

IMPERIAL IRRIGATION DISTRICT
Energy Consumers Advisory Committee
Regular Meeting of July 1, 2013
Meeting Location: William Condit Auditorium, El Centro, CA
Videoconference: IID Boardroom, La Quinta, CA



MINUTES

I. CALL TO ORDER / ROLL CALL / PLEDGE OF ALLEGIANCE

Chairwoman Lupe Ramos-Watson called the meeting to order at 6:05 p.m. and led in the Pledge of Allegiance.

Members present (El Centro): Michael Anderson, Eugene Bumbera, Gerald Gauna, Esther Gomez, John Hernandez, Mark Larson, Freddy Nunez and Gil Perez

Members present (La Quinta): Steven Bayard, Becky Broughton, Paul Gibson, Richard Macknicki, Lee Osborne, Patricia Saleh, Lupe Ramos-Watson and Mark Weber

Members absent: Michael Abatti, Eduardo Garcia and Shorty Hickingbottom

II. APPROVAL OF MEETING MINUTES

Mr. Hernandez noted *Economic Development Department* should read *Employment Development Department* in the penultimate paragraph of Page 2.

Mr. Bayard moved and Ms. Saleh seconded the approval of the minutes of the June 3, 2013 Energy Consumer Advisory Committee Meeting as amended. Motion carried 13-0-3 with Mr. Osborne, Mr. Weber and Mr. Larson abstaining.

III. PUBLIC COMMENT

Ms. Carolyn Strohecker, Indio, reported that Southern California Edison offers a \$300 rebate for direct-vent evaporative coolers and a \$400 rebate for units equipped with a damper. She stated a good evaporative cooler is the best energy saver of anything in the program and requested that it be added to IID's Energy Rewards Program. Ms. Strohecker also offered a list of qualified units on SCE's approved list. Chairwoman Ramos-Watson invited Ms. Strohecker to hear the upcoming discussion about the Energy Rewards Program.

Mr. Rudy Maldonado, 800 Cam Court, Calexico, reported on the merits of 7.0 inches of insulation as opposed to R-19. He stated R-19 is 6.25 inches thick and would exclude, to some degree, cellulose, which is denser and heavier. For 7 inches, 5.5 inches of cellulose would qualify and 6.25 inches would not qualify. Mr. Maldonado stated that he believed the goal of the [IID] board was to enable more people to qualify for energy saving programs. About 1,340 homes in Imperial and Coachella valleys have been insulated [by Summit Insulation] using standard insulation and most people are saving \$50 per month. Those savings will be perpetual until they change address and allowing those customers to use their disposable income for other needs. Mr. Maldonado requested the ECAC consider 7.0 inches of attic insulation as opposed to R-19.

IV. ORNI 18 LLC TRANSMISSION SERVICE AGREEMENT (ORMAT NORTH BRAWLEY PROJECT)

Ms. Jamie Asbury, interconnect transmission contract officer, presented a copy of the Service Agreement for Long-Term Firm Point-to-Point Transmission Service between IID and ORNI 18, LLC (North Brawley). The SA secures one year, 30 MW of unit-contingent firm energy across Path 42 from Ormat's North Brawley Geothermal Generating facility to the Mirage 230kV Scheduling Point of Southern California Edison.

Mr. Perez asked where the charge for transmission service can be found in the agreement. Ms. Asbury stated that Page 4, Section 8.1, of the agreement reads: "Transmission Charge: As per applicable schedules of Transmission Provider's Open Access Transmission Tariff applicable to the IID Traditional Standard Offer Rate." She also said if IID were to state the charge in the agreement, IID would be bound to that number for the term of the agreement. In this situation, it is a one-year agreement, but if it was a 30-year agreement, the contract is written so the customer understands the value they are paying is the posted rate included in IID's tariff, which is \$1.69 kW/month or \$1,690 per MW per month.

Mr. Hernandez inquired if the contract is considered a long- or short-term agreement. Ms. Asbury responded that it is a long-term agreement since it is a one-year term; anything under 365 days is considered a short-term agreement as defined under IID's OATT. She added that customers have roll-over rights to the extent that if a year from now another customer requests transmission service, Ormat would be required to match the contract length and Terms and Conditions proffered by the next customer if they wished to continue the service.

