



STATE OF RHODE ISLAND

ENERGY EFFICIENCY & RESOURCE MANAGEMENT COUNCIL

CONSULTANT TEAM

EERMC Comments on the Filed 2024-2026 EE Plans

Presented By: EERMC Consultant Team

Date: October 19, 2023



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REGULATORY PROCESS OVERVIEW





Plan Filing Updates

10/2: The Company filed its combined 2024 Annual and 2024-2026 Three-Year Energy Efficiency Plans with the Public Utilities Commission (PUC)

10/4: Subsequent Plan attachments and supplemental documents were filed

- Electric and Gas Benefit-Cost Ratio Models
- Rate and Bill Impact Models
- Technical Reference Manual Subsequent

10/6: The Company filed the Equity Working Group Report, which contains a summary of 2023 EWG meetings and recommendations for the 2024-2026 EE Plans



Docket Schedule

- 10/2: 2024-2026 EE Plans filed with PUC
- 10/23: EERMC files 2024-2026 EE Plan Cost-Effectiveness Report with PUC
- 10/23: Deadline for parties to file motions to intervene in the 2024-2026 EE Plan Docket (Commission Docket No. 23-35-EE)
- 10/30: Deadline for EERMC testimony and documentation regarding Council budget
- 11/10: Deadline for intervenor pre-filed testimony
- 12/12 – 12/14: Regulatory hearings
- TBD: Open Meeting for PUC to issue ruling on Docket No. 23-35-EE



SUGGESTED AREAS FOR CONSIDERATION DURING REGULATORY REVIEW





Introduction

The C-Team consolidated comments to highlight several areas the Council may wish to raise for the PUC to consider during regulatory review of the 2024-2026 EE Plans

- This will form the basis for the **Council’s pre-filed testimony** in the 2024-2026 EE Plan docket, alongside required pre-filed testimony on the Council’s budget for 2024

Suggested areas of focus include **equity, workforce development, and the comparison of planned savings goals to Council-recommended Targets**

Additional areas of focus address sector-specific issues such as pre-weatherization barriers, electric-resistance heating in non-Residential buildings, and changes to the Small Business program



Equity

Sections 3.2.C and 3.2.D of the Least-Cost Procurement Standards specify that EE Plans shall ensure **all customers have equitable opportunities** to benefit from program offerings

CHAPTER 3 – Energy Efficiency and Conservation Procurement Plans

3.1 Intent

- A. This Chapter provides standards and guidelines for Energy Efficiency and Conservation Procurement Plans filed with the PUC pursuant to R.I. Gen. Laws §§ 39-1-27.7(c)(4) and (5).

