**SEU Advisory Board Meeting**

**Minutes**

**August 11, 2020**

**Call to Order**

Chair Bicky Corman called a quorum of the Sustainable Energy Utility Advisory Board (SEUAB or Board) to order at 10:10 AM, August 11, 2020. This was a WebEx video conference call meeting.

**Roll Call/Introductions**

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

**Board Members:**

**Board Members in attendance:** Bicky Corman, Donna Cooper, Nina Dodge, Steve Burr, Cary Hinton (designee for Willie Phillips, Public Service Commission), Farrah Saint-Surin, Millie Knowlton, Adrienne Mouton-Henderson (designee for Sandra Mattavous-Frye, Office of Peoples Counsel)

**Absent Board members:** Scott Williamson, Richard Graves, Nicole Steele

**Other Attendees:** Tommy Wells (Director, DOEE);Taresa Lawrence (Deputy Director, DOEE); Lance Loncke (Sr. Program Analyst, DOEE); Hussain Karim (DOEE); Ted Trabue (Director, DCSEU); Shelley Cohen (Solar Program Director, DCSEU); Tamara Christopher (DCSEU); Crystal McDonald (DCSEU); Patti Boyd (Senior Technology Strategist, DCSEU); Lynora Hall (DOEE); Megan Partridge (PEPCO); Dave Epley (Associate Director, DOEE); Angela Johnson, William Ellis (PEPCO); Yohannes Mariam (OPC); Karen Sistrunk (OPC); LaKeisha Lockwood (DOEE); Sarah Kogel-Smucker (OPC)

**A*pproval of Agenda***

The motion to approve the agenda was made by Ms. Millie Knowlton, seconded by Ms. Adrienne Mouton-Henderson, and unanimously approved by the Board.

***Review and Adoption of the June 9, 2020 and July 14, 2020 Minutes.***

The motion to approve the June 9, 2020 minutes, as revised, by Ms. Millie Knowlton, seconded by Ms. Nina Dodge, and unanimously approved by the Board.

The motion to approve the July 11, 2020 minutes, as revised, by Ms. Millie Knowlton, second by Ms. Adrienne Moulton-Henderson, and unanimously approved by the Board.

***Follow-Up Discussion on GHG Emissions SEUAB, DOEE, DCSEU***

Chair Corman thanked Ms. Nina Dodge for moving things along and getting things done. “A thank you to the presenters for providing a very informative presentation last meeting with a lot of food for thought” said Chair Corman. She also said that Ms. Dodge and she had a conversation about the next steps, and that they will be seeking board members input on the issue on the table about whether to include a performance benchmark for GHG emission reductions in the DCSEU contract. A meeting between board members, DOEE and DCSEU decided it could be within the current DCSEU contract. The fifth year of the contract starts in two months, so getting something into a contract for the 5th year would be difficult. If there is an option year in the contract it may present an opportunity to do something. Or there is the next contract which might provide an opportunity to do even more. Presently the DCSEU is implementing a program now regarding installation of heat pumps for low income people. The DCSEU will be producing a white page program in full. The Advisory Board could provide a nudge and say “let’s try and turn the white paper from the pilot into recommendations”. “That’s my idea on the table with regards to the option year” said the Chair Corman. Board needs to be looking at incentivizing commercial heat pump and water heaters like the program in New York City is doing. I guess the major message being in an action year. Does the Board do something major to the performance benchmarks or do we encourage more in the nature of pilot activities. Then the bigger question would be for the next contract which according to Mr. Hussain Karim we would be able to remain within the current contract.

