

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

PUBLIC UTILITIES COMMISSION

LEAST COST PROCUREMENT STANDARDS

Commented [TB(1)]: OER's additions **GREEN** and deletions in **BLUE**

Equity addition highlighted

Commented [HW2]: Acadia Center proposed additions highlighted in **Maroon** ...apologies, that is a horrid color choice.

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CHAPTER 1 – Least-Cost Procurement

1.1. Purpose

- A. Least-Cost Procurement comprises System Reliability Procurement, Energy Efficiency and Conservation Procurement as provided for in R.I. Gen. Laws § 39-1-27.7 and Supply Procurement as provided for in R.I. Gen. Laws § 39-1-27.8.
- B. System Reliability Procurement, Energy Efficiency and Conservation Procurement, and Supply Procurement are distinct activities with the common purpose of meeting electrical and natural gas needs in Rhode Island in a manner that is optimally cost-effective, reliable, prudent, and environmentally and socially responsible.
- C. Pursuant to R.I. Gen. Laws § 39-1-27.7(a), the Public Utilities Commission (PUC) adopts standards and guidelines for System Reliability Procurement and Energy Efficiency and Conservation Procurement. ~~To the extent possible,~~ These standards shall may apply to any System Reliability Procurement and Energy Efficiency and Conservation Procurement as defined below, including proposals of such procurement outside of the System Reliability Procurement Plans and Energy Efficiency and Conservation Procurement Plans described below
- D. Pursuant to R.I. Gen. Laws § 39-1-27.7(c)(2), the PUC adopts standards for System Reliability Procurement Plans and Energy Efficiency and Conservation Procurement Plans. Standards for Plans shall apply to the Plans described in Chapters 3 and 4.
- ~~E. The PUC's guidance on rate design, goals for the electric system, and benefits and costs shall apply to both electric and natural gas System Reliability Procurement and Energy Efficiency and Conservation Procurement, as defined below and to the extent possible.¹~~

1.2. Definitions

- A. Energy Efficiency Procurement
Procurement of a resource that provides ~~electric or gas~~ energy supply through measures that use less energy to meet demand while providing the same end-use performance.
- B. Conservation Procurement
Procurement of a resource that avoids ~~of~~ energy use by reducing end-use performance or that avoids energy costs by displacing high-cost energy use with low-cost energy use.
- C. System Reliability Procurement
Identification, planning and/or ~~p~~Procurement of a non-traditional investment resource that mitigates or solves a distribution system need or advances the optimization of distribution system performance. System reliability may be procured for the electric and/or natural gas distribution systems, and procurement may cross

¹ The application would not apply to instances in which realities and conditions in the gas utility are not reasonably analogous to the electric utility. Per the definition of System Reliability Procurement, the application would not apply to all gas system procurement proposals (for example the annual Gas Infrastructure, Safety, and Reliability Plans) or gas supply procurement, but would only apply to portions of those proposals that met the procurement definitions in Section 1.2.

both electric and/or natural gas businesses. ~~meets the reliability needs of, or optimizes the performance of, the electric or natural gas delivery system while reducing or avoiding procurement of an alternative resources that increases the capacity of the delivery system.~~

Commented [BT(3)]: Recommend we consider inclusion of natural gas

Commented [BT(4)]: Capacity might not be the best word

D. Non-Traditional Investment

Procurement of a resource, capital, or service through a market-competitive process that is technology agnostic.

E. ~~Electric~~ Distribution System Needs

~~Electric~~ Distribution system needs shall be defined liberally, spanning both electric and gas, load and generation, and delivery-side and supply-side. Distribution system needs include, but are not limited to: system maintenance needs, system capacity (normal and emergency), voltage performance, reliability performance, protection coordination, fault current management, reactive power compensation, asset condition assessment, distributed generation constraints, ~~and~~ operational considerations, ~~and customer requests.~~ Distribution system needs shall be focused on ensuring safe and reliable operation of the distribution system. ~~Note that not all system needs can be addressed by NWAs.~~

Commented [HW5]: Acadia Center has strong concerns over including the term "customer requests" in the discussion of distribution system needs. This term is somewhat vague and there is a concern that the Company also has a significant role in driving "customer requests" via their ability to market products and services and for the Company to cite projections for customer requests that are based largely on their efforts to market a particular product or service. Perhaps this is my misunderstanding of the term "customer request."

F. Optimization of ~~Grid~~ Distribution System Performance

~~Optimizing grid performance refers to a~~ Activities undertaken to improve the performance and efficiency of the electric distribution system by the distribution company. ~~Performance improvements can include enhanced reliability, peak load reduction, and increased capacity utilization for more efficient use of assets. More efficient delivery of electricity can include optimization of operations and reduced system losses. Costs and data requirements associated with these optimization activities should be considered.~~ Optimization of distribution system performance includes activities that (1) control the long-term costs of the distribution system, (2) give customers more energy choices and information, and (3) build a flexible distribution system to integrate more clean energy generation. Optimizing distribution system performance may include both electric and/or natural gas delivery systems.

Commented [BT(6)]: Placeholder. Comes from definitions in existing SRP standards. Eliminate or consider a definition inclusive of natural gas.

Commented [BT(7)]: Placeholder. Comes from definitions in existing SRP standards. Eliminate or consider a definition inclusive of natural gas.

G. Cost-effectiveness

The distribution company shall assess the cost-effectiveness of measures, programs, and portfolios according to the Rhode Island Benefit Cost Test (RI Test) that was approved by the Public Utilities Commission (PUC) in Docket 4600. The distribution company shall, after consultation with the Council, propose the specific benefits and costs from the Rhode Island Benefit Cost Framework to be reported, and factors to be included, in the RI Test and include them in Energy Efficiency Plans. These benefits should include resource impacts, non-energy impacts, distribution system impacts, economic development impacts, and the value of greenhouse gas reductions, as described below. The accrual of specific non- energy impacts to only certain programs or technologies, such as income- eligible programs or combined heat and power, may be considered.

~~The measure of a resource's benefits divided by costs as defined in the Rhode Island Benefit Cost Test.~~

H. Rhode Island Benefit Cost Test (RI Test)

~~by a~~All rows in the first column of the Rhode Island Benefit Cost Framework (RI Framework) provided in Appendix B of the Stakeholder Working Group Process Report to the Rhode Island Public Utilities Commission in Docket No. 4600² and adopted by the PUC as in Docket No. 4600A Public Utilities Commission's Guidance on Goals, Principles and Values for Matters Involving The Narragansett Electric Company d/b/a National Grid.³

I. Cost Test

An assessment practice that compares a set of costs and benefits that are relevant to a defined point of view.

J. Cost of Supply

The cost of ~~electric or natural gas~~ energy supply or traditional investment that includes all applicable rows in the Rhode Island Benefit Cost Framework that are costs caused by or associated with the procurement of energy supply or traditional investment, whether internal or external to the market cost of energy.

K. Cost of Energy Efficiency and/or Conservation

The cost of ~~electric or natural gas~~ energy efficiency that includes all applicable rows in the Rhode Island Benefit Cost Framework that are costs caused by or associated with the procurement of energy supply, whether internal or external to the market cost of efficiency.

L. Three-Year Least-Cost Procurement Report (colloquially known as the Targets filing)

Least-Cost Procurement findings and recommendations of the Office of Energy Resource (OER) and the Energy Efficiency Resource Management Council (Council) filed triennially, either jointly or separately, to the PUC pursuant to R.I. Gen. Laws § 39-1-27.7(c)(1).