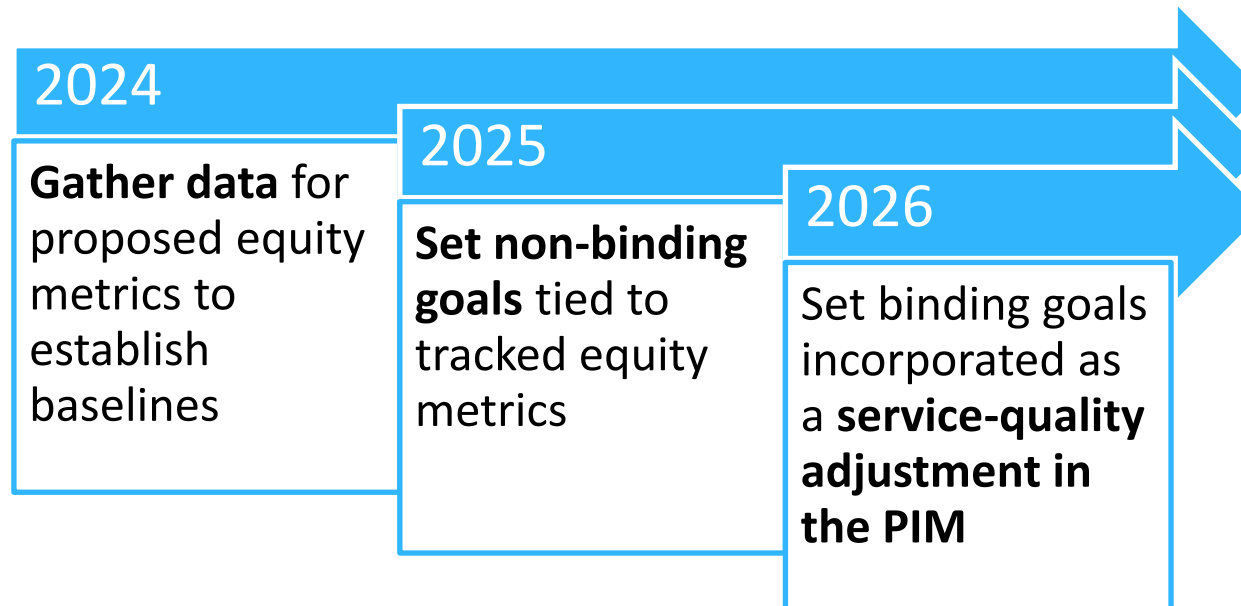
3.2 General Plan Design and Principles

- A. Energy Efficiency and Conservation Procurement Plans (EE Plans)¹⁰ shall be designed, where possible, to complement the objectives of Rhode Island’s energy and climate programs and policies, and describe the interaction of EE Plans with these other programs, including, but not limited to, the System Reliability Procurement Plan; the Renewable Energy Standard; the Renewable Energy Growth Program; the Net Metering Program; the Long-Term Contracting for Renewable Energy Standard; all energy supply procurement plans; and Infrastructure, Safety, and Reliability Plans.
- B. Innovation. EE Plans shall address new and emerging issues as they relate to Least-Cost Procurement as appropriate, including how they may meet State policy objectives and provide system, customer, environmental, and societal benefits.
- C. Comprehensiveness. The distribution company shall design EE Plans to ensure that all customers have an opportunity to benefit and realize both near-term and long-lived savings opportunities, and to deliver system-wide and location-specific savings. The programs should be designed and implemented in a coordinated fashion by the distribution company in active and ongoing consultation with the Council.
- D. Equity. The portfolio of programs proposed by the distribution company shall be designed to ensure that all customers have equitable opportunities to participate in the offerings of EE Plans and a fair allocation of costs and benefits.



Equity

The Council requested that the Company commit to developing an equity-based component of the Performance Incentive Mechanism (PIM) during the 2024-2026 term



This request was not included in the filed EE Plans by RIE, so it is an area the Council may wish to raise for PUC consideration



Workforce Development

Section 3.2.E of the Least-Cost Procurement Standards specifies that EE Plans shall describe recent programs and **describe how the EE Plans expand on these offerings at the appropriate level of detail**

Section 3.2.L of the standards states that the Company shall **include practical partnerships with existing educational and job training entities**

- C. **Comprehensiveness.** The distribution company shall design EE Plans to ensure that all customers have an opportunity to benefit and realize both near-term and long-lived savings opportunities, and to deliver system-wide and location-specific savings. The programs should be designed and implemented in a coordinated fashion by the distribution company in active and ongoing consultation with the Council.
- D. **Equity.** The portfolio of programs proposed by the distribution company shall be designed to ensure that all customers have equitable opportunities to participate in the offerings of EE Plans and a fair allocation of costs and benefits.
- E. **Build on prior plans.** The distribution company shall describe in an EE Plan the recent energy efficiency programs offered and highlight how the EE Plan supplements and expands upon these offerings at the appropriate level of detail, including, but not limited to, new measures, implementation strategies, measures specifically intended for demand or load management, and new programs as appropriate.
- K. **Energy Efficiency investments** shall be made on behalf of all customers. This will ensure consistency with existing program structure under which all customers pay for, and benefit from, Rhode Island's efficiency programs.
- L. **Efficacy.** All efforts to establish and maintain program capability shall be done in a manner that ensures quality delivery and is economical and efficient. The distribution company shall include wherever possible and practical partnerships with existing educational and job training entities.



Workforce Development

Spending for **Workforce Development** reduced by **more than half** between the approved 2022/2023 and filed 2024 Annual Plan (\$225,000 to \$107,000 planned for 2024).

