

November 17, 2023

VIA ELECTRONIC MAIL AND HAND DELIVERY

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

**Re: Docket No. 23-35-EE – 2024-2026 Three Year Energy Efficiency Plan and
2024 Annual Energy Efficiency Plan
Joint Reply Testimony and Updated Fund Balance**

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a Rhode Island Energy (“Rhode Island Energy” or the “Company”), I have enclosed for filing with the Public Utilities Commissions: (1) the Joint Reply Testimony of Brett Feldman, Michael O’Brien Crayne, Mark Siegal, Toby Ast, and Spencer Lawrence and; (2) updated Attachment 5 (Table E-1) and Attachment 6 (Table G-1) to the Company’s Annual Energy Efficiency Plan for 2024 in the above-referenced docket.

In addition to updating the fund balance based on actual spend through October 31, 2023, the Company has also corrected its calculation of the 2024 fully reconciling funding mechanism. In preparing its response to data request PUC 3-3, the Company accessed the 2023 compliance filing benefit cost model and realized that it had inadvertently used the 12-month value of the EE charge as the starting charge for its calculation, as opposed to the 9-month charge that has been in place since April 1, 2023. While this correction (which is highlighted in the updated tables) affects the calculation of the fully reconciling funding adjustment, it does not impact the proposed EE charge for 2024.

Robinson+Cole

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Please contact me if you have any questions. Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in cursive script that reads "Leticia Pimentel".

Leticia C. Pimentel

cc: Docket 23-35-EE Service List

Certificate of Service

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

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

Leticia Pimentel

Leticia Pimentel

November 17, 2023

Date

**Docket No. 23-35-EE – Rhode Island Energy’s EE Plan 2024-2026 Three-Year Plan and 2024 Annual EEP
Service list updated 10/4/2023**

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JOINT REPLY TESTIMONY

OF

**BRETT FELDMAN,
MICHAEL O'BRIEN CRAYNE,
MARK SIEGAL,
TOBY AST, AND
SPENCER LAWRENCE**

November 17, 2023

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1 **I. Introductions**

2 **Brett Feldman**

3 **Q. Mr. Feldman, please state your name and business address.**

4 A. My name is Brett Feldman. My business address is 280 Melrose Street, Providence,
5 Rhode Island 02907.

6

7 **Michael O'Brien Crayne**

8 **Q. Mr. O'Brien Crayne, please state your name and business address.**

9 A. My name is Michael O'Brien Crayne. My business address is 280 Melrose Street,
10 Providence, Rhode Island 02907.

11

12 **Mark Siegal**

13 **Q. Mr. Siegal, please state your name and business address.**

14 A. My name is Mark Siegal. My business address is 280 Melrose Street, Providence, Rhode
15 Island 02907.

16

17 **Toby Ast**

18 **Q. Mr. Ast, please state your name and business address.**

19 A. My name is Toby Ast. My business address is 280 Melrose Street, Providence, Rhode
20 Island 02907.

21

1 **Spencer Lawrence**

2 **Q. Mr. Lawrence, please state your name and business address.**

3 A. My name is Spencer Lawrence. My business address is 280 Melrose Street, Providence,
4 Rhode Island 02907.

5

6 **Q. Have you previously submitted testimony in this proceeding?**

7 A. Yes. We all submitted joint direct testimony in this proceeding on October 2, 2023.

8

9 **Q. Did you have an opportunity to review the comments filed by the Office of Energy**
10 **Resources on November 10, 2023 in this proceeding?**

11 A. Yes. We reviewed the comments provided by Mr. Christopher Kearns of the Office of
12 Energy Resources (“OER”) on November 10, 2023, on behalf of the OER (“OER’s
13 Comments”).

