

## **SEU Advisory Board**

### **Meeting Minutes**

**Tuesday, August 20, 2013**

#### **I. Call to order**

Taresa Lawrence acting as Convener called to order the meeting of the SEU Advisory Board at 9:40 am Tuesday, August 20, 2013 at the District Department of Environment, 1200 First Street, N.E. Washington, D.C.

#### **Roll call**

**SEU Advisory Board:** Joe Andronaco, Betty Ann Kane, Dr. Donna Cooper, Bernice McIntyre, Larry Martin, John Mizroch, Sandra Mattavous-Frye, Jermaine Brown, Nicole Snarski

**Absent Board Members:** Keith Anderson, Daniel Wedderburn

**Other Attendees:** Taresa Lawrence, Ted Trabue, Lance Loncke, Hussain Karim, Marcus Walker, Lynora Hall, George Nichols, Mohamed Ali, Nicole Sitaraman, Samiah Bahhur, Jon Andeoni, Marshall Duer-Balkind, Isaac Cotton, Brian Gallagher, Colin Shay, Olayinka Kolawole, Kim Katzenbarger, Dave Cawley, Nicole Rentz, Meg Moga, Bob Jose, Ricky Gratz, Roland Hawthorne, Deanna Troust, Jerome Paige, Gregory Billings, John Supp, Rich Fleury, Teri Lutz

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

The agenda was approved. The minutes from the June 4, 2013 were edited to include more context on the Vice Chair discussion. There were minor edits to the July 24, 2013 meeting minutes. Both sets of minutes were adopted subject to the amendments.

#### **II. Official Business**

##### **Discussion on the SEUAB Annual Report – Sandra Mattavous-Frye**

Ms. Mattavous-Frye stated that the Office of the People’s Counsel looked at the SEUAB Annual Report which was filed last year. She noted that the Board did a good job and stated that it is important to ensure that the new report is informative, and may be easily and clearly read by both the public and the City Council. Ms. Mattavous-Frye said that substantively, the recommendation that she was proposing was to be consistent with what was done last year, with a change in the organizational structure of the report. She outlined a plan and submitted it to the Board along with a copy of last year’s report for comparison.

Ms. Mattavous Frye stated that the purpose of the report was to inform the City Council as well as the public, which is something that the Board does, but could be done more effectively by

the way it is presented. The Board should also provide recommendations to DDOE which can be incorporated in the final report on a “going forward” basis. Ms. Mattavous-Frye noted that the plan last year had five sections and she expanded it to eight sections this year. The sections are as follows:

Section I: Introduction; Section II: Executive Summary; Section III: Review of the SEUAB’s FY 2012 work; Section IV: The DC SEU FY 2013 performance; Section V: The SEUAB’s work in FY 2013; Section VI: The SEUAB recommendations for FY 2014; Section VII: Conclusion; and Section VIII: Appendices.

Ms. Mattavous-Frye sought volunteers to address the various sections. She stated that the Office of the People’s Counsel would do Sections I, II and VII. Section III would be dependent upon the completion of Sections III, IV and V because they would need to be collated into one document. Mr. Martin volunteered to do Section III and stated that he would like someone else to assist him. Jermaine Brown volunteered to work with Mr. Martin. Dr. Donna Cooper volunteered to do Section IV. Ms. McIntyre suggested that a sub-team be available to review the draft report. Ms. Snarski volunteered to assist on the reviewing team. Ms. McIntyre suggested that the information from previous meeting minutes could be used. John Mizroch thanked Ms. Mattavous-Frye for preparing the information for the report. He said that her focus on this report, being a public document to DDOE and the City Council, should be as clear as possible to ensure that people know what is going on. He also provided some recommendations for the report regarding the Executive Summary, which should be very clear for people to understand. Ms. Mattavous-Frye agreed. It was noted that Section VI should be completed by a committee. Ms. McIntyre suggested that since Ms. Mattavous-Frye is the coordinator of the report that she should facilitate Section VI. Ms. Mattavous accepted the task.

Ms. Mattavous-Frye stated that the proposed timeline was aggressive to avoid the crunch time that was faced last year. There should be time to review, analyze and get participation. A draft should be ready by September 24, 2013. Ms. Mattavous-Frye asked when the DC SEU Fourth Quarter Report would be completed. Dr. Taresa Lawrence answered October 30, 2013 and that the Fourth Quarter Report is combined with the DC SEU’s Annual Report. She noted that last year DDOE requested an extension to November 15, 2013.

