

Minutes

Energy Efficiency and Sustainable Energy Board
21 S. Fruit Street, Suite 10 (Hearing Room A) Concord, NH
May 8, 2009 Meeting

*Items underlined and in color are hyperlinked to documents.

Members in Attendance: Richard Ober of NH Charitable Foundation, Jack Ruderman of NHPUC, Meredith Hatfield of the OCA, Eric Steltzer of NH OEP, Joanne Morin for Robert Scott of DES, Daniel Feltes of NHLA, Susan Olsen of NH Municipal Association, Wes Golomb of NH SEA, Ken Walsh of NH Fire Marshal's Office, Brian Wujcik of Home Builders and Remodelers Association of NH, Rep. James Garrity, Rep. David Borden, Gregory Whitman for Sen. Martha Fuller Clark.

Non-Voting Members in Attendance: Gil Gelineau of PSNH, John Puc of National Grid, James Grady of LighTec, Inc., Ray Gosney of NH Electric Cooperative, Charles Niebling of New England Wood Pellet, Janet Brewer of Ocean Bank.

Other Speakers: George Gantz of Unitil, Laura Richardson of NH Sustainable Energy Association, Clay Mitchell of NH Sustainable Energy Association.

Link to Meeting Agenda: [Meeting Agenda](#)

Welcome & Chair's Remarks.

Chairman Ober convened the meeting at 9:03 A.M and asked everyone in the room to introduce themselves. {Introductions followed}.

1. Approval of April 10, 2009 Meeting Minutes

Chairman Ober asked for a motion to approve the 4-10-09 minutes. Rep. James Garrity moved to adopt the minutes. The motion was seconded by Ken Walsh. There were 2 corrections noted - Meredith Hatfield noted that the first correction was on Page 8 of the minutes - Kate Hartnett actually said that "you cannot get any renewable dessert until you get your energy efficiency vegetables" and Chairman Ober noted that a sentence of clarification should be added to Commissioner Below's discussion of proposed legislative changes to RSA 374-F:4,VIII(e) made at the last meeting, noting that the EESE board did not formally endorse any changes to the statute. The motion for adoption was unanimously approved subject to those changes being made.

2. Chairman's Remarks

Chairman Ober reviewed the agenda with the board. He stated that the he wanted to keep the idea of beacon projects alive as well as balancing this idea with more widespread projects and he urged continuing discussions in the sub-committee work groups.

Chairman Ober brought copies of the Climate Action Plan to the meeting for members that may not already have had a copy. He noted that the first meeting of the Energy and Climate Collaborative would be meeting Thursday May 14, 2009 from 2 P.M. to 5 P.M. in the library of the NH Historical Society. He also noted that the last few pages of the Climate Action Plan (Chapter 6) could provide more information on the collaborative and that a list of collaborative members could be found on the DES website or the EESE web page.

3. Updates

RGGI

Jack Ruderman spoke to the board regarding the Greenhouse Gas Emissions Reduction Fund RFP. He noted that there were 84 grant proposals received totaling \$50 million and given the breadth of the proposals it was challenging to compare the projects to one another. Ultimately the RFP's were divided into 2 groups - 1 group for foundational programs (outreach, financing, job development, education, etc.) with long-term impact and 1 group for specific projects that will produce energy and emission savings in the short term. He noted that this was done because it makes sense to choose some programs first in order to lay out the initial infrastructure and then turn to implementing projects.

Jack noted that Chairman Ober and Eric Steltzer were asked to serve on the review advisory panel for the RFP selection. The review panel also includes the three PUC Commissioners and Jack. Final funding decisions will be made by the Commissioners.

Jack noted that Chairman Ober suggested further dividing the proposals into 8 categories: job development, revolving loan funds, outreach and education, monitoring and measurement, single project - public, single project - non-profit or educational, single project - commercial, and the last category for projects with multiple objectives.

The PUC expects to notify everyone by the end of June as to who will receive funding and who will not. The agreements go to the Attorney General's office for review and then to the Dept. of Administrative Services, and ultimately to the Governor and Executive Council for approval at the July or August meeting.