M. Three-Year Least-Cost Procurement Plan

A triannual filing by the distribution company as described in Chapter 3.

N. Annual Energy Efficiency and Conservation Procurement Plan

An annual filing by the distribution company as described in Chapter 3.

O. Equity:

Fair treatment, access, opportunity, and advancement for all people, while at the same time striving to identify and eliminate barriers that have prevented the full participation of some groups.

- 1.3. Standards – this section establishes the minimum evidence to be provided to the Commission and, when appropriate, the Council to determine if investments (whether in Energy Efficiency and Conservation Plans, System Reliability Plans, or in other filings) meet the requirements of Least-Cost Procurement law. This section does not provide definitions, but instead, minimum standards for review.

Commented [HW8]: Acadia Center supports OER's efforts to better incorporate the cost of additional distribution system investments required to deliver additional energy supply as a way to better evaluate and compare the relative costs of a traditional investment versus a non-wires alternative.

Commented [TB(9): Commission, can you give as much guidance as possible on equity, reliability, prudence here? We would like to have as much guidance as possible.

We would also like to see Equity explicitly added to this section.

² See http://www.ripuc.ri.gov/eventsactions/docket/4600-WGReport_4-5-17.pdf.

³ See <http://www.ripuc.ri.gov/eventsactions/docket/4600A-GuidanceDocument-Final-Clean.pdf>.

- A. Any investment proposed under Least-Cost Procurement shall justify why Least-Cost Procurement Law, rather than another law(s), is the most appropriate statute to govern the investment. Likewise, any investment proposed under Least-Cost Procurement shall specify the cost-recovery mechanism proposed and justify why the chosen cost-recovery mechanism is the most appropriate for the investment.
- B. Least-Cost Procurement shall be cost-effective, less than the cost of supply, reliable, prudent, and environmentally and socially responsible. Least-Cost Procurement that is specifically Energy Efficiency Procurement shall also be lower than the cost of additional energy supply.
- C. When preparing any cost test or resource assessment, including using the RI Framework ~~the RI Test~~, the following principles will be applied:
- i. **Efficiency as a Resource.** ~~EE is one of many resources that can be deployed to meet customers' needs. It should, therefore, be compared with both sSupply-side and demand-side alternative energy resources should be compared in a consistent and comprehensive manner.~~
 - ii. **Energy Policy Goals.** ~~Rhode Island's cost-effectiveness~~ Cost tests should be created using the RI Framework and account for its applicable policy goals, as articulated in legislation, PUC orders, regulations, guidelines, and other policy directives. Cost tests should show which RI Framework categories are applicable to the cost test and which are not.
 - iii. **Hard-to-Quantify Impacts.** ~~Efficiency assessment practices~~ Cost tests should account for all relevant, important impacts, even those that are difficult to quantify and monetize. Where applicable cost or benefit categories cannot be fully quantified, such categories should be estimated, described as a range, directionally described, or qualitatively described via narrative ~~assessed~~.
 - iv. **Symmetry.** ~~Efficiency assessment practices~~ Cost tests should be symmetrical, for example, by including both costs and benefits for each relevant type of impact.
 - v. **Forward-Looking.** Analysis of the impacts of efficiency investments should be forward-looking, capturing the difference between costs and benefits that would occur over the life of efficiency measures the investments with those that would occur absent the efficiency investments. Sunk costs and benefits are not relevant to a cost-effectiveness analysis.
 - vi. **Transparency.** ~~Efficiency assessment practices~~ Cost tests should be completely transparent, and should fully document and reveal all relevant inputs, assumptions, methodologies, and results.
- D. Cost-Effective
- i. ~~The PUC shall determine cost-effectiveness in a manner consistent with the PUC's Guidance Document issued in Docket No. 4600A.~~
 - ii. ~~The distribution company shall assess the cost-effectiveness of measures, programs, and portfolios of Least-Cost Procurement according to the Rhode Island Benefit Cost Test (RI Test) that was approved by the Public Utilities Commission (PUC) in Docket 4600. All categories of the RI Test are applicable, although some categories may have no or unknown value. The distribution company shall, after consultation with the Council, propose provide the specific benefits and costs from the Rhode Island Benefit Cost Framework to be reported, and benefit and cost~~

factors to be included, in determining the benefit cost RI Test ratio, and include them in Energy Efficiency Plans. These benefits should include resource impacts, non-energy impacts, distribution system impacts, economic development impacts, and the value of greenhouse gas reductions, as described below. The accrual of specific non-energy impacts to only certain programs or technologies, such as income-eligible programs or combined heat and power, may be considered.

Commented [BT(10)]: Redundant since the RI Test already includes this

- iii. The distribution company shall provide a comparison of its cost-effectiveness analysis under the Total Resource Cost (TRC) Test, as approved by the PUC in Docket No. 4580, to the current use of the RI Benefit Cost Framework in each Annual Plan filing.
- iv. The distribution company, on an annual basis, shall review and attempt to improve where practical and prudent, the use of the Rhode Island Benefit Cost Framework to ensure the accurate inclusion of significant program impacts.
- v. With respect to the value of greenhouse gas reductions, the use of the RI Framework Test shall include the costs of CO₂ mitigation as they are imposed and are projected to be imposed by the Regional Greenhouse Gas Initiative. The benefit cost analysis RI Test shall also include any other utility system costs associated with reasonably anticipated future greenhouse gas reduction requirements at the state, regional, or federal level for both electric and gas programs. A comparable benefit for greenhouse gas reduction resulting from natural gas or delivered fuel energy efficiency or displacement may be considered. The benefit cost analysis RI Test may include the value of greenhouse gas reduction not embedded in any of the above. The use of the RI Framework Test may shall also include the costs and benefits of other emissions and their generation or reduction through Least Cost Procurement.
- vi. Benefits and costs that are projected to occur over the term of the Energy Efficiency Plans Least-Cost Procurement investment shall be stated in present value terms in the RI Test calculation using a discount rate that appropriately reflects the risks of the investment of customer funds in Least-Cost Procurement. Energy efficiency; in other words, a discount rate that indicates that energy efficiency is a low-risk resource in terms of cost of capital risk, project risk, and portfolio risk. The discount rate shall be reviewed and updated in the Energy Efficiency Plans, as appropriate, to ensure that the applied discount rate is based on the most recent information available.

Commented [BT(11)]: Possibly redundant

E. **Reliable**

- i. The distribution company shall assess the
 - a. ability of Least-Cost Procurement investment to meet the energy supply or delivery system needs.
 - b. which ability of previous investments, including identical or similar investments, to support the conclusion that a new investment is reliable.
 - c. risks associated with each investment alternative (for example, the ability to obtain licensing and permitting, significant risks of stranded investment, the potential risk reduction of a more incremental approach, sensitivity of alternatives to differences in load forecasts, and emergence of new technologies,-etc.);

Commented [TB(12)]: We should review National Grid's revisions to this section.

