

SEU Advisory Board
Meeting Minutes
Monday, June 29, 2015

I. Call to order

Director Tommy Wells called to order the meeting of the SEU Advisory Board (SEUAB) at 10:20 am Monday, June 29, 2015 at the Department of Energy and Environment (“Department” or “DOEE”),¹ 1200 First Street, N.E., Washington, D.C.

Roll call

SEU Advisory Board: John Mizroch, Joe Andronaco, Bernice McIntyre, Larry Martin, Dan Wedderburn, Joe Andronaco

Absent Board Members: Keith Anderson, Sandra Mattavous-Frye, Betty Ann Kane, Dr. Donna Cooper

Other Attendees: Tommy Wells, Taresa Lawrence, Ted Trabue, Dan Cleverdon, Hussain Karim, Marcus Walker, George Nichols, Mohamed Ali, Meg Moga, Katie Bergfeld, Bob Jose, Stacy Szczepanski, Sheryl Dove, Tamara Boyd, Karim Marshall, Daniel Conner, Lynora Hall

Approval of agenda and minutes

Director Wells turned over chairing of the meeting to Larry Martin.

The agenda was approved.

There was one change to the minutes from the March 2, 2015 Board meeting: change the incorrect meeting date from October 30, 2014 to March 2, 2015. The meeting minutes as amended were approved.

II. Official Business

Teri Lutz, Tetra Tech – Report on Evaluation, Measurement & Evaluation (EM&V)

Ms. Lutz provided key findings and recommendations regarding the achievement of the performance benchmarks.

Karim Marshall – Legislative Update & Report Submission

Mr. Marshall provided the reports that were transmitted to Council as follows:

1. RC-21-15 DCSEU Quarterly Report for Q1-2015/DCSEU Quarterly Report Q2-2015
2. RC-21-16 CAEA Quarterly Report for Q3 – 2014, Q2 2014, Q1 – 2015, Q2 – 2015 Annual Financial Report for FY 2014
3. RC-21-17 SEU Advisory Board Annual Report.

He stated that these reports are available on the DOEE and City Council websites.

Mr. Marshall provided an overview of the most recent amendments made to the Clean and Affordable Energy Act (CAEA) through the Budget Support Act (BSA). This included changes to the structure of the DCSEU contract, which is now required to be, at a minimum, a four-year base contract, and at a

¹ Pursuant to Mayor’s Order 2015-191 dated July 23, 2015, the District Department of the Environment was re-designated as the Department of Energy and Environment.

minimum, a two-year option period in the next phase of the planning for the DCSEU contract. The benchmarks were amended to include four prime benchmarks and two tracking benchmarks. The prime benchmarks are:

1. Reducing energy consumption in the District
2. Renewable energy capacity
3. Energy efficiency in low-income housing
4. Green jobs

The tracking requirements require the DCSEU to track and report to the Department at least semi-annually the reduction of growth in peak demand and the reduction of growth of energy demand in the District's largest energy users under the DCSEU programs.

Mr. Marshall also mentioned the following: the higher limit in the CAEA for electric and gas spend of 125% was repealed; the Department is now required to solicit input on the benchmarks from the SEUAB and the public before issuing an RFP; the SEUAB is required to issue bi-annual recommendations on the benchmarks; the RFP process was restructured so the SEUAB could not review the RFP before it is issued because of competitive concerns (he noted that this was done to preserve the integrity of the procurement process); the administrative expenses in the SETF can be used for the administration of the SEU contract as well as funding of the Comprehensive Energy Plan (CEP) exclusively.

He noted that there is another provision in the Chairman's committee report that created a \$250,000 study for the municipalization of the electric utility, which affects the work of the SEU, but is not directly tied to it. The \$250,000 is local funds. There is a separate subtitle on the agenda to discuss the SETF. Mr. Marshall stated that there was a fund sweep of about \$5 million from the SETF; \$3.5 million was transferred to the general fund and \$1.5 million was used as additional funding for LIHEAP.

Chairman Betty Ann Kane – Sustainable Energy Trust Funds (SETF)

Dan Cleverdon spoke on behalf of Chairman Kane regarding the transfer of SETF to the general fund. He stated that SETF is ratepayer funds that are assessed against PEPCO and Washington Gas, with a provision that they can pass on the cost to ratepayers. He noted that these funds are totally outside of the budget for the District of Columbia due to the way the law was written. He stated there have been previous sweeps of the SETF, oftentimes during periods of financial stress in the District. He said, however, that the current sweep seems to be unnecessary because there is no financial stress in DC. He was raising the issue on behalf of Chairman Kane, who thought that this is something that the SEUAB would take up and discuss with the City Council.

