



STATE OF RHODE ISLAND

## ENERGY EFFICIENCY & RESOURCE MANAGEMENT COUNCIL

### EERMC FULL COUNCIL DRAFT MEETING MINUTES

Thursday, March 16, 2023

Full Council Meeting | 3:00 - 5:00 PM

Department of Administration Conference Room 2A, Providence, RI 02908 with additional participation via Zoom.

**Members in Attendance:** Harry Oakley, Sue AnderBois, Peter Gill Case, Tom Magliocchetti, Joe Garlick, Kurt Teichert, Kate Grant, Brett Feldman, Chris Kearns

**Others in Attendance:** Marisa Desautel, Sam Ross, Adrian Caesar, Michael O'Brien Crayne, Spencer Lawrence, Steven Chybowski, William Owen, Nelson DiBiase (virtual), Daniel Tukey (virtual), Craig Johnson (virtual)

#### 1. Call to Order

Chairperson Oakley called the meeting to Order at 3:02pm.

#### 2. Chair Report

Chairperson Oakley delivered the Chair Report noting the meeting participation instructions, an overview of the meeting agenda, the launch of the branding and communications initiative, and the upcoming Rhode Island Home Show and Energy Expo. He also shared that the Council's energy efficiency videos are now live on the Council's website.

#### 3. Executive Director Report

Acting Commissioner Kearns delivered the Executive Director report, sharing updates on the status of the Bipartisan Infrastructure Law (BIL) and Inflation Reduction Act (IRA) funding including estimated timelines based on the latest information available from the US Department of Energy. He noted the work of Mr. Chybowski on applications related to energy building codes and energy auditor trainings in coordination with educational institutions. He also announced that the Office of Energy Resources (OER) has released its latest RFP for the ZEOS program in coordination with RIHousing and that applications are due May 1. In addition, he noted that the selection of an administrator for the heat pump program is progressing, that the planning for the Rhode Island Home Show and Energy Expo is nearly complete, and he provided a rundown of legislative updates from the current session.

#### 4. Meeting Minutes - February 16, 2023

Chairperson Oakley motioned to approve the February 16<sup>th</sup>, 2023 Meeting Minutes. Mr.

Garlick seconded. All in favor, none opposed.

**5. Program Oversight (40 Min, 3:10 – 3:55 p.m.)**

*a. Presentation of 2022 Preliminary Q4 and Year-End Energy Efficiency Programming (30 min, 3:10 – 3:40 p.m.)*

Rhode Island Energy and the Council's Consultant Team provided an update on the energy efficiency programming for the fourth quarter of 2022 and the preliminary results for the entire year. Mr. Caesar of the Council's Consultant Team introduced the outline and the general performance trends in the electric and gas sectors and the performance in the commercial and industrial (C+I) sectors.

Mr. Johnson presented on the spending in the income-eligible categories, noting the shortfall in goal achievement based on the preliminary results. Council members discussed the measure life of residential heat pumps and the share of electric savings by sector.

Mr. O'Brien Crayne of Rhode Island Energy provided updates on new construction programming and noted an increase in Q4 in appliance applications. He highlighted two affordable housing projects that were completed and partnerships with Ocean State Job Lot and Home Depot that have increased efficient power strips and appliance availability. RIE also completed a redesign to simplify new large commercial construction pathways to streamline the program.

The Council's discussion focused on maximizing the benefits for low- and moderate-income residents, opportunities to adjust incentive levels to achieve results, and the need to focus on accessibility in order to maximize the utilization of upcoming federal funding.

*b. Discussion and Vote on Council Priorities for 2024-2026 Three-Year and 2024 Annual Plans (15 min, 3:40 – 3:55 p.m.)*

The Council's Consultant Team led a discussion of the Council's priorities for the 2024 Annual Plan and the 2024-2026 Three-Year Plan. Mr. Caesar provided the update including an overview of the Council priorities process.

Vice Chair Gill Case motioned to approve the EERMC's Plan priorities for the 2024 Annual Plan and the 2024-2026 Three-Year Plan as presented by the Council's Consultant Team on March 16, 2023. Chairperson Oakley seconded. All in favor, none opposed.

**6. Council Business (40 Min, 3:55 – 4:35 p.m.)**

*a. Market Potential Study Data Refresh and Target Filing Updates (15 min, 3:55 – 4:10 p.m.)*

Mr. Ross of the Consultant Team shared updates on the market potential study data refresh process and the Council's target filing requirements. Next steps, questions about a detailed analysis of the results, and how the targets will be determined was discussed with the Council.

*b. Review of Proposed Updates to the Council Bylaws (15 min, 4:10 – 4:25 p.m.)*

Mr. Johnson and Mr. Ross from Council's Consultant Team led a discussion of suggested updates to the Council's bylaws based on Council input. The Consultant Team shared the timeline and forum for the vote on the proposed changes, remaining questions related to the process, and the need to review previous documentation on contractual matters. The Council agreed to move further



# Recommended Targets for Energy Efficiency and Active Peak Demand Reduction Savings for 2024-2026

Prepared for



STATE OF RHODE ISLAND  
**ENERGY EFFICIENCY &  
RESOURCE MANAGEMENT COUNCIL**

Prepared by:

The Rhode Island Energy Efficiency and Resource Management Council Consultant Team

Lead Authors: Craig Johnson, Sam Ross / Optimal Energy, Inc.

**April 20, 2023**



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## I. INTRODUCTION

This report presents proposed Three-Year Savings Targets (“Targets”) for Rhode Island Energy’s upcoming 2024-2026 Energy Efficiency Procurement Plan (“Three-Year Plan”). These recommendations are based on the Energy Efficiency & Resource Management Council’s (“EERMC”) Consultant Team’s oversight and review of findings of the EERMC-funded 2021-2026 Rhode Island Market Potential Study (“the 2021-2026 Study”) and its subsequent refresh for the 2024-2026 period (“The MPS Refresh”), conducted by Dunskey Energy + Climate Advisors; discussions with stakeholders and EERMC members; and review and alignment with relevant legislative and regulatory guidance on Target setting. Upon EERMC approval of Targets, as recommended or with modification, the EERMC’s counsel will file the proposed Targets with the Rhode Island Public Utilities Commission (PUC).

This will be the fifth submittal of triennial Targets by the EERMC to the PUC since the promulgation of the 2006 Comprehensive Energy Conservation, Efficiency and Affordability Act, or “Least-Cost Procurement (LCP) Law.” This process has also served to meet the EERMC’s legislated requirement in R.I. Gen. Laws § 39-1-27.7(c)(1):

*“The commissioner of the office of energy resources and the energy efficiency and resources management council, either jointly or separately, shall provide the commission findings and recommendations with regard to system reliability and energy efficiency and conservation procurement on or before March 1, 2008, and triennially on or before March 1<sup>1</sup>, thereafter through March 1, 2024. The report shall be made public and be posted electronically on the website of the office of energy resources.”*

The proposed Targets presented are for Electric and Natural Gas energy efficiency energy savings, as well as active electric peak demand reductions, in each of the three years from 2024 to 2026. During the development of the 2021-2023 Targets, stakeholders recommended, and the Council approved, a shift towards presenting energy savings targets in lifetime instead of annual savings units. The Targets proposed herein continue the approach of using lifetime savings targets.

### Purpose of the Targets

The purpose of energy efficiency targets as recommended by the EERMC to the PUC has been consistent in the four previous Target submittals, as clearly articulated in the September 1, 2014 filing when the EERMC stated:

*The EERMC and the parties understand that the efficiency savings targets are intended to serve as guideposts as the utility develops its Three-Year EE Procurement Plan and more detailed annual EE Program plans. As the parties described in a joint brief filed with the Commission in Docket 4202 on April 1, 2011:<sup>2</sup> “It is important to note that the energy efficiency savings targets*

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<sup>1</sup> Due to time required complete the MPS Refresh, the EERMC vote on Targets was moved to April 20, which was communicated to the PUC

<sup>2</sup> The joint brief is available at: [http://www.ripuc.org/eventsactions/docket/4202-EERMC-JointRR\(4-1-11\).pdf](http://www.ripuc.org/eventsactions/docket/4202-EERMC-JointRR(4-1-11).pdf)

*are just that, targets of what the EERMC assessment estimates is potentially available for cost-effective efficiency...*

*...The 2010 legislation recognizes that the energy savings targets themselves do not constitute a plan, but rather **the targets are just high-level estimates of the potentially available cost-effective efficiency**, whose function is to guide the development of actual Three-year LCP and annual efficiency plans.”*

The purpose of the Targets is clear in its focus on establishing what is “potentially available cost-effective efficiency.” It is meant to guide the ensuing purpose of establishing savings goals in Three-Year EE Procurement Plans and Annual EE Plans, which also require the consideration of additional analysis covering factors such as prudence and reliability, as directed in the PUC’s LCP Standards<sup>3</sup>.

In 2019 the EERMC solicited via a competitive RFP process a Market Potential Study for Rhode Island to provide an objective estimate of all potentially available cost-effective energy efficiency resources during the 2021-2026 period. The 2021-2026 Study was completed in 2020 and was used to inform Targets for the 2021-2023 period. In 2022, the EERMC issued a competitive RFP to conduct a refresh (“MPS Refresh”) of the 2021-2026 Study for the 2024-2026 period. The scope and application of the MPS Refresh to savings targets are summarized in Section III of this report, while the results of the MPS Refresh are drawn upon to inform the recommended targets described in Section IV. Appendix A contains the presentation on the MPS Refresh’s high-level results and Appendix B contains a memo that gives a summary of model input and assumption updates. Together, Appendix A and B have sufficient granularity to inform Targets.

This report presents the EERMC’s recommendations for 2024-2026 savings targets for Rhode Island Energy’s upcoming Three-Year Plan and ensuing Annual Plans for consideration by the EERMC in their deliberations regarding the savings targets they will recommend to the PUC. These proposed targets are derived primarily from the MPS Refresh, which provided a comprehensive, analytical process to determine all cost-effective energy savings. The 2021-2026 Study included a range of modeling scenarios to help understand the landscape for energy efficiency in Rhode Island, and to quantify the impact of different modeling assumptions. A key difference from the 2021-2026 Study is that the MPS Refresh considered a narrower set of modeling scenarios. In particular, rather than three achievable scenarios, the MPS Refresh considered a single achievable scenario. This single achievable scenario was defined in a manner to inform the targets. Additionally, we built on prior submittals of Targets to the PUC; reviewed the LCP legislation and current LCP Standards; considered input from stakeholders; and factored input from the EERMC during Council meetings and during individual meetings held with council members and OER to inform our recommendation.

Further, to support consideration of the distinction between Targets and the goals associated with Three-Year EE Procurement Plans and Annual EE Plans, we acknowledge that while the 2024-2026

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<sup>3</sup> [http://rieermc.ri.gov/wp-content/uploads/2020/08/5015-lcpstandards-final\\_8-25-20.pdf](http://rieermc.ri.gov/wp-content/uploads/2020/08/5015-lcpstandards-final_8-25-20.pdf)

electric and natural gas savings targets have been developed using the best information and data available at this time, and that additional relevant information is likely to be learned as time passes. Consequently, the lifetime savings targets, including considerations such as their associated budgets as estimated during the planning process, should be reviewed during the development of 2024-2026 Three Year Plan and its ensuing Annual Plans. Following this review, the plan goals should document how the Targets were considered and applied and clearly explain any deviations from the Targets as described further in Section II of this report. The parties participating in the development of the energy efficiency plan goals should agree that deviations from the lifetime energy savings Targets should be based only on clearly documented changes in cost-effective resource availability, or unforeseeable and/or unavoidable constraints to their full pursuit and achievement.

## **II. OVERVIEW OF TARGETS' RELATION TO PLANNING PROCESS**

In 2010, the legislature adopted the ratemaking concept of revenue decoupling, in R.I. Gen. Laws § 39-1-27.7.1. Pursuant to § 39-1-27.7.1(f). The EERMC was required to submit proposed energy savings targets to the PUC by September 1, 2010. The purpose of these targets was to give the utility guidance on the potentially available cost-effective efficiency resources in the state that would feed into the normal LCP Three-Year and Annual energy efficiency program planning processes under § 39-1-27.7.

During the Three-Year and Annual planning processes required by Rhode Island law, the efficiency strategies, programs, and budgets are developed by the utility and the cost-effectiveness of the budgets and programs is reviewed and considered for approval by the EERMC before being filed with the PUC for their consideration and action. It is during these planning activities that a wide range of factors are considered and fully vetted, in a transparent way with significant stakeholder engagement, to inform what percentage of the total cost-effective energy savings potential could be realized during the three year period, and more accurately in ensuing annual plans based on evolving market trends and other factors. In particular, this is where “prudent and reliable” portion of the LCP law, which directs Rhode Island Energy to secure all cost-effective energy efficiency that is less than the cost of supply and is prudent, reliable, and environmentally responsible, should be applied.

Appropriately, the Council anticipates that once the impacts of a full consideration of prudence and reliability are documented, there will be gaps between the MPS Refresh-informed Targets and Three-Year and Annual Plan Goals, which represent the portion of Targets that will be proposed as Plan savings goals with associated budgets. The process for understanding the size of this difference includes a full review and vetting of all barriers that preclude reaching the full achievable savings. This is a collaboration between Rhode Island Energy, the EERMC and its Consultant Team, the Office of Energy Resources, and other stakeholders, and takes the form of a well-documented, transparent process involving full stakeholder engagement and input. At the end of this process, Rhode Island Energy's Annual Plans will be able to clearly detail the various reasons that Plan goals are below Targets and justify the magnitude of the gap.



Factors that typically are analyzed during this process include overall costs, rate and bill considerations, workforce factors, environmental, equity, other non-energy considerations, market characteristics such as energy efficiency equipment supply chains and consumer education and awareness, and State policy objectives including carbon emissions reductions and associated clean energy goals, among others. Many of these factors represent constraints on the achievable potential reflected in the Targets, which can be alleviated over time through program design innovation, capacity building, and policies to support growth and competition in efficiency products and service markets. As a result, even when Targets are set consistently from year to year, as is the case for the Targets presented in Section IV, it is very reasonable for the detailed, granular planning process to generate Plan savings goals which ramp toward those Targets over time in the Three-Year and associated Annual Plans, while also supporting the removal of barriers for future Three-Year Plans.

### **III. MARKET POTENTIAL STUDY SCOPE AND APPLICATION**

#### **Context and Industry Overview**

Market Potential Studies are widely used as a best-in-class, data-driven resource to inform efficiency program targets, as they represent a quantitative estimate of the efficiency resource that is available for efficiency programs to pursue. As examples, efficiency boards and/or utility commissions in nearby states including Massachusetts, New Jersey, New Hampshire, Pennsylvania, and Delaware, among others, have used market potential studies conducted to help inform efficiency program targets in their respective jurisdictions. This section summarizes the scope and purpose of the 2024-2026 Rhode Island Market Potential Study Refresh, whose results inform the recommended targets presented in Section IV.

#### **Market Potential Study Refresh**

In 2019 through the work of a vendor, the EERMC completed the 2021-2026 Market Potential Study for Rhode Island. The results of the 2021-2026 Study were integral in the development of Council recommended Targets for the 2021-2023 period. In 2022 and 2023, the Council worked with the same study vendor<sup>4</sup> to conduct a refresh of the 2024-2026 period (MPS Refresh) from the 2021-2026 Study to inform its development of these targets. The objective of the MPS Refresh was to update key study parameters to reflect new information made available since the 2021-2026 Study, including updated codes and standards, evaluated measure savings, and avoided cost estimates. In addition to updated inputs, the MPS Refresh tightened its scope to ensure that it could be completed in a timely and cost-efficient manner to reliably inform these Targets. The key differences in study parameters are described in Table 1.

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<sup>4</sup> The same vendor was selected twice through independent competitive RFP processes.

TABLE 1 | KEY DIFFERENCES IN PARAMETERS BETWEEN 2021-2026 STUDY AND 2024-2026 MPS REFRESH

Parameter	2021-2026 Study	2024-2026 MPS Refresh
Study Period	2021 – 2026 (six years)	2024 – 2026 (three years)
Savings Sources	Energy Efficiency, Demand Response, Heating Electrification, Combined Heat and Power, and Solar Photovoltaics	Energy Efficiency and Demand Response only
Potential Assessment	Technical, Economic, and Three Achievable Scenarios	Technical, Economic, and One Achievable Scenario

A notable difference is the reduction in the number of achievable scenarios contemplated. Unlike the 2021-2026 Study, the MPS Refresh focused on a single achievable scenario so that translation between the results of the study and the proposed targets would be more straightforward. In addition, that achievable scenario was defined to align with best practice incentive levels based on the experience of the study vendor, which has the effect of partially incorporating cost control considerations into the resulting achievable savings estimates, relative to the prior study’s Max Achievable scenario, which was used to inform the 2021-2023 Targets.

The Council’s recommended efficiency Targets in the following section are proposed in the context of the overarching purpose of the Targets as established in this report and are based directly on the results of the MPS Refresh.

#### IV. CONCLUSION AND RECOMMENDED EFFICIENCY SAVINGS TARGETS

As discussed above, the Council engaged in an extensive process to identify the achievable potential of electric energy efficiency, natural gas energy efficiency, and electric active demand response opportunities in Rhode Island for the 2024-2026 period. The process undertaken estimates the achievable cost-effective potential energy efficiency savings and active demand response opportunities according to accepted industry practices for Market Potential Studies.

Table 2 shows the recommended energy efficiency savings targets associated with each of electric and natural gas, as well as the electric active demand response targets. These targets are denominated in their respective energy units; are not additive; represent targets for the full portfolio of efficiency

measures across all sectors, building types, and end uses within each fuel; and correspond to the achievable energy savings estimated in the MPS Refresh for each fuel.

TABLE 2 | RECOMMENDED ELECTRIC AND GAS ENERGY EFFICIENCY AND ELECTRIC ACTIVE DEMAND RESPONSE TARGETS

Year	Electric Energy (Lifetime MWh)	Natural Gas Energy (Lifetime MMBtu)	Electric Active Demand Response (MW)
2024	1,397,644	7,058,839	86.7
2025	1,401,610	7,090,690	89.7
2026	1,413,953	7,119,585	94.6

## APPENDIX A: MARKET POTENTIAL STUDY REFRESH OVERVIEW



## APPENDIX B: SUMMARY OF MODEL INPUT AND ASSUMPTION UPDATES



**APPENDIX C: RELEVANT MEETING MINUTES**



**APPENDIX D: RELEVANT MEETING MATERIALS**



**2024 - 2026 Energy Efficiency  
Plan Outline Memorandum  
April 6, 2023**

Dear EERMC Councilmembers and Energy Efficiency Technical Working Group Members,

This Energy Efficiency Plan Outline Memorandum (Outline) provides stakeholders a preview of key themes and topics that will be addressed in the draft 2024-2026 Energy Efficiency Plan (Plan). The Outline includes the table of contents and major content areas that will be included in the Draft Plan. Together, the introduction of program and policy priorities and the outline of the full plan are offered to facilitate discussion with stakeholders in support of a plan development process that is transparent, focused on achieving the energy saving targets goals, and resulting in a plan that optimizes customer benefits and cost. The Company expects that the benefits of this plan will accrue to overall utility operations as well by reducing peak loads and complementing grid modernization efforts. The Company requests that reviewers provide any written input on the contents of this Outline by April 27, 2023, with an expectation that those comments will inform the first draft of the 2024-2026 plan.

