



November 9, 2023

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

**Re: Docket 23-35-EE – 2024 Annual and 2024-2026 Three-Year Energy Efficiency Program Plan Comments**

Dear Commissioners:

The Rhode Island Office of Energy Resources (“OER”) submits these comments regarding Rhode Island Energy’s proposed 2024 Energy Efficiency Program Plan and the 2024-2026 Energy Efficiency Three-Year Plan (collectively, the “Plans”) as filed on October 2, 2023.

OER supports the Plans as submitted by Rhode Island Energy (“RIE” or “Company”) and encourages approval of the Plans. The record demonstrates that the Plans meet the requirements of Rhode Island’s Least-Cost Procurement (“LCP”) Statute, in accordance with R.I. Gen. Laws § 39-1-27.7 and will provide substantial benefits to ratepayers. Based on the Rhode Island Benefit-Cost Test, the energy efficiency (“EE”) programs planned for delivery in 2024 will support \$273.6 million in benefits over the lifetime of the installed measures and are estimated to save 71,763 short tons of annual greenhouse gas emissions. This represents a 1.70 benefit-cost (“BC”) ratio for the electric programs, a 1.96 BC ratio for the natural gas portfolio, and a 1.83 BC ratio for the Plans as a whole.<sup>1</sup>

OER is supportive of Rhode Island Energy’s decision to shift funds away from incentivizing new natural gas-consuming equipment where viable electric alternatives exist in the 2024 Annual Plan. In scenarios where electric alternatives exist, we believe that it is environmentally responsible, and in line with the LCP Standards, to reduce natural gas incentives to avoid locking in new gas-consuming equipment that may be counterproductive to the State’s requirements under the 2021 Act on Climate. This adjustment is aligned with several stakeholders’ positions in recent years, and OER appreciates the Company’s responsiveness to this request at the start of a new three-year plan cycle. Additionally, we feel that a gradual reduction in the incentives for new gas equipment, as proposed, is a pragmatic approach that can help avoid shocks to the market and allow vendors time to adjust to the changes in incentives. OER supports the shift of funding going to measures that should make the existing natural gas equipment in the market operate more efficiently.

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<sup>1</sup> Rhode Island Energy’s 2024-2026 Energy Efficiency Three-Year Plan and 2024 Efficiency Plan:  
[https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2023-10/2335-RIE-Annual-ThreeYr-EEPlan\\_10-2-23-Bates.pdf](https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2023-10/2335-RIE-Annual-ThreeYr-EEPlan_10-2-23-Bates.pdf)  
Bates Page 165





OER would also support the Company’s consideration of using energy efficiency funds to address pre-weatherization barriers on a project-by-project or program-by-program basis, so long as the project or program remains cost-effective. Rhode Island has one of the oldest housing stocks of any state in the nation, and as a result, pre-weatherization barriers have been a consistent challenge to unlocking the full potential of EE funds. This has been especially prevalent in the income-eligible sector where these pre-weatherization barriers are often a primary reason weatherization projects are delayed or not pursued at all. OER views addressing pre-weatherization barriers, coupled with efficiency investments, as both prudent and cost-effective, in scenarios where the project can demonstrate that the energy benefits would still outweigh the costs. This may allow the Company to better serve customers that have historically received disproportionately lower benefits from LCP investments.

Throughout the Company’s filed Plans, they cite increasing workforce capacity and workforce development as a priority. In both the 2024-2026 Three-Year Plan and the 2024 Annual Plan, “Increase workforce capacity to serve customers and implement energy efficiency” is listed as one of five key priorities. OER agrees that workforce capacity is a priority to ensure the prudent, reliable, and effective implementation of the proposed efficiency programming. An area of concern for OER is that the Company is proposing to reduce their commercial workforce development spending from \$225,000 in 2023 to \$107,000 in 2024,<sup>2</sup> and that this is the only workforce development budget explicitly included in the Plans. The Company’s Workforce Needs Assessment, completed in August 2023, suggested that EE businesses in the state expect to hire more employees, that employers expect hiring to be difficult in a tight labor market, and that the state may struggle to meet its EE workforce needs. Previous annual plan filings have included clear detail of total workforce development funding within the plan. With these key findings, alongside the stated priorities from the Company, we find the Company’s Plans lacking in detail or clarity as to how they would meet these priorities or which programs will be supporting workforce development.

