

# 2020 Energy Efficiency Plan Third Draft

September 19, 2019

**nationalgrid**



# 2020 Annual Energy Efficiency Plan 3<sup>rd</sup> Draft Overview

- **In 2020, serving more customers, with more energy efficiency products and services, at lower costs**
- **Seeing that this plan does more with less is complicated:**
  - Highest number of unique participants than ever before yet lower savings goals than previous years because that's the nature of market transformation
  - Lower customer rebates and costs are hard to see when the Company is delivering more products and services, and when the Company increases efforts to serve Income Eligible customers
- **Company has responded to ~1,700 comments through drafting process**
- **Measure savings and costs have been reviewed line-by-line with external subject matter experts**

# Agenda

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- 3<sup>rd</sup> Draft Overview
- What We Heard from Stakeholders
- What's Changing and Why
- The 2020 Plan Third Draft by the Numbers

# Stakeholder Input – What We Heard

- Significant Stakeholder Input through Comments and Memoranda on the Second Draft
  - Over 700 detailed and high level comments received from OER, DPUC, C-Team, TEC-RI, and Acadia Center
- Key Themes
  - Performance Incentive – desire for increased company accountability around delivered fuels savings, increased accountability around spending levels relative to budget
  - Desired focus on equity, ensuring access and delivery of services to Income Eligible customers
  - Desire for increased savings and decreased budgets
  - Increased focus and clarity on relationship between active and ‘passive’ demand reductions in both electric and gas contexts

# Changes: Second Draft to Third Draft of 2020 Plan

Change from Second to Third Draft	Drivers
Changes to PI mechanism	<ul style="list-style-type: none"> <li>Increased share of PI pool allocated to delivered fuels measures</li> <li>Expanded scenarios under which company-earned PI is impacted by relationship between savings performance and spending performance</li> </ul>
Increased Investment in Income Eligible Services	<ul style="list-style-type: none"> <li>Increased Income Eligible participation by ~5%</li> <li>Resulting increase in anticipated savings in IES programs</li> </ul>
<p>↑ Electric savings goal by ~1,000 MWh</p> <p>↑ Gas savings goal by ~800 MMBtu</p>	<ul style="list-style-type: none"> <li>300 annual MWh of additional savings from C-PACE</li> <li>~460 annual MMBtu in additional savings from the IES program</li> </ul>
<p>↑ Electric budget by ~ \$560k</p> <p>↓ Gas budget by ~\$250k</p>	<ul style="list-style-type: none"> <li>\$435K to Income Eligible Single Family, \$177K to EnergyStar HVAC program</li> <li>Increased \$287K for Income Eligible Single Family. Decreased \$868K incentives for Gas Peak Demand Pilot</li> </ul>
Passive vs Active Demand	<ul style="list-style-type: none"> <li>Commitment to quantifying peak demand reduction impact of gas efficiency measures</li> <li>Commitment to studying and qualifying impacts with goal of informing future PI Mechanism</li> </ul>