Ms. Mattavous-Frye stated that by September 24, 2013 they should have the first draft of each section. On October 1, 2013 a full draft will be provided to the sub-committee for additional edits. On October 15, 2013, a final draft will be submitted to the SEUAB to review. This timeline would give the Board one month to make changes. Dr. Lawrence asked if they would need any data from the DC SEU. Ms. Mattavous-Frye answered yes. Ms. McIntyre asked when the data would be available. Ted Trabue said it may be available a few days after October 15, 2013; at least by October 22, 2013. Dr. Loncke mentioned that we will have the August DC SEU report that will provide cumulative numbers so the Board would only be missing numbers for September 2013. Dr. Cooper asked if there would be any updates from Tetra Tech prior to the report being submitted as it relates to the EM&V. Dr. Loncke stated the DDOE has not started the FY 2013 EM&V process so no information would be available that would be useful for this process.

Mr. Martin asked to place on the next meeting's agenda the due date of the SEUAB's Annual report. He said he is unhappy with the Board trying to force out a report without having all of the data at hand. He would prefer to have the EM&V data before the report is done. Dr. Loncke stated that the Board's report should not be dependent on the EM&V report or the Audit report. The Board provides oversight throughout the year and this is primarily what the report should be based on, not someone else's report. He stated that the DC SEU's Annual Report would help to provide guidance but the Board should have its own independent report. Mr. Martin stated that he disagreed with that opinion, and that it is important information and should be discussed at the next meeting. Mr. Andronaco stated that he was not too concerned with the DC SEU's results because they are pretty accurate and may be off a bit. He was not supportive of waiting to complete the report by the following May; instead he was of the opinion that the sooner the Board could draft it the better because to some degree it might motivate some changes in the DC SEU throughout the year.

With regard to the timeline, Ms. Mattavous-Frye stated that OPC may want to move the October 1 date forward, but would be a soft date for the time being. Dr. Lawrence said that the next Board meeting is September 5, 2013 so the timeline could be revisited then. Ms. Mattavous Frye stated that OPC will provide the timeline that was reflected at this meeting.

#### **Vice Chair Nominations – Larry Martin**

Dr. Lawrence read the updated notes from the June 4 meeting discussing the Vice Chair position. Mr. Andronaco said he thought that this would be discussed after Dr. Jerome Paige's presentation. Ms. McIntyre suggested moving the Vice Chair nominations to the end of the resolution on the Vice Chair issue, and noted that a quorum was present to vote.

#### **DC SEU Performance Benchmarks – Dr. Jerome Paige**

Dr. Paige opened his presentation by stating that he had the opportunity of working on the 2010 Report which assessed the benchmarks at that time. He will now look at the benchmarks two to three years later with his colleagues Subodh Mathur and Gregory Billings. Dr. Paige stated that his intent at the meeting that day was to go over what they are attempting to do: solicit advice and feedback from the Board on the benchmarks, and share with the Board how they have been approaching this task.

Dr. Paige stated that his team will evaluate and update the benchmarks as well as evaluate and update the proposed bonus/penalty scheme. He made it clear that they are not required to evaluate the DC SEU, as that is someone else's job. Their approach would be to:

- Take account of the DC SEU goals, including internal trade-off; constraints imposed on the DC SEU; provide an overall framework to discuss the goals/constraints; and discuss how to meet the goals with the constraints.
- Have discussions with DDOE, DC SEU, PSC, OPC, WG and SEU Advisory Board members. The team will be meeting with Pepco early the following week.

- Review the legislation, the contract, reports, and benchmarks of the other SEUs. The goal is to take all of this into account and formulate their own independent views.

The goal is to come up with some reasonableness of the benchmarks. The working list is as follows:

- Purpose – is the purpose of the benchmark still valid? Yes.
- Definitional Clarity – to make sure everything is defined clearly
- Measurements – can it be measured?
- Attainability – can it be attained?
- Yield Effectiveness
- Use by other SEU’s or Energy Programs – Are there similar criteria that we can borrow from other SEU’s

Mr. Andronaco said that one thing that we want to consider is to look at in the Comprehensive Energy Plan (CEP). Dr. Paige said that they have been provided with a copy of the potential study and are in the process of reviewing it.

