go on record as being disappointed by how members of the PUC were treated in front of the General Assembly hearings and would like it reflected in the minutes. **Dan J. made a motion to express disappointment with the personal attacks on PUC members that occurred during recent hearings. It was seconded by Chris P. and passed unanimously.**

Abigail A. asked if a formal vote was needed to establish a sub-committee. **Abigail A. made a motion to work on energy saving goals with members appointed by the Chairman. Dan J. seconded the motion and volunteered to serve on the committee.** It was also decided to have only 4 members on the committee to avoid quorum and Open Meeting issues. Abigail said the objective was to have something to present to the council in July that can be refined for the August meeting.

Abigail A. then made an official motion to form an energy savings goals sub-committee, it was seconded by Paul R. and passed unanimously. Abigail will chair the sub-committee and Paul will assign members not to exceed three.

PUBLIC COMMENT

Joe C. expressed concern about the LNG Tank at Fields Point. It is 50 years old and the seismic code, which governed its construction, is out of date. He believes an analysis of the site conditions is needed; recent disasters have dramatized the risks. The facility is important because it provides peak load natural gas in the winter. It was built in 1970, under Providence's building code, when seismic codes were minimal. He is also concerned about its proximity to RI & Bradley Hospitals.

Paul R. asked which state agency had jurisdiction. Ken P. mentioned the state's obligation to develop an Energy Assurance Plan. It must look at natural disasters and their effect on RI's energy infrastructure. In its statutory advisory role to the OER, the Council can request the OER look into such matters. He said that if the Council made a motion to look at the LNG in the Energy Assurance Plan the OER will look into it. **Joe C. made a motion to raise the issue of the structural integrity of the Field's Point LNG Tank when RI develops its Energy Assurance Plan. Paul R. seconded and it passed unanimously.**

Dan J. wanted to thank Sam K. for his years of invaluable service and mentoring to the Council.

David Brown of Peoples Power & Light commented that the decoupling legislation does not have a metric to assess whether changes in demand come from economic or environmental conditions. He would like to have the sub-committee consider it. Sam K. said that there were two pieces in the legislation: making the utilities savings neutral and performance incentives for doing good EE programs.

Joe N. inquired about the status of the in-depth analysis of low income weatherization that was initiated at the January meeting. Ken P. offered to give an update at the July meeting. He also said it was a daily top priority of the OER. He has a meeting in Woonsocket scheduled and had already had a lengthy meeting with the Urban League on the subject.

Joe N. brought up the problem of utility shutoffs. He was told at a recent meeting that this was not an issue for the council and this troubles him. He feels the Council should be able to weigh in on this issue. Ken P. agreed. Tom T. said a shutoff report is filed with the PUC monthly. Joe N. would like to be updated on the progress the utilities are making on shutoffs on a regular basis.

Paul R. made a motion to adjourn the meeting. It was seconded by Joe C. and the meeting adjourned at 6:00 PM.

Respectfully submitted

Charles Hawkins
Secretary Pro-tempore

ENERGY EFFICIENCY AND RESOURCE MANGEMENT COUNCIL
Minutes-July 8, 2010

Conference Room C, Second Floor DOA

Call to Order: The meeting was called to order at 3:40 by Chairman Paul Ryan.

Members Present: Paul Ryan, Joe Cirillo, Dan Justynski, Marion Gold, Vic Allienello and Abigail Anthony

Staff Present: Dan Carrigg, Andrew Kostrzewa and Charles Hawkins

Consultants: Scudder Parker and Mike Guerard.

Others Present: Jeremy Newberger, Rachel Henschel and Karl Munzel

Acceptance of Minutes: A motion was made by Paul Ryan to accept the June minutes. It was seconded by Joe C. and passed unanimously.

Executive Director's Report

Matt Guglielmetti, the OER's Program Manger for Low Income Programs retired after 33 years of service to the State. Matt will be missed by both the OER & the EERMC. On another note, Cynthia Breen, who has substantial private sector experience, began work this week as an auditor and program monitor. She joins Terri Brooks, Lewis Babbitt and Manuel DelSanto to form a much stronger OER auditing team.

On July 7, 2010, the Administrator of the OER, Ken P., filed his certification of the power purchase agreement between LFG Genco, LLC and National Grid for a newly developed renewable energy resource fueled by landfill methane gas from the central landfill. OER reviewed the agreement by addressing six questions, which were all answered in the affirmative. Dan Carrigg was then introduced to give an ARRA update.

ARRA Update

- Notice of awards has been sent to projects approved for the Non-Utility Scale Renewable Energy Projects. (4.5 million)
- Agreement has been reached between National Grid and OER for the Deliverable Fuels Weatherization Program with an August 1st launch. (2.3 million)
- EECBG Competitive Grants had gone through the technical review process and are awaiting administrative sign-off. (3.0 million)

Abigail A. asked about contacts for the residential ARRA EE Program. The audits will be done by RISE and Rachel H. said that consumers should contact the Energy Wise Program. The EECBG Competitive Grants were spread out geographically with 29 applications received and 15 funded with 13 receiving the full funding requested. There

were a few that were innovative such as a bike strip leading to the Blackstone Bikeway and a project in Newport that will fund a seaweed harvester to convert alga into bio-diesel.

At this point Jeremy N. expressed concern about three funding sources that are critical to NGrid achieving its 2010 EE Program Plan goals. They are

- The 60% RGGI funds from auctions 6-8
- The 40% RGGI funds from auctions 1-8
- The Emergency ARRA High EE HVAC funds

He said that NGrid operations people were expecting the funding in April and they may need to adjust targets. Paul R. thought the council was going to send it to the Governor. **A motion was made by Abigail A. to send a letter to the Governor concerning the three above mentioned funding sources, requesting that the State release this funding to NGrid to facilitate the 2010 EE Program Plan. It was seconded by Paul R. and passed unanimously.** Abigail A. will draft the letter for council approval.

OLD BUSINESS

Low Income Weatherization Update

Andrew Kostrzewa of the OER was introduced to give this update. Since 2008, the RIWAP has increased the number of homes weatherized per month from 93 to 166. The maximum amount that can be spent per household has also increased to \$6500, allowing the CAPs to do deeper EE improvements that result in greater savings. Of the WAP ARRA funds; \$12,234,000 has been allocated to the CAPS and \$6 million to RI Housing for multiple family units. Abigail A. asked if Andrew K. could provide a monthly report on both the LIHEAP and WAP programs. She also inquired about the possibility of obtaining utility shutoff data. She would also like to keep a record of what type of new EE improvements are being implemented.

Andrew mentioned the BPI certifications and NEEP software as ways the OER is improving the WAP. Scudder P. asked if comprehensive electrical and thermal EE work were part of the WAP. Andrew mentioned the Boiler Replacement Program and the Appliance Management Program. Scudder then asked Jeremy if NGrid counted savings from the Appliance Management Program. Jeremy answered in the affirmative. Marion G. asked how the RI WAP was measuring up against other states. At the present, RI is moving faster than Massachusetts.

VEIC Monthly Report

Abigail A. requested that VEIC do a monthly report at every Council meeting. VEIC is monitoring KEMA's work on the Opportunity Report and is committed to having the report completed by the end of July. They are also participating in the EE Collaborative Sub-Committee and the SR Planning Collaborative. Paul R. asked who

would replace John Farley on the collaborative. Jeremy N. said that NGrid will try to keep John in the collaborative loop until TEC RI finds a replacement.

A discussion then ensued about the effect the market has on 10 year EE plans. It is difficult to do trend analysis when you don't know how new technologies will effect the market. When EE technologies reach market acceptability then the utility does not get credit for the savings. LED lighting was used as an example. Jeremy N. said NGrid was looking forward to the Phase II Opportunity Report to look at what questions remain unanswered. It will help the company get to achievable potential.

Scudder said that the VEIC's next activity will be working on the 2011 EE Program Plan. That process starts with the 7/13 Collaborative Sub-Committee meeting. Abigail A. said program design was critical and wants to help VEIC establish the top five priorities needed to achieve higher savings goals. She would like this list developed for the August Council meeting.

