

Energy Efficiency Resource Standards Workgroup Meeting Minutes
Room 138, Appoquinimink School District, Odessa
1:00-4:00pm, December 10th, 2009

ATTENDANCE

Workgroup Members and Staff

Charlie Smisson, Chair, DNREC

Ralph Nigro, SEU

Sally Buttner, on behalf of the DPA

Glenn Moore, DP&L

Kimberly Schlichting, DEMEC

Mark Nielson, DEC

Janis Dillard, DPSC

Bruce Burcat, DPSC

Jeff Tietbohl, Chesapeake Utilities

Lado Kurdgelashvili, CEEP

Scott Lynch, DNREC

Brian Gallagher, E3 Energy/Energy Office

Cara Lampton, DNREC

1. Statement on EERS Goals and Workgroup Process

The meeting began with a welcome by Charlie Smisson followed by Cara Lampton's brief summary of the Secretary's position on the objectives of the legislation and the definition of the percentage goals. The Technical Assistant (TA) has been hired by DNREC to provide the Secretary with the analytical tools to determine the targets and their appropriateness. This analysis will also help guide the Workgroup's recommendations. At present, the targets have not yet been determined. The Secretary has given his position, however, which is that the intent of the legislation is to reduce energy consumption in Delaware by becoming more energy efficient and less energy intensive. He gave the comparison of achieving California's flat line of per capita energy use. Therefore, on an individual customer basis, this amounts to using 15% less in electricity and 10% less natural gas than in 2007. As to what this looks like in aggregate or total sales, the targets will reflect adjustments for growth in population and economic factors so that energy providers can continue serve and expand their customer base and that the EERS does not burden, but in fact, aid a growing economy. This may mean it would be useful to use something like a per capita or per sq. ft. energy savings target as the metric.

An illustrative chart was displayed to demonstrate the three scenarios that could be interpreted from the legislation and to denote the Secretary's position (which most closely

resembles the “Adjusted for BAU growth” line. The slides will be posted on the DNREC webpage.

Jeff Tietbohl said he did not read legislation this way, but will take it into consideration with the help of the TA analysis. Glenn Moore shared a similar response and requested that the TA model all the target scenarios for the Workgroup to evaluate at the next meeting. There also was a discussion of the idea of making the targets a statewide energy savings goal, if that would better serve the design.

Both Glenn Moore and Mark Nielson voiced their concern over the timing/schedule for the recommendations, regulations, and compliance dates-- noting that they are too short. Mr. Moore discussed the strong improbability of being able to achieve, let alone quantify, peak demand reductions with their AMI programs only coming online late next year. He suggested that it might be necessary for the Workgroup to meet regularly after this year’s recommendation process ends in order to evaluate and modify the annual targets as we approach the compliance dates. Mr. Nielson made note that the legislation, including compliance dates, was modeled after Maryland’s 2007 legislation, but enacted nearly two years later. Therefore, there is insufficient prep time for working out the implementation process. Mr. Moore suggested the Workgroup make a recommendation to extend the length of the Workgroup’s recommendation process.

2. Review of Planning Document

The Workgroup members reviewed the planning document and made suggestions for additions or corrections. Two additions were made to the Report Outline, including 1) a review of unintended consequences under Section III. Impacts and 2) a concluding section on recommendations on future implementation issues (IV. Path Forward).

It was requested that the Meeting Schedule be revised to extend beyond May, due to the concern that the Workgroup may need more time to complete its set of recommendations. The Workgroup requested that Lado Kurdgelashvili present the modeled target scenarios at the January meeting, if possible. Lastly, it was requested that the agenda discussion on the EEC/funding and M&V be moved to a later meeting, perhaps in May.

During the review of the document, someone mentioned that WAP has its own protocol for calculating energy savings from its weatherization investments. Ken Davis will be asked to share this information at the next meeting.

3. Discussion of Data and Baseline

Lado Kurdgelashvili explained in greater detail what data he would like to receive from the energy providers. As the data discussion ensued, it prompted the question of the status of third party supply customers under the legislation. Concern was expressed over the difficulty in reaching the energy savings targets with the 3rd party and other large customers (over 300kW). The primary difficulty is that there are currently no incentive programs in place and limited ability to create incentives for demand response. This is because many provide a flat kWh rate that does not include demand charges. Ralph Nigro suggested that, while reaching these customers and initiating DR may be a challenge, large C&I customers often have impressive energy savings potential and a very impressive rate of return. Another factor is that the large customer segment represents almost half of Delmarva's consumption and nearly 80% of its peak capacity. There will be continued discussion on this at the next meeting, when more data and information has been collected.

