

## **SEU Advisory Board**

### **Meeting Minutes**

**Monday, April 8, 2013**

#### **I. Call to order**

Keith Anderson, Chair, called to order the meeting of the SEU Advisory Board at 10:15 am Monday, April 8, 2013 at the District Department of Environment, 1200 First Street, N.E. Washington, D.C.

#### **Roll call**

**SEU Advisory Board:** Keith Anderson, Betty Ann Kane, Dr. Donna Cooper, Daniel Wedderburn, Bernice McIntyre, Joseph Andronaco, Larry Martin, Jermaine Brown, Sandra Mattavous-Frye, John Mizroch

**Absent Board Members:** Nicole Snarski

**Other Attendees:** Taresa Lawrence, Ted Trabue, Veronique Marier, Hussain Karim, Herb Jones, Marcus Walker, Dan Cleverdon, Lance Loncke, Lynora Hall, Olayinka Kolawole, George Nichols, Brian Gallagher, Daniel White, Pamela Nelson, Mohamed Ali, Chris Vanarsdale, Melissa Adams, Karim Marshall, Dave Good, Meg Moga, Robert Jose, Steve Seuser, Nicole Sitaraman, Emil King, Nicole Rentz, Chris Van Arsdale, Mike DeBonis

#### **Approval of agenda and minutes from the last meeting.**

The agenda was approved. The Board adopted the minutes with minor corrections to be submitted by Larry Martin. The Structure and Finance Subcommittee notes incorrectly spelled Bernice McIntyre's last name.

#### **II. Official Business**

Mr. Anderson opened the meeting by discussing the EM&V report. He stated that DDOE received the report during the prior week from Tetra Tech. He also noted that in conversations with them on the report, some good facts and recommendations have been submitted.

**Larry Martin – Structure and Finance Subcommittee:** The subcommittee met on February 13, 2013 and discussed three motions and resolutions to be discussed at today's meeting.

**Motion One:** One of the motions was in regard to recording and posting the meeting minutes on the DDOE website. The subcommittee recommended that DDOE purchase a better recorder for the meetings. Lance Loncke informed the Board that, after discussion with the IT staff, the recording are too large to post on the site and that other alternatives are being looked into. Chairman Betty Ann Kane offered assistance from her office on how the PSC posts its meetings. The audio of the meetings can be provided by request on CD. The motion was approved with one abstention by Keith Anderson.

**Motion Two:** The creation of a Vice Chair to aid the Chair to carry out his/her functions providing for uninterrupted Board activity when the Chair is absent, and an Executive Committee to develop the meeting agendas and relevant information for upcoming meetings. Joe Andronaco asked whether the By-Laws needed to be changed to reflect this. Hussain Karim indicated that the next step would be for the By-Laws committee to meet to make the changes, which would then be submitted to the Office of the Attorney General (OAG) for approval. If approved, the Board would then vote on the motion at the next SEU Advisory Board meeting. The motion was approved with one abstention by Keith Anderson.

**Motion Three:** The Structure and Finance Committee identified structural and financial obstacles to optimization of the DC SEU programs. There were several concerns regarding the DC SEU, including their ability to spend all of the funding by the end of the year; and that they meet the performance benchmarks every year.

The third motion was a resolution for an integrated approach for modifications to the SEU that will comprehensively address the identified obstacles. This approach would involve:

PHASE ONE [1<sup>st</sup> half of 2013]

Objectives: Through June 2013 a small team of SEUAB members, SEU management, and DDOE contract management will meet to:

1. Draft revised contract language for a future contract program period (year).
2. Develop consensus on recommendations to amend elements of the CAEA.

The amended contract language would revise annual spending requirements and performance assessment to better enable longer-term and deeper efficiency projects that may exceed an annual program year; characterize necessary conditions to allow a performance period's budget to carry forward; detail which performance measures should apply on an annual basis and which should be modified to focus on multi-year performance; characterize how the reward structure can be modified to ensure that it best rewards the efforts that lead to most effective program outcomes; and clarify DDOE responsibility for SEU programmatic review *or* approval.

Provisions in the CAEA that limit the SEU's effectiveness include:

- how SETF can be spent or committed by the SEU;
- annual requirement to meet social benefit test;
- the absence of an organizational home that would better enable contractual relationships with partnering organizations, sub-contractors and clients, facilitate bidding into the PJM Forward Demand Auction, and transitioning between contracts should that ever occur.
- Insufficient separation of funding source from the District treasury such that the SEU is subject unnecessarily to the government anti-deficiency clause. The remedy is to establish the SETF with a third party fiscal agent such that funds flow directly from the levied fee on the gas and electric utilities to the SETF without passing through the DC treasury or annual budget process.

## PHASE TWO [Mid-2013]

Objective: In advance of and preparation for the next contract award, the SEUAB will consider the small group's recommendations and pass a resolution (or not).

