

STEVEN J. BOYAJIAN

One Financial Plaza, 14th Floor
Providence, RI 02903-2485
Main (401) 709-3300
Fax (401) 709-3399
sboyajian@rc.com
Direct (401) 709-3359

Also admitted in Massachusetts

March 29, 2023

VIA HAND DELIVERY & ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

**RE: Docket No. 22-33-EE - 2023 Annual Energy Efficiency Plan
Responses to PUC Data Requests – Set 8**

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a Rhode Island Energy (“Rhode Island Energy” or the “Company”), I have enclosed the Company’s responses to the Public Utilities Commission’s Eighth Set of Data Requests in the above-referenced docket.

Thank you for your attention to this matter. If you have any questions, please contact me at (401) 709-3359.

Very truly yours,



Steven J. Boyajian

Enclosure

cc: Docket 22-33-EE Service List

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate were electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.

Elaina M. Weir

March 29, 2023

Date

Docket No. 22-33-EE – Rhode Island Energy’s Energy Efficiency Plan 2023 Service list updated 11/29/22

Name /Address	E-mail Distribution List	Phone
The Narragansett Electric Company d/b/a Rhode Island Energy Andrew Marcaccio, Esq. 280 Melrose St. Providence, RI 02907	amarcaccio@pplweb.com; cobrien@pplweb.com; jhutchinson@pplweb.com; jscanlon@pplweb.com; dmmoreira@rienergy.com; MOCrayne@rienergy.com; BSFeldman@rienergy.com; ACLi@rienergy.com; DJTukey@rienergy.com; SBriggs@pplweb.com; BJPelletier@rienergy.com; JKessler@rienergy.com; JOliveira@pplweb.com; mjshafer@pplweb.com;	401-784-4263
Leticia C. Pimentel, Esq. Steve Boyajian, Esq. Robinson & Cole LLP One Financial Plaza, 14th Floor Providence, RI 02903	kgrant@rienergy.com; sboyajian@rc.com; LPimentel@rc.com; HSeddon@rc.com;	
Division of Public Utilities and Carriers Margaret L. Hogan, Esq.	Margaret.L.Hogan@dpuc.ri.gov; Jon.hagopian@dpuc.ri.gov; john.bell@dpuc.ri.gov; Joel.munoz@dpuc.ri.gov; Machaela.Seaton@dpuc.ri.gov; Paul.Roberti@dpuc.ri.gov;	401-780-2120
Synapse Energy Economics Tim Woolf	twoolf@synapse-energy.com;	

Jennifer Kallay 22 Pearl Street Cambridge, MA 02139	jkallay@synapse-energy.com ;	
RI EERMC Marisa Desautel, Esq. Office of Marisa Desautel, LLC 55 Pine St. Providence, RI 02903	marisa@desautelesq.com ;	401-477-0023
	mdewey@desautelesq.com ;	
	Adrian.Caesar@nv5.com ;	
	Craig.Johnson@nv5.com ;	
	Samuel.Ross@nv5.com ;	
Acadia Center Hank Webster, Director & Staff Atty.	HWebster@acadiacenter.org ;	401-276-0600 x402
Office of Energy Resources (OER) Albert Vitali, Esq. Dept. of Administration Division of Legal Services One Capitol Hill, 4 th Floor Providence, RI 02908	Albert.Vitali@doa.ri.gov ;	401-222-8880
	Nancy.Russolino@doa.ri.gov ;	
	Christopher.Kearns@energy.ri.gov ;	
	Anika.Kreckel@energy.ri.gov ;	
	William.Owen@energy.ri.gov ;	
	Steven.Chybowski@energy.ri.gov ;	
	Nathan.Cleveland@energy.ri.gov ;	
Original & 9 copies file w/: Luly E. Massaro, Commission Clerk John Harrington, Commission Counsel Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	Luly.massaro@puc.ri.gov ;	401-780-2107
	John.Harrington@puc.ri.gov ;	
	Alan.nault@puc.ri.gov ;	
	Todd.bianco@puc.ri.gov ;	
	Emma.Rodvien@puc.ri.gov ;	
Interested Party		
Dept. of Human Services Frederick Sneesby	Frederick.sneesby@dhs.ri.gov ;	
RI Infrastructure Bank Chris Vitale, Esq.,	cvitale@hvlawltd.com ;	
	SUatine@riib.org ;	
Green Energy Consumers Alliance Larry Chretien, Executive Director	Larry@massenergy.org ;	
Amanda Barker	amanda@greenenergyconsumers.org ;	

PUC 8-1

Request:

Table 1 on page 3 of the proposed Implementation Plan indicates total ERH to ASHP upgrades completed by the Company in 2020, 2021, and 2022. Commission staff notes that the numbers in Table 1 do not match the numbers in Table 1 of the Company's response to PUC 1-30 in this docket, and in some cases are significantly different. Please explain why the numbers do not match and reconcile any differences. In particular, explain why the Company's response to PUC 1-30 indicated 478 planned and 312 actual installations in 2022, while Table 1 of this filing suggests the Company completed 747 installations.