Scudder then said that VEIC was planning another presentation on the PACE residential financing model. Paul R. asked if there was a bill pending in the Assembly on PACE. If such legislation exists the council should discuss it at the August meeting. He would like to know what the RI Senate is thinking on this issue before the Council debates it. Joe C. echoed this sentiment. Scudder brought up the recent letter from Fannie Mae and Freddy Mac to the Obama Administration which has put the PACE program in jeopardy, especially in California.

System Reliability

Abigail A. said that the sub-committee was working to develop planning guidelines to look at customer side resources that could relieve the grid during peak load periods. This could avoid adding new transmission infrastructure. They hope to have a draft of the guidelines ready to present to NGrid by September 1st.

The goal is to develop an analytical tool that can compare the costs and benefits of the traditional approach of adding infrastructure to customer side solutions like distributed generation. A year ago EERMC drafted a letter to the PUC to let them know that the Council was actively involved in SR. It was approved by the Council but we are still waiting for internal review by NGrid. Scudder P. said that SR was part of the 2006 LCP mandate. Abigail A. does not want to miss out on this opportunity for the Council to speak out on SR. There is a need for expediency. Marion G. asked about the pilot project for Aquidneck Island. Where is it? It is relevant? Jeremy N. said the best data on this pilot plan is in Appendix 9 of the 2010 EE Program Plan.

NEW BUSINESS

Report from the Energy Efficiency Savings Target Sub-Committee

The trend in NE is for states to move from 1-2% load savings to 3-4%. The Massachusetts 3-year Electric and Gas Efficiency Plan for 2010-2012, developed by their

EEAC, looks to ramp up EE efforts to achieve 2.4% savings by 2012. Phase I of the Opportunity Report, which is recognized as being conservative, estimated RI can achieve 2.8% average annual load reduction in the residential sector. Abigail A. felt that RI could learn from Massachusetts. She said that Jeremy N. and Rachel H. were very helpful in getting the Sub-Committee feedback and NGrid feels that 2.4% savings were achievable by 2014 on the electric side and 1.2% on the gas side. That would result in the savings of 181,000MWh and 427,000 BTUs. She recommended that the Council accept these savings targets. The next step is to determine how these savings goals can be reached and report back to the Council in August with something they can present to the PUC by September 1st.

Dan J. asked where things stood on the gas side. Jeremy N. said that NGrid Gas were at .3% savings now and with ARRA funding that will go to .4%. They plan on tripling this to 1.2% by 2014.

Joe C. said he supported the goals of the Sub-Committee but cautioned against following Massachusetts lead. He feels that because of MIT & Harvard, Massachusetts always goes the extra step. He knows this by working with Massachusetts on energy code issues. He would like to see what other states are doing. Abigail A. agreed and would like to put a RI stamp on the savings targets. Scudder P. said that VEIC checked other NE states in its report and not just Mass.

Jeremy N. said that NGrid supports these savings goals but needs funding to implement them. Paul R. wanted to know what happens to these goals when the ARRA funding runs out. Jeremy N. said that the PUC could modify the goals, they will be concerned about rates and what is achievable. Another piece will be the interaction between savings target and shareholder incentives. Abigail emphasized that when customers spend money on EE their bills go down. You have to look at the lifetime benefits. The four cent LCP mandate is over the lifetime of the EE measures. The council needs to keep talking about this and make sure people know about it. Marion G. said the council has to get this message out. The public has to feel that EE brings down the price of energy.

PUBLIC COMMENT

Jeremy asked if the 9/8 Council meeting could be moved to 9/16 because of Rosh Hashanah. The Council members agreed to make the switch. Paul R. said that he would be tied up in court on that day and probably could not attend but the council still should move the meeting. **That means at the August 12th the council will need to vote on a chairman for the September meeting.**

ADJOURNMENT

Paul R. made a motion to adjourn the meeting. It was seconded by Joe C. and passed unanimously.

The meeting was adjourned at 5:30.

Respectfully submitted

Charles Hawkins
Secretary Pro-tempore

ENERGY EFFICIENCY AND RESOURCES MANGEMENT COUNCIL

Minutes-August 12, 2010

Conference Room C, Second Floor DOA

Call to Order: The meeting was called to order at 3:35 by Chairman Paul Ryan.

Members Present: Paul Ryan, Joe Cirillo, Dan Justynski, Abigail Anthony, Chris Powell, Joe Newsome and Ken Payne.

Staff Present: Andrew Kostrzewa and Charles Hawkins

Consultants: Mike Guerard, Scudder Parker and Betsy Harper

Others Present: Thomas Teehan, Jeremy Newberger, Karl Munzel, M. Van Gas, Anthony Baro, Josh Craft, David Brown, Julius Kolawole, Bill Codner, Raanan Miller, and C. Bull

Acceptance of Minutes: A motion was made by Joe Cirillo to accept the July minutes. It was seconded by Paul Ryan and passed unanimously.

Executive Director Report

RIOER is going through a process to upgrade LIHEAP & WAP agreements to achieve a higher level of functional integrity.

On the ARRA front:

- A MOU with EDC was executed on 8/6 obligating over \$5M in SEP C&I EE, This means that 81% of the ARRA SEP has been obligated.
- The last major piece of the ARRA SEP is EE for waste treatment plants, which the EPA's Curt Spalding is enthusiastic about.
- \$12M of ARRA WAP funding has gone out to the CAPs and the other \$6M has been transferred to RI Housing for multi-unit complexes.
- Awards for the competitive round for the EECBG have been approved and the result is that 100% of the EECBG funding has been obligated
- The Appliance Rebate Program was reopened with over \$400,000 distributed in about a week.

OER met with NGrid to discuss the distribution of 2009 RGGI proceeds and the next step is to formulate a 2010 RGGI Spending Plan. OER will consult with the EERMC & DEM during this process.

Cynthia Breen, a CPA has begun work as an OER auditor and will assist the CAPs & OER in improving the LIHEAP & WAP contracts and processes.

Chris P. asked if there was a timetable to spend ARRA funds. Ken P. said that March 2012 is the deadline for expending funds and that large scale renewable projects could be the most difficult because of NEPA requirements. If the project requires an EIS it will not go forward. Joe C. asked if there was ARRA funding to allow states to do retro-fits on historic building like the Colony House and the Old State House. Ken P. said he was not aware of such a specific funding source but it could be a good ESCO project. Joe N. asked if there was any thought to restoring historic preservation tax credits, perhaps limiting them to EE work. Ken P. did not see anything in the works.

OLD BUSINESS

Low Income Update

Abigail A. wanted to complement Andrew K. for the report that went far beyond her expectations. She felt it provides a good outreach opportunity.

Andrew reported that he receives monthly utility shutoff data from Tom Kogut at the PUC and that this year the rate of shutoffs has been the highest since 2005 especially on the gas side. This could put pressure on the low income programs with demand greater than average. On the LIHEAP side, last year the CAPs served 37,000 households with more demand expected this year with the same funding. It is anticipated that the grants will be lower this year with an average of \$610, down from \$650.

Since 2008, the WAP has steadily increased the number of homes served. It is weatherizing an average of 166 a month this year, compared to 130 in 2009, and 93 in 2008. WAP spends about \$2800 a household in the regular program and \$4730 in the ARRA WAP due to Davis Bacon requirements. WAP savings are verified using the National Energy Audit Tool (NEAT) to ensure a positive Savings to Investment Ratio (SIR) which estimates utility savings over the lifetime of the measure divided by the cost of installation.

The OER is interested in developing a measurement verification capacity to gauge the impact of the WAP. A control group of LIHEAP households that have not been weatherized will be tracked over multiple years and compared to an experimental group of LIHEAP clients who have participated in the WAP, AMP and heating system replacement program. The changes in energy consumption of all groups will then be compared to gauge program impact. Federal funding is available for this project and OER would like to partner with a RI college or university.