The Company plans to focus on five primary strategies across the Income Eligible, Residential, and Commercial and Industrial sectors:

- **Reach more customers: Deliver optimized, tailored programs.**
- **Help customers find the right measures: Implement a comprehensive approach to the next generation of efficiency measures.**
- **Enable customers to invest in efficiency: Enhance financing options and customer awareness of complementary funding sources.**
- **Serve customers equitably: Design programs with a conscious effort to serve low- and moderate-income; gender, racially and ethnically diverse; and non-native English-speaking customers.**
- **Ensure Workforce Capacity to Serve Customers.**

These strategies are discussed in more detail in the [Priorities and Programs](#) section of this memo.

Some information is not available at this stage of the current planning cycle and therefore will be provided later. This Outline does not include 2024-2026 savings goals, benefits, or budgets. A first draft of those numbers will be available by June 30<sup>th</sup>, 2023.

Further, when reviewing this Outline, please note the following: This Outline should not be considered as a complete list of topics that will be addressed in the first draft of the Plan and is not binding. Subject to further discussions with stakeholders, analysis during the planning process, and the outcome of proposed changes to the Least Cost Procurement (LCP) Standards, content included here may be modified. In some instances, there are headers or sections in this outline with no content. Several sections of the Outline provide a qualitative description of what the section will contain in the first draft of the Plan. In both cases, relevant content for these sections will be provided in subsequent drafts of the Plan. The Company may refine and consolidate the text to make a more readable and accessible final document.



## National Grid 2024 – 2026 Energy Efficiency Plan - Memorandum

With these stated understandings, the Company hopes this document is helpful in highlighting the areas of focus for the Company. We look forward to working together to build and deliver on a three-year energy efficiency plan that will continue to keep Rhode Island at the forefront of energy efficiency and deliver Rhode Island consumers innovative, cost-effective energy services.

*Table 1. Three-Year Plan (3YP) Timeline for Stakeholder Involvement*

Date	Milestone
April 6	3YP outline memo shared with EERMC and TWG
April 20	Present 3 Year Plan to EERMC
April 27	3YP outline memo stakeholder comment period ends; Present 3YP outline memo to TWG
June 1	Draft 3YP narrative shared with stakeholders
June 30	Draft 3YP numbers (BC Model and Tables) shared with stakeholders
July 20	3YP numbers stakeholder comment period ends
September 7	Second/Final Draft of 3YP due to stakeholders

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## Pre-Filed Testimony

The Company will pre-file testimony with the Plan that addresses the Cost-Effectiveness of the Plan, prudence, reliability, environmental responsibility, and the cost of additional supply compared to the Plan.

## Executive Summary

This subsection will provide a concise summary of the contents of the three-year plan, including major themes.

## 1. Introduction

### 1.1 Plan Summary

### 1.2 The Planning Process

This subsection will describe the coordination process undertaken each year with EERMC, OER, DPUC, and other stakeholders through the TWG to inform the plans in each year following from the Three-Year Plan.

### 1.3 How to Read This Plan

### 1.4 Timeline

This section will describe an anticipated timeline for filings over the three-year period. It may be combined with Section 1.2.

Readers of this memorandum should note that this planning calendar may change pending finalization of the LCP Standards by the RI PUC.

#### April 2023

April 6 – 2024-2026 Plan Outline Memo Due to EERMC

April 11 – Results of Market Potential Study Refresh due

April 20 – EERMC Meeting

April 27 – 2024-2026 Plan Outline Memo Stakeholder Comment Period Ends

April 27 – Technical Working Group Meeting

#### May 2023

May 18 – EERMC Meeting

May 25 – EE Technical Working Group Meeting

#### June 2023

June 1 – First Draft of 2024-2026 Plan Narrative Due to EERMC

## National Grid 2024 – 2026 Energy Efficiency Plan - Memorandum

June 15 – EERMC Meeting

June 29 – First Draft 2024-2026 Plan Narrative Stakeholder Comment Period Ends

June 30 – First Draft 2024-2026 Plan Numbers (BC Model & Tables)

### July 2023

July 1 – Company declaration of intent to PUC regarding combination of 3-year plan with 2024 Plan. This could impact subsequent dates.

July 20 – First Draft 2024-2026 Plan Numbers Stakeholder Comment Period Ends

July 20 – EERMC Meeting

### August 2023

August 3 – First Draft 2024 Annual Plan Due

August 17 – EERMC Meeting

August 24 – First Draft 2024 Annual Plan Stakeholder Comment Period Ends

### September 2023

September 7 – Second/Final Draft 2024-2026 Plan and 2024 Annual Plan Due

September 14 – EERMC Meeting

September 28 – EERMC Meeting

### October 2023

October 15 – Combined Filing of 2024-2026 3YP and 2024 Annual Plan

## 2. Least-Cost Procurement Law and Standards

This section will continue to describe the Company's assessment of the Plan's compliance with Least Cost Procurement Law and the LCP Standards as revised in Docket 5015. Given the current proposed LCP Standards revisions, this section could be subject to substantive changes. Each subsection will first describe how the principle has been interpreted by the Company followed by a description of how the 2024-2026 Plan meets that standard.

### 2.1 Cost Effectiveness

As in past years, the Company will continue to prioritize cost efficiencies and identify areas to reduce costs and increase energy savings and benefits.

#### 2.1.1 Interpretation of Standard

No Change Anticipated

### 2.1.2 Compliance with Standard

No Change Anticipated

## 2.2 Reliability

### 2.2 Interpretation of Standard

No Change Anticipated

#### 2.2.2 Compliance with Standard

No Change Anticipated

## 2.3 Prudency

### 2.3.1 Interpretation of Standard

No Change Anticipated

#### 2.3.2 Compliance with Standard

No Change Anticipated

## 2.4 Environmentally Responsible

### 2.4.1 Interpretation of Standard

No Change Anticipated

#### 2.4.2 Compliance with Standard

No Change Anticipated

## 2.5 Cost of Annual Plan Compared to the Cost of Energy Supply

### 2.5.1 Interpretation of Standard

No Change Anticipated

#### 2.5.2 Compliance with Standard

No Change Anticipated

# 3 Priorities and Programs

## 3.1 Strategic Overview of Programs and Priorities

This section will detail the consideration of stakeholder priorities as well as thoughts on the plan structure and contents.

### 3.1.1 Principles of Program Design

The Company indicates five key objectives and themes in the 2024 – 2026 Three-Year Plan. These will be further explored and expanded through strategies and program adjustments identified for the residential, income eligible, and commercial and industrial sectors.

## 3.2 Priorities for Three Year Plan

The sections below indicate the priorities as identified by RIE strategy teams at this stage of planning. These priorities may be adjusted during the planning process.

As Rhode Island Energy embarks on a three-year energy efficiency planning journey the Company must confront and overcome several challenges, both known and emerging. Economic uncertainty, inflation, and higher interest rates impact our customers' financial calculus, and perhaps their willingness, to implement energy conservation initiatives. The decline in claimable savings associated with high efficiency lighting, while demonstrating how programs can transform a market, at the same time increases the cost of capturing energy savings. An influx of federal support for efficiency, while welcome, may increase the demands that must be met by the current workforce and supply chain. In the face of these obstacles and others, the Company recognizes that in each challenge exists inherent opportunity, and the Company seeks to innovate to enhance and expand energy efficiency support provided to customers. To do this, the Company plans to focus on five strategies aimed at increasing customer participation and enhancing the Company's ability to deliver valuable long-term energy savings:

- **Reach more customers: Deliver optimized, tailored programs.**
- **Help customers find the right measures: Implement a comprehensive approach to the next generation of efficiency measures.**
- **Enable customers to invest in efficiency: Enhance financing options and customer awareness of complementary funding sources.**
- **Serve customers equitably: Design programs with a conscious effort to serve low- and moderate-income; gender, racially and ethnically diverse; and non-native English-speaking customers.**
- **Ensure Workforce Capacity to Serve Customers.**

### 3.2.1 Reach more customers: Deliver optimized, tailored programs

#### Strategic Philosophy

Program constraints, supply chain issues, contractor availability, and other market forces often throw a kink in the progression from customer acquisition to project completion. While these forces impact all customers and programs, the extent of the force exerted by each factor can vary widely between customer segments. A "one-size-fits-all" approach results in "one-size-fits-some" programs. On the other hand, it is cost-prohibitive to tailor programs to each individual customer. Therefore, the Company's strategy will be to identify customer segments that represent significant, yet relatively untapped savings potential and design program support targeted to these segments.

#### Cross-Cutting Tactics

The Company will continue to invest resources in collecting more detailed market information to improve outreach to customers. This market research will identify customer segments that represent significant opportunity for expanded program support and participation and will inform the Company's tactics for targeting these customers. To serve these customers, the Company will add more training for sales and technical staff to secure a better understanding of customer requirements, allowing staff and vendors to effectively provide solutions that drive value in the areas important to specific customer groups. By expanding the vendor pool and streamlining technical review, the Company can continue to improve on delivering timely service to customers.

The Company will also investigate what other barriers prevent energy efficiency investment beyond simply higher first costs. The Company knows that barriers such as lack of understanding/education, difficulty of participating in

complicated programs, and lack of access to capital must be addressed at some level, and the Company will seek to design programs which address specific market failures and barriers faced by different customer segments.

### **Residential & Income Eligible Tactics**

The Residential Nonparticipant Market Barriers Study and the Participation and Multifamily Census Study provide key insights into how the Company identifies and approaches potential residential program participants. Both studies offer windows into customer segments that have historically participated less in residential programs and how to overcome barriers to their participation. Insights from these studies, for example, will help prioritize the highest electric heating users that can benefit from efficient heat pump technologies.

A major priority for RIE for the 2024-2026 term will be to explore restructuring the residential programs by consolidating individual sub-programs into 1) home services and 2) retail products. Home services will combine the existing multifamily, single-family, and income eligible EnergyWise programs. Retail products will include programs such as the HVAC program, Residential Consumer Products, and the RIE Marketplace. These changes would improve administrative efficiency for RIE and would be transparent to customers. In addition, the Company plans to explore how a simplified home services program could improve program design and address some areas of potential improvement. In addition, we hope to continue to improve practices around data, including its collection, management, and analysis.

### **Commercial & Industrial Tactics**

The Company recognizes that new ways of reaching C&I customers, from those facing economic pressures to those with aggressive carbon reduction strategies, may be necessary. To that end, the Company has expanded its eligibility requirements for the Small Business program from customers that consume less than 1,000,000 kWh annually, to customers that consume less than 1,500,000 kWh annually. The Company will also look to deploy a data-driven approach to increasing customer participation in the commercial and industrial sector. This approach will include analyzing customer consumption data (kWh, peak load, and therms) and past energy efficiency participation to better target customers that have historically not participated at the same rate and pace as their commercial or industrial peers. This analysis is likely to provide valuable insights into energy efficiency opportunities, while potentially providing insight into barriers and rationales for non-participances. Lastly, the Company will look to expand the reach of its Strategic Energy Management Planning (SEMP) initiative to support the increasing number of customers with climate and sustainability goals.

## **3.2.2 Help customers find the right measures: Implement a comprehensive approach to the next generation of efficiency measures.**

### **Strategic Philosophy**

Energy efficiency has evolved far beyond the low-hanging fruit of high-efficiency lighting. To continue to reap the benefits of energy efficiency, customers must increasingly turn towards more complex, more customized, higher commitment measures such as HVAC systems and control systems. The higher complexity of these measures necessitates additional effort from the Company to ensure that programs are helping customers identify the measures that make sense for their specific situation, in addition to ensuring their successful installation and operation. Additionally, with Rhode Island's ambitious Act on Climate, the Company must evaluate measures and program design through the additional lens of our contribution to the broader economy-wide efforts towards decarbonization. Therefore, the Company's strategy will be to invest in research to identify the next generation of impactful efficiency measures, and to redesign programs to effectively support these measures.



### **Cross-Cutting Tactics**

The Company invests in demonstrations, pilots, and assessments for the purpose of testing and developing new measures, solutions, and offerings that could benefit Rhode Island customers. In the 2024-2026 Three-Year Plan, the Company will explore innovative strategies and technologies that are unique to the Rhode Island customer-base and market situation. To supplement these findings, the Company will look to learn from demonstrations, pilots, and assessments conducted both regionally and nationally, and to discern if those strategies could be successfully deployed in the Rhode Island market. This targeted approach, coupled with learnings from other jurisdictions, should permit Rhode Island to be an early adopter of successful energy efficiency strategies and technologies without having to fund the costs associated with launching and evaluating demonstrations, pilots, and assessments that are being conducted in other jurisdictions.

In this three-year plan, the Company will explore the possibility of right-sizing incentives for fossil fuel equipment and options for optimizing electric versus gas in order to promote the state's decarbonization agenda and meet stakeholders' desires for aligning the energy efficiency programs with the Act on Climate. The PUC has initiated a docket (Docket 22-01-NG) to explore the future of natural gas for the state. Rhode Island Energy plans to track the orders and other relevant findings from this docket to inform energy efficiency design for this three-year plan.

Rhode Island Energy has also proposed a business case for the expansion of Advanced Metering Functionality (AMF) across its electric service territory. As described in the Company's proposal, the expansion of AMF creates several opportunities for behavior programs through both the ConnectedSolutions and Home Energy Reports programs.

The ConnectedSolutions program will look to expand opportunities for both residential and C&I customer segments. For residential, water heater demand response will be explored as a new measure. For C&I, we will investigate ways to meet the demand for battery storage that is incoming from customers and program vendors. Electric school bus fleets are also emerging as a new grid resource that can be incorporated into the program.

### **Residential & Income Eligible Tactics**

For residential and income eligible programs, electric resistance heat to air source heat pump conversions will be prioritized. The Company's goals for this conversion effort necessitate a comprehensive approach that includes weatherization agencies, HVAC installers, and the various stakeholders that own and rent housing throughout Rhode Island. The Company will coordinate and collaborate with the RI Office of Energy Resources (OER) on its heat pump program to support supplemental measures, such as the aforementioned weatherization services. The Company will provide further detail on that in future drafts as the OER works to finalize its program.

Another area for potential program redesign is residential new construction. The most recent evaluation indicates that energy savings between recent new construction participants and non-participants has narrowed. This provides the Company an opportunity to focus on higher savings building approaches. To do so, the Company plans to revisit which measures and/or market segments should be included in the program. In addition, the Company intends to explore options for promoting zero-energy ready homes within the residential new construction program.

### **Commercial & Industrial Tactics**

As high efficiency lighting opportunities decline, the Company will expand its existing C&I programs to deliver an increasingly diverse portfolio of savings. High-performance heating, ventilation, and air conditioning (HVAC) offerings will be augmented by services supporting more advanced system controls, energy management systems, and building analytics. These energy efficiency technologies will be offered through multiple pathways, including

but not limited to retro-commissioning, monitoring-based commissioning, equipment right-sizing, and the upstream program. Additionally, the Company will look to provide enhanced incentives to customers that commit to implementing comprehensive energy efficiency measures within a specified timeframe. To qualify for the enhanced incentives, the customer will need to commit to installing three or more energy efficiency measures with different end-uses within a program year. The objective is to accelerate deeper, more comprehensive measure adoption by reducing the payback period for customers. Additionally, the Company will develop a host of prescriptive and custom offerings to promote commercial weatherization and greenhouse gas emissions reduction. These offerings include prescriptive weatherization and air sealing, energy recovery ventilators, gas and refrigeration leak reduction, and upstream heat pumps. The Company will also work with the Rhode Island Office of Energy Resources to better understand electrification efforts being funded through State and Federal programs, and to determine if synergistic measures could be deployed through the energy efficiency program to advance electrification efforts. At this current time, the Company anticipates these synergies would likely occur on projects relating to weatherization, ventilation, and controls.

### 3.2.3 Enable customers to invest in efficiency: Enhance financing options and customer awareness of complementary funding sources.

#### Strategic Philosophy

One of the fundamental pillars of energy efficiency investment is the idea that a greater upfront investment will yield greater lifetime savings, given the decrease in ongoing consumption and costs. However, the decision is often not as simple as comparing net present values or finding a favorable payback period. While one-time rebate incentives help mitigate the first cost of efficiency measures, access to capital can still inhibit customers' ability to invest in efficiency. Straightforward, readily available financing increases project implementation and extends program dollars to serve a greater number of customers. Therefore, the Company's strategy will be to explore ways to enhance and expand the suite of financing offerings available to customers to enable more customers to make impactful multi-year investments in efficiency.

#### Cross-Cutting Tactics

The Company has several financing vehicles currently on offer to customers (e.g., On-Bill Refinancing, 3<sup>rd</sup> Party C&I Financing, HEAT Loan, Efficient Buildings Fund), and will investigate ways in which these offerings can be expanded to serve more customers. To make financing more useful in moving projects across the finish line, the Company will provide additional training on available financing mechanisms and how to position them effectively to internal sales staff and trade allies. At the same time, the Company recognizes gaps in current finance offerings, such as a lack of options for landlords in the multifamily program, and we plan to work to find effective ways to address these gaps.

In addition to financing, the Company will collaborate with the Office of Energy Resources (OER) to integrate program incentives with state and federal funding. OER will administer \$64 million in funding from the federal Inflation Reduction Act (IRA) in addition to \$25 million from the American Rescue Plan Act (ARPA) for a high efficiency heat pump program. The IRA also offers several enhanced tax credits to encourage homeowners to pursue efficiency and electrification measures. Rhode Island Infrastructure Bank (RIIB), in addition to their \$5 million annual allocation of program dollars, received an additional \$5 million from a 2022 state bond issue to support a small business energy efficiency fund. The Company intends to capitalize on these outside dollars to encourage greater program participation.

### **Residential & Income Eligible Tactics**

The Company intends to explore both financing strategies and leveraged funding for customers. As part of this effort, we plan to re-examine the structure of the current Heat Loan. One concern with the current Heat Loan model is that the 0% interest buy down may restrict the overall number of customers that the loan can reach, given its limited funds combined with the recent increase in interest rates nationwide. One potential alteration would be to offer tiered Heat Loan incentives based on income level and reserving the 0% heat loan for income eligible customers, as well as potentially increasing the Heat Loan cap. This potential redesign of the Heat Loan would require significant thought on how to provide income verification without overcomplicating the process.

### **Commercial & Industrial Tactics**

The Company will continue to offer On Bill Repayment to all C&I gas accounts and to large C&I electric accounts that consume more than 1,000 MWh per year. The On Bill Repayment offers rapid approval, zero interest loans for qualified energy efficiency projects. The loan size available for gas customers range from \$1,000 to ~\$100,000 (the loan size may be larger for SEMP or special projects), with a maximum tenor of 3 years for commercial accounts, and 5 years for State facilities. For electric customers that consume over 1,000MWh annually, the loan size can range from \$1,000 to ~\$100,000 (the loan size may be larger for SEMP customers or special projects), with a maximum tenor of 5 years for commercial accounts, and 7-10 years for State facilities. Small Business accounts that consume less than 1,000MWh per year are eligible to receive loans that range from \$500 to \$50,000, with a maximum tenor of 5 years. Please note that On Bill Repayment cannot be used to support energy efficiency upgrades that have a benefit cost ratio less than 1.0.

