

Energy Policy Review Commission Unofficial Minutes

Wednesday, March 20, 2013

1:00PM – 2:30PM

EEA – 100 Cambridge Street

9th Floor OTA Conference Room

Members in Attendance:

Tom Regh	Progressive Energy Services
Bob Rio	A.I.M
Elliot Jacobson	Action Inc.
Sandra Merrick	AGO
Robert Kaufmann	Boston University

Others in Attendance:

Rob Calnan	Calnan's Energy Systems Inc.
Hinna Upal	EEA
Nathan Phelps	DPU
Kevin Galligan	Care Light Compact
Phu Mai	Office of Rep. Beaton
Kevin Penders	Keegan Werlin
Shaela Collins	Rich May, P.C.
Tina Halfpenny	DOER
Stolle Singleton	Office of House Minority Leader
George Chapman	TUE Committee
Dan Burgess	EEA
Barbara Kates-Garnick	EEA
Lauren Farrell	EEA
Jeremy McDiarmid	ENE
Andy Goldberg	AGO
Christina Fisher	Office of Sen. Downing
Timothy Newhard	AGO
Monica Kachra	Northeast Utilities

Documents passed out:

- Agenda
- AG presentation

Undersecretary Kates-Garnick called the meeting to order at 1:07PM.

Introduction

Undersecretary Kates-Garnick welcomed the Commission members and attendees and began the introductions. She then introduced Hinna Upal to discuss the Open Meeting Law. Hinna Upal provided an overview of the open meeting law. She stated that this commission has 9 members and she addressed the meaning of a quorum. She emphasized that the commission must think about whether there's a quorum and be careful about e-mail correspondence among commission members. Ms. Upal

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will look into whether documents may be distributed to commission members in advance of meetings that are noticed pursuant to the open meeting law in order to assure efficient meetings.

Undersecretary Kates-Garnick informed the group that an open meeting will be held on March 29 from 11:30am-12:20pm with the DPU and DOER to respond to Bob Rio's information request. Tom Regh asked for an update on the status of the appointments of other members to this commission. He noted that the commission had been meeting for a number of months now but not all of the appointments had been finalized. He also asked about the timetable for the report and the process for responding to his information requests which he had submitted to EEA over two weeks ago. Undersecretary Kates-Garnick responded that she had disseminated his requests to the appropriate agencies and that she would schedule an open meeting to respond to those requests similar to what she is doing for Bob Rio. Ms. Upal emphasized that EEA would like to avoid a piecemeal approach to responding to data requests. Commission members were asked to submit their request for data to the extent that they had any as soon as possible.

**Presentation - "Impact of Renewables and Efficiency on Consumer Bills"
Sandra Merrick, Attorney General's Office**

Sandy Merrick made the cost presentation on behalf of the Attorney General's office. She explained that Massachusetts electric customers pay some of the highest rates in the country and that their bills have increased since 2008. In her presentation, she showed that charges for energy efficiency and renewable energy charges increased electricity costs between 2008 and 2011. She said that the AG is still gathering data for 2012. This presentation only reviewed costs and not any savings or other benefits associated with certain public policy charges.

The AG analyzed the following charges on residential and commercial bills: (1) net metering; (2) smart grid pilot; (3) utility owned solar; (4) long-term renewable contracts; (5) renewable energy charge; (6) solar carve out; (7) RPS standard; (8) energy efficiency; and (9) conservation. For the average residential customer usage, the AG used 700 kWh, noting that this usage is better representative than the 500 kWh commonly used for this analysis. For commercial customer usage, the AG used 150 kW 150,000 kWh. The AG analyzed these charges as a percentage of a customers' total bill and total bill excluding basic service (but including transmission). The AG's presentation states that she is concerned that continued increases in electricity rates will have a negative impact on the Commonwealth's industries and jobs. The AG also isolated the costs to customers associated with the 2013-2015 Energy Efficiency Plans, reviewing costs to just gas customers and then to specified gas and electric customers.