# Program Level Changes

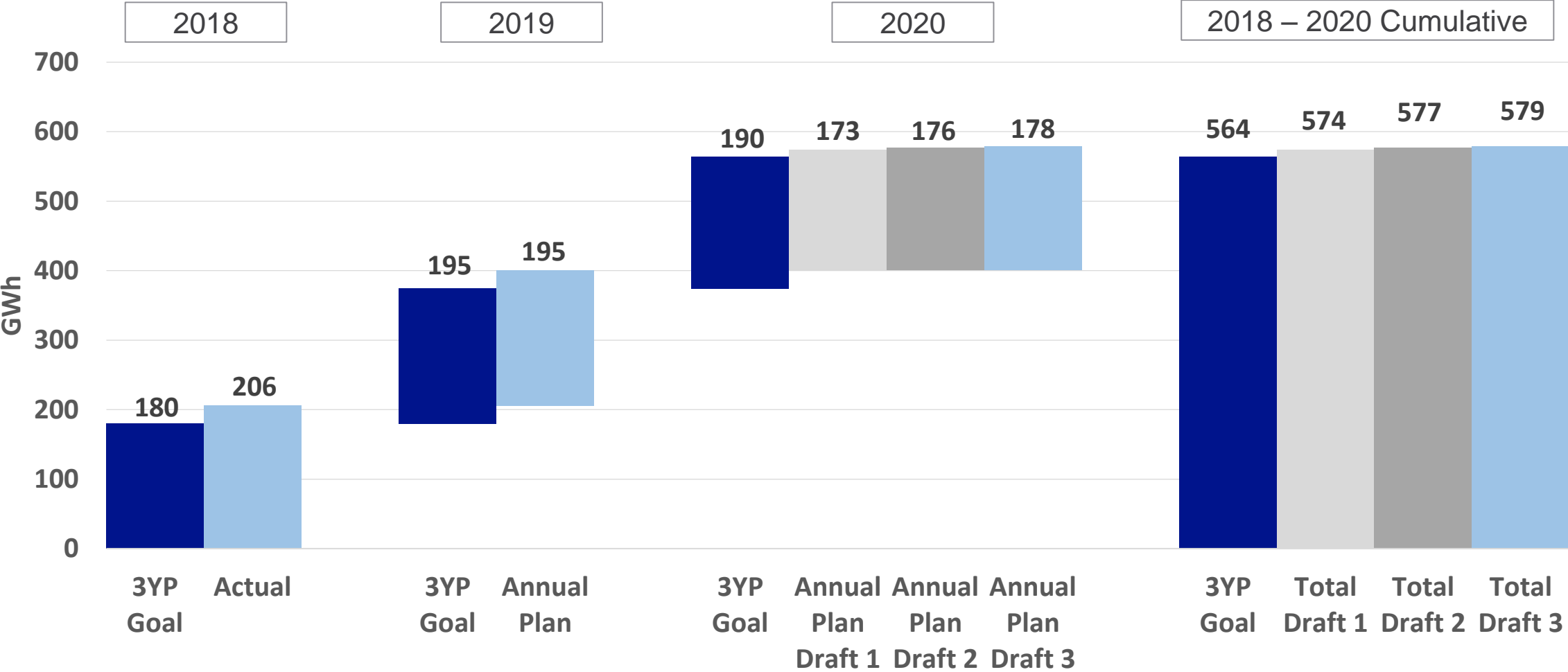
Change	Driver
Income Eligible Assessments and Redistribution of clothes and washers/dryers	<p>Increase of \$373K in incentive costs as a result of increased energy assessments (2,716 measures increased)</p> <p>Increase of \$205K in gas incentive cost as a result of assessments (41 measures increased)</p>
Lighting Budget Increased	<p>Linear LED incentive increased to \$0.12 per bulb to align with MA</p> <p>Assorted cuts, balanced out by increase in Linear LED incentive</p>
BC Model saving and budget changes	<p>Revisited actual historical \$/MWh and \$/therms with program managers</p> <p>Streetlight budget decreased by \$153K</p>
Finance	The EBF ask from RIIB increased \$216K from \$5M to \$5.2M
Gas Demand Response	Reduced scope and pace of pilot, resulting budget decrease of ~\$800k

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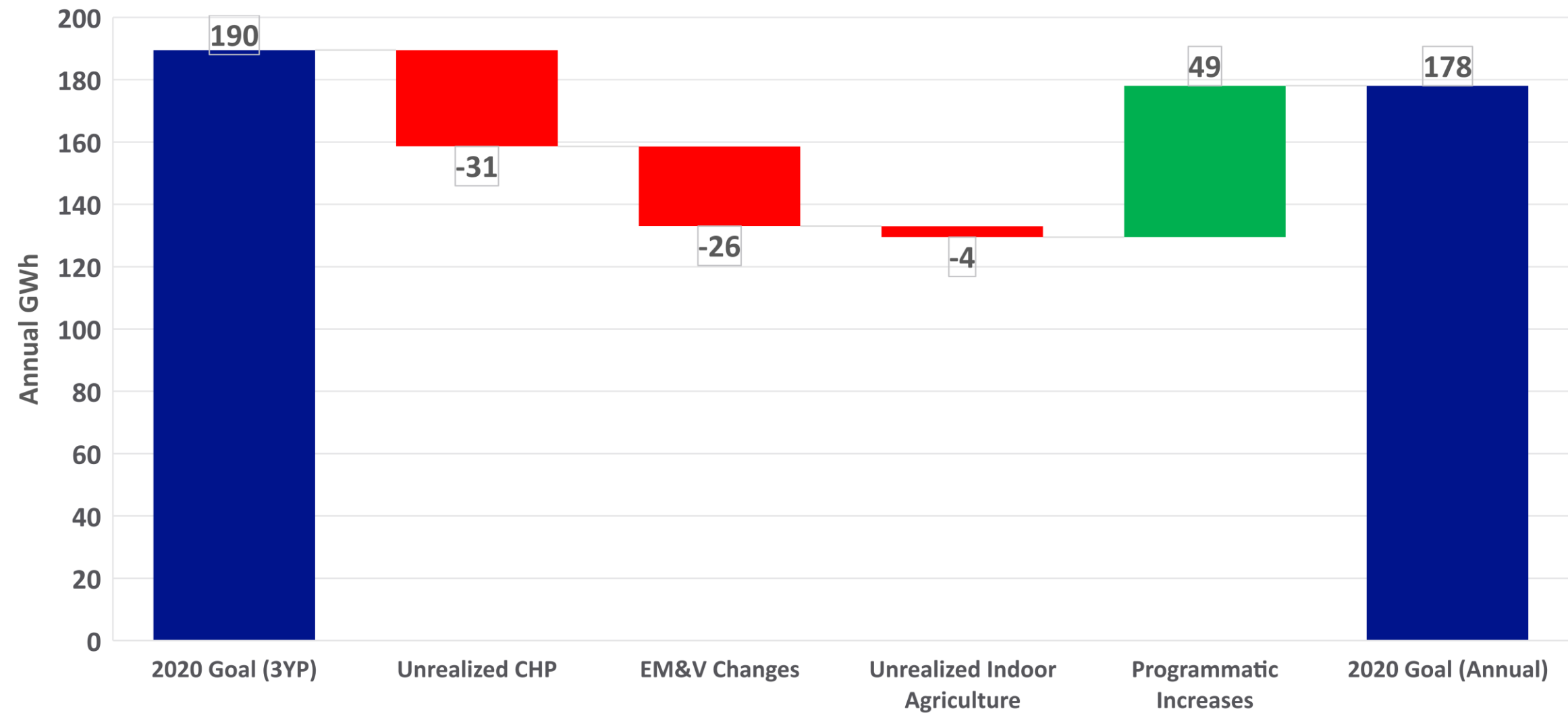
# 3YP Goals Compared to Annual Achieved & Projected – Electric