Also we ask the Commission to add more detail/guidance here (as much as possible)

Commented [BT(13)]: Moved from "prudent"

d. implementation issues including but not limited to workforce, program or project scalability, program or market continuity, system planning coordination, evaluation, and distribution company management capabilities; and

e. risks associated with customers' behavior, responsiveness, and ability to potentially modify usage at certain times and seasons;

~~ef. Risks associated with extended restoration times and the full range of costs associated with widespread outages in either the gas and electric distribution systems, to the extent utilities are proposing continued or expanded ratepayer investment in either or system~~

ii. When applicable, the distribution company shall assess an investment's:

- a. ability to meet the specific identified system needs;
- b. review of anticipated reliability as compared to alternatives;
- c. operational complexity and flexibility; and
- d. resiliency of the system.

iii. The distribution company shall supply any other information that the company believes supports a finding that an investment is reliable.

F. Prudent

i. The distribution company shall assess:

- a. how the investment supports the goals of the electric or natural gas system and the purposes of Least-Cost Procurement.
- b. potential for synergy savings based on alternatives that address multiple needs;
- c. how the entire investment proposal affects the risks of ratepayers and the distribution company.
- d. how the investment effectively uses available funding sources and integrates with energy programs and policies

~~de. the continued or additional risk to public safety presented by the gas and/or electric distribution system, to the extent a utility is proposing continued or expanded ratepayer investment in either or system~~

~~ef. risks associated with each investment alternative (for example, the ability to obtain licensing and permitting, significant risks of stranded investment, the potential risk reduction of a more incremental approach, sensitivity of alternatives to differences in load forecasts, and emergence of new technologies, etc.);~~

~~fg. implementation issues; and~~

~~gh. risks associated with customer behavior, responsiveness and ability to potentially modify usage at certain times and seasons;~~

ii. The distribution company shall provide rate and bill impacts to a range of customer types and usage levels.

iii. The distribution company may provide additional costs tests to support a finding that an investment is prudent.

iv. The distribution company shall supply any other information that the company believes support a finding that an investment is prudent.

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Commented [BT(14)]: Moved from "prudent"

Commented [TB(15)]: Can the Commission if they give more guidance/detail here?

We should review National Grid's revisions to this section.

Commented [TB(16R15)]: Remaining items OER would like to see added to the Prudent Standard:
1.Does the issue need an intervention/investment?
2.Should the distribution Company be the one delivering the solution?
3. Is building a justification off of/down-from recent potential study findings a good way to show a investment is "Prudent"?
4.How should "Prudent" be applied to quantifying items in any cost-benefit analysis conducted?

Commented [TB(17)]: Discussion point for the Tech Session: when should prudent/reliable considerations be applied? At the Target phase or only later in the 3YP/Annual Plan phase?

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Commented [BT(18)]: Moved above to "reliable"

Commented [BT(19)]: Moved to "Reliable"

G. Environmentally Responsible

i. ~~Environmental responsibility is indicated by the procurement of energy savings,~~
The distribution company shall assess how an investment complies with State environmental policies; and ~~the~~ properly value ~~ation of greenhouse gas reduction~~ environmental costs and benefits.

ii. The distribution company shall, at minimum, assess:

- a. The climate impacts of various investment strategies;
- b. The local air pollution impacts of various investment proposals;
- c. Indoor air pollution impacts of various investment proposals;
- d. The public health impacts of various investment proposals;
- e. A particular focus on the public health impacts on environmental justice communities of various investment proposals;

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H. Socially Responsible

i. The distribution company shall assess the equitability of an investment and its direct, indirect, short-term, and long-term outcomes.

a. For programs or services, the distribution company shall, at minimum, assess the equitability of the program's or service's access, participation, and distribution of funding. Equitable access shall include, but is not limited to, particular and sustained attention to households, businesses, and neighborhoods that have historically been underrepresented in energy efficiency programs.

b. Where applicable, the distribution company shall

- i. present quantifiable metrics such as energy burden to describe how an investment is socially responsible;
- ii. describe how an investment will provide fair treatment, access, opportunity, and advancement for all people; and
- iii. describe how an investment will help to identify and/or eliminate barriers that have historically prevented full participation of some groups.

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Commented [YY20]: A social responsibility standard is fine as long as equity is explained really clearly in the definition section. If it isn't social responsibility can be defined and interpreted too broadly to achieve the change we want to see.

Commented [TB21]: Changed from underserved because I think this should apply to both the demand AND supply side of EE (i.e. businesses that supply the work AND people who receive the work)

B. Less than the Cost of Supply

i. The distribution company shall assess compare the cost of energy supply and the cost of eEnergy eEfficiency and Conservation Procurement measures, programs, and portfolios using all applicable costs enumerated in the Rhode Island Benefit Cost RI Framework approved by the PUC in Docket No. 4600A and the Rhode Island Test, as updated periodically and approved by the PUC. The distribution company shall, after consultation with the Council propose provide specific costs to be included in the comparison cost of energy supply and energy efficiency. in Energy Efficiency Plans. These costs should include applicable resource impacts, non-energy impacts, distribution system impacts, economic development impacts, greenhouse gas impacts, among others. The accrual of applicable specific non-

energy costs to only certain programs or technologies, such as income-eligible programs or combined heat and power, may be considered.

- ii. The distribution company shall compare the cost of a system reliability procurement investment to at least one, cost-effective, prudent and reliable, alternative solution.
- iii. The cost of supply shall, at a minimum, include costs associated with generation, transmission, and distribution of energy electricity. Additional energy supply shall mean supply that would be incremental to marginal energy supply.
- iv. The distribution company shall describe which costs in the RI Framework cost-effectiveness test were included in the cost of supply and which costs are included in the cost of energy efficiency, conservation and/or system reliability procurement. For any impacts categories that are not included in either the cost of supply or the cost of energy efficiency, conservation and/or system reliability procurement, the distribution company shall describe why they are not included.

1.4. **Performance Incentive Plan**

- A. Pursuant to R.I. Gen. Laws § 39-1-27.7(e) and § 39-1-27.7.1, the distribution company shall have an opportunity to earn a shareholder incentive that is dependent on its performance in implementing the approved Annual Plan and is in alignment with any formal Performance Incentive Guidance provided by the Commission.
 - i. The distribution company, in consultation with the Council, will propose in its Three-Year Plan and subsequent Annual Plans a Performance Incentive (PI) Plan that is designed to promote superior distribution company performance in cost-effectively and efficiently securing for all customers all prudent and reliable efficiency, conservation and/or system reliability procurement resources that are lower cost than supply.
 - ii. The PI should be structured to reward program performance that makes significant progress in securing all prudent and reliable cost-effective efficiency and conservation resources that are lower cost than supply while, at the same time, ensuring that those resources are secured as efficiently as possible.
 - iii. The distribution company PI model currently in place in Rhode Island should be reviewed by the distribution company and the Council. The distribution company and Council shall also review incentive programs and designs in other jurisdictions, including those with penalties and increasing levels of incentives based on higher levels of performance.
 - iv. The PI may provide incentives for other objectives that are consistent with the goals, including, but not limited to, comprehensiveness; equitability for all customers equity; lifetime net benefits; increased customer access to capital; and market transformation.
- C. The PI should be sufficient to provide a high level of motivation for excellent distribution company performance annually and over the three-year period of the Three-Year Plan, but structured so that customers receive most of the benefit from energy efficiency implementation.
- D. The PI shall state clearly each specific objective it is designed to direct the distribution company to achieve and the reason a PI is needed to do so. The design of the PI shall be clear and focused, have clear metrics for determining performance, not

duplicate incentives, and not provide multiple or different incentives for attaining the same objective. The PI shall be coordinated with Company earnings from other regulated utility business activities.