The Plan does not include descriptions of how RI Energy will support workforce development and diversification in areas beyond RI building energy codes

- **Additional detail on how the Company will fulfill workforce development objectives** by leverage existing entities state would be more consistent with the Standards

Plan Year	Workforce Development Budget
2022	\$225,000
2023	\$225,000
2024	\$107,000
% Change	-52%



Comparison of Planned Savings to Targets

Section 3.2.G of the LCP Standards: “At a minimum, the distribution company shall **use any Targets and other Report recommendations approved by the PUC pursuant to Chapter 2 as a resource in developing its Three-Year Plan.**”

Section 3.2.J of the LCP Standards: “EE Plans shall be developed to **propose strategies to achieve the energy efficiency savings targets** that shall be proposed by the Council...

...In addition to satisfying other provisions of these Standards, the EE Plans shall contribute to a sustainable energy efficiency economy in Rhode Island, respond to and transform evolving market conditions, strive to increase participation and customer equity, and provide widespread consumer benefits while **advancing the requirements of the Act on Climate.**”

G. Plan based on potential assessments. At a minimum, the distribution company shall use any Targets and other Report recommendations approved by the PUC pursuant to Chapter 2 as a resource in developing its Three-Year Plan. The distribution company shall include in its Three-Year Plan an outline of proposed strategies to supplement and build upon these assessments of potential. The distribution company may also use other assessments or Report recommendations, provided that such assessments or Report recommendations were not previously and specifically rejected by the PUC.

J. EE Plans shall be developed to propose strategies to achieve the energy efficiency savings targets that shall be proposed by the Council and approved by the PUC for that three-year period. Such strategies shall secure energy, capacity, and system benefits and also be designed to ensure the programs will be delivered successfully, cost-effectively, and cost-efficiently over the long term. In addition to satisfying other provisions of these Standards, the EE Plans shall contribute to a sustainable energy efficiency economy in Rhode Island, respond to and transform evolving market conditions, strive to increase participation and customer equity, and provide widespread consumer benefits while advancing the requirements of the Act on Climate.

K. Energy Efficiency investments shall be made on behalf of all customers. This will ensure consistency with existing program structure under which all customers pay for, and benefit from, Rhode Island’s efficiency programs.



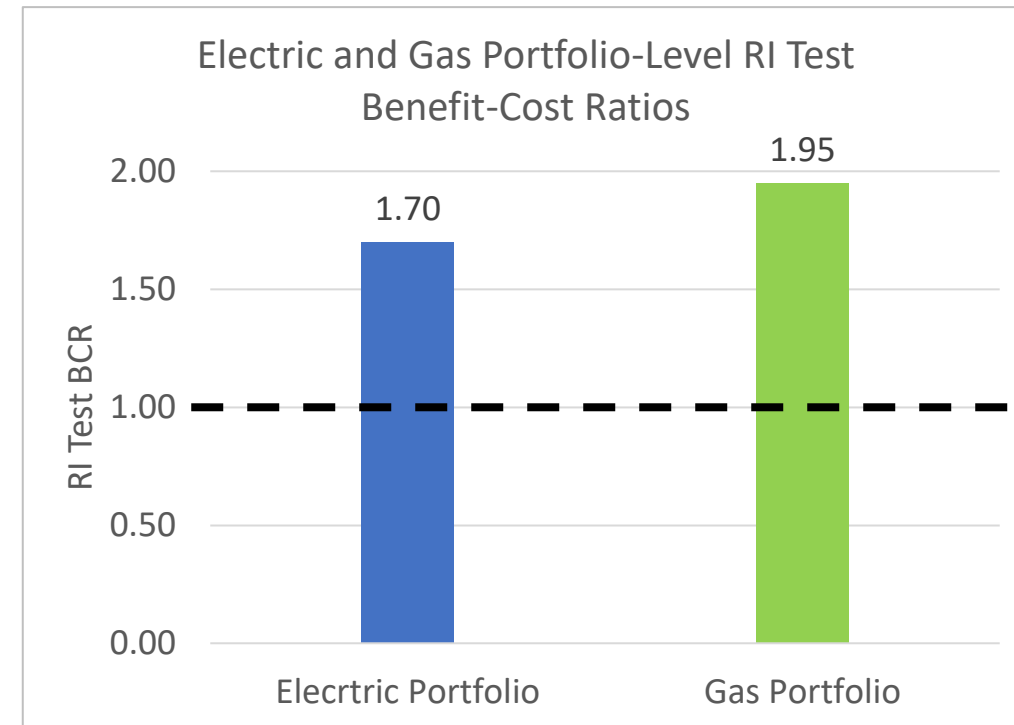
Comparison of Planned Savings to Targets

The Council acknowledges the planned increase in electric savings above 2022 actuals and the 2023 Plan.