**2020 Plan Draft 3 increases annual electric saving goal 1.0% from Draft 2, extends path to exceeding 3YP electric savings goals**



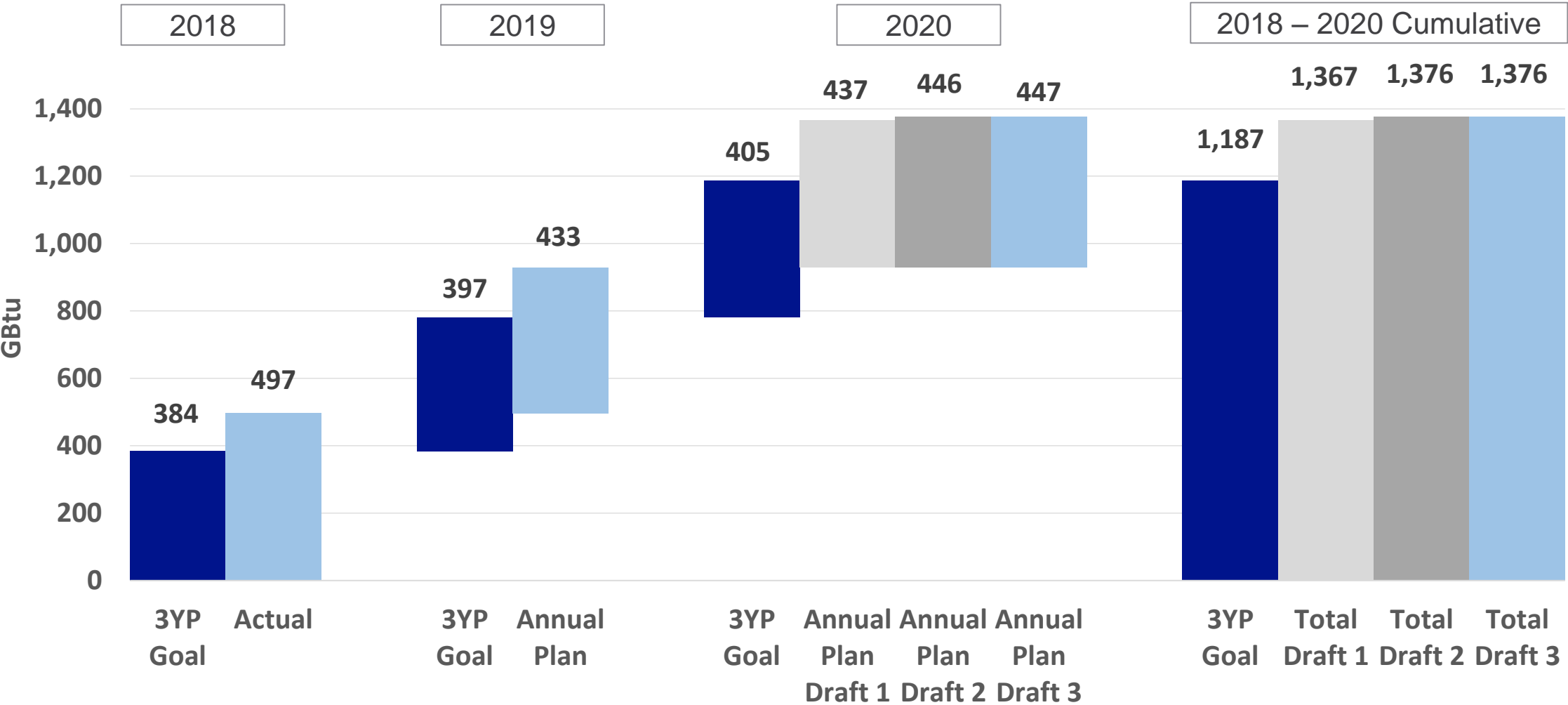
# Comparison of 2020 Electric Goals 3YP vs. Annual Plan



