



Steering Committee
October 24, 2008 10-12noon - Conference Call
Notes and Action Items
(Submitted October 31, 2008)

Participating Steering Committee Members and Representatives:

Co-Chairs: Sharon Reishus (ME Public Utilities Commission)
Paul DeCotis (NY Governor's Office)
Bob Curry, Floyd Barwig and Mike Townsley (NY Public Service Commission)
Calvin Timmerman and Crissy Godfrey (for Larry Brenner - MD Public Service Commission)
Walt Auburn (MD Energy Administration)
Jack Betkoski and Cindy Jacobs (CT Dept of Public Utility Control)
Arthur Marin (Northeast States for Coordinated Air Use Management)
Andrea Maucher (for Arnetta McRae - DE Public Service Commission)
Rick Morgan and Dan Cleverdon (DC Public Service Commission)
Jim Volz and Pam Stonier (VT Public Service Board)
Tim Woolf (MA Department of Public Utilities)
Mona Mosser (for Jeanne Fox - NJ Board of Public Utilities)
Clifton Below (NH Public Utilities Commission)
Nancy Seidman (MA Dept. of Environment Protection)
Protocol Development Committee Co-Chairs – Jeff Schlegel (standing for absent co-chairs)
R&E Committee Co-Chair – Jeremy Newberger (National Grid)
NEEP Staff – Sue Coakley, Elizabeth Titus and Julie Michals

The conference call began at 10:00am

1. Introductions and Meeting Objectives

Sue Coakley welcomed the Steering Committee members and the other participants. The meeting participants introduced themselves. Ms. Coakley introduced the overarching goal of the meeting - to recommend projects and budget and cost allocation methodology for 2009 to NEEP Board of Directors for their consideration. Ms. Coakley clarified that purpose of the Steering Committee call was not to request commitments to specific projects or funding, due to fact that it is not possible for participants to make such commitments at this time, but to establish dates to confirm how states will fund the Forum activities, and when they can commit funding. Ms. Coakley noted that since July 2008, NEEP staff has met or spoken with every state – including Steering committee members, PUC staff, and Project Committees to identify and prioritize regional and sub-region projects, and to develop a proposed cost allocation framework for consideration today.

Ms. Reishus reviewed the meeting objectives, which identifies the specific Steering Committee action items to be addressed during the call.

2. July 30 Meeting Notes Approved, and Operational Guidelines Finalized

Ms. Reishus and Mr. DeCotis suggested the July 30 meeting notes be approved. In lieu of roll call votes, they asked if anyone objected. At no such objections, July 30 meeting notes were approved. Ms. Reishus recommended the Forum Operational Guidelines be adopted, with change that a NEEP Board member will not have a vote on the Steering Committee. At no objections, the Forum Operational Guidelines will be edited to reflect this change, and will be posted as Final to the Forum website.

As reference for balance of the meeting, Ms. Michals quickly reviewed the Steering Committee decision making process, as laid out in the Operational Guidelines, via webcast to ensure that all participants were familiar with process.

Action Item:

- NEEP to post Final Forum Operational Guidelines to Forum website, reflecting change regarding NEEP Board of Director non-voting status noted above.

3. Forum Projects – Overview and Status of State Interest

Ms. Michals, Ms. Titus and Project Committee co-chairs provided a high level overview of Forum Operations & Admin (Base Costs), 3rd Party Contracted Projects and Budget, and State Interest in Projects to date, noting where some projects are dependent on another or not. Project A1: Glossary of Terms and Definitions. This project is underway.

Project A2: Common EM&V Methods and Survey of Savings Assumptions. Jeff Schlegel provided an overview of the project emphasizing its importance to increase credibility of savings impacts in light of significant differences across states. Mr. Schlegel explained that the “methods” part of this project involves collecting and reviewing current practice in states and recommend best practices guidelines for electricity and gas programs, while work on savings/input assumptions and algorithms used would be a more detailed effort, but makes sense to do them together. There would be no field or site review work involved, the main expense is that this covers a large number of states and large number of programs, end uses and measures, and there is some significant variation across states in organization, presentation of information as well as differences in approaches and values. Ms. Michals clarified that outcome of this project would not be to expect that the Steering Committee adopt the recommendations as prescriptive, rather they are voluntary and would serve as best practices, and provide transparency in assumptions used by each states. Commissioner Curry asked whether ISOs in any of the relevant states involved given the importance of addressing reliability of EE resources. Ms. Michals indicated some ISOs were involved early on in helping scope the function of the EM&V Forum and supported the Forum goals (ISO-NE and NY ISO), but their active participation has not yet been confirmed nor pursued at this stage. Project #A3 – Develop Common Reporting Guidelines. Ms. Michals indicated this project is important to air and energy regulators, however, program administrators are less interested and have expressed concern about additional reporting requirements over and above what is currently required by their state.

