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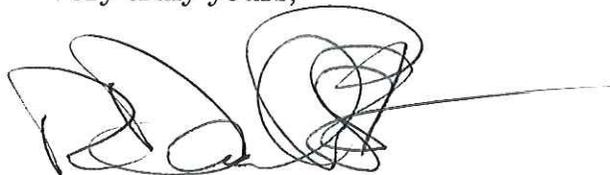
Luly E. Massaro, Commission Clerk
Rhode Island Public Utility Commission
89 Jefferson Boulevard
Warwick, RI 02888

Re: Narragansett Electric Company d/b/a National Grid's 2015-2017
Energy Efficiency and System Reliability Procurement Plan;
Docket No.: 4522

Dear Luly:

I enclose the original and nine copies of the minutes of the EERMC meeting of September 11, 2014. This completes our response to question 8 of the Commission's first data request.

Very truly yours,



R. Daniel Prentiss
EERMC Counsel

RDP/ka
Enclosures
Cc: Docket 4522 Service List
874/92/11093



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

MEETING MINUTES

Thursday, September 11, 2014

3:30 - 5:30 PM

Conference Room B
Department of Administration
One Capitol Hill, Providence, RI

- Members Present:** Joe Cirillo, Julie Gill, Jennifer Hutchinson, Michael McAteer, Joe Newsome, Chris Powell, Paul Ryan
- Members Absent:** Abigail Anthony, Marsha Garcia, Marion Gold, Dan Justynski
- Consultants Present:** Mike Guerard, Scudder Parker
- OER Staff Present:** Chris Kearns, Danny Musher, Rachel Sholly, Nick Ucci
- Others Present:** Nick Corsetti, Josh Craft, Craig Johnson, Betsy Florin, Charlie Harak, Rachel Henschel, Angela Li, Jeremy Newberger, Brigid Ryan, Rob Sherwood, Belinda Wong, Chon Wong

1. Call to Order

Chairman Paul Ryan called the meeting to order at 3:31 PM. Joe Cirillo made a motion to move agenda item #5 to #7. Chris Powell seconded and all approved.

2. Approval of August Meeting Minutes

Mr. Cirillo made a motion to approve the August meeting minutes as submitted. Mr. Powell seconded and all approved.

3. Executive Director Report

Nick Ucci gave the Executive Director report on behalf of Commissioner Marion Gold. He discussed the winter peak pricing issue. Residential rates as of January 2015 are expected to increase by about 35%-40%, which would be a six-month rate. The OER has been working on a communications strategy as part of a regional effort. National Grid has also been working on raising awareness of this issue. The OER is also looking at ways of reducing the burden. Joe Newsome asked what contingencies are being considered to deal with potentially increasing oil prices as a result of geopolitical issues. The OER is limited in its ability to respond directly, but it has opened the lines of communication with the RI

Department of Human Services. The Thermal Working Group is also working on this, but there are many challenges.

New England states have been working on expanding the natural gas pipeline, however, MA did not pass the necessary legislation to move forward as planned. The group is looking at alternative options for paying for this infrastructure. On the clean energy side, the OER is working to coordinate renewable procurement at a smaller scale than hoped, utilizing existing mandates and statutory authority across the six states and working with other states to test the market. Mr. Newsome asked whether there is enough energy to meet demand. Mr. Ucci said the issue is not how much energy there is, the issue is how much it will cost.

The EERMC's finance tracking responsibilities will be shifting to the OER's financial manager, who will go back a couple years, make sure numbers tie out and then begin tracking finances on a monthly basis. A National Drive Electric Day event will be held on September 20th from 12:00-3:00 PM at Garden City, featuring Senator Reed, Congressman Cicilline, Congressman Langevin and Commissioner Gold. At the event, a new electric vehicle license plate will be announced.

4. Executive Committee Report

Chairman Ryan reported on the September 4th, 2014 Executive Committee meeting. At the meeting, Commissioner Gold presented draft responsibility descriptions for some of the Council positions, including those that will need to be filled in 2015. These drafts have been sent to their corresponding members for feedback based on their experience. Commissioner Gold also provided the draft rules of procedure, which were originally drafted in 2008 but never voted on. These will come up for a formal vote at a future meeting. Council members should think about who could fill the new and soon-to-be-open positions. The two new positions are representatives of workforce development and municipalities. Council members should send any suggestions on who to nominate for these positions to Commissioner Gold. Chairman Ryan announced that he will step down from his position as Chairman after the end of his term in April 2015.

Regarding the solicitation of consulting services to the EERMC, the Council received two proposals. The Executive Committee will review, score, and discuss them at its next meeting. Chairman Ryan further reported that the Consultant Team presented a memo on the issue of funding for delivered fuels efficiency measures. They reported that the OER-led Thermal Working Group is addressing the long-term funding issue, but will not have a solution for 2015. In the near-term, the Consultant Team recommends using the system benefit charge and/or Regional Greenhouse Gas Initiative funds.

The Consultant Team has taken an initial look at the issue of changing the bill to more clearly convey the purpose of the System Benefit Charge, but the importance of the topic warrants more discussion at the Executive Committee level before advancing potential solutions. It is also important to work in conjunction with National Grid. The Executive Committee will bring this issue back to the Council at the next meeting.