Dr. Paige said they have looked at six other models across the country and they will share some of their observations. The other models are in Vermont, Ohio, Oregon, New Jersey, Delaware and Massachusetts. They noted three distinctions among the six: The funding mechanism; performance benchmarks; and management mechanism. They provided some insight into these classifications across the various States and responded to questions from several Board members.

Dr. Paige went on to explain their approach in the following way:

**Goals:** The benchmarks are “goals” to be achieved.

**External constraints:** The Paige team defined “constraints” as the real or perceived challenges, beyond DC SEU control, of meeting those goals. For example, the living wage contract obligation, or anything in the legislation. These are beyond the DC SEU’s control.

**Internal Tradeoffs:** The term “tradeoffs” is used to recognize that the CAEA has three overarching goals – energy efficiency, social equity, and job creation – that are sometimes in conflict.

Dr. Paige’s also considered:

- CAEA as specifying the achievement of specific goals (that may conflict) within a fixed budget.
- DC rules and requirements as imposing fixed constraints, that all government funded operations have to face. He was not suggesting that constraints be mitigated, but their implications be recognized. If one does business with the District one has to abide by the rules and regulations.

- The DC SEU trying to achieve specific goals, subject to external constraints and internal tradeoffs. The key question that the team is addressing is - even if each benchmark is reasonable, is the package as a whole reasonable? He noted that possible outcomes of their assessment could be no change; change one or more goals; or define more realistically what is counted in meeting a goal.

The Paige team identified Benchmark #1 (reduction in energy consumption) as the key goal. They posed the following questions: What effects do the constraints have on all benchmarks? What effect do the tradeoffs have on the benchmarks?

The working hypothesis was as follows: Make minor tweaks to low-income and green jobs benchmarks (high priority); Retain renewable energy, peak demand and largest users but make sure that they do not conflict with Benchmark 1; and redefine Benchmark 1 so that it is reasonable, given budget and external constraints, and priority assigned to other benchmarks.

Ms. McIntyre said that Benchmark 1 covers the BTU measures. It should define the level of KWh and therms.

Dr. Paige identified the Potential External Constraints as follows:

- C1: Requirements to use CBEs
- C2: Requirements to pay a living wage
- C3: Small Industrial base/large commercial institutional base
- C4: Annual renewable DC SEU contract
- C5: Small percentage of gas funds as part of total SETF funds
- C6: Restrictions on DC SEU leveraging

Mr. Andronaco asked if these were in any specific order of priority. Mr. Paige answered no. Mr. Andronaco said he believed that the restrictions on the DC SEU leveraging is huge because that would cascade into a lot of the other targets in terms of how much energy can be reduced and how many jobs can be created if the job counting is defined. In his opinion, this should be a first order issue that has secondary impacts.

Mr. Paige discussed with the Board members the definition of per capita in benchmark #1 and how it has been interpreted in the contract versus the way it is written in the legislation.

Chairman Kane noted that only 15% of electricity load is residential in the District, while 81% of the District's electricity users are commercial and institutional. This is a constraint when measuring on a per capita basis rather than an overall basis. Mr. Paige said it was noted that the language has been interpreted within the statute in a way that does not take account of the population. The contract specifies a reduction not in per capita consumption but a one percent reduction in the 2009 base. Dr. Loncke pointed out it is an absolute measure so by taking the 2009 baseline, per capita is taken completely out of the equation. Chairman Kane suggested not using the term "per capita" but using the term "overall" as stated in the contract. Ms. McIntyre stated we have interpreted that language in a different way because everybody had agreed that the calculations were too difficult.

Ms. McIntyre stated that she did not understand why “Small percentage of gas funds as part of total SETF funds” is a potential external constraint since the funding was based on the number of customers who are gas users. Ms. McIntyre recommended that with regard to Benchmark #1, we should show that with the level of funding it would be hard to get to the one percent reduction for electric and gas.

An in-depth discussion was held on the revenues in the SETF, the sources of the funds from the gas company and the electric company, the requirements in the legislation on spending requirements (as it relates to the 75% and 125% spend requirements) and the impact on the reduction in energy consumption. Board members provided their perspectives on this issue. Dr. Paige listened to the feedback and said he would incorporate it into the team’s review and analysis. There was agreement among several Board members that this issue needs to be looked into closely.