### **3.2.4 Serve customers equitably: Design programs with a conscious effort to serve low- and moderate-income; gender, racially and ethnically diverse; and non-native English-speaking customers.**

#### **Strategic Philosophy**

Over the years, the Company's energy efficiency programs have served thousands of customers. Even with this success, the Company continues to strive to reach all its customers, especially those that have not yet participated in our programs. In particular, the Company seeks to continue to expand its programs' reach to those who are historically underserved, and those who bear the heaviest energy burdens (and thus have the most to benefit from energy efficiency). As the energy and program provider for all customers in our territory, across all income levels, gender and race categories, and languages spoken, it is our responsibility to ensure that ample benefits are provided to the most vulnerable populations. Therefore, the Company's strategy will be to strive to create a portfolio of programs that are designed to deliver efficiency measures to the historically underserved, and equitably provide benefits to customers across all demographics.

#### **Cross-Cutting Tactics**

The Company will continue portfolio-wide efforts to ensure that programs are accessible to diverse populations (e.g., creating program forms and collateral in multiple languages). To continue to provide significant support for low- and moderate-income customers, the company will seek ways for the entire program portfolio to support increases in income eligible offerings. Program cross-subsidization will be pursued to the degree allowable under current standards and statutes, allowing highly cost-effective savings from market rate residential and C&I programs to "pay for" less cost-effective savings from income eligible programs.

### **Residential & Income Eligible Tactics**

The Residential Nonparticipant Market Barriers Study provides several key insights that help shape our approach to serving low- and moderate-income customers in the single family and multifamily residential markets.

The Company's plan to convert remaining electric resistance customers to air-source heat pumps specifies that at least 25% of the target 750 annual conversions take place at low-income customers' residences. The Company will rely on input from the participant/nonparticipant data (and from follow on research to those 2022 studies) as well as other internal systems to inform an implementation plan.

More generally, the Company will continue to improve its outreach and engagement with community-based organizations. One potential component of our outreach strategy would involve using data on deed-restricted housing, to ensure that efficiency work for income-eligible customers remains with income-eligible customers (as required in the property deed) as opposed to inadvertently playing a role in converting the property to market-rate housing through efficiency-related capital upgrades.

In another effort to equitably deliver program dollars, this three-year plan will look to address the deferrals and pre-weatherization barriers (PWBs) that stand in the way of many LMI customers receiving weatherization services. We intend to expand on and refine recent initiatives regarding data tracking of deferrals and PWBs across all home services programs. We plan to collaborate with stakeholders and other groups to assess best practices and new strategies when it comes to addressing PWBs so that the crucial work of weatherizing homes may continue. We also intend to identify and compile resources for leveraging funding to address PWBs.

### **Commercial & Industrial Tactics**

For the 2023-2026 Three-Year Plan, the Company will look to deploy additional bilingual auditors who speak Spanish or Portuguese (the two most widely spoken languages besides English in Rhode Island). The Company will also continue to translate marketing material into Spanish and Portuguese to improve outreach and provide more equitable services.

Additionally, the Company will look to continue its Main Streets Initiative. This initiative aims to accelerate the adoption of direct-install efficiency measures for small businesses within a targeted community. Outreach for this initiative includes direct mail and/or social media engagement, followed by a door-to-door effort that lasts between 3 to 7 days, depending on the number of small/microbusiness and the size of the target community. In selecting the Main Street locations, the Company will prioritize Environmental Justice areas.

## **3.2.5 Ensure Workforce Capacity to Serve Customers**

### **Strategic Philosophy**

The ability of customers to invest in energy efficiency relies on the existence of an ample, well-trained workforce that can deliver high-quality service. The Company's programs have helped nurture the energy efficiency workforce in Rhode Island for years. Even still, the state of the current program delivery workforce (trade allies, vendors, and project expeditors) is sometimes strained in its ability to deliver services in a manner that meets program goals and satisfies customer expectations. We know, for example, that the undersupply of qualified energy auditors, which is seen throughout construction-based fields, results in long wait times for customers, eroding program participation. Boosting capacity alleviates the bottleneck of available labor, and affords us the opportunity to address equity issues by expanding the number of MBE/WBE enterprises that work as prime and subcontractors in program delivery. While development of Rhode Island's workforce is a multi-faceted, statewide

effort that extends beyond the borders of the Company, we know that we play an important role as a key partner in this effort. Therefore, the Company's strategy will be to take an active role to help our partners develop the skills and capacity necessary to maximize the impact of program dollars.

### **Cross-Cutting Tactics**

The Company's specific role in developing Rhode Island's workforce includes:

- Defining how large a workforce is needed to successfully deliver programs.
- Expressing gaps in the current workforce (e.g., MBE contractors who serve customers in their preferred language).
- Supporting programs that are an effective pipeline for our workforce (e.g., the Residential Construction Workforce Partnership).

Workforce development efforts will be enhanced based on the recommendations from the Rhode Island Workforce Needs Assessment Study, which is expected to be released in the first half of 2023. The Company is currently working on improving training for vendors and project expeditors, and the Company has the capacity to increase its focus on code compliance. Known areas of focus will be zero net energy projects, building operator certification, codes and standards compliance training, weatherization, and general energy efficiency skills, such as auditing and the Association of Energy Engineers' Certified Energy Manager (CEM) certification.

The Company anticipates making investments in workforce development in this three-year plan including:

- Providing training to the residential efficiency workforce and technical students.
- Enhancing continuing education for building managers and facilities operators.
- Educating current vocational students about opportunities in the energy efficiency field.

These efforts will be coordinated across both the C&I and residential teams, along with the appropriate state and local authorities, to reduce or eliminate duplication of effort and expenditures.

## **3.3 Multiyear Strategies**

None planned at this time.

## **4. Savings Goals and Potential**

This section will provide the numerical energy and demand savings goals for the three years addressed by the plan. Goals will be presented in units of lifetime savings (MWh for electric and MMBtu for gas), annual savings, and all-fuels MMBtu savings. Carbon and NOx Reductions will be calculated and reported as secondary goals consistent with the Standards and the Act on Climate. Savings estimates will be determined, in part, based on results of most recent results from evaluation studies.

### **4.1 Three-Year Goals**

This subsection will detail how the three-year goals for energy efficiency (electric and gas) and demand response were developed and what those goals are. This subsection will additionally describe how the recently completed market potential study was used to inform the goal setting process, and why and

National Grid 2024 – 2026 Energy Efficiency Plan - Memorandum

how the goals differ from the Targets from PUC Docket 5023, should they deviate from the PUC’s approved Targets.

Table 2. 2024 – 2026 Electric Portfolio Savings Summary

<b>Electric Programs</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Savings and Benefits</b>			
Annual Electric Savings (MWh)			
Annual Electric Savings (MMBtu)			
Annual Delivered Fuel Savings (MMBtu)			
Annual Total Savings (MMBtu)			
Lifetime Electric Savings (MWh)			
Lifetime Electric Savings (MMBtu)			
Lifetime Delivered Fuel Savings (MMBtu)			
Lifetime Total Savings (MMBtu)			
Annual Passive Peak Demand Savings (kW)			
Winter Passive Peak Demand Savings (kW)			
Total Benefits (RI Test)			
<b>Costs</b>			
<b>Total Funding Required</b>			
Cost per lifetime kWh			
EE Program Charge per kWh			
<b>Benefit Cost Ratio (RI Test)</b>			

Table 3. 2021 – 2023 Natural Gas Portfolio Savings Summary

Gas Programs	2024	2025	2026
<b>Savings and Benefits</b>			
Annual Natural Gas Savings (MMBtu)			
Lifetime Natural Gas Savings (MMBtu)			
Total Benefits (RI Test)			
<b>Costs</b>			
<b>Total Funding Required</b>			
Cost per lifetime MMBtu			
Residential EE Program Charge per Dth			
C&I EE Program Charge per Dth			
<b>Benefit Cost Ratio (RI Test)</b>			
<b>Participation</b>			

## 4.2 Historic Savings

As in prior three-year plans, there will be summary tables of historic electric and gas energy efficiency achievements and spending since 2009.

Table 4. Summary of 2009-2019 Electric Energy Efficiency Year End Reports

Year	Annual MWh Savings	Lifetime MWh Savings	Total Benefits (\$000)	Total Spending (\$000)	TRC BC Ratio	RI Test BC Ratio	EE Program Charge/kWh	\$ /lifetime kwh	Participants
2009	81,543	899,331	\$123,045	\$29,536	3.02		\$0.00320	\$0.027	106,525
2010	81,275	929,242	\$128,864	\$29,712	3.73		\$0.00320	\$0.027	153,611
2011	96,009	1,076,778	\$151,542	\$39,308	3.35		\$0.00526	\$0.031	254,747
2012	119,666	1,288,325	\$140,104	\$50,719	2.24		\$0.00589	\$0.036	201,351
2013	159,035	1,612,371	\$192,418	\$72,875	2.24		\$0.00862	\$0.039	470,245
2014	268,468	3,278,088	\$314,673	\$80,321	2.69		\$0.00911	\$0.041	551,882
2015	222,822	2,287,785	\$312,000	\$82,897	2.38		\$0.00942	\$0.036	622,822
2016	214,329	2,034,220	\$234,234	\$74,274	2.16		\$0.01077	\$0.034	758,284
2017	232,023	2,327,916	\$249,986	\$90,012	1.91		\$0.01124	\$0.039	687,141
2018	206,209	1,848,845	\$369,835	\$88,123	1.88	2.99	\$0.00972	\$0.048	688,471
2019	190,159	1,624,417	\$489,299	\$104,620	2.49	3.43	\$0.01121	\$0.064	668,420
2020	157,346	1,299,159	\$533,494	\$88,224		4.76	\$0.01323	\$0.068	637,349
2021	131,365	1,046,790	\$477,423	\$94,564		3.88	\$0.01113	\$0.090	418,432



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Table 5. Summary of 2009-2019 Natural Gas Energy Efficiency Year End Reports

Year	Annual MMBtu Savings	Lifetime MMBtu Savings	Total Benefits (\$000)	Total Spending (\$000)	TRC BC Ratio	RI Test BC Ratio	EE Program Charge/Dth	\$ per lifetime MMBtu	Participants
2009	195,200	2,553,828	\$26,071	\$6,552	2.83		\$0.150	\$2.44	8,339
2010	140,097	2,155,112	\$26,309	\$5,496	2.31		\$0.150	\$2.33	5,670
2011	119,613	1,623,922	\$18,196	\$4,868	2.21		\$0.150	\$2.73	3,080
2012	229,811	3,300,583	\$36,237	\$13,310	1.68		\$0.384	\$3.72	11,681
2013	311,585	4,377,672	\$44,747	\$19,501	1.78		\$0.414	\$4.21	135,646
2014	409,029	5,958,381	\$50,417	\$20,034	2.41		\$0.600 (Resi) \$0.492 (C&I)	\$3.84	143,655
2015	419,778	5,249,170	\$54,762	\$20,129	2.60		\$0.781 (Resi) \$0.637 (C&I)	\$3.47	146,098
2016	417,820	5,282,221	\$51,103	\$23,135	1.93		\$0.748 (Resi) \$0.487 (C&I)	\$4.78	150,160
2017	468,211	4,615,034	\$70,972	\$27,513	1.86		\$0.888 (Resi) \$0.726 (C&I)	\$5.96	112,202
2018	497,119	5,513,499	\$113,117	\$27,231	2.62	3.11	\$0.869 (Resi) \$0.671 (C&I)	\$4.94	101,423
2019	451,466	4,527,147	\$115,736	\$30,142	2.17	2.66	\$0.715 (Resi) \$0.420 (C&I)	\$6.66	151,655
2020	318,845	2,960,120	\$96,717	\$24,598		3.08	\$1.011 (Resi) \$0.777 (C&I)	\$8.31	164,410
2021	316,424	3,454,006	\$120,325	\$35,680		2.79	\$0.871 (Resi) \$0.596 (C&I)	\$10.33	165,233

## 5. Funding Plan and Budgets

This section will describe funding that will support three-year plan budget requirements and fulfill the statutory mandate of Least-Cost Procurement. It will also contemplate coordination with non-program related funding sources that may complement program incentives.

### 5.1 Budgets

#### 5.2 Funding Plan

##### 5.2.1 Energy Efficiency Charges

No major revisions anticipated.

##### 5.2.2 Fund Balances

No major revisions anticipated.

##### 5.2.3 ISO-NE Capacity Market Revenue

No major revisions anticipated.



### 5.2.4 RGGI Funding

No major revisions anticipated.

### 5.2.5 Exceptions to the Natural Gas Energy Efficiency Program Charge

No major revisions anticipated.

### 5.2.6 Budget Management

No major revisions anticipated.

### 5.2.7 Transferring Funds

No major revisions anticipated.

### 5.2.8 Notification of Large Customer Incentives

No major revisions anticipated.

## 6. Performance Incentive Plan

[Intentionally Blank]

### 6.1 Proposed Performance Incentive

No major revisions anticipated.

## 7. Timeline

### 7.1 Annual Plan Development Schedule

This subsection will provide a high-level summary of the deadlines for annual plan development in each year, including the expected filing dates for annual plans. At the time of this outline’s development, the Company assumes that timelines and filings are unchanged based on the LCP Standards revision process. This section will be updated as needed based on the revised LCP Standards.

*Table 6. Schedule for Subsequent Annual Plan Filings*

Annual Plan	Expected Filing Date
2024 Annual Plan	October 15, 2023
2025 Annual Plan	October 15, 2024
2026 Annual Plan	October 15, 2025

### 7.2 Annual Plan Development Process

This subsection will describe the coordination process undertaken each year with EERMC, OER, DPUC, and other stakeholders through the TWG to inform the plans in each year following from the Three-Year Plan. The influx of federal funding allocated to RI by the Inflation Reduction Act (IRA) necessitates that the Company work closely with other stakeholders, especially OER, to right size incentive levels and design programs that complement other available incentives.

## 8. Conclusion and Requested Rulings

Consistent with the latest revised LCP Standards, this section will indicate the specific rulings the Company requests of the RI PUC through this filing.

## Appendix A. Program List by Sector

This appendix provides a reference for readers indicating which programs are contained in each sector: Residential, Income Eligible, and Commercial and Industrial. To be updated for three-year plan.

*Table TBD. Electric and Natural Gas Programs*

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## Appendix B. Definitions

This appendix provides a reference to commonly used terms in the efficiency plans. To be updated for three-year plan.

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**Rhode Island Energy™**  
a PPL company

# 2024 - 2026 Energy Efficiency Plan Outline Memorandum

April 20, 2023

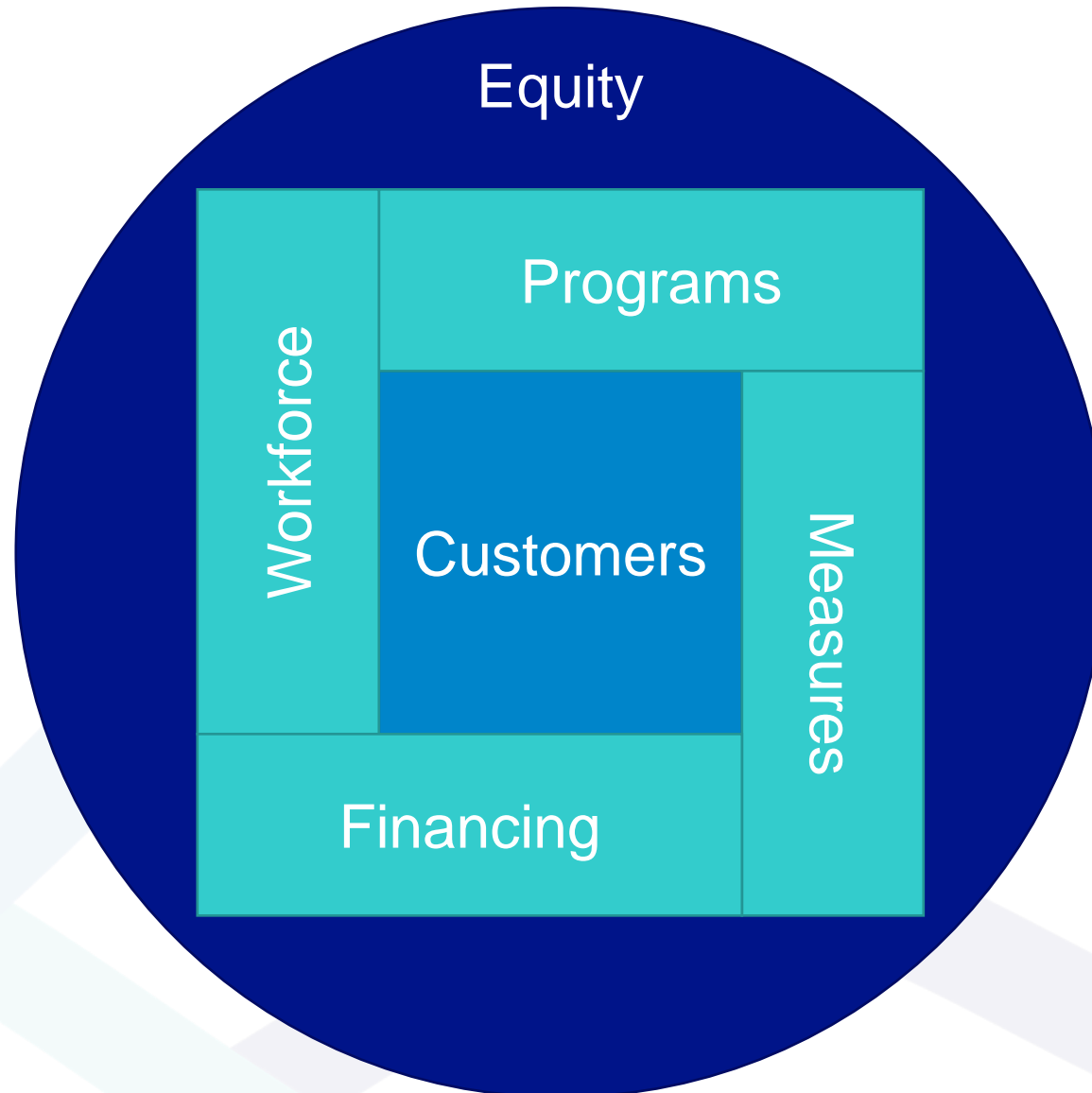
# Three-Year Plan Timeline for Stakeholder Involvement

Date	Milestone
April 6	3YP outline memo shared with EERMC and TWG
April 20	Present 3 Year Plan to EERMC
April 27	3YP outline memo stakeholder comment period ends; Present 3YP outline memo to TWG
June 1	Draft 3YP narrative shared with stakeholders
June 30	Draft 3YP numbers (BC Model and Tables) shared with stakeholders
July 20	3YP numbers stakeholder comment period ends
September 7	Second/Final Draft of 3YP due to stakeholders

# 2024-2026 3-Year Plan Strategy



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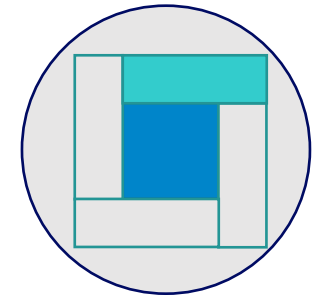


# 3YP Primary Strategies

- **Reach more customers:** Deliver optimized, tailored programs.
- **Help customers find the right measures:** Implement a comprehensive approach to the next generation of efficiency measures.
- **Enable customers to invest in efficiency:** Enhance financing options and customer awareness of complementary funding sources.
- **Serve customers equitably:** Design programs with a conscious effort to serve low- and moderate-income; gender, racially and ethnically diverse; and non-native English-speaking customers.
- **Ensure workforce capacity to serve customers.**

# Reach More Customers

Identify customer segments with untapped savings potential and design programs to support them.



