

## SEU Advisory Board

### Meeting Minutes

Wednesday, July 24, 2013

#### I. Call to order

Veronique Marier called to order the meeting of the SEU Advisory Board at 9:15 am Wednesday, July 24, 2013 at the District Department of Environment, 1200 First Street, N.E. Washington, D.C.

#### Roll call

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

**Absent Board Members:** Keith Anderson, Nicole Snarski, Jermaine Brown, Joe Andronaco

**Other Attendees:** Taresa Lawrence, Ted Trabue, Veronique Marier, Hussain Karim, Lance Loncke, Marcus Walker, Dan Cleverdon, Lynora Hall, George Nichols, Pamela Nelson, Mohamed Ali, Nicole Sitaraman, Hanna Greene, Samiah Bahhur, Jon Andeoni, Marshall Duer-Balkind, Ricky Gratz, Jeff Stanish, Isaac Cotton, Yolonne Mariam, Steve Seuser, Todd Douglas

#### **Approval of agenda** and minutes

The agenda was approved. The minutes from the June 4, 2013 required additional revision and were not approved. The minutes from the July 13, 2013 were approved by the Board.

#### II. Official Business

##### **DC SEU FY 2012 Financial Audit**

Mr. Lance Loncke introduced representatives from F.S. Taylor and Associates. He indicated that they were retained by DDOE to conduct a financial audit of the DC SEU, particularly the SETF funds that were paid to the DC SEU for FY2012. They were also retained to conduct the first audit in FY 2011 which was conducted in FY 2012. The final report for FY2011 was delivered in October 2012, at the same time they started the FY2012 audit. Consequently, some of the findings in the FY 2011 and FY 2012 reports are the same. F.S. Taylor is here to provide the findings for the FY2012 audit. DDOE has not made a decision on how FY2013 will be done. The Board should get an idea on how the DC SEU has been performing financially. F.S. Taylor reviewed certain criteria of the contract such as performance incentives to insure that DDOE did not over pay for any of those performance incentives. They also looked at the CBE spending requirements to see if the 35% of the implementation dollars requirement was met in FY2011 and 50% was met in FY2012. They also looked at the expenditures on gas and electric related programs. The Audit

Management Team was comprised of Frank Taylor, Technical Advisor, Rachel Lucas, Engagement Partner and Christopher Powell, Engagement Manager.

### **F.S. Taylor and Associates**

Mr. Frank Taylor and group presented a PowerPoint Presentation to the SEU Advisory Board along with a handout. There were several topics discussed during the presentation:

- Introduction of the Audit Engagement Team
- Scope and objectives of Audit
- Methodology
- Audit Results
- Status of prior year findings
- Summary of adjusted Total Spending.

### **Bernice McIntyre - Vice Chair Issue, Bylaws Amendment and vote on the Vice Chair.**

Bernice McIntyre noted that as the Board could see that the Chair was not available for this meeting and asked Veronique Marier to Chair in his absence. If the Board had a Vice Chair, that person would have taken over that role today to convene the meeting. The Board did adopt the amendments to the Bylaws to vote for a Chair. It was stated at the last meeting that it would be discussed at this meeting. Ms. McIntyre asked if the Board members were ready to vote today on the Vice Chair or postpone it along with any other outstanding issues that they would like to deal with today. There was quorum at this meeting so if there is any debate the Board could discuss. John Mizroch asked if the Board had adopted in the Bylaws the amendment to create the Vice Chair even though the Board had not identified someone to fill the position. Ms. McIntyre answered yes. She suggested that a vote be taken at the next meeting unless someone else has a different opinion. Larry Martin stated that there were reservations expressed by DDOE staff about a lack of clarity on the function and role of the Vice Chair. He opined that the Board addressed this issue indirectly by stating anything that was not expressly identified or withheld for the Chair or by the statute would be something the Vice Chair could act on or function either under the statute or pursuant to the Bylaws. Mr. Martin was under the impression that there might be more discussion on how the Board may want to limit the Vice Chair at this meeting. Sandra Mattavous-Frye said that after reading the minutes and conferring with her staff that is how she perceived it. But there was still some discussion needed on the responsibilities of the Vice Chair regarding what prohibitions, what activities he/she could not do and how to codify those restrictions. Ms. Mattavous-Frye read the statement that the Vice Chair did not have to be a member of the Board. Mr. Martin said that it was not a serious statement. Ms. McIntyre noted that legally it is not required that the Vice Chair be a Board member.

