

2020 Energy Efficiency Plan First Draft

July 25, 2019

nationalgrid



Agenda

- Goals for the Annual Plan
- Stakeholder Priorities
- Significant Changes vs. 2019
- The Annual Plan by the Numbers
- Next Steps

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Goals for the Annual Plan

Comply with Least Cost Procurement law requirements:

- Secure all cost-effective energy savings
- Demonstrate prudence and reliability of achieved savings

Advance commitments laid out in Three Year Plan:

- Deliver **comprehensive services** to customers
- Deliver energy efficiency services as **cost-effectively** as possible
- Provide solutions that minimize greenhouse gas emissions and contribute to **RI's clean energy policy goals** and a better **environment**
- Innovate to capture savings from new technologies and strategies to position EE programs for the **future**

Reflect additional stakeholder input received during 2019 planning process

Achieve dual mandate of meeting statutory obligations, advance commitments made through Three Year Plan development and approval process

Stakeholder Priorities

- Plan is a product of collaboration with stakeholders taking part in the Energy Efficiency Technical Working Group, represents best efforts to incorporate, address suggestions from members
- **March**
 - Acadia Center, Green Energy Consumers Alliance, City of Providence
- **April**
 - Division of Public Utilities and Carriers, the Office of Energy Resources, EERMC Consultants, and TEC RI
- In total, **107 priorities** were put forward by Stakeholders

Stakeholder Priorities

1-4 Comments	5-9 Comments	10+ Comments
<ul style="list-style-type: none">• Finance• Pilots• Benefits• Electric Vehicles• Participation• Workforce• Data	<ul style="list-style-type: none">• Future Innovation• Residential Programs• Stakeholder Engagement• Zero Net Energy• Codes	<ul style="list-style-type: none">• Cross Docket Coordination• Demand Response• Gas Programs• General Comments• Commercial Programs
		<ul style="list-style-type: none">• Electrification• Incentives, Goals and Metrics• Income Eligible Programs

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Key programmatic improvements in 2020 (Residential)

- **Strengthen and enhance Income Eligible Services (IES)**
 - Greater focus on promotion of income eligible rates and services → EE program participation increases → More EE auditors
- **Increased emphasis on Electrification of Heat**
 - Training contractors, promoting in communities, increased quantities, and integrating controls
- **Improved marketing and program delivery through customer segmentation**
 - Learning applied from deep needs-based customer segmentation analysis conducted in 2019

Key programmatic improvements in 2020 (C&I)

- **Increased focus on Workforce Development**
 - BOC, Code Compliance, Trade Ally, and Heat Pump trainings
- **Large Commercial & Industrial (C&I) Program Improvements**
 - Targeted approach to chain restaurants and lodging/hospitality segments, K-12 Schools
- **Small Business Direct Install to Focus on Equity**
 - Work with communities to set goals and address businesses in Environmental Justice Zones

Most significant change vs. 2019 → Change to goal-setting framework

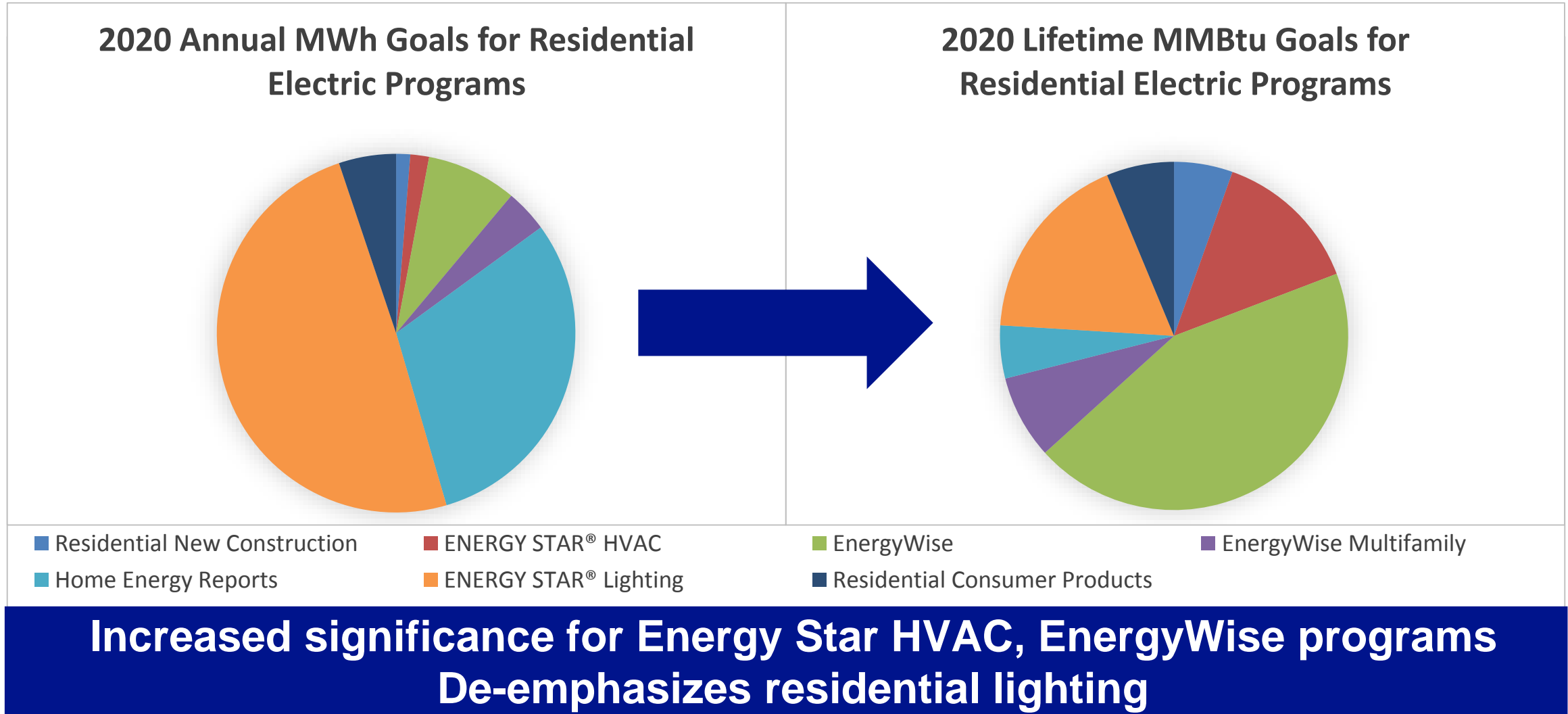
Proposed new mechanism for tracking program savings and performance vs. goals:

