

SEU Advisory Board

Meeting Minutes

Monday, June 7, 2010

I. Call to order

Keith Anderson, Chair called to order the meeting of the SEU Advisory Board at 9:50 am Monday, June 7, 2010 at the John A. Wilson Building, 1350 Pennsylvania Avenue, N.W., Washington, D.C.

Roll call

SEU Advisory Board: Keith Anderson, Rick Morgan, Larry Martin, Bernice McIntyre, Chris Vanarsdale, Joe Andronaco, Evan Tyroler, Dr. Donna Cooper, Allison Archambault

Absent Board Member(s): Daniel Wedderburn, John Mizroch, Brenda Pennington, One Vacant Board Member

Other Attendees: Taresa Lawrence, Dan Cleverdon, Lynora Hall, Bicky Corman, Brian Edmonds, Raquel Najera, Lolita Perry, Lance Loncke, Ed Meyers, Subodh Mathur, Lulu Cheng, Colin Shay, Lance Loncke, Brian Gallagher, Nina Dodge, Pratigya Upaduyaya, David Murray, Catul Kiti

II. Approval of Agenda and minutes from last meeting

The Board approved the meeting agenda for today and the minutes from the meeting on May 24, 2010 with one change to add the word hours after megawatts.

III. Official Business

- a) **Performance Benchmarks:** Dr. Mathur and Dr. Meyers gave a presentation on the proposed benchmarks. The Board needs to quote the actual language that is in the CAEA. For the first benchmark to Reduce Per Capita Energy Consumption, the approach is to combine savings on gas and electricity and convert them into BTUs; Jerome Paige and Associates (JSP & Associates) received a report from Washington Gas. JSP & Associates will be proposing that there be separate targets for electric and gas usage. Keith Anderson indicated that DDOE intends to release the SEU RFP on June 28, 2010; all information should be submitted at the next SEU Advisory Board meeting on Monday, June 21, 2010 prior to the release date. Bernice McIntyre will provide the Washington Gas Report to Lynora Hall who will forward to the SEU Advisory Board. The Board will schedule a conference call for June 9th at 3:00 pm and provide recommendations to Mr. Anderson by June 11th along with information on the proposed one percent issue. The one percent is derived from looking at other states.

#2 Renewable Energy Capacity: localize and have present in the District a Solar Set-Aside in the RPS. The SEU needs to ensure that enough capacity is put into the District to generate the solar set-aside target in Washington, D.C. DDOE will ask for legislative changes to the CAEA on solar thermal/solar set-aside. This benchmark will receive a small

incentive. Reward the SEU if they are able to design a cost effective renewable program. The standard definition of cost effectiveness is Societal Benefits Cost Test. Have an evaluator come in and decide if SEU meets the test.

#3 Reducing the growth of peak demand is an important goal. Since the Act was written, many other events have occurred that were not anticipated at the time and that had reduced the need for the SEU to be proactive; in particular PEPCO has gotten approval for decoupling and PEPCO has promised to reduce peak demand significantly. There are also private entities in the market working with large users to reduce peak demand. The SEU may not be legally able to sell the peak reductions in the PJM market. The target says to reduce the growth, it does not say to reduce the peak. Since the forecast growth is only one percent per year and the growth reduction promised from other parties will likely reduce the growth to zero percent, JSP & Associates recommends that the SEU is not required to undertake any programs that are focused exclusively at reducing the growth of peak demands; but the SEU is required to estimate using standard protocol the impact on peak demand of the SEU's energy efficiency programs. If it turns out that PEPCO and other private sector parties are not able to reduce the growth rate of peak demand to a level that is acceptable then at that time we will consider the use SEU resources. At this time there seems to be no reason to have the SEU to compete with PEPCO or other private users. It was stated that in the future the contractor be allowed to keep a percentage RPM revenue, in which is an incentive for the SEU to actually do the work.

#4 Low Income Housing Energy Efficiency has been recognized but may have trouble passing the Societal Benefits Test. They are not as cost effective as the others. Thirty percent required spending on low-income programs for all of the years and a penalty if the SEU does not meet twenty percent.