Dan J. would like to receive such reports in e-mail form before the meeting so he can review them. Joe C. concurred. Andrew K. said that members could e-mail questions to Abigail A and she will forward them to him. Joe N. asked if the PUC still monitored shutoffs by municipality. Andrew said he would ask Tom Kogut.

VEIC Monthly Report/PACE Update

The consultants have been strengthening their relationships with the new staff at NGRID. Mike G. met with all the new NGRID EE Program Managers and a schedule has been set to start earlier in getting the program plans designed and to the Council for review. VEIC has also been working with the EE Savings Target Sub-committee.

Scudder then moved on to the five areas of recommendations the council asked for:

- Deeper EE savings and getting more for less.
- Marketing and getting broader participation in EE Programs.
- Looking at new technologies.
- Improved public awareness and understanding that is targeted to RI.
- Work on new financing strategies.

Betsy Harper then gave an update on PACE financing. She cited a May letter from Freddy Mac and Fannie Mae stating that they would not buy any mortgages with a PACE property assessment on them. This is contrary to USDOE objectives. 90% of the ARRA USDOE loan programs had liens. Only Maine's \$30 million loan program did not include liens. All other PACE programs nationwide have been discontinued. There are a lot of people invested in getting this changed. It also could be precedent setting with over 37,000 different kinds of liens in existence. VEIC is convinced it will be a legal battle and it is not worth legislative efforts until this is resolved.

PACE has great potential because it is accessed for 20 years which allows deeper EE and whole house solutions. But it is difficult to administer. A discussion of revolving loans and loan loss reserves then ensued. A \$4 million loan loss reserve could turn into \$40 million in loans.

For an effective Revolving Loan program you need: capitol to start it; funding to administer it; money for the loan loss reserve; and most importantly someone competent to step up to the plate and administer it.

Some states have tried utility run programs with checkered results.

Betsy has contacted RI Housing about such a program. Ken P. offered to try to set up a meeting in September with RI Housing, NGRID, EDC and council members who may want to attend. Paul R. said that he was willing to participate.

Dan J. asked how we can help towns with a strong bond ratings who want to do EE work that is included in their comp plans get these revolving loan programs off the ground. Betsy said that you need high loan volume. Paul R. feels progress is being made and if the council went to the RI Senate with a proposal they would be interested. **It was agreed that Ken P. will set up a meeting with RI Housing, EDC and NGrid in September to discuss PACE & revolving loans.**

Joe N. asked about the marketing strategy cited by VEIC in Point 2 of their recommendations. Scudder said that VEIC does not have a specific marketing plan but

feels RI needs its own EE brand that everybody knows about, similar to “Mass. Saves”. Joe N. was concerned about hard to reach populations.

Update from the System Reliability Sub-Committee

Abigail A. said there was not much to report. The key NGrid partner has been on vacation. Abigail gave a presentation on System Reliability to Synapse and received good feedback about what other states are doing. Joe N. asked if Ken P.’s presentation on RI Energy Supply and Sources that he gave at URI on June 5th was available. **Paul R. said there was a video of the forum and we should ask Marion G. if it is available.**

Report from the Energy Efficiency Savings Target Sub-Committee

Abigail brought the Council’s attention to the Executive Summary of the KEMA Phase II Opportunity Report. The object of Phase II was to identify & estimate the cost effective EE resources that were available in RI on the electric side. It entailed more than 300 surveys and site-visits with RI residential, commercial, and industrial electric customers and is the most detailed estimate of RI’s EE potential to date.

KEMA estimated three different potentials over a 10 year period:

Technical, which is the complete penetration of all measures that are technically feasible from an engineering perspective;

Economic, which are measures that are cost effective when compared to supply-side measures; and

Achievable, which refers to the amount of cost-effective savings that are estimated to occur in response to a specific funded set of program activities.

Technical potential was estimated at 34% of the base energy use;

Economic was at 29%; and

Achievable at 27%.

The annual averages would be 3.4%, 2.9% and 2.7%. KEMA should have the entire report completed by the middle of August. Abigail suggested members review the report and e-mail any comments to her. She would also like to present the Opportunity Report to the PUC along with the targets on 9/1.

The EE Savings Sub-Committee has drafted a letter to the PUC. It reviews the Council’s LCP mandate to set savings targets by 9/1; it reviews the targets that were set during the 2009-2011 3-year plan; it reviews targets that will be incorporated in the 2011-2014 plan; and it presents the energy savings targets that have been agreed upon with NGrid during the subcommittee meetings. These targets are in Appendix A of the letter. The electric targets start at 1.36% in 2011 and rise to 2.5% by 2014. Roughly calculated it could save RI consumers more than \$500M over the lifetime of the measures; resulting in over 9600 jobs hours; and increase RI’s Gross State Product by \$1.8B. On the gas side, the savings targets start at 0.55% in 2011 and increased to 1.2% by 2014.

Once the members have commented on the letter and the filing and made necessary edits Abigail A. would like to work with Dan P. to get it filed by Sept 1st. She would also like the council to vote to approve the savings targets with the necessary edits.

A motion was made by Paul R. to draft a letter dated September 1, 2010, along with accompanying documentation, to be submitted to the PUC with any amendments to be approved by the Chairman. It was seconded by Joe C. and passed unanimously.

Scudder P. noted that it only took RI two months to achieve what it took Massachusetts over a year to do and this was a great accomplishment. Ken P. noted that the RI Bar Association was doing a comprehensive rewrite of RI's energy laws.

The governor's office asked Paul R. about the status of the NGrid appointees to the Council. **Paul said that if the council has two people in mind they should send a letter to the Governor**

NEW BUSINESS

Presentation by Energy Efficiency Solutions

Anthony Baro gave a briefing on his company E2sol whose goal is to innovate renewable energy technologies and offers products designed to maximize energy consumption efficiencies. Some of their products include: solar power systems; solar water pumps/irrigation systems; wind power systems; and marine electric propulsion systems. They have a number of products in research & development and they have applied for numerous patents. The company is based in East Greenwich.

Public Comment

Joe C. circulated an article from the New York Times on Portugal which states that 45% of their power is being generated by renewables. Joe N. asked Jeremy N. about solar panels he saw on utility poles in New Jersey. He wanted to know if it was a pilot. Scudder P. said that VEIC helped NJ with the design. But he said that it was not the most cost efficient way to go.

Adjournment

Paul R. made a motion to adjourn, it was moved by Joe C. and seconded by Chris P. and passed unanimously.

Respectfully submitted

Charles Hawkins
Secretary Pro-tempore

ENERGY EFFICIENCY AND RESOURCES MANGEMENT COUNCIL

Minutes-September 16, 2010 Conference Room B, Second Floor DOA

Call to Order: The meeting was called to order at 3:30 PM by Chairman Paul Ryan.

Members Present: Joe Cirillo, Joe Newsome, Paul Ryan, Marion Gold, Abigail Anthony, Vic Allienello, and Ken Payne

Staff Present: Andrew Kostrzewa, Dan Carrigg and Charles Hawkins

Others Present: Brian Kearny, Rachel Henschel, Jeremy Newberger, Karina Lutz, Jerry Elmer, Karl Munzel, Diana Duffy, Matthew Schweich, Tyler Rowley, Katie O'Rourke, Mike Nugent, David Brown and Tom Teehan

Acceptance of Minutes: A motion was made by Paul Ryan to move the minutes until the end of the meeting to allow Ken P. to present the Executive's Director's Report before he had to depart. It was seconded by Joe N. and passed unanimously.

Executive Director's Report:

Ken P. complemented the Council for the remarkable year it has had in moving EE initiatives forward. The Council was established to look at long-term energy issues in RI, this responsibility has been effectively met during the last year.