14

15 **Q. Did you have an opportunity to review the testimony filed by the Energy Efficiency**
16 **and Resource Management Council on November 10, 2023 in this proceeding?**

17 A. Yes. We reviewed the direct joint testimony of Mr. Samuel C. Ross, Mr. Craig K.
18 Johnson, and Mr. Adrian Caesar of Optimal Energy filed on November 10, 2023, on
19 behalf of the Energy Efficiency and Resource Management Council (“EERMC
20 Testimony”).

21

1 **Q. Did you have an opportunity to review the testimony filed by the Division of Public**
2 **Utilities and Carriers on November 10, 2023 in this proceeding?**

3 A. Yes. We reviewed the direct joint testimony of Mr. Joel Munoz of the Division of Public
4 Utilities and Carriers (“Division”) and Ms. Jennifer Kallay of Synapse Energy
5 Economics, Inc. filed on November 10, 2023, on behalf of the Division (“Division
6 Testimony”).

7
8 **II. Purpose of Testimony**

9 **Q. What is the purpose of this joint testimony?**

10 A. First, we will identify that the Company, the OER, the EERMC, and the Division are in
11 agreement that the 2024-2026 Three Year Energy Efficiency and Conservation
12 Procurement Plan (the “Three-Year Plan”) and the 2024 Annual Energy Efficiency and
13 Conservation Procurement Plan (the “Annual Plan”, collectively the “Plans”) are
14 consistent with the Least Cost Procurement (“LCP”) Statute and Standards. Second, we
15 will respond to the concerns raised in the Division’s Testimony relating to the Company’s
16 ability to spend the proposed 2024 electric budget and whether an adjustment to the
17 System Benefit Charge (“SBC”) may be appropriate if the fund balance is higher than
18 projected. Lastly, the Company will acknowledge other items of future discussion raised
19 by OER, the EERMC, and the Division.

20

1 **III. Least Cost Procurement**

2 **Q. What stance do the Company, OER, the EERMC, and the Division hold in regards**
3 **to the Plans as they relate to the LCP Statute and Standards?**

4 A. The Company, OER, the EERMC, and the Division are in agreement that the Plans are
5 consistent with the LCP Statute and Standards:

- 6 • “The record demonstrates that the Plans meet the requirements of Rhode Island’s
7 Least-Cost Procurement (“LCP”) Statute, in accordance with R.I. Gen. Laws 39-
8 1-27.7...”¹
- 9 • “[T]he 2024-2026 EE Plans align with the Least Cost Procurement (LCP)
10 Standards, revised in 2023...”²
- 11 • “The *EE Plans* are consistent with the LCP Statute and Standards...”³

12

13 **IV. Proposed Electric Budget (2024) and System Benefit Charge**

14 **Q. Please summarize the Company’s understanding of the Division’s concerns**
15 **regarding the proposed electric budget and system benefit charge.**

16 A. The Company understands that the Division has concerns regarding (1) the proposed
17 2024 electric budget and (2) the calculation of the system benefit charge:

18

¹ OER Comments, Page 1.

² EERMC Testimony, Page 3, Lines 28-29.

³ Division Testimony, Page 8, Lines 1-3.

1 (1) The Division notes that the Company has underspent program budgets in recent
2 years, and therefore raises concerns regarding the Company's ability to spend all its
3 proposed 2024 budget.⁴ The Division requests "the Company provide an update in
4 their rebuttal testimony and at the hearing on whether the Company believes the
5 proposed 2024 budget is attainable or whether a lower level should be considered."⁵

6 (2) The Division also notes that 2023 program spend is forecasted to be below budgeted
7 levels⁶, raising the concern that the projected year-end fund balance filed in the Plan
8 is understated, and thus that the 2024 SBC filed in the Plan is larger than necessary.⁷

9
10 **Q. Please respond to the Division's concerns regarding the Company's ability to utilize**
11 **the proposed 2024 EE Plan's electric portfolio budget.**

12 A. The Company understands the Division's concerns and agrees that the Company has a
13 responsibility to right-size collections from its customers. At this time, the Company does
14 not propose any changes to the 2024 Annual Plan electric budget. Past program
15 performance is only one of many factors used by the Company when sizing programs for
16 a new plan year. The Company acknowledges the budget underspend in recent years; the
17 Company is regularly updating projections of 2023 performance and evaluating these

⁴ Division Testimony, Page 19, Lines 5-10.