Mr. Hernandez inquired about the amount of the application deposit. Ms. Asbury responded that the customer is required to pay a \$1,500 non-refundable application fee for a transmission service agreement, which is used to run a credit instrument to ensure IID is made whole. The tariff requires one month's reserve capacity to pause. For a 30 MW contract, a \$60,000 deposit is required, which is kept until credit is established in the IID system then refunded to the customer.

A motion was made by Mr. Bayard and seconded by Ms. Saleh to recommend approval of the Service Agreement for Long-Term Firm Point-to-Point Transmission Service Between IID and ORNI 18, LLC (North Brawley). Motion carried unanimously.

V. CV BANK 4 ADDITION MWA AMENDMENT 1

Item tabled to next meeting.

VI. ENERGY REWARDS PROGRAM UPDATE

Ms. Sabrina Barber, assistant energy manager, Strategic Marketing & Energy Management, presented an update of the Energy Rewards Program, including legislative requirements, budget, proposed program modifications to insulation and air conditioners, and the addition of radiant barriers.

In response to Ms. Strohecker's request, Ms. Barber reported previously receiving a similar request for evaporative cooler rebates and staff is currently performing a cost-benefit analysis. She also reported that direct-vent evaporative cooler rebates were part of the prescriptive rebate program several years ago, but were dropped due to lack of activity. Ms. Barber stated evaporative cooler rebates would be added to the program if it makes sense to do so and she would provide the ECAC with an update once staff concludes the analysis. Chairwoman Ramos-Watson asked how long the analysis [for the evaporative coolers] would take and Ms. Barber said the analysis should be completed within the month.

Mr. Gauna stated that IID still has \$1,198,000 left [in the budget] and [participation] is low. He asked who conducts the marketing and community outreach for the programs and recommended that IID use a door-to-door concept for its outreach. Ms. Barber responded that the budget is heavily based on last year's attic insulation activity and more than \$1.2 million in rebates; as of 2013, there have been 157 applications and only \$117,000 in rebates. Therefore, the Energy Department is requesting changes to the attic insulation program to address barriers. Ms. Barber also reported the program is extremely popular with contractors and customers, but was asked to reevaluate its existing requirements.

Mr. Bumbera asked at what point is IID doing attic insulation. Ms. Barber stated the current program requires customers to have an R-11 insulation level or less; however, there are different R-values associated with different types of insulation. IID is proposing to remove the R-11 cap so customers may have up to R-19. Ms. Barber stated she met with a contractor and his representatives and their primary concern was the R-11 requirement.

Mr. Bumbera stated that R-11 is 4 inches and R-19 is 7 inches. Ms. Barber stated it is dependent on what type of insulation is installed and its location. A customer may have anywhere between 3-5 inches for R-11 and 6-9 inches for R-19.

Mr. Bumbera asked if IID sends a bill to customers so they may pay a portion. Ms. Barber stated it is a prescriptive rebate program, which means IID receives the application once the installation is complete accompanied by an invoice or copy of the invoice or receipt, then IID pays. She also reported Summit Insulation is performing the work. Customers will pay Summit Insulation a one-time \$35 application fee and the contractor will carry the cost of the insulation and request the customer sign over their rebate.

Mr. Perez asked if the program is for wall or attic insulation and Ms. Barber responded it is only for the attic.

Mr. Gauna asked how people are selected since the work must be reviewed. Ms. Barber responded that the rebate is prescriptive and customers are free to choose whichever contractor they want or they may self-install; IID does not contract a third party to perform the services for the customer. Contractors are chosen strictly by the customer.

Mr. Gauna asked who sent the company that checked the work at his home and Ms. Barber replied that Synergy is a third-party contractor that performs quality assurance by random sample to verify the insulation

was installed. Synergy was hired by IID's contractor, EGIA, which was hired by IID for rebate processing through a competitive bid process.

Mr. Gauna asked what percentage of customers is checked and Ms. Barber said the rule of thumb is 5-10 percent, depending on the measure and program.