The amount of LIHEAP funding RI will receive will not be known until after the election. At best, we can expect level funding but may get a 20% cut. The worse case being a 30% cut. Ken P. expects bigger demand this year which could result in lower base grants. He looks for a slight increase in Crisis Assistance, which is the funding that gets people's power & gas turned back on and a slight decrease in Emergency Assistance. Ken P. does not want to reduce Weatherization funding because it is a long term solution. He is also looking to improve the CAP contracts to enable the low income program to function better. The first contracts that OER worked on were ARRA WAP.

By the end of September about 90% of the ARRA SEP funding should be obligated. The final piece is EE for waste treatment plants. The biggest challenge is going to be getting the funding spent. The two top priorities for OER going forward are:

1. Getting the CAP contracts resolved, this represents \$40M a year going forward.
2. Getting the remainder of the ARRA funding spent.

The EERMC does not need any structural changes. You don't fix it if it is not broken.

Paul R. was concerned about the USDOE pulling ARRA funding that has not been obligated. Ken P. said that although the USDOE will threaten such action they also realize how difficult it has been for States to move this funding quickly, with the large

number of required ARRA certifications and existing state & federal bureaucratic processes.

Joe N. asked about job creation. He would like to get a handle on how many contractors are out there and are they adding jobs. Are there woman owned business doing contractor work? What about minority participation? Ken feels that the OER has to change the informal way contractors are selected. He cited the well attended LIHEAP hearing where minority contractor brought up this issue. Ken P. plans on working with the community to find a remedy.

Joe N. asked Jeremy N. about the make-up of the list of qualified NGrid contractors that need to be employed to do weatherization work for RI residents. Brian Kearny, NGrid's Residential Program Manager, answered that in the EnergyWise Program, after an audit is done a BPI accredited contractor must do the work. Right now there are 7 contractors on the list. Joe wanted NGrid to find out if these contractors were adding to the workforce and also about the diversity of the list.

OLD BUSINESS

Monthly Report from VEIC

Abigail A. suggested making a motion to extend VEIC's contract through the 4th Quarter of 2010 with a plan to issue an RFP in January. Paul R. said she first had to move to make this an agenda item. **Abigail A. then made a motion to include the VEIC contract on the agenda. It was moved by Paul R. and seconded by Joe N. Abigail then made a formal motion to extend the VEIC/Optimal contract end the end of the year. It was seconded by Joe N. and passed unanimously.**

Mike G. referred members to two handouts in their briefing package that highlight possible changes and recommendation to the 2011 EE Program Plan. He offered to have members of the consultant team met with individual members to get input in their area of expertise before the filing of the 2011 EE Program Plan. Abigail A. said Mike G. & Scudder P. had done good work meeting with the NGrid program managers; analyzing the draft plan; and recommending some changes.

Phase II of the KEMA Opportunity Report.

The Phase II Opportunity Report (OR) is a look at what EE opportunities are left in RI. It consisted of 450 on-site visits and telephone surveys that looked into what RI's energy uses are and how the State can achieve greater cost effective EE. It measures three kinds of EE potential: **technical**, which is all EE that is available from an engineers point of view; **economic**, which is all the cost effective EE –this is most closely aligned to the Council's LCP mandate; and **achievable**, which is how much EE can be achieved in response to a specific funded set of activities. The OR got good press with articles in the ProJo and PBN.

The results were:

Technical Potential at 34% over ten years and 3.4% annually
Economic Potential at 29% over tens year and 2.9% annually
Achievable Potential at 27% over ten years and 2.7% annually

The next step is getting KEMA paid. Paul R. said that Liz Hicks should send an invoice to Ken P. and CC it to Jeremy N. Paul R. asked about the amount that was agreed upon last winter. In the minutes of the February 2010 meeting, it was agreed to pay KEMA \$45,000 for the report with additional data included when the report was completed.

Joe N. asked how the report can be used most effectively. What are the next steps? Abigail A. said the report has already been used as the main data point in setting the September 1st saving target goals.

Energy Efficiency Savings Target Filing

Using the OR as a guide, the Savings Target Sub-Committee, in response to a legislative mandate, worked collaboratively with NGrid to file energy savings goals with the PUC on 9/1/10. The goal on the electric side was 2.5% savings of the base load through 2014. On the gas side it is 1.2% of base load. Marion G. said that these were some of the most aggressive EE savings goals in the country and hoped Council member could market this to the community.

Abigail A. said that the potential economic impacts from implementing these savings goals are: 12,000 job hours; an increase of approximately \$1B in RI's Gross State Product, and a savings of between \$500 and \$600 million for RI consumers.

Paul R. asked if the 2.5 % goal will included in the same docket as NGrid's 2011 DSM filing. Jeremy N. said yes. Paul R. wanted to know if the Council could petition the PUC to have separate dockets. Abigail A. said she would talk to Dan Prentiss.

Action items pending at the PUC this fall:

- NGrid's Decoupling filing
- The EE Savings Targets goals mandated by the General Assembly
- The 2011 Annual Plan, including a reconciling mechanism.

The Council is responsible for showing that the elements in the 2011 plan met two criteria: that EE is cheaper than supply; and that the EE is cost effective. It is important to have council members at some of the November hearing to show support for the plan. Paul R. suggested contacting TechRI to see if they want to weigh in on the plan.

NEW BUSINESS

Status of the NGrid 2010 EE Program Plan

NGrid's C&I EE Program Manager Katie O'Rourke was introduced to give an update on implementation of the 2010 C&I EE Program Plan. She said the budget figures were for

Tier I of the program plan without RGGI. The electric EE after getting off to a slow start in 2010 is ramping up and will get to its goals. On the gas side, it was more of a challenge with 80% of savings goals expected due to a shortage of big C&I EE projects. The RI economy has impacted C&I EE plans more in RI than other NE states.

One of the improvements NGrid has made on the C&I side is having a single point of contact for both gas & electric. They are also looking at deeper and more comprehensive measures with up to 90% reimbursement for C&I electric and gas customers. Joe C. asked about training for electrical and mechanical engineers. What interaction is there between NGrid and the engineering community. NGrid will be reaching out to these groups.

NGrid is doing a statewide marketing campaign to become more proactive and increase awareness. They are also doing a multi-family pilot that will highlight a single statewide 1-800 number. Joe N. asked why the multi-family program was not in the residential program. Because these are large housing projects that are metered with the C&I rate. Joe C. wanted to insure that NGrid work on code and standards does not go below the established RI code.

NGrid's Residential EE Program Manager, Brian Kearny, then gave an update on programs in 2010. NGrid is meeting its goals on the electric side and exceeding them on the gas side thanks to a very successful heating program. 2010 was also the first year NGrid targeted the hard to reach market (HTR) and Brian K. segued that into addressing Joe N.'s concerns about contractor equity. NGrid hopes targeting the HTR segment will increase awareness of the EE programs like CFLs and stimulate the interest of minority contractors. NGrid currently has eight certified BPI contractors. RISE is the lead auditor and they are the largest weatherization employer in RI.

NGrid has a successful launch of the ARRA Deliverable Fuels Program through Energy Wise and have done over 200 audits. The Energy Star Homes Program for new construction will hit its 2010 goal of 300 homes with 100 built to Tier 2 standards with a HERS of 60 or below.

The need to close the High Efficiency Heating Equipment (HEHE) Program due to the overwhelming response was one of the challenges the program faced this year.

Process and Schedule for Review and Filing of the 2011 EE Program Plan

NGrid will embark on a combine Residential and C&I marketing effort that will emphasis a single point of contact for gas and electric. For the first time in RI, EnergyWise will introduce Heat Loan, which allows for 0% financing on seven year loans up to \$15,000 and will capitalized it using the RGGI 40% funding. Gas low income will also increase by 400%. NGrid will also follow the KEMA reports recommendation to embark on a behavioral study and will combine the lessons learned for the Aquidneck Island Pilot with HTR efforts.

Joe C. asked if these outreach efforts include Spanish speaking literature. Brian K. said that is was part of the HTR effort.