Dr. Lance Loncke prepared a checklist which was distributed. It has topics for discussion that the Board should think about when considering the GHG performance benchmark. Chair Corman recapped on her issues as follows “We optimize and capitalize on what the DCSEU is doing with this existing pilot on heat pumps and low income households in the option year and seek lessons learned out of that program for any additional pilots, working towards the actual language for a contract that would reflect the GHG performance in this”. Ms. Millie Knowlton asked the Board to discuss which of those options to pursue, or one of those needed to be discussed in more detail. Chair Corman said this is just a straw proposal assuming that the board has been making recommendations for a year or two or more and those echoed recently by the Auditor’s report that the DCSEU ought to be looking towards having a GHG emissions reduction benchmark. Chair Corman said “The proposal that I was making was a three-step way for doing so. One is in the nature of reporting and lesson learning. Two, is piloting and learning, and three is the actual benchmark that was the proposal. Then to figure out how we would do that and if we went along with the three-step kind of process and then what we would put into each bucket.”

Ms. Dodge said if there’s agreement around it we could actually use this in our annual report this year as looking forward. Chair Corman said “I guess I personally feel a little antsy that the board’s been recommending this for two years in a row at least in its annual report and I would like to say we are actually putting it into implementation.”

Ms. Dodge stated “I think this marries the DCSEU with you on the omnibus legislation or at least the intent of the legislation and in the preamble. I think this is good framework. We’re not prejudging the outcome of what a performance contract amendment would look like. It could look something like what Vermont is doing, which is according a sort of a premium on existing energy efficiency performance for achieving certain GHG reduction emissions. This framework would give us a bit of leeway.”

Mr. Ted Trabue said they “may not be understanding the difference between a pilot that the DCSEU operates. The decarbonization pilot that we’re currently running was funded by DOEE at about $550,000. There are no performance incentives in terms of you know a financial incentive. If we hit the object of the pilot because there are no goals set in the pilot. It’s about let’s see what happens. Let’s see what happens from that versus our core programs where there are financial incentives and penalties. I would urge the board to be careful and its potential adoption of some sort of a pilot with a performance instead of a goal associated with it. In the short particularly with the new fiscal year starting in a month or so. I’ve got programs up and running basically to get into the fifth year of the contract. We are of course in the end of the year for moving into year five on October first. So it became difficult to start redesigning programs to hit a different sort of metrics.”

Chair Corman stated “the next contract year starts in nineteen days and there is not a proposal on the table to do anything other than encourage the DCSEU to turn the decarbonization pilot into a white paper that we would be able to understand how the DCSEU can incentivize measures that will result in decarbonization or that measures that we expect to result in decarbonization so there’s no proposal to do anything in year five that would have any fiscal ramifications one way or another.” Mr. Trabue said “understanding the limited nature of the current decarbonization pilot that it is for low-income single-family homes we will absolutely agree with you. We will turn the results into a white paper so that we can understand what sort of levels of decarbonization were achieved.”

Chair Corman said “Assuming there is an option year in the contract, my understanding was that for us to start to do something that would end up attaching either rewards or penalties to achievement or failure to achieve GHG emission reductions is going to be a pretty big change. And one way to get us to understand maybe more effectively how we might do that would be to do some pilots that could translate into how would achieve those performance benchmarks.”

Mr. Trabue pointed out that the DCSEU has a base budget that is set for FY21 which starts in over a month. There is funding that is allocated to the DCSEU to finish hitting targets from about four years ago. If there were any pilots to be performed above and beyond that core energy efficiency work, DCSEU currently doesn’t have any funding available. Only if DOEE was to award us some additional funding for FY21 to do some pilots we can clearly talk about. Mr. Trabue said, “I currently do not have funds in my budget to do something like that proposal.” Chair Corman said “I guess that year 2022 is my assumption about the timing and an option year.” Mr. Trabue stated that “the DCSEU has a five-year contract and the possibility of a five-year renewal that there’s a one-year option in twenty-two which is something that I haven’t been a part of that discussion.” Dr. Loncke stated “the option period is a five-year option for the District to exercise.” Mr. Trabue stated again there is no funding in the DCSEU budget to extend that pilot in FY21 and produce any other results above and beyond what we will be able to do. Ms. Dodge said “in other words there’s no funding for an extension for a pilot or creation of a new pilot. I think we need to move on and discuss the second portion which is creating what might happen in a new contract period in terms of budget and program. I propose that we move into the part of what Chair Corman is proposing.”