# Changes in Electric Savings: First Draft to Third Draft

- **Overall Electric Savings Increased by ~4,000 MWh**
- **Core Increases:**
  - Residential Consumer Products increased 834 net annual MWh
  - ENERGY STAR HVAC increased 783 net annual MWh
  - C&I Custom Measures increased 552 net annual MWh
  - Single Family Income Eligible Services increased 246 net annual MWh
  - C&I HVAC increased 207 net annual MWh
- **Countervailing Decreases:**
  - Residential New Construction, EnergyWise single and multifamily collectively decreased 412 net annual MWh
  - Customer Street Lighting decreased 407 net annual MWh

# 3YP Goals Compared to Annual Achieved & Projected – Natural Gas

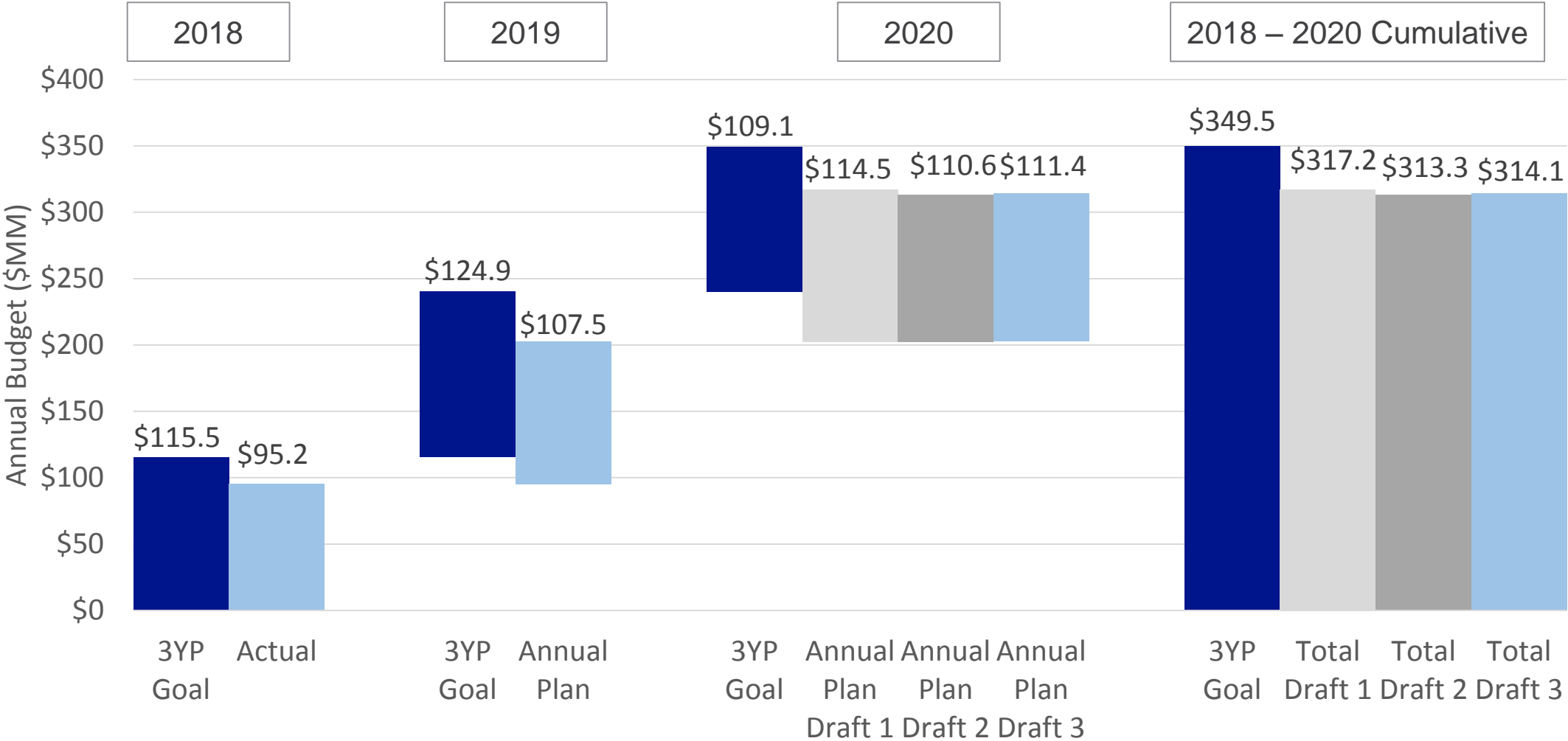


**2020 Plan Draft 3 maintains gas savings goal from Draft 2, maintains path to exceeding 3YP gas savings goals**

# Changes in Gas Savings: First Draft to Third Draft

- **Overall Gas Savings Increased by ~9,640 MMBtu**
- **Core Increases:**
  - Retrofit increased 6,530 net annual MMBtu
  - C&I New Construction increased 1,668 net annual MMBtu
  - Single Family Income Eligible services increased 459 net annual MMBTU
  - Residential New Construction increased 203 net annual MMBtu
- **Countervailing Decreases: combined**
  - Combined decrease of ~170 net annual MMBtu from ENERGY STAR HVAC, Income Eligible Multifamily, and EnergyWise Multifamily