Jeremy N. said the settlement plan will include an up front narrative piece that will emphasis: cost effectiveness; meeting the EERMC's EE savings target goals; and focusing on LCP for gas EE. He stated that the savings goals were 102,566 in annual MWh with a preliminary cost per lifetime of the measure being 5 cents which, is less than supply. This conforms with LCP goals. The preliminary budget is \$53.2 million which assumes \$9.8 million from RGGI. The RGGI funding includes: a carryover of \$3.5M from the 60% funding; 2.4M from the RGGI 40% Plan; and \$3.9M from 2011 auction proceeds. They have still not received this funding from OER.

The preliminary DSM charge will be .48 cents per KWh which is a 50% increase from the current charge. With regulatory and legislative support, along with the recent savings goals Jeremy N. feels the company has a strong case in front of the PUC. It is also lower that the projected DSM in the Three Year Plan.

On the gas side the goal is 178,000 annual MMBTU which is 0.5% of baseline sales with a cost effectiveness of \$1.80 of benefits for a dollar spent with a cost per lifetime of \$0.64 which is less than the cost of supply. The budget is expected to be \$11.5M with a DSM charge excepted to be 0.35 cents per dekatherm up from 0.15 cents.

The plans will be e-mailed to council members on 10/7 to be reviewed for the 10/14 Council meeting. Until then NGrid would welcome comments from both the Council and the DSM Collaborative and will also consult with VEIC.

Paul R. asked about the assumption of the \$9.8M from RGGI. Jeremy N. said that NGrid has been working Ken P. on rules and he hopes the money will flow smoothly. If there is a problem that results in a budget shortfall, however, he hope the reconciling provision in the decoupling legislation will satisfy the PUC. Paul R. mentioned that RGGI was 20% of the program plan budget. Joe N. asked about NGrid's marketing budget for 2011. The figure is about \$1M with some individual programs having their own marketing budgets. The consultants feel this adequate.

Green & Healthy Homes Initiative (GHHI)

GHHI Project Manager Bert Cooper gave an update on this initiative that improves the integrated delivery of housing interventions, like EE, WAP and lead reduction, to create healthier and more cost efficient housing. It is sponsored by the Coalition to End Childhood Lead Poisoning. A 2-year pilot is how underway in Atlanta, Baltimore, Chicago, Cleveland, Denver, Detroit, Flint, New Haven, Oakland, Philadelphia, Providence, San Antonio and two Indian tribes. The goal is 3,500 GHHI homes by 12/12. The initiative is supported by the USDOE, USEPA, USHUD, the Center for Disease Control and Prevention and over fifteen local and national foundations.

There is a need to combine different funding sources into an integrated delivery. Leveraging is a key. ARRA provides an opportunity to provide a single process for home intervention and create jobs. Data has been accumulated in 9 cities that found that 15% of low-income homes could not be weatherized because of health concerns. This creates implementation concerns. The strategy is to align government agencies; then blend them with local groups and utilities; and coordinate with non-profits and foundations to leverage resources.

Joe N. is concerned about getting cooperation from non-profits who don't often cooperate and blending it with government inefficiencies. What will be in administrative model? Bert cited 3 models: a non-profit coordinate in Baltimore; in some cities the Lead Programs have taken the lead; and in Connecticut the utility took the lead.

Vic A. asked about the need in RI for contractors to be lead paint certified by the end of the year. Bert was not aware of this provision. Bert cited a case study in Baltimore that comprehensive home intervention averages around \$12,000 as opposed to \$16,000 without it. In Providence GHHI has been working with the City and the RI Foundation, who is committed to launching the effort and has established a steering committee. EERMC could be on that committee. Providence has applied for \$4.5M in lead funding to support the model. GHHI is looking for a Project Coordinator for Providence.

Rachel H. asked if GHHI was an opportunity to decrease Administrative costs. Bert said if it was done right it probably would. Andrew K. feels it will increase administrative costs, especially if a non-profit was coordinating it.

Public Comment

Joe C. asked that a discussion of an analysis of the seismic condition of the Field's Point LNG tank be added to the agenda for the October meeting. It is 40 years old and he is concerned about antiquated technology, especially after the incident in California.

Karina L brought up social marketing, especially in regard to the Aquidneck Island Pilot, and follow up to audits. What are the challenges to getting the EE work done.

Adjournment

Paul R. made a motion to adjourn the meeting at 5:54 PM. Since there was no longer a quorum present, approval of the August minutes will wait until the October meeting.

Respectfully submitted

Charles Hawkins
Secretary Pro-tempore

ENERGY EFFICIENCY AND RESOURCE MANAGEMENT COUNCIL

Minutes-October 14, 2010

Conference Room B, Second Floor DOA

Call to Order: The meeting was called to order at 3:30 PM by Chairman Paul Ryan.

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

Staff Present: Charles Hawkins and Dan Carrigg

Consultants: Scudder Parker and Mike Guerard

Others Present: Josh Craft, Karl Munzol, Brian Kearney, Katie O'Rourke, Ed White, Tom Teehan, Jeremy Newberger, Rachel Henschel

Acceptance of Minutes

Paul R. asked for a motion to approve the August minutes, Dan J. made the motion it was seconded by Joe C. and passed unanimously. Joe Newsome then made a motion to approve the September minutes, it was seconded by Joe C. and passed unanimously.

A motion was made by Dan J. to have the council designate Ed White, NGrid's VP for Energy Products, as NGrid's ex-officio representative to the Council replacing Tim Stoud. It was seconded by Paul R. and passed unanimously.

Executive Director's Report

The LIHEAP season is expecting increasing demand, the possibility of a colder winter, and rising oil prices. It usually serves about 32,000 clients. There is more vulnerability on the oil side because gas customers can not be shut off in the winter. Another challenge is reduced federal funding. The final appropriation will not be decided until the lame duck session. OER anticipates 30% less to start the season.

OER has also had to tighten eligibility screening for LIHEAP. This requires rewriting the LIHEAP manual and revising CAP contracts for the first time in 15 years. This has put the OER 2 weeks behind last year's schedule. LIHEAP is the most pressing issue for the OER.

Joe N. asked about the application process. Ken P. said that the first funding to go out will be for Crisis Grants to people who are in danger of shutoffs. The primary grants have been reduced by about 20%, which will allow OER to serve more customers.

On a brighter note, the American Council for an Energy Efficient Economy had RI ranked 9th in 2009, and it looked like RI's 2010 rating would fall. However, OER submitted revised numbers, factoring LCP into the equation, which moved RI to 7th.

In August the OER send USDOE a revised SEP but it has not been acted on. RI was able to spend 18% of ARRA SEP by 9/30 which is just below USDOE's goal of 20%. The EECBG is now 100% obligated and spending has begun.

Dan J. was curious about the loan program with RI Housing that could aid RI towns in financing EE. Paul R. said the meeting was held on 9/25 and was a success with both RI Housing and EDC expressing interest. There was a need for a state level entity with bonding capacity to take on this task. Another meeting is planned shortly. It was mentioned that the RI Senate has expressed interest in legislation to provide financing for EE. Ken P. said leadership is on board and he feels there will be legislation. Paul R. felt that the council was in a good position to provide feedback on this legislation.

The Green & Health Homes Initiative (GHHI) is applying to HUD for lead funding and the OER will support this effort. It is estimated that \$2,000 per unit will pay for the EE portion of these improvements. It is expected that 150 homes will be worked on in the Providence pilot.

Joe N. asked Ken P. if he was suggesting that the Council propose potential remedies for the LIHEAP dilemma. Ken P. felt LIHEAP would be at the forefront of the public agenda in the months ahead, and it would be appropriate if the council was proactively involved. LIHEAP may require statutory and regulatory changes. He cited a conference call with Mary Bray of the PUC about the LIHEAP challenges and shutoff policy. Temporary fixes have created a gruesome situation that is not sustainable.

Chris P. opined that WAP could be one of the solutions. Ken P. responded that WAP strategy is a critical long terms solution that also produces jobs. OER weatherized 93 homes a month in 2008; that has increased to an average of 170 a month in 2010. Marion G. asked if a faster conversion to natural gas would help. Ken P. felt this would only exasperate the utility shutoff situation. Gas customers are protected from shutoffs from November to April. Last week the PUC lowered the down payment needed to get your utility turned back on.

