



***Draft* MEETING SUMMARY**
MICHIGAN CLIMATE ACTION COUNCIL
Residential, Commercial and Industrial (RCI) Technical Working Group (TWG)
Teleconference #9 – August 28, 2008 – 3:00 PM – 5:00 PM EDT

Attendees

RCI TWG Members: Jim Ault, Michigan Electric & Gas Association; George Curran, Hopkins, Curran and Smith; Michael Garfield, Ecology Center; Martin Kushler, American Council for an Energy-Efficient Economy; Dr. Vincent Nathan, City of Detroit; Shelley Sullivan, Chrysler Motor Company; Keith Paasch for Lisa Webb-Sharp, Department of Labor and Economic Growth

State of Michigan Participants: Julie Baldwin, Michigan Public Service Commission; Amy Butler, Department of Environmental Quality; Patrick Hudson, Department of Labor and Economic Growth; Rick Martin, Department of Management and Budget; Emily Simon, Michigan Public Service Commission

Center for Climate Strategies: Ken Colburn, Matthew Brown, Katie Pasko (briefly) and June Taylor

Background Documents

1. Meeting #9 Notice and Agenda
2. PowerPoint for Teleconference #9
3. Meeting Summary of Teleconference #8
4. Draft RCI Policy Option Descriptions

Discussion Items and Key Issues

Ken Colburn from CCS welcomed the TWG members and others to the call, conducted the roll call, and reviewed the agenda. The draft summary from the last meeting was approved without changes. Colburn noted that we are working to schedule several future meetings for this work group. The primary focus of today's meeting is reviewing Policy Option Draft sections in preparation for the September 12, 2008 meeting of the MCAC. The following reflects the TWG discussion for each RCI policy option.

RCI-1 Utility Demand-Side Management (DSM) for Electricity, Natural Gas, Propane, and Fuel Oil

The drafting team is **Frank Zaski, Jim Ault, Rob Ozar** (with assistance from **Emily Simon**) and **Steve Boeckman**.

The goal was moved from 1% to 2% and the business as usual (BAU) benchmark was clarified as a three-year, weather normalized forecast. JULIE BALDWIN found a typo in the second paragraph describing the goal using the old 1% number. Ken Colburn

suggested removing that sentence, since the goal description belongs below. MATTHEW BROWN asked if the 2% was to come from existing and new programs. MARTY KUSHLER said it would be from new participants in existing and new programs. The idea is to be working up to 2% saving per year. The absolute number encompassed in the 2% increases every year, due to expanded participation.

The Implementation Mechanisms section needs to be fleshed out. Clearly these will vary as electricity supply and natural gas measures will differ. MARTY KUSHLER noted that the only existing fund is for low-income energy efficiency and there is no or very minimal data on the electricity use reductions from these existing programs. There is a bill in the House to ramp up by 1% per year, but it has not passed the Senate. He also pointed out that effectively there are no energy efficiency programs in place. The House proposal is for a utility rate payer-funded approach, as has been done in several other states.

RCI-2 Existing Building Energy Efficiency Incentives, Assistance, Certification and Financing

Drafting team: **Shelley Sullivan, George Curran and Guy Bazzani**

Following a review of the changes made, PAT HUDSON brought up an existing pilot utility program for efficiency. Right now it is so small as to be inconsequential in terms of GHG reductions. MARTY KUSHLER pointed out that the utility is using this pilot to prepare itself to ramp up if legislation passes requiring a program. There is no current data resulting from this pilot effort. The website “My DTE” from www.dteenergy.com offers additional info. Colburn suggested including this for completeness, while noting it has no data to contribute to this effort.

The revised version lists RETAP, Energy Research and Demonstration Centers, and Small Business Pollution Prevention (P2) Loans. There are all state programs. AMY BUTLER offered to provide information to flesh out these descriptions.

SHELLY SULLIVAN noted that under Goals, the 2% is to be measured in energy consumption per square foot and noted that good baseline information may not available for future comparison. For commercial buildings this data may be available, but probably is not for residential buildings. MS. SULLIVAN noted that related reduction will come from RCI-1, an overlap that needs to be factored into quantification. Another member stressed that RCI-1 and RCI-2 complement each other, but agreed we must avoid double counting. GEORGE CURRAN asked about including a phrase that the two options operate “in conjunction” or “supplemental” to each other.

The point was made that funding will strongly influence how many reductions can be achieved through these options. Colburn noted that the quantitative analysis will show how much these options will reduce GHGs and how much they will cost, but that the TWG need not address their funding sources. That is for the policy makers (e.g., the legislature) assuming that the MCAC includes this option in its final recommendations.

RCI-3 Regulatory (PSC) Changes to Remove Disincentives and Encourage Energy Efficiency Investments by IOUs

The drafting team is **Jim Ault, Steve Boeckman, Emily Simon** and **Rob Ozar**.

EMILY SIMON and ROB OZAR met and came up with goal language for the MPSC to conduct a study by 2010 and implement its recommendations by 2012. MARTY KUSHLER suggested moving the dates up by 1 year – 2009 for the study and 2011 for the implementation. Minnesota has undertaken a similar effort. On “Related Programs in Place,” Emily and Rob will be meeting on this and providing new text.

RCI-4 Adopt More Stringent Building Codes for Energy Efficiency

The drafting team included **George Curran, Pat Hudson** and **Guy Bazzani**.