Commented [BT(22)]: This is an unedited placeholder. The PUC expects to adopt applicable principles soon.

CHAPTER 2 – Three-Year Least-Cost Procurement Report

2.1. Intent

- A. This Chapter provides standards and guidelines for System Reliability and Energy Efficiency and Conservation Procurement findings and recommendations filed with the PUC pursuant to R.I. Gen. Laws § 39-1-27.7(c)(1).

2.2. Purpose

- A. The Three-Year Least-Cost Procurement Report (Report) shall serve as guidance for Least-Cost Procurement proposed by the distribution company over the following ~~three~~ ~~six~~ years. This includes proposals within and beyond plans defined in Section 1.2.K and J.
- B. This report shall reference findings from a market potential assessment that the Council shall conduct at least once every six (6) years. This assessment shall be used by the Council to inform recommended program targets filed with the Commission once every three (3) years.

Commented [BT(23)]: This is built on the existing definition of "Prudent" in existing 1.2.E(i)

2.3. Content

- A. Energy Efficiency and Conservation Procurement Targets
 - i. The Report shall contain findings from analyses and recommendations of savings potential targets for electric and natural gas through Energy Efficiency and Conservation Procurement over a six-year time period.
 - ii. The report shall identify recommend targets for Energy Efficiency and Conservation Procurement strategies for achieving savings targets over at least a three-year period.
 - iii. The Report shall provide a discussion of how the savings targets are cost-effective, reliable, prudent, environmentally responsible and less than the cost of supply.
- E. System Reliability Procurement Recommendations
 - i. The Report shall contain recommendations for processes, including screening criteria, for identifying and implementing System Reliability Procurement investments that potentially meet Least-Cost Procurement Standards.
 - ii. ~~The report shall identify strategies and technologies that potentially contribute to System Reliability Procurement.~~
- F. Performance Incentive Plans
 - i. The Report shall identify recommendations for performance incentives that the distribution company is eligible to earn through Least-Cost Procurement.
- G. Least-Cost Procurement Standards
 - i. The Report shall identify recommendations for updates to Least Cost-Procurement Standards.
- H. Recommended Rulings
 - i. The Report shall state any findings OER and the Council recommend the PUC adopt by order.
- I. Stakeholder Processes

Commented [TB(24)]: We need to discuss this.

- i. The Report shall contain, as an attachment, minutes of public Council meetings at which the Report was discussed.
- ii. The Report shall contain, as an attachment, any visual presentations or other meeting materials related to the development of the Report made at public Council meetings.

2.4. Timing

- A. OER and the Council shall file the Report on or before March 1, 2008 and triennially on or before March 1, thereafter through March 1, 2024.
- J. OER and the Council shall notify the PUC of any good cause for delaying the filing, and with agreement from the distribution company and the Division of Public Utilities and Carriers.
- K. Findings and recommendations for System Reliability Procurement may be filed separately from those for Energy Efficiency and Conservation Procurement. Recommendations for Least-Cost Procurement Standards identified pursuant to 2.3.B ~~2-E~~ may be filed separately from System Reliability and Energy Efficiency and Conservation Procurement findings and recommendations.

Commented [BT(25)]: Move to timing

2.5. PUC Orders

- A. The PUC will order the adoption of three-year targets for Energy Efficiency and Conservation Procurement that are consistent with the Standards herein.
- B. The PUC will order adoption of any other recommendations supported by the Report and consistent with Least-Cost Procurement, and all applicable statutes, rules, and policies.

Commented [TB(26)]: Can the Commission commit to a timeline here? 60 days? 90 days? (60 would be preferred to allow for more time before a 3YP has to be filed (by Sept 1st))

Commented [TB(27)]: Does this mean these recommendations can immediately become part of the record for 3YPs and Annual Plans? (i.e. the recommendations could immediately be evidence in each respective docket)? – would be great if they could be!

CHAPTER 3 – Energy Efficiency and Conservation Procurement Plans

3.1 Intent

- A. This Chapter provides standards and guidelines for Energy Efficiency and Conservation Procurement Plans filed with the PUC pursuant to R.I. Gen. Laws §§ 39-1-27.7(c)(4) and (5).

3.2 General Plan Design and Principles

- A. Energy Efficiency Plans⁴ should be designed, where possible, to complement the objectives of Rhode Island’s ~~energy programs and policies~~ ~~energy efficiency; renewable energy; and clean energy programs~~, and to describe ~~their~~ interactions with them, including, but not limited to, the System Reliability Procurement Plan; ~~energy efficiency, renewable energy, and clean energy programs; utility long-range gas plans; utility electric last resort procurement; Infrastructure, Safety & Reliability (ISR) Plans; the Renewable Energy Standard; the Renewable Energy Growth Program; the Net Metering Program; and the Long-Term Contracting for Renewable Energy Standard~~. Energy Efficiency Plans should also be coordinated, where possible, with other applicable energy procurement, planning, and investment programs, including, but not limited to, Standard Offer Supply Procurement.
- L. Innovation. Energy Efficiency Plans should ~~address~~ ~~consider~~ new and emerging issues as they relate to Least Cost Procurement (~~e.g., CHP, strategic electrification, integration of grid modernization, gas service expansion, distributed generation and storage technologies, energy efficiency services for non-regulated fuels, etc.~~), as appropriate, including how they may meet State policy objectives and provide system, customer, environmental, and societal benefits.
- M. Comprehensiveness. The distribution company should consistently design ~~energy efficiency and conservation~~ programs ~~and strategies to ensure that all customers have an opportunity to benefit comprehensively through types of measures or depth of services, to realize~~ ~~ing~~ both near-term and long-lived savings opportunities; ~~to deliver both state-wide and location-specific savings; and to ensure equitable customer access where appropriate~~, from expanded investments in this lower-cost resource. The programs should be designed and implemented in a coordinated fashion by the distribution company, in active and ongoing consultation with the Energy Efficiency and Resource Management Council (Council).
- B. Equity. The portfolio of programs proposed by the distribution company should be designed to ensure ~~equitable access to, participation in, and distribution of funding for, energy efficiency and conservation that different sectors and all customers receive opportunities to participate and secure efficiency~~ resources ~~that are~~ lower cost than the cost of supply.
- N. Build on prior plans. Energy Efficiency Plans shall describe the recent energy efficiency programs offered by the distribution company and highlight how the Energy Efficiency Plans supplement and expand upon these offerings at the appropriate level of detail, including, but not limited to, new measures, implementation strategies, measures specifically intended for demand or load

Commented [BT(28)]: Subparagraph 5 only discusses annual and related plans for efficiency.

Commented [BT(29)]: Copied from existing definition of “Energy Efficiency”

⁴ Energy Efficiency Plans refers to both the EE Procurement Plan (or Three-Year Plan) and EE Program Plan (or Annual Plan), as applicable.

management, and new programs as appropriate.