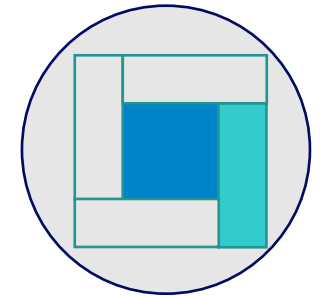
## Tactics

- Increase training for sales and technical staff
- Focus on barriers to implementation
- Restructure residential programs
- Example: Residential Nonparticipant Market Barriers Study
  - Awareness gap
  - Renters ([MA Strategic Renters Plan](#))
  - Engage community organizations in outreach efforts



# Help Customers Find the Right Measures

Identify and design programs to support the next generation of measures.

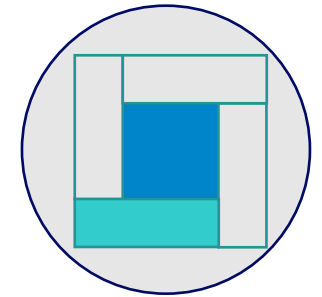


## Tactics

- Complex, customized, higher commitment measures: HVAC systems and controls systems
- Leverage regional and national research
- Electric resistance heat conversions
- Residential New Construction: zero-energy ready homes
- Retro-commissioning, monitoring-based commissioning, equipment right-sizing
- Commercial Weatherization

# Enable Customers to Invest in Efficiency

Explore ways to enhance and expand the suite of financing offerings available to customers.

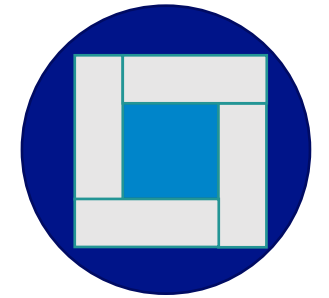


## Tactics

- Augment customer access to capital
- Increase awareness of current offerings:
  - On-Bill Refinancing, 3rd Party C&I Financing, HEAT Loan, Efficient Buildings Fund
- Fill gaps in the market: e.g., Multifamily Landlords
- Coordinate with OER on heat pump and IRA funded programs
- Work with RIIB on small business lending

# Serve Customers Equitably

Strive to create a portfolio of programs that are designed to serve the historically underserved and equitably provide benefits across all demographics.



## Tactics

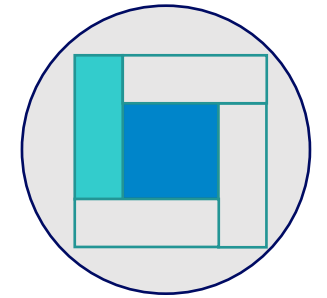
- Electric Resistance to ASHP: 25% for LI customers
- Improve outreach and coordination with community-based organizations
- Address deferrals and pre-weatherization barriers
- Bilingual energy auditors
- Focus Main Streets Initiative on Environmental Justice Areas

# Ensure Workforce Capacity to Serve Customers

Take an active role helping partners develop the skills and capacity to maximize program impacts.

## Tactics

- Alleviate program bottlenecks attributable to workforce capacity
- Expand MBE/WBE enterprises working as prime and subcontractors
- Informed by Rhode Island Workforce Needs Assessment Study
- Provide training to the residential efficiency workforce and technical students
- Enhance continuing education for building managers and facilities operators
- Educate current vocational students about opportunities in the energy efficiency field





**Rhode Island Energy™**

a PPL company





STATE OF RHODE ISLAND  
**ENERGY EFFICIENCY &  
RESOURCE MANAGEMENT COUNCIL**

## **EERMFC FULL COUNCIL DRAFT MEETING MINUTES**

**Thursday, April 20, 2023**

**Full Council Meeting | 3:00 - 5:00 PM**

Department of Administration Conference Room 2A, Providence, RI 02908 with remote participation via Zoom

**Members in Attendance:** Harry Oakley, Sue AnderBois, Kurt Teichert, Bob Izzo, Joe Garlick, Tom Magliochetti, Kate Grant, Brett Feldman, Chris Kearns

**Others in Attendance:** Sam Ross, Craig Johnson, Ben Smith, Chris Hunter, Rachel Sholly, Adrian Caesar, Michael O'Brien Crayne, Toby Ast, Karen Bradbury, Steve Chybowski, William Owen, Jake Curran, Greg, Caggiano, Daniel Tukey (virtual), Spencer Lawrence (virtual), Nelson DiBiase (virtual), Kathrynne Cleary (virtual), Jeremy Newberger (virtual), Karen Verrengia (virtual)

### **1. Call to Order**

Chairperson Oakley called the meeting to order at 3:06 p.m.

### **2. Chair Report**

Chairperson Oakley delivered the Chair Report, noting that the Council will continue to review the bylaws and that the latest version is available online. He also noted that the Council's budget planning process for 2024 will start in May.

### **3. Executive Director Report**

Acting Commissioner Kearns delivered the Executive Director report, providing an update on the Home Show and Energy Expo, OER's priorities for the 2024 Energy Efficiency plan, and the current status of the Governor's proposal regarding the 3<sup>rd</sup> party efficiency administrator.

Ms. Bradbury from the Office of Energy Resources (OER) then provided a federal funding update including Bipartisan Infrastructure Law and Inflation Reduction Act opportunities. OER is still waiting on additional program guidance and has set up a page for sharing funding information at [energy.ri.gov/federalfunding](http://energy.ri.gov/federalfunding).

#### **4. Meeting Minutes – March 16, 2023**

Chairperson Oakley motioned to approve the March 16, 2023 Meeting Minutes. Council Member AnderBois seconded. All in favor, none opposed.

#### **5. Council Business (40 Min, 3:05 – 3:45 p.m.)**

- a. *Discussion of Branding and Communications Initiative (15 min, 3:05 – 3:20 p.m.)*  
Ms. Sholly, along with Mr. Hunter and Mr. Smith facilitated a discussion between the Council and Advocacy Solutions (AS) to share ideas and considerations for the branding and communications initiative. They presented an overview of AS's initial assessment of the EERMC's visibility both with the public and the business community, potential avenues for improvement, and initial steps toward developing a communications plan. The Council discussed potential concept targets of the branding and communications rework, the unique position of RI's entities and opportunities to engage in partnerships and formulating an informational resource hub.
- b. *Council Updates on Education Initiatives (15 min, 3:20 – 3:35 p.m.)*  
Ms. Sholly led a presentation of the Education Committee's efforts including the results of the Home Show and Energy Expo supported by the EERMC, Rhode Island Energy (RIE) had approximately 250 people sign up for energy audits. She also shared that the EERMC's energy videos are posted on the website and Council Members noted that the videos can help communities currently engaging in community aggregation. Ms. Sholly also described the energy training for K-12 educators program results from GBRI, the previous public events forum event and recording which is posted to the EERMC website, and that planning is underway for the next public forum with URI focusing on energy equity challenges.
- c. *Presentation of the First Draft of the EERMC 2023 Annual Report and Policy Recommendations Discussion (10 min, 3:35 – 3:45 p.m.)*  
Ms. Sholly of the consultant team presented an update on the 2023 Annual Report and solicited feedback on the policy recommendations being put forward. She noted that the Council will likely vote to finalize the report in May. The Council noted that they can leverage the report for understanding the communication capacity of the Council and the potential to further the discussion at the LEAD session on May 1.

#### **6. Program Oversight (70 Min, 3:45 – 4:55 p.m.)**

- a. *Market Potential Study Data Refresh Update and Vote on Targets for 2024-2026 Three-Year Period (25 min, 3:45 – 4:10 p.m.)*  
The Council's consultant team shared the results of the market potential study data refresh and led a discussion on the targets for the three-year planning period. Mr. Ross provided background information on the targets set for the previous three-year plan. Mr. Caesar presented the changes in the updated study results.

Council Member Teichert motioned to approve the targets for the 2024-2026 three-year period as presented by the Council's consultant team on April 20, 2023, and to direct the EERMC's consultant team and legal counsel to coordinate to file the targets with the Public Utilities Commission. Council Member AnderBois seconded. All in favor, none opposed.

- b. *Rhode Island Energy Presentation of the Energy Efficiency Plan Memo (20 minutes, 4:10 – 4:30 p.m.)*

Mr. Ast from RIE presented the RIE three-year planning memo including the plan timeline and the intent of the company to submit the three-year and annual plans jointly. Mr. Ast noted the potential changes to the filing and the timeline due to proposed updates in the least cost procurement (LCP) standards. He also described the broad customer-centric approach of the programs with a strong focus on equity, the proposed strategies in the memo, the ability to leverage market research, and how to close the awareness gap of the programs.

The Company is focusing on the need to address program access for renters and how lessons and plans from other states can help, along with leveraging the reach of local community groups and organizations. Council Members discussed the place for climate change and emissions mitigation in the planning process and how to ensure responsible and effective implementation. Mr. Chybowski noted that OER has provided its priority recommendations to the 2024 EE plan and that they are available on the Council website.

- c. *Overview and Discussion of Proposed Updates to the Least Cost Procurement Standards (25 min, 4:30–4:55 p.m.)*

Mr. Johnson presented the proposed updates to the LCP standards by the PUC. These updates include the addition of a chapter on demand side management, requirements for greenhouse gas emissions accounting, and regional sensitivity analysis. Further discussion of proposed LCP updates will be added to the May 1st LEAD session discussion agenda.

## **7. Public Comment**

Mr. Chybowski introduced Jake Curran, the 2023 Farm Energy fellow to the Council. He is currently a student at URI.

## **8. Adjournment**

Chairperson Oakley motioned to adjourn the meeting at 5:11 p.m. Council Member AnderBois seconded. All in favor, none opposed.



# Memo



**To:** Rhode Island Energy  
**From:** EERMC Consultant Team  
**Date:** April 27, 2023  
**Subject:** Summary of C-Team Comments on 2024-2026 Plan Outline Memo

CONSULTANT TEAM

The Rhode Island Energy Efficiency and Resource Management's (EERMC or "the Council") consultant team (C-Team) provides the following comments on Rhode Island Energy's (RIE or "the Company") 2024-2026 Three-Year Plan Outline Memorandum ("the Plan Outline Memo"). Our review and comments here are primarily focused on ensuring that the Council's priorities are expected to be appropriately reflected in the 2024-2026 Plan. In addition to our comments related to the Council's priorities laid out below, the C-Team is appreciative of the uniform approach taken by the Company in outlining its strategic philosophy and cross-cutting and sector-specific tactics for each of the Company's priorities for the three-year plan.

### **Comply with LCP Standards**

One of the Council's priorities is that the 2024-2026 Energy Efficiency Plan shall comply with Least Cost Procurement Standards (LCP) and any updates that may be approved by the Public Utilities Commission (PUC). The Plan Outline Memo indicates that Section 2 could be subject to substantive changes pending the outcome of the PUC's review of the LCP Standards in Docket 23-07-EE. The C-Team recommends that Section 2 of the 2024-2026 Plan include a description of any key changes in the LCP Standards and how said changes impacted the Company's approach to development of the Plan.

### **Support Compliance with Act on Climate**

Included in its' priority of supporting compliance with the Act on Climate, the Council provided several detailed strategies that it feels are important for the Plan to consider. One of the Council's priorities related to the Act on Climate is that the Plan savings goals are set consistently with the Act on Climate to ensure that the programs are contributing an appropriate share of carbon emissions reductions. While there is some language included throughout the Plan Outline Memo that indicates the Company will report out on emissions reductions associated with program activity, the C-Team recommends that the Plan provides a detailed, timebound workplan for establishing a clear barometer for the appropriate level of emissions reductions produced by RIE's EE portfolio. In addition, the C-Team suggests that the Plan speak to how the Company will coordinate with the Executive Climate Change Coordinating Council (EC4) to determine what constitutes EE program compliance with the Act on Climate and the upcoming 2025 Climate Strategy.

Another of the Council's priorities is that the Plan reduce investment in fossil fuel equipment by designing incentives and programs to encourage electric options over gas. In Section 3.2.2, the Company indicates that it will explore the possibility of right-sizing incentives for fossil fuel equipment and options for optimizing electric versus gas. While this is a step in the right direction, the C-Team believes that this language would better align with the Council's priorities if it provided a stronger commitment to phasing out incentives for gas equipment by not just exploring, but actually following through on program design that encourages electric options over gas.

Finally, the C-Team is pleased to see that the Company is planning to prioritize electric resistance heat to air source heat pump conversions and that it has taken the initial steps to set related goals. It is a

Council priority that specific goals are set in this area, and the Plan Outline Memo provides the groundwork for ensuring that those goals are specific in the Plan.

### **Ensure Stakeholder Input is Adequately Incorporated**

The C-Team is pleased to see that the Company will continue to include a section that describes the coordination process undertaken by various stakeholders during plan development. This lays the groundwork to ensure that the Company documents and responds to proposed priorities of the various stakeholders involved in the planning process in a clear, transparent and comprehensive manner.

That said, one of the Council's priorities for ensuring stakeholder feedback is adequately incorporated in the plan development process was that the Company propose and conduct customer feedback activities that are robust and capture actionable customer-driven input. The C-Team is aware that the Company intends to conduct such activities, however, the Plan Outline Memo does not indicate what the Company intends to include in its Plan related to these activities. The C-Team recommends that the Plan include a detailed section of the activities that the Company undertook in plan development as well as future activities that it will take in the future.

### **Support an Effective and Efficient 2024-2026 EE Plan Development and Review Process**

A priority of the Council is to adhere to the key deliverables schedule that was developed collaboratively between the Council and the Company. The C-Team certainly understands that the timeline could change pending finalization of the LCP Standards updates and appreciate the Company signaling this in the Plan Outline Memo. The C-Team expects that the Company will continue to work in good faith to ensure that the Council and other stakeholders have adequate time to review and provide comment on relevant materials.

The C-Team also wanted to note that the Plan Outline Memo indicated that July 20, 2023 would be the deadline for stakeholders to submit comments on the First Draft 2024-2026 plan numbers, though it is our understanding that the agreed upon deadline is actually July 21, 2023. This one-day difference was to ensure that any outcomes from the July 20, 2023 Council Meeting related to the plan numbers can be accurately reflected in the comments that the C-Team submits to the Company on the Council's behalf.

### **Intent to Grow EE Programs**

One of the Council's priorities was that it wants to ensure that the Plan clearly explain any gaps between the goals of the Plan and the level of savings that were approved as Targets for the 2024-2026 period by the Council. We are encouraged to see that the Company intends to deliver on this priority by describing how the recently completed market potential study was used to inform goals and why and how they differ from the Targets. The C-Team recommends that this section be as thorough as possible to ensure that stakeholders, including the regulators, have a clear understanding of any differences between the goals and the Targets.

### **Increase Participation of Historically Underserved Customers**

The Council laid out several detailed strategies related to increasing participation of historically underserved customers that it feels are important for the Plan to contemplate. While we are encouraged to see that the Plan Outline Memo speaks to many efforts that the Company intends to take on, the C-Team expects that the Company will build on and include additional language and

commitments in the Plan related to this topic. Some of the items that we were hoping to see reflected in the Plan Outline Memo include:

- A commitment to work with stakeholders to discuss, vet, and if deemed appropriate, propose a performance incentive mechanism that includes discrete equity component
- Discussion of the Equity Working Group, its recommendations, and a commitment to develop clear determinants of success with regular reporting on progress
- A commitment to develop specific and measurable goals, either tied to or in addition to those recommended by the Equity Working Group, that aim to demonstrate an increase in participation by historically underserved customers
- Efforts to develop a Language Access Plan, or something similar, that clearly details how the Company will provide services to individuals who are non-English speaking or have limited English proficiency at each step of the customer journey

### **Deliver Targeted Workforce Development**

The C-Team is encouraged by the level of content related to workforce development that is included in the Plan Outline Memo. In particular, Section 3.2.5 hits on many of the detailed strategies noted in the Council's priorities for delivering targeted workforce development. While we hope to see additional detail on the Company's planned efforts, the detail in the Plan Outline Memo serves as a great starting point for activities.

## 2024 - 2026 Energy Efficiency Three-Year Plan Narrative Draft One

Dear EERMC Councilmembers and Energy Efficiency Technical Working Group Members,

Rhode Island Energy (the Company) is happy to present this initial draft of the 2024-2026 Energy Efficiency Three-Year Plan (this Draft). The Company requests that reviewers provide any written input on the contents of this Draft by June 29, 2023, with an expectation that those comments will inform the subsequent drafts of the 2024-2026 Energy Efficiency Three-Year Plan.

Some information is not available at this stage of the current planning cycle and therefore will be provided later. This Draft does not include 2024-2026 savings goals, benefits, or budgets. A first draft of those numbers will be available by June 30<sup>th</sup>, 2023.

When reviewing this Draft, please note the following: This Draft should not be considered as a complete list of topics that will be addressed in the final version of the 2024-2026 Energy Efficiency Three-Year Plan, nor is this Draft binding. Subject to further discussions with stakeholders, analysis during the planning process, and the outcome of proposed changes to the Least Cost Procurement (LCP) Standards, content included here may be modified. The Company may refine and consolidate the text and structure to make a more readable and accessible final document.

We look forward to working together to build and deliver on a three-year energy efficiency plan that will continue to keep Rhode Island at the forefront of energy efficiency and deliver Rhode Island consumers innovative, cost-effective energy services.

*Table 1. Three-Year Plan (3YP) Timeline for Stakeholder Involvement*

Date	Milestone
April 6	3YP outline memo shared with EERMC and EE TWG
April 20	Present 3 Year Plan to EERMC
April 27	3YP outline memo stakeholder comment period ends; Present 3YP outline memo to EE TWG
June 1	Draft 3YP narrative shared with stakeholders
June 29	Draft 3YP narrative stakeholder comment period ends.
June 30	Draft 3YP numbers (BC Model and Tables) shared with stakeholders
July 21	Draft 3YP numbers stakeholder comment period ends
September 7	Second/Final Draft of 3YP due to stakeholders

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## Pre-Filed Testimony

The Company will pre-file testimony with the Plan that addresses the Cost-Effectiveness of the Plan, prudence, reliability, environmental responsibility, and the cost of additional supply compared to the Plan.

## Executive Summary

The Three-Year Plan guides annual program planning to secure energy and cost savings for Rhode Island consumers. Energy efficiency supports safe and reliable utility service while at the same time helping to reduce our customer’s carbon footprints. The programs outlined in this plan contribute positively to customer satisfaction, a key priority for both Rhode Island Energy and its parent corporation, PPL. As this Three-Year Plan is submitted concurrently with the 2024 Annual Plan, the Company will use the Three-Year Plan as a roadmap. The Company will consider relevant developments between the approval of this Three-Year Plan and the submission of the 2025 and 2026 Annual Plans, when developing the detailed Annual Energy Efficiency Program Plans and associated binding savings goals and budgets for those years.

