

Memo



STATE OF RHODE ISLAND
**ENERGY EFFICIENCY &
RESOURCE MANAGEMENT COUNCIL**

To: RI Energy Efficiency & Resource Management Council
From: Jeff Loiter, Mike Guerard
Date: April 13, 2018
Subject: Update to LCP Standards requested by RI PUC

CONSULTANT TEAM

<i>Relevance of Topic</i>	As part of the 2018 Energy Efficiency Program Plan (EEPP) approved by the EERMC and filed by National Grid on 11/1/17, the calculations for cost of efficiency and cost of supply were updated from previous years. The PUC approved the 2018 EEPP including the updated methodology, but as part of its approval order, three requests were made, one relating to the EERMC: “Require the EERMC to revise the Standards to clarify a methodology for comparing the cost of efficiency and cost of supply.”
<i>Content of memo</i>	This memo provides background on the topic and proposed language to include in an update to the LCP Standards, along with a proposed schedule. One other change to the LCP standards is also proposed given this opportunity to revise the Standards relating to the timeframe assigned to the EERMC to submit the Cost-Effectiveness Report as part of the EEPP filing process.
<i>Expected Outcome</i>	The memo and attached redline update of the LCP Standards are provided to support EERMC discussion ahead of voting to approve the proposed update at a subsequent EERMC meeting.

A memo provided to the EERMC at the December, 2017 meeting provided background on the process and rationale for the enhanced approach to fulfilling the legislative mandate that plans needed to be both cost-effective and less than the cost of supply. (<http://rieermc.ri.gov/wp-content/uploads/2017/12/c-team-memo-cost-of-savings.pdf>) The key point in that memo was that supply-side spending only includes utility costs, not customer contributions. The appropriate comparison is therefore between the cost to National Grid to procure energy through energy efficiency and the marginal cost of energy supply. Accordingly, the customer contribution to energy efficiency (i.e., the out-of-pocket expenses to program participants) were excluded from the cost of efficiency for comparison with the cost of supply in the 2018 EEPP. This resulted in a more appropriate “apples-to-apples” comparison.

In addition to the change in the “costs” definitions, we recommend that the EERMC seek to adjust one administrative item under the EERRMC responsibilities section of the LCP Standards. In 1.6.H., the EERMC is directed to submit the Cost-Effectiveness Report within two weeks of National Grid’s filing of the three-year and annual plans. Since the EERMC moved holding council meetings to the third Thursday of the month, this has created a scheduling conflict, and required the EERMC to request extensions to submitting the last two Cost-Effectiveness Reports since EEMRC meetings were more than two weeks after plan filings, and votes to approve the report were not possible in that window. The proposed change is to simply extend the timeframe to be within three weeks of filing.

The Consultant Team participated in a conference call with PUC staff (Linda George, Todd Bianco, Alan Nault), OER (Becca Trietch) and the EERMC counsel (Marisa Desautel) on April 10 to confirm the PUC request for the update to the LCP Standards, and to set a schedule for the process leading to PUC approval of the change in time sufficiently ahead of the 2019 EEPP development. Accordingly, here is the proposed schedule:

- April 19 – EERMC meeting - presentation and discussion; public comment
- May 17 – EERMC meeting - Further review/discussion leading to vote (that is also Retreat day.)
- May 18 – submit to PUC under docket 4684 (per direction from PUC staff)
- July 17, 9:30 am – PUC hearing on issue
- July 31, 1 pm -- PUC Open meeting to vote