**SEU Advisory Board Meeting**

**Minutes**

**June 11, 2019**

**Call to Order**

Vice Chair Knowlton called a quorum of the Sustainable Energy Utility Advisory Board (SEUAB or Board) to order at 10:10 AM, June 11, 2019 at the Department of Energy & Environment (DOEE), 1200 First St., NE, Washington, DC.

**Roll Call/Introductions**

Roll call was taken and the following people were in attendance:

**Board Members:** Millie Knowlton, Cary Hinton (proxy for Willie Phillips), Laura Vendetta (proxy for Nicole Steele), Nina Dodge, Adrienne Mouton-Henderson (proxy for Sandra Mattavous-Frye)

**Board Members on the Phone:**  Sean Skulley, Dr. Donna Cooper, Kirsten Williams

**Absent Board members:** Farah Saint-Surin, Richard Graves, Scott Williamson, Bicky Corman, Richard Graves

**Other Attendees:** Tommy Wells (Director, DOEE);Taresa Lawrence (Deputy Director, DOEE); Lance Loncke (Sr. Program Analyst, DOEE); Hussain Karim (DOEE), Lynora Hall (Staff Assistant, DOEE); Ted Trabue (Managing Director, DCSEU); Patti Boyd (Senior Technology Strategist, DCSEU); Bernice McIntyre, (WGL Energy Systems); Alex Lopez (DOEE); Crystal McDonald (DCSEU); Shawn Fenstermacher (DCSEU); Alissa Waters (DOEE), Jay Wilson (DOEE); Perry Fitzpatrick (DOEE); Robert Stevenson (DCSEU); Sharon Jaye (DOEE); Mansi Talwar (DCSEU); Angela Johnson (DCSEU).

***Meeting:***  <https://www.youtube.com/watch?v=ld4zNjyx1Bw>

***Approval of Agenda***

The motion to approve the agenda was made by Ms. Nina Dodge, seconded by Ms. Laura Vendetta, and unanimously approved by the Board.

***Review and Adoption of the May 14, 2019 Minutes.***

The motion to approve the June 14, 2019 minutes as amended was made by Mr. Carey Hinton, seconded by Ms. Laura Vendetta, and unanimously approved by the Board.

***Tom Mauldin –NMR Group, Inc.***

Mr. Mauldin presented a PowerPoint Presentation focusing on the following areas: Evaluation Results, Lifetime Savings; GHG Reductions; and Health Benefits`.

***FY2018 Evaluation Approach***

* Objectives
* Verify energy savings
* Calculate cost-effectiveness
* Assess performance benchmarks

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Gross savings verification

* 172 desk review
* 13 on-site visits

Net savings estimation & process evaluation

* 15 in-depth telephone interviews with program managers and vendors
* 142 telephone surveys with participating customers

Cost-effectiveness analysis

***FY2018 Tracked Savings Summary***

* Solar
* Single-Family Residential
* Commercial
* Multifamily
* Efficient Products

***Performance Benchmarks Summary***

Annual Cumulative Target

* Reduced Natural Gas Consumption: Minimum and Maximum Achieved

Increase Renewable Energy: Minimum and Maximum Achieved

Annual Target

* Improve Energy Efficiency of Low-income Properties
* Expenditures: Minimum Benchmark Achieved
* Savings: Minimum Benchmark Achieved/Maximum Not
* Increase Green-collar Jobs: Minimum Benchmark Achieved/ Maximum Not

Five Year Cumulative Target

* Leverage External Funds
* Five Year Benchmark Progress

With regard to the leveraging benchmark, Director Wells said the purpose of this contract is to save energy in the District. Dr. Loncke said the leveraging benchmark is something that was recommended by the Advisory Board to bring additional dollars to the table. The mark was set at five percent of the budget year-over-year because these external funds are funds outside of the District government, so if the DCSEU were to receive District grants from any government agencies, that still would not count towards this goal. This benchmark is for funds received outside of the District government. The DCSEU forwarded their plans for this benchmark and this number will increase significantly given some recent developments. Mr. Trabue and team can speak to some of their efforts to really boost these numbers. The Director mentioned it is about the energy savings target, so if we can get the job done without bringing in these additional funds, we should still give significant kudos to DCSEU for doing so with the existing dollars. Ms. Knowlton asked whether a subcommittee should be established to make changes to the benchmarks. Dr. Loncke stated the Board can look at all of the benchmarks in the subcommittee then come up with recommendations at the end.

