



March 29, 2024

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

Re: Docket 24-06-EE – OER Comments on the 2024-2026 Electric Demand Response System Reliability Procurement Program

Dear Commissioners:

The Rhode Island Office of Energy Resources (OER) is respectfully submitting these comments on Rhode Island Energy's (the Company) 2024-2026 Connected Solutions Electric Demand Response program (the Plan). OER strongly supports electric demand response programming as it is a cost-effective tool to reduce regional coincident peak demand and provides co-benefits that help support clean energy advancements in the state. This Plan represents an evolution in the process of demand response programming in Rhode Island as the demand response investment proposals are now filed independent of the state energy efficiency plan proposals. In terms of the Plan's offerings, this Plan increases the scope of the program portfolio while refining the accounting of its offerings. Broadly, the Plan advances areas of the clean energy transition that Rhode Island is pursuing in order to meet the interim and long-term targets of the 2021 Act on Climate, adding new pathways for customer participation that will likely continue to improve in future iterations of demand response offerings. Even as new pathways are developed, it is necessary to recognize and be cautious in how refinements to existing pathways may be unintentionally disruptive to the market and to identify opportunities for the Company to enhance current and future plans.

Among the offerings in the Plan, OER remains strongly supportive of the Bring Your Own Thermostat, Daily Dispatch, and Targeted Dispatch programs. These opportunities give customers flexibility to improve the cost effectiveness of investments in their homes and businesses by helping to reduce energy use and decrease the peak load. These pathways help to maintain safe and reliable service while avoiding excessive climate changing emissions that would otherwise be caused by meeting the peak demand of the electric system through more costly and emissions-intensive energy generation options. They can also provide potential energy system savings from reduced or deferred investments with grid infrastructure.

OER also welcomes the inclusion of the new Electric Vehicle Demand Response (EVDR) incentive and will be interested to see the results of this new customer option. The transition to electric vehicles and the vital role transforming our transportation sector plays in meeting the 2021 Act on Climate reinforces the importance of this offering from the Company. As OER and



other entities within the state work to enhance and encourage customers to adopt EVs and to deploy charging infrastructure, these incentives for in-home charging should help to further EV adoption and prevent this increased adoption from unduly adding strain to the grid during peak demand periods.

OER also appreciates the work the Company has done to enhance its accounting of the demand response incentives and encourages the Company to continue to improve other programming areas to reach similar clarity. Rhode Island's need for energy transition technologies – from distributed generation and storage to energy efficiency and electric transportation – is inherent in the goals of meeting the Act on Climate. In order to reach those goals, our state increasingly needs clarity around the capacity of the Company to deliver programming and incentives in a cost-effective manner. Where that capacity is unable to fully support a sustainable market for these technologies, it is vital to recognize those gaps and prioritize supplemental programming. OER and other agencies may be in a position to offer so that the benefits of the energy transition are available and accessible to all customers.

One change in the Plan highlighting this need for such supplemental programming is the adjustment to the Heat Loan program. In its filings related to the 2024 Energy Efficiency program (23-35-EE), the Company had previously responded in OER 1-2 that through August of 2023, only five customers on the A60 rate class had made use of a Heat Loan, and none had used the Heat Loan program to purchase a battery storage system. In its response to OER 1-2 in this proceeding, the Company confirmed that the Heat Loan program has not been utilized to purchase any battery storage systems in the past two years for the A60 rate class. Additionally, in its response to OER 1-3, the Company confirmed there were ten enrollments in the Residential and Small Business (RSB) Battery program. While it is not incumbent on the Company to ensure adoption of storage systems by A60 customers, the lack of utilization of Heat Loans in the past two years for battery systems, in spite of adoptions by income-eligible customers, points to a gap in the program. This gap shows the current program is limited in capacity to realistically bring the benefits of these systems – including energy management, access to program incentives, improved utilization of distributed generation and increased resilience and reliability – to A60 customers. Subsequently, this constitutes a de facto reduction, or even elimination, of battery systems from the Heat Loan program moving forward without a clear plan to market and increase low-income customer battery adoption. If approved as proposed, the Heat Loan program – which will only be available to income-eligible customers, and as recent years show is not a pathway to adoption of storage systems by income-eligible customers – will no longer effectively support investment in storage systems.