- **Electric:** Move from Net Annual MWh and Annual kW to a Net Lifetime All-Fuel Savings (MMBtu)
- **Natural Gas:** Move from Net Annual MMBtu to Net Lifetime MMBtu

WHY?

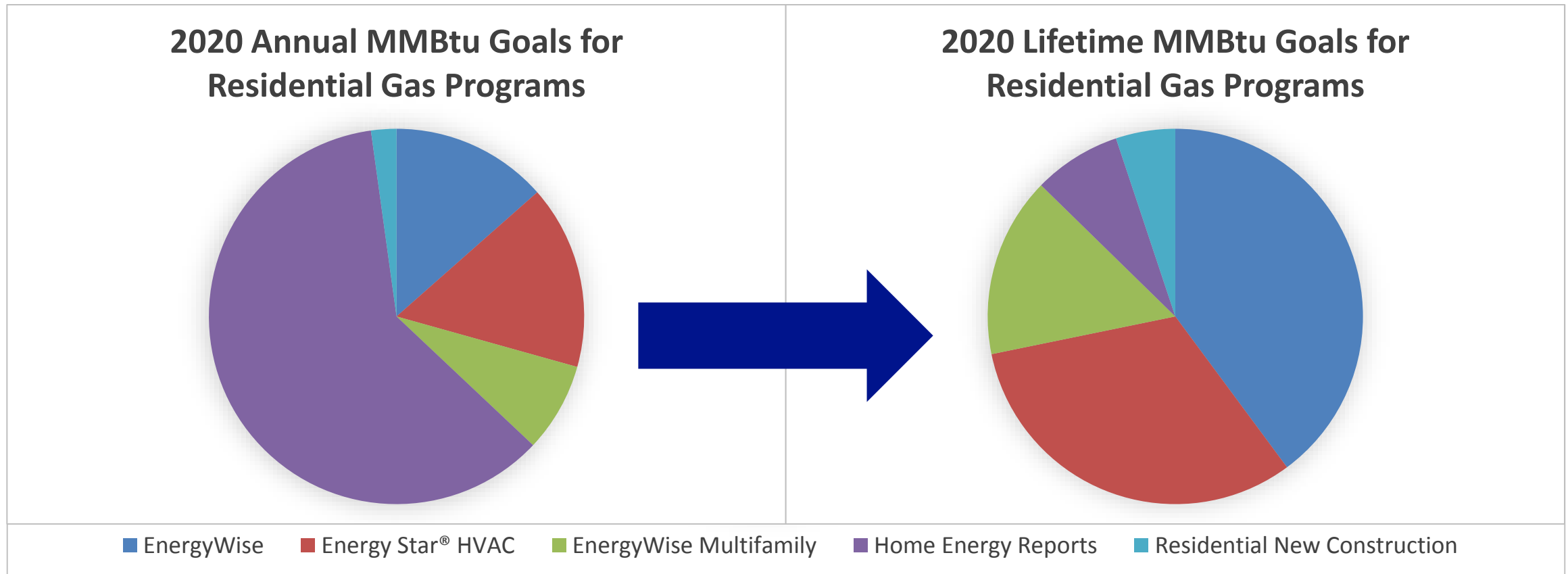
- Shift to MMBtu metrics better links program goals to state decarbonization targets and policies, captures all energy savings realized by all customers
- Shift to lifetime measurements better aligns company accountability with measures and programs that maximize total customer benefits
- Positions EE programs for the future, aligns with stakeholder goals

