



Rhode Island Energy™
a PPL company

System Reliability Procurement Investment Proposal

2024-2026 Electric Demand Response

FOR EERMC 2-15-2024



Purpose of Demand Response



Option A: Serve 10 Bulbs

Cost:

- Buy 10 bulbs of electricity
- Build the infrastructure to serve 10 bulbs



Option B: Demand Response

Cost:

- Buy 9 bulbs of electricity
- Build the infrastructure to serve 9 bulbs
- Pay someone to turn off 1 bulb





Purpose of Demand Response



Option A: Serve 10 Bulbs

Cost:

- Buy 10 bulbs of electricity
- Build the infrastructure to serve 10 bulbs

Real life: Serve 1 kW

Cost:

- \$263 per kW



Option B: Demand Response

Cost:

- Buy 9 bulbs of electricity
- Build the infrastructure to serve 9 bulbs
- Pay someone to turn off 1 bulb

Real life: Pay to reduce 1 kW

Cost:

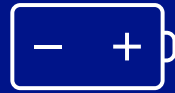
- \$50-475+ per kW
- Depends on pathway
- Trying to pay less than cost to serve



Summary of January Proposal relative to 2023

Residential and Small Business (RSB) Track

Commercial & Industrial (C&I) Track



BYOT

RSB Battery

EVDR

Targeted Dispatch

Daily Dispatch

- Increase upfront incentive from \$25 to \$50
- Maintain same participation incentive of \$25 per season
- Add 4,000 new participating devices each year

- Decrease incentive from \$400/kW to \$200/kW
- Cutover from old rates to new rates in March
- Restrict eligibility of HEAT loan to income-eligible

- New pathway!
- \$50 upfront enrollment incentive
- \$20 participation incentive per season

- Decrease incentive from \$40/kW to \$35/kW

C&I

- \$1,000,000 per year-customer incentive cap
- Fossil generators must have proper DEM permits

- Decrease incentive from \$300/kW to \$275/kW
- Lower incentive for export
- Cutover from old rates to new rates in March

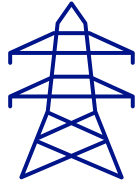
Takeaways from 1/25/2024



Rhode Island Energy™
a PPL company

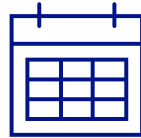
- ✓ TD – no concerns
- ✓ BYOT – no concerns
- ✓ EVDR – no concerns
- DD – concerns with export incentive, cutover date, multiyear incentive, incentive cap, small business participation
- RSB Battery – concerns with incentive, cutover date, multiyear incentive, HEAT loan
- PIM – concerns with proposed split, reinvestment

Daily Dispatch



Export Incentive

- Talked further with stakeholders
 - Identified difference in method
- Removed proposal for discounted incentive rate for battery export during peak



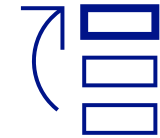
Cutover Date

- Talked further with stakeholders
- Changed cutover date from March to June 1



Multiyear Incentive

- We didn't intend any change
 - Transition from term "five-year rate lock" to "multiyear incentive" to more appropriately convey risk; not a change in risk
- Clarified language in proposal



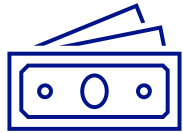
Incentive Cap

- Further internal discussion
- No change

Small Business

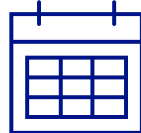
- Revised to allow C-06 customer the option of track

RSB Battery



Incentive

- Talked further with stakeholders
 - Estimated and included value of energy price arbitrage
- Increased proposed incentive from \$200/kW to \$225/kW
- Revised planned quantity accordingly



Cutover Date

- Talked further with stakeholders
- Changed cutover date from March to June 1



Multiyear Incentive

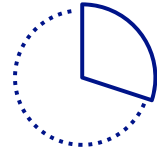
- We didn't intend any change
 - Transition from term "five-year rate lock" to "multiyear incentive" to more appropriately convey risk; not a change in risk
- Clarified language in proposal