⁵ Division Testimony, Page 21, Lines 16-18.

⁶ Division Testimony, Page 8, Lines 18-19.

⁷ Division Testimony, Page 9, Line 2.

1 projections, among other program sizing factors, to determine any areas that may merit
2 potential budget adjustments.

3
4 For the Residential electric portfolio, thus far the Company has identified the EnergyWise
5 Multifamily program as one program that may warrant adjustments based on 2023
6 performance. Other potential areas of adjustment may be identified as the Company
7 continues its analysis leading up to the hearing.

8
9 For the Commercial & Industrial electric portfolio, the Company believes it will utilize
10 the proposed electric portfolio budget in 2024 based on a number of factors discussed
11 herein.

- 12 • In 2023, the Company filled two sales representative positions tasked with
13 delivering energy efficiency services to two key customer segments: municipal
14 accounts (including state government buildings and public K-12 schools) and
15 national account customers. Historically, the Company's municipal sales
16 representative has accounted for a significant proportion of the overall
17 commercial and industrial savings and spend. The Company anticipates that
18 having an active municipal sales representative for a full program year will result
19 in additional municipal savings and spend in program year 2024. Similarly,
20 national account customers have also been active participants in the Company's
21 energy efficiency programs and the recently hired staff is meeting with these

1 customers to discuss potential energy efficiency projects. These efforts are
2 expected to increase the 2024 spend and savings from these customer segments.

- 3
- 4 • Additionally, the Company anticipates greater savings and spend in 2024 as a
5 result of a number of enhancements to both programs and initiatives. This
6 includes the utilization of a custom express weatherization tool for buildings
7 greater than 8,000 square feet and a prescriptive weatherization tool for buildings
8 less than 8,000 square feet. The Company also expects increased enrollment in
9 the recently launched Building Analytics Program in 2024. The Building
10 Analytics Program detects and diagnoses system inefficiencies while proposing
11 actionable energy efficiency solutions. The Company anticipates that this
12 initiative will deliver energy efficiency savings and spending related to HVAC,
13 scheduling/controls, and tuning measures in 2024. The Company has also seen
14 increased participation in the Equipment and Systems Performance Optimization
15 (“ESPO”) offering, specifically within the grocery and restaurant sector and it is
16 anticipated that ESPO savings and spend will continue to increase in 2024. The
17 Company also expects to see continued growth from the recently redesigned
18 Energy Management System offering which supports first-time energy
19 management system installations, add-on sequences to existing systems, and the
20 expansion and replacement of legacy systems. The Company anticipates that this
21 offering will experience greater uptake with K-12 schools, municipal building,

1 and manufacturing facilities. Additionally, the Company has recently begun
2 collaborating with the Office of Energy Resource's Clean Heat Rhode Island
3 program. The Company and the Office of Energy Resource's Clean Heat Rhode
4 Island implementation team are currently working together to provide small
5 business customers installing heat pumps with weatherization services and other
6 measures. To date the Company has included a link to the Clean Heat Rhode
7 Island program from the Company's energy efficiency web page and is in the
8 process of drafting materials describing the Company's energy efficiency
9 programs, weatherization measures and rebates, and how to request an audit.

- 10
- 11 • In 2023, the Company's customers and partners delivering these programs have
12 seen increases in costs for labor and materials due to inflation. Some of the
13 Company's partners in delivering these programs have reported problems with
14 completing energy efficiency projects because electricians and contractors have
15 chosen to work in other jurisdictions where incentive and labor rates were
16 increased. In 2024, the Company will continue to monitor and adjust its offerings
17 to ensure that energy efficiency projects in Rhode Island are being completed.