# 2020 Electric Budget Relative to 3YP

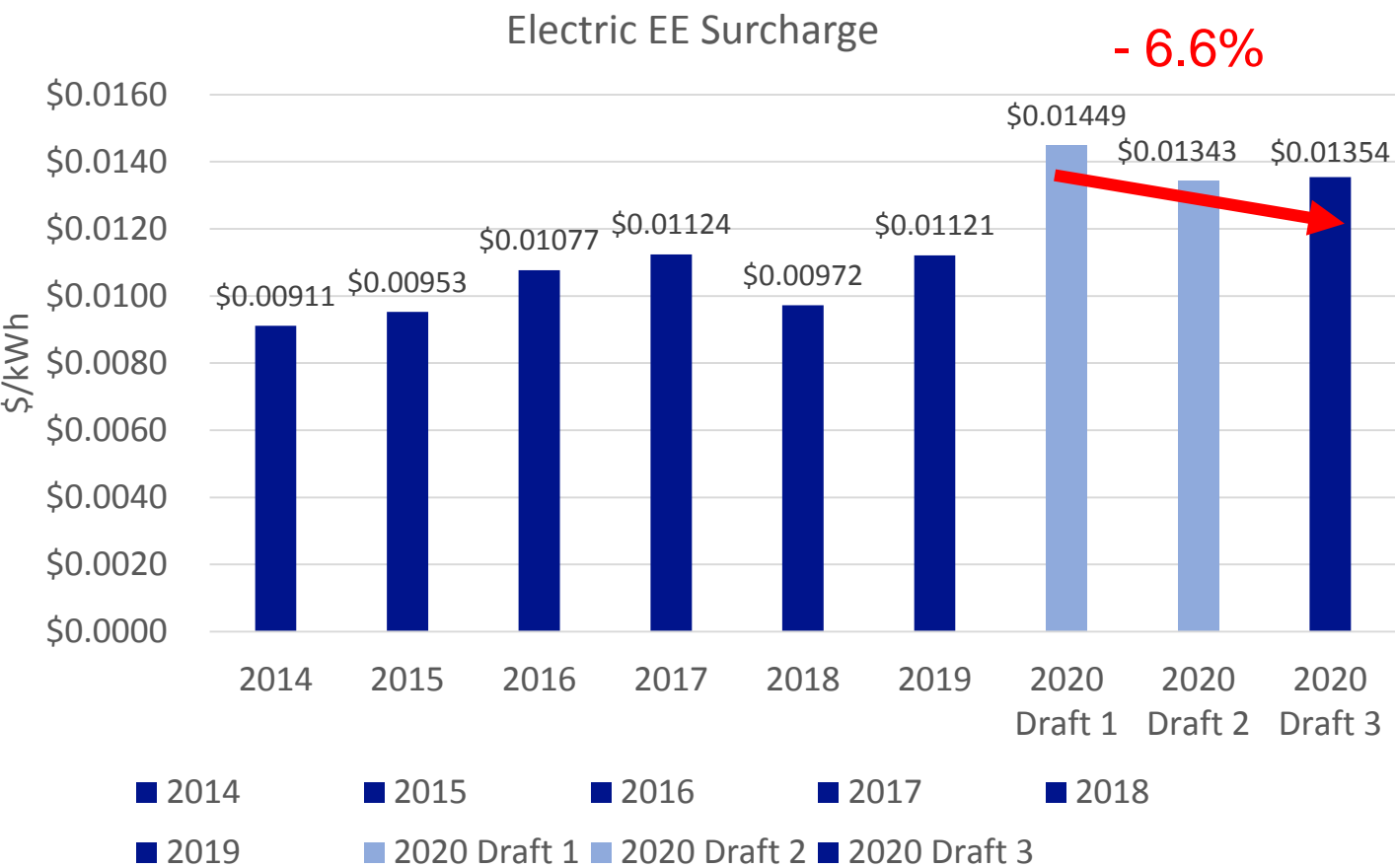


**2020 Draft 3 budget maintains program momentum / targeted investments while reducing by over \$3M from Draft 1**

# Changes in Electric Budget: First Draft to Third Draft

- **Overall Electric Budget Decreased \$3.1M since First Draft**
- **Core Decreases:**
  - \$2M decreased in OBR contribution
  - EnergyStar Lighting decreased ~\$1M (Customer Incentive decreased \$653k and STAT decreased \$340k)
  - EnergyWise decreased \$665k (STAT decreased \$555k and Customer Incentive decreased \$128k)
- **Countervailing Increases:**
  - Low Income Single Family increased \$423k (Customer Incentive increased \$373k)
  - Commercial Retrofit increased \$371k (STAT increased \$270k and Evaluation increased \$119k)
  - EnergyStar HVAC increased \$365k (Customer Incentive increased \$447k)