HEAT Loan

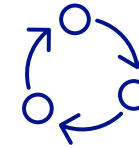
- Further internal discussion
- Allow HEAT loan under current rules until cutover date
- Revised quantity
- Maintain eligibility limitation post cutover
- Less emphasis on HEAT loan for purposes of incentive level setting

Performance Incentive Mechanism



Split

- Further internal discussion
- Revised proposed split from 50-50 to 80-20



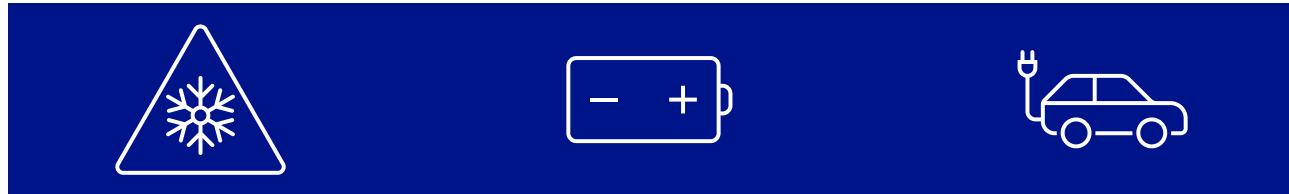
Reinvestment

- Talked further with stakeholders
- Further internal discussion
- Maintaining earmark for reinvestment
- No functional difference, but improved transparency

Summary of February Proposal relative to 2023

Residential and Small Business (RSB) Track

Commercial & Industrial (C&I) Track



BYOT

RSB Battery

EVDR

Targeted Dispatch

Daily Dispatch

- Increase upfront incentive from \$25 to \$50
- Maintain same participation incentive of \$25 per season
- Add 4,000 new participating devices each year

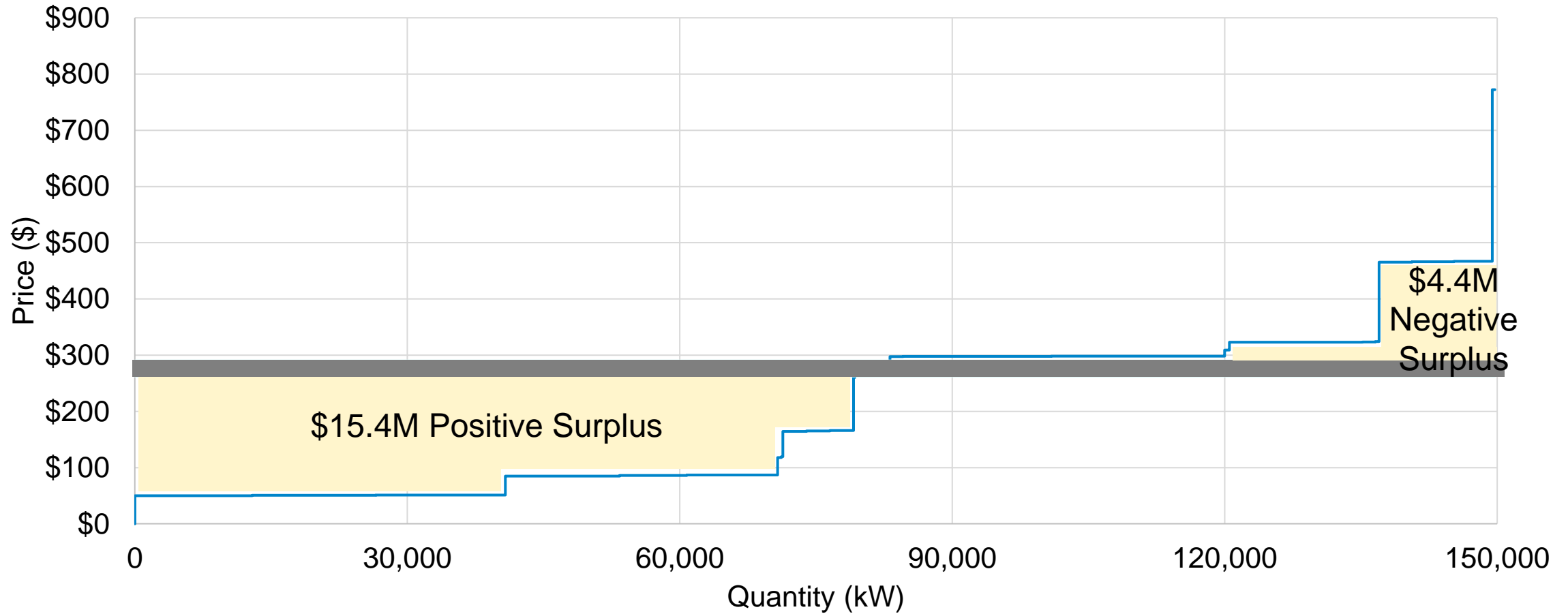
- Decrease incentive from \$400/kW to **\$200/kW** **\$225/kW**
- Cutover from old rates to new rates in **March** **June 1**
- Restrict eligibility of HEAT loan to income-eligible **after cutover**

