

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: LEAST COST PROCUREMENT STANDARDS : DOCKET NO. 23-07-EE

NOTICE OF ACCEPT COMMENTS

Pursuant to R.I. Gen. Laws § 39-1-27.7(a), the Public Utilities Commission (PUC) adopts standards and guidelines for System Reliability Procurement and Energy Efficiency and Conservation Procurement (LCP Standards). These LCP Standards are subject to periodic review and appropriate amendment by the PUC, which review will be conducted not less frequently than every three (3) years after the adoption of the standards and guidelines. The PUC has begun the process of reviewing the current LCP Standards and PUC staff have drafted proposed revisions and amendments. On March 31, 2023, the PUC distributed the proposed revisions and amendments. On April 6, 2023, PUC staff conducted a technical session to discuss and examine the proposed revisions and amendments to the LCP Standards. After the technical session, the PUC solicited comments from interested parties regarding the proposed revisions and amendments.

Three entities moved to intervene and provided written comments: Rhode Island Energy (RIE), the Office of Energy Resources (OER), and the Rhode Island Energy Efficiency and Resource Management Council (EERMC). PUC staff has reviewed those comments and have incorporated the majority of the parties' recommendations and comments into revised draft LCP Standards. (See attached Revised Draft LCP Standards.)¹

There were, however, some recommendations and comments that staff did not incorporate into the revised draft. Below is an explanation of why staff did not adopt those recommendations.

1. **OER comment OW1 and associated redlines**. Regarding equity, OER recommends adding a new definition for "equitable" to Section 1.2 of the LCP Standards and requiring the Company to file testimony on the equity of a proposed Three-Year Energy Efficiency Plan, Annual Energy Efficiency Plan, or Three-Year System Reliability Procurement Plan. While staff supports the spirit of OER's proposal, staff does not believe the proposed definition of "equitable" is sufficiently concrete or measurable to effectuate OER's procedural recommendations related to equity. Based on the proposed definition, staff is unclear how the Company would file evidence in support of its testimony that a proposal is equitable nor how the Commission would be able to make an affirmative finding of equity when reviewing such testimony and evidence. For those reasons, the definition was not added. However, to effectuate the spirit of OER's recommendations, staff alternatively propose expanding Section 3.2.M regarding parity and expanding the

¹ The blue text represents PUC staff's originally proposed edits. The red text represents revised proposed edits that are based on comments/recommendations from the parties. PUC staff comments are embedded in the document.

requirements that the Company file testimony on the prudence of a proposed Three-Year Energy Efficiency Plan, Annual Energy Efficiency Plan, and Three-Year SRP Plan to more explicitly reference equity, access, and parity. *See* Sections 3.2.M, 3.3.B.iv.a(2), 3.4.B.xiii.a(2), and 4.4.E.i.b of Revised Draft LCP Standards for further detail.

2. **EERMC comment CJ1**. The EERMC raises the question of “whether to review Standards in the year prior to when a three-year plan is due so that Standards aren't being modified in the same year in which said Plan is being develop.” Staff notes that nothing in the LCP Standards prevents the Commission from reviewing the LCP Standards in the year prior to the filing of a three-year plan. In fact, the Commission has done so in prior years. For that reason, staff did not incorporate this comment into the Revised Draft LCP Standards.
3. **OER comment OW4**. Regarding the integration of gas and electric programming, OER proposes adding the following language to Section 3.2.I of the LCP Standards: “amid increasing overlap in energy system usage where investment is necessary to access transitional technologies and the benefits from them.” Staff interprets this proposed language as more of a vision statement than an edit designed to clarify or improve the efficacy of the existing LCP Standards. For that reason, staff did not incorporate it into the Revised Draft LCP Standards.
4. **RIE comment #6**. RIE recommends adding language that would allow it to petition the PUC to forgo the filing of annual energy efficiency plans. In its comments, RIE states that the opportunity to forego the filing of annual plans would “improve administrative efficiencies of program management and create longer term market certainty for customers and vendors, thereby improving program performance as well as workforce and supply chain investments.” Staff notes that RIE did not provide supporting evidence of how forgoing annual plans would improve workforce and supply chain investments.
5. **RIE comment #9**. RIE recommends changing the filing deadline for annual reports from May 1 to June 1. Recognizing the usefulness of RIE’s annual reports to the work of other parties and stakeholders, the Commission issued data requests to the OER and EERMC asking whether the June 1 filing deadline would impact their ability to participate in developing or reviewing Energy Efficiency Plans.² Both parties responded that they would prefer the filing deadline to remain May 1 given the timing of their own planning and review processes. For this reason, staff did not accept RIE’s recommendation to change the annual report filing deadline.
6. **RIE comment #11**. RIE recommends deleting the newly proposed Section 3.4B(xi)(b) of the LCP Standards. The newly proposed Section 3.4B(xi)(b) of the LCP Standards