Shift to Lifetime MMBTU – Electric Program Impact



**Increased significance for Energy Star HVAC, EnergyWise programs
De-emphasizes residential lighting**

Shift to Lifetime MMBTU – Gas Program Impact

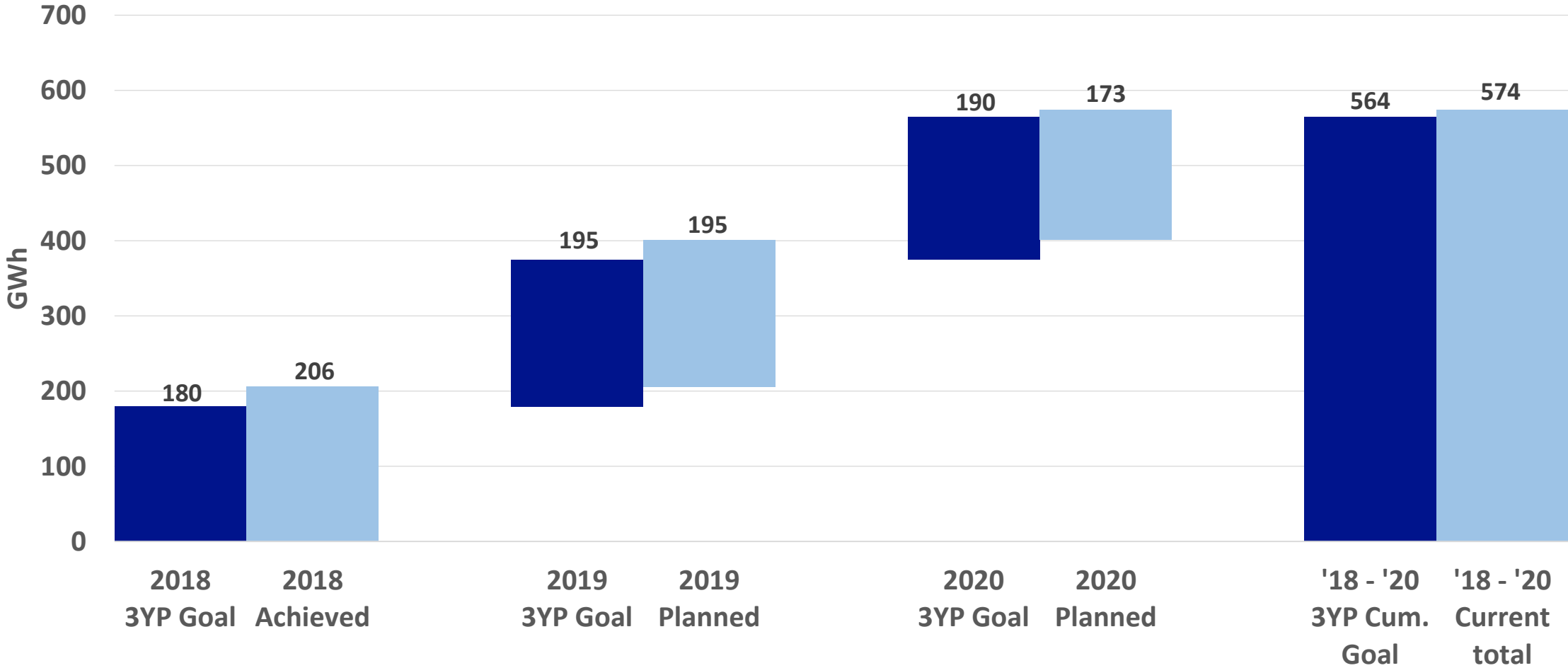


**Increased significance for Energy Star HVAC, EnergyWise programs
De-emphasizes Home Energy Reports**