Hussain Karim stated that the Vice Chair cannot replace the Chair for certain roles that only the Chair has the authority to perform. Examples include speaking on behalf of the Board, which is specifically reserved for the Chair. Ms. Mattavous-Frye moved that the vote on the Vice Chair be postponed until the next meeting. All Board members present were in favor of postponing until the next meeting. Mr. Martin stated that he would like to get some resolution to the concerns that he and Ms. Mattavous-Frye raised, and asked if there were any additional concerns and reservations. Mr. Martin asked if Mr. Karim's feedback was that the final word from DDOE Staff? He also inquired if there were any other expectations that the Board was going to have incorporated in the



Bylaws? Mr. Karim said that DDOE stated that the Act is silent on the issue of a Vice Chair, and therefore the role of Vice Chair is permissible. Mr. Martin asked that the minutes show that the Board had resolved this issue, except for the election of the Vice Chair. Ms. McIntyre said that there could be further discussion on the role of the Vice Chair. The Board had to finalize the language but the Bylaws had already been amended. The Board was not prohibited from discussing the role of a Vice Chair just because the Board may have elected a Vice Chair, who may want to know what he/she could or could not do. Mr. Martin asked will someone have the responsibility for teeing this up. Ms. McIntyre stated that they could put it back in the minutes and hope that the full Board attends the next meeting to discuss. Ms. McIntyre requested DDOE to present its concerns at the next meeting. Mr. Loncke stated that DDOE had provided its position to the Board, and DDOE was only unclear about the specific role of the Vice Chair. Mr. Loncke stated that without seeing what the proposed roles are, it was hard for DDOE to have any comments or position on this issue. Daniel Wedderburn asked who is coming up with the rules. Mr. Loncke answered that he believed the Bylaws committee would be responsible on defining the roles of the Vice Chair. Mr. Martin said the Bylaws committee has made its recommendation and they were adopted at the last meeting. Ms. McIntyre said at the next meeting the Board should vote on the Vice Chair and that will be the conclusion of this matter.

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

Mr. Trabue, Managing Director of the DC SEU, said that he has held this position for about twenty months. He was proud of a lot of the work that the DC SEU had done during that time. He appreciated F.S. Taylor attendance at this meeting to give a presentation to the Board. He would take to heart what was presented by F.S. Taylor to improve the DC SEU operations.

The DC SEU last year completed 690 projects, and of those there were a miscalculation of the incentives. The DC SEU was working to improve processes throughout the organization. The DC SEU was pleased with the auditor's results for last year. Ms. McIntyre stated that she would like to hear what they are proposing for the FY2014 budget in terms of programmatic initiatives. Mr. Trabue said the overview of initiatives covers ten initiatives that the DC SEU has decided to implement in FY2014. He also said that he could go through them one by one. Mr. Trabue stated that he would go through the initiatives related to gas savings, since the audit showed that the DC SEU missed that mark on gas expenditures and savings, and he would also cover how the DC SEU would ramp up in three different areas in an effort to attain that mark in FY2014. After that discussion, he would talk about how the DC SEU will be engaging with its contractors in FY2014.