- C. Build on prior programs. Distribution company program development shall proceed by building upon what has been learned to date in distribution company program experience, systematically identifying new opportunities and pursuing comprehensiveness of measure implementation, as appropriate and feasible.
- O. Plan based on potential assessments. The distribution company shall use the Council's Opportunity Report, as issued on July 15, 2008, or ~~other assessments of potential~~, the most recent study of potential commissioned by the Council, as resources in developing its Three-Year Plan. The distribution company shall include in its Three-Year Plan an outline of proposed strategies to supplement and build upon these assessments of potential.
- P. Unlocks capital and effectively uses funding sources. Energy Efficiency Plans shall include a section outlining and discussing new strategies to make available the capital needed to effectively overcome barriers to implement projects in addition to direct financial incentives provided in order to cost-effectively achieve the Least Cost Procurement mandate. Such proposed strategies shall move beyond traditional financing strategies and shall include new capital availability strategies and ~~third-party (or external)~~ partnerships that effectively overcome market barriers in each market segment in which it is feasible to do so.
- Q. Integration. Energy Efficiency Plans shall address how the distribution company plans to integrate ~~gas and electric~~ energy efficiency programs to optimize customer energy efficiency and provide benefits from synergies between ~~the two~~ energy systems and ~~their respective~~ available programs.
- R. Three-Year Plans shall be developed to propose strategies to achieve the energy efficiency savings targets that shall be proposed by the Council and approved by the PUC for that three-year period. Such strategies shall secure energy, capacity, and system benefits and also be designed to ensure the programs will be delivered successfully, cost-effectively, equitably, and cost-efficiently over the long term. In addition to satisfying other provisions of these Standards, the Three-Year Plan shall contribute to a sustainable energy efficiency economy in Rhode Island, respond to and transform evolving market conditions, strive to increase participation, and provide widespread consumer benefits.
- S. Energy Efficiency investments shall be made on behalf of all customers. This will ensure consistency with existing program structure under which all customers pay for, and benefit from, Rhode Island's efficiency programs.
- T. Efficacy. All efforts to establish and maintain program capability shall be done in a manner that ensures quality delivery and is economical and efficient. The Utility shall include wherever possible and practical partnerships with existing educational and job training entities.
- U. Parity. While it is anticipated that rough parity among sectors can be maintained, as the limits of what is cost-effective are identified, there may be more efficiency opportunities identified in one sector than another. The distribution company should design programs to capture all resources that are cost-effective and lower cost than supply. The distribution company should consult with the Council to address ongoing

Commented [BT(30)]: Copied from existing definition of "Reliable"

Commented [BT(31)]: Copied from existing definition of "Prudent"

issues of parity

- D. Cost-effectiveness. The distribution company shall propose a portfolio of programs ~~in the Annual Plan~~ that is cost-effective. Any program with a benefit-cost ratio greater than 1.0 (i.e., where benefits are greater than costs), should be considered cost-effective. The portfolio must be cost-effective and programs ~~should~~ **must** be cost-effective, ~~except as noted below.~~
- iii. The distribution company shall be allowed to direct a portion of proposed funding to conduct research and development and pilot program initiatives. These efforts will ~~not be~~ subject to cost-effectiveness considerations **consistent with the PUC's guidance on pilots provided in the Guidance Document issued in Docket No. 4600A.** ~~However, t~~ The costs of these initiatives shall be included in the assessment of portfolio-level cost-effectiveness.
- iv. The distribution company shall allocate funds to the Council and OER as specified in R.I. Gen. Laws § 39-2-1.2. ~~These allocations will not be subject to cost-effectiveness considerations. However, t~~ **These costs shall be included in the assessment of portfolio-level cost-effectiveness.**

Commented [BT(32)]: From existing Section 1.4 D (Annual EE Plan)
This applies it to both plans

3.3 **Three-Year Energy Efficiency and Conservation Procurement Plan**

A. Purpose

- i. The Three-Year **Energy Efficiency and Conservation Procurement Plan (Three-Year EE Plan)** shall propose overall **Energy Efficiency and Conservation Procurement** budgets, ~~and efficiency savings targets, and program focus and strategies~~ for the three years of implementation beginning with January 1 of the following year. These budgets and targets shall be illustrative and provisional,⁵ and shall guide Annual Energy Efficiency and Conservation Procurement Plans (**Annual EE Plans**) over the three-year period.
- ii. The Three-Year EE Plan shall identify the strategies and an approach to planning and implementation of programs that will secure all cost-effective energy efficiency and conservation resources that are ~~lower cost than supply, prudent and reliable, and consistent with the definitions~~ **Least-Cost Procurement Standards** provided herein.
- iii. ~~All aspects related to the design and setting of a shareholder incentive for Energy Efficiency and Conservation Procurement shall be determined in the Three-Year EE Plan.~~

Commented [BT(33)]: From existing Section 1.4.C Annual EE Plan
This applies it to both plans.

Note that in the orders sections of the Annual Plan, staff recommends that the PUC makes clear certain measures can be denied if they do not meet the Standards.

Commented [BT(34)]: Consider setting firm three-year targets and budgets with illustrative six-year targets and budgets.

V. Content

- i. **The Three-Year Plan shall contain sections that describe the following:**
 - a. **Consistency with the requirements of Section 1.3,**
 - b. Strategies and Approaches to Planning,
 - c. ~~Cost Effectiveness~~
 - d. ~~Prudence and~~
 - e. ~~Reliability~~

⁵ As the Three-Year Plan is illustrative and provisional, variances between Annual Energy Efficiency Plans and Three-Year Plans due to changes in factors such as, but not limited to, sales forecasts, funding sources, avoided costs, and evaluation results may be acceptable, subject to PUC review of Utility explanation for those variances.

~~f. Environmental Responsibility~~

~~g. Cost of Additional Supply~~

Commented [BT(35)]: Moved to testimony

h. Funding Plan and Initial Targets.

(1) The distribution company shall develop a funding plan using, as necessary, the following sources of funding to meet the budget requirement of the Three-Year Plan and fulfill the statutory mandate of Least Cost Procurement. The distribution company shall utilize, as necessary and available, the following sources of funding for the efficiency program investments:

- (i) the existing System Benefits Charge (SBC);
- (ii) revenues resulting from the participation of energy efficiency resources in ISO-New England's forward capacity market (FCM);
- ~~(iii) proceeds from the auction of Regional Greenhouse Gas Initiative (RGGI) allowances pursuant to R.I. Gen. Laws § 23-82-6;~~
- ~~(iv) funds from any state, federal, or international climate or cap and trade legislation or regulation, including, but not limited to, revenue or allowances allocated to expand energy efficiency programs;~~
- (v) a fully reconciling funding mechanism, pursuant to R.I. Gen. Laws § 39-1-27.7, which is a funding mechanism to be relied upon after the other sources as needed to fully fund cost-effective electric and gas energy efficiency programs to ensure the legislative mandate to procure all cost effective efficiency that is lower cost than supply is met; and
- (vi) other sources as may be identified by the Council, the Office of Energy Resources (OER), and/or the distribution company.

(2) The distribution company shall include a preliminary budget for the Three-Year Plan, covering the three-year period, that identifies the projected costs, benefits, and initial energy saving targets of the portfolio for each year. The budget shall identify, at the portfolio level, the projected cost of efficiency resources in cents/lifetime kilowatt-hours (kWh) or cents/lifetime million British thermal units (MMBtu). The preliminary budget and initial energy saving targets may be updated, as necessary, in the distribution company's Annual Energy Efficiency Plan.

Commented [BT(36)]: Consider firming the effect of this and extending illustrative targets to six years.

ii. Multi-year strategies

a. The distribution company may present multi-year (up to three-year) funding and program implementation strategies, if the proposed actions are prudent, reliable, cost-effective, and less than the cost of supply.

b. The distribution company will identify investment strategies for which implementation and budget requests (or revenue collection) are expected to span multiple years.