Per Chair Corman the straw proposal is no longer a three-step proposal. This proposal is focused on the white paper that is emerging from the pilot being done this year under this year’s budget and work during the time with either the white paper in hand and simultaneously on what language should look like inclusion in the next five-year option. Chair Corman asked whether the decarbonization pilot is going to be helpful in informing a subsequent discussion on what its GHG benchmark could look like? Mr. Trabue pointed out again the pilot is limited in its scope and it won’t be a comprehensive pilot. He doesn’t think it would be necessary and fundamentally sound in order to formulate a benchmark around it.

Ms. Knowlton said the Board has made a proposal to look into GHG as a benchmark. She would like to hear from DOEE, if a pilot should be done. Dr. Loncke said a pilot is not necessary for GHG benchmark metric to be added and the main reason why DOEE hasn’t made any changes to the existing contract structure right now is because pretty much all of the dollars in the contract are spoken for. The contract has four cumulative benchmarks and the contract that runs the whole five-year period so it would be virtually impossible to stick a new one in. That doesn’t preclude the Board from adding a new benchmark in the next option period. A GHG metric or benchmark is a direct derivative of energy savings currently occurring. Right now, one would simply be using gas and electricity grid combustion figures to determine the amount of GHG emissions that is being reduced as a result of the DCSEU installing energy efficiency measures. So, the key question becomes, “do we assign a GHG metric to that and do we remove the current gas and electric benchmark?” There is nothing special to be done about GHG.

Ms. Knowlton stated she feels frustrated because the Board has recommended multiple times that this conversation happened and we’re back here making recommendations for benchmarks itself. “I wonder if the DOEE recommendation should be coming from the Board to discuss and maybe advise on rather than the Board making the recommendation to?” she asked. Dr. Loncke stated that’s a clear way to look at it and DOEE certainly can put together a benchmark and recommendation to be considered. DOEE will need some input from the Board. Is the Board okay with just simply adding it as an additional benchmark (for a total of seven benchmarks)?, Or does the Board want to revisit the entire performance incentive structure. Because there are payments in there for income savings, payment for leveraging, the Board has to look at the benchmarks as a whole. Chair Corman stated that the Board has been saying this for a couple of years, it has been whether or not to inform either DOEE recommendations on a benchmark or board recommendations, or if there needs to be outside experts brought in again to do so. “Do the DCSEU and DOEE think that outside assistance will be helpful?” Chair Corman asked. Dr. Loncke said it might be helpful to review the entire set of benchmarks but DOEE and the Board can accomplish the GHG benchmark between ourselves. We have enough experts in-house.

Director Tommy Wells stated “we look at it the whole inventory and we do it by international standards. So the DCSEU does its part of that GHG inventory. What we are trying to think about is that reduction in use of energy. We definitely contribute to the overall GHG measures that we report. I have to be sure where the Board is getting at, is the use of fossil fuel in particular natural gas. It may be good for the Board to hear from Jenn on our DOEE Urban Stainability team who does GHG inventory and talk about the relationship both the DCSEU and natural gas to the GHG inventory. We have got on staff some skilled people who can help with this issue. Would that further help the Board?” Chair Corman said DOEE and DCSEU have staff and the Board doesn’t necessarily need a contractor. Mr. Trabue said he agrees with Dr. Loncke that there is a way to set a benchmark that we can look at our past performance and come up with something that we mutually agreed upon. But the current pilot would not be the basis of that. Mr. Karim stated the clear objective of the DCSEU was and still is energy savings and that with the Clean Energy DC Bill the focus now is GHG. Mr. Karim said, “My recommendation is that if you want to do a GHG benchmark you need to think about replacing the electric and gas benchmarks with a new GHG benchmark. That would be more consistent with the Clean Energy Bill because you would no longer have a gas savings benchmark.”

