# SEU Advisory Board

## Meeting Minutes
## Thursday, June 13, 2013

## I. Call to order

Chairman Betty Ann Kane called to order the meeting of the SEU Advisory Board at 10:15 am Thursday, June 13, 2013 at the DC SEU office, 80 M Street, S.E. Washington, D.C.

### Roll call

**SEU Advisory Board:** Betty Ann Kane, Dr. Donna Cooper, Daniel Wedderburn, Bernice McIntyre, Joseph Andronaco, Larry Martin, Jermaine Brown, Nicole Snarski, John Mizroch, Daniel Wedderburn

**Absent Board Members:** Keith Anderson, Saundra Mattavous-Frye

**Other Attendees:** Taresa Lawrence, Ted Trabue, Veronique Marier, Hussain Karim, Marcus Walker, Dan Cleverdon, Lynora Hall, George Nichols, Daniel White, Pamela Nelson, Mohamed Ali, Chris Van Arsdale, Nicole Sitaraman, Nicole Rentz, Kristin Josey Ward, Taylor Kiavan, Patti Boyd, John Supp, Rick Fleury, Hanna Greene, Smaih Bahhur, Colin Shay, Theresa Call, Melissa Adams, Paul Raab, Lilia Abron, Judith Welch, Stacy Szczepanski, Arissa Napra, Hasin Dawkins, Jillian McGlockton

### Approval of agenda

The agenda was approved.

## II. Official Business

### Bernice McIntyre – Discussion on Gas Programs

Ms. McIntyre stated that Washington Gas (WG) was delighted to talk about some of their concerns and would provide suggestions to help the DC SEU meet the objectives under the Clean and Affordable Energy Act (CAEA or the Act). She indicated that Melissa Adams would make a presentation outlining the existing problems and how they can be addressed. Colin Shay and Teri Call from Washington Gas were present to answer questions.

Melissa Adams said that Washington Gas (WG) will be working on how to achieve the goals of the CAEA as well as enabling the DC SEU to achieve its energy saving goals. Washington Gas was very excited when the Act was passed. The language in the Act talks about energy use per capita. Energy use per capita gets to energy use intensity and energy productivity using natural resources. She said one of their main concerns is that the reduction goals of the CAEA are somewhat impeded by the DC SEU contract. The Act specifies energy use per capita but some of the measures in place under the contract may not be consistent with this metric, which makes it hard for the DC SEU to implement some of its programs. Essentially instead of purely focusing on energy use, such as BTUs per person, there is a cap on natural gas use because of the 1% goal per capita reduction for natural gas use. WG believes this limits a lot of energy productivity. Looking at fuel usage and fuel productivity along the value chain from point of extraction to the point of use, natural gas is three times as efficient as the other dominant energy sources available right now, which is electricity. Electricity has to be converted when the energy is pulled from the ground, it is converted again for generation, and another conversion takes place when you step up for transmission and you step back down for distribution. Every time you go through this process the energy is naturally losing efficiency. So when EIA shows total energy use in the nation they show that roughly 65% of the energy used to make electricity is lost before it arrives at the business' or customer's home. It is just a natural process of conversion. This is an issue that should be addressed here. This issue is broadly recognized by a number of organizations on energy efficiency. The National Academy mentioned energy labeling and energy literacy so that people can understand the total energy of their appliances; it is not just an Energy Star label. In the case of a conventional natural gas water heater versus an electric water heater, the gas appliance water heater will be roughly two times more efficient that the electric water heater because of that energy loss. We see around the world the recognition of the thermal benefits of natural gas. There is a report from the Center of Climate and Energy Solutions which states that it is important to encourage the efficient direct use of natural gas in buildings. Natural gas for thermal appliances is more efficient that grid delivered/grid derived electricity yielding less energy losses along the supply chain, and therefore less greenhouse gas emissions. She noted that we now find ourselves in the situation that we are not getting the productivity that we need.