Ms. McIntyre noted that she would like to get the PowerPoint Presentations at least two days before the meetings. Ms. McIntyre presented a vote to the Board that two days before the meeting, they would provide a copy of their presentation to the Board. It was seconded by Ms. Mattavous-Frye. Dr. Donna Cooper offered another amendment to this motion that the motion be applicable to other entities as well, such as PEPCO and Washington Gas. Ms. McIntyre said that it could be done as a friendly motion but could be taken up separately. Dr. Cooper asked if this motion would require that all entities to provide critical information to the Board two days prior to a meeting if the item was on the agenda. Ms. Marier reiterated that any critical information should be provided to the Board two days prior to the meetings. Mr. Wedderburn stated that Dr. Cooper used the word "critical" then dropped it. Dr. Cooper said that she dropped it because it is such a subjective type



of phrase; ultimately that is why she referred to information that would be on the agenda. A motion was put on the table and approved by the Board members present.

Mr. Trabue presented a slide with a snapshot of the programs for FY2014. In FY2012 the DC SEU started with three Quick Start Programs, then wound those down in the first quarter of FY2013 and replaced them with a base set of about ten programs. The DC SEU has many months of experience running these programs. Thus, the DC SEU will take the base set of programs and refine them based on the suggestions from F.S. Taylor and Associates and Tetra Tech. These programs consist of the following:

- Home Performance with Energy Star – The DC SEU works with contractors to do retrofits in a resident's home after an audit has been performed; the program offers energy efficiency work such as insulation, air conditioning and heating systems. The DC SEU pays the customer an incentive up to \$500 if they perform over \$1500 of work to reduce the air leakage in their house by 20%. The program management is considering raising the incentive levels. Ms. Mattavous-Frye asked how much will the incentive be increased too? Mr. Trabue answered from \$500 to \$1,000. Ms. Mattavous asked what was the impediment in reaching the goal in FY2013. Mr. Trabue said that the program did not have a lot of residents taking advantage of the incentive at the \$500 level. Program management looked at other jurisdictions to see what they were offering and their incentives were much higher than what the DC SEU offered. One challenge for this program has been hiring a manager for the division.
- Federal Home Loan Program – This program leveraged in up to one million dollars. These funds are available to residents who are at the 60% income level or less. This is a low income program. The residents can get up to \$12,000 worth of work done on their home, and this is a five year forgivable loan. As long as the resident stays in the home, it could be considered a grant as there is no stream of payments due during the five years. The DC SEU completed loans for thirty homes this year. This program ran out of funds about three weeks ago and no more funds will be available until next January. The DC SEU has been working with Industrial Bank to find another bank to partner with for this program. Ms. McIntyre asked how many people the DC SEU had to rescind its commitment to. Or how many homes? Mr. Trabue answered this program has about 180 people on the waiting list. The DC SEU will honor the commitment but cannot do it at present. Marcus Walker said that this program can only have eight active projects at one time. Mr. Mizroch said that it is only five months until the next start-up of the program; he asked if there will already be people in the queue ready? Mr. Trabue answered, yes. In November and December the DC SEU will be qualifying the residents so that immediately after January 1<sup>st</sup> the program can submit their applications.
- Retail Efficient Products – There has been a tremendous uptake of this program in the community. The DC SEU is working with fifty different retailers. The CFLs are marked down to very affordable prices for the residents. In FY2012, the DC SEU about 40,000 CFLs were sold through the program. This year about the program has sold 200,000 CFLs. LED lighting has been added to the program. This program includes rebates on gas water heaters, tankless heaters and furnaces. DC SEU representatives have visited various associations last year and plan more outreach this year to inform residents about the program. Dan Cleverdon asked how the DC SEU was working with the suppliers to make



sure that water heaters and appliances were available. Mr. Trabue answered the DC SEU lets the suppliers know what products are being promoted so that they will have sufficient supplies in stock.