² *See* EERMC Response to PUC 1-1; https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2023-05/2307-EERMC-DR-PUC1_5-4-23.pdf. *See* OER Response to PUC 1-1; https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2023-05/2307-OER-DR-PUC1_5-4-23.pdf.

requires RIE to, at the conclusion of a three-year plan, compare actual performance to planned performance for each of the three component annual plans using the most up-to-date estimates for avoided costs and claimable savings. RIE states that “using the latest avoided cost and claimable savings estimates retrospectively will create two sets of data and may be confusing.” While it is not clear to staff who would be confused by this analysis, staff seeks to clarify that this proposed analysis would not be used for retroactive ratemaking purposes. Instead, the intent is for RIE and stakeholders to use this analysis in their design of the upcoming three-year plan and for the Commission to use this analysis in their review and analysis of that upcoming three-year plan.

7. **RIE comment #2.** RIE suggests that the definitions of “System Reliability Procurement” and “Utility Reliability Procurement” included in Section 1.2 of the LCP Standards should be amended to “clarify whether utility-sourced operational activities could or should be proposed within the scope of System Reliability Procurement.” To make it absolutely clear that utility-run Demand Response programs continue to be eligible for consideration as SRP, staff has modified the definition of Utility Reliability Procurement, striking the words “or expenditures.”

To add additional guidance on program proposals that may appear to be appropriate for either SRP or DSM, staff recommends deleting the word “distribution” from the definition of SRP and Utility Reliability Procurement to align these with the statute, which does not limit proposals to the distribution system, as well in 1.2.E, 1.2.F, 4.4.A.i, 4.4.A.ii, and the proposed Purpose in 7.2.A.ii. In other words, SRP is appropriate for consideration of specific non-wires alternatives proposals that meet an approved screening processes as well as non-specific alternatives, such as demand response intended to offset bulk-system peaks.

Staff notes that this is guidance only and expects that programs that could be filed as either SRP or DSM would receive the same review and would be held to the same statutory standards of LCP. However, Staff envisioned DSM as a pathway for considering proposals that did not meet the statutory requirements of LCP (e.g., proposals that could not meet the standard of less than the cost of additional supply or best alternative). Thus, Staff drafted DSM with the expectation that if a proposal met the requirements of both SRP and DSM, it would be proposed under SRP.

8. **RIE comment #13.** RIE requests clarification about the opportunity to recover costs for advertising related to potential DSM proposals. The Commission issued a data request to the RIE asking it to clarify whether it is requesting the LCP Standards be amended to specifically address this question or whether it is requesting some other form of regulatory clarification outside of the LCP Standards. In response, the RIE clarified that it has no preference as to the form or method of clarification and suggested new language

to be added to Section 7.3(H) of the LCP Standards. Staff does not believe that this issue needs to be added to the LCP Standards.

9. **RIE comment #14.** RIE suggests editing Section 7.5 of the LCP Standards to read “the PUC does not limit the timing of DSM Proposals, but prefers that the proposals be filed alongside, but separately from, annual EE Plans.” The intent of the originally proposed language was to clarify that if the Company chooses to file a DSM Proposal with the Commission, it must be filed alongside an annual EE plan. This is not a Commission preference but rather a requirement for filing. For that reason, staff did not accept RIE’s proposed edit to Section 7.5.

At this time, the PUC would like to provide stakeholders with an outline of the process the PUC expects to follow in reviewing and approving revisions to the LCP Standards. The PUC is soliciting further comments on the attached Revised Draft LCP Standards from the public and the parties that have intervened in this docket. Those written comments are due by July 17, 2023. The PUC will review all submitted comments and, based on that review, will determine whether any further edits and revisions are necessary. The PUC expects that after reviewing any additional comments, the Commission will be prepared to discuss and vote on the proposed revisions.

The proposed Revised Draft LCP Standards referenced above and other documents in this docket may be examined at the PUC’s office at 89 Jefferson Boulevard, Warwick, Rhode Island. Also, it can be accessed at <https://ripuc.ri.gov/Docket-23-07-EE>. Reference is made to Chapters 39-1, 39-3 and 42-35 of the Rhode Island General Laws.