

# Memo



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

**To:** Energy Efficiency and Resource Management Council  
**From:** EERMC Consultant Team  
**CC:** Office of Energy Resources  
**Date:** December 15<sup>th</sup>, 2022  
**Subject:** Potential 2024-2026 Plan Priorities and Open Items

CONSULTANT TEAM

On November 28<sup>th</sup>, 2022, the EERMC Consultant Team (C-Team) facilitated a Councilor Learning, Education, and Advancement Discussion (LEAD) Session. The LEAD Session covered energy efficiency equity targets and reporting in Massachusetts and Rhode Island, Three-Year Energy Efficiency Plan development, and potential EERMC 2024-2026 Plan Priorities<sup>1</sup>. This memo summarizes potential 2024-2026 Plan priority areas and open questions from the LEAD Session.

## POTENTIAL EERMC 2024-2026 PLAN PRIORITIES

### Workforce Development for small/minority- and women-owned business enterprise (MWBE) contractors

- Develop detailed workforce development plans that target small/MWBE contractors. The Plans should detail the subject matter, locations, languages, and quantity of planned training/upskilling events and workshops.
- Provide technical support for small/MWBE contractors seeking to participate as energy efficiency program vendors. This should include clear descriptions of program requirements, program operations, and support in completing applications and any other paperwork needed to register or participate in the programs.
- Deliver small/MWBE contractor trainings that target underserved communities in Rhode Island. The trainings and other supporting program materials should be available in any non-English languages prevalent in target communities, and be supported by program staff fluent in those languages.

### Set ambitious Three Year and Annual Plan goals for 2024-2026 that signal to the industry the intent to grow energy efficiency programs and participation

- The Market Potential Study Refresh should include a more refined approach to the Mid Scenario that uses ambitious but realistic modeling assumptions to inform EERMC-recommended 2024-2026 targets.
- The Company should make a concerted effort to design programs and develop Benefit-Cost Ratio (BCR) Models that seek to meet or exceed EERMC-recommended targets.

### Improve program messaging and leverage new opportunities to engage customers, especially those that have been historically underserved

- Consider opportunity for energy bills to advertise program benefits (ex. Compare actual bills against bills absent historical energy efficiency program savings)
- The Massachusetts Language Access Plan should be leveraged to ensure language barriers are mitigated in Rhode Island. RI Energy should implement strategies or develop a similar

<sup>1</sup> EERMC 2023 Plan Priorities included as an Appendix item for reference.

Language Access Plan to ensure that language access provisions are included in all marketing, outreach, and workforce development activities.

### **Increase participation in historically underserved communities**

- Engage energy efficiency stakeholders to establish specific criteria for target, underserved, or environmental justice communities as part of the 2024-2026 Three-Year Plan development process, then target all of those communities throughout 2024-2026.
  - Massachusetts considered a targeting framework that focused on all communities with historical participation lower than average statewide participation levels.
  - An example of targeting could involve more granular geo-targeting for enhanced incentives, such as census tract or neighborhood rather than municipality or zip code
- Performance incentive mechanism should include a discrete equity component, such as a service quality adjustment tied to equity goals.
  - One approach might be to collect baseline data in 2024, report performance compared to the baseline in 2025, and establish an equity component for the performance incentive in 2026.
- Workforce development efforts should be targeted at serving contractors in these underserved communities (detailed recommendations on workforce development will be covered in separate priority).
- Ensure all program materials, enrollment forms, contractor support, and field staff communications are available in several of the most common primary languages for English-isolated communities.

### **Compliance with the Act on Climate**

- Set Three-Year Plan savings goals consistently with the Act on Climate to ensure EE programs contribute an appropriate share of carbon emissions reductions.
- Clearly articulate the Company's understanding of the minimum necessary contribution from EE that is consistent with a pathway to meeting Act on Climate goals, including characterizing the total necessary GHG reductions, and the contributions from other decarbonization activities in RI that are assumed to make up the difference between total GHG reduction needs and planned EE activity levels.
  - Establish a clearer barometer for EE program contributions that is more rigorous than current claims related simply to producing any amount of net GHG emissions reductions.
  - Question: How can Plan goals be determined to be 'consistent' with the Act on Climate?

### **LEAD SESSION OPEN ITEMS**

- What measures will be included in the Demand Response module of the Market Potential Study Refresh?
  - How was Electric Demand Response previously modeled, and what is the most appropriate approach? The C-Team may be able to do some supporting research outside of the Market Potential Study.
  - Is there any Gas Demand Response potential?