Project #A4 – M&V Protocol Development in Capacity Markets. These sub-region projects involve small contractor budgets to ensure we have technical expertise available to help inform M&V protocol development/amendments in the ISO-NE and PJM capacity markets, and recognizing coordinated efforts to develop consistent protocols across the region, including any national protocol development for energy efficiency resources by the North American Energy Standards Board (NAESB) in 2009.

Project #A5 – Develop Common Savings Assumptions/Algorithms. Ms. Michals describe this project as a possible sub-region (Mid-Atlantic states) project that requires further discussion with mid-Atlantic states and maybe NJ and NY to identify timing of need and coordination with NY's EEPS.

Project #B1: Load Shape Study: Chris Neme summarized the purpose of the loadshape project which is to establish the time at which program administrators are generating savings, which is very important to energy efficiency programs, capacity markets, and air regulators. Energy and peak demand savings have different value at different times. This information is useful for program planning, and for meeting ISO needs for claims in the Forward Capacity Market. Utilities did load research in 80's and 90's, but there has been very little done in recent years. Because it is not easy or cheap, current savings are based on dated information. Phase 1 is to identify what is currently available, and Phase 2 is to fill in gaps identified as result of Phase 1. There is wide support for this project.

Project #B2: Commercial Lighting Measure Life and Persistence Study: Jeremy Newberger summarized reason for this project, which is to update inputs used in developing impact estimate for an important end use in the region. Mona Mosser from NJ BPU inquired whether this project was important for New England because it doesn't have such data available, whereas in New Jersey, Ms. Mosser noted a lot of work on persistence some years ago. Mr. Newberger indicated that New England states have information on measure life, but plan for this project is to take a closer look at persistence and update existing data. One phase is to look at what other people have claimed for measure life, followed by field-based research. The plan is to get this RFP out in 2008 and have work done in 2009.

Project #B3 - Scoping Projects on Net Savings and Codes & Standards: Elizabeth Titus indicated these are projects of interest for 2009, but more preliminary than the other projects and require further scoping. Another project, how programs change consumer behavior, is recommended for 2010.

Commissioner Morgan asked for clarification regarding distinction between core vs non-core projects. Ms. Michals clarified that we are no longer dividing the projects up into these categories but rather using distinction of "regional" vs "sub-regional" projects.

Action Item:

- NEEP staff to follow up with states to finalize state interest in specific projects by end of November, including sub-regional projects, and identify projects that get tabled or moved to 2010.

4. Cost Allocation Framework

Sue Coakley provided a summary of proposed cost allocation framework, with minimum level scenarios. Ms. Coakley reviewed the budget overall and identified foundation and

grant funding. The base costs in the budget would be provided by state funding and has modestly increased since July. Main change is in 3rd party contractor cost estimates, due to contingency fee, refined project scopes, and added projects. In terms of cost allocation, the goals of the methodology are to be: fair, simple, transparent, and reflect range of types of resources (e.g., gas and electric) that the Forum plans to address. Two issues to discuss today: what factor should be used to establish cost allocation, and should there be a minimum funding level? NEEP shared two cost allocation schemes – MWh only, or combined MWh and MMBTUs – where the difference in results is relatively minor since MWHs largely outweighs MMBTUs (gas consumption) in each state. NEEP also presented a minimum base cost strategy where: a) no state pays less than 5% of base costs, with remainder allocated by the allocation factor; or b) no state pays less than 5% of overall costs, with remainder allocated by the allocation factor.

Clifton Below noted that the cost allocation percentages for MWH vs MMBTU blend were slightly off. NEEP indicated these would be corrected. There was agreement from the Steering Committee members that a blended MWH/MMBTU allocation factor made sense. The discussion turned to voting on 5 issues/questions presented to the Steering Committee.

5. Steering Committee Decisions on Five Issues

Issue #1. Does the Steering Committee recommend the set of proposed Forum Projects and an estimated budget of \$2.234 million to the NEEP Board of Directors to include in its 2009 Business Plan?

The Committee agreed to recommend the proposed set of projects and budget with the caveat that as part of the plan there should be a prioritization of projects so that if full funding is not committed, then some projects get pushed out to the following year.

Issue #2. Does the Summary Table of State Interest in the Forum Projects reflect the Steering Committee members' respective state interest in projects at this point?