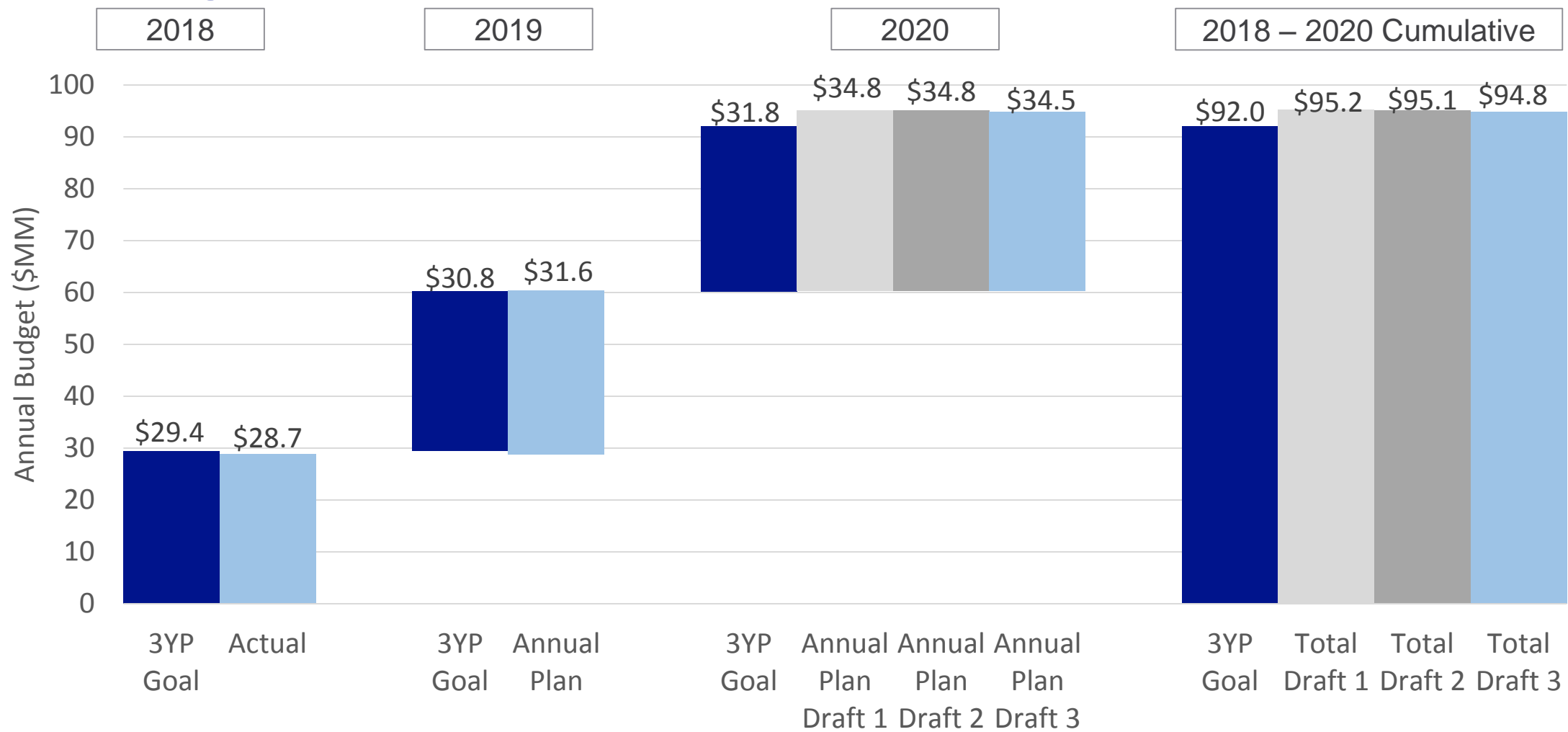
# Electric EE Surcharge – Historical and 2020 Draft 1 to Draft 3 Comparison



Change from Draft 1 to Draft 3	Impact on Electric EE Surcharge
Updated Projected Fund Balance	↓
Reduced Program Budget	↓
Reduction in On-Bill Repayment Funds	↓

Surcharge reduced by 6.6% from first to third draft due to reduced budget requirements, reduction in anticipated negative year-end 2019 fund balance