## PHASE THREE

Objectives: Advise DDOE on any adjustments to contract language for out years.  
Formalize recommendations to the Mayor and City Council for amendment(s) to the CAEA.

Ms. McIntyre commented that it would be helpful to be able to recommend a review of the statutory goals while prioritizing the benchmarks. Mr. Martin indicated his motion permitted such input from Board members. The motion was approved by the Board.

**Teri Lutz and Carol Sabo, Tetra Tech:** Ms. Lutz presented a PowerPoint presentation that outlined the information provided to DDOE on the EM&V findings for FY2012. The topics outlined below were discussed at the meeting:

- FY2012 Portfolio Savings
- FY2012 Results Evaluation Activities
- FY2012 Performance Benchmark Verified Results
- Performance Benchmarks – Initial Reasonableness Review
- FY 2012 Reported vs. Verified by Sector (MWh, kW, mcf)
- Early Process Evaluation Findings
- FY2013 Opportunities
- Next Steps

Joe Andronaco asked how much money was spent on each project, and how much money was spent in total. He also asked about the cost analysis. Ms. Sabo spoke on the Societal Benefit Test. The cost effectiveness test was run by measures and then rolled up to the program level. Tetra Tech worked with costs provided by the DC SEU.

On the performance benchmark for the gas spend, Ms. McIntyre asked whether the goal was set too high to meet or whether it would not be met in the next fiscal year. Ms. Lutz said that she was not saying that it will not be met. It was also noted that Tetra Tech did not provide information on mcf data for natural gas. Ms. McIntyre stated that the DC SEU is spending millions of dollars of gas ratepayers money and Tetra Tech did not bother to show gas spend. Ms. Lutz noted that Tetra Tech did not include gas spend because they did not have the true data to support the gas spend programs. Ms. McIntyre replied that the report should be transparent and show areas where the DC SEU spending has issues/problems. Therefore, the report should be revised to include the gas information.

Dan Wedderburn asked about costs and savings: if \$20 million dollars is spent, what would you get back monetized? Ms. Lutz stated that she does not have the information but can get back to him with it. She asked whether he was interested in FY2012 or the five months of FY2013? He responded FY2012. The next steps for Tetra Tech would be to have the data ready within the next couple of weeks and to submit the final DC SEU report to DDOE.

The issue of funding is critical. Eighty percent (80%) of the funding is from electric and twenty percent (20%) from gas. Ms. McIntyre asked if gas should be removed from the goal. It was noted that Vermont did not have gas programs, they had propane, so the question arose to whether it is a realistic goal the way it is setup? Dr. Loncke said that we should adjust the benchmark for the gas savings given the funding. Sandra Mattavous-Frye said that the Board should not consider removing gas spend but adjust the level. Chairman Kane said that at least 150 renewable projects are needed to make the cost analysis effective. The Public Service Commission in FY2012 shows projects which are installed, interconnected, certified, and registered with PJM. There are 170 Solar PV and Solar Thermal projects. An increase of three (3) MW was completed in the District. It was asked how does one filter out savings in the evaluation process that are occurring because of other factors, and specifically focus on savings attributable to an action by the DC SEU. Ms. Lutz said that is part of an attribution assessment where annual spillovers are taken into account. In addition to actual programs funded in various neighborhoods by the DC SEU, other homeowners took advantage of the technology, but not through the DC SEU.

With regard to the low-income focus for FY2012, as the programs expand to include non-low-income customers, the evaluators will perform an assessment to determine how much is actually attributed to the program, and how much would occur outside of the program. Once that is quantified, the evaluators can net out the results of the customers who would have participated anyway. This would become a part of ex-post verified net to savings not adjusted at the gross level. For the solar programs, a part of this analysis there is a matter of 50% spillover effect. The analysis includes some benefits to the savings based on spillover. Mr. Andronaco stated that even without incentives from the DC SEU there is already a significant benefit that homeowners can get from tax breaks. It would be useful to see how much money was put into each project to be able to spread the money around with more participation.

**Ted Trabue, DC SEU: Informed the group that he would present a PowerPoint Presentation on:**

- Achieved Savings in FY 2013
- Percentage of Actual Spend to Budget
- Year-to-Date Cumulative Spend
- Electric Spend through February
- Cumulative YTD Gas Savings and Pipeline
- DC SEU Operational Maturity
- Progress in Residential Programs
- Progress in Commercial Programs
- DC SEU in the Press
- Thought Leadership – Challenges

Mr. Trabue spoke about savings achieved in FY 2013 in the first five months, operation maturity and two programs where significant strides were made along with some obstacles. Mr. Trabue provided a Percentage of Actual Spent to Budget and noted the DC SEU has spent 46% of the budget to date. Mr. Andronaco mentioned that the hockey stick is still there and asked what percent of the \$3.56 million spent in October, 2012 is attributable to projects last year. He asked if some of it was spillover from last year. He wanted it noted that he had previously asked the

DC SEU for forecast numbers several times. Mr. Trabue said that he will get into the numbers very shortly.

