



To: Rhode Island Energy Efficiency and Resource Management Council (EERMC)
From: National Grid
Date: October 1, 2019
Re: Summary of changes for inclusion in final version of RI 2020 Energy Efficiency Plan

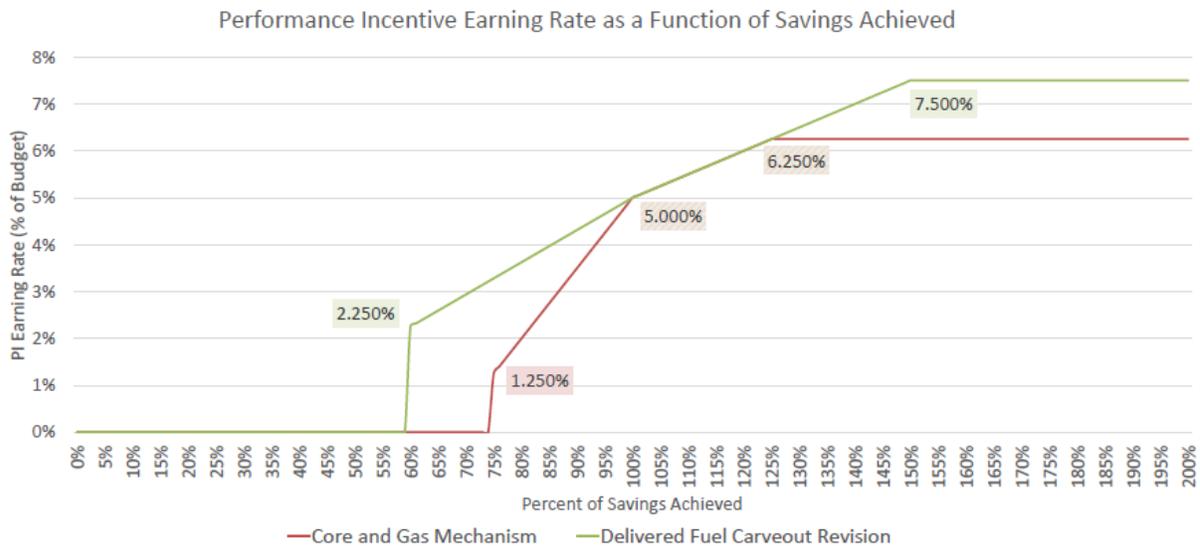
This memorandum summarizes the high-level changes made since the most recent version of the 2020 Energy Efficiency Plan was discussed at the EERMC meeting on September 19th. These changes will be reflected in the Final Plan that will be voted on by the EERMC on Thursday, October 3, 2019.

Overarching Changes

- Reduced Multifamily Electric incentives per C-team recommendations.
- Removed Electric Vehicle Demand Response (EV DR) program and associated \$17K budget.
- Updated text to indicate EM&V oversight team will be included in decision for whether to conduct an independent evaluation or a vendor evaluation.
- Updated Attachment 8 to split out electric and gas pilots, demonstrations, and assessments budgets per feedback from the C-team.
- Minor correction to lighting savings for EnergyWise and Income Eligible programs as a result of QA/QC. Associated annual MWh savings decreased by approximately 150 annual MWh.
- Completed 2020 Bill Impacts Analysis (Attachment 7), sent to EE Technical Working Group members on 9/30 and reviewing with the C-team.

Performance Incentive

- In collaboration with OER, DPUC, and other stakeholders, the Company revised and finalized the performance incentive mechanism for the 2020 plan to include a carveout for delivered fuels.
- The overall design level of earning opportunity for the performance incentive is set at 5.0% of spending budget for the electric and gas sectors at 100% of savings goal.
- The core performance incentive mechanisms for electric and gas maintain the same performance incentive mechanism as in the 2019 plan, while the delivered fuel carveout has been finalized
 - The delivered fuel carveout begins earning at 60% of savings, at a level of 2.25% of savings, then increases linearly to 100% of savings where the Company can earn 5.0% of spending budget. The delivered fuel carveout is then capped at 7.5% of spending budget should 150% of savings goal be achieved.
 - Critical changes to this from third draft to the final draft are establishing a tighter collar at which earnings begin, and a tighter cap on earnings above 100% of savings. See the figure below for a visual representation of the core electric and gas, as well as delivered fuel carveout PI mechanisms



SRP Charge Adjustment

- EE Fund Balance adjustment for SRP was incorporated in Third draft; additional explanation included in the final draft:
 - The EE Customer charge includes SRP; SRP over-apportioned funds from EE for 2016, 2017, and 2018
 - The over collection has been transferred to the EE fund for immediate use on EE Programs and services and in calculating the 2020 EE Program Charge

Residential Sector

- Minor changes to budget (less than \$50K reduction to electric budget)
- Residential Connected Solutions is removing the EV DR peak shifting component. OER stated concerns that running the DR component would interfere with the evaluation of the Power Sector Transformation (PST) EV pilot. The PST EV pilot's independent evaluator has confirmed that running the Connected Solutions component could impact the baseline. As a result, National Grid will not be offering the Connected Solutions EV component in 2020.

Commercial and Industrial Sector

Financing and On Bill Recovery

- On Bill Recovery (OBR): Company made a one-time transfer from OBR to energy efficiency fund
 - OBR transfer: The Company made a one time transfer of ~\$3.9 million from OBR funds in the Large Commercial and Industrial (LCI) and Small and Medium Business (SMB) funds to the EE fund which had the result of reducing the total required to be collected through the 2020 EE surcharge.
 - The results of this transfer are detailed in Plan text and are shown in tables E-1 and E-10.



- The Company clarified and codified in text the process for “as needed” RIIB transfers over the course of the year, in collaboration with OER and RIIB.

Combined Heat and Power (CHP)

- Per feedback from OER, the Company updated text of the CHP section to list biomass fuel sources to the CHP incentive table at an incentive rate of \$900 per kW.
- Clarified economic benefit adder language and review process as requested by the Division.