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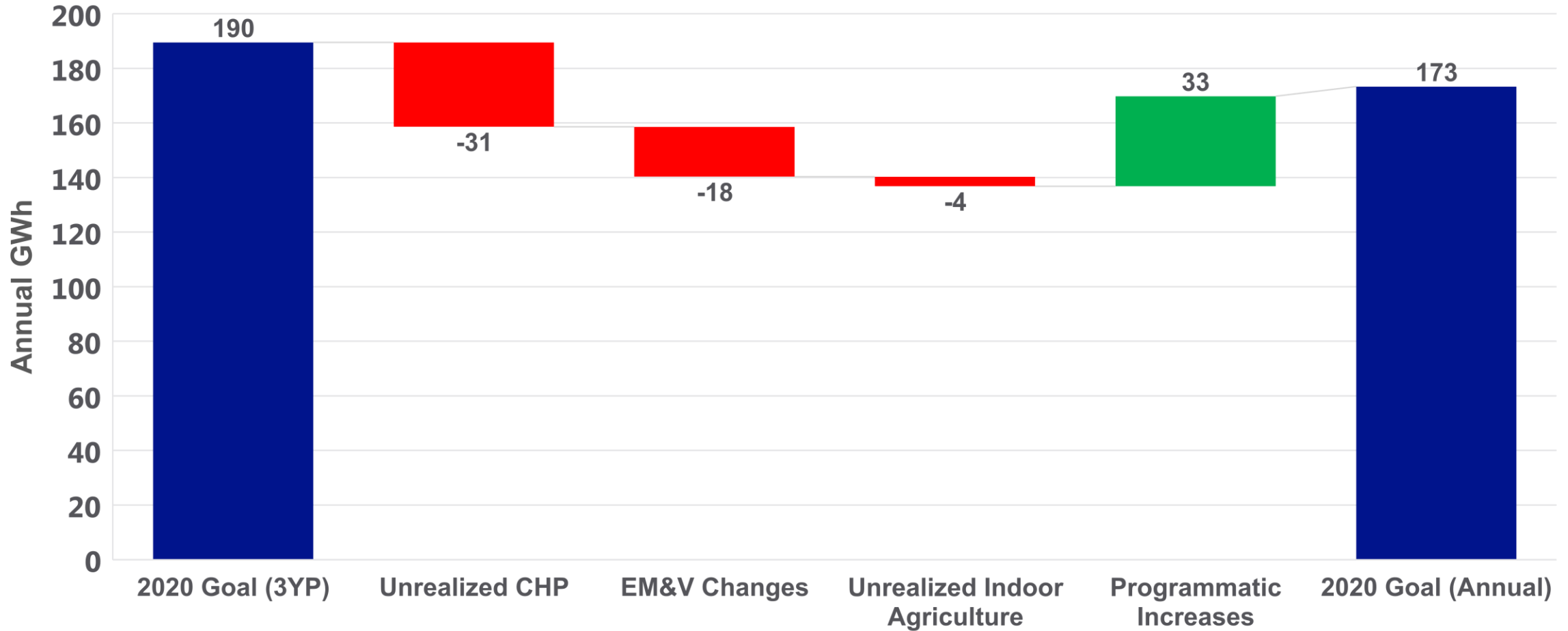
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3YP Goals Compared to Annual Achieved & Projected - Electric



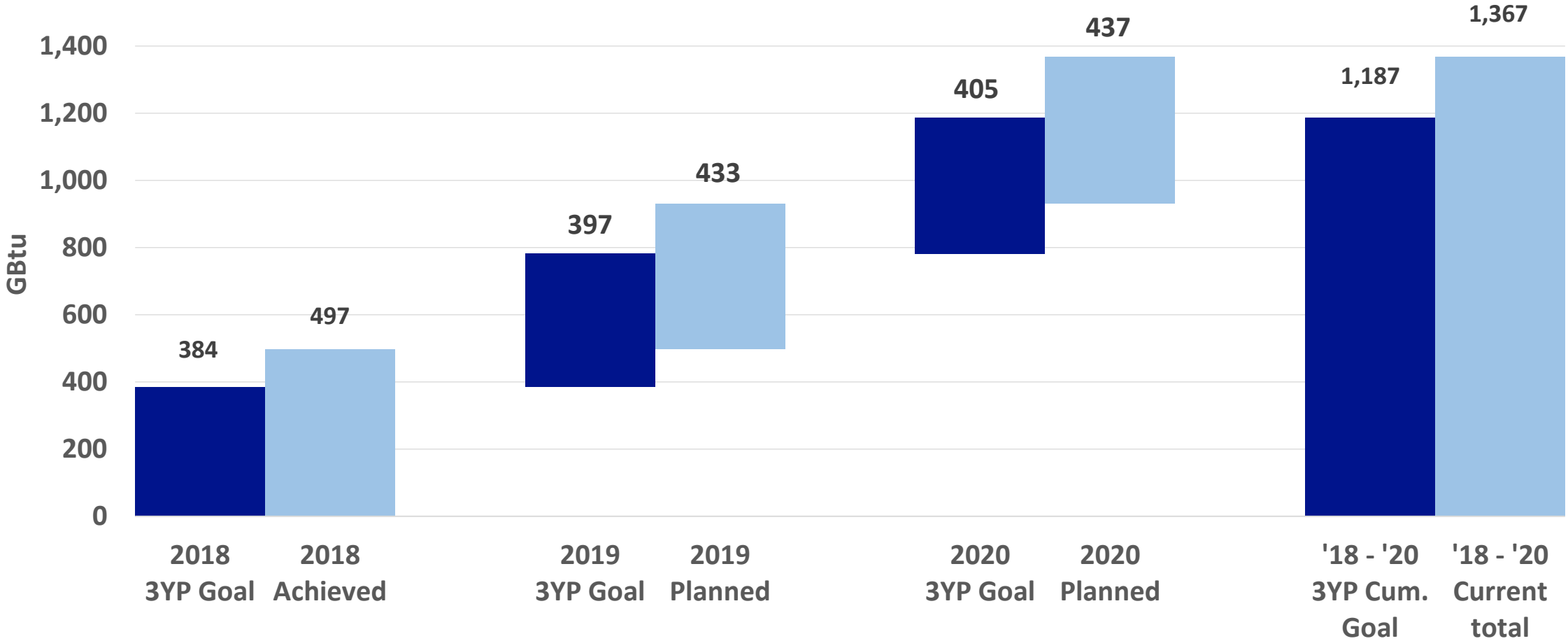
CY20 Plan maintains path to exceeding 3Y electric savings goals

