

Memo



To: Rhode Island Energy
From: EERMC Consultant Team
Date: April 27, 2023
Subject: Summary of C-Team Comments on 2024-2026 Plan Outline Memo

CONSULTANT TEAM

The Rhode Island Energy Efficiency and Resource Management's (EERMC or "the Council") consultant team (C-Team) provides the following comments on Rhode Island Energy's (RIE or "the Company") 2024-2026 Three-Year Plan Outline Memorandum ("the Plan Outline Memo"). Our review and comments here are primarily focused on ensuring that the Council's priorities are expected to be appropriately reflected in the 2024-2026 Plan. In addition to our comments related to the Council's priorities laid out below, the C-Team is appreciative of the uniform approach taken by the Company in outlining its strategic philosophy and cross-cutting and sector-specific tactics for each of the Company's priorities for the three-year plan.

Comply with LCP Standards

One of the Council's priorities is that the 2024-2026 Energy Efficiency Plan shall comply with Least Cost Procurement Standards (LCP) and any updates that may be approved by the Public Utilities Commission (PUC). The Plan Outline Memo indicates that Section 2 could be subject to substantive changes pending the outcome of the PUC's review of the LCP Standards in Docket 23-07-EE. The C-Team recommends that Section 2 of the 2024-2026 Plan include a description of any key changes in the LCP Standards and how said changes impacted the Company's approach to development of the Plan.

Support Compliance with Act on Climate

Included in its' priority of supporting compliance with the Act on Climate, the Council provided several detailed strategies that it feels are important for the Plan to consider. One of the Council's priorities related to the Act on Climate is that the Plan savings goals are set consistently with the Act on Climate to ensure that the programs are contributing an appropriate share of carbon emissions reductions. While there is some language included throughout the Plan Outline Memo that indicates the Company will report out on emissions reductions associated with program activity, the C-Team recommends that the Plan provides a detailed, timebound workplan for establishing a clear barometer for the appropriate level of emissions reductions produced by RIE's EE portfolio. In addition, the C-Team suggests that the Plan speak to how the Company will coordinate with the Executive Climate Change Coordinating Council (EC4) to determine what constitutes EE program compliance with the Act on Climate and the upcoming 2025 Climate Strategy.

Another of the Council's priorities is that the Plan reduce investment in fossil fuel equipment by designing incentives and programs to encourage electric options over gas. In Section 3.2.2, the Company indicates that it will explore the possibility of right-sizing incentives for fossil fuel equipment and options for optimizing electric versus gas. While this is a step in the right direction, the C-Team believes that this language would better align with the Council's priorities if it provided a stronger commitment to phasing out incentives for gas equipment by not just exploring, but actually following through on program design that encourages electric options over gas.

Finally, the C-Team is pleased to see that the Company is planning to prioritize electric resistance heat to air source heat pump conversions and that it has taken the initial steps to set related goals. It is a

Council priority that specific goals are set in this area, and the Plan Outline Memo provides the groundwork for ensuring that those goals are specific in the Plan.

Ensure Stakeholder Input is Adequately Incorporated

The C-Team is pleased to see that the Company will continue to include a section that describes the coordination process undertaken by various stakeholders during plan development. This lays the groundwork to ensure that the Company documents and responds to proposed priorities of the various stakeholders involved in the planning process in a clear, transparent and comprehensive manner.

That said, one of the Council's priorities for ensuring stakeholder feedback is adequately incorporated in the plan development process was that the Company propose and conduct customer feedback activities that are robust and capture actionable customer-driven input. The C-Team is aware that the Company intends to conduct such activities, however, the Plan Outline Memo does not indicate what the Company intends to include in its Plan related to these activities. The C-Team recommends that the Plan include a detailed section of the activities that the Company undertook in plan development as well as future activities that it will take in the future.

Support an Effective and Efficient 2024-2026 EE Plan Development and Review Process

A priority of the Council is to adhere to the key deliverables schedule that was developed collaboratively between the Council and the Company. The C-Team certainly understands that the timeline could change pending finalization of the LCP Standards updates and appreciate the Company signaling this in the Plan Outline Memo. The C-Team expects that the Company will continue to work in good faith to ensure that the Council and other stakeholders have adequate time to review and provide comment on relevant materials.

The C-Team also wanted to note that the Plan Outline Memo indicated that July 20, 2023 would be the deadline for stakeholders to submit comments on the First Draft 2024-2026 plan numbers, though it is our understanding that the agreed upon deadline is actually July 21, 2023. This one-day difference was to ensure that any outcomes from the July 20, 2023 Council Meeting related to the plan numbers can be accurately reflected in the comments that the C-Team submits to the Company on the Council's behalf.

Intent to Grow EE Programs

One of the Council's priorities was that it wants to ensure that the Plan clearly explain any gaps between the goals of the Plan and the level of savings that were approved as Targets for the 2024-2026 period by the Council. We are encouraged to see that the Company intends to deliver on this priority by describing how the recently completed market potential study was used to inform goals and why and how they differ from the Targets. The C-Team recommends that this section be as thorough as possible to ensure that stakeholders, including the regulators, have a clear understanding of any differences between the goals and the Targets.

Increase Participation of Historically Underserved Customers

The Council laid out several detailed strategies related to increasing participation of historically underserved customers that it feels are important for the Plan to contemplate. While we are encouraged to see that the Plan Outline Memo speaks to many efforts that the Company intends to take on, the C-Team expects that the Company will build on and include additional language and

commitments in the Plan related to this topic. Some of the items that we were hoping to see reflected in the Plan Outline Memo include:

- A commitment to work with stakeholders to discuss, vet, and if deemed appropriate, propose a performance incentive mechanism that includes discrete equity component
- Discussion of the Equity Working Group, its recommendations, and a commitment to develop clear determinants of success with regular reporting on progress
- A commitment to develop specific and measurable goals, either tied to or in addition to those recommended by the Equity Working Group, that aim to demonstrate an increase in participation by historically underserved customers
- Efforts to develop a Language Access Plan, or something similar, that clearly details how the Company will provide services to individuals who are non-English speaking or have limited English proficiency at each step of the customer journey

Deliver Targeted Workforce Development

The C-Team is encouraged by the level of content related to workforce development that is included in the Plan Outline Memo. In particular, Section 3.2.5 hits on many of the detailed strategies noted in the Council's priorities for delivering targeted workforce development. While we hope to see additional detail on the Company's planned efforts, the detail in the Plan Outline Memo serves as a great starting point for activities.