

**BEFORE THE  
STATE OF RHODE ISLAND  
PUBLIC UTILITIES COMMISSION**

**IN: REVIEW OF RHODE ISLAND )  
ENERGY'S 2024-2026 ENERGY )  
EFFICIENCY THREE-YEAR PLAN AND )  
ANNUAL ENERGY EFFICIENCY PLAN )  
FOR 2024 )**

**DOCKET NO. 23-35-EE**

**JOINT PRE-FILED DIRECT TESTIMONY  
OF  
SAMUEL C. ROSS, CRAIG K. JOHNSON, AND ADRIAN CAESAR**

**SUBMITTED ON BEHALF OF  
THE RHODE ISLAND  
ENERGY EFFICIENCY AND RESOURCE MANAGEMENT COUNCIL**

**NOVEMBER 10, 2023**

1 **I. INTRODUCTION**

2

3 **SAMUEL C. ROSS**

4

5 **Q. Please state your name and business address.**

6 A. My name is Samuel Ross. My business address is: Optimal Energy, 225 Dyer St  
7 2<sup>nd</sup> Floor, Providence, RI 02903.

8

9 **Q. On whose behalf are you testifying?**

10 A. I am testifying on behalf of the Rhode Island Energy Efficiency and Resource  
11 Management Council (EERMC).

12

13 **Q: Please summarize your work with the EERMC relevant to your role**  
14 **providing testimony in this docket.**

15 A: I am a Senior Consultant at Optimal Energy, the prime contractor for the  
16 EERMC's Consultant Team. I have been among the lead consultants on the  
17 Consultant Team for the past six years, and I have represented the EERMC in past  
18 dockets related to energy efficiency plans. I have worked in close collaboration  
19 with the EERMC throughout the 2024-2026 Three-Year and 2024 Annual Energy  
20 Efficiency Plans (2024-2026 EE Plans) development process and had overall  
21 responsibility for the Consultant Team's review of the 2024-2026 EE Plans. I was  
22 also the co-author for the Councils' *Cost-Effectiveness Report: Rhode Island*  
23 *Energy's 2024 Energy Efficiency Plan* which was filed with the Public Utilities  
24 Commission (PUC or "the Commission) in this same Docket.

25

26 **Q: What is the purpose of your Testimony in this proceeding?**

27 A: The purpose of my testimony is to describe aspects of Rhode Island Energy's  
28 2024-2026 EE Plans which the Council would like to raise for consideration by  
29 the Commission in this Docket and to summarize the EERMC's process for  
30 engaging in the development of the 2024-2026 EE Plans.

1 **CRAIG K. JOHNSON**

2

3 **Q. Please state your name and business address.**

4 A. My name is Craig Johnson. My business address is: Optimal Energy, 225 Dyer St  
5 2<sup>nd</sup> Floor, Providence, RI 02903.

6 **Q. On whose behalf are you testifying?**

7 A. I am testifying on behalf of the Rhode Island EERMC.

8 **Q: Please summarize your work with the EERMC relevant to your role**  
9 **providing testimony in this docket.**

10 A: I am a Consultant at Optimal Energy, the prime contractor for the EERMC's  
11 Consultant Team. I have been a member of the Consultant Team since 2014, and I  
12 have represented the EERMC in past dockets related to energy efficiency plans. I  
13 have worked in close collaboration with the EERMC throughout the 2024-2026  
14 Three-Year and 2024 Annual Energy Efficiency Plans (2024-2026 EE Plans)  
15 development process and oversaw the review of residential and income eligible  
16 components of the 2024-2026 EE Plans. I was also the co-author for the Councils'  
17 *Cost-Effectiveness Report: Rhode Island Energy's 2024 Energy Efficiency Plan*  
18 which was filed with the Commission in this same Docket.

19

20 **Q: What is the purpose of your Testimony in this proceeding?**

21 A: The purpose of my testimony is to describe aspects of Rhode Island Energy's  
22 2024-2026 EE Plans which the Council would like to raise for consideration by  
23 the Commission in this docket and to summarize the EERMC's process for  
24 engaging in the development of the 2024-2026 EE Plans.

25

26 **ADRIAN CAESAR**

27

28 **Q. Please state your name and business address.**

29 A. My name is Adrian Caesar. My business address is: Optimal Energy, 225 Dyer St  
30 2<sup>nd</sup> Floor, Providence, RI 02903.

1 **Q. On whose behalf are you testifying?**

2 A. I am testifying on behalf of the Rhode Island EERMC.

3 **Q: Please summarize your work with the EERMC relevant to your role**  
4 **providing testimony in this docket.**

5 A: I am a Senior Analyst at Optimal Energy, the prime contractor for the EERMC's  
6 Consultant Team. I have been a member of the Consultant Team since 2019, and I  
7 have represented the EERMC in past dockets related to energy efficiency plans. I  
8 have worked in close collaboration with the EERMC throughout the 2024-2026  
9 Three-Year and 2024 Annual Energy Efficiency Plans (2024-2026 EE Plans)  
10 development process and oversaw the review of commercial and industrial (C&I)  
11 and evaluation, measurement, and verification (EM&V) components of the 2024-  
12 2026 EE Plans.

13

14 **Q: What is the purpose of your Testimony in this proceeding?**

15 A: The purpose of my testimony is to describe aspects of Rhode Island Energy's  
16 2024-2026 EE Plans which the Council would like to raise for consideration by  
17 the Commission in this docket and to summarize the EERMC's process for  
18 engaging in the development of the 2024-2026 EE Plans.