Director Wells stated that it appears that there was no financial stress going forward; however, the Mayor came into office with a projected deficit of about \$140 million to \$200 million, and all of the agencies had to contribute to reducing the deficit. He noted that DOEE is particularly vulnerable in some ways and some ways not. Over 80% of DDOE's revenue is 'O' Type revenue where the agency raises its own money. Through this process, DOEE creates a number of O-type fund balances. Local funds were cut first, but there was a fund balance in the SETF, and part of which was swept. Mr. Wells noted that the remaining balance was sufficient to ensure that the existing contract is fully funded.

Karen Sistrunk asked whether the Board should consider an amendment to the legislation to prevent this since it is ratepayer's money and not taxpayer's money. She said that OPC also sent a letter to Chairman Mendelson opposing the transfer of funds. She suggested a refund process to the ratepayers for all funds that are not used.

Ms. McIntyre stated that Adrian Chapman, Chief Operating Officer of Washington Gas wrote a letter to

the Mayor and the City Council expressing Washington Gas' dismay because that money is for the benefit of ratepayers. Director Wells stated that \$1.5 million from the SETF went to LIHEAP, which is energy-related, and the funds in the fund balance had a purpose but not a budget. \$4 million of the fund balance has a budget because it is needed to fully fund the existing contract unless we terminate the contract early. He clarified that there were no planned expenditures or projected expenditures against that fund balance, which made the balance vulnerable to being swept. If the fund balance were budgeted like almost any other budget line item, it could have been protected. Going forward, Mr. Wells stated that it was his expectation that we will not generate a balance moving forward because not only does the DCSEU-related expenditures equal to or exceed annual SETF collections, but also the annual contract amount will no longer be capped at \$20 million; the contractor previously could not spend above this amount, but now they can exceed it, subject to the availability of funding.

Marc Battle asked whether there was a mechanism to seek reimbursement from the city going forward. Mr. Martin mentioned that several years ago the Finance and Structure Subcommittee met with the Office of the Attorney General to explore setting up an independent third party fiduciary to receive the funds so that they would not go to the General Fund. Mr. Cleverdon said that the District has an Independent Attorney General so as a group the Board could ask him for the options in setting up a new trust fund and what type of legislation would be needed.

Mr. Martin suggested that the Board reach out to the Attorney General and he suggested raising a motion for this. Director Wells stated that he did not know the degree to which the Board intrinsically represents the Executive such that it is able to speak on behalf of the Executive with the Attorney General (AG), where the AG will give an opinion to the Executive. This would need to be routed through the Executive Office of the Mayor.

Ms. McIntyre mentioned there are some issues that the Board talked about in the past about lobbying or acting as a body. She said they received some counsel from the District about this and she would not like to take that vote at this time. She said the Board could do what it needs to do outside of that framework. She suggested eliminating the problem in the future through budgeting or potentially legislation for a refund, which was a preferable solution in her opinion.

IV. Larry Martin – SEUAB Priorities and Subcommittee Work Plan

Mr. Martin proposed to convene a Structure and Finance Subcommittee meeting with DOEE and Tetra Tech for a discussion of the Jerome Paige Report. He said it would be helpful to have a subcommittee on the Performance Measures. He provided the following topics and stated that the first three topics will be discussed at the Structure and Finance Subcommittee and the last three will be discussed at the next Board meeting.

- Low Income Energy Efficiency Performance
- Source to Site Issue for Common Efficiency Measure for Electric/Gas Programs
- Multi-Year Performance Measures
- Participation/Transparency within the SEUAB
- Micro grids
- DCSEU Coordination with PACE

John Mizroch – Microgrids

Mr. Mizroch suggested convening a discussion or workshop on the integration of microgrids. He said the technology is advanced, and he mentioned two contractors that are the best on this subject matter in the country; one is General Electric (GE) and the other is Lockheed. He said he knew an NGO that would

sponsor the event, so if he had the Board's support, he would put together a draft agenda for the Board's review. Mr. Cleverdon stated that the PSC is opening up a new case to explore the future of the distribution grid within the District of Columbia.

Mr. Martin asked whether the SEUAB has proper jurisdiction on this theme as he thought that would be applicable if microgrids were within the provision of the DCSEU contract.

Director Well said the Urban Sustainability Administration just awarded a grant to report to DOEE on the feasibility of microgrids in the District of Columbia, and hopefully the study would touch on these issues. He said DOEE would present the report to the Board when it is completed. He said he could not think of a reason why not to have a meeting on microgrids; it is such an important topic for all stakeholders. Taresa Lawrence would collaborate with Mr. Mizroch regarding the proposed discussion.