She also discussed DPU 12-126, pending before the Department of Public Utilities, which will require reallocation of reconciling mechanisms to residential and C&I customer as a result of section 51 of c. 209 of the Acts of 2012. The presentation concluded with the AG looking forward to, as part of this Commission, discussing ways to lower energy prices while pursuing the state's future energy goals.

Open Discussion and Next Steps

In response to questions from the Commission, Sandra Merrick clarified that the data for net metering had come from oversight questions that the AG had sent to distribution companies. Tom Regh asked which charges are seen on customers' bills. Nathan Phelps stated the energy efficiency and renewable energy charges can be seen on all customers' bills but that for other charges it varies by distribution company. Shaela Collins stated that there is an open docket at the DPU (DPU 13-51) in which the

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Department is investigating whether gas and electric distribution companies should include a separate “systems benefit” line-item on customers’ bills to reflect rates charged for public policy programs. The billing practices of each distribution company for these charges are reflected in comments filed in that docket.

Bob Rio stated that between 2010 and 2011 commercial customers experienced a 5% increase in electricity costs on the distribution side (meaning the non-transmission, nonpower side). He explained that, because many businesses buy their power three years out, a distribution charge increase of 5% is very significant to them. Mr. Rio also stated that transmission is going up by as much or double. He said that the complaint he gets most often from businesses is that they don’t know what the numbers are going to be because they continually change. Tom Regh said that he wants to see the numbers for 2012 to 2015. He expects that there will continue to be a steep increase in electricity costs. He wants to know whether this trend of increasing costs is continuing or if it’s flattening out. Sandra Merrick stated that the AG is working on collecting 2012 data and that she expects there to be an increasing trend. She referred him to her slides on the 2013 to 2015 energy efficiency plan costs.

Professor Kaufmann and Tina Halfpenny discussed energy efficiency funding and the AG’s slides on energy efficiency costs. Ms. Halfpenny questioned whether the data was correct and Professor Kaufmann stated that he thought it looked to be in the ballpark or within a factor of two. Professor Kaufmann asked who he should speak to about estimates of electricity savings. Ms. Halfpenny said that she could help with that data and those calculations. Ms. Halfpenny discussed energy savings associated with the three-year energy efficiency plans, which she explained are evaluated and engineer based calculations. She talked about non-energy benefits and how all benefits are monetized into dollar amounts but that they can be parsed out by energy efficiency program.

Mr. Calnan referred to an OPower report that he brought with him to the meeting. He stated that this report compared his electricity usage to other customers with smiley faces. Mr. Calnan questioned whether money is being spent on things that are useless, explaining that his building is commercial but he was being compared to residential buildings. It was discussed that this report is part of a residential behavior program. Professor Kaufmann explained that this report has been tried on a sampling of other customers and that studies show that customers who receive these types of reports do save more electricity. Mr. Calnan agreed that the report brings attention to electricity usage. Mr. Galligan said that he had been on this program at his home for about two years and had seen a lot of improvements in that time. He said that you can login and change your profile to make it more accurate and that he believes he’s saved up to 7 percent as a result of using the program.

Mr. Regh mentioned energy efficiency annual reports. He explained that he has gone through these reports, which will be part of his presentation at the next meeting, and that there is a long delay until the filing of the 2012 energy efficiency annual reports. Mr. Rio stated that benefits often accrue to those who are not paying into the system such as regional benefits. Professor Kaufman responded that this happens all the time, especially where we are part of an electricity grid. Mr. Phelps clarified that the total resource cost test used for energy efficiency does not include benefits outside of Massachusetts. Professor Kaufmann asked about the methodology for benefits and Ms. Halfpenny stated that she will present on that. Mr. Jacobson cautioned everyone that issues relating to design or implementation of energy efficiency programs should all be referred to the Energy Efficiency Advisory Council (EEAC). He said it would be appropriate to discuss the meaning of energy efficiency issues here but that

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recommendations should go through the EEAC. Ms. Halfpenny emphasized that is important to talk about the benefits when discussing the costs of energy efficiency.

