



## STATE OF RHODE ISLAND

### DIVISION OF PUBLIC UTILITIES & CARRIERS

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December 8, 2025

Stephanie De La Rosa  
Commission Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Blvd.  
Warwick, RI 02888

**Re: The Narragansett Electric Co. d/b/a Rhode Island Energy's 2026 Annual Energy Efficiency Plan  
Docket No. 25-37-EE**

Dear Ms. De La Rosa:

Please accept this correspondence as the Division's response to the Commission's inquiry concerning the EERMC's alternative budget proposal. The Division is opposed to increasing the budget, both the amount and the specific proposals, set forth by the EERMC in its testimony dated November 7, 2025.<sup>1</sup>

Early on in 2025, the Division advised the Company that the Division was looking for a substantial reduction in the 2026 Program Year budget because of ever-increasing bill pressure on ratepayers. In March 2025, the Commission endured a marathon public hearing wherein ratepayers expressed their distress with managing utility bills. This activity only reinforced the Division's position and strong desire to see the energy efficiency budget reduced for the upcoming year.

In our written comments during the plan development process, the Division identified that in its role as Ratepayer Advocate, we must balance the desires to expand admittedly worthwhile programs with the other bill charges faced by ratepayers. The EERMC and other energy efficiency commenters appear to view energy efficiency and its costs in a vacuum, without regard to other

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<sup>1</sup> The Division notes that both the EERMC's and the Division's testimony was due on the same day and that the procedural schedule did not include rebuttal or reply testimony for any party other than the Company. As such, the Division had already anticipated stating its opposition to the EERMC's proposal in its opening statement.

bill impacts. The Division does not have that luxury. We specifically noted the following 2024 costs to ratepayers:

R.E. Growth Program - \$30,452,584  
Long-Term Contracting - \$43,556,668  
Net Metering- \$109,765,640  
RES Compliance -\$34,337,934.<sup>2</sup>

According to OER’s position letter dated November 6, 2025, it too had requested that the Company identify opportunities to reduce the overall program costs, where appropriate. OER commended the company “for realizing these cost savings for ratepayers through thoughtful rather than blanket budget cuts, especially by trimming non-rebate expenses including sales, technical assistance, and training (STAT) and marketing over 60% more aggressively than the portfolio average. Critically, income eligible programs remain a strong priority for the Company and still account for over 32% of combined residential spending, supporting households with the largest energy burdens.” The Division agrees with OER’s characterization concerning the Company’s efforts at making thoughtful, rather than blanket cuts. The Division also notes, as did OER, that there are provisions within the Plan to exceed budgetary limits should the needs arise.

The Division submits that the Company, which has delivered the energy efficiency program for many years now, is in the best position to estimate the achievable savings and deploy resources and personnel accordingly. The development of the Annual Energy Efficiency Plan is the responsibility of the electric and gas distribution company. The EERMC’s proposal does not sufficiently acknowledge the Company’s extensive experience regarding expected customer uptake and its ability to deliver or the fact that the expiration of federal tax incentives at the end of this month will inevitably cause a decline in measure adoption.

In addition to the budget set forth in the filed Plan, the Division has been apprised that the Company is preparing to file a combined heat and power (“CHP”) project as early as this month, outside the energy efficiency plan, as required. We are advised that the proposed project is a 6 MW project that would receive an incentive totaling \$3.6 million, in installments, after meeting project milestones, should it be approved. Two of those installments would likely be in 2026. This expense should be remembered as the 2026 Plan is evaluated.

Finally, the 2026 Plan as filed, contemplated utilizing the projected 2025 year-end fund balance of \$13.5 million as a starting point/buffer for the ratepayers’ costs in the 2026 budget and system benefit charge for the 2026 Program Year. However, the Commission recently voted unanimously in Docket 25-28-EL, *In Re: Request for Comment on Options for Mitigating Winter Price Volatility for the Winter of 2025 -2026* “to apply the December 31, 2025 Energy Efficiency electric fund balance net of any earned incentives to offset the cost of the total miscellaneous bill credits.” While the Commission’s vote in Docket 25-28-EL does not affect the overall budget, it certainly affects and increases the ratepayers’ system benefit charge for 2026 because there will no longer be a year-end fund balance (estimated at \$8.4 million) to jumpstart the costs of the 2026 Program Year.

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<sup>2</sup> This figure represents the RES compliance cost of Last Resort Service customers only, and not aggregation or competitive supply customers.

Thus, the EERMC's testimony regarding the impact of its alternative proposal on the 2026 SBC charge is no longer accurate.

Therefore, for all the foregoing reasons, the Division respectfully opposes the EERMC's proposal to amend the 2026 Energy Efficiency Plan as filed by the Company.

Very truly yours,

*Margaret L. Hogan*

/s/ Margaret L. Hogan, Esq.