

## ADVISORY COUNCIL MEETING

### **RHODE ISLAND STATE ENERGY PLAN (RISEP)**

**Friday September 6, 2013**

**9:00 AM-10:30 AM**

**Narragansett Room**

**RI Economic Development Corporation**

**315 Iron Horse Lane**

**Providence, RI**

#### **ATTENDANCE:**

Advisory Council Members: Julie Gill, Melissa Long, Julian Dash, Doug McVay, Jerry Elmer, Nick Ucci, Ian Springsteel, Jon Hagopian, Stephan Wollenburg, Ben Swanson, Bob Tormey, Bill Ferguson, Jack Leyden, and John Gilbrook

Steering Committee & Project Team Members: Marion Gold, Danny Musher, Chris Kearns, Hannah Morini, Rachel Sholly, Allison Rogers, Dan Carrigg, Nancy Hess, Paul Gonsalves, Wendy Lucht, and Kristine Daly

Other Attendees & Members of the Public: Charles Hawkins, Pam Mandler, Charity Pennock, Frank Stevenson, Courtney Lane, George Sfinarolakis, Nate Merrill, Michael Rush, Patrick Prendergast, Patrick Cavanagh, Peter Aranha and Seth Handy

#### **AGENDA:**

9:00 Welcome – *Marion Gold, RIOER*

9:15 RISEP Draft Goals – *Danny Musher, RIOER*

10:00 Questions & Discussion

10:20 Public Comment

10:30 Adjourn

#### **Welcome**

**The meeting was called to order at 9:05 AM.** Marion Gold welcomed everyone to the seventh meeting of the RI State Energy Plan (RISEP) Advisory Council (AC). She said that once the AC establishes their long term vision we need to go immediately into next steps to chart a policy pathway. All of the energy issues are very complicated and involve many stakeholders. She then turned the meeting over to Danny M. He introduced two new AC members, Ben Swanson, who will be filling in for Bob Chew and Stephan Wollenberg who will be filling in for Channing Jones.

Danny M. then reviewed the RISEP timeline and the process going forward. Today, as a result of the Navigant modeling and other data gathering, the draft RISEP goals will be reviewed. The final report will emphasize the three areas that the AC has worked on: gathering data; setting goals and recommending action. Currently we are at the second stage—setting goals.

Navigant's final report and data tables will be e-mailed to AC shortly. Over fifty comments were received and address by the project team. The AC now needs to review the final data and give feedback to the project team on the proposed goals for the plan. These goals are based on analysis and research. During the next month implementation groups will meet to discuss policy options. The preliminary draft plan is slated for a November completion.

The purpose of today's meeting is to look at the rationale for the proposed goals and describe the analysis and research that supports those goals. The AC will then provide feedback on these goals. The directional objectives (DOs): security, cost-effectiveness (CE) and sustainability were used as a guide in setting these goals.

Danny M. presented the project team's proposed goal metrics for each criterion of security, cost-effectiveness, and sustainability. The representative goal metric for security is fuel diversity because it is a way of managing risk. It is a way of protecting against harmful impacts of possible supply disruptions. For cost effectiveness, containing energy costs is a good overarching goal metric. Changes in energy costs would impact stability, economic growth and jobs. For sustainability, reducing greenhouse gas (GHG) reductions is the proposed goal. This should lead to other environmental benefits like better air quality, water use and land & habitat improvements.

Danny M. then moved on to describe in detail the proposed targets for each goal metric. The analysis and data used to support the proposed goals are: the Navigant Report; best practices from other states and feedback from the AC. He began with the results of the fuel diversity modeling. In the electric sector you are seeing an average of a 13% reduction across the three scenarios and an average reduction of 13% in the transportation sector. In the thermal sector it is smaller. The reason you are not seeing much change in the sustainability scenario for the electric sector is because it just shows in-state generation capacity. In the thermal sector it is hard to increase fuel diversity; but in the transportation sector it is easier. Natural gas (NG) in the three sectors is currently providing 51% of our energy needs. In the security scenario there is a doubling of NG in the transportation sector. Therefore, there is a challenge to increasing economy-wide fuel diversity, even in the security scenario which prioritized fuel diversity, because of this tension between rising NG in the transportation sector that offsets fuel diversity gains in the electric sector.

The major takeaway the Project Team got from the modeling is that fuel diversity gains are achievable in each sector but are difficult to obtain on an economy wise basis. Our dependence on NG cuts across other sectors. The area with the most opportunity for

diversity is the electric sector but that is also likely expensive. The goal is to increase fuel diversity across all sectors and success will be measured by decreases in the dominant fuel source.

Frank S. asked how Navigant dealt with the unexpected in the future like RGGI and the continuation of the nuclear plants. He mentioned that Vermont was shutting down its nuclear and other nuclear plants in the Northeast are thinking of shutting down. This will impact all of the fuel diversity numbers. Was this potential looked at? It is a major issue with RGGI. Danny M. said that we all recognize that not all contingencies can be predicted; therefore OER will reexamine the RISEP after 5 years. Jon H. said this could create a flaw in the plan if there is a likelihood that nuclear plants could shut down or not be relicensed. If there is a flaw we need to have a backup scenario. Nick U. said that the six New England states are dealing with this and you are going to have these types of retirements and licensing issues and you make the assumption that further retirements in the nuclear industry will be filled by NG. He is also not bullish on these nuclear plants retiring. Julie G. cited a recent development that would enable heating equipment to handle an increase in bio-fuel in heating oil of 25%. This could result in a reduction in the consumption of home heating oil and an increase in bio-fuels. Danny M. said that was good news and said the Navigant report does model substantial increases in bio-fuels.