- New pathway!
- \$50 upfront enrollment incentive
- \$20 participation incentive per season

- Decrease incentive from \$40/kW to \$35/kW
- C&I**
- \$1,000,000 per year-customer incentive cap
- Fossil generators must have proper DEM permits

- Decrease incentive from \$300/kW to \$275/kW
- ~~Lower incentive for export~~
- Cutover from old rates to new rates in **March** **June 1**

2024-2026 Procurement Plan

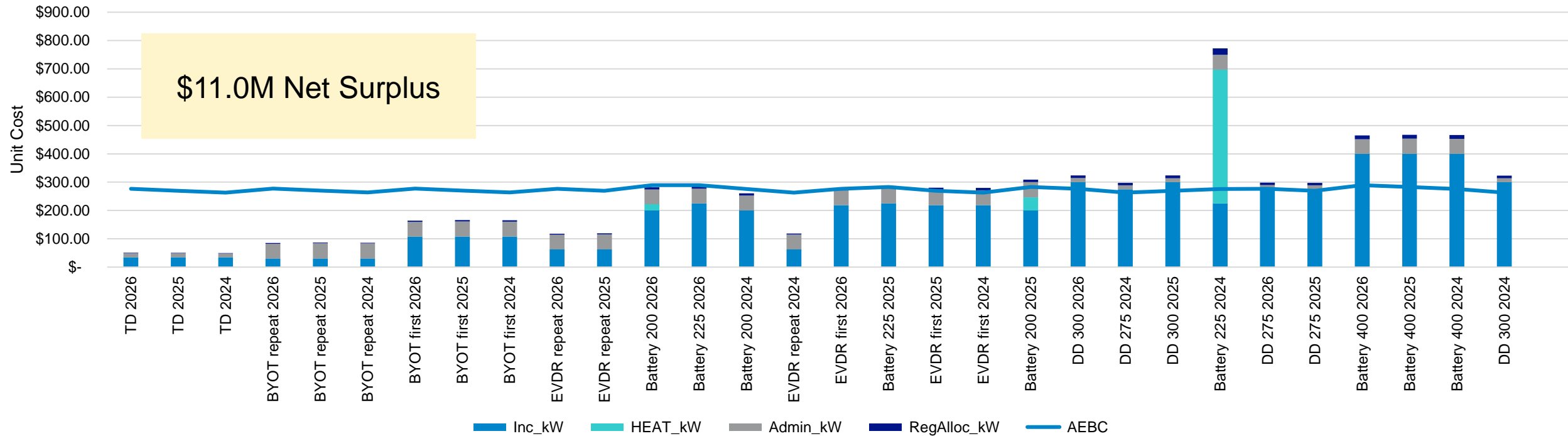


→ Procure 150MW peak demand reduction over 2024-2026 for \$29.6M (\$192/kW average)

