

RISEP Advisory Council Meeting #8

Commerce RI
Thursday, January 30, 9–11 am



STATE OF RHODE ISLAND

**OFFICE OF
ENERGY RESOURCES**

Today's Agenda

- 9:00** **Welcome**
- 9:10** **RISEP DRAFT Policy Recommendations PPT**
- 10:10** **Questions & Discussion**
- 10:40** **Next Steps**
- 10:50** **Public Comment**
- 11:00** **Adjourn**

Timeline

September 2013

- RISEP Advisory Council #7
- Feedback on proposed targets

October 2013

- 3 Implementation Group Meetings
- Feedback on draft proposed policy recommendations

November/December

- OER incorporates feedback

January 2014

- RISEP Advisory Council #8
- Feedback on proposed updated draft proposed policy recommendations

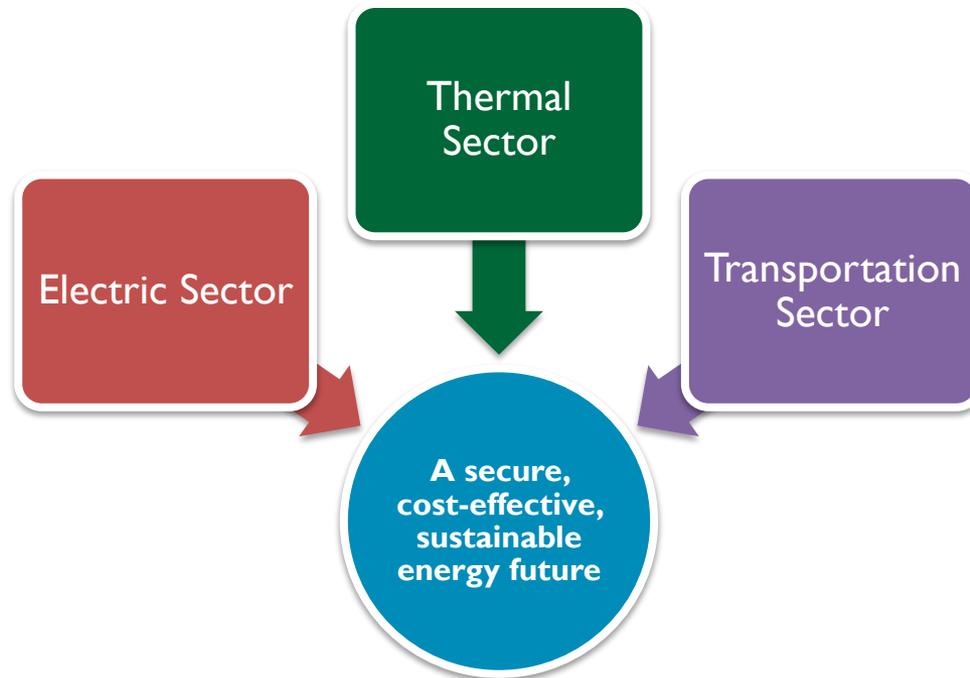
February 2014

- OER incorporates feedback
- Final RISEP draft circulated to Advisory Council

March 2014

- Anticipated Advisory Council approval
- Handoff to Statewide Planning

RISEP Vision Statement



*“In 2035, Rhode Island provides energy services across all sectors—**electricity, thermal, and transportation**—using a **secure, cost-effective, and sustainable** energy system.”*

RISEP Project Tasks

Gather Data

Analyze and quantify the amount, cost, supply, and environmental effects of all forms of energy resources—currently used, and potentially available to use—within all sectors in Rhode Island.

Set Goals

Identify measurable targets for providing energy services using a resource mix that meets a set of criteria advancing the health, environmental, economic, and human wellbeing of the people, communities, and environment of Rhode Island.