Comparison of 2020 Electric Goals 3YP vs. Annual Plan



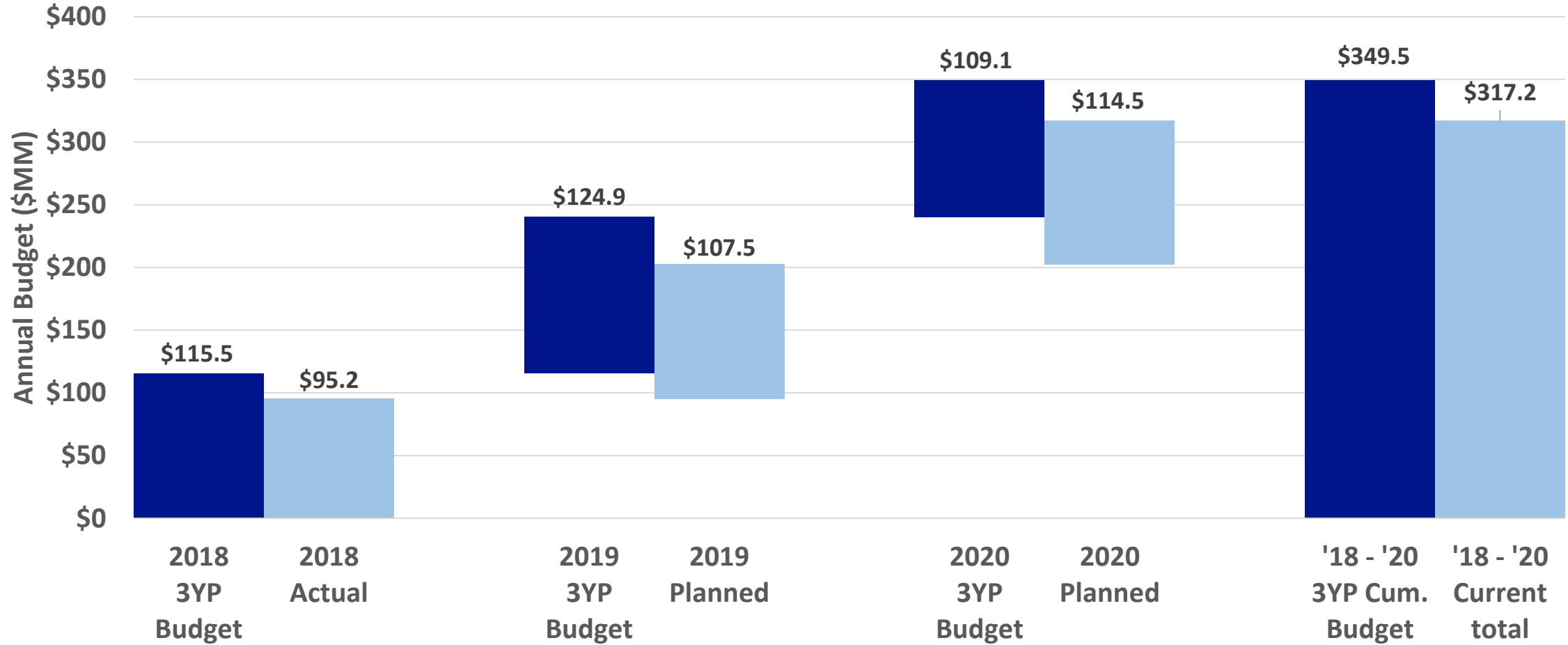
Significant reductions in claimable savings resulting from CHP, EM&V changes
Majority of losses recovered from other programs