Response:

The data in the Company's response to PUC 1-30 draws upon rebated electric resistance to ASHP through June 2022. The data included in the ASHP Implementation Plan is for full year data in 2022 (i.e., through December 2022). Therefore, the Company's response to PUC 1-30 and Table 1 of its Implementation Plan are both accurate and any difference is a result of timing differences.

PUC 8-2

Request:

On page 3 of the Implementation Plan, the Company writes “since the Company is nearing the 750 unit goal through the HVAC program, the focus of the workplan will primarily be on upgrading income eligible customers.” In response to PUC 1-31 in this docket, the Company explained that it planned to complete 375 heat pump replacements for electric resistance heating systems in 2023. Please reconcile the Company’s assertion that it is already “nearing the 750 unit goal” with the Company’s plan to complete only 375 heat pump replacements in 2023. In your response, clarify whether the Company is committing to sustaining its annual installations at ~750 in 2023 and beyond or whether the Company’s statement on page 3 of the Implementation Plan was only referring to installations in 2022. If the later, please explain how the Company plans to meet the Commission’s directive to the Company to develop a plan to achieve 750 conversions annually by 2025.

Response:

Planning for the 2023 Energy Efficiency Plan began in the April/May time period and that is when the 375 heat pump replacements for electric resistance heating systems was developed. At that time, the Company was aware of a new ENERGY STAR[®] heat pump standard, (SEER2), which was set to become active at the beginning of 2023. There were also announcements of federal tax credits and incentives for heat pumps that would align with the SEER 2 standard. The number of ASHP incentives processed through the April/May time period was lower than the number of incentives that tend to come in later in the year. With the data available and many external forces that could impact the heat pump market, the Company made a conservative estimate on the number of heat pump replacements.

The Company is fully supportive of transforming the electric resistance heating market and moving customers to modern ASHPs that will help them reduce their heating bills. Based on the number of customer questions the Company and HVAC vendors are receiving, there is a lot of confusion in the market about the equipment, incentives, and what is the best solution for customers. When the Company started the ASHP rollout, it supported a slow and successful approach. The feeling was that dissatisfied customers can set back the adoption of this new technology. With all the changes happening and larger numbers of customers now adopting the product, there are process enhancements that will need to be rolled out to make the ASHP transition a positive customer experience. The Company supports the growth of ASHP adoption and will facilitate communication with the customers. Given the changing marketplace and availability of extra incentives and tax credits, combined with strong customer interest, the Company believes the 2023 ASHP results will be closer to 750 than 375 customers served.

PUC 8-3

Request:

Referencing the “Direct Relationships with HVAC Contractors” section on page 9 of the proposed Implementation Plan, please explain the following:

- a. The Company is proposing a “streamlined process” for HVAC contractors through which it will “issue all payments for these upgrades with energy efficiency funding” to avoid payment lag that the Company explains has caused “HVAC and weatherization contractors [to] move away from working in the Income Eligible Program.” Commission staff notes that Company witnesses continuously highlighted workforce constraints as a barrier to the delivery of more heat pump replacements for income eligible electric resistance heating systems. For example, in response to PUC 5-1 the Company asserted that “even if there is an unlimited budget, the income eligible program would still need to ‘compete’ for HVAC resources in terms of both workforce and equipment. Neighboring states and the new OER ASHP program will be using the same resources and there will likely be shortages in workforce and equipment.” Please explain how the Company’s proposal to streamline payments to participating contractors will specifically relieve the workforce constraints raised by the Company earlier in this docket, specifically the competition for in-state workforce resources exerted by out-of-state programs as well as new in-state program activity.
- b. For 2023, the Company proposes to “work with three HVAC contractors and provide two customers each month for each of the contractors to perform ERH to ASHP upgrades.” Commission staff notes that if each of the contractors completed installations for each of those leads, that would result in 72 installations. Please explain how the Company plans to achieve its stated income eligible installation goals for 2024 and 2025 with a starting workforce of three HVAC contractors.
- c. Are any of the estimated costs for the 2023-2025 Implementation Plan included in Table 4 dedicated to relieving workforce constraints and ensuring necessary contractor supply? If yes, clarify how much the spending the Company is proposing. If no, explain why.