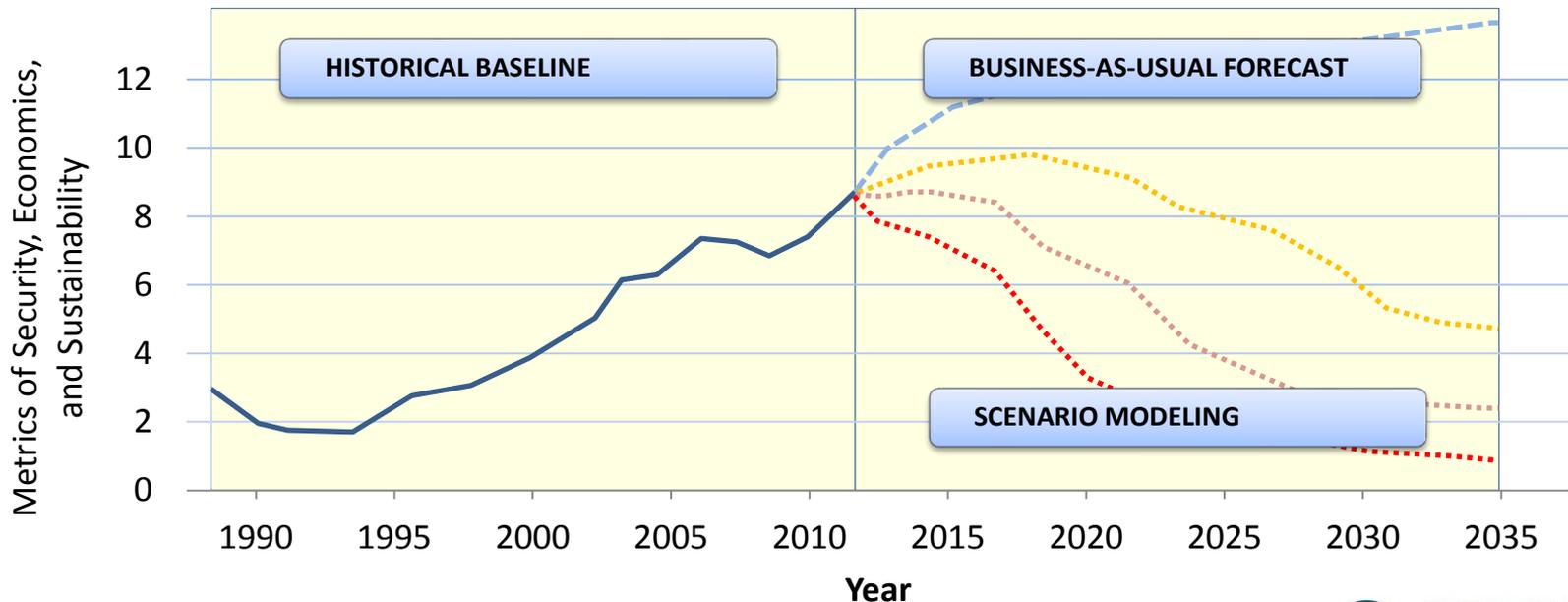
Recommend Action

Design a comprehensive implementation strategy to meet the goals of the Plan through public, private, and individual efforts, consistent with existing policy requirements at the local, state, regional, and federal level.

Gathering Data

Gather Data

Analyze and quantify the amount, cost, supply, and environmental effects of all forms of energy resources—currently used, and potentially available to use—within all sectors in Rhode Island.



Gathering Data

Gather Data

Analyze and quantify the amount, cost, supply, and environmental effects of all forms of energy resources—currently used, and potentially available to use—within all sectors in Rhode Island.

Navigant modeled three energy future scenarios

Scenario 1 (Security)

- Prioritizes energy security through fuel diversification and grid modernization

Scenario 2 (Cost-Effectiveness)

- Prioritizes cost-effectiveness and economic development while hitting key targets for GHG reduction

Scenario 3 (Sustainability)