19

20 **II. ENGAGEMENT IN 2024-2026 EE PLAN DEVELOPMENT PROCESS**

21

22 **Q: The Energy Efficiency and Resource Management Council (EERMC or “the**  
23 **Council”) voted to endorse both of Rhode Island Energy’s (RIE or “the**  
24 **Company”) 2024-2026 Three-Year and 2024 Annual Energy Efficiency Plans**  
25 **(2024-2026 EE Plans). Can you describe any aspects of the 2024-2026 EE**  
26 **Plans which the Council would like to raise for consideration by the**  
27 **Commission in this Docket?**

28 A: While the 2024-2026 EE Plans align with the Least Cost Procurement (LCP)  
29 Standards, revised in 2023, the Council would like to provide a set of targeted  
30 comments for consideration by the Commission in this Docket. The Council

1 discussed these comments at its October 19, 2023 EERMC meeting<sup>1</sup>. For each  
2 section below, the Council has included references to sections that were  
3 considered when assessing the relevance to LCP Standards to the content  
4 described.

5  
6 **Equity**

7 Section 3.2.C of the LCP Standards states:

8           Comprehensiveness. The distribution company shall design EE Plans to  
9           ensure that all customers have an opportunity to benefit and realize both  
10          near-term and long-lived savings opportunities, and to deliver system-  
11          wide and location-specific savings. The programs should be designed and  
12          implemented in a coordinated fashion by the distribution company in  
13          active and ongoing consultation with the Council.

14  
15 Section 3.2.D of the LCP Standards goes on to state:

16           The portfolio of programs proposed by the distribution company shall be  
17          designed to ensure that all customers have equitable opportunities to  
18          participate in the offerings of EE Plans and a fair allocation of costs and  
19          benefits.

20  
21 Section 3.2.J continues to state that proposed strategies included in EE Plans  
22 “shall...strive to increase participation and customer equity.” The Council and  
23 other stakeholders provided a wide range of comments to the Company regarding  
24 opportunities to ensure the Plans aligned with these elements of the Standards.  
25 The Company incorporated some of this feedback into the 2024-2026 EE Plans,  
26 while other recommendations and strategies will be collaboratively developed in  
27 preparation for and during 2024 Plan implementation; however, the Council raises  
28 one specific proposal which was not adopted by the Company should the PUC  
29 wish to consider it during this Docket.  
30

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<sup>1</sup> See Exhibits 1 and 2

1 The Council requested a commitment from the Company to adopt a roadmap over  
2 the course of the upcoming Three-Year Plan program cycle to develop and  
3 institute an equity-based component of the Company's Performance Incentive  
4 Mechanism (PIM) utilizing the existing service quality adjustment (SQA)  
5 mechanism which has precedent in the current PIM structure. In brief, the  
6 roadmap would consist of one step in each year of the Three-Year Plan.

7  
8 In 2024, the Company would gather data to track a set of measurable equity  
9 metrics agreed upon by the Company and Plan stakeholders, with the purpose of  
10 establishing baseline values for these metrics as a reference for future goal setting.  
11 In 2025, the Company would set non-binding, quantitative goals based on an  
12 updated set of measurable equity metrics agreed upon by the Company and Plan  
13 stakeholders, which would use the baseline values from 2024 as a reference to  
14 assess the appropriate goal values. In 2026, the Company would propose a  
15 specific goal for a modified set of equity metrics agreed upon by the Company  
16 and Plan stakeholders, which would be incorporated into the PIM as an SQA with  
17 an agreed-upon dollar amount of PIM earnings placed at risk against the  
18 attainment of the specified goal(s). This proposal would be subject to review and  
19 final determination by the PUC in the relevant docket.

20  
21 This request was not incorporated in the filed 2024-2026 EE Plans. The Council  
22 would welcome a discussion of this proposed equity SQA roadmap as part of this  
23 docket if that is of interest to the Commission. Pending that discussion, the  
24 Council continues to feel that a commitment to incorporate the development and  
25 inclusion of an equity SQA in the Company's PIM would be aligned with a strong  
26 theme of stakeholder input emphasizing the importance of equity in Rhode  
27 Island's EE programs, and the importance of measuring and tracking performance  
28 with respect to equitable program outcomes.

29  
30 **Workforce Development**

31 Section 3.2.E of the LCP Standards states:

1 Build on prior plans. The distribution company shall describe in an EE  
2 Plan the recent energy efficiency programs offered and highlight how the  
3 EE Plan supplements and expands upon these offerings at the appropriate  
4 level of detail, including, but not limited to, new measures,  
5 implementation strategies, measures specifically intended for demand or  
6 load management, and new programs as appropriate.

7  
8 Section 3.2.L of the LCP Standards goes on to state:

9 Efficacy. All efforts to establish and maintain program capability shall be  
10 done in a manner that ensures quality delivery and is economical and  
11 efficient. The distribution company shall include wherever possible and  
12 practical partnerships with existing educational and job training entities.