Commented [TB(37R36)]: OER does not think budgets looking 6 years out would be accurate enough to be helpful. We would recommend sticking with 3 years.

c. In addition to the budgets and targets required in Section 3.2.A.viii.b, the distribution company will separately provide budgets—and, targets, and PI structures for multi-year strategies.

iii. Performance Incentive Plan Structure, pursuant to Section 1.5.

a. The distribution company may propose an incentive structure specific to the energy efficiency and conservation strategies in the Three-Year Plan pursuant to Section 1.4.

iv. Testimony

a. The distribution company will prefile testimony on the following:

- (3) Cost-Effectiveness of measures, programs, and portfolios
- (4) Prudencey and
- (5) Reliability
- (6) Environmental Responsibility
- (7) Social Responsibility
- (8) Cost of Additional Supply compared to measures, programs, and portfolios

b. Prefiled testimony will also state what approvals for Energy Efficiency and Conservation Procurement the distribution company requesting from the PUC.

Commented [BT(38)]: Recommend the PI be set in the Three-Year Plan

Commented [BT(39)]: To be consistent with the statute

Commented [BT(40)]: Moved from above

Commented [BT(41)]: To be consistent with the statute

W. PUC Orders

- i. The PUC will approve three-year savings targets and strategies for Energy Efficiency and Conservation Procurement programs and portfolios that meet the Standards herein.
- ii. The PUC will approve three-year budgets for Energy Efficiency and Conservation Procurement.
- iii. The PUC will approve a three-year performance incentive plan for Energy Efficiency and Conservation Procurement, if requested in the filing.
- iv. The PUC will order adoption of any other recommendations supported by the Plan and consistent with Least-Cost Procurement, and all applicable statutes, rules, and policies.

X. Timing

i. The distribution company shall submit a Three-Year Energy Efficiency and Conservation Procurement Plan (Three-Year Plan) to the Commission triennially on September 1. PLACEHOLDER FOR FILING DEADLINES

3.4 Annual Energy Efficiency and Conservation Procurement Plans

A. Purpose

i. Annual EE Plans set a detailed budget for the Annual Plan meeting the savings target set in Three-Year EE Plans, covering the annual period beginning the following January 1, that identifies the projected costs; benefits; and energy saving goals of the portfolio and of each program. The budget shall identify, at the portfolio level, the projected total resource cost of efficiency resources in cents/lifetime kWh or cents/lifetime MMBtu.

Commented [BT(42)]: Could be that the annual plan is more of an implementation report, and the 3-year plan is what sets the actual targets

- ii. The annual detailed budget update shall include the projected costs, benefits, and energy saving goals of each program, as well as the total resource cost of efficiency resources in cents/lifetime kWh or cents/lifetime MMBtu.
- iii. Annual EE Plans may include proposals for system benefit charge rate changes.
- iv. The Annual Plan shall identify the energy cost savings and bill impacts that Rhode Island ratepayers will realize through its implementation.
- v. The Annual Plan filings shall also provide for adjustment, as necessary, to the remaining years of the Three-Year Plan based on experience, ramp-up, and assessment of the resources available.

Y. Content

- i. Principles of Program Design. The Annual Plan shall identify and contain programs proposed for implementation by the distribution company pursuant to the Three-Year Plan and which demonstrate consistency with the principles of program design described above in Section 1.3.2.
- ii. Any program implementation or budget commitments approved in a Three-Year Plan would be summarized in the relevant Annual Plan(s) for clarity and ease of reference.
- iii. The Three-Year Annual Plan shall contain sections that describing consistency with the requirements of Section 1.3.
- iv. The distribution company shall include a detailed budget for the Annual Plan, covering the annual period beginning the following January 1, that identifies the projected costs; benefits; and energy saving goals of the portfolio and of each program. The budget shall identify, at the portfolio level, the projected total resource cost of efficiency resources in cents/lifetime kWh or cents/lifetime MMBtu.
- v. The Annual Plans filed October 15 or November 1 will reflect program implementation experience and anticipated changes, shifts in customer demand, changing market costs, and other factors, including a discussion of market transformation impacts as noted above in Section 1. The annual detailed budget update shall include the projected costs, benefits, and energy saving goals of each program, as well as the total resource cost of efficiency resources in cents/lifetime kWh or cents/lifetime MMBtu.
- vi. The Annual Plan shall identify the energy cost savings and bill impacts that Rhode Island ratepayers will realize through its implementation.
- vii. Program Descriptions
 - a. The distribution company shall, as part of its Annual Plan, describe each program, how it will reach its target market, and how it will be implemented. In these descriptions, the distribution company shall demonstrate, as appropriate, how the program is consistent with the principles of program design described above.
 - b. In addition to these basic requirements, the Annual Plan shall address, where appropriate, the following elements:
 - (1) comprehensiveness of opportunities addressed at customer facilities;

Commented [BT(43)]: Redundant. Already required because of Section 1.3

Commented [BT(44)]: Copied the entirety of existing Section 1.4.F

- (2) integration of electric and natural gas energy efficiency implementation and delivery (while still tracking the cost-effectiveness of programs by fuel); energy efficiency opportunities for delivered fuels customers should be addressed to the extent possible;
- (3) integration of energy efficiency programs with renewables, ~~and other~~ System Reliability Procurement Plan elements, ~~and other applicable energy programs, policies, and distribution company activities;~~
- (4) promotion of the effectiveness and efficiency levels of codes, standards, and other market transforming strategies; if the distribution company takes a proactive role in researching, developing and implementing such strategies, it may, after consultation with the Council, propose a mechanism to claim credit for a portion of the resulting savings;
- (5) implementation, where cost-effective, of demand response and load management measures or other programs that are integrated into the electric and natural gas efficiency program offerings; such measures/programs will be designed to supplement cost-effective procurement of long-term energy and capacity savings from efficiency measures; and
- (6) ~~integration with non-wires alternatives.~~

viii. ~~Evaluation, Measurement, and Verification (EM&V) Plan~~ ~~Monitoring and Evaluation (M&E) Plan~~

- a. The distribution company shall include an ~~M&E~~ EM&V Plan in its Annual Plan
- b. This ~~M&E~~ EM&V Plan shall address at least the following:
 - (1) savings verification, including, where appropriate, analysis of customer usage; such savings verification should also facilitate participation in ISO-NE's forward capacity market;
 - (2) issues of ongoing program design and effectiveness;
 - (3) ~~coordination with program pilots, demonstrations, or assessments;~~
 - (4) any other issues, for example, efforts related to market assessment and methodologies to claim savings from market effects, among others;
 - (5) a discussion of regional and other cooperative ~~M&E~~ EM&V efforts the distribution company is participating in, or plans to participate in; and
 - (6) longer-term studies, as appropriate, to assess programs over time.
- c. The distribution company shall include in its ~~M&E~~ EM&V Plan any changes it proposes to the frequency and level of detail of distribution company program plan filing and subsequent reporting of results.