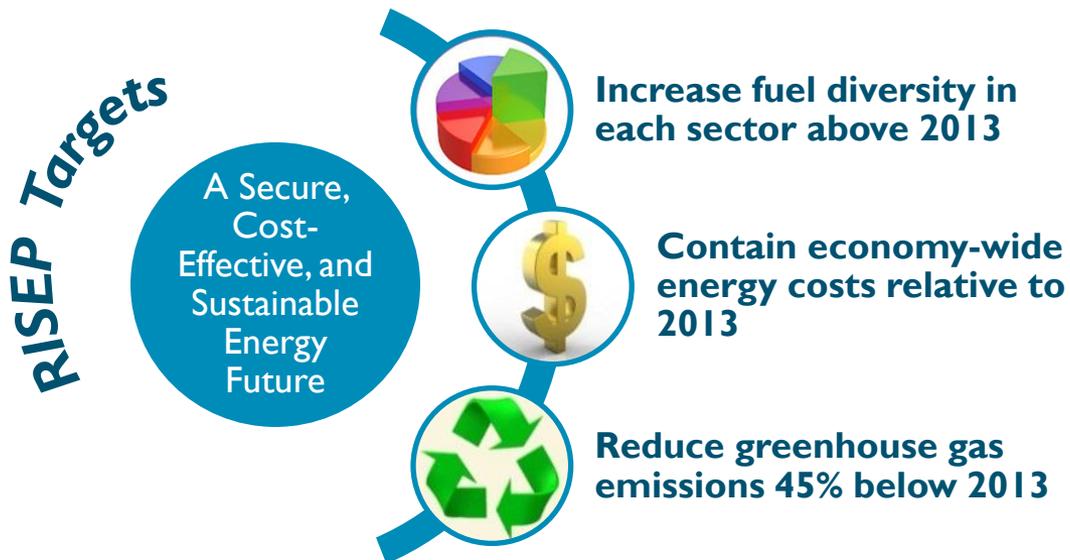
- Prioritizes the sustainability of Rhode Island's energy economy through the widespread deployment of renewables, thermal alternatives, and vehicle electrification

Setting Goals

Set Goals

Identify measurable targets for providing energy services using a resource mix that meets a set of criteria advancing the health, environmental, economic, and human wellbeing of the people, communities, and environment of Rhode Island.

The RISEP Project Team proposed 3 overarching “targets”



Targets are framed as mutually consistent and feasible outcomes. They are not “binding”, but they should be considered “possible”

Setting Goals

Set Goals

Identify measurable targets for providing energy services using a resource mix that meets a set of criteria advancing the health, environmental, economic, and human wellbeing of the people, communities, and environment of Rhode Island.

- **Main feedback received on proposed targets:**
 - Reframe “cost containment” target as a “net benefits” target
 - The RISEP Project Team is analyzing which scenarios produce net benefits for RI compared to business as usual, using the results of the Navigant modeling and ENE BAU Forecast
 - Preliminary results suggests all alternative energy futures are likely to produce net benefits for RI
 - When complete, results will be shared with the Advisory Council
 - Proposal: Use “Increase economy-wide net energy benefits relative to 2013” instead of “Contain economy-wide energy costs relative to 2013”

Recommending Action

Recommend Action

Design a comprehensive implementation strategy to meet the goals of the Plan through public, private, and individual efforts, consistent with existing policy requirements at the local, state, regional, and federal level.

- **The RISEP Project Team proposed a portfolio of 20 policy recommendations**
 - The policy recommendations help frame the minimum near- and long-term steps Rhode Island must take to achieve the RISEP targets
 - Recommendations are proposed for:
 - The RISEP security, cost-effectiveness, and sustainability criteria; and
 - The electric, thermal, and transportation sectors

How were policies developed?

- **The RISEP Project Team used analysis and research to propose policy recommendations**

Overall Approach

- Identify policies needed to meet carbon reduction target and estimate necessary size accordingly
- Select those policies consistent with driving increased fuel diversity in Rhode Island's energy portfolio
- Recommend the most cost-effective strategies and methods

Hitting key targets for GHG Reductions while increasing energy diversity is anticipated to provide net economic benefits to Rhode Island

Sources of Information

- **Results of Navigant Scenario Modeling**
 - *Helps answer → is the policy needed?*
- **Best Practices in Other Jurisdictions**
 - *Helps answer → does the policy work?*
- **Feedback from Implementation Group & Advisory Council**
 - *Helps answer → is the policy right for Rhode Island?*



Level of Treatment

- **Designed as a portfolio of strategies to achieve the goals and targets of the RISEP**
 - Intent is to provide policymakers an overall picture of the complete array of actions needed to elicit desired outcomes
 - Highlights existing gaps, shows order of magnitude degree of change likely needed
- **Not at level of individual policy design**
 - Requires its own detailed analysis
 - For example, the DG Economic Impact Study is informing the DG program expansion
 - Navigant did not always explicitly model policy mechanisms needed to achieve future outcomes
 - For example, a B20 Standard was explicitly modeled; improving energy efficiency codes and standards was not explicitly modeled