13  
14 Spending for Workforce Development activities was halved between the first  
15 draft 2024-2026 EE Plans and filed 2024-2026 EE Plans (\$225,000 to \$107,000  
16 planned for 2024). The filed 2024-2026 EE Plans also include planned spending  
17 for Workforce Development that is about half of that included in the approved  
18 2022 and 2023 Annual Plans (\$225,000). The Company expressed the intent to  
19 leverage existing entities to deliver workforce training as opposed to using  
20 ratepayer funds to support all training, a strategy that has been successfully  
21 implemented in places such as Massachusetts. While reduced spending is not  
22 inherently concerning or problematic, workforce constraints are often discussed as  
23 a key factor limiting the growth of EE programs, so a reduction in spending in this  
24 area should be clearly explained and justified. However, the Plan does not include  
25 detailed descriptions of how the Company will oversee workforce training  
26 implemented by other entities to ensure that key areas and technologies for energy  
27 efficiency program activity are covered comprehensively, how much funding will  
28 be provided to these entities to provide training, what efforts will be conducted to  
29 improve workforce diversity – an issue that was identified as a challenge in the

1 Workforce Needs Assessment<sup>2</sup> and Small Business Process Evaluation<sup>3</sup>, what the  
2 anticipated impacts of this type of support would be for future EE program cycles,  
3 or how they would measure such impacts (e.g., number training recipients for a  
4 particular topic or skill, number of newly certified professionals, or estimated  
5 increase in program activity in 2025 as a result of increased workforce capacity  
6 supported by these investments).

7  
8 The Company provided sufficient detail for trainings related to state building  
9 energy codes, and the Council would like to see a similar level of detail in other  
10 areas. In addition, the Council would like the Company to commit to providing  
11 regular updates, on behalf of the entities conducting workforce training, to the  
12 Council and other stakeholders to support transparency and oversight. These  
13 updates would describe the subject matter of trainings, number of trainings  
14 conducted, number of attendees at each training, and total spending on workforce  
15 training. In addition, the Company and the training organizations would  
16 implement a mechanism to occasionally survey the workforce to solicit feedback  
17 on trainings and understand what additional trainings and resources are required  
18 to facilitate workforce development, hiring, and retention.

19  
20 In a related matter, the Company acknowledged difficulties in hiring a  
21 multilingual workforce. While there are some existing resources like multilingual  
22 staff at RISE and online translation and interpretation services, the Company  
23 indicates that language access is an ongoing challenge for EE program  
24 implementation without discussing potential solutions in the 2024-2026 EE Plans.  
25 The Rhode Island Energy Efficiency Equity Working Group (EWG) proposed  
26 several recommendations to ensure that the programs provide consistent and  
27 comprehensive resources for non-English-speaking customers. The Council  
28 would like the Company to commit to implementing strategies included in a  
29 comprehensive Language Access Plan, as recommended in the EERMC Priorities

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<sup>2</sup> See Exhibit 3

<sup>3</sup> See Exhibit 4



1 for the 2024-2026 EE Plans<sup>4</sup>. Implementing such strategies would support  
2 language access and include tracking of relevant metrics proposed by the EWG.

3

4 **Comparison of Goals to Savings Targets**

5 Section 3.2.G of the LCP Standards states:

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

15

16 Section 3.2.J goes on to state that:

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

28

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<sup>4</sup> See Page 6 of Exhibit 5

1 As noted during the discussion and RI Energy presentation at the September 28<sup>th</sup>  
2 EERMC meeting<sup>5</sup>, the current Annual and Three-Year EE Plans represent  
3 investments with strongly favorable benefit cost ratios, significant cost savings for  
4 customers relative to procuring additional supply, and robust bill savings over the  
5 lifetime of the EE investments that will yield real pocketbook benefits for electric,  
6 gas, and delivered fuel customers in Rhode Island. These factors together indicate  
7 that energy efficiency is a highly attractive, economically sound investment for  
8 Rhode Islanders, which has significant potential to grow, per the EERMC's recent  
9 Market Potential Study (MPS) Data Refresh. Without losing sight of other  
10 elements of the Standards, including considerations of prudence which may  
11 include consideration of near-term rate impacts, the Council believes that the  
12 Company's plans could, and should, seek to invest more in EE in 2024 and  
13 subsequent years, driving more energy and pocketbook savings for Rhode  
14 Islanders.

15  
16 The Council acknowledges the Company's efforts in developing 2024-2026 EE  
17 Plans with more ambitious electric savings goals that exceed 2022 year-end  
18 actuals and the 2023 Plan. The Council strongly encourages the Company to  
19 respond to the importance of EE for meeting Act on Climate goals and the  
20 importance of delivering long-term value to customers, and request approval to  
21 pursue additional incremental savings more rapidly than the 2024-2026 EE Plans  
22 currently contemplate.

23  
24 Further, the Council recommends that the Company develop a bottom-up  
25 assessment of the incremental savings that could be obtained with a specified  
26 incremental budget allocation, which would be a positive step in effectively  
27 assessing the tradeoff between further EE budget allocations and the benefits that  
28 would accrue to Rhode Islanders from such an incremental allocation.

29  
30 **Sector-Specific Areas of Consideration**

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<sup>5</sup> See Slides 4-5 of Exhibit 6

1 Section 6.2.B of the LCP Standards states:

2 In addition to the other roles for the Council indicated in this filing, the  
3 distribution company shall seek ongoing input from, and collaboration  
4 with, the Council on development of the EE Plans.

5

6 In support of this element of the Standards, the Council highlights a prioritized  
7 subset of sector specific suggestions raised by the Council during development of  
8 the 2024-2026 EE Plans for the Commission's consideration.

9

10 **Pre-Weatherization Barriers:** The Council continues to strongly recommend a  
11 commitment towards finding solutions to addressing Pre-Weatherization barriers.  
12 The Plan did not include any detail about how the Company might leverage EE  
13 funds to address these barriers, as it stated would be done in the EnergyWise  
14 Single Family program description. At its September 14, 2023 meeting<sup>6</sup>, the  
15 Council did receive comments from the Company citing low program benefit cost  
16 ratios (BCRs) as a potential challenge for incorporating support for barrier  
17 remediation<sup>7</sup>. The Council understands the Company's hesitation to potentially  
18 put pressure on the cost-effectiveness of individual programs and recommends  
19 that the Company include funding for a pilot or demonstration to explore the  
20 efficacy of a dedicated barrier remediation initiative for potential integration into  
21 future program offerings.