Mr. Nunez asked if the minimum R-value for new homes is R-38. Ms. Barber affirmed it is R-38 and IID is seeking existing homes that are not at R-38 and bringing them up to code.

Mr. Nunez stated that County code requires an engineer to assign a code for any room additions or things of that nature and asked why not be consistent with R-38 minimum. Ms. Barber stated she is not familiar with the codes, but the program covers existing homes; any new homes or additions must be R-38.

Mr. Larson said his 1,500 square-foot house is at R-19, but would like to increase it to R-38 and asked what it would cost to have a contractor perform the work at 60 cents per square foot. Ms. Barber said it could cost upwards of \$600 or \$700. If Summit Insulation does the work, there will be a \$35 processing fee and the contractor will carry the [rebate] paperwork. She also said [the cost of] materials at Lowe's or Home Depot may be different as a customer does not receive the wholesale prices a contractor would.

Mr. Larson asked if it costs the homeowner \$600 or if they can turn over the \$600 bill and IID will rebate them part of that cost. Ms. Barber affirmed that was correct.

Mr. Larson asked what the average out-of-pocket cost is for a person who wants to bring their home to R-38. Ms. Barber estimated it would be \$850 or \$900 and said that at 60 cents per square foot, IID is covering a very large portion of the total installation cost. Then, Mr. Larson asked what the out-of-pocket cost is for the homeowner to subsidize the portion IID does not pay. Ms. Barber estimated it would be \$250.

Mr. Macknicki said he had attic insulation installed last year with no out-of-pocket cost for his 1,300 or 1,400 square-foot home, which was covered by the rebate. Ms. Barber said some companies that install strictly attic insulation benefit from the economies of scale when they purchase the insulation product. Mr. Macknicki also reported it appears his kilowatt-hour usage was lower.

Ms. Barber said she talked with Mr. Maldonado [Summit Insulation] to get further clarification about his request. When she met with Summit Insulation, they were satisfied with the increase to R-19.

Mr. Perez asked if the changes cover what Mr. Maldonado requested. Ms. Barber said they did, for the most part; however, there may be an inch he was concerned about, so she will be in contact with him.

Mr. Gauna commented that the process should be hurried so the Board of Directors may approve it and 40,000 houses can be served. Ms. Barber said she was hoping it will be on the next board agenda; if not, it will be on the following board meeting agenda for action.

Mr. Gauna asked what takes so long to get this [change] done as this subject has been discussed and the board has known about it. He further commented that everything is very slow and it needs to get done so families can get their houses done.

Mr. Gauna stated IID pays a \$150 rebate and 91 percent of those funds are still available for room air conditioner rebates. He asked if the HVAC is different from the room AC. Ms. Barber responded that room ACs are window or portable units; whereas, HVAC is heating, ventilation and air conditioning, which is a large unit typically outside of the house of 1.5 to 5-ton in size, depending on a home's needs.

Mr. Gauna asked why IID has not increased incentives for room ACs in order to increase customer participation. Ms. Barber replied that if the ECAC decides, IID will review the current incentive level; however, there is not a lot of participation in window unit rebates. The Energy Rewards prescriptive rebate program is very contingent on the current economy and the availability of customers' disposable income so a downturn in prescriptive rebates is not unusual given the current economic climate. Mr. Gauna commented that a review would be good so the ECAC may have a report.

Mr. Bayard asked how IID would be able to determine an existing room AC was removed and replaced with a higher efficiency unit, unless they see the old one. Ms. Barber said IID conducts post-inspections as part of its quality assurance, which yields positive results. IID incentivizes the new unit purchase and is not conducting a pre-inspection to determine if there is an existing unit, which is primarily due to the low-incentive structure.

Mr. Bayard asked what the incentive structure would be for a one-ton unit. Ms. Barber said a flat incentive rate is offered, regardless of the tonnage of the unit and would include that information as part of the review.

Mr. Perez asked if water goes through the radiant barriers for heating and cooling. Mr. Barber said nothing goes through the barrier; the barrier has material within it that effectively rejects 95 percent of heat or greater. Many new homes are built with radiant barrier rather than strictly attic insulation. Ms. Barber also said one can request the radiant barrier before putting on the roofing material. Roofing contractors carry radiant barrier or a homeowner may self-install, but it is more difficult to install versus the blow-in insulation.