This Three-Year Plan presents an overview of ongoing efficiency programs and strategies, as well as planned program enhancements and innovations. The Plan details the cost-effectiveness of programs and strategies, explains how it achieves prudence and reliability, and offers a funding plan with illustrative budgets, funding sources, and savings goals. The Plan proposes a strategic set of programs and strategies that are both flexible and targeted, geared towards five key approaches across the Company’s Commercial and Industrial (C&I), Residential, and Income Eligible Service (IES) sectors:

- **Reach more customers: Deliver optimized, tailored programs.**
- **Help customers find the right measures: Implement a comprehensive approach to the next generation of efficiency measures.**
- **Enable customers to invest in efficiency: Enhance financing options and customer awareness of complementary funding sources.**

- **Serve customers equitably: Design programs with a conscious effort to serve low- and moderate-income; gender, racially and ethnically diverse; and non-native English-speaking customers.**
- **Ensure Workforce Capacity to Serve Customers.**

The Company continues to seek new opportunities to drive deeper savings and transform additional markets. Many of the strategies in this Plan build upon existing customer relationships to incentivize comprehensive measures that accrue greater savings over their lifetime. The Company must also go deeper and broader to secure the next unit of efficiency by encouraging continuous, multi-year engagement that increases opportunities for comprehensive savings through installation of multiple efficiency measures, including new technologies.

## 1. Introduction

### 1.1 Plan Summary

Rhode Island Energy (Rhode Island Energy or the Company) submits this 2024-26 Three-Year Energy Efficiency and Conservation Procurement Plan (Three-Year Plan or Plan), alongside the 2024 Annual Energy Efficiency and Conservation Procurement Plan (Annual Plan), in fulfillment of the Comprehensive Energy Conservation, Efficiency and Affordability Act of 2006.<sup>1</sup>

This 2024-2026 Three-Year Plan is filed in combination with the Annual Plan. This Three-Year Plan outlines the Company's overall programmatic focus and strategies, including illustrative and provisional budgets and savings goals for the three years of implementation<sup>2</sup>. It lays out a vision for Rhode Island Energy's continued transformation of the energy efficiency sector in Rhode Island, including key themes and areas of focus for 2024-2026. It will guide annual energy efficiency and conservation plans and provide the focus and strategies over the three years of program implementation to deliver energy and cost savings for Rhode Island consumers and operational benefits for Rhode Island's electric and gas systems. The Annual Plan utilizes that vision to detail the plan for 2024, formalizing budgets and savings goals associated with time tested programming, while outlining program enhancements and innovations.

The Company intends for the three-year plan to satisfy the statutory requirements for Least Cost Procurement (LCP) and will be consistent with the concurrently filed 2024 Annual Energy Efficiency Procurement Plan (Annual Plan). The overarching goal of both plans is to enable Rhode Island energy consumers to meet their energy needs through cost-effective, reliable, prudent, and environmentally responsible energy efficiency.

Efficiency programming enables the Company to maintain system reliability and contributes to statewide goals for decarbonizing the economy. Energy efficiency generates a host of non-energy environmental and health benefits for customers and society. The Three-Year Plan proposes illustrative and provisional energy efficiency procurement budgets and savings goals that will help guide annual energy efficiency and conservation plans and provides the strategies for the three years of program

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<sup>1</sup> R.I. Gen. Laws §39-1-27.7

<sup>2</sup> As a reminder, this initial draft narrative does not include any numbers. Those will be provided by July 30, 2023.



implementation that will help Rhode Island Energy consumers meet a portion of their energy needs through energy efficiency.

As this Three-Year Plan is submitted concurrently with the 2024 Annual Plan, the Company will use the Three-Year Plan as a roadmap, while also considering developments between the approval of this Three-Year Plan and the submission of the 2025 and 2026 Annual Plans, in developing the more detailed Annual Energy Efficiency Program Plans and associated binding savings goals and budgets for those years.

## 1.2 The Planning Process

This Three-Year Plan was developed with entities that have historically joined the Company in providing guidance and feedback. These entities make up the Energy Efficiency Technical Working Group (EE TWG) and include the Rhode Island Division of Public Utilities and Carriers (Division or DPUC), Acadia Center, the Rhode Island Office of Energy Resources (OER), Green Energy Consumer's Alliance, the Energy Efficiency and Resource Management Council (EERMC), the City of Providence, the George Wiley Center, the Center for Justice, and the Rhode Island Infrastructure Bank. The Company hosts the Technical Working Group monthly as a forum for in-depth discussion of energy efficiency topics and engages the EE TWG throughout the planning process to leverage their expertise and seek their feedback. The influx of federal funding allocated to RI by the federal Inflation Reduction Act (IRA) necessitates that the Company continue to work closely with other stakeholders, especially OER, to right size incentive levels and design programs that complement other available incentives throughout the upcoming three-year period.

Throughout the Three-Year Plan development process, Company staff collaborated with the EERMC consultant team and OER to identify measures and strategies that inform this Three-Year Plan. The Company appreciates the effort made by both the EERMC and their consulting team to include Company feedback in the development of their priorities. The company considered EERMC, OER, and other stakeholder priorities in developing this plan.

In addition to EE TWG technical experts, the Company solicits feedback from vendors and customers to inform energy efficiency planning and implementation. This includes listening forums, surveys, results of Evaluation, Measurement, and Verification studies, and EERMC public meetings and comment periods. The Company coordinates with internal policy and system planning resources to ensure energy efficiency programs support operational effectiveness and further statewide goals.

Rhode Island Energy hosted three listening sessions with customers in June 2023.<sup>3</sup>

This Three-Year Plan is informed by the Rhode Island Energy Efficiency Market Potential Study Refresh (Market Potential Study Refresh) commissioned by the EERMC and completed by Dunskey Energy Consulting in early 2023. The EERMC managed the study, with input from Rhode Island Energy and other stakeholders. The results of this study were used by the EERMC to recommend energy savings Targets for the three-year period.

To further inform subsequent annual plans, specifically 2025 and 2026, the Company will participate in the Executive Climate Change Coordinating Council (EC4) stakeholder sessions to understand policy priorities and actions so the Company can account for those actions in program planning and design. By

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<sup>3</sup> NOTE TO EXTERNAL REVIEWERS: More detail to be provided following completion of listening sessions.



accounting for these policy priorities and actions, we will avoid duplication of efforts, right size program spending, maximize program impacts and ensure plan agreement with the development of the anticipated 2025 Climate Strategy.

The Company participates in several dockets and processes that have the potential to impact energy efficiency planning and strategy. In 2022, Rhode Island Energy filed its Advanced Metering Functionality (AMF) Business Case and its Grid Modernization Plan, and the Public Utilities Commission opened its Future of Gas docket. The Company also revitalized the System Reliability Procurement (SRP) Technical Working Group, an external stakeholder group that advises Rhode Island Energy on matters related to system reliability procurement. Additional detail about Rhode Island Energy's activities in 2022 related to system reliability procurement, including assessment of non-wires solutions and advancements in non-pipes solution program development, can be found in Rhode Island Energy's *2022 System Reliability Procurement Year-End Report* (filed with the Public Utilities Commission on June 1, 2023). The Company staff responsible for energy efficiency planning regularly communicates with colleagues engaged in these efforts to understand potential interactions and plan accordingly.

### 1.3 How to Read This Plan

For ease of review, this Plan has been organized to align with the LCP Standards. There are four overarching sections: Least Cost Procurement (LCP) Standards; Priorities and Programs; Goals, Budget, and Funding Plan; and Analysis of Total Rhode Island Energy Efficiency. The **Least Cost Procurement (LCP) Standards** section explains how the Plan complies with the requirements for Cost-effectiveness, Reliability, Prudence, Environmentally Responsible, and comparison to alternative cost of supply requirements, as set forth in the LCP Standards. The **Priorities and Programs** section provides insight into strategic considerations, high-level program descriptions and the Company's approach to implementing the principles of program design outlined in the LCP Standards. This section also includes a discussion of program coordination with other energy programs. **The Goals, Budget, and Funding Plan** detail these elements and discusses the performance incentive plan and performance metrics. **Analysis of Total Rhode Island Energy Efficiency**, a new component of the Three-year plan per the revised Standards adopted in Docket 23-07-EE, contains an analysis of total energy likely to be saved in Rhode Island through energy efficiency over the three years, and the portion of those total energy savings that will be delivered by the Company's EE programs.

There are four attachments to this Three-Year Plan which provide additional detail on specific Plan elements:

- Attachment 1: Energy Efficiency Funding
- Attachment 2: Program Level Benefit Cost Summary
- Attachment 3: Program List by Sector
- Attachment 4: Definitions

This 2024-2026 Three-Year Plan is filed in combination with the Annual Plan. This Three-Year Plan outlines the Company's overall programmatic focus and strategies, including illustrative and provisional budgets and savings goals for the three years of implementation. The Annual Plan focuses on that vision for the year 2024, formalizing budgets and savings goals.

## 1.4 Timeline

As provided for under the LCP Standards, the Company is opting to combine the filing of the 2024-2026 Three-Year Plan with the first year (2024) of the Annual Plans. The Company submitted the combined filing to the EERMC seeking their endorsement by formal vote on September XX, 2023.

As specified in the Standards, the Company will file Annual Plans for 2025 and 2026 with the PUC on October 1, 2024, and October 1, 2025, respectively. It will seek support from the EERMC for each of those plans prior to filing. Rhode Island Energy will continue to work with the EERMC and the TWG to meet these timelines.

## 2. Least-Cost Procurement Law and Standards

This section describes the Company's assessment of the Plan's compliance with Least Cost Procurement Law and the LCP Standards as revised in Docket 23-07-EE.<sup>4</sup>

In general, the Company's interpretation of the Standards is as it was presented in the 2023 Energy Efficiency Plan in Docket 22-33-EE, Section 7, modified for the recent revisions. The interpretations are presented in Section 5 of the 2024 Energy Efficiency Plan which is being filed simultaneously with this Three-year Plan.

Demonstration of consistency with the Standards is also included in Section 5 of the 2024 Energy Efficiency Plan. Compliance during the first year of the Three-year Plan is indicative of compliance over the full term of the Three-year Plan.

In the following subsections, we discuss any key changes in the LCP Standards and how said changes impact the Company's approach to development of the Plan. We also discuss if, for any Standard, the consistency with the Standard is expected to change over the Three-year term.

### 2.1 Cost-Effectiveness

Please see Section 5.1.1 of the Annual Plan for the Company's interpretation of the Standard of cost-effectiveness. The Company's Three-year Plan is consistent with this interpretation as demonstrated in Attachment 2 and Section 5.1.2. The Company does not expect consistency to vary between 2024 and subsequent years of the Three-year term.

In Docket 23-07-EE, changes to the Standards required the following:

- An additional view of cost-effectiveness that, "for categories with value or cost that is shared between Rhode Island Energy and other jurisdictions (both within the state and region), presents only those benefits and costs that will be allocated to Rhode Island Energy." In considering the nature of "other jurisdictions," the Company interpreted this to refer to states other than Rhode Island, and that "Rhode Island Energy" therefore refers, in this case, to Rhode Island. Using this interpretation, the Company identified certain categories of benefits that flow outside of Rhode Island. These include a portion of demand reduction induced price

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<sup>4</sup> NOTE TO EXTERNAL REVIEWERS: Written in anticipation of approval of new LCP standards as proposed.

effects (DRIFE) and pool transmission facility (PTF) capacity values. Attachment 2b<sup>5</sup> presents the requested additional view that shows that programs are still cost effective absent these benefits.

- The “RI Test shall include the costs of CO2 mitigation as they are imposed and are projected to be imposed by the Regional Greenhouse Gas Initiative, Rhode Island Renewable Energy Standard and Rhode Island Act on Climate.” In consultation with the OER, EERMC, and Division, a value and approach for CO2 mitigation was developed which is used in all cost-effectiveness analyses in this Plan.

## 2.2 Reliability

Please see Section 5.2.1 of the Annual Plan for the Company’s interpretation of the Standard of reliability. The Company’s Three-year Plan is consistent with this interpretation as demonstrated Section 5.2.2. The Company does not expect consistency to vary between 2024 and subsequent years of the Three-year term.

No changes were made to the Standards for reliability in the revisions in Docket 23-07-EE.

## 2.3 Prudency

Please see Section 5.3.1 of the Annual Plan for the Company’s interpretation of the Standard of prudency. The Company’s Three-year Plan is consistent with this interpretation as demonstrated Section 5.3.2. The Company does not expect consistency to vary between 2024 and subsequent years of the Three-year term.

No changes were made to the Standards for prudency in the revisions in Docket 23-07-EE.

## 2.4 Environmentally Responsible

Please see Section 5.4.1 of the Annual Plan for the Company’s interpretation of the Standard of environmental responsibility. The Company’s Three-year Plan is consistent with this interpretation as demonstrated Section 5.4.2. The Company does not expect consistency to vary between 2024 and subsequent years of the Three-year term.

Modifications to the Standards in Docket 23-07-EE specify that demonstration of environmental responsibility include an assessment of compliance with state climate policies, and proper valuation of climate costs and benefits, in addition to environmental costs and benefits. The Company’s interpretation of this addition is that, by distinguishing between environmental policies and values and climate policy and values, the Commission intends for the Company to assess the climate impacts of its programs, specifically as they relate to the Act on Climate targets.

The proposed revised LCP Standards require “the distribution company shall assess how investment complies with State environmental and climate policies and shall properly value environmental and climate costs and benefits”. For the purposes of compliance with this section of the Standards, the Company will assess how its 2024-2026 Energy Efficiency Three-Year Plan complies – or otherwise advances – the 2021 Act on Climate, which sets statewide, economy-wide greenhouse gas emissions reduction mandates. The 2021 Act on Climate only contemplates the role of the State, not Rhode Island Energy; therefore, there is no standard against which to assess the extent to which the proposed

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<sup>5</sup>NOTE TO EXTERNAL REVIEWERS: To be provided.

investments comply with the 2021 Act on Climate. However, the proposed investments reduce both electric and gas consumption. On the electric side, prior to meeting the 100% Renewable Energy Standard in 2033, any electric savings will directly support the State in meeting its 2030 greenhouse gas emissions reduction mandate. On the gas side, all gas savings will directly support the State in meeting its 2030 greenhouse gas emissions reduction mandate. Indeed, the State's *2022 Update* to the *2016 Greenhouse Gas Emissions Reduction Plan* calls out both electric and gas energy efficiency as a priority short-term action to get Rhode Island on the path to meet the 2021 Act on Climate's 2030 mandate. To properly value the environmental and climate costs and benefits associated with the proposed investment in energy efficiency, the Company will use both marginal abatement cost and social cost of carbon, as appropriate, to monetize both embedded and non-embedded value of greenhouse gas emissions reduction.

## 2.5 Cost of Annual Plan Compared to the Cost of Energy Supply

Please see Section 5.5.1 of the Annual Plan for the Company's interpretation of the Standard of being lower than the cost of additional supply. The Company's Three-year Plan is consistent with this interpretation as demonstrated in Section 5.5.2. The Company does not expect consistency to vary between 2024 and subsequent years of the Three-year term.

Like the Standard for cost-effectiveness, in Docket 23-07-EE, changes to the Standards required an additional analysis of the cost of supply comparison that, "for categories with value or cost that is shared between Rhode Island Energy and other jurisdictions (both within the state and region), presents only those benefits and costs that will be allocated to Rhode Island Energy." In considering the nature of "other jurisdictions," the Company interpreted this to refer to states other than Rhode Island, and that "Rhode Island Energy" therefore refers, in this case, to Rhode Island. Using this interpretation, the Company identified certain categories of benefits that flow outside of Rhode Island. These include a portion of demand reduction induced price effects (DRIPE) and pool transmission facility (PTF) capacity values.

The Company's Three-year Plan is consistent with this interpretation as demonstrated in Section 5.5.2. The Company does not expect consistency to vary between 2024 and subsequent years of the Three-year term.

## 3. Priorities and Programs

### 3.1 Strategic Overview of Programs and Priorities

Two overarching themes run throughout the design of programs for this next three years:

1. Customers need to be at the center of all our efforts.
2. Programs need to serve customers equitably.

In developing this Three-Year plan, the Company sought to determine where the pockets of potential efficiency savings reside and how we can access them. Utilizing the market research at our disposal, Rhode Island Energy will work to close the awareness gap around programs and dedicate appropriate resources to get more customers in the door. Once engaged, customers need to be presented with measures and program approaches that create value for them. Over the next three years the Company will cast a wide net for new products and program approaches that are relevant to Rhode Island. On the Residential side, this will include an emphasis on electric resistance heating conversions as well as pushing zero net energy projects in the residential new construction market. On the Commercial &

Industrial (C&I) side, program offerings will continue to diversify, not only with new measures, but with approaches to strategic energy management through retro-commissioning, remote monitoring, and building energy data analysis.

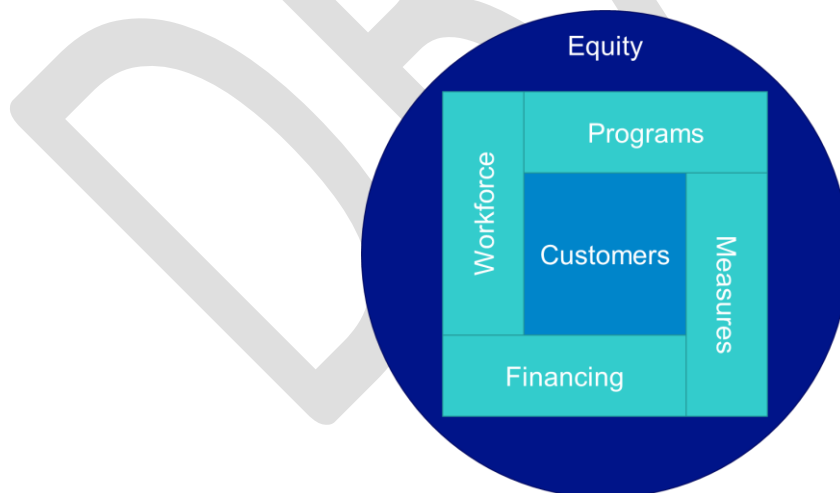
The Company recognizes that providing solutions to customers includes facilitating project financing and leveraging other programs that fund efficiency work. On-bill repayment has been a successful tool but is only one of many mechanisms to support project implementation. The Company has, and will continue to, work closely with the Office of Energy Resources (OER) to coordinate with its high-efficiency heat pump offering and the influx of new federal funding it will administer via the Inflation Reduction Act (IRA).

Key to program success will be an adequate supply of skilled people to identify and implement projects. The Company will coordinate with the state on these efforts, as we recognize that workforce development requires a holistic, collaborative approach. In terms of the Three-Year Plan, the company will target increased capacity to support zero net energy projects, building operator certification, codes and standards compliance training, and developing the weatherization workforce.

As mentioned, EE programs will be considered through a lens of equity. In this Three-Year plan the Company strives to create a portfolio of programs that are designed to provide benefits equitably across all demographics. Income Eligible Services will accelerate electric resistance to heat pump conversions for qualifying customers and continue to tackle pre-weatherization barriers. The commercial Main Streets initiative will prioritize Environmental Justice Communities. The Company will also continue actively participating in the Equity Working Group and other state and local equity initiatives.

Exhibit 1 below presents a visual representation of how the Company structured priorities for the 2024-2026 Energy Efficiency Three-Year Plan. All programs center on the customer and are viewed through a lens of equity.