22

23 **Electric-Resistance Heating in the C&I Sector:** In its Report and Order on the  
24 Company's 2023 EE Plan in Docket 22-33-EE, the PUC directed the Company to  
25 develop a plan for ramping up to 750 electric resistance to high efficiency heat  
26 pump conversions annually in the next three years, with approximately 25% of  
27 those conversions coming from income eligible residences. Given the historical  
28 focus on residential customers for these conversions, the Council requested more  
29 insights into the prevalence of electric-resistance heating for small businesses and

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<sup>6</sup> See Section 6 of Exhibit 7

<sup>7</sup> See Slide 8 of Exhibit 8.

1 how federal and state funds will be used to support conversions to heat pumps.  
2 The Council recommends that the Company develop a plan to displace electric-  
3 resistance heating in small businesses, similar to that which has been developed  
4 for the income-eligible sector. In addition, the Council recommends that the  
5 Company collaborate with the Office of Energy Resources (OER) and other  
6 appropriate entities to develop a plan to target small businesses that install heat  
7 pumps with weatherization offerings. The latter recommendation would  
8 effectively complement the Clean Heat RI program, which does not provide  
9 incentives for weatherization projects. Consequently, customers with poorly  
10 insulated buildings may install new heating systems that fail to meet HVAC needs  
11 or result in increased energy burdens. It is important to ensure that customer sites  
12 are appropriately insulated to ensure right-sizing of heat pumps, optimize heat-  
13 pump performance, and reduce heating and cooling bills. The Council would like  
14 the 2024-2026 EE Plans to provide greater detail on strategies to co-deliver the  
15 OER Clean Heat RI program and existing EE programs to fill participation gaps  
16 and maximize benefits to ratepayers.

17  
18 **Small Business Programs:** In the 2024-2026 EE Plans, the eligibility threshold  
19 for the Small Business Direct Install (SBDI) has been expanded from 1.0 to 1.5  
20 million kWh annual consumption, but this was not coupled with an increase in  
21 savings goals or a target for participation by small businesses and  
22 microbusinesses. The Company indicated that the expansion is meant to close a  
23 participation gap for customers between 1.0 and 1.5 million annual kWh.  
24 However, this segment is reported to have participation consistent with other mid-  
25 to large-sized energy users. Of all consumption groups within the Rhode Island  
26 C&I customer demographic, customers between 1.0 and 1.5 million annual kWh  
27 have the third highest participation rate at 59% according to 2022 data provided  
28 by the Company<sup>8</sup>. Contrarily, the smallest customer class, which comprises over  
29 90% of unique customer accounts, has the lowest participation rate. The Council  
30 acknowledges the difficulty that comes with serving a larger share of customers.

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<sup>8</sup> See Slide 17 of Exhibit 1

1           However, the Council believes it necessary to highlight that expanded eligibility  
2           for the SBDI program without a commensurate increase in SBDI savings goals  
3           may result in reduced focus on engaging the smallest customers under 100,000  
4           annual kWh who already have the lowest participation rates. The Council  
5           recommends that the 2024-2026 EE Plans include an increase in SBDI savings  
6           goals, relative to goals set prior to the expansion of eligibility criteria, based on  
7           the additional consumption and savings opportunities for customers consuming  
8           between 1.0 and 1.5 million annual kWh. The Council also recommends that the  
9           2024-2026 EE Plans include a specific target for participation achieved by  
10          customers who consume less than 100,000 annual kWh.

11

12       **Q:    Can you describe how the EERMC engaged in the Company’s 2024-2026**  
13       **Three-Year and 2024 Annual Energy Efficiency Plan development process?**

14       **A:**    The Council’s engagement in the Company’s 2024-2026 EE Plan development  
15       process began with its November 28, 2022 Learning, Education, and  
16       Advancement Discussion (LEAD) Session, as well as meetings in late 2022 and  
17       early 2023 regarding its Priorities and EERMC-recommended Targets (“the  
18       Targets”) informed by the MPS Data Refresh. The Council’s engagement  
19       continued throughout 2023 leading up to the Company’s filing as it engaged in  
20       review of the Plan Outline Memorandum, the First Draft of the 2024-2026 Three  
21       Year EE Plan, the First Draft of the 2024 Annual EE Plan, Second Drafts of the  
22       2024-2026 Three Year and 2024 Annual EE Plans, and in its involvement in the  
23       EWG meetings.

24

25       **Q:    Can you describe the EERMC’s process for engaging in development of the**  
26       **2024-2026 EE Plans at its November LEAD Session in 2022?**

27       **A:**    The Council initiated its three-year plan development oversight process in the  
28       fourth quarter of 2022. At the November 28, 2022 EERMC LEAD Session, the  
29       EERMC discussed<sup>9</sup> the requirements for three-year plan development as outlined  
30       in the LCP Standards, the Targets, how the MPS Data Refresh would inform the

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<sup>9</sup> See Exhibit 9

1 Targets, and key deliverables tied to development of the three-year plan. Council  
2 discussion<sup>10</sup> on these presentation topics touched on preliminary  
3 recommendations for the 2024-2026 Plan such as community-based partnerships  
4 to reach underserved customers and leveraging non-ratepayer funds to support  
5 energy efficiency. The Council focused much of its discussion on the MPS Data  
6 Refresh, development of the Targets, equity metrics in the 2024-2026 Plan,  
7 equity-based service-quality adjustments to the utility PIM<sup>11</sup>, and initial Council  
8 priorities for the 2024-2026 Plan. Suggestions for Council priorities for the 2024-  
9 2026 Plan included targeted workforce development, compliance with the Act on  
10 Climate, ambitious goals for energy savings, increasing participation in  
11 underserved communities and by minority- and women-owned business  
12 enterprises (MWBES), and other metrics to include in the Targets that may better  
13 reflect the changing context around programs.  
14