Mr. Perez asked what the cost of radiant barrier is on a per square-foot basis. Ms. Barber said the 30 cent per square foot incentive reduces the cost about 25 percent.

Mr. Bayard asked if IID could encourage or require customers to install a solar fan along with the radiant barrier. He commented that he installed both the solar fan and radiant barrier prior to the rebate going into effect as a way for the heat to exit the roof as the vents are not enough. Ms. Barber said IID encourages customers to combine energy efficiency measures if they have the means to do so. Customers are not prohibited from submitting applications requesting rebates for multiple measures; however, there is a restriction of three years for each measure, but radiant barrier restrictions will be 25 years to mirror its useful life. Ms. Barber also said any customer installing an energy efficiency measure in 2013 may receive the rebate so long as they submit it before the closing period, which is typically the first or second week of 2014. Those dates are announced on the website.

Mr. Bayard asked if a customer were to install a measure that is not yet approved this week, if they would be able to receive the rebate. Ms. Barber said the customer would be eligible for the rebate as the measure would be for the 2013 program.

Mr. Bayard commented that it does pay to come to ECAC meetings and address the Committee during the Public Comment period. The young lady and her mother in the audience would otherwise not have known they could potentially be saving a small fortune and more customers should be aware. Ms. Barber said she would be including the added measures and revisions to the program in the *Circuit* bill stuffer and advising customers they would qualify for a rebate so long as measures are installed within the current program year, despite the installation date.

Ms. Saleh inquired what types of motors are eligible for the rebate as listed on Page 4 of the presentation. Ms. Barber said variable fixed-drive motors, which are typically for small commercial customers. The Energy Rewards Program is applicable to both residential and small commercial customers.

Mr. Hernandez commented on a number of items in Ms. Barber's report:

- Some TRC values in the E3 Simulation can be questioned as IID resides in Zone 15, which is hotter.
- He is glad to hear staff is listening to ratepayers who are petitioning the board for energy efficiency measures as they are the best way to keep electric costs down for both IID and its ratepayers.
- On the radiant barriers, the amount proposed overshadows amounts for room ACs, programmable thermostats, etc.
- In view of carrying over a large surplus of the Public Benefits Charge, IID should aggressively market some of these items and possibly increase them.
- With the proposed increases to SEER for HVAC, he recommends 16 SEER or higher. The average ratepayer is looking at 14 to 16 SEER due to the downturn of the economy and hopes IID will increase incentives across the board since it has the budget.
- He also reviewed some of the line items from the PBC Subcommittee Meeting and agreed with Mr. Gauna that IID is behind [in participation levels] now six months into the year.
- He supports the changes to the insulation program.

A motion was made by Mr. Hernandez and seconded by Mr. Bumbera to recommend the Board of Directors consider the modifications to the Energy Rewards Program, as explained. Motion carried unanimously.

VII. RESTRUCTURING ENERGY

Mr. Carl Stills, interim energy manager, provided an abbreviated presentation of the restructuring of the Energy Department, which will be rolled out to staff on Tuesday, July 2.

Mr. Perez asked for the time the restructuring would be rolled out to staff. Mr. Stills responded that it would begin early to accommodate field personnel and invited ECAC members to attend the all-hands sessions at 6:15, 8:00 or 10:00 a.m.

In response to Mr. Larson's question about the group that assisted with the restructuring, Mr. Stills said the process began when he hired a consultant, Arn Lahde, then included Frank Barbera, who was working on transmission, as well as Z-Global, who was working at the System Operations Center. He also included Jamie Asbury, Belen Valenzuela, Angela Evans, Tom King, Human Resources and a number of employees from different venues, who brainstormed every function and assisted in putting the organization together.

Mr. Osborne inquired whether the upgrades in the SOC also include upgrades to the La Quinta offices. Mr. Stills responded that most upgrades are at the SOC in El Centro. Mr. Osborne asked what the impacts would be for the La Quinta station and Mr. Stills responded that the La Quinta substations will be controlled by the SOC. They are reviewing operations and organizational changes to support the operation of the system in a reliable manner.