Meredith Hatfield wondered if the PUC would be providing feedback to those who were not chosen for first round funding so that they could see what needed improvement. Jack noted that there would be feedback provided in addition to a score given to each proposal as determined by the review panel so that applicants can see their score and try to improve for possible future proposals.

Clifton Below noted that many of the proposals received are for funding distribution over time so the PUC is seeking legislative clarification about how much they can fund and when they can fund it. (See later agenda item) A guest asked if priority would be given to current applicants in future RFP's. Jack said likely not because many aspects of the request will have changed, such as the criteria of the RFP and the economy.

Another guest asked if there was a way to combine like proposals. Jack noted that it would be unfair to revise/resubmit some of the proposals that were received and not all of them.

ARRA

Eric Steltzer addressed staffing concerns at OEP which were previously brought up at EESE board meetings. He explained that there will now be 2 people overseeing the State Energy Program: Mary Downes and newly hired, Laura Richardson. Dari Sassan will oversee the Energy Efficiency and Conservation Block Grant Program. Andy Gray continues to oversee the Federal Weatherization program along with newly hired, Nancy Gamble. Eric Steltzer will continue to oversee public policy. Kate Baddas was hired as the administrative assistant and a position for a compliance supervisor was listed in the paper on Sunday, May 3, 2009.

Eric also noted that the public hearing for the Weatherization program was held on May 7, 2009. The hearing was successful and well attended with over 15-20 people voicing their comments. Andy Gray and Nancy Gamble are now working to try to incorporate all public comments into the final application due from OEP on May 12, 2009. Eric noted that if anyone would like to be added to the email alert list for this program, to let him know.

Eric also noted that OEP was working on the application for the Energy Efficiency and Conservation Block Grant Program which was due on May 26, 2009 and the State Energy Program which is due on May 12, 2009 for funding from the American Recovery and Reinvestment Act (ARRA) and May 15, 2009 for regular annual funding.

Chairman Ober reminded everyone that all energy related ARRA funds would be going through the Office of Energy & Planning (OEP) and for more information to see the OEP or EESE board website for previous meeting minutes.

John Puc wondered if an RFP would be issued for program funding areas. Eric stated that an RFP would be issued for certain funds. He also noted that everything would be under review of the US Dept. of Energy.

Charlie Niebling wondered if there was any more information available regarding the State Energy Program that Amy Ignatius had previously discussed with the board. Eric Steltzer noted that there was not a whole lot more information available since the last meeting but that more details would be become available after May 12, 2009 when the application is submitted because it would become public information.

Taylor Caswell wondered if Eric had heard anything regarding a Memorandum of Understanding (MOU) which was signed by the Dept. of Housing and Urban Development (HUD) and the Department of Energy (DOE) regarding the use of ARRA weatherization funds. Eric noted that although he had not heard many details regarding the MOU, he noted that he believed it was in regard to HUD income eligibility being the same as the Federal weatherization eligibility and the possibility of not having to separately apply for weatherization as long as an individual applied with HUD.

Legislation

Charlie Niebling noted that the so called "boiler bill" (SB98) was steaming right along. He noted that the House Committee was more receptive to acting now rather than studying the matter but as of right now the bill has passed in the Senate as a bill implemented to form a study committee only. He also noted that the bill looks at European code standards rather than the ASME Standard used and regulated now by the Dept. of Labor.

Bill Gabler noted that SB127 which makes renewable energy facilities eligible for certain bonds issued by municipalities and business and industrial development authorities has passed both the House and Senate. This bill was sponsored by Senator Martha Fuller Clark.

Clifton Below spoke to the board regarding suggested amendments he submitted to HB61. He noted that there were 4 suggested amendments.

This first proposed amendment was to repeal RSA 374-F:4,VIII(e) which states that

(e) Targeted conservation and load management programs and incentives that are part of a strategy to minimize distribution costs shall be included in the distribution charge and not in the system benefits charge.

Clifton noted that NH ratepayers who pay an electric utility distribution charge also pay the system benefits charge and removing this provision would remove an obstacle to focusing demand response, conservation, and efficiency activities on overloaded circuits.