#5 Reduction of Energy Consumption of Largest Users – JSP & Associates really has no clear or definite idea who the largest users are. If there is a need to know who are the largest users are then a study will need to be conducted by the SEU. If the SEU wants an ambitious program then it will need to bring in additional funding. Will the SEU design an energy efficiency program for METRO or the federal government? No, the entities should be able to do their own energy efficiency programs. The new construction facilities that are large users are certified and have energy efficiency measures. This narrows down the group to only old commercial buildings. We need to define who the largest users are in the District. It would not make sense to use SEU funds to go after the Federal government or other large entities. The District needs to look at Revolving Loan Funds for energy efficiency efforts. The question was asked as to why would the SEU need a revolving loan fund if PACE will be coming online. PACE in some capacity will partner with the SEU. The bottom line is that the SEU Board has the responsibility to find out who are the largest users in the District. Someone needs to identify funding for the District to go after the largest users. DDOE may readily have available a list of the largest users within the Climate Action Plan.

#6 Green Jobs – The contractor shall ensure that at least 66% of the labor cost flow to DC residents. The greater percentage of District residents hired to FTE green jobs will increase the incentive reward. The reporting requirements and the definition what constitutes a green job are noted. Make sure that there is room for advancement for the District residents so that they will not be stuck at the entry level positions. We have a requirement of percentage of overall wages and an incentive for the number of jobs created.

Taresa Lawrence indicated that there are two final sections to review; Contractor's Compensation and Evaluation Criteria. We had the pleasure of having Dr. J. Byrne from Delaware SEU. Brian Gallagher will lead the discussion on the two sections. JSP & Associates will receive information from DDOE after the conference call on Wednesday as to the next steps. All comments should be forwarded to Lynora Hall to be forwarded to the Board. Once all of the comments are received, if a vote is needed, it will be held at the June 21st meeting. JSP & Associates can propose a percentage for each benchmark or the Chair of the Performance Benchmarks Committee can as well. It was suggested that JSP & Associates provide a straw proposal with more than one option to review.

Dr. Byrne discussed the Contractor's Compensation. He indicated that the Delaware SEU contract was a three year contract with no benchmarks for the first year but there were some the second year. Compensation based on an annual fee was normal, and this is what firms preferred. He indicated that the contract should include call centers for interaction with the public; having staff to deal with outreach and program development. He was not sure if the contractor would come in with a staff of 100 plus. Ask them to submit bid with staff. Get them to submit resumes of three key staff people; get people who are familiar with the city, and the SEU Contractor should have an office in the District with real staff. Encourage local partnering with the SEU.

Dr. Byrne indicated that the Delaware SEU Board did not evaluate the bids. An outside committee was contracted to do so because of involved parties on the SEU Board. DE SEU had the public involved to bring new ideas and issues to the Board. The DE SEU meets once a month.

Section 7 – 7.3 Information taken from the standard contracting language. A bonus on top of the 100 points. The question was asked about where the scoring should be emphasized. Dr. Byrne said that two approaches to the overall set of points could be considered; list overall categories for evaluation vs. spelling individual rankings within the categories one by one. Qualification of Experience and Data Collection are very important. Assign the overall required organizational management accounts for 25 points, proposed green energy 50 points. Let DDOE or committee work on the numbers. All factors should be taken into account. Don't be so descriptive as to make the process cumbersome. Encourage the addition of local partnering. In DE a finance firm was involved in evaluating the proposals.

The question was asked whether the DE SEU been able to avail themselves of the base residual options with PJM and RPM. Dr. Byrne indicated that they have not done it yet but are in the process of working on it. It is a complicated process and they are working with PJM and community on how to structure it to make it acceptable for everyone. The utilities are still held accountable to the energy efficient resource standard to reduce 15% by 2015.

Dr. Byrne mentioned that bond documents are ready for \$30 million to do 20-25 buildings in the public sector vetted for competition that has multi-dimensional criteria.

- b) Bylaws Subcommittee:** No report was given.
- c) Structure and Finance Subcommittee:** No report was given.

Other Issues:

Legislative Update: Bicky Corman indicated that there are a few items currently being reviewed

1. Solar Thermal; 2. Renewable Energy Development Fund for rebate checks, loans and grants;
3. Removing Renewable Energy from being subject to the Societal Benefits Test.

New business

- a) Next meeting date Monday, June 21, 2010

IV. Adjournment

Keith Anderson adjourned the meeting at 12:35 pm.

Minutes submitted by: Lynora Hall