Exhibit 1: Visualization of Three-Year Plan Strategy



### 3.2 Priorities for Three Year Plan

*(The sections below indicate the priorities as identified by Rhode Island Energy strategy teams at this stage of planning. These priorities may be adjusted during the planning process.)*

To achieve its objectives, the Company must confront and overcome several challenges to its energy efficiency programs, both known and emerging. Economic uncertainty, inflation, and higher interest rates impact our customers' financial calculus, and perhaps their willingness, to implement energy conservation initiatives. The decline in claimable savings associated with high efficiency lighting demonstrates how programs can transform a market and drive the Company in search of new customers and novel opportunities for cost-effective energy savings. The welcome influx of federal support for efficiency may increase the demands that must be met by the current workforce and supply chain. The Company also acknowledges that the future of gas efficiency programs is a subject of serious consideration for this upcoming planning cycle considering the state's decarbonization targets. Though unlikely to heavily impact the 2024 annual plan, the Public Utility Commission (Docket 22-01-NG Investigation into the Future of the Regulated Gas Distribution Business in Rhode Island in Light of the Act on Climate) and its subsequent rulings could impact the latter years of this Plan. Following this docket, the Company expects to have better visibility into the PUC's preferred decarbonization pathways and how those will impact natural gas incentives. The Company is open to discussions with stakeholders during this planning process to discuss how gas incentives could start to be adjusted during this three-year period.

The Company recognizes that in each challenge exists inherent opportunity, and the Company seeks to innovate to enhance and expand energy efficiency support provided to customers. To do this, the Company plans to focus on five strategies aimed at increasing customer participation and enhancing the Company's ability to deliver valuable long-term energy savings:

- **Reach more customers: Deliver optimized, tailored programs.**
- **Help customers find the right measures: Implement a comprehensive approach to the next generation of efficiency measures.**
- **Enable customers to invest in efficiency: Enhance financing options and customer awareness of complementary funding sources.**
- **Serve customers equitably: Design programs with a conscious effort to serve low- and moderate-income; gender, racially and ethnically diverse; and non-native English-speaking customers.**
- **Ensure Workforce Capacity to Serve Customers.**

### 3.2.1 Reach more customers: Deliver optimized, tailored programs

#### Strategic Philosophy

Program constraints, supply chain issues, contractor availability, and other market forces often throw a kink in the progression from customer acquisition to project completion. While these forces impact all customers and programs, the extent of the force exerted by each factor can vary widely between customer segments. A "one-size-fits-all" approach results in "one-size-fits-some" programs. On the other hand, it is cost-prohibitive to tailor programs to each individual customer. Therefore, the Company's strategy will be to identify customer segments that represent significant, yet relatively untapped savings potential and design program support targeted to these segments.

#### Cross-Cutting Tactics



The Company will continue to invest resources in collecting more detailed market information to improve outreach to customers. This market research will identify customer segments that represent significant opportunities for expanded program support and participation and will inform the Company's tactics for targeting these customers. To serve these customers, the Company will add more training for internal and external sales and technical staff to secure a better understanding of customer requirements, allowing staff and vendors to effectively provide solutions that drive value in the areas important to specific customer groups. By expanding the vendor pool and streamlining technical review, the Company can continue to improve on delivering timely service to customers while contributing to improved customer satisfaction.

The Company knows that barriers such as lack of understanding/education, difficulty of participating in complicated programs, and lack of access to capital must be addressed at some level, and the Company will seek to design programs which address specific market failures and barriers faced by different customer segments.

#### **Residential & Income Eligible Tactics**

Rhode Island Energy will be focusing efforts that began in 2023 with expanded outreach to five target communities with the goal of increasing customer participation in the towns of Central Falls, East Providence, Pawtucket, Providence, and Woonsocket. As the tools are developed to better tailor marketing to targeted subsets within these communities, the Company will look to align with Justice40 Initiative communities so customers living within these communities receive incremental benefits from Federal, State, and private initiatives that coordinate and coalesce to make a significant impact. The Company looks to partner with Community Based Organizations in reaching customers that historically have not participated in the residential programs.

#### **Commercial & Industrial Tactics**

The Company recognizes that new ways of reaching C&I customers, from those facing economic pressures to those with aggressive carbon reduction strategies, may be necessary. To that end, the Company has expanded its eligibility requirements for the Small Business program from customers that consume less than 1,000,000 kWh annually, to customers that consume less than 1,500,000 kWh annually. The Company will also look to deploy a data-driven approach to increasing customer participation in the commercial and industrial sectors. This approach will include analyzing customer consumption data (kWh, peak load, and therms) and past energy efficiency participation to better target customers that have historically not participated at the same rate and pace as their commercial or industrial peers. This analysis is likely to provide valuable insights into energy efficiency opportunities, while potentially providing insight into barriers and rationales for non-participances. Lastly, the Company will look to expand the reach of its Strategic Energy Management Planning (SEMP) initiative to support the increasing number of customers with climate and sustainability goals.

### **3.2.2 Help customers find the right measures: Implement a comprehensive approach to the next generation of efficiency measures.**

#### **Strategic Philosophy**

Energy efficiency has evolved far beyond the low-hanging fruit of high-efficiency lighting. To continue to reap the benefits of energy efficiency, customers must increasingly turn towards more complex, more customized, higher commitment measures such as HVAC systems and control systems. The higher complexity of these measures necessitates additional effort from the Company to ensure that programs

are helping customers identify the measures that make sense for their specific situation, in addition to ensuring their successful installation and operation. Additionally, with Rhode Island’s Act on Climate, the Company must evaluate measures and program design through the additional lens of our contribution to the broader economy-wide efforts towards decarbonization. Therefore, the Company’s strategy will be to invest in research to identify the next generation of impactful efficiency measures, and to redesign programs to effectively support these measures.

### **Cross-Cutting Tactics**

In the 2024-2026 Three-Year Plan, the Company will explore innovative strategies and technologies that are unique to the Rhode Island customer-base and market situation. To supplement these findings, the Company will look to learn from demonstrations, pilots, and assessments conducted both regionally and nationally, and to discern if those strategies could be successfully deployed in the Rhode Island market. This targeted approach, coupled with learnings from other jurisdictions, should permit Rhode Island to be an early adopter of successful energy efficiency strategies and technologies without having to fund the costs associated with launching and evaluating demonstrations, pilots, and assessments that are being conducted in other jurisdictions.

In this three-year plan, the Company will explore the possibility of right-sizing incentives for fossil fuel equipment and options for optimizing electric versus gas to promote the state’s decarbonization agenda and meet stakeholders’ desires for aligning the energy efficiency programs with the Act on Climate. The PUC has initiated a docket (Docket 22-01-NG) to explore the future of natural gas for the state. Rhode Island Energy plans to track the orders and other relevant findings from this docket to inform energy efficiency design for this three-year plan.

Rhode Island Energy has also proposed a business case for the expansion of Advanced Metering Functionality (AMF) across its electric service territory. As described in the Company’s proposal, the expansion of AMF creates several opportunities for behavior programs through both the ConnectedSolutions and Home Energy Reports programs.

The ConnectedSolutions program will look to expand opportunities for both residential and C&I customer segments. We will investigate ways to meet the demand for battery storage that is incoming from customers and program vendors. Electric school bus fleets are also emerging as a new grid resource that can be incorporated into the program.

### **Residential & Income Eligible Tactics**

For residential and income eligible programs, electric resistance heat to air source heat pump conversions will be prioritized. The Company’s goals for this conversion effort necessitate a comprehensive approach that includes weatherization agencies, HVAC installers, and the various stakeholders that own and rent housing throughout Rhode Island. The Company will coordinate and collaborate with the RI Office of Energy Resources (OER) on its heat pump program to support supplemental measures, such as the aforementioned weatherization services. The Company will provide further detail on that in future drafts as the OER works to finalize its program.

Another area for potential program redesign is residential new construction. The most recent evaluation indicates that energy savings between recent new construction participants and non-participants has narrowed. This provides the Company with an opportunity to focus on higher savings building approaches. To do so, the Company plans to revisit which measures and/or market segments should be



included in the program. In addition, the Company intends to explore options for promoting zero-energy ready homes within the residential new construction program.

### **Commercial & Industrial Tactics**

As high efficiency lighting opportunities decline, the Company will expand its existing C&I programs to deliver an increasingly diverse portfolio of savings. High-performance heating, ventilation, and air conditioning (HVAC) offerings will be augmented by services supporting more advanced system controls, energy management systems, and building analytics. These energy efficiency technologies will be offered through multiple pathways, including but not limited to retro-commissioning, monitoring-based commissioning, equipment right-sizing, and the upstream program.

Additionally, the Company will look to provide enhanced incentives to customers that commit to implementing comprehensive energy efficiency measures within a specified timeframe. To qualify for the enhanced incentives, the customer will need to commit to installing three or more energy efficiency measures with different end-uses within a program year. The objective is to accelerate deeper, more comprehensive measure adoption by reducing the payback period for customers.

Further, the Company will develop a host of prescriptive and custom offerings to promote commercial weatherization and greenhouse gas emissions reduction. These offerings include prescriptive weatherization and air sealing, energy recovery ventilators, gas and refrigeration leak reduction, and upstream heat pumps. The Company will also work with OER to better understand electrification efforts being funded through State and Federal programs, and to determine if synergistic measures could be deployed through the energy efficiency program to advance electrification efforts. At this current time, the Company anticipates these synergies would likely occur on projects relating to weatherization, ventilation, and controls.

### **3.2.3 Enable customers to invest in efficiency: Enhance financing options and customer awareness of complementary funding sources.**

#### **Strategic Philosophy**

One of the fundamental pillars of energy efficiency investment is the idea that a greater upfront investment will yield greater lifetime savings, given the decrease in ongoing consumption and costs. However, the decision is often not as simple as comparing net present values or finding a favorable payback period. While one-time rebate incentives help mitigate the first cost of efficiency measures, access to capital can still inhibit customers' ability to invest in efficiency. Straightforward, readily available financing increases project implementation and extends program dollars to serve a greater number of customers. Therefore, the Company's strategy will be to explore ways to enhance and expand the suite of financing offerings available to customers to enable more customers to make affordable, impactful multi-year investments in efficiency.

#### **Cross-Cutting Tactics**

The Company has several financing vehicles currently on offer to customers (e.g., On-Bill Refinancing, 3<sup>rd</sup> Party C&I Financing, HEAT Loan, Efficient Buildings Fund), and will investigate ways in which these offerings can be expanded to serve more customers. To make financing more useful in moving projects across the finish line, the Company will provide additional training on available financing mechanisms and how to position them effectively to internal sales staff and trade allies. At the same time, the

Company recognizes gaps in current finance offerings, such as a lack of options for landlords in the multifamily program, and we plan to work to find effective ways to address these gaps.

In addition to financing, the Company will collaborate with OER to integrate program incentives with state and federal funding. OER will administer \$64 million in funding from the federal IRA in addition to \$25 million from the American Rescue Plan Act (ARPA) for a high efficiency heat pump program. The IRA also offers several enhanced tax credits to encourage homeowners to pursue efficiency and electrification measures. Rhode Island Infrastructure Bank (RIIB), in addition to their \$5 million annual allocation of program dollars, received an additional \$5 million from a 2022 state bond issue to support a small business energy efficiency fund. The Company intends to capitalize on these outside dollars to encourage greater program participation.

#### **Residential & Income Eligible Tactics**

The Company intends to explore both financing strategies and leveraged funding for customers. As part of this effort, we plan to re-examine the structure of the current Heat Loan. One concern with the current Heat Loan model is that the 0% interest buy down may restrict the overall number of customers that the loan can reach, given its limited funds combined with the recent increase in interest rates. One potential alteration would be to offer tiered Heat Loan incentives based on income level or energy efficiency measures financed and reserving the 0% heat loan for income eligible customers, as well as potentially increasing the Heat Loan cap. This potential redesign of the Heat Loan would require significant thought on how to provide income verification without overcomplicating the process.

#### **Commercial & Industrial Tactics**

The Company will continue to offer On Bill Repayment to all C&I gas accounts and to large C&I electric accounts that consume more than 1,000 MWh per year. The On Bill Repayment offers rapid approval, zero interest loans for qualified energy efficiency projects. The loan size available for gas customers ranges from \$1,000 to ~\$100,000 (the loan size may be larger for SEMP or special projects), with a maximum tenor of 3 years for commercial accounts, and 5 years for State facilities. For electric customers that consume over 1,000MWh annually, the loan size can range from \$1,000 to ~\$100,000 (the loan size may be larger for SEMP customers or special projects), with a maximum tenor of 5 years for commercial accounts, and 7-10 years for State facilities. Small Business accounts that consume less than 1,000MWh per year are eligible to receive loans that range from \$500 to \$50,000, with a maximum tenor of 5 years. Please note that On Bill Repayment cannot be used to support energy efficiency upgrades that have a benefit cost ratio less than 1.0.

### **3.2.4 Serve customers equitably: Design programs with a conscious effort to serve low- and moderate-income; gender, racially and ethnically diverse; and non-native English-speaking customers.**

#### **Strategic Philosophy**

Over the years, the Company's energy efficiency programs have served thousands of customers. Even with this success, the Company continues to strive to reach all its customers, especially those that have not yet participated in our programs. In particular, the Company seeks to continue to expand its programs' reach to those who are historically underserved, and those who bear the heaviest energy burdens (and thus have the most to benefit from energy efficiency). As the energy and program provider for all customers in our territory, across all income levels, gender and race categories, and languages

spoken, it is our responsibility to ensure that ample benefits are provided to the most vulnerable populations. Therefore, the Company's strategy will be to strive to create a portfolio of programs that are designed to deliver affordable efficiency measures to the historically underserved, and equitably provide benefits to customers across all demographics to improve satisfaction for all customers.

#### **Cross-Cutting Tactics**

The Company will continue portfolio-wide efforts to ensure that programs are accessible to diverse populations (e.g., creating program forms and collateral in multiple languages). The Company will continue to focus on the recommendations from the Equity Working Group and refine metrics to measure progress on the equity front. The Company is open to discussions with stakeholders on mechanisms for including an equity component in the PIM.

#### **Residential & Income Eligible Tactics**

The Company's income eligible air-source heat pump specifies that at least 25% of the target 750 annual conversions take place at low-income customers' residences. The Company is implementing that plan with trusted vendor relationships in the income eligible community include HVAC and weatherization contractors as well as high performing CAP agencies.

More generally, the Company will continue to improve its outreach and engagement with community-based organizations. One potential component of our outreach strategy would involve using data on deed-restricted housing, to ensure that efficiency work for income-eligible customers remains with income-eligible customers (as required in the property deed) as opposed to inadvertently playing a role in converting the property to market-rate housing through efficiency-related capital upgrades.

In another effort to equitably deliver program dollars, this three-year plan will look to address the deferrals and pre-weatherization barriers (PWBs) that stand in the way of many LMI customers receiving weatherization services. We intend to expand on and refine recent initiatives regarding data tracking of deferrals and PWBs across all home services programs. We plan to collaborate with stakeholders and other groups to assess best practices and new strategies when it comes to addressing PWBs so that the crucial work of weatherizing homes may continue. We also intend to identify and compile resources for leveraging funding to address PWBs.

#### **Commercial & Industrial Tactics**

For the 2024-2026 Three-Year Plan, the Company will look to deploy additional bilingual auditors who speak Spanish or Portuguese (the two most widely spoken languages besides English in Rhode Island). The Company will also continue to translate marketing material into Spanish and Portuguese to improve outreach and provide more equitable services.

Additionally, the Company will look to continue its Main Streets Initiative. This initiative aims to accelerate the adoption of direct-install efficiency measures for small businesses within a targeted community. Outreach for this initiative includes direct mail and/or social media engagement, followed by a door-to-door effort that lasts between 3 to 7 days, depending on the number of small/microbusiness and the size of the target community. In selecting the Main Street locations, the Company will prioritize Environmental Justice areas.

### **3.2.5 Ensure Workforce Capacity to Serve Customers**

#### **Strategic Philosophy**

The ability of customers to invest in energy efficiency relies on the existence of an ample, well-trained workforce that can deliver high-quality service. The Company's programs have helped nurture the energy efficiency workforce in Rhode Island. Even still, the state of the current program delivery workforce (trade allies, vendors, and project expeditors) is sometimes strained in its ability to deliver services in a manner that meets program goals and satisfies customer expectations. We know, for example, that the undersupply of qualified energy auditors, which is seen throughout construction-based fields, results in long wait times for customers, eroding program participation and customer satisfaction.

Boosting capacity alleviates the bottleneck of available labor and affords us the opportunity to address equity issues by expanding the number of MBE/WBE enterprises that work as prime and subcontractors in program delivery. While development of Rhode Island's workforce is a multi-faceted, statewide effort that extends beyond the borders of the Company, we know that we play an important role as a key partner in this effort. The Company recognizes, also, that increased workforce capacity will be critical in meeting the goals set out in Act on Climate.

Therefore, the Company's strategy will be to take an active role to help our partners develop the skills and capacity necessary to maximize the impact of program dollars.

#### **Cross-Cutting Tactics**

The Company's specific role in developing Rhode Island's workforce includes:

- Defining how large a workforce is needed to successfully deliver programs.
- Expressing gaps in the current workforce (e.g., MBE contractors who serve customers in their preferred language).
- Supporting programs that are an effective pipeline for our workforce (e.g., the Residential Construction Workforce Partnership).

Workforce development efforts will be enhanced based on the recommendations from the Rhode Island Workforce Needs Assessment Study, which is expected to be released in the first half of 2023. The Company is currently working on improving training for vendors and project expeditors, and the Company has the capacity to increase its focus on code compliance. Known areas of focus will be zero net energy projects, building operator certification, codes and standards compliance training, weatherization, and general energy efficiency skills, such as auditing and the Association of Energy Engineers' Certified Energy Manager (CEM) certification.

The Company anticipates making investments in workforce development in this three-year plan including:

- Providing training to the residential efficiency workforce and technical students.
- Enhancing continuing education for building managers and facilities operators.
- Educating current vocational students about opportunities in the energy efficiency field.

These efforts will be coordinated across both the C&I and residential teams, along with the appropriate state and local authorities, to reduce or eliminate duplication of effort and expenditures.

### 3.3 Multiyear Strategies

None planned at this time.

## 4. Goals, Budgets, and Funding Plan

This section will provide the numerical energy and demand savings goals for the three years addressed by the plan. Goals will be presented in units of lifetime savings (MWh for electric and MMBtu for gas), annual savings, and all-fuels MMBtu savings. Carbon and NOx Reductions will be calculated and reported as secondary goals consistent with the Standards and the Act on Climate. Savings estimates will be determined, in part, based on the most recent results from evaluation studies.

### 4.1 Three-Year Goals

This subsection will detail how the three-year goals for energy efficiency (electric and gas) and demand response were developed and what those goals are. This subsection will additionally describe how the recently completed market potential study refresh was used to inform the goal setting process, and why and how the goals differ from the Targets from PUC Docket 5023, should they deviate from the PUC’s approved Targets.

