



To: Public Utilities Commission  
From: Jonathan Schrag  
Date: July 6, 2018  
Re: Docket 4684 Revised Least Cost Procurement Standards

### **MEMORANDUM**

The Division submits this letter in support of the Revised Least Cost Procurement Standards (Revised Standards), which the Rhode Island Energy Efficiency and Resource Management Council (EERMC) filed with the Rhode Island Public Utilities Commission (PUC) on May 18, 2018.

The Division agrees with the Company that the Revised Standards accurately capture the new methodology for comparing the cost of efficiency and the cost of supply, as applied by the Company in its 2018 Energy Efficiency Program Plan (EE Plan). The revisions to the Standards define two proposed changes to this methodology: the removal of customer contributions from the calculation of cost of energy efficiency; and basing the cost of supply on the weighted average for all Residential, Commercial, and Industrial customers rather than solely the Residential cost.

The Division supports these revisions, which will provide a more accurate comparison of the cost of procuring energy efficiency savings to the cost of procuring energy supply for customers. The revisions are in line with best practices, have been vetted properly by stakeholders, and comply with the Least Cost Procurement Statute.

Although the Division supports the Revised Standards, it believes that the RI Test should be used as the sole determination of whether energy efficiency costs less than energy supply. The RI Test was developed in Docket 4600 through extensive stakeholder discussions, including input from Commission Staff and the Commission. The RI test is consistent with industry best practices, accurately reflects Rhode Island's energy policy goals, and was specifically designed to be used as a single metric for comparing all types of electricity and gas resources consistently. The Division raised this issue with EERMC and OER as a possible statutory interpretation the Commission might adopt. The Division would welcome an opportunity, in calendar year 2019, to engage in a technical session with the Commission, the EERMC, National Grid, OER and other key stakeholders to examine the applicability of the Rhode Island test in this context.