18

19 **Q. Is the Company continuing to closely monitor 2023 fourth quarter actual spend?**

20 **A.** Yes. The Company will provide updated projections of the 2023 spend and year-end fund
21 balances for both the electric and gas programs prior to the start of the hearing.

1 **Q. Will the Company recalculate the SBC based on updated projections of the year-end**
2 **fund balance?**

3 A. Yes. The Company will provide a recalculated SBC based on the latest fund balance
4 projection on November 17, 2023, per Section 8.2 of the Annual Plan.

6 **Q. Does the Company wish to make any adjustments to its electric budget at this time?**

7 A. No. The Company continues to seek approval of the electric budget as filed by the
8 Company on October 2, 2023. The Company will continue to monitor 2023 spending
9 projections and will continue to evaluate proposed budgets given updated projections.
10 The Company will provide updated spending information to inform discussions of the
11 budget and the SBC prior to the hearing,

13 **V. Items for Future Discussion**

14 **Q. Would the Company like to acknowledge any other items raised by OER, the**
15 **EERMC, and the Division agree.**

16 A. Yes. The Company would like to acknowledge that OER, the EERMC, and the Division
17 all noted several items that merit future discussion. The Company thanks each of these
18 parties for their input and looks forward to discussing these items in the appropriate
19 venues, whether in these proceedings, throughout the implementation of the 2024 Annual

1 Plan, and/or the development of future annual plans. As noted in OER's Comments⁸, the
2 Company developed the Plans with significant stakeholder input, and the EERMC
3 Testimony notes multiple examples of how stakeholder engagement impacted the
4 development of the Plans⁹. The Company thanks all parties for their active participation
5 in the development of the Plans.

6
7 **VI. Conclusion**

8 Q. Does this conclude your testimony?

9 A. Yes, it does.

⁸ OER Comments, Page 4.

⁹ EERMC Testimony, Page 19, Lines 25-27, Page 20, Page 21, Lines 1-7.

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a RHODE ISLAND ENERGY
RIPUC DOCKET NO. 23-XX-EE
ENERGY EFFICIENCY 2024-2026 THREE-YEAR PLAN AND 2024 ANNUAL PLAN
WITNESSES: FELDMAN, O'BRIEN CRAYNE, SIEGAL, AST, AND LAWRENCE
NOVEMBER 17, 2023
ATTACHMENTS**

Table E-1
Rhode Island Energy
2024 DSM Funding Sources by Sector (\$000)

	Residential	Income Eligible Residential	Commercial & Industrial	Portfolio	
(1) Projected Budget	\$32,892,268	\$16,215,084	\$47,201,141		\$96,308,493
Sources of Other Funding	\$0	\$0	\$0		\$0
(2) Projected DSM Commitments from Previous Year	\$0	\$0	\$0		\$0
(3) Projected Fund Balance and Interest from Previous Year	-\$8,090,356	\$0	\$14,081,130		\$5,990,774
(4) Projected FCM Net Revenue from ISO-NE	\$4,579,259	\$381,407	\$6,525,614		\$11,486,280
(5) Total Other Funding	-\$3,511,097	\$381,407	\$20,606,744		\$17,477,054
(6) Customer Funding Required	\$36,403,365	\$15,833,677	\$26,594,397		\$78,831,439
(7) Forecasted kWh Sales	2,921,692,939	243,348,090	4,163,521,503		7,328,562,532
(8) Energy Efficiency Program Charge per kWh (Excluding Uncollectible Recovery)					\$0.01075
(9) Proposed SRP Opex Factor per kWh (Excluding Uncollectible Recovery)					\$0.00000
(10) Total Proposed Energy Efficiency Charge per kWh (Excluding Uncollectible Recovery)					\$0.01075
(11) Currently Effective Uncollectible Rate					1.3%
(12) Proposed Energy Efficiency Program Charge per kWh (Including Uncollectible Recovery)					\$0.01089
(13) Previous Year's Energy Efficiency Program Charge per kWh					\$0.00956
(14) Adjustment to Reflect Fully Reconciling Funding Mechanism per kWh					\$0.00133