The current rules potentially limit things such as very efficient combined heat and power and possibly C&G. There are three basic principles that WG would like to discuss. Going back to the intent of the Act on total use of intensity and total productivity, the energy programs that we adopt should benefit all customer classes. The DC SEU has customers paying into the SETF and not seeing the benefits. In order to get the 1% reduction we need to do one or two huge community projects. While that is beneficial from a clean air perspective, it is not really helping in the form of affordability and not helping the customers who help fund the SETF. The other area is that WG would like the Board and DDOE to look at is how to tackle large projects and multi-year projects. These projects include programs in different market segments, such as residential, single family dwellings, audits, client rebates, building envelope assistance and outreach. WG would like to see more around multi-residential programs, incentives, activity to encourage building developers and owners to use thermal energy. On the commercial side there has been a lot of activity and WG recommends continuing to support those programs. One of WG's suggestions is to keep the Act intact and perhaps as the Board reviews the contract for the DC SEU, modifications can be made.

Ms. McIntyre presented suggested language to amend the contract to overcome the issue of the annual reduction in energy usage. She said that we are at a point with the DC SEU in development of programs that can be tweaked and we can move forward in FY2014 to be successful. It is the intent of every member of the Board that the DC SEU be successful and deliver good programs to the gas and electric customers in the District. What has been shown on this page of the presentation is not the answer but a trigger to amend the contract so that the DC SEU can be effective. The Act only puts in three perimeters around gas efficiency in the market place. Gas customers will benefit from gas efficient programs and electric customers will benefit from electric programs.

**Ted Trabue - Formulation of DC SEU FY2014**

Mr. Trabue gave an overview of upcoming presentations to be made by the DC SEU staff. He stated that they will continue to meet with Dr. Lawrence and Dr. Loncke on moving into FY2014 and how they can reshape the contract. Chairman Kane noted that she did not see this as a gas versus electric issue and that they are an advisory board to advise on energy usage in the District. Mr. Andronaco mentioned that the one area where the DC SEU is not in compliance with the law is on the gas spend. He reminded the Board that there is an assessment on the natural gas bill; this is not the electric company or gas company money, this money is coming from the consumers. Residential and commercial customers are paying into a fund, and it is not even close to being spent. This is not a "consideration" type of requirement but a "must act" type of requirement to be in compliance with the law. This is a serious issue; otherwise the gas company can ask for its ratepayers' contribution to be withheld. Washington Gas contributes between $2-$3 million a year. Dr. Cooper stated that reducing the consumption as it relates to electric and gas is a mandate as well, which was also ultimately not achieved.

Ms. McIntyre said that she would like to see the DC SEU at her door providing her as a residential home owner with information on programs which makes sense. It is not about Washington Gas, but their customers and delivering good service to them. There is no intent here for all reduced consumption to go electric. DDOE should look at how to change the contract to do what the Board recommends to DDOE. Chairman Kane asked if there were any objections in moving in this direction - looking at amendments to the contract language to talk about annual reduction in energy use, as well as things that can bring expenditures to the clients consistent with the requirements of the law. Dr. Cooper stated that she was supportive and ultimately would like to review the contract language. Mr. Cleverdon said that there is no gas equivalent to light bulbs. Gas measures are all major investments and those are more difficult programs, and a lot of them would involve fuel switching.

Ms. McIntyre said if the DC SEU is awarded the contract, they need to figure out how to meet the performance benchmarks. She thought that it was DDOE's responsibility to pass along the Board's advice on the contract to the DC SEU for FY2014. This would allow them to get closer to the performance requirements in terms of spending gas and electric funds on programs that benefit the ratepayers. This is a performance contract, the DC SEU should be given the freedom to perform and she did not think that they had it at the moment. She said that she heard from the Board that there was a sentiment and support for her proposal, except for one member, Dr. Cooper, who had one issue that she would like to review; the Board in general had not said anything negative.

Dave Cawley asked how an energy source blind metric helps the DC SEU. Ms. McIntyre stated that DDOE would need to track the types of programs and report to the Advisory Board the types of programs because they have to meet all of the parameters, just like the DC SEU is required to report on green jobs or which sectors of the market they are in. The District's legislation says that there are several objectives. Chris Van Arsdale mentioned that fuel switching is implied by this proposal. Under the current rules doing so would count as an electric spend savings and not gas spend. This would require a complete rethinking of how we count gas and electric spend. Chairman Kane stated that is why she asked what a natural gas program is. Is it something that saves natural gas or is it helping someone to get a furnace; putting in a condiment water heater where the current one was electric? It was mentioned that this is a good discussion to take a step back to look at the overall goal of the one percent energy goal reduction versus the 80/20 split on spending. There has to be some way to meet the goals in this contract. Ms. McIntyre said that DDOE needs to come back with a proposal to do that. Ms. McIntyre moved that DDOE investigate the ability to incorporate the sentiment of the Board that the contract follows the language of the Act as an overall per capita reduction in energy consumption. Pepco also has some concerns as stated at this Board meeting. Mr. Andronaco seconded the motion.

