



**MEETING SUMMARY**  
**MICHIGAN CLIMATE ACTION COUNCIL**  
**Residential, Commercial and Industrial (RCI) Technical Working Group (TWG)**  
**Teleconference #10 – September 25, 2008 – 10:00 AM–Noon EDT**

**Attendees**

**RCI TWG Members:** Jim Ault, Michigan Electric & Gas Association; Guy Bazzani, Bazzani & Associates; Steve Boeckman, Great Lakes Energy; George Curran, Kotz, Sangster, Wysocki & Berg; Michael Garfield, Ecology Center; Leonard Parker, Cleveland Cliffs; Shelley Sullivan, Chrysler Motor Company; Keith Paasch for Lisa Webb-Sharp, Dept. of Management and Budget

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

**Center for Climate Strategies:** Ken Colburn, Matthew Brown and June Taylor

**Background Documents**

1. Meeting #10 Notice and Agenda
2. PowerPoint for Teleconference #10
3. Meeting Summary of Teleconference #9
4. Draft RCI Policy Options Descriptions (revised based on MCAC meeting September 12, 2008)
5. Memo regarding quantification issues and overlap among RCI and Energy Supply policy options
6. Excerpt from Energy Supply Policy Options Document of ES-1 and ES-12

**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 Meeting #9 on August 28, 2008 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 Document's (POD) key sections in light of feedback from the September 12, 2008 MCAC meeting, and in preparation for quantification of policy options. 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**.

This option is solid and awaits quantification. POD template sections for Additional Costs & Benefits and Feasibility Issues need to be completed. There was no further discussion.

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

The drafting team is **Shelley Sullivan, George Curran** and **Guy Bazzani**

This option is solid and awaits quantification. POD template sections for Additional Costs & Benefits and Feasibility Issues need to be completed. There was no further discussion.

### **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**.

In the policy design goals, the MCAC recommended moving up the dates for the comprehensive study to “as soon as possible” with implementation “by December 2010” and “in close coordination with the Energy Supply Technical Work Group”. Jim Ault pointed out that net metering is included in newly passed legislation (SB 213). TWG members noted that the Governor had not yet signed the bill, but was expected to do so. JIM AULT will send out a summary of the law.

Because similar studies are included in this legislation, members decided to recommend adding “in concert with the studies cited in newly passed legislation, SB 213.” The Related Programs in Place section will be similarly amended to reflect the adoption of this legislation.

EMILY SIMON and ROB OZAR worked up language on decoupling for the Implementation Mechanisms section for this option. The new law references decoupling and calls for a PSC study, leaving it pretty open. SIMON and OZAR will update the policy option description as appropriate. As with the above options, the POD template sections for Additional Costs & Benefits and Feasibility Issues need to be completed

### **RCI-4 Adopt More Stringent Building Codes for Energy Efficiency**

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

The title of this option had previously been changed to focus on new construction and RCI-7's to focus on existing buildings. GUY BAZZANI raised concerns about this because building codes apply to all construction (e.g., major renovations), not just new construction. BAZZANI suggested that the two options (RCI-4 and RCI-7) instead focus on codes versus incentives, rather than existing versus new construction. TWG members on the call agreed, and the previously proposed title changes reflecting the latter will not be adopted.

Members also noted that building thermal envelopes may, in many cases, be properly designed, but not properly constructed, reducing energy savings by as much as 20%. Members thus recommended adding a thermal envelope inspection requirement to the policy option to ensure that “as built” results comport with “as designed” specifications. PAT HUDSON will provide language for the next version of the POD. BAZZANI and SHELLY SULLIVAN also noted that we need to cite “*all* construction” or always cite “residential, commercial and industrial” in order to ensure we include all three types of buildings. There was some uncertainty about whether the Energy 2030 Challenge includes industrial buildings, but even if it does not, the TWG wants *all* buildings and *all* construction to be included in the RCI-4 goal. COLBURN will clarify this in the goals section and check for it throughout the POD. The POD template sections for Additional Costs & Benefits and Feasibility Issues remain to be completed.

#### **RCI-5 Michigan Climate Challenge and Related Consumer Education Programs**

The drafting team is **Vincent Nathan, Keith Paasch, Lynn Fiedler, and Steve Kulesia**. The TWG inserted as a goal establishing and implementing the Michigan Climate Challenge in response to the MCAC’s request for this change. No further changes were made. The POD template sections for Additional Costs & Benefits and Feasibility Issues remain to be completed.

#### **RCI-6 Incentives to Promote Renewable Energy Systems Implementation**

The drafting team is **Leonard Parker, Rob Ozar, Emily Simon and Mike Garfield**. This item was discussed below as part of a broader discussion about consolidating related RCI and ES policy options.