The **filed EE Plans are robustly cost-effective and deliver significant cost savings** to Rhode Island customers relative to procuring additional supply

- The Council believes the Plans should seek to invest even more in EE to capture additional savings identified in the Council-recommended Targets

The Council recommends that the Company develop a **bottom-up assessment of the incremental savings** that can be obtained with specific additional budget allocations





Sector-Specific Areas of Focus

Section 6.2.B of the LCP Standards states: “In addition to the other roles for the Council indicated in this filing, the distribution company shall seek ongoing input from, and collaboration with, the Council on development of the EE Plans.”

CHAPTER 6 – Role of the Council in Plan Development and Approval

6.1 Intent

- A. This Chapter provides guidelines for the Council’s role in development and approval of Least-Cost Procurement Plans, System Reliability Plans, and Demand Side Management Investment Proposals.

6.2 Guidelines for Energy Efficiency and Conservation Plans

- A. The Council shall take a leadership role in ensuring that Rhode Island ratepayers receive excellent value from EE Plans being implemented on their behalf. The Council shall do this by collaborating closely with the distribution company on design and implementation of the EM&V efforts presented by the distribution company under the terms of Section 3.4.B.ix and, if necessary, provide recommendations for modifications that will strengthen the assessment of distribution company programs.
- B. In addition to the other roles for the Council indicated in this filing, the distribution company shall seek ongoing input from, and collaboration with, the Council on development of the EE Plans. The distribution company shall seek to receive the endorsement of EE Plans by the Council prior to submission to the PUC.
- C. The Council shall vote whether to endorse the Three-Year EE Plan by August 15, 2020, and triennially thereafter, unless the distribution company has elected to include the first year of an Annual EE Plan in the Three-Year EE Plan, in which case the Council shall vote by September 15. If the Council does not endorse the Three-Year EE Plan, then the Council shall document the reasons and submit comments on the Three-Year EE Plan to the PUC for their consideration in final review of the Three-Year EE Plan.



Sector-Specific Areas of Focus

Pre-Weatherization Barriers

- The Company expressed hesitance for funding the remediation of these barriers due to requirements for program cost-effectiveness
- The Council recommends that the Company fund a **pilot or demonstration to explore the efficacy of a dedicated offering for pre-weatherization barrier mitigation**

Electric-Resistance Heating in the Commercial & Industrial Sector

- The PUC directed the Company to develop a **plan to target electric-resistance-to-heat-pump conversions** for income-eligible customers, but there is no equivalent plan for non-Residential customers
- These conversions are highly cost-effective and may be supported by both RI Energy programs and the OER Clean Heat RI program. The EE Plans should include **greater detail on the codelivery of these programs and weatherization offerings**