Dr. Paige listed the Internal Tradeoffs as follows:

- C7: Percentage funds for low income
- C8: Number of green collar jobs

Energy Efficiency vs. Social Equity vs. Job Creation: Is the DC SEU primarily an energy efficiency entity that has some social benefits in the form of green jobs and assistance for low-income households? Or, is it a social goal entity that produces energy efficiency savings?

Mr. Martin said this is the classic definition of sustainability: a) the environmental outcome which is energy efficiency; b) the social equity; and c) the green jobs, which is the economic development. He stated that this is the classic three legged sustainability stool. He implored the consultants to get past the term “tradeoffs,” but rather look at how we use the three dimensional issues to build and reinforce on another.

Dr Paige specified the order of the benchmark discussion in his study as follows::

- Benchmark 6: Green jobs (25% of at-risk funds)
- Benchmark 4: Increase energy efficiency of low-income housing (20% of at risk funds)
- Benchmark 2: Increase renewable energy capacity (10% of at-risk funds)
- Benchmark 3: Reduce growth in peak demand (5% of at risk funds)
- Benchmark 1: Reduction in per capita energy consumption (30% of at risk funds)

Mr. Andronaco stated that annual goals do not allow for proper marketing engagement. The DC SEU does not have an incentive to promote or incentivize audits for both the residential and commercial sectors. This is a way to engage the market place. There is really no incentive because the focus is on implementation. He noted that one of the potential criteria for reasonableness would be to the extent that this helps promote marketing engagement. Mr. Andronaco said that the DC SEU should have had a more aggressive ramp up in the earlier years to engage the markets because that is the only way they are going to achieve their goals.

The second thing that Mr. Andronaco thought was really important was how the goals are measured because that plays a big role into whether they are achievable or not. It was also his opinion that it plays a big role in compliance from the marketing perspective. He stated that compliance is a huge issue and may result in finding fewer and fewer participants in the programs.

Mr. Andronaco noted he is a dedicated green contractor and he does not want to do the compliance requirements because it is burdensome and the money is not there; for a \$1500 job, he is spending \$2000 worth of time to fulfill the compliance.

Ms. McIntyre advised Dr. Paige to track the measurements to make sure that the result is the most efficient from a management point of view. For example, the 75% of electric funds that have to go for electric ratepayers as they do for gas ratepayers is something that is built in, but it should not be so onerous that it would make it difficult for the DC SEU to do their programs. Ms. McIntyre also recommended that the team consider how to incentivize people who have projects that will take multiple years. She asked if there was a way to allow the DC SEU to give money for the planning process or design phase despite the District's rules about not being able to contract for more than one year. Mr. Brown said the Deputy Mayor's office has a great program called Great Streets where they give the contractors \$85,000. Contractors can get the funds if they have a plan for implementing green jobs and building improvements, and helping the low-income residents. They cannot receive the funding without an implementation plan. He stated that it is a reimbursement program where they do not have to spend the \$85,000 at one time. He provided that program as an example of looking at different ways to make the multi-year issue work. He said that all the Board hears from DDOE is what cannot be done per the legislation and nothing happens. However there are issues with green job creation and energy efficiency that need to be addressed. Dr. Paige said the Great Streets Program is a model that they will explore.

Chairman Kane mentioned the year-to-year funding as a constraint that cannot be changed. She noted that after working with the District government for over 35 years, this issue has always been there. However, it does not always act as a practical constraint that the Board seems to be facing. She stated that we started this conversation to look for a solution; there is a difference between the annual contract and how we evaluate the program, and that planning a multi-year project can be evaluated differently to remove that constraint. She noted that this discussion has been going on for two years since she has been on the Board. She said there may be a way to change it with the help of Dr. Paige. The distinction can be made to set-up the evaluation and benchmarks so that they can account, in an appropriate way, for the multi-year projects with the funding. The statute requires that funds be spent on a year to year basis.

Dr. Paige noted that it is very useful to look at ways on how to do multi-year projects. A brief discussion was held on the spending trends of the DC SEU during the course of a year, including any deficiencies in the way the funds are spent and ways to improve.