- Efficient Products, Food Bank – This program is designed specifically to distribute CFLs to residents who do not get out of their homes. These CFLs are distributed directly through the food bank network. Ms. Mattavous-Frye asked how many bulbs have been distributed and how many are each person allowed to receive. Mr. Trabue answered that 40,000 bulbs have been distributed this year and that each person is allowed to receive twelve bulbs. Ms. Mattavous-Frye asked is there any follow-up education? Mr. Trabue said that information is distributed in the kits that are given out. She asked how the DC SEU is assessing the benefits and savings. Mr. Trabue said that Tetra Tech does the analysis and will come up with the necessary assumptions. Ms. Marier said that at the DDOE energy centers there is training provided to low income residents. Ms. Mattavous-Frye stated that the education component is very important to the success of the program. Chairman Kane noted that there are only seven plumbers listed on the DC SEU website and only one is located in the District. Mr. Martin asked why this program cannot be designed such that any plumber carrying energy efficient water heaters could install it and then the customer could get the rebate; was there an obstacle in doing it this way. Mr. Trabue said that this is an alternative that the DC SEU can take a look at. Dr. Cooper stated that along these lines, this is something that may be regulated by the Consumer and Regulatory Affairs Licensing and Plumbing. There may be a way that the DC SEU could work with Nicholas Majett in sharing some of this information on the pipeline. Mr. Trabue answered sure.
- Low Income Multifamily Comprehensive – The DC SEU works with low income multifamily builders in designing their buildings. Program management will continue this in FY2014 in designing in energy efficient buildings.
- Low Income Direct Installation – In this program, the DC SEU works unit by unit installing lighting products, wrapping up the electric hot water heaters, not the gas water heaters, wrapping any exposed pipes, and installing low flow faucets and shower heads. This program was implemented in the beginning of FY2013 and then ramped down. The DC SEU will ramp it back up again at the end of FY2013. It will be operational during the entire FY2014 program year for a couple of reasons, primarily, as F.S. Taylor discussed, the issue of CBEs and meeting the goals on CBE spend. Until this point, the SEU contract required the DC SEU to spend 50% of its implementation dollars with CBEs, what equated to, assuming the DC SEU spent \$7 million with implementation contractors, \$3.5 million had being spent on CBEs. The F.S. Taylor report showed that the DC SEU achieved the target of \$3.5 million. In FY2014, the DC SEU will be subject to the city's requirement of spending 35% of the dollar value of the contract on CBEs. In FY 2014 the DC SEU will spend about \$7 million with CBEs to comply with the requirement of 35% of the entire contract; 35% of \$20 million is roughly \$7 million. In other words, the DC SEU's CBE goals roughly doubled. In this program the DC SEU uses only CBEs to do the work and this also helps with our low income spending requirement.
- C&I Technical Assurance Services – In FY 2014, this program will target the buildings that did not perform well with the energy benchmarking.



- Business Energy Rebates – This program will continue in FY2014 and triple its budget so that small and mid-size business can take advantage of the rebates.
- T12 Lighting Replacement – This program will remain the same with a 70/30 split; the DC SEU will pay 70% of the cost and the customer the other 30%.
- Solar Hot Water and Solar PV – This program will remain the same in FY2014.

In FY 2014, the DC SEU will not be going forward with the Opower initiative for gas and electric customers in the District. This decision was made after a lot of consultations. The Opower representative spoke with the Public Service Commission and cleared up some issues. The DC SEU discussed this initiative with the EM&V consultants. However, after considering the new CBE spend requirement going into the next year, the DC SEU management felt that this initiative was not something that could be incorporated into the programming for FY2014.

Mr. Trabue made a correction to what he said about the rebates earlier: a District resident can get the equipment installed by any licensed contractor in the District. The resident does not have to only use the seven contractors listed on the DC SEU website. Mr. Martin asked that it be noted in the minutes that he was looking forward to an Opower pilot for the District. It has been demonstrated to make a difference in Consumer behavior. He understood that a decision had been made but he would like to understand it better. He would like to explore this further and not remove it from the list of potential projects because of a reason that was not fully understood. Mr. Trabue said that the DC SEU management met with Opower representatives several times. This program is used by 80 other utilities around the United States and is widely accepted. Although the DC SEU did not take these facts lightly, to the DC SEU management had to also consider the contractual goals and requirements that have to be met in FY 2014. A pilot program was estimated to cost about \$750,000 plus some indirect costs which would have meant that the DC SEU would have to discontinue two programs. Mr. Martin said that he could understand the math involved but did not understand the relative efficiency, particularly the reduction per capita consumption that may have resulted from that program versus the two other programs that would be discontinued. He asked that this issue be on the next meeting's agenda.