Jermaine Brown said that he represents the low-income residents who may not understand what goes on here. He is involved in thermal energy and wondering if there is a solution. He has a solution of installing a wood boiler that reduces electricity and asked if this would help on the program side. At the beginning of the year he will be receiving 600 tons a day of fuel pellets from D.C. Water. They are asking him to give this away to the residents for free so the residents would not have to pay for the fuel that would produce heat. It was noted that this was good information to know and the Board can discuss later. Chairman Kane asked if any other Board member had anything to say before they voted. Mr. Wedderburn asked if it clear to DDOE what the board was asking them to do. Dr. Lawrence indicated yes it is and getting the advice from the Board only helps as DDOE look to the next fiscal year. Chairman Kane asked all those in favor of providing advice to the DC SEU through DDOE. There were no objections.

Dave Cawley said the first slide showed the Annual Natural Gas Consumption in DC. The first slide shows how gas usage occurs in the District of Columbia. The base year used by the DC SEU is 2009; Commercial and Institutional (C&I) use is slightly more than the residential use. Slide number two showed a pie chart of the primary uses, which are the gas end uses and the thermal ones, with the hot water heating dominating the end uses. The DC SEU obviously has been trying to ramp up its gas programs for the last two years. In the first year of the contract the DC SEU had minimal effort in the gas area, but it increased somewhat in FY2012; however, as everyone knows, the DC SEU underperformed in these measures in FY2012. Based on the planning for FY2013, the DC SEU will continue to ramp up the programs and program offerings. Right now there is a huge increase over where we were a year ago. The big bar on the chart represented about 50,000 Mcf savings and about half of that has already been completed and in the DC SEU's database to be verified. The DC SEU has a tremendous pipeline in place. We are receiving many more inquires and responses on gas programs. A Residential Gas Program will be introduced and Stacy Szczepanski, who is managing the development of this program.

**Stacy Szczepanski - Residential Programs**

Starting July 1, 2013 the DC SEU will launch gas rebates for residents. The rebate amounts will range from $100-$600. A team is currently conducting an analysis and the DC SEU hoped to have a better estimate by the following week on exactly what we will be able to offer. The equipment being looked at is high efficiency furnaces, boilers and tankless water heaters. The savings will be around 8,000 Mcf for FY2013 with about 400 rebates provided. The DC SEU is working with District based contractors. Chairman Kane asked how the residents will know about the program. Ms. Szczepanski answered that the DC SEU's marketing team is currently getting the word out through local organizations, ANCs, Home Depot and Heating and Plumbing Associations. Mr. Andronaco suggested that they coordinate with DDOE on the outreach efforts. The DC SEU will connect with Colin Shay at Washington Gas.

Mr. Cawley showed a list of all the initiatives that the DC SEU has been running since its inception. The numbers represented were the number of Mcf that the DC SEU has achieved with each of the initiatives over this time. In FY2011 the savings were 3800, and in FY2012 they were 4600. The DC SEU completed about 25,000 in FY2013 and they have a robust pipeline. The DC SEU is expanding along the customer classes, they have multi-family savings that are continuing to increase, and the residential home performance with Energy Star Program. The DC SEU now has the gas program for efficiency compliance and they continue to press on in the C&I area. They showed a snapshot of the progression taking place which illustrated across the market how they are doing. A large concern has been on the spending and the amount of money that is being spent on electric and gas. This is an actual and forecast chart to show where the DC SEU is for FY2013. The spending by the end of the fiscal year will be for electric $12.3 million and $3 million for gas. This will equal the 80/20 spending that is required by the contract. The DC SEU has pipelines and projects lined up and are in the process of closing the deals. They are on the path to meeting this year's electric and gas spending. Mr. Cawley will forward the presentation to the Board.

**Ted Trabue – Formulation of DC SEU FY2014 Plan**

Chairman Kane thanked Mr. Trabue for the DC SEU reaching out to Frager's after the fire.

Mr. Trabue acknowledged the presence of the teaming partners present today. They were Dr. Lilia Abron, PEER Consultants, George Nichols, George L. Nichols & Associates, Mike Healy, and Loretta Caldwell who does the compliance work for the DC SEU.