# 2020 Gas Budget Relative to 3YP



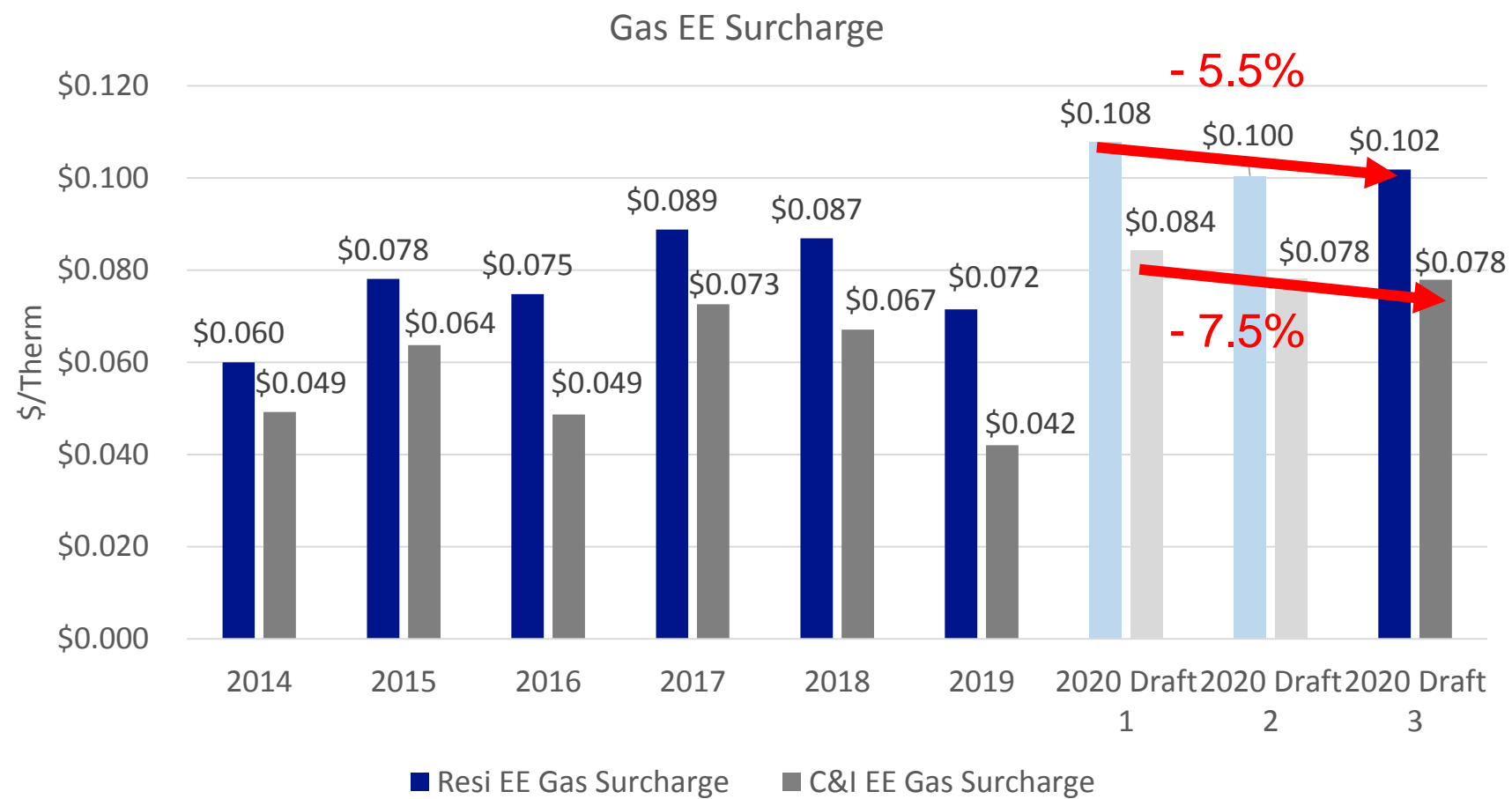
**Gas budget projected to slightly exceed 3YP total, while achieving >10% increase in savings relative to 2020 target in 3YP**



# Changes in Gas Budget: First Draft to Third Draft

- **Overall Gas Budget Decreased \$300k since First Draft**
- **Core Decreases:**
  - Commercial Pilot decreased \$910k (Customer Incentive decreased \$868K)
  - EnergyWise decreased \$308k (STAT decreased \$384k)
- **Countervailing Increases:**
  - EnergyStar HVAC increased \$595k (Customer Incentive increased \$541k)
  - Single Family increased \$284k (Customer Incentive increased \$205k)
  - C&I Commercial New Construction increased \$130k