15 **Q: Can you explain the Council's process for developing its Priorities and**  
16 **Recommended Targets for the 2024-2026 EE Plans?**

17 A: Building on discussion from the November LEAD Session, the Council reviewed  
18 a memo<sup>12</sup> and presentation<sup>13</sup> at its December 15, 2022 EERMC Meeting which  
19 detailed proposed EERMC Priorities for the 2024-2026 Plan (Council Priorities).  
20 In addition, the Council discussed an overview of the scope of the MPS Data  
21 Refresh and recommendation for a vendor to conduct the study<sup>14</sup>. The Council  
22 continued to refine its Priorities<sup>15</sup> and discussed oversight of the MPS Data  
23 Refresh<sup>16</sup> at its January 19, 2023 EERMC Meeting<sup>17</sup>.  
24

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<sup>10</sup> See Sections 3-6 of Exhibit 10

<sup>11</sup> Council discussion was supplemented by a presentation on the equity metrics and equity-component of the PIM used in Massachusetts. See Exhibit 11

<sup>12</sup> See Exhibit 12

<sup>13</sup> See Exhibit 13

<sup>14</sup> See Exhibit 14

<sup>15</sup> See Exhibits 15 and 16

<sup>16</sup> See Exhibit 17

<sup>17</sup> See Sections 5b and 6a of Exhibit 18

1 In February 2023, the Council refined its Priorities and discussed<sup>18</sup> progress on  
2 the MPS Data Refresh. The Council reviewed draft results of the MPS Data  
3 Refresh<sup>19</sup> at the March 16, 2023 EERMC Meeting and discussed next steps to  
4 finalize the study. In addition, the Council voted<sup>20</sup> to approve its Priorities for the  
5 2024-2026 Plan<sup>21</sup> which included complying with the LCP Standards, complying  
6 with the Act on Climate, incorporating stakeholder input, ensuring an effective  
7 and efficient Plan development and review process, signaling the intent to grow  
8 energy efficiency programs by setting ambitious savings goals that meet the  
9 Targets, increasing participation by historically underserved customers, and  
10 delivering targeted workforce development. The Council then presented its  
11 Priorities at the March 23, 2023 Energy Efficiency Technical Working Group  
12 Meeting. Following a presentation on the final results of MPS Data Refresh at its  
13 April 20, 2023 EERMC Meeting, the Council voted to approve the Targets for the  
14 2024-2026 period as quantified in the memo on Recommended Targets for  
15 Energy Efficiency and Active Peak Demand Reduction Savings for 2024-2026<sup>22</sup>.

16  
17 **Q: Can you explain the Council's process for reviewing the Company's 2024-**  
18 **2026 Plan Outline Memorandum?**

19 A: On April 6, 2023, the Company shared the 2024-2026 Plan Outline  
20 Memorandum<sup>23</sup>, which documented the structure of the 2024-2026 Plan, listed all  
21 expected Plan attachments, and highlighted strategies for program design and  
22 implementation. The Company also presented<sup>24</sup> an overview of the 2024-2026  
23 Plan Outline Memorandum at the April 20, 2023 EERMC meeting<sup>25</sup>. The Council  
24 shared initial comments on the 2024-2026 Plan Outline Memorandum<sup>26</sup> on April  
25 27, 2022 in a structure which coupled points of feedback with each of the Council

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<sup>18</sup> See Sections 6c, 6d, and 7a of Exhibit 19

<sup>19</sup> See Exhibit 20

<sup>20</sup> See Section 5b of Exhibit 21

<sup>21</sup> See Exhibit 5

<sup>22</sup> See Exhibit 22

<sup>23</sup> See Exhibit 23

<sup>24</sup> See Exhibit 24

<sup>25</sup> See Section 6b of Exhibit 25

<sup>26</sup> See Exhibit 26

1 Priorities. Key recommendations for the full 2024-2026 Plan directed the  
2 Company to describe how revisions to the LCP Standards would impact Plan  
3 development, discuss how the Company will coordinate with the Executive  
4 Climate Change Coordination Council (EC4) to assess how the energy efficiency  
5 programs will comply with the Act on Climate, list feedback from customer  
6 engagement activities, thoroughly describe any gaps between the Targets and  
7 planned savings, and implement strategies to increase participation by  
8 underserved customers as suggested in the Council Priorities.  
9

10 **Q: Can you explain the Council's process for reviewing the First Draft of the**  
11 **Company's 2024-2026 Energy Efficiency Plan?**

12 **A:** The Company shared the First Draft 2024-2026 Plan Narrative<sup>27</sup> on June 1, 2023  
13 and the Council expressed immediate concerns via email the same day regarding  
14 the lack of detail and content in the first draft. Prior three-year plans included  
15 detailed sections which described program strategies, demonstrations, pilots, and  
16 assessments, EM&V, multiyear strategies, coordination with other energy  
17 policies, programs, and dockets, the Performance Incentive Plan, and customer  
18 feedback activities. The Company scheduled a meeting for June 2, 2023 with the  
19 Council's Consultant Team and OER to discuss concerns with the First Draft  
20 2024-2026 Plan Narrative.