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

The drafting team is **George Curran and Vincent Nathan**. As in the discussion regarding RCI-4, the title will not be changed to include “Focused on Existing Buildings.” Text on LEED building standards was incorporated into the policy design section. The POD template sections for Additional Costs & Benefits and Feasibility Issues remain to be completed.

#### **RCI-8 Net Metering For Distributed Generation**

The drafting team is **Julie Baldwin, Jim Ault and Steve Boeckman**. This option also needs further work on the feasibility. The new legislation that includes net metering needs to be included in the Existing Policies and Programs. COLBURN will do this based on the information he gets from JIM AULT.

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

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

The MCAC approved this option, so there were no suggested changes. The POD template section for Additional Costs & Benefits remains to be completed

### **RCI-10 Water Use and Management**

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

This policy option is in good shape but for the POD template section for Feasibility Issues. In attempting to quantify this option, however, MATTHEW BROWN has found that there is little data available on the energy use and efficiency of water utilities. DEQ does not track this information and only some utilities do track it. He asked if TWG members were aware of any data. He also suggested that an additional goal for the group to consider may thus be adding a requirement for such data and/or a study of water utility efficiency. If each utility provided its energy bills, that would help. George Curran asked if this information wouldn't be on the submission for rate increases submitted to the Public Service Commission. Shelly Sullivan thought the utility providers would also have it, as these are large users. She thinks it might be also available on-line via the utilities. However, getting permission to access it could be time consuming. The PSC does not regulate the rates of the water utilities; this ended a few years ago. Some cities have their electric meters grouped, which creates additional problems. Most water utilities are public municipal operations in Michigan; there are few private water suppliers. BROWN will contact Grand Rapids's environmental coordinator [*Corky Overmyer 616- 456-4635*], to see if he can help. Grand Rapids is Michigan's second largest city, and he may have other contacts in Detroit, Kalamazoo, etc.

LEONARD PARKER reinforced that we do need to add the collection of this type of data as part of our Goals in this policy option. Mathew's memo includes text on this.

### **Discussion of Consolidating Related Energy Supply (ES) and RCI Policy Options**

MATTHEW BROWN prepared a memo (posted on the Website) focusing on the overlaps between:

- ES-1 (Renewable Portfolio Standard)
- ES-12 (Distributed renewable energy incentives, barrier removal, and development issues including grid access)
- RCI-6 (Incentives to Promote Renewable Energy Systems Implementation)
- RCI-8 (Net Metering for Distributed Generation)

The policies, goals, timeframes, and implementation mechanisms of these options have substantial overlap and some conflict. One potential solution is consolidating them in some form, noting the difference between "portfolio" and "distributed" energy options, incorporating feed-in tariffs, net metering, and other approaches implicitly. STEVE KULESIA, the MDEQ representative for the ES TWG, joined the RCI call to explore the RCI perspective regarding doing so.

The consensus of the TWG was that merging these ES and RCI options appears to make sense. KULESIA suggested that he and JULIE BALDWIN draft language on how to do this. MIKE GARFIELD also volunteered to help with a memo and/or a call. He wants to explore how use of a feed-in tariff might work with large-scale renewables, and to ensure ambitious goals for renewables. These three will take the lead in drafting; BROWN and COLBURN will alert JEFF WENNERBERG, the ES TWG facilitator for the CCS.

BROWN raised another point regarding overlap between RCI-2 and RCI-7. RCI-2 reflects a per-square-foot reduction in energy (for residential and commercial buildings), whereas RCI-7 measures reductions against IECC 2006. No baseline year is given, but 2002 is the baseline year for the overall MCAC process. The TWG concurred. BROWN also suggested using a straight-line phase-in for residential and commercial reductions starting in 2010.

Members noted that it had been an arduous, lengthy process to get the current energy legislation adopted. Because some of the RCI options being considered are even more aggressive, some members cautioned about how easily and readily implementation would proceed.

PAT HUDSON pointed out that the IECC has itself been recently updated. As a result, its improvements will ripple through several RCI options. He will forward suggested text reflecting this update.

### **Inventory and Forecast**

Iron and steel inventory and forecast data issues are open. We lack some anticipated data. MDEQ is working on getting this data. Lynn Fiedler will check with the person assigned this task on his progress.

### **Next Steps**

The POD will be revised based on the input received in this meeting, and will coordinate with the ES TWG regarding handling of the consolidation of policy options. The next RCI TWG meetings will focus on the initial quantification of policy options.

Dates for next RCI TWG calls were set for:

- Tuesday, Oct. 14 at 3:00-5:00 pm
- Tuesday, Nov. 11 and 10:00 am to noon. The state offices are closed on Veteran's Day, so we need to alert people that it will be only by phone. The state people will participate even though it is a state holiday.

The next MCAC meeting is November 20 and 21 (Thursday and Friday) in East Lansing. Public comment was invited but no comments or questions were offered.

The call adjourned at 11:55 am.