Level of Treatment

- Each “Policy Brief” contains the following sections:

- Policy Description
 - Background
 - Summary
 - Experience in Other States
- Rationale
 - What is the Need?
 - Alignment with RISEP Goals/Modeling
 - What are the Impacts/Benefits?
- Implementation
 - Legal Authority
 - Lead/Responsible Actor
 - Expected Costs/Potential Funds
 - Design or Implementation Issues

X. REDUCE VEHICLE MILES TRAVELED

Invest in alternative modes of transportation; promote sustainable development and land use practices; and pilot programs incentivizing reduced discretionary driving

ESTIMATED NEED: ≥25% VMT REDUCTION & ≥DOUBLING OF PUBLIC TRANSIT RIDERSHIP

CRITERIA/SECTOR	POLICY TYPE	TIMEFRAME
<ul style="list-style-type: none"> • SECURITY • COST-EFFECTIVENESS • SUSTAINABILITY • ELECTRIC • THERMAL • TRANSPORTATION 	<ul style="list-style-type: none"> • EXISTING • EXPANDED • NEW 	<ul style="list-style-type: none"> • NEAR TERM (0-5 YEARS) • LONG TERM (0-20 YEARS)

Policy Description

Background

Just like in other sectors, the least-cost way to reduce impacts of transportation energy consumption is by reducing demand. In the transportation sector, energy use is a function of vehicle efficiency and vehicle-miles-traveled (VMT). In 2012, the most recent year with available data, Rhode Island drivers drove an estimated 7,834 million miles¹. Total VMTs in Rhode Island have actually declined in recent years, by approximately 6% between 2007 and 2012.

Several methods exist to reduce VMTs. The simplest way is to decrease the absolute number of single-occupancy vehicle trips by promoting alternative modes of transportation including mass transit (rail, bus, bus rapid transit, streetcars, etc.) and active transit (biking, walking, etc.). Ridesharing, car-share programs, and flexible workplace policies also accomplish this objective. A second option is reducing the absolute length of single-occupancy vehicle trips by encouraging higher density patterns of development or changes in behavior. Promoting smart land use planning through the use of tools such as open space conservation, property tax policies, subdivision and zoning regulations, and strategic deployment of economic development funding can all assist in directing growth towards existing built-up areas.

Innovative incentive or education programs can encourage drivers to modify driving habits and reduce

Estimated Impact/Need – Best current understanding from modeling

How will the policies be used?

- **State agency decisionmakers will use RISEP policies to focus programmatic efforts and inform funding allocation decisions**
 - For example, initial RISEP policy recommendations are already guiding OER's proposed RGGI allocation plan
 - Grid Modernization Working Group, Delivered Fuels Working Group, Renewable Thermal Pilot Study, etc.
- **State policymakers and stakeholder groups can use RISEP policies to direct policy efforts**
 - For example, RISEP policy recommendations could help direct efforts to design climate legislation or inform the proposed size of electric, thermal, or transportation policies

Overall, policies provide stakeholder groups with a common understanding of the long-term vision and direction we want to move toward

Philosophical Thoughts

- Policies are selected, sized, and designed to meet RISEP targets, which are ambitious
- There will be substantial benefits to meeting the targets, and substantial costs to not meeting the targets...
 - BUT, it will be very challenging to meet the targets
- It is acknowledged that meeting the targets depend on exogenous realities and variables including:
 - Political muster and leadership,
 - Changes to markets
 - Limits on society's willingness to pay
- However, we believe that achieving the RISEP vision is a technically feasible endeavor if the will to pursue it can be mustered
 - Thought experiment: Think about what things were like 20 years ago, then reconsider the RISEP vision for 20 years from now



Policy Summaries

- **Security**
- **Cost-effectiveness**
- **Sustainability**
- **Energy Efficiency**
- **Electricity**
- **Thermal**
- **Transportation**



Security

- Increase the resiliency of Rhode Island's energy system:

Enhance Energy Emergency Preparedness

- *Develop a short- and long-term strategy for mitigating critical infrastructure energy security risks and investing in power resiliency solutions*

Cost-effectiveness

- **Build Rhode Island's capacity to make long-term energy investments at a lower cost:**