3YP Goals Compared to Annual Achieved & Projected - Gas



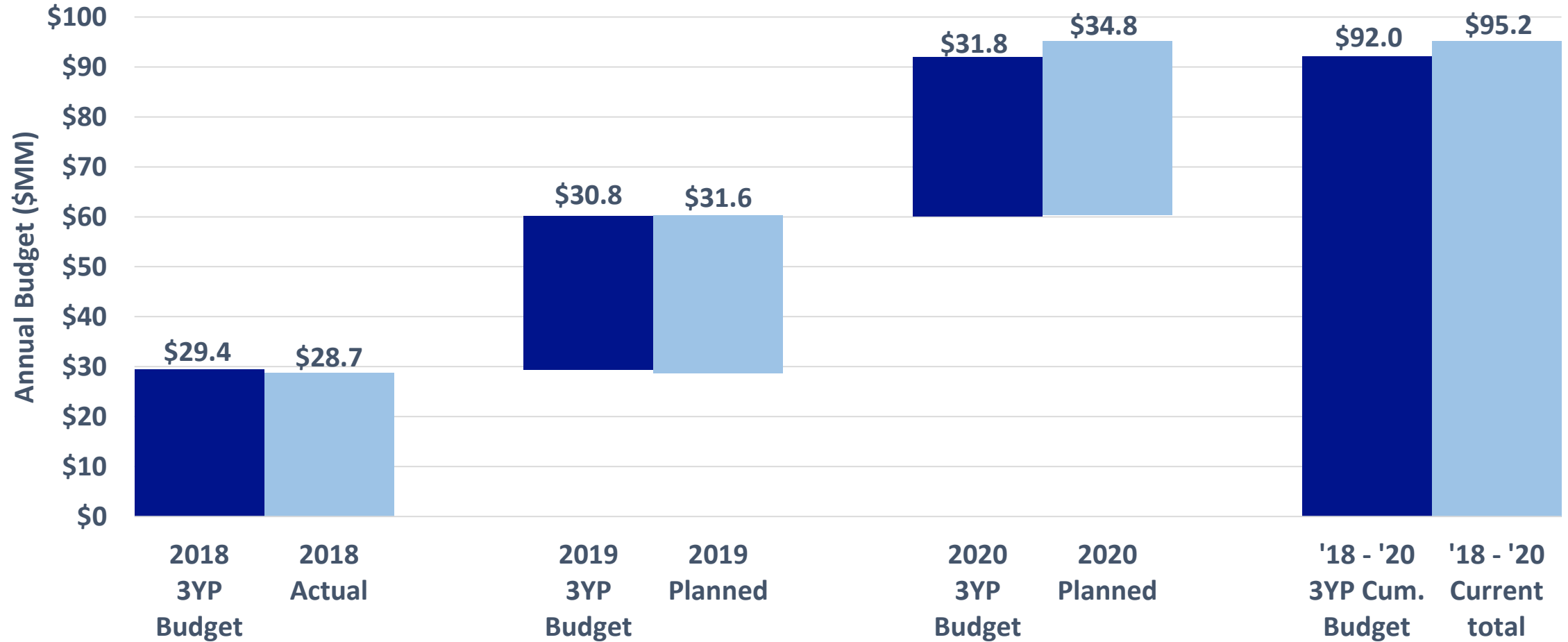
**CY20 Plan extends path to exceeding 3YP gas savings goals
Aggregate anticipated overperformance of 15%**