Table 2. 2024 – 2026 Electric Portfolio Savings Summary

Electric Programs	2024	2025	2026
<b>Savings and Benefits</b>			
Annual Electric Savings (MWh)			
Annual Electric Savings (MMBtu)			
Annual Delivered Fuel Savings (MMBtu)			
Annual Total Savings (MMBtu)			
Lifetime Electric Savings (MWh)			
Lifetime Electric Savings (MMBtu)			
Lifetime Delivered Fuel Savings (MMBtu)			
Lifetime Total Savings (MMBtu)			
Annual Passive Peak Demand Savings (kW)			
Winter Passive Peak Demand Savings (kW)			
Total Benefits (RI Test)			
<b>Costs</b>			
<b>Total Funding Required</b>			
Cost per lifetime kWh			
EE Program Charge per kWh			
<b>Benefit Cost Ratio (RI Test)</b>			

Table 3. 2021 – 2023 Natural Gas Portfolio Savings Summary

Gas Programs	2024	2025	2026
<b>Savings and Benefits</b>			
Annual Natural Gas Savings (MMBtu)			
Lifetime Natural Gas Savings (MMBtu)			
Total Benefits (RI Test)			
<b>Costs</b>			
<b>Total Funding Required</b>			
Cost per lifetime MMBtu			
Residential EE Program Charge per Dth			
C&I EE Program Charge per Dth			
<b>Benefit Cost Ratio (RI Test)</b>			
<b>Participation</b>			

## 4.2 Historic Savings

As in prior three-year plans, there will be summary tables of historic electric and gas energy efficiency achievements and spending since 2009.

Table 4. Summary of 2009-2021 Electric Energy Efficiency Year End Reports

Year	Annual MWh Savings	Lifetime MWh Savings	Total Benefits (\$000)	Total Spending (\$000)	TRC BC Ratio	RI Test BC Ratio	EE Program Charge/kWh	\$ /lifetime kwh	Participants
2009	81,543	899,331	\$123,045	\$29,536	3.02		\$0.00320	\$0.027	106,525
2010	81,275	929,242	\$128,864	\$29,712	3.73		\$0.00320	\$0.027	153,611
2011	96,009	1,076,778	\$151,542	\$39,308	3.35		\$0.00526	\$0.031	254,747
2012	119,666	1,288,325	\$140,104	\$50,719	2.24		\$0.00589	\$0.036	201,351
2013	159,035	1,612,371	\$192,418	\$72,875	2.24		\$0.00862	\$0.039	470,245
2014	268,468	3,278,088	\$314,673	\$80,321	2.69		\$0.00911	\$0.041	551,882
2015	222,822	2,287,785	\$312,000	\$82,897	2.38		\$0.00942	\$0.036	622,822
2016	214,329	2,034,220	\$234,234	\$74,274	2.16		\$0.01077	\$0.034	758,284
2017	232,023	2,327,916	\$249,986	\$90,012	1.91		\$0.01124	\$0.039	687,141
2018	206,209	1,848,845	\$369,835	\$88,123	1.88	2.99	\$0.00972	\$0.048	688,471
2019	190,159	1,624,417	\$489,299	\$104,620	2.49	3.43	\$0.01121	\$0.064	668,420
2020	157,346	1,299,159	\$533,494	\$88,224		4.76	\$0.01323	\$0.068	637,349
2021	131,365	1,046,790	\$477,423	\$94,564		3.88	\$0.01113	\$0.090	418,432

Table 5. Summary of 2009-2021 Natural Gas Energy Efficiency Year End Reports

Year	Annual MMBtu Savings	Lifetime MMBtu Savings	Total Benefits (\$000)	Total Spending	TRC BC Ratio	RI Test BC Ratio	EE Program Charge/Dth	\$ per lifetime MMBtu	Participants
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				(\$000)					
2009	195,200	2,553,828	\$26,071	\$6,552	2.83		\$0.150	\$2.44	8,339
2010	140,097	2,155,112	\$26,309	\$5,496	2.31		\$0.150	\$2.33	5,670
2011	119,613	1,623,922	\$18,196	\$4,868	2.21		\$0.150	\$2.73	3,080
2012	229,811	3,300,583	\$36,237	\$13,310	1.68		\$0.384	\$3.72	11,681
2013	311,585	4,377,672	\$44,747	\$19,501	1.78		\$0.414	\$4.21	135,646
2014	409,029	5,958,381	\$50,417	\$20,034	2.41		\$0.600 (Resi) \$0.492 (C&I)	\$3.84	143,655
2015	419,778	5,249,170	\$54,762	\$20,129	2.60		\$0.781 (Resi) \$0.637 (C&I)	\$3.47	146,098
2016	417,820	5,282,221	\$51,103	\$23,135	1.93		\$0.748 (Resi) \$0.487 (C&I)	\$4.78	150,160
2017	468,211	4,615,034	\$70,972	\$27,513	1.86		\$0.888 (Resi) \$0.726 (C&I)	\$5.96	112,202
2018	497,119	5,513,499	\$113,117	\$27,231	2.62	3.11	\$0.869 (Resi) \$0.671 (C&I)	\$4.94	101,423
2019	451,466	4,527,147	\$115,736	\$30,142	2.17	2.66	\$0.715 (Resi) \$0.420 (C&I)	\$6.66	151,655
2020	318,845	2,960,120	\$96,717	\$24,598		3.08	\$1.011 (Resi) \$0.777 (C&I)	\$8.31	164,410
2021	316,424	3,454,006	\$120,325	\$35,680		2.79	\$0.871(Resi) \$0.596 (C&I)	\$10.33	165,233

### 4.3 Funding Plan and Budgets

The following funding sources may be used each year. The amounts from each source will be detailed in the Annual Plans. The electric and gas plans are funded by:

1. One line on the customers' bills currently labeled "Energy Efficiency Programs" comprised of the existing energy efficiency program charge of \$XXXX per kWh and \$XXXX per Dth, plus a fully reconciling funding mechanism charge in accordance with RI Gen. Laws § 39-1-27.7.
2. Revenue resulting from the participation of energy efficiency resources in ISO-New England's forward capacity market (FCM).
3. Funds from any state, federal, or international climate or cap and trade legislation or regulation including, but not limited to, revenue or allowances allocated to expand energy efficiency programs.
4. Other sources may be identified by the EERMC and the Company.

The uncertainties associated with these funding sources include company sales, customer co-payments, commitments made for future years, the settlement price for future FCM auctions, identification of additional outside sources of funding, and the Company's success in minimizing costs to maximize customer benefit. Due to these uncertainties, the Company estimates the amount of funding it expects to need in each year of the Three-Year Plan and asks for provisional approval of these amounts to guide the development of future Annual Plans.

The Company intends to continue to work with various market actors (vendors, distributors, designers, and builders) to obtain the best pricing for services to achieve program savings goals while controlling



costs. The Annual Plans, including the attached filing of the 2024 Annual Plan, will reflect progress made in leveraging other sources of funding, if applicable. The Company will also coordinate with OER to leverage, when possible, the incentives made available through the Inflation Reduction Act.

## 5. Performance Incentive Plan

[Intentionally Blank]

### 5.1 Proposed Performance Incentive

The Company is proposing to retain the structure of the Performance Incentive Mechanism (PIM) adopted by the Commission in Order 24225 in Docket 5076 for the Three-Year term. This structure is aligned with the PUC's PIM principles and was used by the Company in its 2022 and 2023 Annual Plans. While retaining the structure, the Company may propose changes to the inputs in the PIM calculation in the Annual Plans over the three-year Term. Furthermore, the Company may revisit the PIM structure in the 2025 or 2026 Annual Plans as program strategy evolves to accommodate regulatory or policy changes.

## 6. Analysis of Total Rhode Island Energy Efficiency

To be updated per the revised LCP standards.

## 7. Conclusion and Requested Rulings

In accordance with the LCP Standards adopted by the PUC in Docket 5015, the Company requests that the PUC approve the following:

- Initial three-year energy savings goals and strategies for Energy Efficiency and Conservation Procurement programs and portfolio, provided that such goals may be updated annually.
- Initial three-year budget plan for Energy Efficiency and Conservation Procurement programs and portfolio; provided that specific budgets will be proposed, and approval sought through the annual plans.
- The structure of the performance incentive mechanism proposed herein, with specific goals, earning rates, and provided that the specific earning opportunity is determined in subsequent binding annual plans.

### Attachment 1: Energy Efficiency Funding

To be provided in subsequent drafts.

### Attachment 2: Program Level Benefit Cost Summary

To be provided in subsequent drafts.

### Attachment 3: Program List by Sector

To be provided in subsequent drafts.



## Attachment 4: Definitions

To be provided in subsequent drafts.

DRAFT

## **2024-2026 Efficiency Plan Program Updates**

The company anticipates making the following enhancements and changes to the programs for the 2024-2026 plan.

### **Residential Offerings**

#### EnergyWise Single Family (Electric and Gas)

- Coordinate with OER's High-Efficiency Heat Pump Pilot Program.
- Coordinate with OER to leverage additional federal funding opportunities (e.g., ARRA, IRA).
- Leverage the high-cost effectiveness of weatherization measures and heat pump installations by offering additional funding to remediate pre-weatherization barriers (up to the point of cost effectiveness for both measures).
- Improve data collection efforts around pre-weatherization barriers, to better understand their impact on energy efficiency progress.
- Collaborate with stakeholders and other groups to assess best practices and new strategies to address pre-weatherization barriers (also applicable to Income Eligible Services program).

#### Multifamily (Electric and Gas)

- Use the Heat Pump Market research study results, including landlord interviews, to target landlords for heat pump upgrades and other applicable energy efficiency measures (also applicable to C&I Multifamily Program)
- Work to establish a pilot program around one or more new financing options for multi-family (also applicable to C&I Multifamily Program).

#### Income Eligible Services (Electric and Gas)

- Ensure the IES program is delivered equitably, with the input and guidance of the Rhode Island EWG.
- Address the deferrals and pre-weatherization barriers that stand in the way of many low-and-moderate income customers receiving IES program services.
  - Expand on and refine recent initiatives regarding data tracking of deferrals and pre-weatherization barriers across all Residential Home Services programs.
  - Collaborate with stakeholders and other groups to assess best practices and new strategies to address pre-weatherization barriers.
  - Identify and compile resources for leveraging funding to address pre-weatherization barriers.

#### Residential New Construction

- Revise the RNC program guidelines to reflect changing baseline assumptions.

- Increase the number of projects achieving advanced building standards and certifications such as Zero Net Energy and Passive House.
- Determine needed implementation changes based on an ongoing User Defined Reference Home (UDRH) study.

#### Home Energy Reports (Electric and Gas)

- Explore tailoring HER program to target specific audiences (e.g., high users).
- Explore increasing messaging to Automated Metering Frequency (AMF) customers.

#### Residential Consumer Products (Electric)

- No major changes planned.

#### Residential High-Efficiency Heating, Cooling, and Hot Water (Electric and Gas)

- Target electric heat resistance customers for heat pump upgrades as outlined in the Company's *Electric Resistance Heating to Air Source Heat Pumps: Implementation Plan for the Income Eligible Sector* (also applicable to Income Eligible Services program).
- Coordinate with OER's High-Efficiency Heat Pump Pilot Program.
- Research opportunity to implement right-sizing incentives for fossil fuel equipment and options for optimizing electric versus gas.
- Coordinate with OER to leverage additional federal funding opportunities (e.g., ARRA, IRA).
- Coordinate with OER on HVAC workforce development in 2024.

### **Commercial and Industrial Offerings**

#### New Construction

- The Commercial and Industrial New Construction program underwent a program redesign to simplify the pathways for participation; the Company is anticipating those changes will result in additional program activity during Program Years 2024-2026
- Revise the Large Commercial New Construction program guidelines to reflect changing baseline assumptions, IECC 2018
- Changes to Upstream New Construction baseline assumptions for Food Services and HVAC

#### Retrofit

- The Company will look to deploy a data-driven approach to increasing customer participation in the commercial and industrial sector.
  - Analyze customer consumption data (kWh, peak load, and therms) and past energy efficiency participation to better target customers, especially non-participants.
- Expand the reach of its Strategic Energy Management Planning (SEMP) initiative to support the increasing number of customers with climate and sustainability goals

- Expand services supporting more advanced system controls, energy management systems, and building analytics
- Enhanced incentives to customers that commit to implementing comprehensive energy efficiency measures.
- Enhance continuing education for building managers and facilities operators
- Work with OER to better understand electrification efforts being funded through State and Federal programs.
- Promote prescriptive and custom offerings to promote commercial weatherization and greenhouse gas emissions reduction.

#### Small Business Direct Install

- Promote prescriptive and custom offerings to promote commercial weatherization and greenhouse gas emissions reduction including the development of prescriptive weatherization and air sealing offerings.
- Further promote Main Streets initiative in Environmental Justice Areas
- Deploy multilingual marketing materials and program materials
- Work with OER to better understand electrification efforts being funded through State and Federal programs.



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# 2024 - 2026 Energy Efficiency Plan Update

June 15, 2023

# Planning Timeline for Stakeholder Involvement



Rhode Island Energy™

Date	Milestone
June 1	Draft 3YP narrative shared with stakeholders
June 30	Draft 3YP numbers (BC Model and Tables) shared with stakeholders
July 20	3YP numbers stakeholder comment period ends
August 3	First Draft 2024 Annual Plan
August 24	First Draft 2024 Annual Plan Comment Period Ends
September 7	Second/Final Draft of 3YP due to stakeholders
October 1	3YP/Annual Plan Filed with PUC



# Plan Elements in Progress

- Demonstrations, Pilots, Assessments
- Multiyear Strategies
- Performance Incentive Mechanism
  - Equity PIM
- Workforce
  - Needs assessment being finalized
- Coordination with other Programs & Dockets
- Stakeholder Feedback
- LCP, Act on Climate
- Equity Working Group



# Gas Incentives: Current Approach

## •Other Jurisdictions

- MA incentivizes gas-to-electric fuel switching (Legislative)
- CT is phasing out gas incentives where electric alternatives exist (Energy Efficiency Board)
- CO plans to order a gas incentive phaseout, more details to come (PUC)
- CA has a plan to phase out gas incentives over 10 years (PUC)

## •Next Steps Being Explored

### •New Construction:

- Consider timeline to phase out gas incentives (starting with Resi).

### •Retrofit:

- Analyze our portfolio of measures and lower gas incentives/raise electric incentives for measures that serve the same end use to favor the electric option.
- Annually lower gas measure lives as 2050 approaches to raise the bar for cost-effectiveness.

## •Considerations and Limitations

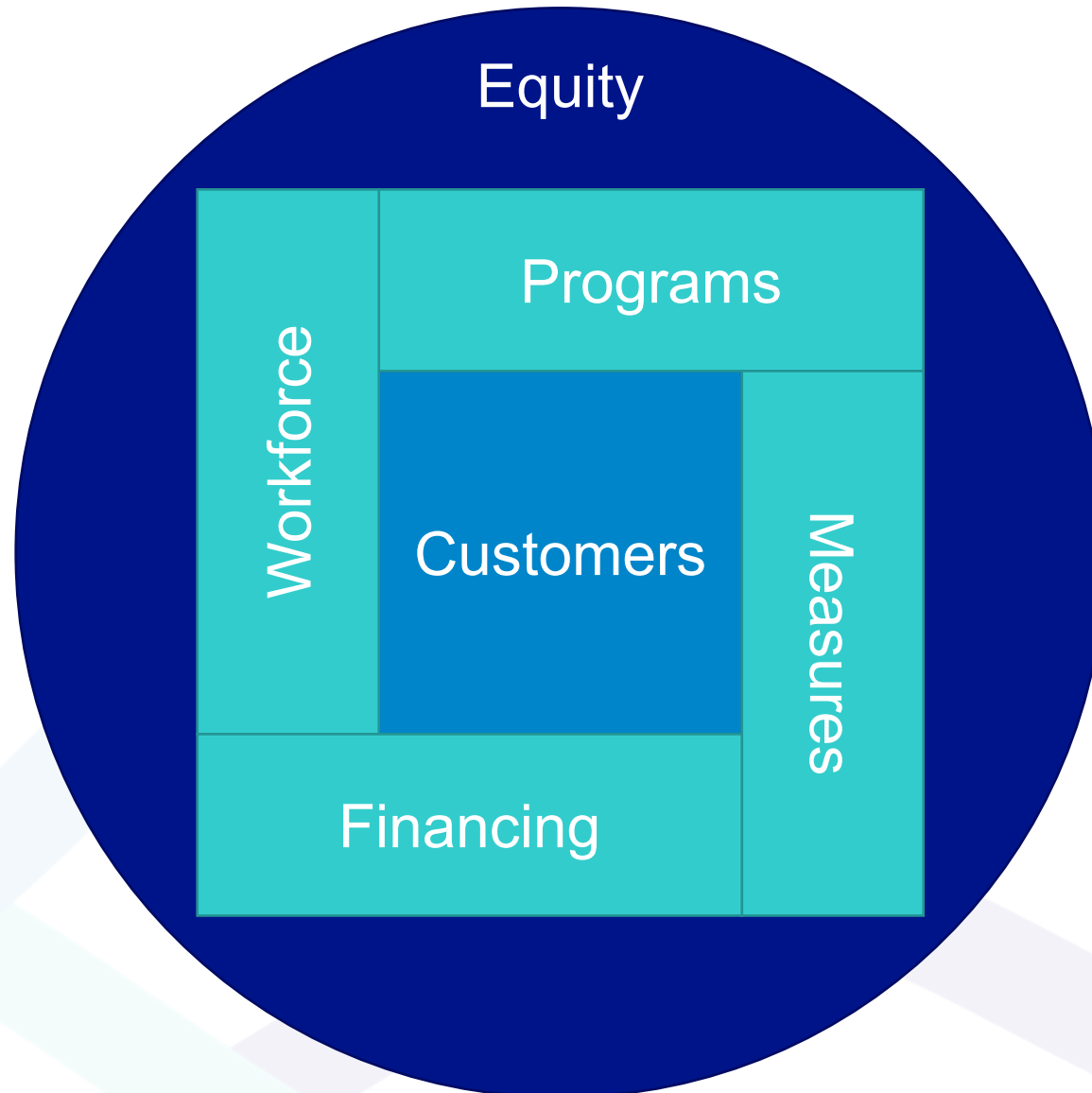
- If a customer wants gas, we want to help them choose an efficient option.
- Without fuel switching, electric incentives are limited to the incremental electric cost/savings.



# 2024-2026 3-Year Plan Strategy



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# 3YP Primary Strategies



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- **Reach more customers:** Deliver optimized, tailored programs.
- **Help customers find the right measures:** Implement a comprehensive approach to the next generation of efficiency measures.
- **Enable customers to invest in efficiency:** Enhance financing options and customer awareness of complementary funding sources.
- **Serve customers equitably:** Design programs with a conscious effort to serve low- and moderate-income; gender, racially and ethnically diverse; and non-native English-speaking customers.
- **Ensure workforce capacity to serve customers.**

# EnergyWise Single Family



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- ❑ Coordinate with OER's High-Efficiency Heat Pump Pilot Program.
- ❑ Coordinate with OER to leverage additional federal funding opportunities (e.g., ARRA, IRA).
- ❑ Leverage the high-cost effectiveness of weatherization measures and heat pump installations by offering additional funding to remediate pre-weatherization barriers (up to the point of cost effectiveness for both measures).
- ❑ Improve data collection efforts around pre-weatherization barriers, to better understand their impact on energy efficiency progress.
- ❑ Collaborate with stakeholders and other groups to assess best practices and new strategies to address pre-weatherization barriers (also applicable to Income Eligible Services program).

