

The Energy Council of Rhode Island cannot support the final draft of the 2018-2020 Energy Efficiency and System Reliability Plan for the following reasons;

The Energy Efficiency Charge is too high (see Chart 1). We worked hard for legislation to cap this charge and the first draft succeeded except for the 2020 charge. In fact, the three-year average was \$0.011003, slightly lower than the 2017 charge. However, by the time the final draft was written the three-year average had risen to \$0.012243, an 11% increase from the first draft. The EE Charge for 2019 is particularly onerous as it jumps to \$0.01390. For a 2500 kW, 19,710,000 kWh/year customer the jump from today’s Energy Efficiency Charge to \$0.01390 represents a \$52,429 increase in their annual electricity charge. Even for a smaller customer for example a 1,000 kW, 7,884,000 kWh/year, this additional charge represents a \$20,972 increase in their bill.

Compared to saturated saving MWh, EE charge price is significantly increasing in recent years as chart 2 showing.

Chart 1

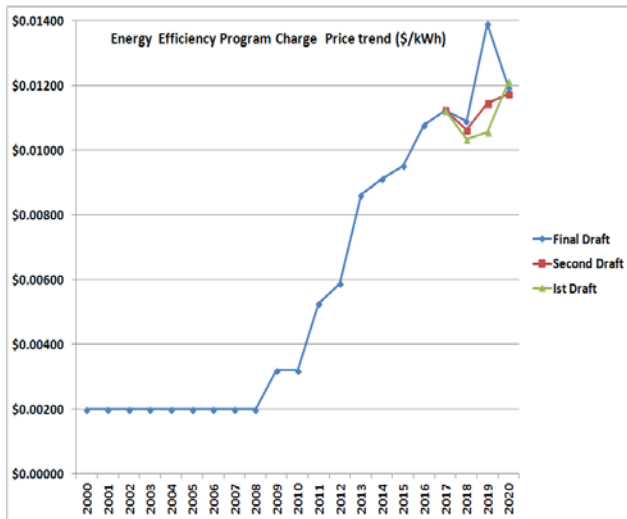
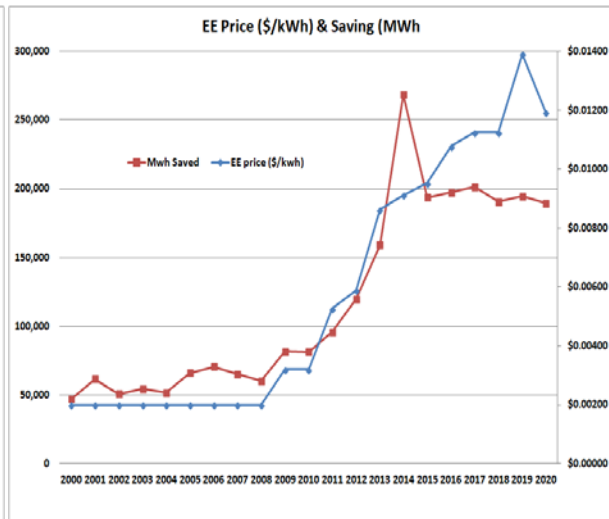


Chart 2



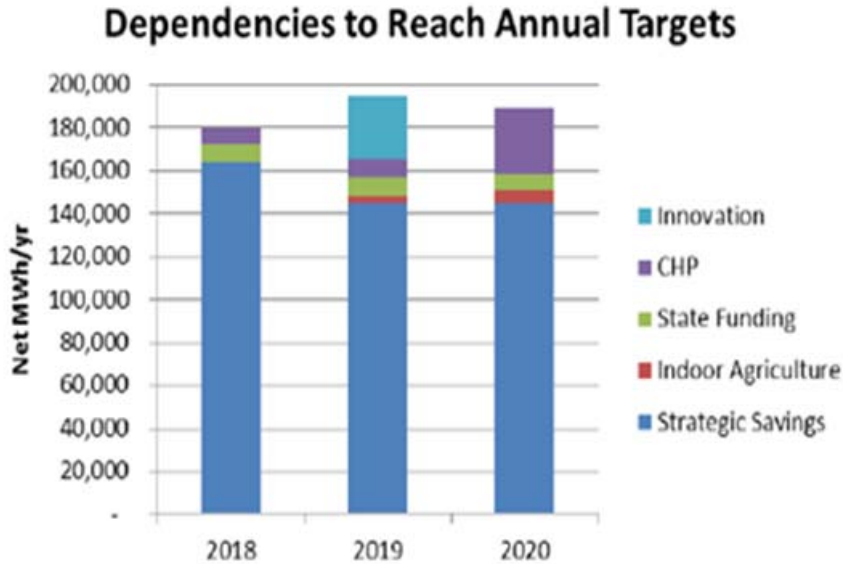
Currently, the Energy Efficiency Charge at \$0.01124 kWh, is higher than the distribution charge at \$0.00768 kWh. Together the Energy Efficiency Charge and the Renewable Energy Charge make up 41% of the distribution portion of the electric bill. Because these charges are on a kWh basis, they hit manufacturers particularly hard.

Secondly, the savings target is too high and not likely to be attained. National Grid points out that we are close to a saturation point with the LED lighting program and at this point we are replacing fluorescents rather than incandescent bulbs thereby yielding a smaller savings. Between the first draft and the final draft, the electric savings was increased from 512,914 MWh to 564,154 MWh or a 10% increase with no apparent justification.

Especially in 2019, 25,000 MWh was added just to exactly match up to three year target plan number which was approved by PUC in 2016 (Graph 1) This 25,000 MWh was identified as “innovation”.

Challenging three year target plan is including 19,000 MWh for innovation, there is no reasonable supporting logic on this 25,000 MWh “innovation” for 2019, more over, this cost for innovation is 4.9 c/lifetime kWh which is exact same cost with conventional saving cost with lower cost of LED, this irresponsible cost is most likely unrealistic.

Graph 1



We feel the Table 5. Summary of 2009-2017 EE Plans is misleading. In 2016 the table claims 758,284 participants in the Electric Energy Efficiency Program while there are only 497,598 total electric customers in the state. Granted, the footnote clarifies this by pointing out that “Electric participation is aggregate and includes repeat participation by individual customers” and the reader is instructed to look at the Annual Reports for a full breakdown. (Page 27 footnotes 23 & 24)

We find a similar issue with the discussion of jobs created. Though methodology exists, no accounting was made for the jobs lost because of high energy costs which are a result of the Energy Efficiency Charge and the Renewable Energy Charge. The report conveniently only looks at “construction phase impacts to GSP and job-years” Page 25 Footnote 25)

This report extends energy efficiency programs to delivered fuel customers. While we understand and support the need to pursue these programs in that fuel sector, we do not feel that our Natural Gas and Electric bills should be burdened with that cost.

This report provides for an increase in the shareholders compensation from 5% to 9% to match the amount the Company can earn on infrastructure investments. We would like to see a revenue neutral solution to this issue.

Finally, when we look at the number of customers data and the MMkWh/year consumed, we find it hard to believe that there is as much savings as this and previous reports claim. In part, this may be driven by the fact that the underlying assumption on savings per light bulb change and other activities may not adequately reflect the reality in Rhode Island.