Mr. Nigro brought up the related subject of how the Workgroup should go about determining the targets and the projected energy savings goals. He suggested that the first item is to decide whether to approach this process as a "bottom up" or "top down" approach. For example, do you start with scenarios based on varying levels of applicable measures, predicted savings and potential penetration rates to determine how much savings is possible in such a timeframe, or do you start with a hard target and then work your way down? Dr. Kurdgelashvili agreed with value of this question and said that for the initial analysis it might be best to start with top down, but that later, they should examine the goals through the measures-based approach. Mr. Nigro sees this distinction as an important step in determining the Workgroup process and suggests the parallel to the need to look for alignment with the SEU goals. One example is that the SEU's energy savings and renewable energy goals are per participant, and this may not align with the EERS targets.

The Workgroup moved on to address the issues surrounding the definition of the coincident peak reduction targets. Each provider has a different system coincident peak, although, Mr. Nielson mentioned that DEC enacts its demand response programs during the Delmarva CP. In the case of DEMEC, the decision on whether to use a system wide coincident peak or the CP for each municipality was debated briefly. It was suggested that the latter might be too hard to implement and may not address the main purpose anyway, which is to reduce the need for greater capacity while reducing cost and alleviating congestion issues. Janis Dillard suggested the CP definition is largely a practicality issue and decisions should be made with all this in mind.

The discussion continued from last meeting on the inclusion of renewable energy as a counting toward the reduction targets. As was brought up in the previous meeting, some

language in the bill possibly allows for customer sited renewable energy to count as an “equivalent energy efficiency measure” because of its ability to reduce consumption from the utility. Cara Lampton related her earlier discussion with the Secretary and shared his position that RE does not count.

Kimberly Schlichting and Mark Nielson stated that they had both signed on to the bill believing that RE would count. They mentioned that their Green Energy Funds have targeted RE investments, but would want to now limit the grants to energy efficiency if this was the case. Sally Buttner asked for clarification on what effect this would have on the RPS and if it would encourage double counting and/or lower the total required amount of clean energy (both RE and EE) investments mandated by the state. Glenn Moore responded by saying that he doesn’t think it would lead to double counting of individual investments because of the REC tracking system. Also, because RECs are bought mostly from out of state and at lowest cost, the inclusion of RE in the EERS could boost demand for customer sited generation in DE. Mr. Nigro recommended that this might be a place to look at alignment with the SEU goals. If SEU goal of 300MW of customer sited RE could be also counted toward EERS, what percentage of the EERS energy “reduction” goals would that meet?

Mr. Nielson stated that the “opt out” language under the EEC section was inserted to enable the utility to ‘share’ the goals with the SEU so that they could achieve some of the targets through their GEF programs. Cara suggested that she go back to the Secretary to discuss the issue in more detail and to share with the Secretary the standpoint of the energy providers. Because this is a defining issue, this will need to be clarified before proceeding with much of the other agenda items.

The definitions for CHP and recycled energy savings were reviewed and it was noted that perhaps they need some refining. This issue was agreed to have less of a priority as there is both a lack of current systems and planned systems. The language appears to have been written with something specific in mind at the time, but no one can recall with certainty.

4. Review of EM&V Paper

Brian Gallagher gave a summary on his overview paper of Evaluation, Measurement and Verification (EM&V) for energy efficiency programs. This piece will be important in determining the Energy Efficiency Charge level because it helps to quantify the direct and indirect costs and benefits of the programs and of the energy efficiency projects themselves. Ralph Nigro led a discussion of gross versus net energy savings and explained the pros and cons of using one versus the other. Based on this discussion the Workgroup decided it would be best to proceed with gross savings. If there are doubts on a specific measure or program later on, then

the Workgroup will address the need for changes. Mr. Nigro also mentioned that in terms of program evaluation, the SEU Contract Administrator will undergo review by a 3rd party evaluator to determine the cost effectiveness and impact of the CA's programs.

5. Next Steps

Lado requested additional data going back to 2000. Glenn Moore suggested that this is somewhat overkill for data—their forecasts are done with professional models and have been approved by PSC. Despite this he agreed to send Lado the data. Kim Schlichting warned that it is highly unlikely that DEMEC could acquire this data from all 9 members in the desired timeframe and views the data request as unnecessary.

Cara will send out a list of the discussion questions addressed at the meeting. Information for the Workgroup will be sent out by the 7th of January so there is ample time to review for the meeting on the 14th. A list of Key Questions discussed in the meeting will also be posted in addition to the meeting minutes.