V. Ted Trabue – DCSEU FY 15 Programs and Activities

Topics for Discussion:

Energy Audits – Mr. Trabue passed out a copy of a Home Energy Audit. He said there were currently three to four organizations that perform the Home Energy Audits. The DCSEU had Energy Coaches who reviewed the energy report with the homeowner so that it is readily understandable. He noted that this had helped the DCSEU more than double the number of home performance jobs completed in a year and the DCSEU was well on its way to successfully implementing this program.

PJM – Mr. Trabue thanked the staff at DOEE, the Chief Financial Officer, and the legal team who helped construct the contract so that the DCSEU could now bid savings into the PJM market. He said the DCSEU collaborated with a company called Encentiv Energy. They were scheduled to bid into the May auction, but the auction was now scheduled to take place sometime between August and September. They would bid in for a one-year term on a revenue sharing basis with Encentiv Energy. The money would go into an escrow account. If there were any contingencies or if any mistakes were made, the DCSEU would be able to cover any potential liability. Once the time period for any potential liability had ended, that money would be transferred to the SETF and then back into the DCSEU's programs.

Solar Program – The goal was to complete 130 installations by September 30, 2015. Mr. Trabue stated that the DCSEU brought on a number of contractors to complete this number of installations. The progress report to date was that 39 projects had been completed and they were confident on completing this challenge. Out of the 130 applications, 89 had been approved and they were going through the process of being assigned a contractor. Director Wells stated that his understanding was that a project was not considered complete until PEPCO signed off, and he asked Mr. Trabue whether that was correct. Mr. Trabue answered yes. Director Wells said DOEE had some concerns because the DCSEU was told that all applications needed to be submitted to Pepco by July 1 or the installations would not be hooked up by September 30. Mr. Trabue informed the group that he and Dr. Cooper talked regarding this deadline. He stated that as soon as the DCSEU was completing its applications, they were letting PEPCO see the addresses so that Pepco had as much notice as possible for its processing of the applications.

Spending – Mr. Trabue stated that previously the DCSEU experienced what was referred to as a "hockey stick" in which they would have low levels of spending starting in October, followed by high levels of spending in the last two to three months of a fiscal year. He reported that they currently did not have the hockey stick and could say that they would have a balanced year. They had a successful year to date. Ms. McIntyre asked whether the multi-year legislation would help in this process this year. Mr. Trabue answered the legislation was not in place in the current year. Mr. Trabue thanked Teri Lutz and her team.

Director Wells mentioned that he and Dr. Lawrence, along with a delegation, would be visiting VEIC's headquarters in Vermont to see the operation and meet the staff. He stated that if there are any items or issues that the Board would like to be on the agenda, Board members could let DOEE know by email or a phone call.

Taresa Lawrence – Update on Planning of SEUAB Public Meeting

Dr. Lawrence stated that the public meeting is scheduled for July 16, 2015, which is a Thursday. Part of the discussion was going to be to make sure that date works for the members. She stated that although some Board members stated that date was fine when it was originally sent out through a Doodle Poll, they are now no longer available on that date. She stated that the public meeting has been advertised in the D.C. Register and Mr. Marshall needed to know by the following day whether the date would be kept or the meeting would be rescheduled. She reported that one Board member recommended putting it off the meeting until early fall. She also stated that the DCSEU Managing Director will be on travel but would send a representative.

Ms. Lawrence then mentioned that with regard to the agenda, DOEE sent out a survey regarding the DCSEU and the Board, and DOEE received responses from fifty-one respondents. She said these responses should help to form the agenda since the Board now had a little more information on what the public's perceptions of the DCSEU and its effectiveness.

Mr. Wedderburn asked how the public meeting was being promoted. Dr. Lawrence stated there had been limited promotion and outreach and DOEE would be sending a notice out through its various distribution lists and listservs. The notice had also been posted in the D.C. Register.

Some Board members opined that the summer was not the optimal time to hold this type of meeting. Mr. Marshall said he could cancel the current date or reschedule the date in the DC register. Dr. Lawrence stated that a Doodle Poll would be sent out with new dates. Mr. Martin presented a motion to cancel the public meeting, which was seconded and approved by the Board.

The next SEUAB meeting was scheduled to be held in September. Ms. McIntyre asked if the Board meeting could be held before the public meeting so that an agenda could be developed.

Mr. Martin noted the following to do items:

1. Further discussion with Mr. Mizroch on microgrids and questions with DOEE
2. The Structure and Finance Committee's discussion of Performance Measures
3. Doodle Poll dates for the public meeting (discussions prior to the public meeting)

VI. New Matters

None

VII. Adjournment

Vice Chair Larry Martin adjourned the meeting at 12:20 pm.

Minutes prepared by: Lynora Hall