Commented [BT(45)]: Copied entirety of 1.4.G

ix. ~~Reporting Requirements~~

- a. The distribution company, in consultation with the Council, will propose the

Commented [BT(46)]: Copied entirety of 1.4.H

content to be reported and a reporting format that is designed to communicate clearly and effectively the benefits of the efforts planned and implemented, with particular focus on energy cost savings and program participation levels across all sectors, to secure all EE and conservation resources that are lower cost than supply.

x. Multi-year strategies

- a. The distribution company will identify investment strategies for which implementation and budget requests (or revenue collection) are expected to span multiple years.
- b. In addition to the budgets and targets required in Section 3.2.A.viii.b, the distribution company will separately provide budgets and targets for multi-year strategies.

xi. Performance Incentive Plan Structure, pursuant to Section 1.5.

The distribution company may propose an incentive structure specific to the energy efficiency and conservation strategies in the Annual Plan pursuant to Section 1.4.

Commented [BT(47)]: More of a placeholder.

xii. Testimony

a. The distribution company will prefile testimony on the following:

- (1) Cost-Effectiveness of measures, programs, and portfolios
- (2) Prudence and
- (3) Reliability
- (4) Environmental Responsibility
- (5) Social Responsibility
- (6) Cost of Additional Supply compared to measures, programs, and portfolios

Commented [BT(48)]: To be consistent with the statute

Commented [BT(49)]: Moved from above

Commented [BT(50)]: To be consistent with the statute

b. Prefiled testimony will also state what approvals for Energy Efficiency and Conservation Procurement the distribution company is requesting from the PUC.

Z. PUC Orders

xiii. The PUC will approve annual targets goals and rates for Energy Efficiency and Conservation Procurement programs and portfolios that meet the Standards herein.

Commented [BT(51)]: Not including budgets here.

xiv. The PUC may deny approval of measures that do not meet the standards herein and that are not critically linked to the cost-effectiveness of other investments that are otherwise consistent with Least-Cost Procurement and the standards herein.

Commented [BT(52)]: Since this is happening, we need to address it.

xv. The PUC will order adoption of any other proposals supported by the Plan and consistent with Least-Cost Procurement, and all applicable statutes, rules, and policies.

AA. Timing

xvi. Annual Plan shall be filed on October 15, except in years in which a Three-Year Plan is filed; in those years, the Annual Plan filing shall be made on November 1. PLACEHOLDER FOR FILING DEADLINE

CHAPTER 4 – ~~Three-Year~~ System Reliability Procurement Plans

4.1 ~~Three-Year~~ System Reliability Procurement Plans

4.2 Intent

- A. This Chapter provides standards and guidelines for System Reliability ~~Energy Efficiency and Conservation~~ Procurement Plans filed with the PUC pursuant to R.I. Gen. Laws §§ 39-1-27.7(c)(4).

4.3 Purpose

- A. The Three-Year System Reliability Procurement Plan (Three-Year SRP Plan) shall describe general planning principles and potential areas of focus for SRP for the three years of implementation, beginning with January 1 of the following year. ~~Such SRP Plans shall include, but are not limited to~~
- B. The Three-Year SRP Plan shall provide screening criteria for non-traditional investments ~~non-wires alternatives~~ and a proposal for how such screening criteria will be included in system planning.
- C. The Three-Year SRP Plan will provide strategies and technologies the distribution company intends to employ or consider employing over the next three years pursuant to R.I. Gen. Laws § 39-1-27.7 and these standards.
- D. The Three Year SRP Plan will explain in summary how identical, similar, and related investments across programs contributed incrementally to the state energy policies and goals for the natural gas and electric systems.
- E. The Three Year SRP Plan will describe the procurement process for market-sourced solutions.
- F. The Three Year SRP Plan will describe the evaluation process for non-traditional capital investments, including none-wires solutions.

4.4 General Plan Design and Principles

- A. In order to adhere to the principles set forth in R.I. Gen. Laws §39-1-27.7, and to meet Rhode Island’s energy system needs in a least cost, prudent and reliable manner, the SRP Standards set forth guidelines for the incorporation of energy efficiency, distributed generation, demand response, and other energy technologies ~~(collectively referred to as “non-wires alternatives” or NWA)~~ into distribution company distribution planning. These guidelines seek to enable the deployment of cost-effective NWAs to achieve state policy goals, optimize grid system performance, enhance reliability and resiliency, and encourage optimal investment by the distribution company.
- BB. SRP shall describe ~~should be integrated with~~ the distribution company’s distribution planning process and be designed, where possible, to complement the objectives of Rhode Island’s energy policies ~~efficiency; renewable energy; and clean energy programs, and describe its interaction with them, including, but not limited to, the programs described in Section 1.2.A.ii.~~ The filing of SRP Plans should also be coordinated, where possible, with other applicable energy procurement, planning, and investment programs, including, but not limited to, Standard Offer Supply Procurement and ~~the~~ Infrastructure, Safety, and Reliability Plans.

Commented [BT(53)]: This Chapter now only addresses the Three-Year SRP Plan.

Commented [TB(54)]: Created 3YP and Annual Plan sections for this Chapter – numbering needs to be updated

Commented [BT(55)]: From existing Std. 2.1.B

Commented [BT(56)]: From existing Std. 2.1.C

4.5 **Content**

A. The Three-Year Plan shall contain descriptions that are responsive to Section 4.2, including but not limited to:

- a. A description of distribution system needs that can be addressed or mitigated through non-traditional investment, including how those distribution system needs were identified in the system planning process
- b. Proposed screening criteria for non-traditional investments and a proposal for how such screening criteria will be included in system planning
- c. For each location on the distribution system with a distribution grid need (as described in 4.4.A.a), a proposed solution path that specifies which non-traditional investment will be pursued each year until the distribution system need is solved or until a traditional wires investment is needed
 - i. Additional information about the specific distribution system need or a reference to where such information is available to the market shall also be provided
 - ii. The Company should also include a proposed cost recovery mechanism for each solution contained within the solution path. Cost recovery may be from the System Benefit Charge, ISR Factor, or other appropriate cost recovery mechanism
- d. Proposed strategies that can help the Company pursue non-traditional investments, such as activities that animate the market or reduce market barriers to participation
- e. Proposed procurement process used by the Company to procure market-sourced non-traditional investments
- f. Proposed evaluation process used by the Company to select a distribution system need solution at any time during the solution path
- g. Where possible, the Company should include specific references to dockets, filings, and other relevant public resources

~~B. The Three Year Plan shall contain sections that describe the following:~~

- ~~i. Proposed screening criteria for non-wires alternatives and a proposal for how such screening criteria will be included in system planning.~~
- ~~ii. Proposed evolutions to definitions, identification, and assessment of non-wires alternatives, which may include, but are not limited to:
 - ~~a. observations and lessons learned from the most recent three year period,~~
 - ~~b. trends in distributed energy resource technology and analytics, either grid-side or customer side, that may influence NWA planning over the three year period;~~~~
- ~~iii. anticipated scope of NWA deployment in the coming three year period,
 - ~~a. in progress NWA projects projected to continue and a high level timeline,~~
 - ~~b. projected areas of focus⁶ for distribution planning review that may result in~~~~

⁶ It is not anticipated that this will include project specifics, which are dependent on needs and screening; those are
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- the identification of new NWA projects;
- iv. ~~description of how the SRP Plan complements the objectives of Rhode Island's energy efficiency, renewable energy, and clean energy programs listed in 2.1.C; and~~
- i. ~~An annual reporting plan on the implementation of the Three Year SRP Plan and investments made under System Reliability Procurement during the Three Year SRP Plan period, and;~~

Commented [BT(57)]: This is intended to entirely replace the Annual Report Section.