OLD BUSINESS

RGGI Discussion

Ken P. got the green light from the Governor's office to release the 40% RGGI funding to NGrid. Now the OER needs to develop a spending plan for next year, with consultation from the EERMC and the DEM. It will go through standard rule making procedures. Ken P. wants to work with the Council to make the new rules of the highest quality. It should take about 50 days. Paul R. thought the Council should participate in any hearings on RGGI rules.

Discussion, Review and Approval of NGrid's 2011 EE Program Plan

The 2011 EE Program Plan will ramp up to meet the Council's 9/1 savings goals. Due to continued economic stress, NGrid did not meet the 2010 savings goals but expects to be back on track for 2011 which is the third year of the LCP plan. The 2011 programs will cost 5.2 cents/Kwh which is less than supply at 9.115 cents/kWh. Benefit to cost ratio is 2.86. The budget is 46% higher than 2010; the participation goal is 70% higher; and the savings goal is 50% higher than 2010. The DSM will be \$0.0053 per kWh which is 0.0021 higher than 2010 and is the same as was proposed in the three-year plan. This is 60% higher than the current charge to meet the increased savings goals.

On the gas side the increase is steeper. This is because the statutory cap on the DSM charge has been lifted. Savings goals are 35% higher; the participation goal doubles; and the budget will double. Savings goals represent 0.5% of baseline sales; which ramps up to 1.2% by 2014. The proposed gas DSM charge is 0.41 per Dth and it is \$0.26 higher than 2010. Program cost is 5.28 \$/Dth; which is less than supply at 10.8 \$Dth.

Along with the increase in the DSM, NGrid is also assuming \$6 million from RGGI for the electric programs which includes carryover from 2010. It also assumes \$4.7M in the RGGI 40% will be received to set up the heating loan program. Chris P. asks if Forward Capacity Market (FCM) funding was included. Jeremy answered yes.

Changes from 2010 include: On C&I financing: a \$2.6M Small Business Revolving Loan Fund; and a \$1.2M Large C&I Revolving Loan fund will be created from the RGGI 40%. Additional financing of \$3.5M is being sought in outside funding. The reconciling mechanism in the decoupling legislation takes away the uncertainty of funding shortfalls. Other changes include innovative pilot projects; new delivery initiatives and a comprehensive marketing campaign.

Katie O'Rourke was then introduced to present 2011 C&I EE Programs. The gas and electric programs will be fully integrated with rebates of 75% for regular projects and 90% for more comprehensive projects. The commercial kitchen plan will expand to include electric. The retrofit program will pay up to 50% of total project cost and 60% for more comprehensive projects. Joe C. asked what comprehensive meant. She said it is going beyond basic EE. Chris P. brought up the issue of TA studies and how it can take too much time to move projects forward by doing them. Sometimes by the time you are ready to go programs change and the incentives are no longer there. Chris P. thought it would be helpful to interview frequent customers to find out where the bottlenecks are to delivering EE services. Ed White said that NGrid was working with focus groups to find out what these bottlenecks are.

The Small Business Direct Install Program will include: gas measures; a Main Street Initiative on Aquidneck Island targeting small businesses to increase participation; and a vehicle for community outreach.

Other focused initiatives include: expanding multi-family participation; codes and standards; retro-commissioning; marketing; and financing.

Ken P. asked if building maintenance and occupancy codes are being considered. Katie O. answered indirectly yes, but not directly. Ken P. said that they are 40 years old and outdated. They have no energy expectations. At some point this issue needs to be dealt with. Joe C. suggested inviting the Building Commission to the next meeting to see if there is any activity on this issue.

Brian Kearny was introduced to give an update on residential EE. NGrid will be focusing on greater participation 2011, especially in hard to reach (HTR) areas, to coincide with the ramping up of savings goals.

The EnergyWise Program will increase incentives from 50% with a cap of \$1500, to 75% with a cap of \$2,000. To increase employment, NGrid plans on doing 100 contractor jobs this year and will increase contractor participation through use of a hotline, coop advertising, and training. A 0% interest 7 year loan program with a cap of \$15,000 will be available, contingent on the RGGI 40%, that will address weatherization and heating replacements. NGrid will also continue with its Deliverable Fuels Program, funded by ARRA. 478 weatherization jobs have been completed since its 8/1/10 launch.

NGrid is working with Apeiron to reach out to 2500 Providence homes and do 400 independent educational audits done with local youth. Joe N. asked if Apeiron was training auditors. Yes, there have been 3 classes. Joe N. then asked if RISE had a monopoly on these audits. Brian K. said that the contract was competitively bid and that it runs out in the first quarter of 2011 when another RFP will be issued.

On the low income side, NGrid plans on leveraging ARRA funding with EE Program funds to get deeper savings while at the same time exploring new cost effective measures. Low income gas EE will increase by 400%.

In new construction: NGrid is looking of increase participation, especially in Tier 2 and Code Plus Programs and will do a minimum of 6 code trainings on IECC 2009. The goal is to do 450 homes, up from 300 in 2010.

NGrid plans on reopening and expanding the high-efficiency heating program that was suspended last spring. They also plan out reach to HTR areas to encourage increased participation. In the EnergyStar HVAC Program oil and propane have been fully integrated into the Cool Smart Program. They will also be offering rebates on ECM circulating pumps for FHW boilers.

Acting on a recommendation from the KEMA Report, NGrid will launch a behavioral pilot. A RFI will go out in November soliciting national behavioral companies to run the pilot. It will also launch a Community Based Initiative to target areas for increased participation. A marketing campaign utilizing TV, Billboard and print will try to make constituents more aware of the EE Programs.

Chris P. suggested utilizing HR Programs throughout RI to increase the EE awareness of their employees. Brian said that NGrid has been going around to corporations and energy fairs with the EE message and has spoken at URI to Marion G.'s students. Ed White said that NGrid has been rethinking the term marketing; looking at it as education & outreach. Marion G. thought this could help improve NGrid's sometimes negative image. Abigail A. wanted to compliment the consultants and the NGrid team for working with the council to get their priorities into the plan. She feels that the Council now has a good system on how to review EE plans and get their priorities recognized.

Paul R. felt that it would be good to hear VEIC's presentation before voting on the plan. Abigail A. asked why the electric benefits for 2011 are calculated to be \$178M but in the three year plan the estimate for 2011 is only \$109M. Jeremy said it was because for the three year plan they were using 2007 avoided cost figures and for the 2011 plan they used 2009 avoided cost.

Abigail A. commented that NGrid hadn't agreed to a sub-committee recommendation to change the name of the DSM charge. The RI EE Program was suggested. She felt that consumers should know that the charge will benefit them by returning \$2.8 for every dollar spent. Chris P. agreed saying that customers should know they are getting value out of the DSM. Marion G. agreed with Chris P. & Abigail A.

Abigail then commented that the two reconciling processes in the plan, one in November and one in May, were too burdensome. Jeremy said that in November it is really the budget process and then at the end of the year they reconcile. A discussion then ensued about the value of reconciling twice a year with Chris P. concerned about the effort required to do it twice annually. Scudder P. said that Vermont had been doing it for 10 years and they reconcile in December.

NEW BUSINESS

VEIC Report on Cost Effectiveness

VEIC was asked to prepare a report on the cost effectiveness of the 2001 EE Plan that can be used as evidence before the PUC. The report concluded that the 2011 EE Plan is cost effective using Total Resource Cost (TRC) test and that they represent a reasonable and credible ramp-up of NGrid's implementation efforts. VEIC concludes that the 2011 EE Program Plan meet the TRC requirements of RIGL 39-1-2.7 and includes a fully reconciling funding mechanism sufficient to pay for the proposed budget be approved by the PUC within 60 days as required by the statute.

This is a quasi-legal document that is a statement of findings that gives evidence to allow the PUC to act. VEIC is clear that the real test of EE effectiveness is in the TRC.