Mr. Regh stated that administrative costs for energy efficiency are escalating and that there is an obligation to minimize those costs. He asked what cost reduction programs have been implemented to decrease those costs. Ms. Halfpenny explained the various cost categories (Program Planning and Administration; Marketing and Advertising; Participant Incentives; Sales, Technical Assistance & Training (STAT); and Evaluation and Market Research). She observed that rebate dollars are the lion's share of energy efficiency budgets. Professor Kaufmann observed that costs are going to go up if more energy efficiency activities are occurring. Mr. Regh questioned how much bang for its buck the Commonwealth is getting on energy efficiency. He stated that the Commonwealth doesn't compare well to other states according to his analysis of energy efficiency budget and savings data from ACEEE, which he stated shows that 19 other states spend less money than the Commonwealth. Mr. Galligan stated that the cost analysis over time has really improved for energy efficiency and that STAT costs are not administrative costs. Mr. Regh stated that because there are no savings from STAT it should be considered overhead. Ms. Halfpenny emphasized that there is a cost to growing to the scale of energy efficiency that we have currently. She explained that, to achieve the level of savings the Commonwealth is currently achieving, there must be continuous investment in training and that the STAT budget supports those efforts.

Mr. Phelps, in looking at the charges analyzed by the AG (e.g., net metering, smart grid pilot, utility owned solar, long-term renewable contracts, renewable energy charge, solar carve out, RPS standard), observed that benefits for many of those charges are not calculated because they're not required to be calculated.

Undersecretary Kates-Garnick observed that the issues and concerns of the various Commission members are now clear. She stated that the attempt to provide data in response to Commission questions is ongoing. She stated that the Commission must now figure out its next steps for structuring and writing its report and identifying areas of consensus. Commission members are to provide proposed metrics to her by March 29.

Professor Kaufmann thought that there are several common questions the Commission would want to investigate or answer. The first issue is that Massachusetts is one of the most expensive states in terms of electricity costs. He thinks the Commission should generate a consensus explanation if possible about why they believe this is the case. The second issue is how to evaluate the cost-effectiveness of these various energy policies. Mr. Rio would like the Commission to address the issue of fuel diversity and reliability issues and what would happen in the event of a natural gas shortage.

Undersecretary Kates-Garnick observed that there should be a discussion of the costs and benefits of the policies. Mr. Rio expressed concern about quantifying numbers in the report unless they are verified by a third party. The AG stated that the report should indicate how the numbers have been derived. Professor Kaufmann stated that numbers should be included in the report with a specified level of uncertainty. He thinks that important issues can be flagged in terms of costs and benefits even if the numbers are uncertain. Mr. Rio would like to see a discussion of program goals and how they are being met.

Dan Burgess reminded everyone that there are meetings on March 29 (Mr. Rio's data requests); April 3 (energy efficiency presentations by Mr. Regh, Mr. Galligan and Ms. Halfpenny) and April 17 (reliability

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and wholesale markets, DPU to present). He explained that the Commission would be open to public comment for a few weeks and, once there is a draft report, that too would be sent out for public comment. The report deadline is June 30.

Mr. Burgess is going to put together a straw framework for the report. He envisions a discussion of each topic in the statute, beginning with an overview, a discussion based upon meetings and recommendations. Mr. Regh expressed his concern about the timetable for developing this report. He stated that there have been six meetings, only three of which have allowed for discussion by Commission members. He is concerned that the Commission will not be able to deliver a quality report and would like to delay the filing of the report. Mr. Burgess suggested that the Commission could have longer meetings starting at the end of April and in May. He will also review the statutory deadline. There was additional discussion of the report deadline and whether it could be changed. There was also a reminder about compliance with open meeting laws.

The meeting adjourned at 2:38pm.