The drafters stressed that this option is to include commercial as well as residential buildings and are adding a bullet for American Society of Heating, Refrigerating & Air-Conditioning Engineers (ASHRAE) to reflect commercial buildings. PAT HUDSON sent some changes that need to be reflected in the draft regarding the Michigan Uniform Energy Code (MUEC) and ASHRAE. MARTIN KUSHLER was recently at the American Council for an Energy-Efficient Economy meeting in California and found that the State of California is looking at “Zero net energy buildings”; residential by 2020 and commercial by 2030 with a combination of efficiencies and renewables on site. This is similar to the 2030 Challenge, but even lower (zero vs 50%). KUSHLER will try to find a web link. SHELLY SULLIVAN thinks the addition of ASHRAE is a good start in including commercial buildings. She will provide some additional text to cover the commercial sector. PAT HUDSON will add some further text on code officials.

A public forum was held on August 12. PAT HUDSON also updated the reference to this adding information on the process for public comments. HUDSON will provide a generalized revision that won't become chronologically outdated.

There was a discussion of merging the options that deal with new versus existing buildings. MS. SULLIVAN suggested modifying the titles so this is clear. KEN COLBURN said we will need to run that by the MCAC, but indicated that additional clarity is generally welcome.

RCI-5 Michigan Climate Challenge Program and Related Consumer Education Programs

The drafting team is **Vincent Nathan, Keith Paasch, Lynn Fiedler**, and **Steve Kulesia**. There was some confusion about the correct name for the voluntary climate action program that Michigan is developing. Amy Butler confirmed that the “Michigan Climate Challenge” is the correct term. LYNN FIEDLER noted how similar this is to the Cross-Cutting Issues (CC) TWG's option CCI-5. The feeling of this group was to retain it here but to coordinate with the CC TWG further.

RCI-6 Incentives to Promote Renewable Energy Systems Implementation

The drafting team is **Leonard Parker, Rob Ozar, Emily Simon and Mike Garfield**. COLBURN reported on conversation he had with Jeff Wennberg who leads the Energy Supply (ES) TWG. ES-12 has been totally recast to focus on small-scale renewables. ES has a separate policy option for larger-scale renewables. ES-12 is calling for 240 megawatts (MW) of customer-sited renewable energy by 2015 and 715 MW by 2025. The goal is to get to 1% of summer peak load by 2015 and 3% by 2025. Geo-thermal and related measures are included to help meet the goal.

COLBURN asked if the RCI TWG might want to combine RCI-6 and RCI-8 with ES-12. He will circulate the revised ES-12 to the group for its review. MIKE GARFIELD is in favor of linking with the Energy Supply effort. He wonders about pulling out the feed-in-tariff as a separate option. He recalled that much of the information RCI was looking at relied on the German experience. Michigan might be able to do better than Germany, since the costs of alternatives (especially wind and solar) are coming down. He does not want to lose the potential benefits of large-scale feed-in-tariffs. JULIE BALDWIN was on an Energy Supply TWG call this morning and noted that the feed-in tariff for large scale generator is included as an implementation mechanism under the renewable portfolio standard (RPS). COLBURN pointed it out it could also be an implementation mechanism under ES-12 (which could also incorporate RCI-6 and RCI-8). GARFIELD asked if this led to ES raising the goals. JULIE BALDWIN thinks not; the Feed-in-tariff is just a better way of accomplishing the goal. She added that the ES is looking at *new* generation. Very little will come from distributed and small-scale generation. Some large wood-burning generators are being developed.

The ES TWG based its thinking on the Michigan *21st Century Energy Plan*, as did RCI. The idea of joining the RCI and ES options will remain under consideration while the ES-12 description is circulated. Members want to make sure that the RCI goals are strong, but also assure that they are reasonable. A member asked if information is available from other states or nations on net metering, feed-in-tariffs or other programs. BALDWIN pointed out that California, which has a strong program and a much larger economy and population, only has 280 MW of solar photovoltaic (PV). MATTHEW BROWN says his research suggests that you should not rely on net metering. It should be part of a larger package to achieve specific goals, but it is not a “sole motivator.” Another member asked if we could get some specific information on the German experience to see how much the feed-in-tariff has spurred small scale renewables. BROWN will seek such information.

RCI-7 Promotion and Incentives for Improved Design and Construction in the Private Sector

The drafting team is **George Curran and Vincent Nathan**. This will not be integrated with RCI-4. The drafters will continue to fill in the template. MATTHEW BROWN will start the quantification of this option and will be calling on TWG members for additional information as needed.

RCI-8 Net Metering For Distributed Generation

The drafting team is **Julie Baldwin, Jim Ault and Steve Boeckman.**

This option could be considered as part of a Renewable Generation umbrella, e.g., under RCI-6. As with RCI-6 above, however, there needs to be coordination with the Energy Supply TWG in doing so.

RCI-9 Training and Education for Building Design, Operation, and Construction

The drafting team is **Pat Hudson, Steve Kulesia, and Guy Bazzani.**

There were few changes to this section from last call. We need to expand the Parties Involved to include building code officials, etc.

RCI-10 Water Use and Management

The drafting team is **Leonard Parker, and Steve List.**

The current version includes some new text from MR. PARKER clarifying that it does include wastewater as well as drinking water. He also fleshed out many other aspects of the template.

Next Steps

For the next call we will have further revisions to the template and Matthew Brown will be supplying the initial quantification information regarding GHG reductions and costs.

The next RCI TWG call will be on Thursday, September 25, from 10:00 am 12:00 pm.

The next MCAC meeting is September 12th in East Lansing.

Two other calls for this TWG will be set in October in preparation for the final MCAC meeting November 21st.

Public comment was invited but no comments or questions were offered.

The call was adjourned at 5:00 pm.