Similarly, the changes proposed in this Plan to the RSB battery offering, including the change in incentive level and the caps on potential revenue, will likely have a negative impact on the deployment of battery adoption in Rhode Island. As the Company has alluded to in its filing, the developers and installers who participate in this market and support customer adoption of these systems have expressed concern over the scale, timing, and duration of these changes. OER



appreciates the Company's responsiveness in adjusting its program start date to better accommodate the participants in the market, as well as stressing the reality of the change to the

multi-year programming horizon has on the "rate lock" related to the incentives, but shares concern over the scope and pace of these changes. Again, in its responses to OER's data requests, it is shown that the June 1st date is not a cut-off to enrollment. In 2022 there were 119 enrollments in the RSB Battery program, and 76 in 2023. Even as the Company and OER have both solicited federal funding opportunities afforded by the Inflation Reduction Act to support and supplement battery storage adoption in Rhode Island, the approval of those funding applications and timing of when those funds may be reasonably deployed for the benefit of customers is unlikely to line up with the changes to the Company's current programming. Not only is it reasonable to expect potential disruption to the market and workforce involved in the deployment of storage systems, but this change likely comes as customers are in the midst of planning to move forward with these investments.

Investments in distributed generation and battery storage takes time and careful consideration to progress for homeowners and businesses. While some customers may be in a position to move more quickly and respond to changes accelerating their plans for these investments, that consideration becomes potentially less valid the lower a household's income becomes. For those customers, the intent to purchase these systems likely has progressed over a long period of time. Even with an extension of the incentives in the RSB Battery program to June 1st, it is reasonable to assume the process to plan and save in preparation for such an investment has been underway for months if not years already. According to the Company's data, these investments are made not only in the months leading to the summer peak season, but throughout, suggesting customers are advancing these investments when they are able, not when it allows them to maximize participation in the current season. If customers proceed with these investments when ready, and if it is reasonable to assume those customers with more moderate incomes have a longer planning timeline for these investments, this change to the RSB Battery program is abrupt, and likely discourages a number of those customers from advancing their investments in battery storage.

Based on the information provided by the Company, the likely impact on customers, and the reaction to these changes by the battery storage system installers and developers, OER would respectfully propose the following changes to the Plan as filed:

1. The effective start date for the changes to the RSB Battery incentive program be moved to September 30, 2024, in order to provide adequate time for the market to respond to these changes, give customers planning to make these investments in the 2024 summer season more time to advance them, and shorten the span of time between changes to the incentives and when potential supplemental federal funding can be deployed to support adoption of these systems to advance the State's goals and fill gaps in access to them.



STATE OF RHODE ISLAND

**OFFICE OF
ENERGY RESOURCES**

*One Capitol Hill, 4th Floor
Providence, RI 02908
www.energy.ri.gov*

2. For the Company to prepare and file a marketing and implementation plan to improve utilization of the Heat Loan and other Connected Solutions programming by customers on the A60 rate class.

When it comes to energy storage, OER supports and urges the Company and other stakeholders to collaborate more fully and closely examine the need and value of storage programs and related demand response measures in Rhode Island, for its energy systems, and most importantly for its customers. The steps taken to date have helped us understand aspects of how battery storage and demand response technology can be deployed, but as the Commission noted in its report in Docket 5000, additional resources to conduct a more thorough and detailed examination will be needed.

OER would like to thank the Company for the effort it has put forth in drafting the Plan, the efforts of the Division to improve the plan on behalf of ratepayers, and the Commission's consideration of these comments.

Sincerely,

A handwritten signature in black ink that reads "Chris Kearns". The signature is written in a cursive style and is contained within a thin black rectangular border.

Chris Kearns
Acting Commissioner