21  
22 The Company did not communicate its intent to include condensed, high-level  
23 content in the Three-Year Plans until after its publication, which the Council  
24 found concerning with respect to the requirement for an effective and efficient  
25 plan review process. This was particularly concerning because the content in the  
26 First Draft Narrative was generally duplicative of content already reviewed in the  
27 2024-2026 Plan Outline Memorandum. Subsequent to discussing Council  
28 concerns with the First Draft, the Company shared a three-page summary of  
29 Residential, Income-Eligible, and C&I program updates<sup>28</sup> anticipated for 2024-

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<sup>27</sup> See Exhibit 27

<sup>28</sup> See Exhibit 28



1 2026 on June 12, 2023. The Council discussed<sup>29</sup> the First Draft 2024-2026 Plan  
2 Narrative and reviewed concerns with its content during the June 15, 2023  
3 EERMC Meeting<sup>30</sup>.

4  
5 On June 30, 2023, the Company provided an update to the 2024-2026 Plan  
6 Narrative which included planned savings and the Electric and Gas Funding  
7 Plans. The Plan BCR Models were shared on July 5, 2023, which enabled detailed  
8 quantitative review of the First Draft 2024-2026 Plan. The Council reviewed<sup>31</sup>  
9 quantitative elements of the Plan during the July 18, 2023 EERMC Meeting. At  
10 the portfolio-level, there were two key takeaways from Council discussion<sup>32</sup>.  
11 First, the lack of detail on program design and implementation strategies in the  
12 First Draft 2024-2026 Plan Narrative created challenges for review. Second,  
13 significant gaps existed between the Targets and planned savings goals without  
14 explanations or potential methods to increase planned savings. For the C&I  
15 sector, lighting and HVAC measures represent the largest contributors to the gap  
16 between the Targets and planned savings goals. In addition, the average 2024-  
17 2026 planned electric cost-to-achieve (incentive dollars per net lifetime MWh  
18 saved) exceeded 2022 actuals by 60%, but evaluation impacts were not a driving  
19 factor. Average planned gas cost-to-achieve (incentive dollars per net lifetime  
20 MMBtu saved) were 17% below 2022 actuals, which was consistent with  
21 Council's concerns about continued installations of gas equipment in light of  
22 statewide climate objectives. For the residential sector, Electric HVAC measures  
23 represented 35% of the gap between planned 2024-2026 savings and the Targets,  
24 while gas HVAC measures represented 75% of the gap. Electric cost-to-achieve  
25 was aligned with 2022 actuals and decreased over time; gas cost-to-achieve was  
26 also aligned with 2022 actuals but increased over time.

27

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<sup>29</sup> See Exhibits 29 and 30

<sup>30</sup> See Sections 5b and 5c of Exhibit 31

<sup>31</sup> See Exhibits 32 and 33

<sup>32</sup> See Section 6b and 6c of Exhibit 34

1 The Council shared compiled feedback on the First Draft 2024-2026 Narrative  
2 with the Company on June 30, 2023, with data-related comments and questions  
3 on the First Draft BCR Models being provided on July 21, 2023. In total, the  
4 Council provided nearly 150 comments on the Narrative and 60 data-related  
5 questions on the First Draft 2024-2026 Three-Year Plan.

6

7 **Q: Can you explain the Council’s process for reviewing the First Draft of the**  
8 **Company’s 2024 Annual Energy Efficiency Plan?**

9 **A:** The Company shared the First Draft 2024 Annual Plan Narrative on August 4,  
10 2023, along with the following Plan attachments:

- 11 • Attachment 1 – Residential & Income Eligible Programs
- 12 • Attachment 2 – Commercial & Industrial Programs
- 13 • Attachment 3 – Evaluation, Measurement, & Verification (EM&V) Plan
- 14 • Attachment 4 – Rhode Island Test Description
- 15 • Attachment 5 – Electric Tables
- 16 • Attachment 6 – Gas Tables
- 17 • Attachment 8 – Demonstrations, Pilots, & Assessments (DPAs)
- 18 • Attachment 9 – Cross-Program Summary
- 19 • Attachment 10 – Standardized Definitions.

20

21 The Company shared the 2024 Annual Plan BCR Models on August 9, 2023, the  
22 Technical Reference Manual (TRM) Database on August 15, 2023, and  
23 Attachment 7 (Electric and Gas Bill and Rate Impacts) on August 18, 2023. The  
24 Company noted that Attachment 11 (Equity Working Group Recommendations)  
25 was pending development. Contrary to the First Draft 2024-2026 Plan Narrative,  
26 the First Draft 2024 Annual Plan Narrative included a level of granularity  
27 consistent with prior plans. The Council reviewed<sup>33</sup> questions, comments, and  
28 other findings on the First Draft 2024 Annual Plan at the August 17, 2023  
29 EERMC Meeting<sup>34</sup>. Highlighted discussion points and feedback from the Council

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<sup>33</sup> See Sections 7c, 7d, and 7e of Exhibit 35

<sup>34</sup> See Exhibits 36 and 37

1 include a desire to understand the integration of non-ratepayer funds with energy  
2 efficiency programs, explanations of gaps between the Targets and planned  
3 savings, integrated home energy assessments for income-eligible customers, and  
4 more details on the community-based partnerships to reach underserved  
5 communities. The Council conducted a thorough review of the First Draft 2024  
6 Annual Plan and provided the Company with a set of questions and comments on  
7 both qualitative and quantitative components of the Plan following the August 17,  
8 2023 EERMC Meeting. This included over 550 comments on the Main Text and  
9 Attachments and 89 data-related questions on the First Draft 2024 Annual Plan.  
10 Following receipt of the Council’s comments on both the First Draft 2024 Annual  
11 and 2024-2026 Three-Year Plan, the Company coordinated responses and follow-  
12 ups with the Council to address feedback on the 2024-2026 EE Plans. This  
13 coordination included ongoing review of planning assumptions and updated BCR  
14 Models and the TRM Database, in addition to general quality assurance and  
15 quality control review.