Mr. Osborne inquired if these additional costs are from an employee standpoint versus a capital standpoint. Mr. Stills responded in the affirmative.

Mr. Weber said he presumed the Supervisor Control and Data Acquisition system would be enhanced. Mr. Stills responded in the affirmative.

Mr. Weber commented that some people from the La Quinta area liked the back-up SOC system in La Quinta. Given the size of the service area, it makes sense to have duplication as a safety measure and prior board members pushed for an SOC duplication as a safety measure. Mr. Stills said IID has a back-up control center in the Northend facility, which is currently being tested for an August operational date. The board reviewed both the La Quinta and Northend facilities and decided the Northend facility would be quickly accessible yet offer geographical separation.

Mr. Perez asked if the added expenses are personnel costs at the SOC and commented that it is very expensive. Mr. Stills affirmed he is adding personnel costs to the SOC, which is not expensive considering the alternatives and said he could not comment further on the matter. Mr. Perez commented that it seemed Mr. Stills is creating a big empire. Mr. Stills responded that the moves being made are significant in the SOC area, but from a reliability and compliance standpoint, the moves are absolutely necessary.

Mr. Hernandez requested Ms. Gonzales provide a summary of the information that is rolled out on Tuesday to all ECAC members and Ms. Gonzales agreed to do so.

Mr. Osborne asked if the additional staff strengthens the department and its efficiencies and how much staff would be increased in La Quinta. Mr. Stills said that at the SOC there is none in La Quinta, but people are being moved from the Portfolio Management Office and IID is re-creating one-stop shopping in the Energy Department. Only larger Category 4 and 5 projects will be handled by the PMO function. As a result, they will be unburdening the process and reducing the cost of those projects for the developer community.

Chairperson Ramos-Watson said she looked forward to the seeing a copy of the presentation and an update at the next meeting.

VIII. DEPARTMENT UPDATE

Mr. Stills reported the Energy Department is faring well; there were a series of small, unrelated outages in La Quinta today. Late last week, a bad order D-1 switch isolated a breaker on the system, arced over and caused outages to Clark, Dahlia and Euclid substations in Imperial Valley. With high temperatures and the system being well loaded, the Energy Department has done remarkably well maintaining system reliability.

Mr. Stills said the Energy Department issued a no-touch order to its employees in an effort to maintain a reliable system.

Mr. Stills reported that good information was provided at the American Public Power Association Conference.

IX. COORDINATOR'S REPORT

Ms. Gonzales reported the Attendance Report for June 2013 was provided for Committee review.

X. MEMBER COMMENTS

Chairwoman Ramos-Watson led a brief discussion on the policy to skip the August meeting annually. The group agreed to go dark in August with the subsequent meeting scheduled in September. Chairwoman Ramos-Watson said staff may call on the Committee should they be needed.

Chairwoman Ramos-Watson also invited Imperial Valley ECAC members to join members in La Quinta and it was agreed they would meet on September 9 at 6 p.m. Ms. Gonzales will coordinate transportation for Imperial Valley members.

Mr. Gauna commented that the APPA Conference was very educational and interesting.

Mr. Anderson also reported the APPA Conference was very educational. He attended the smart grid all-day session, which provided the whole complex of how to get the technology to customers, what works and does not work, interacting with diverse customers, and a discussion led by Glenn Steiger. He also attended a cyber-security session, which he recommended to the SOC, and learned about vendor products.

Mr. Hernandez commented the APPA Conference opened his eyes on the complexities of public power across the country. He received positive feedback on the creative things done by other public power agencies.

Ms. Gomez also reported she attended the APPA smart grid workshops and learned the importance of communication with customers.

Ms. Saleh thanked Mr. Stills and staff for identifying the problem that will be cropping up in 2017 with the retirement of the baby boomers and thought it was excellent that Mr. Stills is looking ahead.

XI. ADJOURNMENT

There being no further discussion, the ECAC Meeting was adjourned at 7:46 p.m.