Mr. Trabue said that for the Low Income Direct Installation program, the DC SEU will streamline the RFQ process to qualify contractors upfront and hold a contractor information meeting in August. The selection of qualified contractors will be done twice a year. The DC SEU's website for this process will be launched in October.

- Workforce Development – The DC SEU will provide fellowships for entry-level workers. The DC SEU will also place selected District residents with contractors.

### **Lance Loncke - DC SEU Contract Amendments**

Mr. Loncke passed out a copy of the contract amendments to the Board. He said most of them were boiler plate amendments that were necessary for executing another option year of the contract; examples include changing the cost reimbursement ceiling and making sure that the correct incentive amounts are associated with each of the benchmarks for that year. He said that



particular amendment that DDOE just executed had the two things that he wanted to highlight to the Board. First, the discussions on eliminating the so-called hockey stick spending pattern of the DC SEU that was encountered in FY2011. DDOE discussed this issue with the DC SEU and came to an agreement whereby the DC SEU would have to expend at least 35% of its budget within the first six months of contract year. In this regard, in the first six months of FY2013 43% of the budget was expended. This confirmed that the DC SEU was well on its way to eliminating the hockey stick. As of today about 65% of the budget had been spent. Thus, between July, August and September the DC SEU would have to spend the other 35% of its budget. With the pipelines of projects currently, this provides some assurance that the DC SEU will be able to spend the remaining budget by the end of the fiscal year. The DC SEU's pipelines far exceeded the available dollars that have to be spent this year.

The second, thing of importance to note in the amendments was that previously five of the benchmarks did not have a penalty scheme defined in the contract. When DDOE set-up the benchmarks, there were discussions about a penalty scheme but the consensus was to impose a penalty only for the green jobs benchmark for FY2013. DDOE has since taken into consideration the imposition of penalties for failing to achieve the benchmarks. DDOE looked at each benchmark and designed a penalty scheme that is comparable to the incentive scheme. For the per capita reduction in energy consumption, the DC SEU receives an incentive if it meets at least the 50% of the benchmark, and then it is on a sliding scale for any achievements beyond 50% of the 1% savings on electric and gas. DDOE decided that the penalty scheme should be effective if the DC SEU does not meet the 40% mark. The important thing to understand is that DDOE has the discretion to impose or not impose a penalty; of course the Board will also put forward its recommendation and advise DDOE on the imposition of any penalties. However, everyone should bear in mind that method overly simplistic approach should not be followed for imposing a penalty. The entire DC SEU operation has to be examined in totality, along with any limitations the DC SEU may face in meeting a particular benchmark. For example, the per capita consumption benchmark should be accurately set based on the amount of funds available to the DC SEU as well as considering other contractual requirements, such as CBEs spending and green jobs requirements, to ensure the benchmarks are attainable. If the DC SEU does not meet a particular benchmark, it should be held responsible only if this result was based on actions solely in their control and the DC SEU did not implement the necessary steps to achieve the savings.

Mr. Loncke said an evaluation into determine if a penalty should be imposed is much harder than determining whether or not to award an incentive because it involves a much broader discussion. The Board members will be able to weigh in on whether a penalty should be imposed. Ms. Mattavous-Frye said that it would be helpful to understand what would be the criteria by which DDOE would exercise this discretion so that it is does not appear to be an arbitrary decision. With discussions and communication the Board would have a better understanding of what criteria DDOE will apply in making a determination, particularly where DDOE makes a recommendation to the SEUAB that a penalty should be imposed. It would be very important that the Board understand the reasoning. Mr. Loncke said that DDOE will develop a set of criteria.