CC. The Three-Year plan will include a discussion of how the Plan is consistent with the requirements of Section 1.3.

DD. Performance Incentive Plan Structure, ~~pursuant to Section 1.5.~~

- i. The distribution company may propose incentive structures for System Reliability Procurement for effect during the Three-Year SRP Plan.

EE. Testimony

- i. To the extent applicable, the distribution company will prefile testimony on the following:
 - a. Cost-Effectiveness ~~of measures, programs, and portfolios~~
 - b. Prudence ~~and~~
 - c. Reliability
 - d. Environmental Responsibility
 - e. Social Responsibility
 - f. Cost of Supply
- ii. Prefiled testimony will also state what approvals for the Three-Year SRP Plan the distribution company requesting from the PUC.

Commented [BT(58)]: To be consistent with the statute

Commented [TB(59R58)]: Not sure this language is applicable to SRP – hence OER removed it.

4.6 PUC Orders

- A. The PUC will approve screening requirements and implementation into system planning that meet the Standards herein.
- B. The PUC will approve annual reporting requirements that meet the standards herein.
- FF. The PUC will approve a three-year performance incentive plan for ~~Energy Efficiency and Conservation~~ System Reliability Procurement.
- GG. The PUC will order adoption of any other proposals supported by the Plan and consistent with Least-Cost Procurement, and all applicable statutes, rules, and policies.

4.7 Timing

HH. PLACEHOLDER FOR FILING DEADLINE

4.8 Annual System Reliability Plans

expected in annual SRP Reports. In the absence of project specifics or budgets, this section is intended to give a picture of the expected size and scope of NWA efforts during the three-year period and a sense of whether it is expected to grow relative to current activities.

- 4.1 Intent
- 4.2 Purpose
- 4.3 General Plan Design and Principles
- 4.4 Content
- 4.5 PUC Orders
- 4.6 Timing

Commented [TB(60)]: To be populated.

CHAPTER 5 – Role of the Council in Efficiency-Plan Development and Approval

5.1 Intent

- A. This Chapter provides guidelines for the Council's role in development and approval of Least-Cost Procurement Plans described in Chapters 3 and 4.

5.2 Guidelines for Energy Efficiency and Conservation Plans

- A. The Council shall take a leadership role in ensuring that Rhode Island ratepayers receive excellent value from the Three-Year Plan being implemented on their behalf. The Council shall do this by collaborating closely with the distribution company on design and implementation of the M&E EM&V efforts presented by the distribution company under the terms of Section 1.4.D and, if necessary, provide recommendations for modification that will strengthen the assessment of distribution company programs.
- B. In addition to the other roles for the Council indicated in this filing, the distribution company shall seek ongoing input from, and collaboration with, the Council on development of the Three-Year Plan and Annual Plans, and on development of annual updates, if any, to the Three-Year Plan. The distribution company shall seek to receive the endorsement of the Energy Efficiency Plan by the Council prior to submission to the PUC.
- C. The distribution company and the Council shall report to the PUC a process for Council input and review of its 2008 EE Procurement Plan and EE Program Plan by July 15, 2008, and triennially thereafter.
- D. The Council shall vote whether to endorse the Three-Year Plan by August 15, 2008, and triennially thereafter. If the Council does not endorse the Three-Year Plan, then the Council shall document the reasons and submit comments on the Three-Year Plan to the PUC for their consideration in final review of the Three-Year Plan.
- E. The distribution company shall, in consultation with the Council, propose a process for Council input and review of its Three-Year Plan and Annual Plan. This process is intended to build on the mutual expertise and interests of the Council and the distribution company, as well as meet the oversight responsibilities of the Council.
- F. The distribution company shall submit a draft Annual Plan to the Council and the Division of Public Utilities and Carriers for their review and comment annually, at least one week before the Council's scheduled meeting prior to the filing date that year.
- G. The Council shall vote whether to endorse the Annual Plan prior to the prescribed filing date. If the Council does not endorse the Annual Plan, the Council shall document its reasons and submit comments on the Annual Plan to the PUC for its consideration in final review of the Annual Plan.
- H. The Council shall prepare memos on its assessment of the cost effectiveness of the Three-Year Plans and Annual Plans, pursuant to R.I. Gen. Laws §39-1-27.7(c)(5), and submit them to the PUC no later than three weeks following the filing of the respective Energy Efficiency Plans with the PUC.

Commented [BT(61)]: Copied entirety of existing Section 1.6. Should be edited to capture the Council's role in SRP.

Commented [TB(62)]: Reference needs updating

5.3 Guidelines for System Reliability Procurement Plans

- A. The Council shall review Three-Year and Annual System Reliability Procurement Plans and support Rhode Island ratepayer participation in the review of these Plans. The review of the Council shall be focused on:
- a. Assessing if the distribution system needs to be addressed or mitigated through non-traditional investments are reasonable and aligned with the Least-Cost Procurement law;
 - b. Determining if the proposed screening criteria for non-traditional investments is reasonable;
 - c. Ensuring each solution path is sufficiently clear and appropriately linked to relevant resources that contain more information;
 - d. Assessing if proposed strategies for pursuing non-traditional investments are reasonable;
 - e. Determining if the procurement process is fair and likely to result in a market-competitive solution to address the distribution system need;
 - f. Assessing if the evaluation process is fair and reasonable; and
 - g. Ensuring the SRP budget, if a budget is proposed, is cost-effectiveness.
- B. The distribution company shall seek ongoing input from, and collaboration with, the Council on development of the Three-Year Plan and Annual Plans, and on development of annual updates, if any, to the Three-Year Plan. The distribution company shall seek to receive the endorsement of the System Reliability Procurement Plan by the Council prior to submission to the PUC.
- C. The Council shall vote whether to endorse the Three-Year or Annual Plan by December 1st of each year. In years with a Three-Year Plan, no Annual Plan will be filed. If the Council does not endorse the Plan, then the Council shall document the reasons and submit comments on the Plan to the PUC for their consideration in final review of the Plan.
- D. The distribution company shall, in consultation with the Council, propose a process for Council input and review of its Three-Year Plan and Annual Plans. This process is intended to build on the mutual expertise and interests of the Council and the distribution company, as well as meet the oversight responsibilities of the Council.
- E. The distribution company shall submit draft Plans to the Council and the Division of Public Utilities and Carriers for their review and comment annually, at least one week before the Council's scheduled vote.
- F. The Council shall prepare a memo on its assessment of the cost effectiveness of the Three-Year Plan or Annual Plan budget for cost recovery for SRP activities collected through the system benefit charge, if any, pursuant to R.I. Gen. Laws §39-1-27.7(c)(5). The Council shall submit the memo to the PUC no later than three weeks following the filing of the respective System Reliability Procurement Plan with the PUC.

CHAPTER 6 – Additional Standards for System Reliability Procurement Investment Proposals

6.1 Placeholder.

- A. This is the placeholder for a generic SRP filing, which would replace requests for approval and funding in annual SRP Plans.
- B. This is where to put any other information the PUC or parties want to include in an SRP filing that are in addition to what would be filed to meet the standards in Section 1.3. For example, some of the sections in the existing 2.5.A(i) through (ix) or 2.5.B may be useful to specifically require.
- C. If the requirements in 1.3 are enough, then we can eliminate this placeholder chapter.

Commented [TB(63)]: If we think anything belongs here, can we put it in section 1.3 instead?