



November 4, 2022

Chairperson Ronald Gerwatowski
Commissioner John Revens
Commissioner Abigail Anthony
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, Rhode Island 02888

**Re: Docket 22-33-EE – 2023 Annual Energy Efficiency Program Plan (Annual Plan)
Comments**

Dear Commissioners:

The Rhode Island Office of Energy Resources (OER) submits these comments regarding Rhode Island Energy’s proposed 2023 Energy Efficiency Program Plan (the “Plan”), as filed on September 30, 2022.

OER supports the Plan as submitted by Rhode Island Energy and encourages the Commission to approve it as filed. The record demonstrates that the Plan meets the requirements of Rhode Island’s Least-Cost Procurement (“LCP”) law, in accordance with R.I. Gen. Laws § 39-1-27.7, and will provide substantial benefits to ratepayers. Based on the Rhode Island Benefit Cost Test, the energy efficiency (“EE”) programs planned for delivery will support \$447.6 million in benefits over the lifetime of the installed measures. Some of the benefits include, but are not limited to, energy cost savings and greenhouse gas emissions reductions. This represents a 2.51 benefit-cost (“BC”) ratio for the electric programs, a 2.97 BC ratio for the natural gas portfolio, and a 2.63 BC ratio for the Plan as a whole.

In making a recommendation for approval, OER has considered the Plan’s alignment with the LCP law and the 2021 Act on Climate, broader state energy policy goals, anticipated customer bill impacts, and customer equity and access. The aggressive pursuit of all cost-effective EE is critical to achieving the State’s decarbonization goals, ensuring long-term energy security and affordability, and growing Rhode Island’s local clean energy economy.

The proposed investments in the Plan result in a decrease of the system benefit charge (“SBC”) from 2022 levels. This reduction in the SBC can be attributed to several factors including the Company’s anticipated 2022 year-end fund balances of \$32.2 million on the electric side and \$1.7 million on the gas side. These fund balances avoid the need to collect these funds in 2023. The fund balance also includes a \$2,489,697 credit from the Company’s shareholder funds, with interest, as a result of Docket 22-05-EE. While the SBC is expected to decrease in 2023, continuous investment in robust EE programs will be essential for the State to meet the goals of the 2021 Act on Climate and to maintain momentum for long-term EE.



In addition to reducing long-term energy costs and greenhouse gas emissions, this Plan also supports several critical goals and principles outlined in Docket 4600, including, but not limited to:

- Providing reliable, safe, clean and affordable energy to Rhode Island customers;
- Strengthening the Rhode Island economy;
- Addressing climate change;
- Supporting energy investments with clear net benefits; and
- Aligning stakeholder interests through the regulatory framework.

OER believes that while there is room for continuous improvement, the equity aspects of the Plan are laying a foundation for long-term benefits to reach more customers throughout the state, including those that have been historically underserved. Moving forward, OER would like to see more specific goals, targets, and metrics developed for the equity initiatives. Related, OER sees the effort to provide income-eligible heating electrification under limited circumstances as an equitable opportunity to provide efficient heating, ventilation, and air conditioning (HVAC) systems to some of the state's most vulnerable residents, while avoiding greenhouse gas emissions that would be in conflict with the State's 2021 Act on Climate goals. OER is also supportive of coordinating the EE plan with the Company's System Reliability Procurement ("SRP") plans to test location-targeted marketing in heavily loaded feeder areas. This coordination and effort may help to prevent costly infrastructure upgrades by pursuing non-wires alternatives.

One change proposed in the Plan is to leverage the social cost of carbon, in conjunction with the marginal abatement cost, for quantifying the non-embedded cost of carbon. OER believes that the social cost of carbon better aligns the Plan with the State's 2021 Act on Climate emissions reduction goals. We also believe that further refinement and analysis of the social cost of carbon and its applications for Rhode Island would be warranted in the future.

While OER is supportive of the Plan as filed and encourages its approval, we wanted to note key areas for improvement. Through the Plan development process, there was a noted shortage of Company staff dedicated to EE planning. This resulted in delays in the Plan development and stakeholder review process and required the Company to rely on outside consultants for more Plan development support than expected. The Company has identified this issue in its pre-filed testimony, and we are starting to see the Company posting more jobs to support EE work. OER would like to see the Company make it a priority to fill these positions quickly and to show improvements in their in-house EE staff capacity moving forward.

Additionally, while the foundation of a more equitable EE Plan is being laid through the work of the Equity Working Group and others, OER notes the critical importance of transparently and collaboratively acting on the takeaways from recent studies conducted by Rhode Island Energy. Specifically, the Participant and Multifamily Census Study and the Non-Participant Market Barriers Study provide important actionable steps that can be taken in 2023 to ensure more



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robust participation from renters, and underserved communities/demographics, which will ensure the benefits of EE are extended to as many Rhode Islanders as possible. OER is supportive of the increased efforts to reach renters and landlords, and we expect Rhode Island Energy to work diligently to undertake these action steps in this Plan and build off that work in the coming Three-Year Plan as well.

Taken as a whole, the Plan as filed represents a significant amount of work by the utility, state agencies, and valued stakeholders. It reflects the results of data-driven decision making – and compromise – as parties sought to advance effective EE initiatives and investments, critical state policy goals, continued support of our clean energy economy, and an acknowledgement of kitchen table economic realities. We are confident that this Plan strikes an appropriate balance across these factors without compromising on Rhode Island’s ability to achieve aggressive and meaningful cost-effective energy savings in 2023. For this reason, OER respectfully requests the Commission approve the 2023 Annual Energy Efficiency Program Plan.

Sincerely,

A handwritten signature in blue ink that reads "Chris Kearns".

Chris Kearns

Acting Commissioner
Office of Energy Resources