Mr. Loncke noted that the Board and DDOE have been discussing the benchmarks as they are currently set. DDOE had retained the services of Jerome Paige and Associates to do an independent review and analysis of the DC SEU benchmarks and to suggest any possible updates to the current benchmarks. One of the biggest factors that was not considered in 2009-10 when setting these benchmarks was how much of the SETF would come from electric versus gas



ratepayers.. DDOE has been working with an 80/20 split whereby 80% is from the electric company and 20% is from the gas company. This 80/20 split raised the question of whether it makes sense to have two separate benchmarks for per capita savings; or should there be one benchmark for per-capita savings whereby it can be attained? If the benchmarks are set at a level that is above and beyond what is attainable, it will give the public the impression that the DC SEU is consistently underperforming. So DDOE and the Board will have to make sure that all factors are considered in the analysis. DDOE has new baseline data that will be used. Jerome Paige and Associates has a six week timeframe to do their analysis and review of the benchmarks. Mr. Loncke encouraged Board members who had developed various position papers on the benchmarks to send them to DDOE so that DDOE can share them with the consultants. Ultimately the benchmarks will be determined by DDOE and the DC SEU by mutual agreement. Mr. Mizroch asked if Mr. Paige had reached out to the Board to offer some input. Ms. McIntyre asked when his contract begins. Mr. Loncke answered that the contract began last Friday on July 19, 2013. It will end around the end of August when they will report their results back to DDOE. Ms. McIntyre asked if DDOE anticipates incorporating the results in the FY2014 contract. Mr. Loncke answered yes. Ms. McIntyre stated that the Board needs to meet with the consultants before the six week contract is over, so the Board would need to schedule another meeting.

Mr. Loncke said that in the contract the consultants are required to brief the Board of their findings. As part of the consultants' analysis there will be several reports: 1. Reasonableness assessment of the benchmarks; 2. the proposed adjustments to the benchmarks. Ms. McIntyre said that Board members could forward any information to Mr. Loncke in advance, and then schedule a meeting with Mr. Paige to brief them. Mr. Loncke answered yes and he would leave it up to the Board as to how they want to be included in the process. Mr. Martin asked when DDOE planned to use this information to revise the next contract, when did DDOE essentially start its writing process to incorporate any final decisions on benchmarks? Mr. Locke said that DDOE was currently engaging the DC SEU on various contract amendments that are unrelated to the benchmarks, and once all of the positions have been clearly defined then DDOE will discuss with the DC SEU what can reasonably be imposed for the upcoming fiscal year. DDOE will try to incorporate as much as possible by October 1, 2013, but for those items that are agreed to after October 1, DDOE will amend the contract at a later date. Mr. Martin said that receiving a preliminary report in August would be helpful. Mr. Loncke said that a draft can be sent to the Board and a full Board meeting may not be needed to review the results in the draft. The Board could send their comments and DDOE could forward the comments to the consultants. Ms. McIntyre stated that she would like to provide input before the draft is completed. Mr. Loncke said that in six weeks there will be a final report. Mr. Mizroch said that it would be very useful for the Board to have input from the very beginning of the process. He said that if there was a draft in the works then the Board as a whole would like to see it and respond to it. Mr. Martin noted that, as Mr. Loncke pointed out, it is an independent contractor's perspective which is reasonable and if the Board could provide some input that would also be reasonable. It was more critical that when DDOE begins to evaluate this report the Board have an opportunity to engage with DDOE and the DC SEU on what was being recommended. Mr. Martin stated that he was in favor of having a meeting at some point before DDOE was too far along in making a decision. This would be the Board's best opportunity to advise DDOE. Mr. Loncke said that the first report would be more or less an evaluation of the benchmarks and that report is due thirty days for last Friday. At any point after that date the Board could schedule this meeting since by then DDOE will have the consultants' independent opinion. Ms. McIntyre said that meeting the week of August 19<sup>th</sup> would work. Ms. Marier suggested that two meetings may be needed in August and September. The next



meeting will be August 20, 2013 from 10 am – 12 noon and the second meeting on September 5, 2013 at the same time. DDOE will use the Doodle Poll for the full Board to select meeting dates. Mr. Trabue said that he regretted that the beginning of September through October was not a good time for the DC SEU with respect to scheduling meetings. The Board would want actual numbers and they would not be available until November. Ms. McIntyre asked if the Board could vote on the Vice Chair at either of the meetings.