5. Policy/Planning Issues

Discussion and Vote on Cost-Effectiveness Memo

Mr. Guerard explained that the Public Utilities Commission (PUC) requires the Council to submit a memo that assesses the cost-effectiveness of the energy efficiency program plans submitted by National Grid. The memo must be submitted by September 16, 2014. Two weeks after the Scudder Parker gave an overview of the findings (see attached). He reminded the Council that this has been done for Annual Plans and one Three Year Plan. The Consultant Team found the Plan to be robustly cost-effective.

Mr. Ucci added that in 2018 RI and Southeast MA may separate into two pricing zones primarily due to the retirement of the Brayton Point power plant. There is a projection for a potential 500MW shortage, which would require new generation facilities. This could more than double capacity costs. Mr. Powell felt that at the customer level there are options for efficiency improvements that are getting left behind because of cherry picking to go after shorter payback periods. Mr. Parker concluded that the EERMC should recommend that the PUC approve the Plan. The EERMC should endorse the plan with a letter of support.

Mr. Cirillo made a motion to submit the cost-effectiveness memo to the Public Utilities Commission with an endorsement on behalf of the EERMC. Mr. Powell seconded and all approved.

2015 Energy Efficiency Program Plan First Draft Review & Winter Peak and Pending Energy Price Increases

Rachel Henschel, Jeremy Newberger, and Nick Corsetti of National Grid reported on the highlights of the 2015 Annual Energy Efficiency Program Plan (see attached). Much of the Annual Plan builds off of the just-submitted 2015-2017 Three-Year Plan. Mr. Powell felt that there are still a lot of lost opportunities in the way incentivized measures are identified and assessed, in that the current system often results in cherry picking the low-hanging fruit. Michael McAteer acknowledged Mr. Powell's comment and note that a few new components may help address this issue. For example, a building energy rating system, automated benchmarking services, and the "Green Button" option which will allow customers to download 13 months of billing data. Mr. Ucci reported that the OER is working with RI DOT to convert their streetlights to LED and install control technologies. Huge savings are projected.

Mr. Newsome brought the Council's attention to the participants' line items in the electric and gas tables of the presentation and expressed concern over how "participant" is defined. He felt that the term "customer" may be more appropriate. Ms. Henschel said that National Grid has received Mr. Newsome's comments and will include a participant estimate number in the third draft of the 2015 Plan. The Three-Year Plan was at too high of a level to estimate participants. National Grid will send Mr. Newsome and the Consultant Team the participant excerpt in the second Plan for review.

Ms. Henschel explained that increasing energy efficiency participation to help mitigate coming price spikes could result in an overspend situation this year. This would flow into next year's as a budget deficit, which would force the customer charge higher than proposed. Mr. Powell asked about the customer charges for commercial and industrial versus residential. Ms. Henschel replied that the decision was made to separate the charges last year in order to reduce cross-subsidization between sectors. Mr. Newberger listed (see attached) a few measures that are being considered for early launch to speed up impacts, including messaging, equipment and controls that can be deployed quickly, behavior measures, thermostats and boiler tune-ups. Mr. Parker asked if gas customer prices will be going up as well. Mr. Ucci said that on the gas side there is a larger opportunity to hedge purchasing, whereas on the electric side the market and PUC determine the price. Gas prices will not increase nearly as much as electric prices. Mr. Parker noted that the benefit may be more for electric customers than

gas customers. Mr. Powell added that cap-exempt customers should be the focus because they will be impacted the most.

Mr. Newberger asked the Council for feedback on the Plan, especially on whether the magnitude of increase in the gas program customer charge is acceptable and a good direction. Mr. Parker noted that if the prices on gas for fixed-price customers are not going up much, a small increase in the system benefit charge that has some benefit on the electric side is still cost-effective on the gas side and may be helpful in the larger picture on the electric side. Mr. Ucci pointed out that rates are split, so it is possible to adjust charges on the commercial and/or residential sides to help drive down the overall cost-effectiveness ratio. He felt that there is a very strong argument to be made for increasing the gas charge. Discussion continued around developing nuanced, targeted strategies for addressing these issues in the most effective way.

The Council will receive the third draft of the 2015 Annual Plan in about three weeks and will be up for a vote at the October meeting.

6. Other Business

Vote on Energy Expo Planning Assistance Proposal

Rachel Sholly reported that she has been exploring the idea of hiring an Energy Fellow from the University of Rhode Island to assist with the planning of the energy expo. URI provided an estimate for one October 2014 through March 2015 at 10 hours per week and more over winter break. **Mr. Powell made a motion to approve up to \$10,000 to fund additional work to support Energy Expo planning activities through the University of Rhode Island. Mr. Cirillo seconded and all approved.**

7. Discussion of Efforts to Extend Least Cost Procurement Law

Mr. Ucci reported that two options are on the table. The first is a simple extension of the law, and the second is making additional adjustments to the legislation to address current concerns. The OER will do some thinking on this with the Executive Committee, Consultant Team, National Grid and other stakeholders and bring thoughts to the Council at a future meeting.

8. Public Comment

Belinda Wong of Care Technologies said that their product has been listed on qualified list and asked how they can be a part of the rebate program. Michael McAteer suggested that they work with Edward Bartholomew from National Grid. Charlie Harak of the Consumer Law Center complimented the group on the multifamily section in the Three-Year Plan.

9. Adjournment

Mr. Powell made a motion to adjourn the meeting. Second and all approved. Chairman Ryan adjourned the meeting at 5:34 PM.

Next Meeting: Thursday, October 16th; 3:30-5:30 PM; Conference Room B