



**MEETING SUMMARY**  
**MICHIGAN CLIMATE ACTION COUNCIL**  
**Residential, Commercial and Industrial (RCI) Technical Working Group (TWG)**  
**Teleconference #6 – June 12, 2008 – 3:00 PM – 5:00 EDT**

**Attendees**

**RCI TWG Members:** Jim Ault, Michigan Electric & Gas Association; Dr. Vincent Nathan, City of Detroit; Leonard Parker, Cleveland Cliffs; Shelley Sullivan, Chrysler Motor Company; Guy Bazzani, Bazzani & Associates; Michael Garfield, Ecology Center; Rev. Charles Morris, Michigan Interfaith Power & Light; Frank Zaski, Sierra Club

**State of Michigan Participants:** Patrick Hudson, Department of Labor and Economic Growth; Lynn Fiedler, Michigan Dept. of Environmental Quality (MDEQ); Rob Ozar, Michigan Public Service Commission; Lisa Pappas, Michigan Public Service Commission; Amy Butler, Chief, Environmental Science & Services Division, MDEQ.

**Center for Climate Strategies:** Judith Barry

**Background Documents**

1. Meeting #6 Notice and Agenda
2. PowerPoint for Teleconference #6
3. Meeting Summary of Teleconference #5
4. Draft RCI Straw proposals

**Discussion Items and Key Issues**

Judith Barry took roll and asked the TWG if there were comments about the previous call's summary or announcements. There were none. Judith stated that the goal of this teleconference was to review, and if necessary, revise the draft language developed by the TWG since its previous discussion.

Judith began the discussion by turning the attention of the TWG to RCI-1, Utility Demand-Side Management (DSM) for Electricity, Natural Gas, Propane and Fuel Oil. Concern was expressed that once the 'low-hanging' fruit efficiency gains were realized it might be difficult to achieve this policy option's goals in later years. It was also noted by members of the TWG that any goals has to have some control for fluctuations in the economy and weather, since both can have significant impacts on the usage of energy in Michigan for any given year. Judith pointed out that these sorts of questions could be delayed until the implementation mechanisms section is considered and the TWG agreed to go ahead with quantification.

The second option the TWG considered was RCI-2, Existing Building Energy Efficiency Incentives, Assistance, Certifications and Financing. Guy Bazzani suggested that the policy design language should reference ASHRAE standards, and noted that in his experience silver LEED results in a 40% decline in energy usage, so the goal should be press higher. He also suggested that different efficiency goals should be developed for each sector: residential, commercial and industrial. Members of the TWG also mentioned that a specific incentive structure would need to be developed in order to implement this policy. Members mentioned that the TWG could use assistance from CCS in drafting language dealing with the incentives and financing, and that perhaps examples from other states would be helpful.

The next policy option considered by the TWG was RCI-3, Regulatory (PSC) Changes to Remove Disincentives and Encourage Energy Efficiency Investments by IOUs. The TWG agreed that this policy option could not be quantified. Rob Ozar wanted to edit to specific language in the option and with assent from the TWG he agreed to provide revised language.

Next the TWG moved to RCI-4, Adopt More Stringent Building Codes for Energy Efficiency. Initially the TWG discussed increasing the code standards by a specific percentage. Finally the consensus was that RCI-4 should focus on regulations while the incentives portion of it should be moved to RCI-7. The TWG agreed that RCI-4 should raise Michigan's building energy code to adhere to the 2006 edition of IECC, as well as requiring the thermal envelope to be inspected during construction. Pat Hudson, who drafted this option, said he will send suggested language for the goal now that he understands the form that the goals take.

The TWG followed that discussion by considering RCI-5, Michigan Climate Challenge and Related Consumer Education Programs. It was suggested that despite the fact that this option probably couldn't be quantified in terms of GHG reductions, it might still be worthwhile to develop some metrics to track participation. Other members of the TWG mentioned that the policy description was mainly concerned with the Michigan Climate challenge and felt that it might be a good idea to create language to better explain what 'Related Consumer Education Programs' meant.

Since it was related to RCI-5, the sixth policy option considered was RCI-9, Training and Education for Building Design, Operation and Construction. Members of the TWG suggested that the policy option specifically target three types of professions for education efforts: public officials, trades people and facility managers. There was some discussion of whether or not to rename RCI-9 as RCI-5b since they are closely aligned. Vince Nathan asked how other states have handled this type of program, and CCS agreed decided to research it.

The next policy option considered was RCI-6, Renewable Energy Systems Integration. Members of the TWG requested that additional descriptive language be added so that the concept of feed in tariffs are better explained. The TWG did not have a concrete sense of what a tangible goal should be. CCS was asked to look at the German example. It was

also mentioned that zoning laws would need to be addressed to enable this policy. Rev. Charles Morris agreed to provide some language regarding zoning.

RCI-7, Promotion and incentives for Improved Design and Construction in the Private Sector was the next policy option considered by the TWG. Guy Bazzani said that an important piece of any incentive structure for energy efficiency improvements is to include property tax abatements to help offset the immediate raises in property value likely to occur. There was much discussion on the current state of Michigan's buildings and the potential for energy efficiency improvements, with one member pointing out that the goal for RCI-7 can be aggressive because the payback periods on efficiency investments were so short, especially in the thermal envelope. The TWG agreed to move all 'beyond code' language from RCI-4 to RCI-7 and to have the goal for RCI-7 be a 30% improvement over the code required in RCI-4 by 2012.

The ninth policy considered was RCI-8, Net Metering for Distributed Generation. It was suggested that the metric for this option could be to have a certain percentage of DG come from renewables. The group discussed the different ways one could approach this goal and finally decided to have the growth in distributed renewable equal 2% of total electrical peak load in the state, but CCS was asked to convert the goal into a MW capacity figure instead of a percentage. The group briefly discussed whether the policy should include municipal utilities and cooperatives, given the likely political resistance, but it was decided that this could be addressed later.

The final policy considered was ES-10, Water Use and Management. The TWG noted the recommendations of CCS, with Amy Butler saying she would like to consult with their colleagues who know more about water issues than them before commenting on the goal.

### **Public Comment**

There was none

### **Next Steps**

Donna Boysen explained that in order for this document to be ready for the MCAC meeting on June 27<sup>th</sup> all revisions to the policy options must be finalized by the 20<sup>th</sup>.