Ms. Dodge proposed the following for this topic. Ms. Dodge said “I propose that we have a presentation as Director Wells suggested on the relationship of GHG inventory that includes the adoption of the modified emissions factor for natural gas that we heard discussed in July’s panel by Mr. Edward Yim and team. Also, we should hear from DOEE and DCSEU on one or two proposals for introducing a GHG performance benchmark into the picture for the next contract. We will hear from the DCSEU team about their white papers and have a chance to discuss. Let’s follow-up on the basic knowledge.”

Ms. Knowlton said if an external study needs to be conducted, that requires procurement and several months, maybe even a year to complete, having timeline implications of each option proposed would be helpful. “I think what we want to avoid is we’ve been talking for years about this, and we’ve been putting this off because we don’t want to disrupt the five-year contract” she said.

Director Wells said the Board needs to be specific because there are two different things. One is GHG reduction that’s related to sourcing the energy for the city and the overall mix of fossil fuel that’s used for energy in the city. The second is on the customer side reducing the amount of natural gas. “I think when given the broad GHG reduction it’s been confusing to DOEE, because like Dr. Loncke said we’re working on that whether it be transportation changes, renewable portfolio standards and solar about all those things together with the DCSEU it’s been more of your reduce amount of energy. What proportion of that energy would have come from a GHG producing fuel? There’s a separate thing that I think you want to address regarding the use of natural gas on the customer side in the District of Columbia. You need to be more specific. Is that what you’re getting at the customer using natural gas or is it overall city reductions at GHG because we contract that out as well with experts. There’s a whole team that works on GHG reductions for the city.”

Ms. Dodge said there is little understanding of how the DCSEU adopting a performance benchmark for reducing emissions would affect the inventory of DC. Dr. Loncke said “EMR reports every year to DOEE. What we’re proposing here is to take that tracking goal and turn it into a performance benchmark and give the DCSEU an incentive. I sent around last night information that came out of our discussion last week asking what would you be doing differently if we were now to take on the tracking goal and make it a performance benchmark.” Mr. Trabue said “if we had the GHG goal we might adopt different programs to attack different sorts of GHG reduction opportunities in the city.” Mr. Trabue said “Director Wells mentioned transportation, we have other divisions in our company that might do some work in the transportation space. That’s not something we do here in the District of Columbia currently.” Director Wells stated “the DCSEU and the board itself has a number of partners that can be tapped to work on this together. Once the objective is clear to reduce natural gas used in the District and heating oil, it’s not all on the DCSEU to do it. You have partners that can be brought into work with you on this and we look at how we maximize the DCSEU roll in doing that as well as in a partnership. This is not an opportunity lost but the Board needs to be clear. An overall GHG reduction is a difficult one. That’s measurable we can bring in our own internal experts.”

Ms. Dodge stated “I’m looking in particular at decarbonization that reduces the use of fossil fuels at the end use and source use, I think that’s no different than what’s in the targets for the District as referred to in legislation. The idea is to bring the DCSEU work to conformity with these targets but not relying on the SEU to carry a disproportionate burden. SEU has a twenty million dollar parameter.” Ms. Knowlton said so “I think the key objective is aligning the benchmarks with the District objectives of reducing GHG and conversion of the energy savings benchmark to a GHG reductions target.” Director Wells said “I think you are right because the conversion of how much fossil fuel is burned in GHG produce, that’s not terribly hard.”