Jim Grady expressed his concern regarding the suggested change to RSA 374-F:4, VIII(e) which currently keeps electric utility distribution charges separate from the Systems Benefit Charge. He noted that this could be damaging to ongoing industrial and commercial energy efficiency programs. Jim noted that recent history indicated that during the 2008 year a utility had committed their entire year's efficiency budget by the second quarter and that this year may be tight as well. He suggested that the core electric utilities report to the board regarding the adequacy of SBC funds to meet expected demand for the remainder of the year. Due to time constraints, Chairman Ober suggested that the issue be addressed at a later time.

Meredith Hatfield noted that the Office of Consumer Advocate agreed with this suggested change because any proposed use of the SBC funds in this manner would be fully reviewed in a PUC docket on the SBC-funded efficiency programs, so that parties including the OCA can review any proposals and require the utilities to provide their analysis.

Dan Feltes apologized for not addressing his concerns at the last meeting when this issue was brought up. He reported that NH Legal Assistance does not agree with the proposed amendment. He suggested that complex policy issues like this be clearly explained and that it should be clear whether the board is being asked to support any specific policy changes.

The Senate Committee approved this portion of the amendment.

Clifton and Jack discussed the second suggested amendment to HB61 which was to:

2. Extend the expiration date of the NH Code of Admin. Rules Puc 2600, Greenhouse Gas Emissions Reduction Fund Rules, from 6/30/09 to 12/31/09 or earlier if final rules are adopted before that date.

Clifton noted that this PUC wishes to complete the first funding cycle under the interim rules before beginning the process of proposing regular rules in order for the Commission to use its experience to inform the initial proposal and expectantly improve the administration of the fund.

There has been no action on this provision yet.

Clifton next discussed the third provision to HB61 to:

3. Amend RSA 125-O:23 by inserting after paragraph VII, the following new paragraph:

VIII. The Commission may make grants and loans of money from the fund that are contingent upon proceeds from future auctions of allowances being deposited into the fund.

Clifton noted that the PUC wanted to be able to take a project that needed multiple disbursements (i.e. \$500,000 in 2009 and \$500,000 in 2010) to the Governor and Executive Council for approval but be able to get the entire project approved (including all of its disbursements) during the G&C meeting. The PUC sought to avoid having to present projects to the G&C every time a new disbursement was to be made if the project is not funded up front. This amendment would also make any future funding disbursements contingent on the funds being available from future allowance auctions.

The Senate Committee approved this portion of the amendment.

The final amendment to HB61 presented was to:

4. Amend RSA 125-O:5-a by inserting after paragraph VII, the following new paragraph:

VIII. Notwithstanding RSA 363:12, III and IV, members of the commission and its staff are not precluded from discussing policy matters to assist the board in fulfilling its duties at publicly noticed meetings of the board or its subcommittees.

Clifton notes that this cautionary amendment is in regard to what a Commissioner or Commission Staff can discuss outside of a hearing and provides flexibility on this level without undermining the adjudicative process. He noted that the problem arises when the duties of the EESE board work collaboratively with matters pending before the Commission. He noted that it would be valuable if Commissioners and Staff could respond to questions and join discussions on policy matters even if they touch upon matters pending before the Commission, without excusing the Commissioner or Staff from avoiding impropriety and impartiality.

Jack Ruderman noted that Senator Jeb Bradley asked for a public hearing on the matter or that the matter be added to another bill, if necessary due to deadlines, in order to allow for a public process.

Dan Feltes noted that he often comes before the Commission for adjudicative proceedings. He noted that this amendment does not specifically state anything regarding these proceedings or RSA 541-A and ex-parte communication. He noted that he believe the intent of the amendment is a good one but has concerns with it.

Meredith Hatfield noted that either she or Jack Ruderman would email everyone when the public hearing was scheduled in case anyone wanted to attend.

Chairman Ober noted that when a board member goes before the legislature, it is very important to be clear to note whether the EESE board endorses the matter or not. He also noted that it would be a rare occurrence that the board would take a position on responsive measures but we can always discuss the matters at meetings. It is important to clarify the positions of the board and the individual.

Dan Feltes added that if someone is approached for an endorsement of the EESE board then it is important to reach out to Chairman Ober as soon as possible so that the matter can be placed on the agenda. The board will not be prepared for 'on the spot' decisions and needs to discuss matters with the board and other parties before making any decisions. Meredith Hatfield noted that this was one of the great parts about the EESE board - people learn a lot at these meetings and it's important for people to know that they can come here to discuss matters and gather information.