CY20 Electric Budget Relative to 3YP



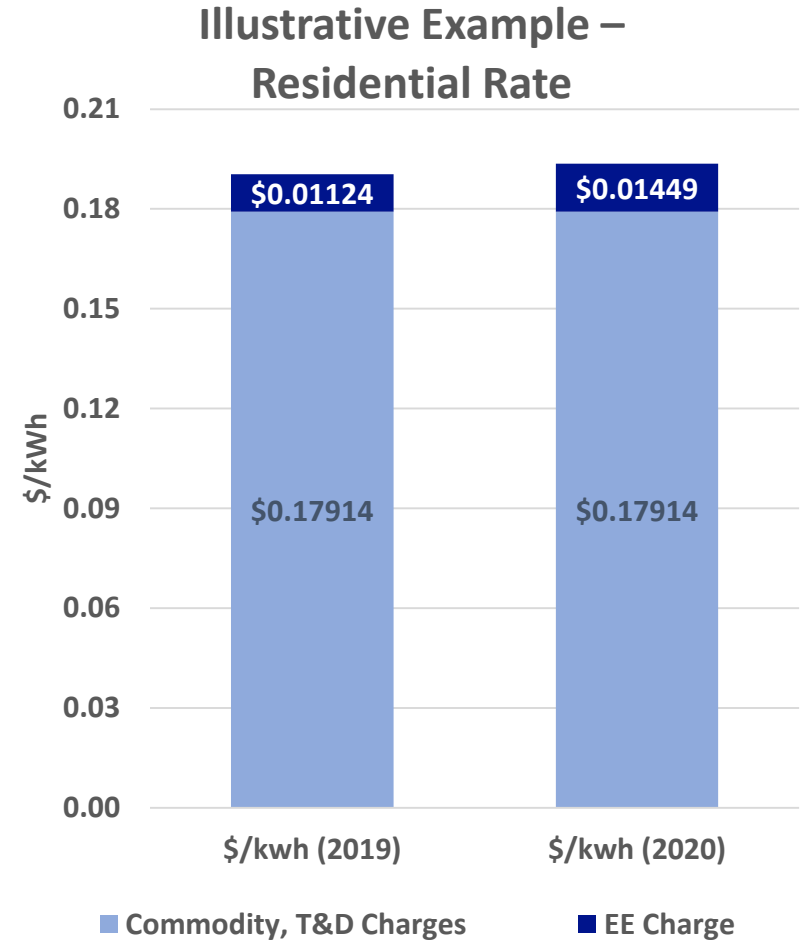
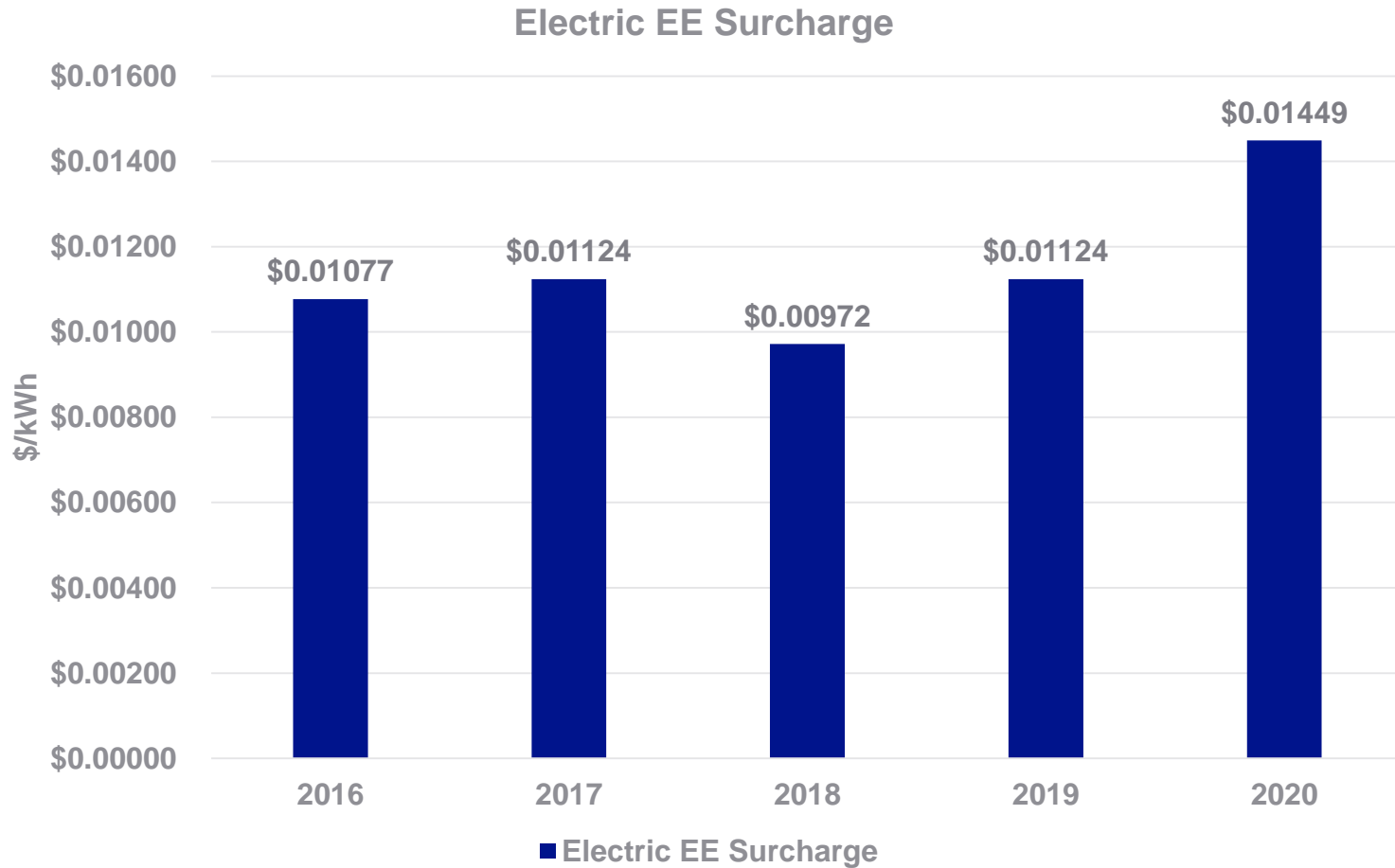
CY20 budget maintains program momentum / targeted investments, maintains trajectory towards delivering savings at aggregate spend below 3YP budget