Notes:

- (1) Projected Budget includes regulatory costs which are allocated by forecasted kWh sales to each sector.
- (2) Projected FCM Net Revenue from ISO-NE is allocated by forecasted kWh sales to each sector.
- (3) Total Other Funding equals Line (2) + Line (3) + Line (4)
- (4) Customer Funding Required equals Line (1) - Line (5)
- (5) Energy Efficiency Program Charge per kWh (Excluding Uncollectible Recovery) equals Line (6) ÷ Line (7), truncated to five decimal places.
- (6) Total Proposed Energy Efficiency Charge per kWh (Excluding Uncollectible Recovery) equals Line (8) + Line (9)
- (7) Uncollectible rate approved in Docket No. 4770.
- (8) Proposed Energy Efficiency Program Charge per kWh (Including Uncollectible Recovery) equals Line (10) ÷ (1-Line (11)), truncated to five decimal places.
- (9) Adjustment to Reflect Fully Reconciling Funding Mechanism per kWh equals Line (12) - Line (13)

Table G-1
Rhode Island Energy
2024 DSM Funding Sources by Sector (\$000)

	Residential	Income Eligible Residential	Commercial & Industrial	Portfolio	
(1) Projected Budget	\$16,206,780	\$7,689,894	\$10,263,309		\$34,159,984
Sources of Other Funding	\$0	\$0	\$0		\$0
(2) Projected Fund Balance and Interest from Previous Year	-\$1,911,613	\$0	\$2,877,040		\$965,427
(3a) Low Income Weatherization in Base Rates	\$0	\$0	\$0		\$0
(3b) Previous Year Investigation Credit	\$0	\$0	\$0		\$0
(4) Total Other Funding	-\$1,911,613	\$0	\$2,877,040		\$965,427
(5) Customer Funding Required	\$18,118,393	\$7,689,894	\$7,386,269		\$33,194,557
(6) Forecasted Firm Dth Volume	18,559,751	1,741,026	19,340,629		39,641,406
(7) Forecasted Non-Firm Dth Volume			231,819		231,819
(8) Exempt DG Customers			-1,553,294		-1,553,294
(9) Forecasted Dth Volume	18,559,751	1,741,026	18,019,154		38,319,931
(10) Proposed Energy Efficiency Program Charge per Dth (Excluding Uncollectible Recovery)	\$0.987	\$0.987	\$0.730		\$0.866
(11) Currently Effective Uncollectible Rate	1.91%	1.91%	1.91%		
(12) Proposed Energy Efficiency Program Charge per Dth (Including Uncollectible Recovery)	\$1.006	\$1.006	\$0.744		\$0.883
(13) Previous Year's Energy Efficiency Program Charge per Dth	\$1.136	\$1.136	\$0.620		
(14) Adjustment to Reflect Fully Reconciling Funding Mechanism per Dth	-\$0.130	-\$0.130	\$0.124		

Notes:

- (1) Projected Budget includes regulatory costs which are allocated by forecasted Dth volume to each sector.
- (2) Total Other Funding equals Line (2) + Line (3a) + Line (3b)
- (3) Customer Funding Required equals Line (1) - Line (4)
- (4) 25% of Income Eligible Residential Funding Allocated to Standard Income Residential. 75% of Income Eligible Residential Funding Allocated to Commercial & Industrial.
- (5) Uncollectible rate approved in Docket No. 4770.
- (6) Proposed Energy Efficiency Program Charge per Dth (Including Uncollectible Recovery) equals Line (10) + (1-Line (11)), truncated to five decimal places.
- (7) Adjustment to Reflect Fully Reconciling Funding Mechanism per Dth equals Line (12) - Line (13)