



December 14, 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 Questions posed to the Parties by the Public Utilities Commission**

**Question 1 – On the matter of reconciliation of the 2022 fund balance**

The Office of Energy Resources (OER) understands that there is a larger than usual fund balance expected from the energy efficiency (EE) program as we head into 2023. We also understand that while it has historically been the norm to return these funds to ratepayers evenly over a 12-month period, there is no requirement to return the funds in this manner. We would be supportive of the proposal to return the fund balance to ratepayers in the first quarter of 2023, when winter energy rates are hitting ratepayers the hardest.

The one item on this topic that may require additional consideration would be how returning the funds over 3 months instead of 12 would impact rates and bills from October through December, once the 2023 winter rates are set, and if that could be detrimental to ratepayers. Detrimental impacts to ratepayers could potentially be avoided by limiting the system benefit charge (SBC) for the winter 2023 period of October through December to the hypothetical rate that would have been charged if the fund balance were returned across a 12-month period. Mr. Ross of the Energy Efficiency and Resource Management Council's (EERMC) consultant team raised the possibility of reviewing and revising the SBC three times for the 2023 calendar year – first for the start of the year, second during the start of the summer rates, and lastly, once the winter rates for the end of 2023 are reviewed and implemented. Reviewing and revising the SBC three times for the calendar year may be the most effective way to avoid inopportune SBC rate increases. It is the belief of OER that if these mechanisms were established, they could help stabilize the rates and overall bill impacts for ratepayers throughout the year. Ultimately, we believe that either option would be acceptable and trust that the Commission will make the best decision for ratepayers based on the information provided by all stakeholders.



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**Question 2 – On the matter of separating the energy efficiency collection rates from the program budgets**

We have been considering the concept proposed by the Division of Public Utilities and Carriers and the Public Utilities Commission to distinguish and decouple Rhode Island Energy’s energy efficiency (EE) collection rates from the program budgets. The Office of Energy Resources (OER) is supportive of this effort and believes that it could be an innovative solution to keep the EE program ambitious and robust, while helping to prevent unnecessary overcollections. We believe that the EE program goals and budgets can and should remain at the levels initially set by the Company, with stakeholder review and approval, to push the Company to pursue all EE opportunities that have been identified for the year, and to signal to the market that this will continue to be an area of strong investment in Rhode Island. Meanwhile, setting the initial collection rate to be in line with recent historical spending, while creating mechanisms and opportunities to review and revise these rates throughout the year, seems to be a practical solution to meet the concerns of all parties involved. The first opportunity to adjust the system benefit charge (SBC) could occur when the summer rates are being set for 2023, in coordination with the typically lower summer rate period. Then, a second mid-year opportunity to adjust the SBC could be established when the 2023 winter rates are under review. The proposal to decouple the EE program goals and budgets from the associated initial collection rate appears to be a novel approach to address stakeholder concerns, while ensuring that the Company has the approval and ability to work towards higher achievement with EE programming.