16

17 **Q: Can you explain the Council’s process for reviewing the Second Drafts of the**  
18 **Company’s 2024-2026 Three Year and 2024 Annual Energy Efficiency**  
19 **Plans?**

20 **A:** The Company simultaneously distributed the Second Draft 2024-2026 Three-Year  
21 and 2024 Annual EE Plans on September 7, 2023. The Company shared versions  
22 of the 2024-2026 EE Plan Narratives with tracked changes, an updated TRM  
23 Database, BCR Models, Electric and Gas Rate and Bill Impact Models, and  
24 responses to the Council’s data-related questions on the First Draft 2024 Annual  
25 Plan on September 8, 2023. Several of the responses to the Council’s questions,  
26 both qualitative and quantitative, indicated that the questions and comments were  
27 “to be addressed” or merely “noted” by the Company, and so were not fully  
28 addressed in this version of the Plan. The Council’s review<sup>35</sup> at the September 14,  
29 2023 EERMC Meeting<sup>36</sup> focused on quantitative changes between plan drafts,

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<sup>35</sup> See Exhibits 38 and 39

<sup>36</sup> See Sections 6a and 6b of Exhibit 40

1 improvements from the First Drafts, and remaining areas for improvement. The  
2 Council appreciated the Company's commitment to developing specific equity  
3 metrics and implement a community-based partnership pilot, but felt that the pilot  
4 should include more funding, and workforce development efforts should target  
5 specific technologies important to EE program success, and communities that are  
6 underrepresented in the workforce.

7  
8 To facilitate finalization of the 2024-2026 EE Plans, the Council distributed a  
9 memo<sup>37</sup> to the Company on September 20, 2023 which included a list of targeted  
10 comments which it hoped the Company would be able to respond to, or address,  
11 in the 2024-2026 EE Plans prior to the Council's scheduled vote at its September  
12 28, 2023 meeting. The memo included three categories of comments – high-level  
13 overarching topics, program specific topics, and BCR Model, TRM, and EM&V  
14 topics.

15  
16 The Company hosted a meeting with the Council's Consultant Team on  
17 September 22, 2023 to address the targeted comments. Following the meeting, the  
18 Council received final BCR models and Plan documents to inform its vote at its  
19 September 28, 2023 meeting. At its September 28, 2023 meeting, the Council  
20 reviewed updates on both the 2024 Annual Plan<sup>38</sup> and 2024-2026 Three-Year  
21 Plan<sup>39</sup>, which included several revisions to the 2024-2026 EE Plans that addressed  
22 previously unresolved questions. The Council voted to endorse<sup>40</sup> the 2024-2026  
23 Three Year and 2024 Annual EE Plans.

24  
25 **Q: Does the Council wish to highlight any quantitative examples that**  
26 **demonstrate the impact of its ongoing engagement in the development of the**  
27 **2024-2026 Three Year and 2024 Annual Energy Efficiency Plans?**

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<sup>37</sup> See Exhibit 41

<sup>38</sup> See Exhibit 42

<sup>39</sup> See Exhibits 43 and 44

<sup>40</sup> See Sections 5a-5e of Exhibit 45

1   **A:**   While much of the impact of the Council’s engagement in the development of the  
2           2024-2026 EE Plans is qualitative in nature and/or highly granular with respect to  
3           program design elements and detailed inputs for the BCR Models, there are four  
4           examples of quantitative impacts that resulted from the Council’s review that it  
5           would like to highlight.

6

7           The first of these has to do with planned incentives in the Residential Gas HVAC  
8           Program. The Council expressed concerns early on in the Plan development  
9           process about the amount of incentives being allocated towards new gas  
10          equipment. The Company responded to these concerns, reducing total new gas  
11          equipment incentives from first draft to the filed version of the Three Year Plan  
12          by \$2,208,884, a reduction in the share of incentives for new gas equipment with  
13          a BCR below 1.0 from 93% to 0%, and a 24% increase in total benefits per  
14          incentive dollar spent on new gas equipment from \$2.53 to \$3.14.

15

16          The second quantitative impact of the Council’s review that it would like to  
17          highlight relates to an input error in the BCR model for the “Participant” measure  
18          in the C&I Multifamily program that the Council identified. This error allocated  
19          incentive costs with no associated savings or benefits. The Company corrected  
20          this error which reduced planned incentive costs by \$2,177,784 over the Three-  
21          Year Plan period.

22

23          The third impact relates to a discrepancy in the Residential Consumer Products  
24          program where the second draft of the narrative of the Plan indicated a shift  
25          towards ENERGY STAR Most Efficient eligibility criteria for some measures  
26          which was not reflected in the BCR Models. The Company corrected this error in  
27          the BCR Models prior to filing, which resulted in an increase in net lifetime  
28          benefits in the amount of \$129,349 and a 504 MWh increase in net lifetime  
29          electric savings over the 2024-2026 Three Year Plan period.