PUC 8-3, Page 2

Response:

- a. In 2023, the ASHP Implementation Plan references 60 electric heat upgrades to ASHP by working with three HVAC contractors. These contractors already work with the income eligible services program and support the program. The Company believes the number of units for 2023 is realistic and will not strain workforce with these existing vendors. A streamlined payment process allows the program to provide a steady flow of customers that are qualified and prepared to upgrade their heating system. The payment to the contractors will also be made in a timely manner. This process, while not alleviating workforce constraints, will hopefully allow the program to be prioritized for the contractors. Lead generation is a time-consuming process and having customers with projects ready to proceed will hopefully be an attractive proposition to the HVAC contractors.
- b. The goal was set at 60 for 2023 since the Company did not know when the ASHP implementation plan would be approved. In 2024 and 2025, the Company is anticipating bringing more contractors into the program and encouraging the existing HVAC contractor to allocate more of their workforce to the income eligible program. The program will need to demonstrate proficiency at expediting payments and providing customers ready to proceed to attract new HVAC contractors.
- c. There are currently no estimated costs for workforce development in this plan. The Company is in the middle of workforce needs assessment which will quantify the current energy efficiency employment baseline, look at training programs and workforce development organizations, create a gap analysis and provide findings. The Company is also aware of workforce development funding coming to RI from multiple federal resources. The Company is assessing whether it needs to provide specific workforce development initiatives or whether the state-run initiatives will provide enough additional labor to also support the energy efficiency programs. More information about workforce development will be included in the 2024-2026 Energy Efficiency Program Plan.

PUC 8-4

Request:

On page 9 of the Implementation Plan, the Company explains that “while the Company usually tries to complete weatherization before upgrading heating systems to ensure that ASHPs are right-sized, to expedite the heating system upgrades at the pace required in this plan, the Company ... will direct HVAC contractors to size ASHP systems for a fully weatherized home and then install the new system. Weatherization could then occur after the heating system upgrades.” In Table 4, the Company proposes roughly \$1.8 million in Weatherization Costs over 2023-2025. Please explain why the Company is proposing incremental weatherization spending while simultaneously proposing not to require participating contractors complete any weatherization prior to or concurrently with heat pump installation.

Response:

The Company still fully intends to weatherize homes with ASHP installations around the time when the HVAC systems are upgraded. If the home is not weatherized, the ASHP will not perform optimally, and energy savings will not be realized. The Company's plan proposed to move away from the traditional process of weatherization before the heating system is installed to allow for heating system upgrades without delays. The program is experiencing long wait times for weatherization due to high demand, in an effort to keep customer requests moving the order in some cases will be reversed allowing for the heating system to be installed up front, with weatherization to follow. The Company is still planning to perform the Manual J Calculation for ASHP system sizing assuming a weatherized home scenario with weatherization to follow a customer's heating system conversion.

PUC 8-5

Request:

Referencing the Weatherization Costs in Table 4 of the proposed Implementation Plan, please explain whether these costs are incremental to the weatherizations already funded through current (2023) or future (2024 or 2025) income eligible program budgets for weatherization. If Company is proposing them as incremental to current or future weatherization budgets, please explain why they cannot be funded through those base program budgets.

Response:

For 2023, approximately 2/3 of the weatherization costs in Table 4 are incremental (see Table 4, note 2). The 2023 Energy Efficiency Plan currently anticipates thirty five electric weatherization projects planned in the income eligible program. Twenty of these would support the twenty electric resistance to ASHP projects planned for 2023. The other fifteen were planned to weatherize electrically heated homes that were not upgrading their heating systems. The incremental amount in the ASHP implementation plan comes from an additional forty weatherization projects to meet the target of 6sixty0 homes. Some of the weatherization costs might eventually come from the original 2023 budget in the plan if the fifteen weatherization projects originally planned for non-heating system upgrades do decide to proceed with an ASHP installation. But for alignment, the ASHP Implementation Plan budgeted for an additional forty homes forecasted to have both heating system upgrades and weatherization that are incremental to what was originally budgeted for in 2023. The 2024 and 2025 numbers are illustrative in nature. Actual numbers will be provided in the 2024 – 2026 Energy Efficiency Program Plan.

The Narragansett Electric Company
d/b/a Rhode Island Energy
RIPUC Docket No. 22-33-EE
In Re: 2023 Annual Energy Efficiency Plan
Responses to the Commission's Eighth of Data Requests
Issued on March 15, 2023

PUC 8-6

Request:

Will the Company use all of the roughly \$1.7 million budget reallocation from the 2023 Energy Efficiency Plan to fund the proposed 2023 Implementation Plan?

Response:

The ASHP Implementation Plan has budgeted for approximately \$1.3 million in incremental spending. However, if market rate customers embrace ASHP to the same extent as they did in 2022, there is a likely potential that the HVAC program will need additional funding in 2023.