- How can Demand Response benefits, particularly from storage technologies, be delivered to income-eligible customers?
  - What is the relative potential for battery demand response in RI for each sector?
  - Could avoided costs to the Company fund capital outlay for customers? Efficiency Vermont had a demand response program allowing customers to lease batteries enrolled in the program.
- Can we look at program/measure level BCRs more closely to identify areas for improvement?
  - What programs and measures have particularly high benefit-cost ratios (BCRs)?
- Why has participation for small and MWBE contractors been historically low?
  - Why have workforce development efforts been unsuccessful at increasing their participation, specifically in underserved communities?
  - How can energy efficiency program budgets and non-ratepayer funds be applied to provide training and development opportunities for contractors in underserved communities?
  - How can small/MWBE applications/requirements for program participation be streamlined to support their participation? Small contractors have challenges completing program applications, but not completing actual projects.
  - Can the Company partner with third parties to support small/MWBE development efforts, and would any policy or legislative changes be required? The Council and Company should have a sense of this in advance of March 2023.
  - Could the Company develop pilots for small/MWBE contractor development in municipalities, such as Central Falls, which would greatly benefit from workforce support initiatives?
  - How can language barriers be better addressed in small/MWBE contractor development efforts?
  - Are there existing models that have proven effective for supporting small/MWBE contractor workforce development?
- How can a task force be developed to leverage sources of non-ratepayer funds for small and MWBE contractor development?
  - What kind of outreach should be conducted to people disbursing these non-ratepayer funds at the federal and state levels?
  - There is a lot of political support for this type of targeted effort and Rhode Island is small enough to make it work.
  - A Councilor knows Gina Raimondo well. Could the EERMC partner with OER to support equity and workforce development over several years?
    - The Hispanic Chamber of Commerce received funding for this and provided trainings in English and Spanish.
- How can the C-Team experience supporting the Massachusetts Equity Working Group inform the Rhode Island Equity Working Group process moving forward?
  - The lessons learned from the Massachusetts Equity Working Group were helpful.
  - What are key differences between the Massachusetts DPU and Rhode Island PUC?
  - Integrating C-Team members active in Massachusetts program planning and implementation oversight can help Rhode Island improve its equity framework.
  - Has Massachusetts considered third-party implementation/administration of (components of) their EE programs?

- How do the Community First Partnerships in Massachusetts compare to the Community Initiative in Rhode Island?
  - Massachusetts contracted work for the Community First Partnerships out to a third-party vendor that has expertise in community outreach.
  - A larger approach would be to bid out implementation of the entire suite of equity initiatives to a third-party.
- Issues with high energy prices are the main form of public outcry that the RI PUC hears. How can the Council develop a compelling narrative around energy efficiency that increases customer interest, like in MA?
  - The public education videos will be helpful, but the narrative could be strengthened. The Council should simultaneously think about the energy efficiency narrative and the EERMC rebrand to increase public awareness. The Council had discussed embarking on a broader public awareness campaign after the rebranding/communications effort.
  - Should the Council be rebranded as the Rhode Island Energy Council? This nomenclature communicates that the Council engages in statewide energy issues much more effectively and intuitively.
  - How can Rhode Island Council members be more proactive in keeping their constituents abreast of Council/energy-related matters? Many Massachusetts Council members are activists that regularly engage with the public to support public involvement and awareness.
  - How can Council members get reporters, politicians, and others involved in energy efficiency programs to increase public awareness?
- Energy bills are a major platform for advertising programs that are not being leveraged effectively. How can energy efficiency program messaging on customer bills be improved?
  - Energy bills should clearly advertise program benefits (ex. Compare actual bills against bills absent historical energy efficiency program savings)
  - RI Energy is completing a bill redesign and should consider both what to add and/or remove.
- Should Rhode Island consider amortizing EE budgets, combined with increased non-ratepayer funding for programs, to reduce negative attention around rate increases?
  - Massachusetts has a winter pricing mitigation strategy that was approved by the Department of Public Utilities. It includes enhanced weatherization incentives for moderate-income customers and small business renters, pre-weatherization barrier mitigation incentives for small multifamily rental properties, enhanced online marketplace rebates, and streamlined census block-level moderate income verification in census blocks with high moderate-income concentrations.
- How can Market Potential Study results be viewed through a nonparticipation and equity lens?
- Can the Market Potential Study Refresh include a more refined approach to the Mid Scenario which uses ambitious but realistic modeling assumptions?
  - This could produce reasonable targets that the Company can seek to meet or exceed.
  - The detailed Refresh should focus on the most useful scenario.
- What metrics should be considered to better align targets with program goals or legislation?
  - Can the metric for targets be modified to embody quality above quantity of savings?
  - Massachusetts implemented a performance incentive mechanism framework with an equity component. For the program administrators to earn performance incentives from

any other components, the equity targets must be achieved. Can Rhode Island implement a service quality adjustment related to equity?