30

1 Finally, the Council would like to highlight the quantitative impact of errors and  
2 inconsistencies flagged in the application of non-energy impacts and measure life  
3 assumptions for a variety of measures in the BCR Models. The Company  
4 corrected these items, which accounted for corrections to net lifetime benefits  
5 with total magnitude of \$24,972,927, a total magnitude of 1,847,923 MWh in net  
6 lifetime electric savings corrections, and a total magnitude of 433,064 MMBtu in  
7 net lifetime gas savings corrections over the 2024-2026 Three Year Plan period.  
8

9 **Q: Can you describe how the Council engaged with the EWG during its review**  
10 **of the 2024-2026 EE Plans?**

11 **A:** In order to advance its priority for the 2024-2026 Plan term to increase  
12 participation by historically underserved customers, the Council engaged in  
13 conversations with the Company regarding 2023 EWG activities beginning in  
14 November 2022. Following these initial conversations, the Council drafted a  
15 memo<sup>41</sup> to the EWG in May 2023. The Council encouraged the Company to  
16 reinstate the EWG prior to the release of the First Draft 2024-2026 EE Plans, then  
17 provide recommendations on the Plans by the end of July to inform and  
18 supplement Council input. However, the Council could not begin collaborating  
19 with the EWG until the first 2023 EWG meeting on June 21, 2023. In 2021 and  
20 2022, the EWG Report was finalized in close proximity to the Council vote to  
21 endorse or not endorse the 2024-2026 EE Plans. Despite delays in initiating its  
22 review of the 2024-2026 EE Plans, the EWG worked closely with the Council,  
23 Office of Energy Resources, and other stakeholders between June and September  
24 2023 to develop a comprehensive report and equity-focused recommendations for  
25 2024-2026, which was filed as Attachment 11 to the 2024-2026 EE Plans.  
26

27 During the June 15, 2023 EERMC Meeting<sup>42</sup>, the Council highlighted concerns  
28 that the 2024-2026 Plan Outline Memo included limited discussion on how the  
29 Company would implement EWG recommendations to drive equitable outcomes

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<sup>41</sup> See Exhibit 46

<sup>42</sup> See Slide 19 in Exhibit 30

1 in program implementation, in addition to noting that the EWG had yet to host a  
2 meeting in 2023. On June 21, 2023, the Council participated in a kickoff meeting  
3 with the EWG to review outcomes from 2021 and 2022, EWG priorities for 2023,  
4 and 2022 fourth quarter equity updates from the Company. During this meeting,  
5 the Council and several members of the EWG indicated that equity updates  
6 should include specific metrics instead of high-level, qualitative assessments of  
7 outcomes. The August 8, 2023 EWG Meeting covered equity-focused priorities  
8 for the 2024-2026 EE Plans and specific strategies to reach more underserved  
9 customers, including a Community Solutions Program reminiscent of the  
10 Community First Partnerships that have generated some successful results for  
11 Massachusetts' EE program administrators. The Council also discussed equity-  
12 focused Council priorities for 2024-2026 and recommended strategies for  
13 achieving equitable outcomes (Exhibit 11).

14  
15 The Council supported the Company's EWG vendor in developing a draft matrix  
16 of EWG recommendations, actions, and metrics for 2024-2026, which the EWG  
17 reviewed and discussed during its August 31, 2023 Meeting. The Company's  
18 EWG vendor shared a detailed matrix with enhancements from members of the  
19 EWG on September 14, 2023, and requested feedback by September 22, 2023.  
20 The Second Draft 2024-2026 Plan included a commitment to develop more  
21 detailed equity metrics. The Council suggested that the Company develop metrics  
22 in the fourth quarter of 2023, incorporate stakeholder feedback into the metrics,  
23 and begin tracking and reporting metrics at the beginning of 2024. This represents  
24 an accelerated timeline relative to the Company's proposal to develop equity  
25 metrics during the first quarter of 2024, which would not allow for collection of  
26 equity metrics for the full calendar year. The Company continued to engage with  
27 the Council and EWG in order to assess the feasibility of tracking and reporting  
28 each metric included in the draft EWG matrix, as was discussed during the  
29 September 28, 2023 EERMC Meeting<sup>43</sup>. The Council then shared a modified

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<sup>43</sup> See Slides 5 and 35 of Exhibit 43

1 version of the matrix<sup>44</sup> that refined existing matrix content and added metrics and  
2 recommendations specific to small businesses and other customer segments or  
3 areas of focus (e.g., renters, language-isolated customers). Lastly, the Council  
4 requested that the Company review and discuss its assessment of the final EWG  
5 report and matrix at each Council meeting for the remainder of 2023<sup>45</sup>.

6  
7 The EWG reconvened on September 29, 2023 to finalize its matrix and add it to  
8 the EWG Report. All of the Council's proposed revisions to the draft matrix were  
9 incorporated into the EWG matrix of recommendations, actions, and metrics. In  
10 response to the Council's request for the Company to develop equity metrics in  
11 the fourth quarter of 2023 to enable immediate tracking and reporting in 2024, the  
12 Company presented an initial assessment<sup>46</sup> of the EWG matrix during the  
13 September 29, 2023 EWG Meeting.

14

## 15 I. SUMMARY

16

17 **Q: Please summarize the testimony you have provided.**

18 A: The purpose of our testimony was to describe the EERMC's process for engaging  
19 in the development of the Company's 2024-2026 EE Plans. This testimony  
20 includes aspects of the Plans that the Council raises for the Commission's  
21 consideration in this docket. It also includes details regarding the Council's  
22 engagement with the EWG. This testimony concludes with a high-level overview  
23 of the review and feedback provided during the plan development process, as well  
24 as a general timeline of when review and feedback was conducted.

25

26 **Q: Does this conclude your testimony?**

27 A: It does.

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<sup>44</sup> See Exhibit 47

<sup>45</sup> See Section 5b of Exhibit 45

<sup>46</sup> See Exhibit 48