About six weeks ago the team came together with its partners to discuss what they would like to do, where they would like to see the DC SEU go by FY2014 and beyond. They do this every year because they have a contractual obligation to produce an annual plan and submit it to DDOE this year by July 31, 2013. They are in the discussion stages now. Starting new programs would not be beneficial to the market place, the DC SEU, residents, and the contractors. They will talk about the eleven programs that they have and how they can tweak them to improve and enhance them. The budget for the DC SEU will increase by $2.1 million dollars. They will have more resources coming in so they will invest them. Each program will probably receive about $200,000. Today they will review program by program. The DC SEU will not present see a balanced budget; they have not made any clear decisions other than to keep the programs in place. The Board may see some new initiatives but there has been no decision to move forward with them. The handout outlines the programs with the goals and challenges.

**Rick Flurry - Business Energy Services**

Mr. Flurry presented two initiatives for consideration for FY2014: One initiative is the Business Energy Rebate (BER) and the T12 Program referred to as MTT12. The continuance of what was re-launched as business rebates earlier this year into FY2014. BER rebates are a prescriptive offering similar to the discussion held earlier in the Residential Services and Commercial descriptive offering. They are looking at offering incremental incentives for electric and gas measures in the commercial market place. The target market for this is typically 10,000 SF or less. A customer with this footprint would be a convenience store or corner market where they would be offered high efficiency LED lighting, high efficient cooking convection ovens and small size HVAC compressed air systems. The rebates are meant to offset a portion of the incremental cost.

The customers are small to midsize and the primary objective is to reduce energy consumption based on the measure selection for the rebate program. One item that the DC SEU is considering is increasing the funding to give more rebates to more customers. They will work with their local vendors to make sure that the equipment is readily available. The budget request is significant; they have had great success with re-launching BER in FY2013. One of the strategic decisions to consider is to require a pre-approval/reservation system within this program. Requiring the pre-approval or reservation system results in about 80% of their enrollees requesting an advance look at the appliances. The DC SEU provided a copy of the BER Technical Guide.

The T12 Market Transformation Program is in essence a replacement program designed for replacing the ineffective T12s with high performance T8 lighting. The focus is to go out and remove the T12 lighting. The Federal legislation banned the marketing of T12. In FY2012 this was a highly funded program. In FY2013 they are asking for a customer contribution of 30% of the programs project cost. An example is if it is a $10,000 project, the DC SEU will ask the customer for $3,000. It is a 70/30 split. This particular initiative focuses on several metrics, per capita energy consumption, peak growth, and green jobs that require the use of District-based CBE distribution supplier.

**John Suggs -Commercial and Institutional**

The target is the largest energy users in the District. This initiative is about providing professional services on the front-end and technical resources on the back-end to deliver to the customer a custom calculation and analysis of the results from installing this type of measure, what type of interactive measures there would be, and an estimate of the savings on the gas and electric side. The DC SEU acts as an unbiased third party with resources for the customer to ensure the DC SEU meets the customer's expectations. One objective is to reduce per capita consumption.

In FY2013 the DC SEU has too many customers for the size of the budget and size of the staff, recognizing that this is one initiative out of eleven. Looking at FY2014 the Dc SEU has to look at three different areas: (1) how can they better target this analytical technical service based toolset to the right customer; (2) internal resources and looking to increase the prescriptive resource levels; (3) customer analysis where the DC SEU has been analyzing every single program that saves electricity or gas. Benchmarking data results would provide a customer group to focus on to achieve the energy star levels. There will also be a focus on specific technologies, the large scale boiler and chiller for the largest energy users.

**Chris Van Arsdale – Residential Programs**

Mr. Van Arsdale thanked everyone for coming out. He said there were eight programs within the Residential Program. He wanted to draw on the expertise in this room to help more strategically on these initiatives. He noted that Washington Gas has been very helpful and the DC SEU would like more engagement with the consumers. With the exception of energy benchmarking, another main area that will be important is thinking about synergies within the programs at the DC SEU. There are a lot of opportunities to synergize to make the programs larger. There are also program designs dealing with market transformation. He discussed what is essential for market transformation and if the DC SEU set up a specific market segment, what kinds of norms have been established. This is a key element in the residential sector. The DC SEU is not just spending money but leveraging funds as well. He provided an overview of the OPower initiative.