***Cost-Effectiveness Testing***

Mr. Maudlin provided the following information to the Board:

Societal Cost Test

* Reflects full benefits of programs
* All programs are cost effective under all scenarios, except for low-income Emergency Equipment Replacement

Summary

* Achieved minimum target for all five benchmarks
* Achieved maximum target for three of five benchmarks
* Just missed Green Jobs and Low-income Savings
* Falling behind pace on Leveraged Funds benchmark
* Cost of saved energy declined from FY2017
* Delivering saving at a cost lower than neighboring utilities
* Portfolio is cost-effective.

Next Steps

* Finalize FY2018 benchmark & program evaluation reports
* Launch FY 2019 evaluation in November.

Mr. Mauldin said a timeline would be available by Friday.

***Nina Dodge – Fuel Switching Discussion***

Ms. Dodge began the discussion around fuel switching and introducing emissions into the equation of results and goals for DCSEU. She said this comes from the new legislation, the Clean Energy Omnibus Act, that changes the picture because of the emissions reduction requirements. In the new legislation there is no longer a minimum expenditure requirement on gas and electric programs. The expenditures are neutral as to where they go. There is no longer prorating funds for programs according to where they were derived. That opens up a picture for flexibility on expenditures and potentially going to cleaner energy expenditures, however in the contract as it is now for five years; there are some limitations on flexibility. Namely, if the objective is to electrify heating that is provided through gas, the gas reduction requirement that is in the benchmark will be met, but that will also add to electricity, unless the maximum of the electricity target has been achieved such that it will withstand any impact to the contractor in meeting its contractual goals.

Ms. Dodge highlighted the concern of focusing on increasing energy conservation, rather than lowering emissions and meeting the District’s target for 2032. She said it is very important that we start looking at the way we do things in light of the legislation, and DCSEU’s clean energy targets. As a first step, she proposed forming a working group, which would be a benchmarking committee, looking at emissions framework versus energy conservation.

Dr. Loncke stated the issue of fuel switching has been discussed with the DCSEU, and there are ways to modify this contract to facilitate some amount of fuel switching, because that is where then District is moving in terms of its long-term carbon goals. He highlighted an issue that persists even with the relaxation of the 75% minimum spend requirements. There are still specific gas benchmarks in the contract to be measured. So if the Board is going to have a discussion about changing the entire way in which this contract’s savings are measured, and go to a greenhouse gas target, he recommended doing this in the option period. Mr. Trabue said the city still has goals. The city has targeted 50% energy reduction by 2032 and the DCSEU is probably the strongest tool in the closet. Director Wells suggested they look at using the resources of VEIC because they are larger. He recommends that the Advisory Board structure be used.

With regard to the subcommittee meetings, Mr. Sean Skulley asked if there is money set-aside to support this subgroup because the topics are very complicated and technical issues. Most of the Board members are not going to be an expert on all matters of fuel switching. He said he has some background in this area but what is needed is a technical assessment of how this is going to work in terms of cost and fuel mix and forecasting. Director Wells suggested utilizing resources of VEIC if they have already done work on this issue, and working with DOEE’s Urban Sustainability Administration, in conjunction with DOEE’s Energy Administration, to take a deeper look at this.

Ms. Knowlton said the goal of the subcommittee would be to study the lifetime energy savings, benchmarks and energy reduction, and how legislation has changed regarding peak demand.

***Millie Knowlton – Schedule for Drafting Annual Report***

Ms. Knowlton wanted to know if the Board was in agreement for section assignments. She will circulate a copy of the report from last year to the Board for them to choose sections. The Board discussed hiring a technical writer with the $9,800 budget. Ms. Adrienne Mouton-Henderson said with all of the assignments the Board has, she recommended that the board submit their report within thirty days to the technical writer. Ms. Knowlton suggested DOEE get quotes for a technical writer by the next meeting to discuss. Dr. Lawrence said the Board would need to give permission to proceed with the quote for the technical writer. Ms. Henderson moved that the Board proceed with the technical writer not to exceed $5,000. The vote was unanimously approved by the board.

***Joye Sistrunk - DCSEU Annual Audit Report***

Mr. Loncke introduced Joye Sistrunk, CPA, of Premier Group, who performed the annual financial and compliance audit of the DCSEU. Dr. Loncke said the auditors would be going through the report and their findings. The Board should send any questions to DOEE for a response.