Danny M. then moved on to cost containment. It is interesting that if you just look at power & fuel consumption alone in the thermal and transportation sectors, the business as usual (BAU) path is the most expensive. This is good news because it means savings in the thermal & transportation sector offset higher costs in the electric sector. A major reason the electric sector is higher than the BAU is increased RPS requirement. The proposed cost containment goal is to contain economy-wide energy costs as measured against a 2013 baseline by 2035. If you include the capital cost for thermal & transportation, economy-wide costs exceed the BAU by only a couple percentage points for Scenario 1 and Scenario 3. Marion G. said that Connecticut has made cost containment their number one goal. Massachusetts puts it behind GHG containment. Regional studies are showing that less gas in the transportation sector could lead to economic benefits.

Julian D. asked how are going to define what costs means. Is it the cost benefit over a lifetime? He asked what was the long term value of renewable energy (RE) outside of its costs? The economic benefit of EE is well documented but it is still a cost to ratepayers. Economic research has been done on the EE side but not the RE side. Danny M. agreed and said that costs do have secondary benefits—and many of these are accounted for in the modeling. OER is taking other steps to do a cost/benefit analysis for RE. Marion G. said that we don't monetize the benefits of GHG reduction.

Ian S. asked if cost containment means keeping cost below the BAU. Danny M. said yes, the goal is to contain costs relative to our costs today. Ian S. asked how we would account for the price of gasoline and diesel doubling due to international conditions. We have no control over that. Dan C. said it was a fair question but it is hard to look into a crystal ball. Danny M. reiterated that the plan will be revisited in five years. Frank S.

said there is tremendous volatility in the NG market. He feels we have to push fuel diversity further to get off our dependence on NG. NG not being available will be a major security issue.

Bob T. said that somewhere in the report you need to point out barriers. RI is not in this alone, ISO-NE dispatches power at the lowest cost because the six states agreed to dispatch economically. If NG is the cheapest, you don't have the option to include wind. Somewhere in the report it should say that no matter what we want to do, we will bump into walls. You need to identify these walls. Danny M. agreed and pointed out that OER and other RI state partners continue to be a part of the regional discussion around issues like distributed generation.

Bill F. said that with NG you have federal regulations and policies that are out of RI's hands. Changes have to be made on the federal level to make sure we have NG supply at a reasonable price. He would like to see it addressed. His second point is that we should have RE in the electric sector in all scenarios because we don't know what is going to happen with the price of NG. We need the infrastructure in place to do more RE. We need to have a bureaucratic process in place so we can ramp up RE if necessary. This is important to the planning process. Stephan W. said that one way to increase fuel diversity is to use less fuel. This is the best hedge against price volatility.

Danny M. then moved on to the GHG modeling. GHG emissions in the BAU are declining due to EE and fuel standards on cars. In all of the scenarios GHG emissions are going down. The modeling also shows that the GHG goals are feasible. The average GHG reduction among the scenarios is 34%. It also shows that it is feasible to reduce GHG emissions 45% below 2013 levels by 2035 and this corresponds to a 2-2.5% reduction per year and sets RI on a pace to achieve 80% reductions by 2050. Marion G. said that we had initially set our goal as the 80% reduction by 2050 but a steering committee member said that the modeling does not show this goal specifically. Therefore, a reasonable goal is a 45% reduction by 2035. The other states in the region have similar goals with all NE states looking at 80% reductions either long term or by 2050. The 2002 RI GHG Action Plan calls for a 75-85% reduction below 2002 levels long term. Seth H. asked if all of these reductions are related to energy. Not all, but almost all are related to energy.

Doug M. cited the GHG reduction goal established by the New England Governors and Eastern Canadian Premiers that is in the 2030 timeframe. We may want to consider aligning ourselves with that. Marion G. said it was good point and RI should be consistent with the region. She feels this gets to Bob T.'s point about barriers. Bill F. said that Connecticut made cost containment their number one goal. Marion G. said the public message in Connecticut is clean, cheap and reliable. That is the extent to which they have quantified it. She would encourage the AC to look at the GHG goal as a public message.

Frank S. wanted to make it clear in the plan what economic growth will be over time. You need to establish the assumptions about what the plan says about economic growth.

Jerry E. said we have to establish what it means to contain costs if the population grows. Danny M. replied that he would verify what economic and population growth assumptions were used for the BAU. Stephen W. asked if there was an in-between set of goals that is a type of hybrid. Danny M. said that a hybrid set of goals may be possible and Navigant could model this if the AC thinks it has value.

Danny M. will e-mail the Navigant report to AC members during the coming couple of weeks and the AC will provide feedback on the goals. Sector implementation meetings will be held from 9:00-11:00 AM on October 4<sup>th</sup> for the thermal sector, October 7<sup>th</sup> for the electric sector and October 11<sup>th</sup> for the transportation sector. The goal is to have a draft written product by the end of November to share with the AC.