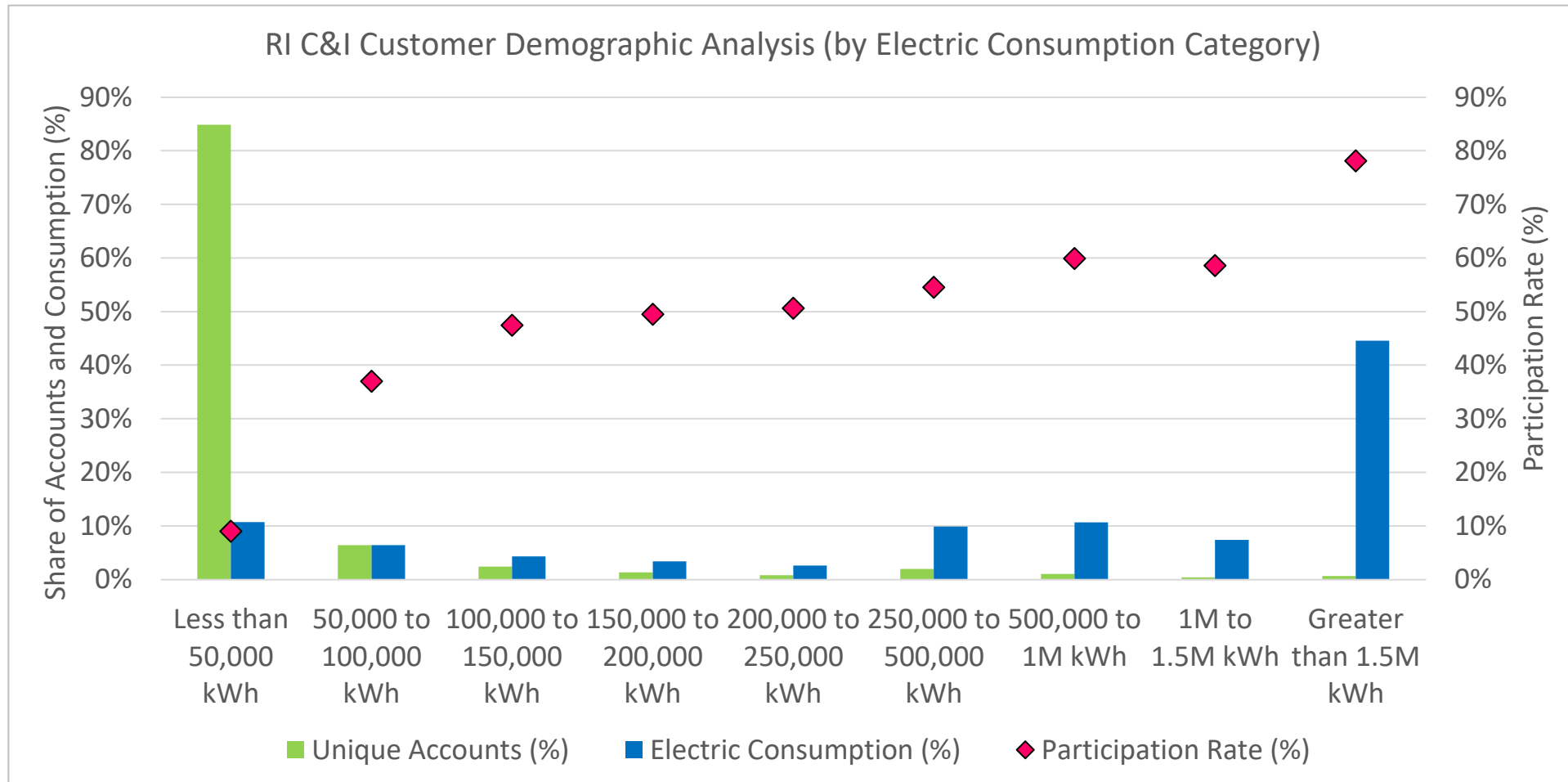
Sector-Specific Areas of Focus

Small Business Direct Install Program

- The SBDI eligibility threshold was expanded from 1.0 to 1.5 million kWh annual consumption.
- The Company has confirmed the ability to report C&I participation by energy consumption category
- Customers under 100,000 annual kWh comprise largest share of C&I customer demographic profile and have the lowest participation rates
- The Council recommends that the expanded eligibility be coupled with an increase in savings goals and specific target for participation by microbusinesses to avoid unintended outcome of increased inequity



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- Customers under 100,000 annual kWh comprise largest share of C&I customer demographic profile and have the lowest participation rates
- **The Council recommends that the expanded eligibility be coupled with an increase in savings goals and specific target for participation by microbusinesses to avoid unintended outcome of increased inequity**



NEXT STEPS





Next Steps

The C-Team will work with EERMC Counsel to develop pre-filed testimony regarding the Council budget.

Council feedback on the areas of focus for regulatory review will inform C-Team development of the Council's pre-filed testimony regarding the 2024-2026 Plan.

- This pre-filed testimony will also summarize the Council review process for the EE Plans.



COUNCIL DISCUSSION





Council Member Discussion