**Ms. Szcepanski** - Retail Efficient Products is offered for lighting and appliances. Lighting – Energy Star qualified CFLs and LEDs are available at discounted prices at over 50 retail location in the District. Appliances – a $50 mail-in rebate with the purchase of a qualified clothes washer or refrigerator. The objective is to reduce per capita energy consumption. The changes in FY2014 are the mail-in rebates for natural gas efficient products; LED markdown as of July1 with prices discounted on the shelf like CFLs; launch of a secondary refrigerator and freezer recycling and rebate program; potential air conditioner turn-in event for low income residents and 46% increase in electric savings, 58% increase in gas savings and that get the DC SEU to 100% budget increase requested for FY2014.

Efficient Product Food Bank – The DC SEU partners with Bread for the City to distribute energy-efficient CFLs to low-income District residents. District residents that meet the DC SEU's low-income definition of 60% area median income receive assistance from partnering organizations. The objective is to reduce per capita energy consumption, and improve energy efficiency in low-income housing. Other changes would be to partner with additional nonprofit organizations serving low-income District residents; MWh energy savings increase of 36% / $64 MWh; and requesting a lower budget of 25% for FY 2014, that is due to improved efficiency with vendor to reduced costs. The DC SEU asked a couple of questions and requested that the responses be emailed back to us. The questions are as follows:

" 1. What are you hearing from residents and community members about the Efficient Products Program?

2. As a District resident, have you taken advantage of the Efficient Products lighting and appliance offerings or do you know people who have? If not, what do you perceive as barriers to participation?"

This summer, the DC SEU is launching an expanded initiative on the marketing side to reach customers. Hasin Dawkins will discuss the outreach efforts. Mr. Dawkins stated that there is a limited amount of funds and staff support that the DC SEU has to go out and do direct outreach. One thing they will work on is strengthening their partnerships; they don't have the ability to get everywhere, every place and every time especially with our outward facing divisions not being fully built out yet. Mr. Van Arsdale asked how they are creating champions in the market place so that people do know about the DC SEU and have a positive reception.

Mr. Andronaco mentioned the Opower initiative might help in this regard; to create a neighborhood Eco Challenge in different neighborhoods; get the Councilmembers, ANCs involved; and get Ace True Value involved in their neighborhoods. Mr. Cleverdon said one of the biggest champions could be DC Sun. Dr. Cooper would like to connect in other ways, ways in which PEPCO could assist. Mr. Cleverdon asked about the OPower program in Maryland, whether the Maryland contract covers the District. Dr. Cooper answered no. Mr. Van Arsdale said that OPower is an Arlington, VA based company. The company is thinking about moving to the District because about 40% of the staff are District residents. One question is whether we can work with them on the transfer of green jobs. OPower works with more than eighty utility companies around the world, and locally they work with PEPCO and Washington Gas. He noted that this is a CEP Program, i.e., a behavioral program and essentially utilizes transparency to see data along with a robust analytics platform to not only show people how much they are using but to give them information on how they compare with neighborhoods with similar households. It is similar to Energy Star Benchmarking. Each month the household would receive a Home Energy

Report and it has been shown throughout the country, across jurisdictions and in every single demographic that millions of people consistently save between 1% per year on gas and electric. The DC SEU is proposing a pilot with 10,000 homes for electric and 40,000 homes for gas. This is a new program. There is about 200,000 plus households who could participate in an Opower electric program, and on the gas side there is probably about 50-60,000 customers that would be eligible. Not everybody uses gas for heating. In order for the gas pilot to have an impact you would want people who use a lot of gas. The value to the program is cost savings; you get savings on gas and electric of 1-3% per year.

Mr. VanArsdale said the DC SEU probably will not be able to start the program until January. For half of the year, the DC SEU is expecting a savings of 1300 MWh and 3200 Mcf. A participant can log in and get information on their account but the utilities are still using the Opower platform. Ms. McIntyre asked how Opower would get the information because in the District there is a rule about sharing information. She asked how it is envisioned to work. Mr. Van Arsdale responded that it is envisioned to be an "opt out" program and everyone is in unless they opt out. Further discussion will be held on this topic. Chairman Kane expressed concerns about opt out programs. Chairman Kane mentioned on the gas side it would be worth exploring.

**Workforce Development**

Will be discussed at the July's meeting

**New Business**

None.

## III. Adjournment

Chairman Betty Ann Kane adjourned the meeting at 11:58 am.

Minutes prepared by: Lynora Hall