### **Larry Martin – Update on Small Committee**

Mr. Martin said the Committee was trying to be methodical in the discussion of issues that had been teed up at the Structure and Finance Committee meeting. He passed out a document that summarized issues that had been taken up by the committee. The objective for this meeting was to revise the next steps on how the Board is going to structure this conversation. He noted that under “A” on the handout there were summary minutes for the April meeting that essentially outlined a schedule for the process. The dates on the summary had passed, and therefore this process had to be updated. On page two under “B” there were five items identified, which essentially were discussions held by the Committee. These were issues that will continually be discussed and he wanted to get at this meeting to a point where the Board could parse out the issues and take them up sequentially. In meetings with DDOE on how to proceed, the Committee thought that a good step would be to identify some topics and get a date on the calendar for a meeting of SEUAB members who would like to participate. Mr. Martin said under “C” he wanted to note that the Board would not be setting up a small committee as was initially proposed. Instead, the plan was just keep the discussion within the Structure and Finance Committee. He said that there was a tentative list of participants who would discuss these issues and they include DDOE staff and SEUAB members who are interested. Mr. Martin requested that the people who were interested in this project should be committed to it. Also, staff for Council member Cheh’s office and the Office of the Chief Financial Officer would be invited to participate. There was a conscious decision not to include the DC SEU staff; however, the DC SEU could brief the committee when needed. Mr. Martin said that since the Committee will be addressing contracts, it would be best not to have the DC SEU on the committee because of the obvious conflict of interest. He asked if there were any discussions in reference to the meeting participants? Ms. Mattavous-Frye asked for the SEUAB members who were invited to participate. Mr. Martin answered they had not been identified and that they were to be self-selected. He asked what items the Board wanted to take up first. Mr. Martin proposed that the Board make firm recommendations to DDOE on what should be done. The first item was the requirement that the DC SEU spends its funds down to zero. Mr. Loncke noted it is not a contractual requirement that all funds be expended. If the DC SEU spent half or two-thirds of the funds then that will be the basis on which the DC SEU is evaluated. Ms. Marier said that the DC SEU could say the inability to carry over money to another year requires that all funds be spent in a given year. Mr. Mizroch asked if the issue was that if the DC SEU does not spend the money then the remaining funds go back into the general fund. He also said the funds are returned to the SETF and that would count against any funds to be raised in the next year because the fund balance is capped. Someone answered no. Mr. Martin said that if the DC SEU only spent 50% of the \$20 million in one year, the following year the SETF could only raise \$10 million and that it could not raise \$20 million. Chairman Kane stated that what Mr. Martin described was not the way that it worked in the legislation; this is a surcharge on the electric and gas. It is an issue if the money is not spent. The money has already been collected from the ratepayers and there may be and a fund balance that is carried over. She said this is an issue that



needed to be looked into. Mr. Loncke said that the fund balance had to be \$10 million in excess of the contract amount at the beginning of the fiscal year. For example next year the contract is \$20 million, and the fund balance had \$30 million plus \$1 for DDOE to stop collecting the money from the utilities, but it is not the case that if the DC SEU left \$10 million unspent that DDOE could not continue to collect. It all depends on the amount of money in the fund balance.