Paul R. wanted to move on to a vote to on the 2011 EE Program Plan. A discussion then ensued concerning the wording of the motion to approve the plan. It was agreed to approve separate motions.

Marion G. proposed the following motions:

Motion 1: The EERMC votes to approve National Grid's 2011 Energy Efficiency Plan and authorize a subcommittee to work with National Grid to finalize two unresolved issues: 1) the name of the energy efficiency surcharge, and 2) the fully reconciling funding mechanism. The EERMC reserves the right to provide supplementary comments to the PUC in the event that these issues are not resolved. The EERMC also votes to approve the VEIC/Optimal consulting team's report on the cost-effectiveness of the 2011 Energy Efficiency Plan and authorizes a subcommittee to continue to work with the consultant team to finalize the report.

Motion 2: The EERMC votes to authorize the subcommittee to sign the Council onto the 2011 Energy Efficiency Settlement Plan.

The motions were formally made by Paul R., seconded by Joe C. and passed unanimously.

Discussion of the Field's Point LNG Tank

Joe C. said he will be unable to present his report because he had not received the data he needs on the 1966 & 1976 seismic codes. He would like to take up this agenda item at a latter meeting.

Adjournment:

A motion was made by Paul R. to adjourn the meeting. It was seconded by Dan J. and passed unanimously. The meeting was adjourned at 6:30 PM.

Respectfully submitted

Charles Hawkins
Secretary Pro-tempore

ENERGY EFFICIENCY AND RESOURCE MANGEMENT COUNCIL

Minutes-November 4, 2010

Conference Room B, Second Floor DOA

Call to Order: The meeting was called to order at 3:30 PM by Chairman Paul Ryan.

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

Staff Present: Charles Hawkins

Consultants: Scudder Parker and Mike Guerard

Others Present: Jeremy Newberger, Rachel Henschel, Brian Kearney, and Kathy O'Rourke

Acceptance of Minutes: Joe C. made a motion to approve the October minutes. It was seconded by Chris P. and passed unanimously.

Executive Director's Report:

In June, the OER had 15 on staff with 4 budgeted vacancies. Do to retirement and transfers that number is now down to 10 requiring the office to prioritize its goals. The first priority is LIHEAP this winter. With Matt G.'s retirement Ken P. now is spending 60% of his time on LIHEAP. The second priority is WAP. CAPS have guidance on NGrid's AMP Program for the first time. The third priority is to prepare for the transition of a new administration.

The last priority is to maintain traction around ARRA. The reduction in OER staff has created a hole that may make it difficult to spend the ARRA funding by the deadline of March 2012. A NEPA signoff on a major ARRA project can generate a 100 page submission. CXs also require a lot of paperwork but the review is usually faster.

At the present tome, the OER is functional with set priorities. Ken P. sees the OER as a customer service agency. However, OER has had to move SEP program people over to the low income side to do monitoring. Therefore Ken P. felt it was important to update the Council on this matter.

Chris P. cited the OER staffing problems that the council was concerned about during 2009 and asked if these developments would put ARRA funding in jeopardy. Right now here is not a problem, but if staff is not hired it could be a problem by February. OER will concentrate on short lead time projects that do not require NEPA review. EE improvements inside a building would be an example of a short lead project as opposed to a wind turbine which needs more review. The difference between the situation now

and the staffing situation in 2009 is that now the OER has a plan for how to manage ARRA projects and is coming off a year of high performance. It is not as bleak as 2009.

Joe C. suggested having a mini job fair to attract creative young people. Ken P. said OER has had good experience hiring people with talent that can learn rather than experienced people without talent. Chris P. asked if the staffing issue will improve after the change in administration. Ken P. said that staffing will not be made without the concurrence of the new team.

Chris P. asked about wastewater treatment plants and rising sewer rates. Ken P. said there are 19 such plants in RI and they are typically the largest energy users in the community. Energy is the second largest cost in plants and the benefits of EE improvements are lower sewer rates and cleaner effluent.

Marion G. asked about progress on EECBG. Ken P. said it was slow because towns don't have the capitol to match or leverage. Feds can OK advances but they are frowned upon in state procurement activities. Towns need to get traction, but once they start spending things will progress faster. USDOE is doing an EECBG workshop on 11/19.

OLD BUSINESS

Report on the 2011 NGrid EE Program Plan Filing

NGrid filed the program plan on Monday 11/1 after working on unresolved issues with the DSM Collaborative. There is no schedule yet for hearings and NGrid will schedule a collaborative Meeting to discuss filing. It has to be tied into the recent decoupling legislation. A discussion ensued about a separate filing for the decoupling docket. Paul R. asked about John Farley's replacement at TechRI. Bill Ferguson, formally of OER and now with RISE, will replace John.

Update on Long Term Financing Meeting

A second meeting was held to discuss financing EE improvements. The consensus that was reached is that Residential & C&I EE do not match up. It was decided that EDC should be the lead on C&I and legislation should be readied for the next Assembly session. The energy savings are greater on the C&I side than residential.

On the residential side, it will be more difficult to establish a program and more legwork needs to be done, especially in reaching out to banks. Designing a residential EE plan will be more difficult and take much longer. RI Housing can't lend any money now and the loan programs that are running are under subscribed. So the decision was to split them off and work with the EDC on a C&I EE financing plan with the next legislative session. It is critical to ensure that it is solid legislation that can be effective. NGrid is getting ready to begin a residential heat loan program using the 40% RGGI funds.

VEIC Monthly Update

VEIC prepared a report on the cost effectiveness of the 2011 EE Program Plan that was presented at the October meeting. This was requested by the Council to be included in the Docket 4209 filing. The TRC test was used to determine that this EE plan was cost effective. Scudder P. acknowledged NGrid for incorporating VEIC & DSM Collaborative recommendations and thanked everyone involved for a constructive process. Abigail A. said it was important to have a council presence at the PUC hearings.

Other things VEIC has been involved in include:

- Supporting the Long Term Financing Sub-Committee which has had two meetings to date.
- Working with Chris P. and Abigail A. on the System Reliability Sub-Committee which is making steady progress. NGrid is developing an analytic tool to compare non-wire investments.
- With the uncertainty of VEIC's contract, Scudder P. asked if it was appropriate for them to begin developing a draft work plan for 2011.. The Council faces what may be its most challenging year and needs to develop a three year plan. Some other pending issues include: NGrid performance incentives, decoupling, and the statutory expiration of the DSM charge which need to be addressed in the three year plan and M&V and evaluation issues.

Abigail A. suggested forming an RFP Sub-Committee to work on a draft work plan and present its findings to the full EERMC at the December meeting. Paul R. cautioned about designing an RFP around a single consultant. Ken P. opined that forming a RFP or work plan Sub-committee was desirable to flesh out what the Council wants from its consultant. He did not feel this was a good time to upset the apple cart when the Council's work was excellent as is the product they are getting from the consultants. He felt that the RFP process will take between 4-6 months. In the interim VEIC should be keep on so progress is not interrupted. This sub-committee can look at the issues the Council needs to address in 2011 and also look at the regulatory timetable.

Abigail A. made a motion to form a RFP Sub-Committee. It was seconded by Paul R. and passed unanimously. Paul R. would like the sub-committee to work on these issue and report to the full Council in December.

Paul R. then asked Jeremy N. about the EERMC budget for 2011. Jeremy said that the council receives 2% of the DSM charge. With the proposed increase of the DSM for 2011 this could mean a budget of over \$1M if the PUC approves the plan.