- What baselines should be set to benchmark equity-related metrics/quantitative goals?
  - What level of participation/investment data should be used for equity metrics, census tract-level data?

## APPENDIX

### EERMC 2023 Plan Priorities

As primary sources for EERMC 2023 Plan Priorities, there were five significant reference points the EERMC expected National Grid<sup>2</sup> to reference to when developing the 2023 EE Plan:

- 1) National Grid's Three-Year Plan<sup>3</sup> and related compliance filing<sup>4</sup>. These contain established non-binding, illustrative, and provisional energy efficiency procurement budgets and savings goals. They are intended to help guide annual plan development and commitments on program strategies and priorities that reflect input from stakeholders during development of the Three-Year Plan.
- 2) LCP Standards<sup>5</sup>, which lay out a clear structure and process for achieving the goals of least cost procurement and define the roles and responsibilities for the different program administration and oversight entities, including clear direction for strategy and planning of annual plans to be put forward to the PUC.
- 3) Stakeholder input and priorities gained from events and activities including:
  - The Energy Efficiency Technical Working Group (EE TWG).
  - The Equity Working Group (EWG).
  - National Grid's Customer Feedback Activities included in the planning timeline and related sourcing of customer feedback.
- 4) The 2022 Plan<sup>6</sup>, which included commitments around implementation activities that would inform program implementation in 2022 as well as program planning for 2023.
- 5) The EERMC's Summary Report<sup>7</sup> on its decision not to endorse the 2022 Plan, which included references to several concerns that the Council expected to alleviate in the 2023 EE Plan.

#### Relating to the reference point of the EERMC-endorsed and PUC-Approved Three-Year Plan, the EERMC expected:

- That National Grid will clearly and specifically identify which, and how, each of the "Five Key Priorities" identified in the Three-Year Plan will be applied to the 2023 programs. These priorities included:
  1. Deeper customer relationships

---

<sup>2</sup> The EERMC 2023 Plan Priorities were developed prior to the PPL Acquisition of National Grid's Rhode Island utility business.

<sup>3</sup> [http://www.ripuc.ri.gov/eventsactions/docket/5076-NGrid-2021EEPlan\(10-15-2020\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/5076-NGrid-2021EEPlan(10-15-2020).pdf)

<sup>4</sup> [http://www.ripuc.ri.gov/eventsactions/docket/5076-NGrid-ComplianceFiling%20\(PUC%201-29-2021\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/5076-NGrid-ComplianceFiling%20(PUC%201-29-2021).pdf)

<sup>5</sup> [http://rieermc.ri.gov/wp-content/uploads/2020/08/5015-lcpstandards-final\\_8-25-20.pdf](http://rieermc.ri.gov/wp-content/uploads/2020/08/5015-lcpstandards-final_8-25-20.pdf)

<sup>6</sup> [http://www.ripuc.ri.gov/eventsactions/docket/5189-NGrid-Energy%20Efficiency%20Plan%202022%20\(PUC%2010-1-21\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/5189-NGrid-Energy%20Efficiency%20Plan%202022%20(PUC%2010-1-21).pdf)

<sup>7</sup>

<http://www.ripuc.ri.gov/eventsactions/docket/EERMC%202022%20EE%20Plan%20Vote%20%20Summary%20of%20Reasons%20%2010.15.2021.pdf>