Value Created



Rhode Island Energy™
a PPL company

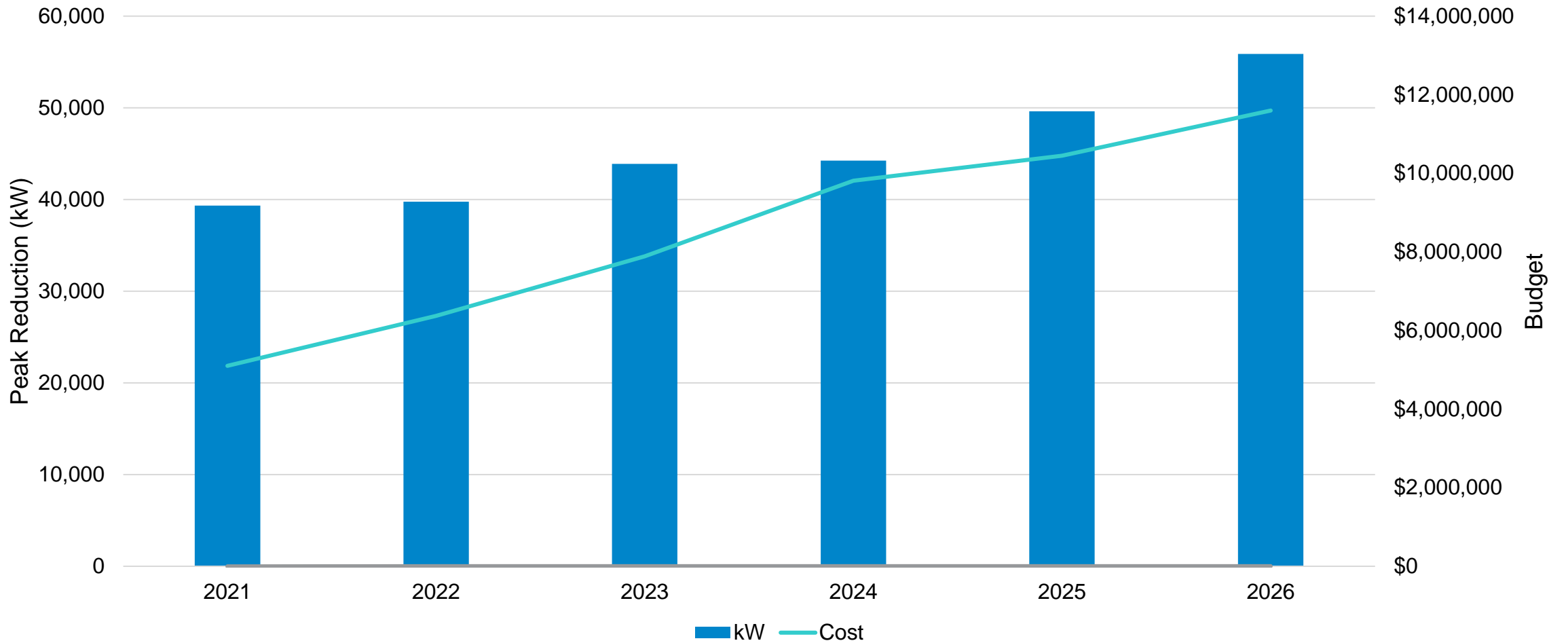


- Generate \$11.0M+ in value:
 - \$8.8M in avoided electric bill costs
 - \$2.2M to invest in the electric grid
 - 100% of incentives retained by participants
 - 100% of non-bill value retained by customers and society