NEW BUSINESS

LIHEAP Discussion

The LIHEAP season opened on 10/22 and OER authorized the CAPS to pay overtime to get through the opening process. This year the intake process will be more challenging for the following reasons:

- The contracts with the CAPS have been updated for the first time in 12 years.
- A GOA report this summer revealed a lack of integrity in the system especially in regards to eligibility. In the past the CAPs maintained a good faith assumption on eligibility, now they will need to document eligibility. There will be increased federal scrutiny this year and there is currently tension in the system

The funding news is also dismal. Last year the national LIHEAP budget was \$4.5B. This year it is down to \$2.7B. This combines with higher fuel prices and the predictions for a colder winter to make for a difficult situation. The recession will also put greater pressure on crisis assistance which is what turns people's power and gas back on and pays for oil when a client has an empty tank. In the first quarter HHS has told the OER that can only get 60% of last year's appropriation. Projections indicate that RI could receive as little as \$17M this year after getting \$30M last year. The best case scenario is a cut of only 20%; the realistic assumption is more like 30%.

One of the things OER is doing is reprogramming WAP funds to LIHEAP for the near future. Currently OER allocates 15% of LIHEAP funding to WAP. Ken P. feels that with ARRA funding and increased NGrid participation the WAP can maintain its current rate of 175 homes a month. Ken P. recommends that the Council monitor this difficult situation closely.

Abigail A. asked when the decision of further LIHEAP funding will be made and if ARRA contributed to the increased funding for LIHEAP last year. Ken P. said he did not know when the LIHEAP funding decisions will be made but he said that ARRA does not have an effect on LIHEAP.

Dan J. said he was concerned about reprogramming funding from an EE program (WAP) to a social service program (LIHEAP). He also wanted to know what LIHEAP was even doing in the OER and why it was part of the Council's agenda. He sees this as a conflict and a distraction from the EERMC goals of EE and LCP.

Ken P. said that OER can allocate LIHEAP funds to WAP and the plan was to transfer 15% from LIHEAP to WAP. The goal is to make LIHEAP sustainable. However, this year's recession has made it more critical to address the basic issues of utility turn offs and empty oil tanks so that 15% was needed to assist families in just keeping warm. When it was decided to put 15% of LIHEAP into WAP in August, OER did not know that the LIHEAP appropriation would be cut.

Dan J. wanted it on the record that he can not understand why LIHEAP is in the OER and why it is in the purview of the EERMC. Joe N. said there was a need and that it was a spiritual, moral and societal question. He said that helping low income people out does not seem to be in vogue these days with government officials. He cited a recent morning when the heat in his house went out and he had to dress his granddaughter in a 49 degree room. This experience gave him an idea of what it is like to be cold, especially with kids involved.

Chris P. said that the WAP helps realize EE goals. Scudder P. said that historically there has been a link between WAP & LIHEAP because of the 15% transfer. Ken P. said that low income people run up huge bills because of inadequate EE. In the OER the top priority is WAP. That is a long term solution. So there is a risk of separating low income issues from energy strategy because there is a connection between fuel assistance and WAP. Scudder P. mentioned that federal housing policy does not even address EE.

Chris P. asked if OER prorates WAP homes. Ken P. said that the OER looks at energy burden along with family size and income. Abigail wants to refocus the council's attention on setting up an EE program for oil.

There is currently an ARRA pilot program for deliverable fuels that pays for a free energy audit and up to 25% of the recommended EE improvements. To date 458 homes have had audits. The OER is also encouraging CAPS to install more EE boilers in the boiler replacement program.

NGrid Food Bank Lighting Project

Brian Kearney of NGrid was introduced to give an update on NGrid efforts to reach hard-to-reach (HTR) populations with CFLs. 7,000 CFLs have been shipped to the main distribution center for the RI food banks. The bulbs will be added to the shopping list and this will increase awareness of CFLs in HTR areas. In addition, NGrid will have their vendors on site to do educational outreach at the three largest food banks on three different dates, 11/8, 11/16 and 11/17

The second promotion is in collaboration with the Good Neighbor Energy Fund that will kick off on November 10th. Each person who applies for heating assistance will receive a NGrid shopping bag, a CFL, tip sheets, and info about having a home energy assessment. They will also be asked to take a survey about their knowledge of CFLs. Joe C. said that Cardi Brothers may be interested in doing the translation work with HTR.

Field's Point Seismic Condition.

Joe C. asked his friend David Oder to review the seismic code for the Field's Point LNG facility. Joe passed out two handouts. The code was developed in the 70s through data from the 1964 Alaska earthquake. The Navy owns more building than other services so they are more concerned about seismic codes.

The tank consists of 26 million gallons of LNG and if it escaped it could have a tremendous impact. One of the problems cited by David Oder is elephant-foot bucking which is caused by a combination of outward pressures generated by vertical motion and compressive stresses generated by horizontal motion. Joe C. has provided this info because he feels the tank needs some kind of detailed analysis.

Dan J. wanted to know if there was a supply risk if the tank was put out of service. What is the economic impact to the State. Yes, the tank is critical for natural gas supply in the winter. Chris P. said that there are natural gas bottlenecks on really cold days.

Paul R. asked who has jurisdiction for the tank. The answer is FERC. Ken P. said that on the state level it is in the purview of EMA. OER has \$300,000 in ARRA funding to do an Energy Assurance Plan. This plan will look at supply disruptions.

Joe C. also said that the impact of a hurricane also has to be looked at. We have not had a large hurricane up the Bay since the tank was built in 1975. This should also be analyzed. FERC restudied all these issues during the EIS FERC performed on the tank in 2005. Scudder P. suggested including this in the Annual Plan to the Assembly to make them aware of the problem. He does not think the council has the resources to delve into it further.

Ken P. said that if there is an energy emergency the Governor convenes a council and the staffing of this council falls to the OER. This same jurisdiction tasks the OER with doing the Energy Assurance Plan.

Paul R. made a motion to include a study of the seismic condition of the Field's Point LNG Tank in the Energy Assurance Plan the OER will be conducting using ARRA funding.

Public Comment

Joe N. would like to get a determination on how RI is doing on renewable energy development as compared to neighbor states. Abigail A. said that she is working with a group that is working on streamlining RI's renewable energy laws. She could give a report to the Council in December.

Paul R. said that a key issue is zoning regulations for wind turbines and other renewable energy applications. Ken P. said that state law requires Statewide Planning to include criteria for renewable energy facilities in the State Guild Plan. If this is adopted, local comprehensive plans and zoning ordinances have to be brought into conformity with this State Guild Plan element. This is a way to get clarity on this issue. Ken P. said that RI has the best net metering law in the US but is not good on subsidies. He also said that the income tax law passed by the Assembly this spring eliminated the residential renewable energy tax credits which expire on 12/31/10.

Abigail A. suggested forming a sub-committee to work with Ken P. on RGGI issues. Ken P. said that it would be helpful to him in writing the new rules. Paul R. said that it is not on this month's agenda and would rather take up the issue in December.

Adjournment

Paul R. made a motion to adjourn the meeting. It was seconded by Dan J. and passed unanimously. The meeting was adjourned at 6:10 PM.

Respectfully submitted

Charles Hawkins
Secretary Pro-tempore

Commission 2-5

Request:

Data request COMM 1-12 specifically requested that the company update Table G-8 and Table G-6. In its response, the company provided a detailed explanation on why it felt it was appropriate to rely on the 2009 study. The response, however, did not provide the information requested in COMM 1-12. It would be appreciated if the company would update Table G-8 and Table G-6 as originally requested.

Response:

The Company has updated the avoided cost values for 2011 by averaging the monthly 2011 NYMEX futures forecast for the Henry Hub of December 9, 2010, from the following site: <http://www.cmegroup.com/trading/energy/natural-gas/natural-gas.html>.

Consistent with the view that the 2009 avoided cost forecast develops an appropriate stream of values for analysis of the cost-effectiveness of long-lived investments such as natural gas energy efficiency, and considering that, despite short-term volatility, the long-term market fundamentals underlying the AESC 2009 long-term natural gas forecast have not substantially changed, the rest of the years of the avoided cost stream have not been altered.

Attachments 2-5a and 2-5b update the Tables G-8 and G-6 respectively. These should be compared to the tables that were submitted in the Company's Revised Attachment 6, submitted on December 6, 2010.

Prepared by or under the supervision of: Jeremy Newberger