*Financial Review Results*

General and Administration Expenses

* The DCSEU met the related Contract requirement

Green-Collar Jobs and Rate of Pay

* An exception was noted

Annual Expenditures on Natural Gas and Electricity Related Programs

* The ratio of total gas and electricity related expenditures both met the minimum compliance requirement

Ownership of Material, Data, and Products

* The DCSEU met the related Contract requirements

Small, Local, and Disadvantaged Business Enterprise Development and Assistance

* An exception was noted as a result of the testing

Subcontractors Review

* No exceptions were noted as a result of the testing

Project Related Incentive Payments

* No exceptions were noted as a result of the testing

Eligible Cost and Expenses

* An exception was noted as a result of the testing

Low Income Spending

* No exceptions were noted as a result of the testing

REDF – Solar for All spending

* An exception was noted as a result of the testing

Financial Results Summary

* DOEE adjusted spending for FY2018 is $19,500,841 and the estimated performance incentive to be paid out to DCSEU is $818,560; (see findings and related questioned cost).

*Findings & Recommendations*

1. DCSEU has provided a total of 87 Green Collar Jobs but invoiced DOEE for an incentive payment for 88 Green Jobs. The DCSEU Management must review the total number of actual green jobs reported to DOEE and make necessary adjustments.
2. There were five occurrences on the year to date reported by the DCSEU on the quarterly DSLBD form did not match the total amount. DCSEU reported a total of $2,948,346.77 compared to $2,199,604.60 reported by subcontractors. The DCSEU Management must implement additional controls to ensure that all reporting and monitoring measures match the requirements as indicated in Section H of the contract.

1. Travel Cost – two occurrences total $1,343.00 where travel costs in excess of federal per diem rates were submitted, the cost was questioned and disallowed by DOEE. As a result only $162 remains as a questioned cost. The DCSEU Management must implement established controls. All disallowed charges should be at the expense of VEIC.
2. Legal Cost – one occurrence totaling $2,509.76 where legal costs were charged to the Solar for All program. The DCSEU Management must ensure that all payment requests include appropriate invoices and supporting documentation.

The next audit is where they check to see if the issues identified have been cured.

***Legislative Updates***

* Dr. Lawrence said nothing has changed regarding the building codes, since the last update was provided.
* Mr. Hinton asked if all of the seats on the Green Bank’s Board were filled. Director Wells said the Board is almost complete with an official vote taking place at the end of the month. No Chair has been appointed.

***Dr. Lance Loncke – Recap of June 5 Working Group Meeting***

The agenda from the previous week’s working group meeting was reviewed, to give meeting attendees a sense of what was discussed during that meeting. Dr. Loncke said the Advisory Board, DOEE and DCSEU have put together a subcommittee to take a look at the requirement of the Omnibus Act to prepare for our engagement with the utility companies, so they started a bi-weekly process. They will go through a number of important actions and conduct research needed to help formulate the amount of energy savings, metrics of cost-effectiveness, or even the type of programs that we would recommend to the Public Service Commission’s Working Group. They are scheduled to meet next Wednesday from 1 - 3 pm at DOEE. The next meeting will focus on current and future energy efficiency and demand response programs, so there will be presentations from the DCSEU and Pepco, to give the group a sense of what the DCSEU is presently doing regarding the immediate action items they have planned. This will also give the group a sense of any type of programs that they are thinking about implementing in the District.

Ms. Knowlton said she wants to make sure the Board focuses on the recommendations in the annual report from last year.

Mr. Hinton said the Public Service Commission will issue an Order in keeping with the timing with the effective date of Title 2 of the Omnibus Act, with the intent for the working group to be formed and the meeting scheduled very early in October.

Ms. Knowlton will send out an email asking for volunteers for the working group so that they can be in place by November 1.

**Other Matters**

* None

**Actions taken by the Board**

* Approval of June 11, 2019 meeting agenda
* Approval of June 11, meeting minutes

**Actions for the next Agenda**

* Discussion on Lifetime energy savings/GHG reductions
* Follow-up with VEIC on electric and gas programs
* Section assignment for Board’s Annual Report

**Adjournment**

* Vice Chair Knowlton adjourned the meeting at 12:05 PM.

*Minutes prepared by: Lynora Hall*