Lastly, Jack Ruderman noted that the legislation that created the PUC's residential rebate program set a limit of 10% of funds to be used for solar residential or small wind. He thinks that this 10% figure will not be enough based on the amount of calls and emails being received about the program. There are no proposed changes to the legislation at this time.

Rep. David Borden asked if at the next meeting there could be discussion regarding all of the bills passed so far this session which may be of interest to the EESE Board. Chairman Ober thought that was a great idea and asked Rep. Borden to draft a concise list of bills passed as well as possible policy changes that may be needed next year or in coming years to be discussed at the June 12th EESE board meeting. Rep. Borden agreed.

George Gantz from Unitil shared a media release with the board regarding a collaborative 3 year program in Massachusetts which provides for approximately \$4 billion investment in their core efficiency programs. The funding sources will be through ratepayers, RGGI funds, ARRA funds, SBC, etc. He noted that this is a big and bold effort in Massachusetts.

Finally, Meredith Hatfield noted that although she could not speak directly regarding the case, she wanted to inform everyone that Unitil and PSNH have requested a fuel blind pilot program for home energy solutions as part of their CORE energy filings and more information on this docket could be found on the PUC website.

She also noted that the Unitil and National Grid gas energy efficiency programs are currently under review by the Commission. They are generally reviewed every 3 years by the Commission but the utilities have proposed for review every 20 months in their proposal. The goal being that by 1/1/2011, we will have a more integrated approach and hopefully we can learn more from the Massachusetts collaborative at that time.

4. Work Groups: Focus on the Public Sector Work Group

Rep. David Borden presented informative slides regarding the Public Sector Work Group. Some topics featured in the presentation were:

- Energy Stars and Inefficiency
- Educational, Government, Non-Profit and Private funding sources
- Framework for Municipal energy efficiency and sustainable energy
- Needs: Inventory, Priority, Audits, Action and Measurement
- Identification of Resources: Non-Profit, Private and Public Sector
- Processes for Energy Efficiency in Towns

Rep. Borden also distributed slides from another presentation which he found helpful and informative. The presentation is entitled, Rapid Deployment Energy Efficiency Tool Kit and was presented by Cindy Jacobs.

BREAK - The meeting recessed at 10:46 a.m. for a short break and resumed at 11:03 a.m.

5. Challenges and Opportunities in Renewable Energy - Part I

Joanne Morin discussed 2 reports released at the end of 2008 regarding the Renewable Portfolio Standard (RPS), The Clean Energy States Alliance Progress Report: Review of State Renewable Portfolio Standard Programs in the Northeast & Mid-Atlantic Regions as well as the Massachusetts Annual RPS Compliance Report for 2007. She noted that she took some of her favorite charts, graphs and text from those reports and presented a handout to the board. She noted that the reports were excellent and recommended that everyone look at them.

Jack Ruderman also discussed RPS. He noted that the Renewable Portfolio Standard law, RSA 362-F, was enacted in 2007 and created 4 renewable energy classes:

Class 1: New Sources beginning operation after January 2006.

Class 2: New Solar Facilities beginning operating after January 2006.

Class 3: Existing Biomass Facilities (which began operation prior to January 2006)

Class 4: Small Existing Hydroelectric facilities, under 5 megawatts, (which began operation prior to January 2006)

He noted that the PUC now receives applications for facility eligibility and certification in one of the 4 classes. Applications are reviewed by Maureen Reno at the PUC. He also noted that since 2007, 54 applications have been received, 31 facilities have been approved (7 of which are in NH, 15 in New England, and 9 in NY which is considered an adjacent control area).

Jack noted that the most development has been in Class 1 with 14 facilities certified for over 156 megawatts of clean power. 6 facilities have been certified for Class 2 eligibility for approximately 2 megawatts worth of solar power. 8 facilities have been certified for Class 3 eligibility consisting of approximately 86 megawatts of biomass and 5 facilities have been certified for Class 4 eligibility consisting of approximately 8 megawatts of hydroelectric power. He discussed alternative compliance payments (ACP's) and the fact that we will not know how much to expect in ACP's for 2008 until the report is issued in July. Currently, the estimate is approximately \$4 million.