2. Drive adoption of comprehensive measures
  3. Expand active demand response
  4. Achieve cost optimization and efficiency
  5. A deeper equity lens across all program planning and delivery
- That savings and benefits goals will reference the Base and High Scenarios presented for 2023, and that any factors or conditions that preclude reaching these levels will be clearly documented and justifiable, including barriers and other considerations of prudence and reliability.
  - In recognition of the expectations around budget increases set forth by the PUC, National Grid will develop the 2023 EE Plan in a manner that will pursue cost-efficiency to deliver maximum savings and benefits at appropriate costs without losing sight of the multiple policy and stakeholder priorities the annual energy efficiency programs support in Rhode Island, including its keystone contribution to state clean energy and decarbonization goals. The pursuit of cost-efficiency is expected to clearly define efforts to coordinate, cost-share, and leverage investments with other entities and funding sources such as state agencies (Department of Labor and Training; Codes Commission; etc.), quasi-state agencies (RIIB; RI Housing; etc.), and other state or federally funded initiatives.
  - That the mix of savings by end-use in the 2023 EE Plan will be closely aligned with the results of the EERMC-sponsored Market Potential Study (MPS), and any deviations are well-justified.

**Relating to the reference point of LCP Standards, the EERMC expects:**

- Given the clear, outcome-oriented direction provided in the LCP Standards, especially the **emphasized** sections in Appendix B, the 2023 EE Plan should clearly indicate how each of these is applied at the portfolio and program levels.
- The 2023 EE Plan should include key metrics that will be documented and reported to the EERMC and stakeholders at minimum as part of the standard Quarterly Program Performance Reports.

**Relating to the reference point of Stakeholder input and priorities, the EERMC expects:**

- The Priorities indicated by the members of the EE TWG will be appropriately reflected in the 2023 EE Plan, and that National Grid’s documentation and response to the proposed Priorities will be presented in a transparent and comprehensive format.
- National Grid’s proposed Customer Feedback Activities will be sufficiently robust and capture actionable customer-driven input, and it will be appropriately reflected in the 2023 EE Plan, and that National Grid’s documentation of the activities and responses will be presented in a transparent and comprehensive format.

*The following Priorities should all generally be captured through adherence to addressing the requirements and objectives of the three reference points detailed above. However, to supplement and support content, the EERMC provides guidance on a set of specific areas of focus and emphasis for the EERMC.*

**To support focus on Equity & Access, the EERMC expects:**

- National Grid will fulfil and then apply the results from activities committed to in the 2022 Plan to support all customers having equal ability to access and benefit from energy efficiency programs, including:
  - The Nonparticipant Market Barriers Study which is anticipated to be completed by May 2022.
  - The Participation and Multifamily Census Study which is anticipated to be completed by May 2022.
  - Enhancements stemming from recommendations of the Equity Working Group.
- That National Grid will demonstrate progress on – and build upon – the enhancements included in the 2022 EE Plan related to recommendations from the Equity Working Group.
- That any new findings and recommendations coming from the Quarterly Equity Working Group session will be appropriately reflected in the 2023 EE Plan, and that National Grid’s documentation and response to the finding and recommendations will be presented in a transparent and comprehensive format.
- Based on the specific activities and designs to support applying results from the studies listed above, the 2023 EE Plan should include a commitment to create a clear, comprehensive list of tasks and metrics that will be added to Quarterly reports to support full and transparent accountability of performance in achieving the commitments.
- The 2023 EE Plan will include clear and detailed remediation strategies to assure corrective action on underperforming programs. Of particular concern and requiring further focus are income-eligible single and multi-family programs.

**To support an effective and efficient 2023 EE Plan development and review process, the EERMC expects:**

- The *Key Deliverables and Schedule* developed in collaboration by the EERMC Consultant Team, National Grid, and OER, and discussed by the EERMC<sup>8</sup> will be followed by all relevant parties to assure necessary time is afforded to the EERMC and stakeholders reviewing and reaching a clear understanding of the content of the 2023 EE Plan, sufficient to make informed decisions on whether to endorse the plan.

---

<sup>8</sup> [http://rieermc.ri.gov/wp-content/uploads/2022/03/2022-eermc-calendar-update\\_2022-03-17\\_final.pdf](http://rieermc.ri.gov/wp-content/uploads/2022/03/2022-eermc-calendar-update_2022-03-17_final.pdf)



### **Give due consideration to statewide Act on Climate goals:**

- Set Three-Year Plan savings goals consistently with the Act on Climate to ensure EE programs contribute an appropriate share of carbon emissions reductions.
- Clearly articulate the Company's understanding of the minimum necessary contribution from EE that is consistent with a pathway to meeting Act on Climate goals, including characterizing the total necessary GHG reductions, and the contributions from other decarbonization activities in RI that are assumed to make up the difference between total GHG reduction needs and planned EE activity levels.