Chair Corman asked Ms. Sarah Smucker to clarify questions where it seems there might be a difference. She said “I’m hearing Ms. Dodge and Ms. Knowlton say that they want to expand not necessarily even to transportation or to a response for the overall benchmarking and reduction of the city. What I hear them saying is that the incentive structure for energy savings and GHG reduction overall tends to align, because when you reduce your energy use you reduce your GHG. But in certain instances, as the Director was saying, the natural gas and home heating oil the GHG reduction benefit and the energy consumption could diverge and right now doesn’t have an incentive to address GHG reduction. Does the new contract need to get at the divergence to create an incentive or not?” Chair Corman said “I believe it is the question that goes to Mr. Karim’s recommendation as to whether or not to replace what are existing District’s benchmarks for electric and gas reductions, into a GHG emission reduction.” Ms. Smucker stated “because that math is already done as Director Wells is saying it’s not necessarily a wholesale shift and mass emission to transportation. It’s where the incentive structure lies when there’s a divergence between GHG reduction and energy savings.” Dr. Donna Cooper said that “if you begin to move in the direction of advancing certain specific targets and/or incentive, of course there is the opportunity to do more. But more is obviously going to be tied to the programs. This is more for Mr. Trabue as well as program construct that would ultimately be tied more specifically to that particular objective of programs. We may need to change in order to align with a higher target or drive. If you’re tracking in that respective area.” Mr. Trabue said “we don’t have a metric around the reduction of the use of natural oil. If a GHG goal were adopted that dealt more with the reduction of user refrigerant for example, maybe more so than we think we are currently doing. So yes there are some programmatic changes that clearly would be on the table and under consideration. The cars, buses transportation and other sorts of sources that are here. The District of Columbia wouldn’t want us to think mission creep into those sorts of GHG reduction. They would want pretty much to align with what we are currently doing or what we’ve done over the last five to nine years. This is in the built environment - in housing, multifamily buildings, hospitals and universities we could continue on. Under the current contract we have a goal around the reduction of consumption of electricity; we have a separate goal of reduction of consumption of natural gas. Those goals are the end of year evaluated. The low-income space for electric and natural gas they are combined into one, it may be to you metrics. And the goal is centered around a GHG metric moving forward.”

Ms. Dodge said it might make sense for the Board to build a pilot trial into the next contract. Dr. Loncke said he will take the lead on this issue, and that he will come back with a proposal for the Board to consider that includes a GHG reduction benchmark. It was agreed that the subcommittee document Dr. Loncke put together should be circulated again, and the Board will submit their answers and comments.

Ms. Knowlton asked would it be possible to make a proposal or kind of a preferred approach that can be a starting point for the board. It might be a productive conversation. Dr. Loncke answered we can do that. Chair Corman seconded that she thinks it would be helpful. Ms. Henderson inquired about a due date for the questions. Dr. Loncke said by January we should have a benchmark for the Board to review. A modification could take a couple of weeks to execute. City Council only approves the dollar amount of the contract; benchmarks can be changed anytime that is a Contracting Officer’s job. The answer to Ms. Henderson’s question due back by the next meeting or the one after. Dr. Loncke will draft a benchmark using some of the meetings suggestions. Chair Corman said at the next meeting this topic GHG emission reduction will be discussed more.

***Legislative Update Hussain Karim, DOEE***

Mr. Karim requested the City Council to extend the deadline for the annual report until November 30. We are waiting to hear back from them.

***Discussion of SEUAB Annual Report Bicky Corman, SEUAB Chair***

Chair Corman said the Board should get their first draft in by the next meeting, but I think that they should try to do as much as they can in Google Doc. First chapters by September. Dr. Loncke said DOEE will provide support.

The next meeting check in:

1. Continuing GHG emission reduction
2. Performance Benchmarks
3. Advisory Board Onboarding

Thanks see you at the next meeting.

***Other***

***Next Agenda***

* Approval of August 11, 2020 agenda.

***Actions taken by the Board***

* Approval of June 9 and July 14, 2020 meeting minutes

**Adjournment**

* Chair Corman adjourned the meeting at 12:00 P.M.

*Minutes prepared by: Lynora Hall*