Mr. Martin said that the idea was not to have the conversation at this meeting but to identify what issues the Board would want to consider. The second question was with regard to performance evaluations on a strict annual basis of the DC SEU's spending efficiency and societal benefits. This issue was tied to the whole question of spending down the DC SEU's entire budget in one year. There may be some advantages of the DC SEU having a one year time horizon for its projects. However, larger projects may not be something that can be done in a single year, and therefore there may be an advantage in investing in multi-year projects. The Board did not want to disincentive the DC SEU from doing multi-year projects by holding it responsible for the full performance of every dollar it spent in a given year. Mr. Loncke said the contract is a one year contract and unless there was the ability to amend laws in the District on budgeting, such as the Anti-Deficiency law, and figuring out how to collect all the funds upfront, then DDOE could not commit to a multi-year contract. Mr. Loncke stated that there was a requirement for annual measurements because it is a one year contract. Mr. Martin said the discussion needed to be on the multi-year impact, and this would be continued at the committee meeting update. He said he would reach out by email for participation at the committee meeting. Mr. Mizroch noted that this discussion had been going on for a while and he wanted to hear from DDOE on the potential for longer term projects. He said this is the quality versus quantity issue, that the DC SEU installed a bunch of T12 lights versus the DC SEU launched an energy efficient project for the Empire State building, which would be equivalent to retrofitting 40,000 homes.

Mr. Loncke had concerns on the structure of these committee meetings since the meetings were open to the public, and whether this committee will be referred to as a sub-committee of the Board. Mr. Martin said it is an established committee. Mr. Loncke said the meetings would be open to the public, who would be able to hear these discussions. Mr. Martin answered that is absolutely right. Mr. Loncke said Mr. Martin indicated that the DC SEU could not be involved, however, the DC SEU representatives could come to the meetings. Mr. Martin responded yes, of course they could come but he asked if they would want to if they were not invited. Mr. Loncke asked if it was possible to have these discussions without inviting the general public. The committee would then come back to the full advisory board where the discussions would be public. Ms. McIntyre suggested that DDOE give the Board some guidance and recommendations on how to operate legally. She asked Mr. Karim to look into this issue, even though normally all board meetings are open to the public. Mr. Karim said he would provide some guidance on the criteria for non-open Board meetings. Ms. Mattavous-Frye stated that the issue would be a conflict of interest because a potential contractor would be present. Mr. Karim said that the meetings should be open to the public. Ms. Marier noted that this topic will be revisited and DDOE will get back to the Board.

#### **Hussain Karim – Financial Disclosure Forms**

The Financial Disclosure Forms were due July 1, 2013 and DDOE has received about half of the Board's information. Mr. Karim requested Board members to send the completed forms to Lynora Hall. Ms. McIntyre suggested that another reminder be sent to those who have not submitted their forms.



## **New Business**

There were Board members interested in hearing about Opower. It was asked when will the next SEUAB meeting be held? Ms. McIntyre said the August 20<sup>th</sup> meeting was designated for contract discussions. She further stated that it would be up to the Board to decide whether another issue can be accommodated in the agenda, but she believed that the contract discussions would take up most of the time.

Rick Gratz with Opower said that at the last SEUAB meeting there were concerns raised on the privacy issue. He also stated that this issue was discussed with Chairman Kane and resolved. He felt that time was of the essence since a contract needs to be signed by August 1, 2013 for the gas programs. Ms. McIntyre asked if the privacy issue had indeed been addressed since Opower certainly did not discuss it with Washington Gas whose customers will be the program participants. Washington Gas was not authorized to do an Opower program in the District. Ms. McIntyre inquired if Mr. Gratz had an Opinion Letter to distribute to everyone? Mr. Gratz replied yes and he would forward electronically to DDOE's Mr. Loncke. Ms. Marier said that if the non-disclosure issue had been resolved, Mr. Gratz should please forward the information to DDOE and the Board. She was interested in seeing what exactly had been resolved. Mr. Loncke said that this conversation should be driven by the DC SEU.

Ms. Mattavous-Frye stated at the last meeting there was a discussion on the preparation of the SEUAB Annual Report. She asked who would take the lead. She said that she had a discussion with her staff, and although November will be a busy month for OPC, OPC was willing to take the lead on this administrative function as long as there was an understanding that other Board members would provide substantive input. Ms. Mattavous-Frye requested that this matter be discussed at the August and September Board meetings.

## **III. Adjournment**

Veronique Marier adjourned the meeting at 12:00 pm.

Minutes prepared by: Lynora Hall