Program Growth



Rhode Island Energy™
a PPL company

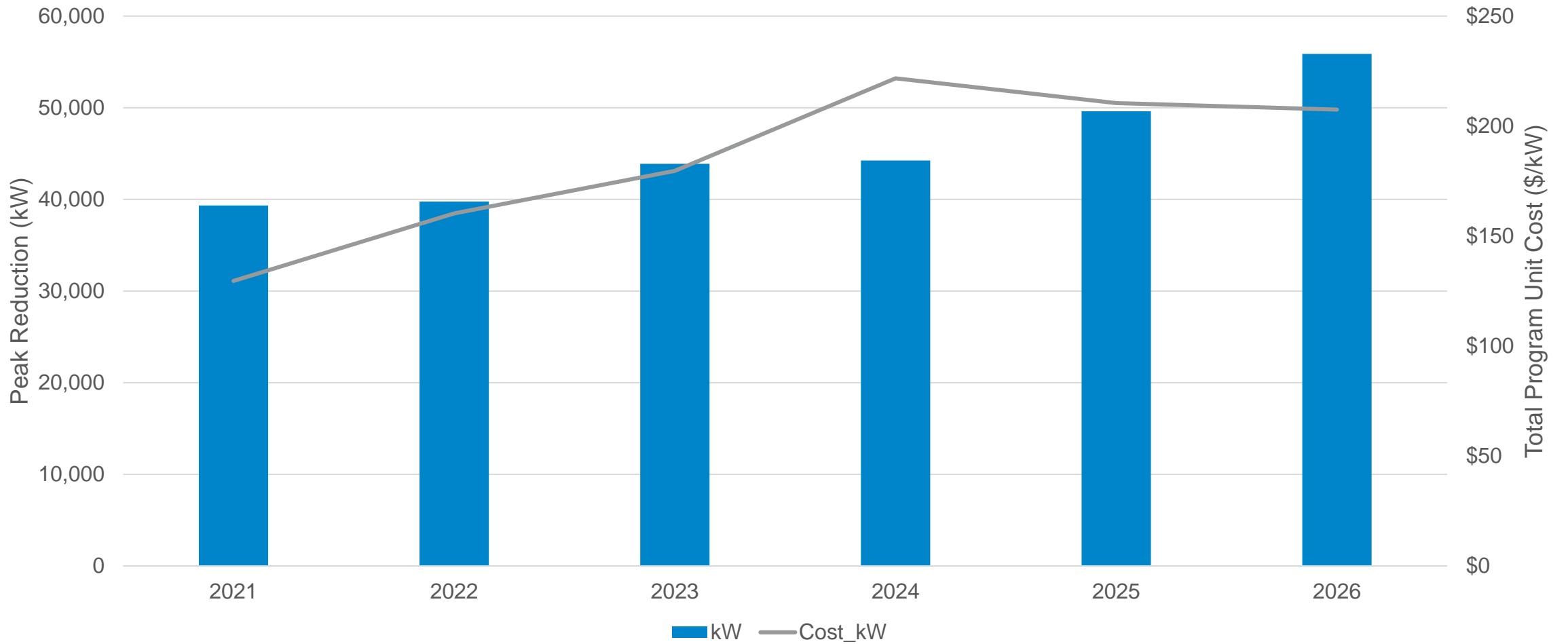


→ 27% more peak demand reduction in 2026 than 2023

Curbing Unit Cost Increase



Rhode Island Energy™
a PPL company



→ Increasing trend 2021-2024 driven by increasing participation in the highest-cost pathways

Annual Collections



Rhode Island Energy[™]
a PPL company

	2024	2025	2026
Total Budget	\$9,809,938	\$10,450,896	\$11,610,093
SRP Factor	\$0.00224/kWh	\$0.00143/kWh	\$0.00159/kWh

- 2024 to be collected June 1 – December 31
- 2025-2026 to be collected January 1 – December 31
- SRP Factors for 2025 and 2026 are illustrative only
- Annual compliance and reconciliation filing proposed for Friday before Thanksgiving, annually

Docket No. 24-06-EE



Filed with the Public Utilities Commission on February 7, 2024

Procedural schedule not yet set

Parties may motion to intervene or submit public comment

Program changes may result from regulatory review; nothing is final until an order is issued!

Program materials will be updated accordingly

Peak season starts June 1!