We are seeing the Company continue to take steps to improve the equitable delivery of their efficiency programs, making efforts to reach customers that have traditionally received lower benefits from LCP programming, as evidenced in part by their proposed investment in mitigating pre-weatherization barriers. Reaching these customers is particularly challenging for a variety of reasons and this will require continued investment and focus to reach the customers with the most need. A new initiative that the Company is proposing in 2024 to help with these efforts is a Residential Equity Outreach Assessment, where the Company would provide support to community-based nonprofits for assisting with EE education and outreach. We are supportive of this assessment and seeing if this could be an effective approach to help reach renters and landlords with efficiency programming. We would also support additional funding invested in this assessment to ensure that it is able to deliver robust results for evaluation and

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<sup>2</sup> Rhode Island Energy’s 2024-2026 Energy Efficiency Three-Year Plan and 2024 Efficiency Plan:  
[https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2023-10/2335-RIE-Annual-ThreeYr-EEPlan\\_10-2-23-Bates.pdf](https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2023-10/2335-RIE-Annual-ThreeYr-EEPlan_10-2-23-Bates.pdf)  
Bates Pages 403 and 419





future program delivery considerations as well as increased detail as to how the Company plans to apply the lessons learned from the five identified Equity Communities to the remaining Justice40 (J40) and Environmental Justice communities in the state.

### **Federal Funding**

OER understands that federal funding expected for EE investments will need to be coordinated with existing programming in the state, including the EE programming administered by RIE. OER's Clean Heat Rhode Island heat pump incentive program is one example of how OER has been able to stand up programming with non-system benefit charge dollars to support gaps in existing EE programming and coordinate and collaborate with RIE staff to promote both programs to get the best results for Rhode Islanders. Lessons learned from this implementation and coordination will be applied to the additional federal funding expected for Rhode Island energy efficiency improvements.

The two primary EE program funding sources expected from the United States Department of Energy (DOE) are the Home Efficiency Rebates and the Home Electrification and Appliance Rebates, both established in the Inflation Reduction Act.<sup>3</sup> While the DOE has issued program guidance, expected state funding allocations, and a timeline for applying to these programs, it is important to note that this guidance is subject to change per updates from the federal government and that the funding levels or timelines can also change based on federal budget negotiations and other factors outside of OER's control. With these considerations in mind, OER encourages the Company to continue to plan and implement their programming, independent of these federal dollars, to ensure that cost-effective efficiency programming continues for Rhode Island customers, that it continues to provide benefits that are cheaper than the cost of additional supply, and that it builds on the investments that have been made in this space through prior efficiency plans.

OER is currently working to develop our plans for the local administration and distribution of these rebate programs. At this time, OER is hopeful that the federal program rebate funding for customers will be approved and transferred from DOE to OER around mid-2024, but this timeline is contingent on the DOE's review and approval of OER's applications. Moreover, once the funds have been approved and sent to OER, standing up the specific programs and distribution channels for those funds will also take time. As a result, OER feels that at this time there should not be an expectation that the federal programs will launch prior to July 2024. Over the first half of 2024, OER anticipates that we will have more information that we can provide to stakeholders on the specifics of the federal Home Energy Rebate programs and the timeline for their delivery. We understand that these programs will need to be established in close coordination with the existing efficiency programs. As a part of this process, we have worked to ensure that staff at the Company are familiar with the guidance and timelines provided for these

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<sup>3</sup> Department of Energy Home Energy Rebate Programs: <https://www.energy.gov/scep/home-energy-rebate-program>



programs from DOE. We will continue to explore potential efficiency program gaps that may be able to be served through these federal programs.

In the Company's Plans, they also describe plans to align their metrics with guidance provided through President Biden's J40 executive order. While the Company may not be directly subject to the J40 requirements, this would position the Company to be well-aligned to capitalize on any future funding that may be provided by the federal government to utilities and may help streamline and support reporting requirements for energy programming if all programs are implementing similar standards.

OER is supportive of the 2024-2026 Three-Year and the 2024 Annual Energy Efficiency Plans and respectfully recommends approval of both plans by the Commission. Both Plans have been developed with significant stakeholder input and feedback and strive to meet many, and often conflicting, programmatic and stakeholder priorities. The successful implementation of the programs detailed in the Plans are expected to deliver energy system benefits, economic benefits, and emission reduction benefits, in accordance with the LCP Statute and Standards. Thank you for your review and consideration of our comments on the Plans as filed.

Sincerely,

A handwritten signature in cursive script that reads "Chris Kearns".

Chris Kearns

Acting Commissioner  
Office of Energy Resources