This issue was not voted on as it would be too tedious to go over each project – rather NEEP will contact each state to finalize its interest. NEEP will aim to confirm state interest by end of November.

Issue #3. Does the Steering Committee recommend to the NEEP Board:

- a. *A cost allocation framework using a combination of MWH and MMBTUs to allocate Forum costs across the states?*
- b. *A cost allocation framework that applies a 5% minimum level of funding to all participating states (on either Base or Total Costs)?*

On Issue 3a – the Steering Committee agreed to use a combined/blended MWH and MMBTU cost allocation factor.

On Issue 3b – Maine, New Hampshire and Vermont could support a minimum on base costs, but has a hard time with minimum on every project. Commissioner Morgan asked what the rationale was for the minimum, and that it would be a harder sell for smaller states. Calvin

Timmerman responded that it was more equitable, particularly more palatable for the states with very large shares. Tim Woolf noted that there is no need for a minimum, as it represents a small portion of the budget, and it would be unfortunate if a small state has to back out because it is too large a cost. Commissioner Morgan concurred that a minimum creates barriers that would make it hard to participate. Placing the minimum just on base cost is a hurdle DC may be able to get over.

Ms. Coakley proposed a 5% minimum on base costs, and allocation of a blended MWH/MMBTU but no minimum on project costs. Commissioner Morgan indicated that works fine with this number of states at the table, and conceptually it works fine with additional states. But if we start changing the number of states (fewer participate), it might become a challenge. Ms. Mosser indicated that New Jersey would move in the direction of pulling out if the 5% minimum was not applied to all costs. Mr. Timmerman noted that if Maryland is paying \$34k for base costs and small states are paying \$3k then they still have some of the same concerns as New Jersey. Mr. Timmerman suggested the Committee consider increasing the base percentage. Clifton Below noted that in New England ISO dealings, the precedent is that costs are shared proportional to load. In PJM, there is no membership fee and so no precedent for cost sharing. Commission Volz from Vermont noted that if New Jersey's position is that minimum on total cost is only position acceptable, then would be hard for Vermont to participate, but perhaps would be willing to consider something higher than 5% minimum on base costs. However, there is a stronger argument for straight allocation instead of minimum. Allocation based on load reflects usage and ability to pay.

Mike Townsley noted that New York supports a minimum on the base cost allocations, and with respect to projects, there should be some flexibility. He observed that depending on how participation shapes out on a project, there may be some merit on allowing participants to negotiate an allocation.

Sharon Reishus concluded that the Steering Committee did not have a consensus. She suggested considering 10% minimum on base, and that NEEP staff develop additional tables for consideration. Mr. Morgan noted that DC could live with 5% on base, but not 10%. Andrea Maucher (Delaware PSC) noted that if New Jersey pulls out, it will change dynamics. Are there any other states that have same concern? Ms. Mosser indicated that if there were another proposal that might allocate things differently, like higher percentage on base costs, she would be willing to go back to President Jeanne Fox at New Jersey BPU to discuss it.

Issue #4. Does the Steering Committee agree to confirm their respective state's funding source(s) for EM&V Forum activities by December 10, 2008?

Ms. Coakley asked if states could agree to the December 10 timeframe to confirm how they will fund the EM&V Forum (i.e. from what source(s)). Some states (CT, MA, VT, ME) agreed to this date while others (DC, MD, NY) indicated uncertainty or it unlikely that this information could be confirmed by then. The discussion settled on December 10 as the target date, but recognizing that some states will need more time.

Issue #5. Does the Steering Committee agree to confirm their respective state's specific level of funding for the EM&V Forum by January 30, 2009?

Sue Coakley noted that NEEP will not be able to contract research unless it has funding commitments for that research in the form of a contract or purchase order. The Steering Committee agreed to the January 30, 2009 date for confirming funding, with some states indicating this date would help push them to meet this schedule.

Action Items on Issues #1-5:

- NEEP to obtain final input from states on interest in specific projects for 2009, and identify projects that get tabled or moved to 2010.
- NEEP staff to develop additional cost allocation tables reflecting any changes to state participation in Forum projects based on above outreach, and run additional minimum funding level scenarios on Base Costs.
- Steering Committee members to confirm funding source(s) for EM&V Forum by December 10, 2008, recognizing not all states can meet this target date.
- Steering Committee members to confirm funding commitment by January 30, 2009.

5. Next Steps

- NEEP to provide the Steering Committee with revised materials noted above.
- NEEP will schedule next Quarterly Steering Committee for January 2009.

6. Adjourn

The conference call was adjourned at 12:12pm.