Dr. Loncke asked for the Board's view on the green jobs benchmark. He noted that right now the way it is measured is for every \$200,000 that is spent, the DC SEU is supposed to create a job. So the target for next year will be 88 jobs and the way that we verify the jobs created is through certified payrolls and some type of proof of residency. He asked Board how they feel about the terminology and if the target is reasonable for the green jobs benchmark. Ms. McIntyre asked if the 88 jobs are in the field. Lance responded that they are not specifically designated. They may be employed by the DC SEU or may be with a contractor. It is based on the total number of hours worked by everyone that is paid by the DC SEU. Ms. McIntyre said there is no issue with the overall benchmark, it is how it is implemented or whether there is a way to make it easier for the goals to work together for sustainability.

The issue regarding the possibility of counting jobs induced with technical assistance was also raised. The question was asked: How many jobs are being created with the efficient products program, the home performance program, and retailers? Dr. Loncke said that counting the induced jobs is very difficult to do and will take a lot of time. It would also change the target. The target of 88 jobs is based solely on the direct jobs. He noted that if we are going to go with counting induced jobs we are talking about more than 88 jobs. Dr. Paige noted that a green jobs is defined as being held by the District residents and that pays a living wage. The DC SEU creates a universe of jobs, and of that universe of jobs, the DC SEU creates 88 jobs that must be green jobs. Dr. Loncke said this is the way that we count the green jobs, if the DC SEU created 100 jobs and 50 of them are DC residents, we will count the 50 towards the benchmark. Further discussion was held on this issue, using specific programs as examples, such as the home performance program, where the rebates go directly to the homeowner, and the homeowner may use the contractor of their choice. Mr. Walker stated that the DC SEU would only get credit for the job created by the contractor if the contractor submits the necessary forms. Mr. Andronaco noted that contractors should be aware of the requirements for submitting this information.

Dr. Loncke said in order to participate in the home performance program, contractors have to go through the DC SEU verification process and sign it. They will then be put on the list as a certified home performance contractor that the residents can use. Being on that list and signing up requires that contractors agree to supply these reports to the DC SEU in terms of the number of hours worked. The DC SEU will provide a small incentive to the contractors along with an incentive to the homeowner to get the job done.

Dr. Paige discussed the preliminary findings with the benchmarks;

Benchmark #6 Green Jobs - maintain the current benchmark with the some of the suggested changes that were discussed.

Benchmark 4: Increase energy efficiency of low-income housing

Benchmark 5: Reduce growth of energy demand of largest users - he suggested dropping the word largest because there is no definition for largest users.

Benchmark 2: Increase renewable energy capacity

Benchmark 3: Reduce growth in peak demand

Benchmark 1: Reduction in per capita energy consumption

### **Nomination of the Vice Chair – Larry Martin**

Mr. Mizroch stated this did not need to be debated, rather they just need some nominees. He suggested that people should self-nominate. Kim Katzenbarger asked if the Board changed the Bylaws to incorporate the Vice Chair. Mr. Martin answered yes. Ms. McIntyre said that the Board has language in the Bylaws and the duties are set forth in the June 4, 2013 minutes and it states that the Vice Chair will not take over any responsibilities designated for the Chair. Mr. Martin said that he was indifferent as to whether the Board has a discussion today or the next Board meeting, but the Board needs a Vice Chair. Mr. Andornaco said that the Board needs a Vice Chair to guide the



Board. Ms. McIntyre asked if there any interested people. Mr. Andronaco nominated Larry Martin to be the Vice Chair because of his leadership role with the Structure and Finance Committee. He is very organized and follows through. Ms. McIntyre said that she would like to nominate Chairman Kane for the Vice Chair to the Board. She stated that the reason that she would like to nominate her is because she represents a government entity and this is a government entity. Chairman Kane responded by saying that she appreciated the nomination and she has assisted when needed to Chair a meeting when Mr. Anderson was not available, but she had to decline the nomination. She stated that she has a tremendous amount of other obligations and she thought that the Vice Chair should be a non-government person, as this would give an added perspective. There were no other nominations so Larry Martin accepted his nomination. Chairman Kane seconded the nomination. The Board voted and Mr. Martin was approved as the Vice Chair of the SEUAB.

### **Next Meeting**

Dr. Lawrence mentioned at the upcoming September 5, 2013 meeting that Dr. Paige will present his recommendations. She reminded the Board that if they had any comments prior to the next meeting they should forward them to her. OPC will also be discussing the timeline for the annual report. The next meeting will start at 9:30 am and end at 12 noon.

### **New Business**

## **III. Adjournment**

Taresa Lawrence adjourned the meeting at 12:03 pm.

Minutes prepared by: Lynora Hall