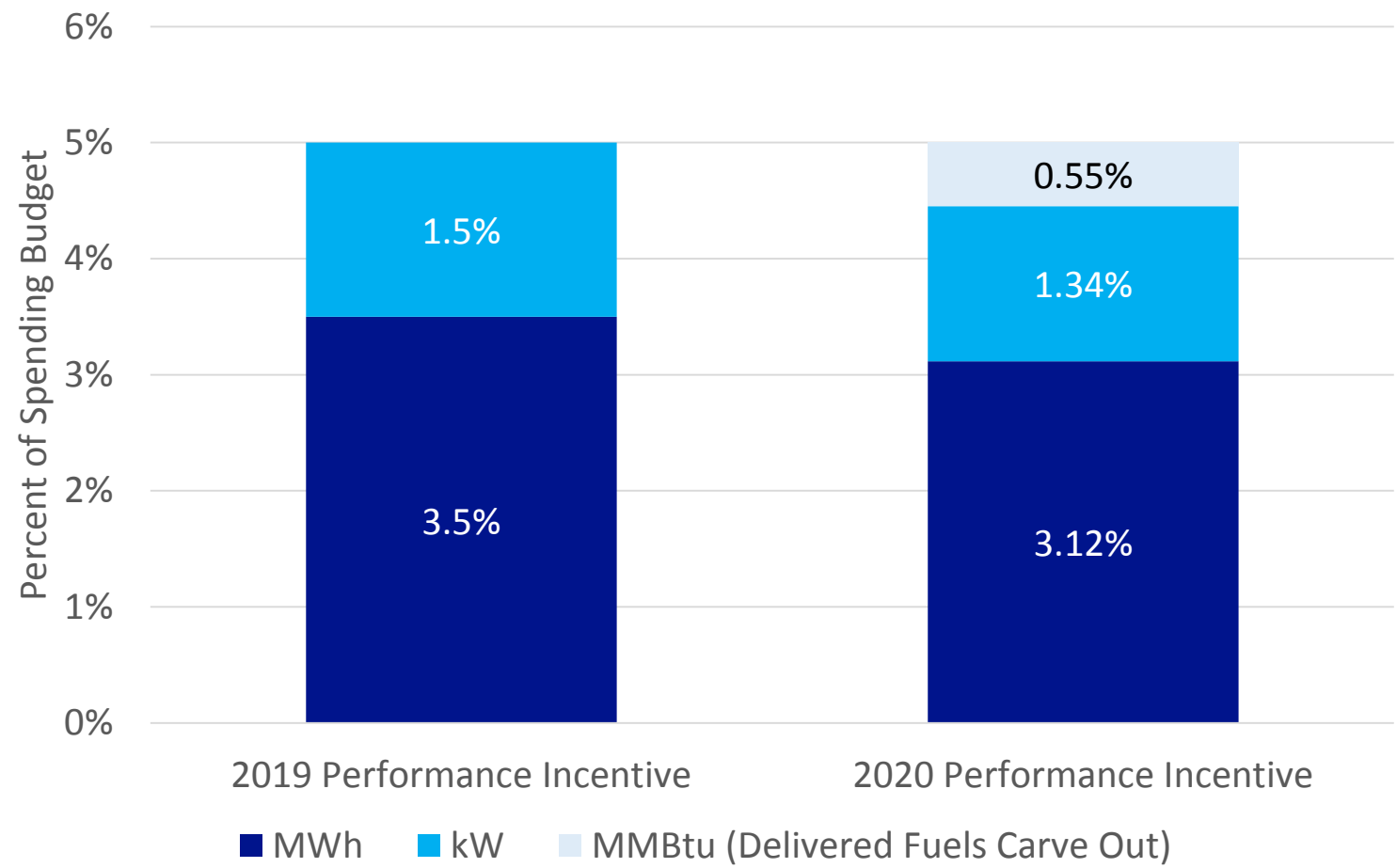
# Gas EE Surcharge – Historical and 2020 Draft 1 to Draft 3 Comparison



Change from Draft 1 to Draft 3	Impact on Gas EE Surcharge
Updated Projected Fund Balance	↓
Reduced Program Budget	↓
Updated 2020 Gas Load Forecast	↓

**Residential surcharge decreases 5.5%, C&I decreases 7.5% from first draft to third, primarily driven in part by a reduction in anticipated negative year-end 2019 fund balance**

# Electric Performance Incentive – 2019 to 2020 Comparison



**2020 Electric Performance Incentive mechanism maintains same overall 5% of spending budget target, includes budget-based carve out for delivered fuel Wx and ASHP**

# 2020 Annual Energy Efficiency Plan 3<sup>rd</sup> Draft Overview

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  - Highest number of gross savings and products than ever before yet lower savings goals than previous years because that's the nature of market transformation
  - Lower customer rebates and costs are hard to see when the Company is delivering more products and services, and when the Company increases efforts to serve Income Eligible customers
- **Company has responded to ~1,700 comments through drafting process**
- **Measure savings and costs have been reviewed line-by-line with external subject matter experts**

# Important Dates

July 10	Company Issues Plan Outline	✓
July 16	First Draft of Plan Distributed	✓
August 9	First Draft Stakeholder Comments Due	✓
August 23	Second Draft of Plan Distributed	✓
September 6	Second Draft Stakeholder Comments Due	✓
September 19	Final Draft of Plan Distributed	✓
September 26	Company deadline for additional responses to stakeholder comments	
October 3	EERMC Votes on 2020 Plan	
October 15	Plan Filed with PUC	