# Multifamily



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- Use the Heat Pump Market research study results, including landlord interviews, to target landlords for heat pump upgrades and other applicable energy efficiency measures (also applicable to C&I Multifamily Program)
- Work to establish a pilot program around one or more new financing options for multi-family (also applicable to C&I Multifamily Program).

# Income Eligible Services



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- ❑ Ensure the IES program is delivered equitably, with the input and guidance of the Rhode Island EWG.
- ❑ Address the deferrals and pre-weatherization barriers that stand in the way of many low-and-moderate income customers receiving IES program services.
- ❑ Expand on and refine recent initiatives regarding data tracking of deferrals and pre-weatherization barriers across all Residential Home Services programs.
- ❑ Collaborate with stakeholders and other groups to assess best practices and new strategies to address pre-weatherization barriers.
- ❑ Identify and compile resources for leveraging funding to address pre-weatherization barriers.

# Residential New Construction



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- Revise the RNC program guidelines to reflect changing baseline assumptions.
- Increase the number of projects achieving advanced building standards and certifications such as Zero Net Energy and Passive House.
- Determine needed implementation changes based on an ongoing User Defined Reference Home (UDRH) study.

# Home Energy Reports



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- Explore tailoring HER program to target specific audiences (e.g., high users).
- Explore increasing messaging to Automated Metering Frequency (AMF) customers.

# Residential Consumer Products



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- No major changes planned





# Residential High-Efficiency Heating, Cooling, and Hot Water



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- ❑ Target electric heat resistance customers for heat pump upgrades as outlined in the Company's *Electric Resistance Heating to Air Source Heat Pumps: Implementation Plan for the Income Eligible Sector* (also applicable to Income Eligible Services program).
- ❑ Coordinate with OER's High-Efficiency Heat Pump Pilot Program.
- ❑ Research opportunity to implement right-sizing incentives for fossil fuel equipment and options for optimizing electric versus gas.
- ❑ Coordinate with OER to leverage additional federal funding opportunities (e.g., ARRA, IRA).
- ❑ Coordinate with OER on HVAC workforce development in 2024.

# C&I New Construction



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- The Commercial and Industrial New Construction program underwent a program redesign to simplify the pathways for participation; the Company is anticipating those changes will result in additional program activity during Program Years 2024-2026
- Revise the Large Commercial New Construction program guidelines to reflect changing baseline assumptions, IECC 2018
- Changes to Upstream New Construction baseline assumptions for Food Services and HVAC

# Retrofit



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- ❑ The Company will look to deploy a data-driven approach to increasing customer participation in the commercial and industrial sector.
  - ❑ Analyze customer consumption data (kWh, peak load, and therms) and past energy efficiency participation to better target customers, especially non-participants.
- ❑ Expand the reach of its Strategic Energy Management Planning (SEMP) initiative to support the increasing number of customers with climate and sustainability goals
- ❑ Expand services supporting more advanced system controls, energy management systems, and building analytics
- ❑ Enhanced incentives to customers that commit to implementing comprehensive energy efficiency measures.
- ❑ Enhance continuing education for building managers and facilities operators
- ❑ Work with OER to better understand electrification efforts being funded through State and Federal programs.
- ❑ Promote prescriptive and custom offerings to promote commercial weatherization and greenhouse gas emissions reduction.

# Small Business Direct Install



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- Promote prescriptive and custom offerings to promote commercial weatherization and greenhouse gas emissions reduction including the development of prescriptive weatherization and air sealing offerings.
- Further promote Main Streets initiative in Environmental Justice Areas
- Deploy multilingual marketing materials and program materials
- Work with OER to better understand electrification efforts being funded through State and Federal programs.



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STATE OF RHODE ISLAND

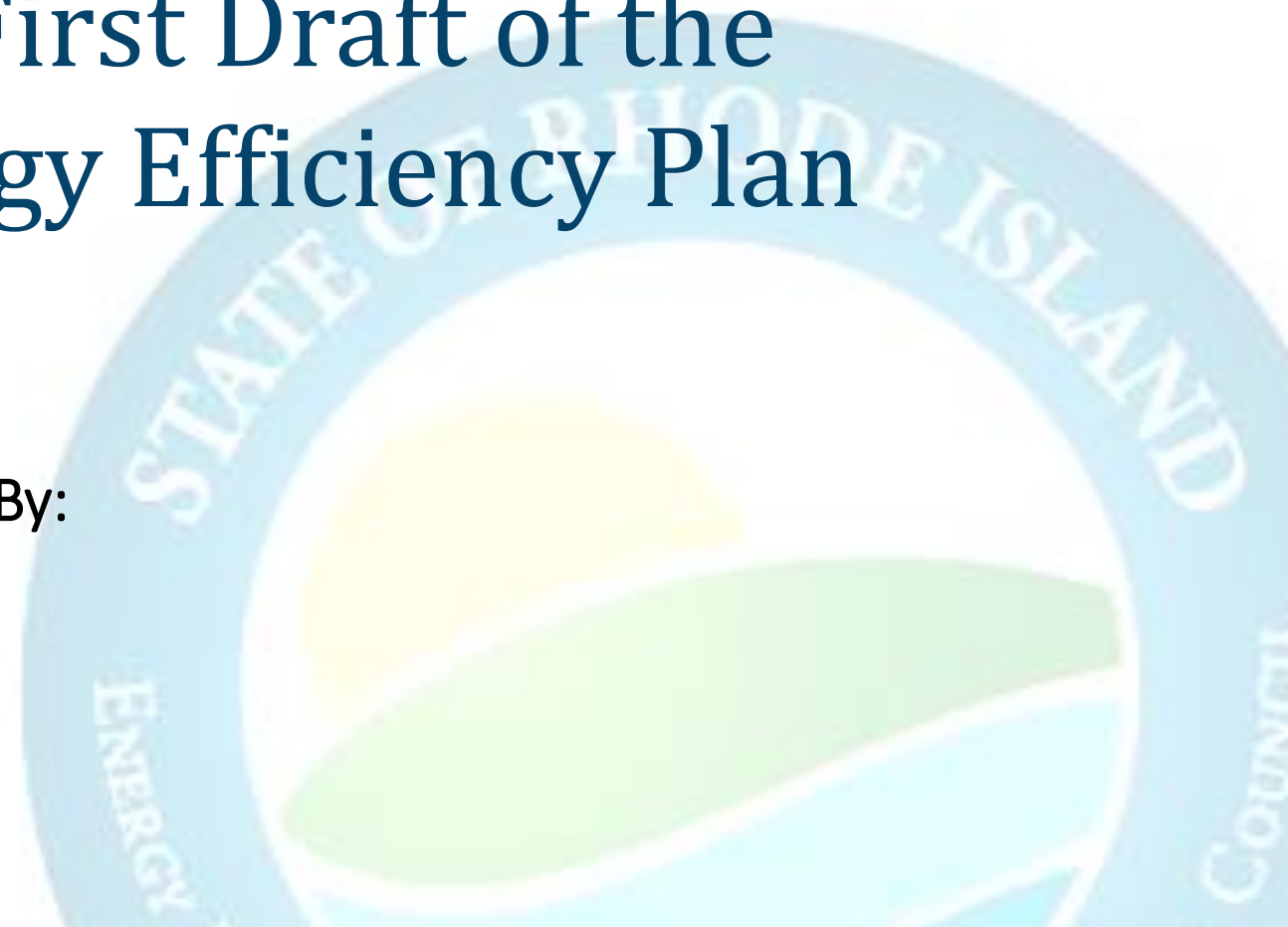
**ENERGY EFFICIENCY &  
RESOURCE MANAGEMENT COUNCIL**

CONSULTANT TEAM

# Review of the First Draft of the 2024-2026 Energy Efficiency Plan

Presented to the EERMC By:  
EERMC Consulting Team

Date: June 15, 2023





# Outline

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Three-Year Plan Refresher

Process Update

Initial High-Level Comments

Responsiveness to Council Priorities

Next Steps & Discussion



# THREE-YEAR PLAN REFRESHER







# The Three-Year Plan

## Primary Purposes of the Three-Year Plan

- Propose budgets, savings goals, and program focus and strategies for the next three years of implementation
- Identify strategies and an approach to planning and implementation of programs that will secure all cost-effective energy efficiency and conservation resources that are consistent with the Least Cost Procurement Standards

Rhode Island Energy responsible for drafting and filing a Three-Year Plan that meets the requirements of the Least Cost Procurement Standards

- Plans are developed with input from EERMC, OER, and other stakeholders that make up the Company's Technical Working Group



# Three-Year Plan Content

Consistency with Least Cost Procurement Standards

Strategies and Approaches to Planning

Initial Funding Plan, Budget, and Goals

Performance Incentive Plan Structure

Multi-Year Strategies



# PROCESS UPDATE





# Process Update

## **June 1:** First draft of the Three-Year Plan distributed

- Level of detail – particularly around program-specific strategies – did not meet expectations and did not allow C-Team ability to assess whether Standards are adequately met
- C-Team immediately raised this with the Company and schedule a coordination call

## **June 2:** Coordination call with RI Energy, C-Team, and OER

- Company indicated a change in format from prior Three-Year plan
- C-Team expressed concern that Company's intent to significantly deviate from prior format was not effectively communicated in a way to set stakeholder expectations

**June 5:** Company committed to provide more program-level details by early in the week of June 12<sup>th</sup>

**June 12:** Company provided a brief summary of program-level details



# INITIAL HIGH-LEVEL COMMENTS





# Content Concerns

## Program Design

- High-level description of planned program offerings
- Insufficient detail on program design changes and strategies

## Pilots, Demonstrations, and Assessments (PDAs)

- No dedicated section on how Company will approach PDAs
- Appreciate intent to learn from others without needing to fund costs with conducting PDAs, but...
- ...Need to have a plan that details Company's approach to identifying, following, and applying results of studies elsewhere
- Previous 3YP contained information on process, ongoing PDAs, and planned PDAs during 3YP

## Evaluation, Measurement and Verification (EM&V)

- No section or content detailing EM&V plans
- Previous 3YP contained information on process and outlook for upcoming three years



# Content Concerns (Con't)

## Coordination with Other Energy Policies, Programs, and Dockets

- Brief mentions of coordination throughout, though 3YP would benefit from a dedicated section that covers each topic in more detail
- Examples of topics covered in dedicated section from past 3YP include SRP, ISR, Future of Gas, AMF, Rate Cases, and Codes & Standards

## Multiyear Strategies

- Section currently indicates no strategies planned
- Prior 3YP contained information on CHP and RIIB projects

## Performance Incentive Plan

- Very little detail
- Prior 3YP contained background and process information, content on history of PIM, and any anticipated adjustments to the Plan



# RESPONSIVENESS TO COUNCIL PRIORITIES







# Compliance with LCP Standards

Plan Outline Memo Feedback	Assessment of Responsiveness
Section 2 of the 2024-2026 Plan include a description of any key changes in the LCP Standards and how said changes impacted the Company’s approach to development of the Plan	The Company <b>did</b> include language that discusses key changes in the LCP Standards and how said changes impact the Company’s approach to the development of the Plan

## Additional Feedback

3YP references Annual Plan for interpretation of each Standard, and since Annual Plan is not developed, we cannot at this time assess agreement with interpretation

- A few exceptions for some language in revised Standards currently being contemplated

Company does not anticipate consistency to vary between 2024 and subsequent years of the 3YP for Standards associated with Prudency and Environmental Responsibility

- Outcomes of Future of Gas Docket and results of EC4’s 2025 Climate Strategy could impact the full meaning of compliance with these Standards



# Support Compliance with Act on Climate

Plan Outline Memo Feedback	Assessment of Responsiveness
<p>The Plan should provide a detailed, timebound workplan for establishing a clear barometer for the appropriate level of emissions reductions produced by RIE’s EE portfolio.</p>	<p>Takes an approach that any energy savings will directly support the State’s emissions reduction mandate.</p> <p>While true, it does not account for whether the amount of energy savings is appropriate.</p>
<p>The Plan should provide a stronger commitment to phasing out incentives for gas equipment by not just exploring, but following through on program design that encourages electric options over gas.</p>	<p>Plan indicates willingness to have discussion with stakeholders to discuss how gas incentives could start to be adjusted during the three-year period.</p> <p>Would like to see a commitment with a plan and timeline from the Company for taking the initiatives on this matter, since it’s a topic stakeholder have been clear on for several years now.</p>



# Support Compliance with Act on Climate

## Plan Outline Memo Feedback

The Plan speak to how the Company will coordinate with the Executive Climate Change Coordinating Council (EC4) to determine what constitutes EE program compliance with the Act on Climate and the upcoming 2025 Climate Strategy.

## Assessment of Responsiveness

The Plan indicates that the Company will participate in EC4 meetings to understand policy priorities and actions so the Company can account for those to ensure plan agreement with the development of the anticipated 2025 Climate Strategy...

...But the Plan does not speak about how they will work with EC4 to determine what constitutes compliance. Critical to understand what constitutes compliance between now and when the 2025 Climate Strategy is completed.



# Ensure Stakeholder Input is Adequately Incorporated

Plan Outline Memo Feedback	Assessment of Responsiveness
<p>The Plan should include a detailed section on the customer feedback activities that the Company undertook in plan development.</p>	<p>The draft Plan includes a placeholder for more detail on the listening sessions, but no indication of what level of detail will be provided. Expectation is that there will be a robust discussion on the listening sessions and how the outcomes informed planning.</p> <p>Also expect a final report will be produced by the facilitator and included in the Plan filing, similar to what was included in the 2019 plan filing.</p>
<p>The Plan should include a description of customer feedback activities that will be conducted over the course of the Three-Year Plan.</p>	<p>The draft plan does not contemplate future stakeholder feedback activities. Recommend that the Plan commit to conduct these activities on an ongoing basis.</p>



# Support an Effective and Efficient Plan Development and Review Process

## Plan Outline Memo Feedback

Expectation that the Company will continue to work in good faith to ensure that the Council and other stakeholders have adequate time to review and provide comment on relevant materials.

## Assessment of Responsiveness

Concerned about the lack of detail provided in the first draft and that a major shift in overall plan design was not communicated with stakeholders earlier in the process.

Appreciate the Company's quick response to our concerns about the level of detail on programs, but concerned that this important part of the plan review is coming more than a week later than expected, cutting into stakeholder review time.



# Intent to Grow Energy Efficiency Programs

## Plan Outline Memo Feedback

That the section that describes how MPS was utilized to inform goals, and why and how they differ from Targets is as thorough as possible to ensure that stakeholders, including the regulators, have a clear understanding of any differences between the goals and the Targets.

## Assessment of Responsiveness

Draft Plan does continue indication that Company will follow through on this. First draft numbers don't come until end of June, so reasonable that this draft did not include description of variations.

Maintain recommendation that this description be as thorough as possible.



# Increase Participation of Historically Underserved Customers

Plan Outline Memo Feedback	Assessment of Responsiveness
<p>The Plan should include a commitment to work with stakeholders to discuss, vet, and if deemed appropriate, propose a performance incentive mechanism that includes discrete equity component.</p>	<p>Plan indicates that the Company is open to discussions with stakeholders on mechanism for including an equity component in the PIM</p> <p>Would like to see included in the PIM section a plan and timeline for how the Company will engage stakeholders in this matter</p>
<p>The Plan should document efforts to develop a Language Access Plan, or something similar, that clearly details how the Company will provide services to individuals who are non-English speaking or have limited English proficiency at each step of the customer journey.</p>	<p>The Plan gives examples of activities that could be part of a Language Access Plan, but falls short of committing to a timeline and process to developing such a plan.</p>



# Increase Participation of Historically Underserved Customers

## Plan Outline Memo Feedback

The Plan should include discussion of the Equity Working Group (EWG), its recommendations, and a commitment to develop clear determinants of success with regular reporting on progress.

## Assessment of Responsiveness

Limited discussion on the EWG aside from noting that the Company will continue to actively participate in EWG and will continue to focus on recommendations from EWG and refine metrics to measure progress.

Plan does not include content on recommendations received to date and how they will continue to work to address them.

Further concern about significant delay in getting the EWG back up and running for 2023. Would like to see a commitment for the EWG to be an ongoing process, not one that starts and stops for each planning cycle.





# Deliver Targeted Workforce Development

## Plan Outline Memo Feedback

Encouraged by the level of content related to workforce development, and Section 3.2.5 hits on many of the detailed strategies noted in the Council's priorities. Expect to see additional detail on the Company's planned efforts.

## Assessment of Responsiveness

Section in Plan is largely the same as what was included in the Plan Outline Memo.

Would have hoped to see more detail relating to the Workforce Needs Assessment, which is nearing completion.

The Plan outlines what the Company thinks its role is in developing RI's workforce in a few bullets, but falls short of detailing those roles.



# DISCUSSION & NEXT STEPS



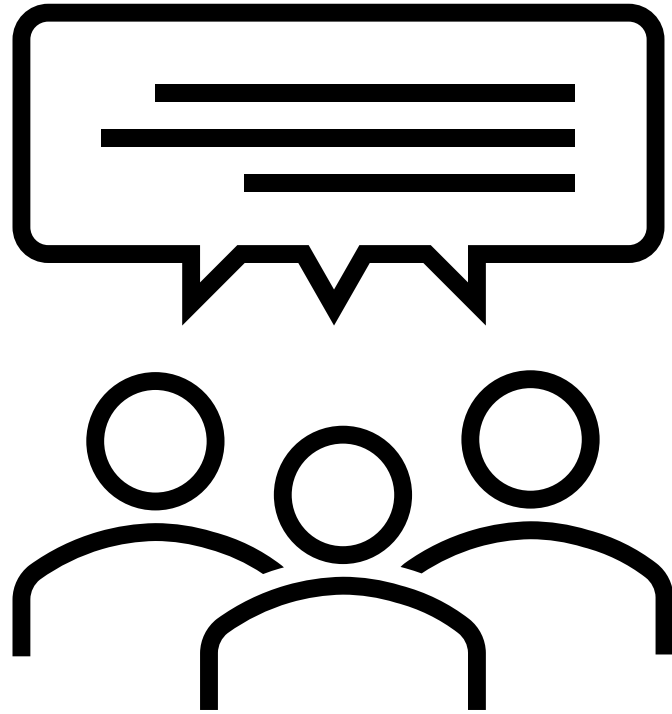


# What's Next?

Date	Milestone
June 29 <sup>th</sup>	Comments on First Draft of Three-Year Plan Narrative Due
June 30 <sup>th</sup>	First Draft Three Year Plan Numbers Distributed
July 21 <sup>st</sup>	Comment on First Draft Three Year Plan Numbers Due
August 3 <sup>rd</sup>	First Draft 2024 Annual Plan Narrative and Numbers Distributed
August 24 <sup>th</sup>	Comments on First Draft 2024 Annual Plan Due
September 7 <sup>th</sup>	Second/Near-Final Draft of Three Year and Annual Plans Distributed



# Council Member Discussion



- ? Given the delay in distributing program details, should stakeholders be afforded the opportunity to provide comments past the June 30<sup>th</sup> deadline?
- ? Does the overall timeline contemplated still allow the stakeholders to provide timely input and allow the Company to file its Plans with the PUC?
- ? Is it important that the Three-Year Plan include content that goes beyond the specific requirements of the LCP Standards?
- ? What are the most important pieces of feedback the Council would like to see the Company address in the next draft of the Three-Year Plan?