Electric spend through February 2013 is \$2.9 million with a remaining amount of \$6.3 million for this fiscal year. In gas spend the DC SEU spent 19% thus far with \$1.8 remaining. The DC SEU currently has \$7 million in projects under contract. The bad news is on the other side (gas) - \$1.8-\$1.9 million with only about \$700,000 in projects. The DC SEU would like the Board's assistance on how to spend on gas projects. There is much room for improvement on the gas side, even though there are still some challenges.

Operational Maturity: Mr. Trabue stated that the 2.16 cost effectiveness ratio is a very good number. Tetra Tech put some context around that number, including the net benefit thus far of what the DC SEU has been able to produce. Developing leveraging opportunities was discussed initially by the DC SEU with the Board. The DC SEU leveraged \$1 million dollars from the Federal Home Loan Bank to implement a program that helps low income single family homeowners improve the energy efficiency in their homes. This program is operational. The DC SEU developed a pilot project called PEAR, through the Abe Pollin Foundation to get commercial leveraging on secured loans.

The DC SEU hired a Director of Account Management, Manager of Engineering, and a Manager of Business and Energy Services to help increase gas savings. Finally, conversations with DDOE staff have occurred to explore integration of DC SEU programs with other District government agencies as well as non-profits. The DC SEU is currently working with the PSC and OPC on integrating programs. The DC SEU has completed two low-income multi-family solar projects and has four more in the pipeline. The DC SEU is very confident that they will be completed in FY2013.

On the efficient products side, the DC SEU indicated that they have more than doubled the number of CFLs that have been sold. Products are available at 40 different retailers around the city. The DC SEU is continuing to expand the partnerships by re-launching the food bank later this month. Rebates are available on the LED lighting, clothes washers and refrigerators. The DC SEU is also exploring window unit air conditioners and some other items that came be placed in the rebates category. They will report back to the Board with more details later.

The DC SEU has received a lot of press from various media outlets throughout the city. They also received the Energy Star Sustained Excellence Award at a ceremony held at the Marriott Wardman Park Hotel.

The business energy rebates form would allow the business owner to look at well over 100 efficiency measures that they might want to install in their buildings. They can download the form and install the measures themselves up to \$5,000. After \$5,000 the DC SEU prefers that the customer come talk to the DC SEU. This program is popular with businesses in the District. The T12 removal and installation of the T8 lighting is ongoing.

The Customer Share Program is a 70/30 split. The DC SEU met with contractors to discuss if this would work. The Business and Energy Service Manager will assist in revising the budget to make sure there will be enough money to spend. This program is scheduled to launch at the end

of the month. Mr. Andronaco asked if the 70% will be DC SEU funds and 30% the customer. Mr. Trabue answered yes.

Chairman Kane asked for the timetable for preparing the FY2014 budget. Mr. Trabue stated that the DC SEU has enough time to prepare it, but will probably be prepared in about three months. Overall expenditures have already been set. The DC SEU will submit the budget to DDOE and the Board in July.

Mr. Andronaco said the Board needs to have their meetings with the DC SEU and asked if they are public. The answered was yes.

Regarding benchmarking, Veronique Marier mentioned that the DC SEU has worked hand-in-hand with DDOE on the benchmarking. The deadline was April 1, 2013 and the results are relatively high. Mr. Andronaco asked what results are high – whether it is the percentage of the buildings or ratings. Ms. Marier responded that the preliminary results are that 60% of the buildings have responded by submitting benchmarking reports, and for those buildings, the average Energy Star rating is 70%.

Jermaine Brown inquired about natural gas programs. He said that he is currently working with the Department of Housing and Community Development (DHCD) with putting 200 new roofs on their homes, and he asked how much incentive can the DC SEU contribute. Mr. Trabue stated that the DC SEU partnered with DHCD last year. Mr. Brown wants to make sure that the DC SEU will be implementing some new gas programs. He would like to meet with whoever is in charge of the gas programs and renewable energy at the DC SEU. Mr. Trabue informed Mr. Brown that regarding renewables that George Nichols or Chris VanArsdale may be contacted and Patti Boyd for gas spending.

### **New business**

Discussion on who will be writing the Board's annual report  
Structure and Finance Committee and the By-Laws Committee will meet before the next SEU Advisory Board meeting.

Next meeting date: Tuesday, June 4, 2013

### **III. Adjournment**

Keith Anderson adjourned the meeting at 12:15 pm.

Minutes prepared by: Lynora Hall