Expand Financing & Investment Tools

- *Transition energy programs from grants and rebates towards deploying private capital to create long-term, stable financing for energy efficiency and renewable energy*

Update State Administration of Energy Programs

- *Simplify access to energy programs and maximize their impact through 1) a consolidated, one-stop-shop concierge service for homeowners and private businesses and 2) a tailored and comprehensive public sector "lead by example" strategy*

Reduce the Soft Costs of Renewable Energy

- *Provide guidance at the state and municipal level for uniform, standardized clean energy permitting processes to streamline development and mitigate regulatory hurdles to renewable deployment*

Track Progress Towards Goals

- *Develop improved standardized performance metrics and regular reporting mechanisms to measure success in meeting RISEP targets*

Sustainability

- Set Rhode Island on a path to a reduced GHG footprint as a means to address global climate change and insulate citizens and businesses from a future price on carbon:

Continue Participating in RGGI

- *Continue participating in the Regional Greenhouse Gas Initiative (RGGI)*

Develop a Carbon Reduction Strategy

- *Establish binding near- and long-term greenhouse gas emissions targets and evaluate the most cost-effective portfolio of policies to meet the goals*

Energy Efficiency

- Reaffirm Rhode Island's commitment to leadership in energy efficiency, the lowest-risk, lowest-cost, and arguably most sustainable energy resource available:

Extend Least-Cost Procurement

- *Renew Rhode Island's commitment to leadership in energy efficiency by extending the Least-Cost Procurement mandate and its associated provisions beyond 2018*

Expand Least-Cost Procurement to Unregulated Fuels

- *Develop a long-term strategy for sustainably funding energy efficiency programs for delivered fuels customers*

Improve State Energy Efficiency Codes & Standards

- *Strengthen appliance minimum standards, and develop an integrated and long-term strategy to transition to zero net energy buildings*

Electricity

- **Build on Rhode Island's existing successes to pursue a renewable energy and distributed generation future:**

Modernize the Grid

- *Develop recommendations for electric grid, rate, and regulatory modernization*

Expand the Renewable Energy Standard

- *Increase the Renewable Energy Standard beyond 16% by 2019*

Expand Renewable Energy Procurement

- *Increase the share of renewable energy in Rhode Island's electricity supply portfolio through a mix of clean energy imports, distributed renewable generation, and utility-scale in-state projects*

Improve Combined Heat and Power Market

- *Evaluate additional methods to speed the diffusion of CHP technologies into the Rhode Island marketplace*

Thermal

- Find new opportunities to transition Rhode Island to a diversified, lower-carbon heating and cooling future:

Institutionalize Renewable Thermal Funding

- *Create a sustained source of funding to help mature and expand the renewable thermal fuel market*

Expand Use of Biofuels

- *Increase the biodiesel content of distillate fuel blends used by Rhode Island's thermal and transportation sectors*

Address Natural Gas Leaks

- *Review the progress of gas infrastructure repair and replacement in Rhode Island*

Transportation

- **Develop a Least-Cost Procurement strategy for transportation to harness demand-side resources and reduce reliance on oil by investing in alternative fuels:**

Reduce Vehicle Miles Traveled

- *Invest in alternative modes of transportation; promote sustainable development and land use practices; and pilot programs incentivizing reduced discretionary driving*

Reduce Vehicle Emissions

- *Continue to adopt the increasingly stringent vehicle emissions standards set by California up until 2025 and afterwards*

Promote Alternative Fuel & Electric Vehicles

- *Mature the market for alternative fuel and electric vehicles through ongoing efforts to expand fueling infrastructure, ease upfront costs for consumers, and address other barriers to adoption*

Next Steps

September 2013

- RISEP Advisory Council #7
- Feedback on proposed targets

October 2013

- 3 Implementation Group Meetings
- Feedback on draft proposed policy recommendations

November/December

- OER incorporates feedback

January 2014

- RISEP Advisory Council #8
- Feedback on proposed updated draft proposed policy recommendations

February 2014

- OER incorporates feedback
- Final RISEP draft circulated to Advisory Council

March 2014

- Anticipated Advisory Council approval
- Handoff to Statewide Planning



Next Steps

- **Advisory Council written comments on DRAFT RISEP Policy Recommendations are due Friday, February 14**
- **OER will post submitted comments online so others can view**