The RPS rules state that all ACP's are to be deposited into the renewable energy fund (REF). 10% of the funds are to be used for the residential rebate program (based on the \$4 million figure, the Commission should have approximately \$400,000). The Commission shall also allocate 20% or more for larger installations of more than 100 megawatts (based on the \$4 million figure, the Commission should have approximately \$800,000) and the remaining 70% are to be distributed through the RFP process.

Jack noted his concern that the REF may be under funded now and in the future. He noted that this program will be retroactive back to 2007 so we have 2 years worth of projects and potentially only having \$400,000 to work with. He also noted that there is a maximum benefit per project of \$6,000.00. He also noted that the amount of funds from ACP's into the REF will fluctuate and that the funding mechanism is very unpredictable which could mean that we have much less money to work with in the future. He worries that running low or rationing funds as well as running out of funds could be very bad for NH.

Jack noted that the Commission will have a technical session on the Residential Rebate Program on May 15, 2009 at 10 AM in Hearing Room A at the PUC and all were welcome.

George Gantz from Unutil presented slides to the board regarding Distributed Energy Resources and the Energy Challenge of the 21st Century. His presentation featured topics such as:

- Visions of the Future
- Changing Policy Environment
- Distribution Utility as a DER Enabler
- Policy Alignment
- The SB 451 Model
- What are Distributed Energy Resources and what are the benefits?
- Benefit Screening Models

Charlie Niebling followed by presenting slides to the board regarding Issues and Opportunities with Thermal Renewable Energy in NH. His presentation featured topics such as:

- Total Energy Consumption in the USA
- What is Thermal Renewable Energy and Examples of the same
- How NH Heat's their Homes
- Chart: Percentage of NH Households whose primary heating method is oil
- Pellet stoves
- The future
- ProPell Energy
- Industrial Combustion and District Heating
- Combined Heat and Power
- Public Policy
- RGGI and RPS support of Thermal Renewables
- Thermal Renewable Study
- Challenges and Alternatives

Rep. David Borden noted that only approximately 10 cents on the dollar of the \$300 million spent on oil in NH stays in NH. He wondered how much could stay in NH or in this region with thermal power. Charlie noted that close to 100% of funds would stay in our region with thermal energy.

Lastly, Laura Richardson and Clay Mitchell from the NH Sustainable Energy Association (NH SEA) presented slides to the board regarding Challenges and Opportunities for Renewable Energy in NH. Their presentation featured topics such as:

- The Mission, Focus and Action of the NH SEA
- Opportunities, Funding, Challenges and Solutions
- Vision: Both long term and short term

- Grass roots efforts
- Case Studies
- Power Purchase Agreements and Service Contracts
- Third Party Financing and Municipal Financing

Clay Mitchell also briefly discussed ideas he has for specific policy changes that are needed to remove barriers to renewables.

Meredith Hatfield apologized to the presenters for running out of time, and suggested that the Board continue the discussion on the presentations at a future meeting. She stated that Clay's suggestions for specific policy changes that are needed, as well as Charlie's suggestions for alternative approaches to promote thermal renewables, should be discussed and considered by the Board.

6. New Business/Roundtable

Chairman Ober noted that since EESE board meeting agenda's are generally very full and sometimes run over the allotted time, he asked for the board's input on meeting more frequently or extending the meetings. The board preferred extending the meetings rather than meeting more frequently so every other meeting will now be held from 9 AM to 2 PM with lunch provided. This schedule will begin at the June 12th meeting.

The next meeting of the ESSE board is scheduled for Friday, June 12, 2009 from 9 A.M - 2 P.M. at the PUC (Hearing Room A).

Subsequent meetings of the EESE Board are scheduled for July 10, 2009 from 9 A.M. - 12 P.M. and August 14, 2009 from 9 A.M. - 2 P.M. (the second Friday of every month) and will be held at the NH PUC, Hearing Room A, 21 South Fruit Street, Concord, NH 03301.

There being no other business to come before the board, Chairman Ober adjourned the meeting at 12:08 p.m.