CY20 Gas Budget Relative to 3YP



Gas budget projected to slightly exceed 3YP total while exceeding 3YP aggregate savings goal by more than 15%

Electric Energy Efficiency Surcharge - 2019 to 2020



Illustrative – assumes same commodity, T&D charges in 2019 and 2020

Electric EE surcharge increasing from \$0.011 to \$0.014 per kWh

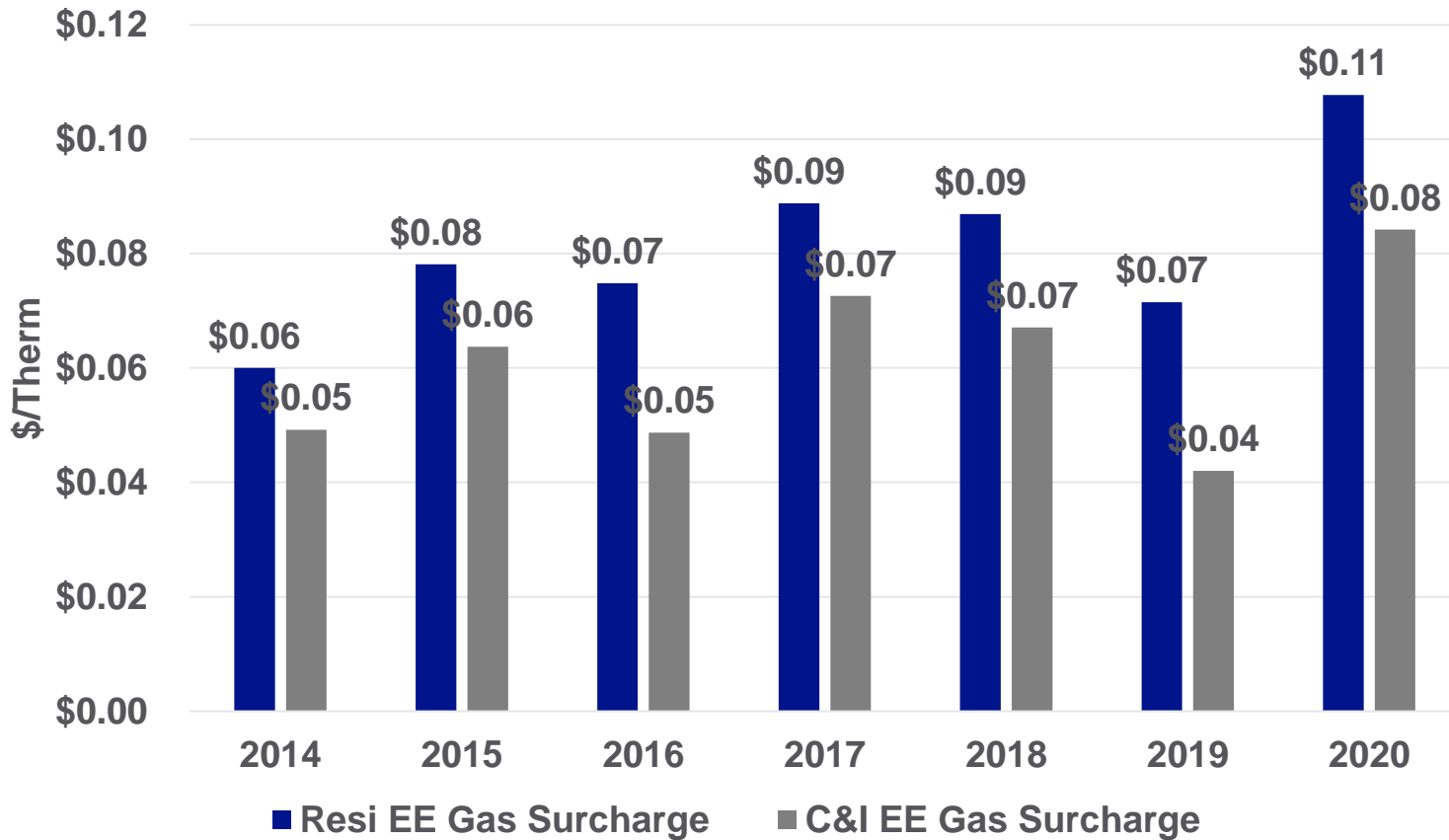
Energy Efficiency Electric Surcharge: 2019 to 2020

	Direction of Change	Impact on EE Surcharge	Magnitude
Negative EE Fund Balance	↓	↑	~\$10 MM
Program Spending	↑	↑	~\$7 MM
Declining FCM Payments from ISO-NE	↓	↑	~\$6 MM
Declining kWh Sales	↓	↑	1-2%

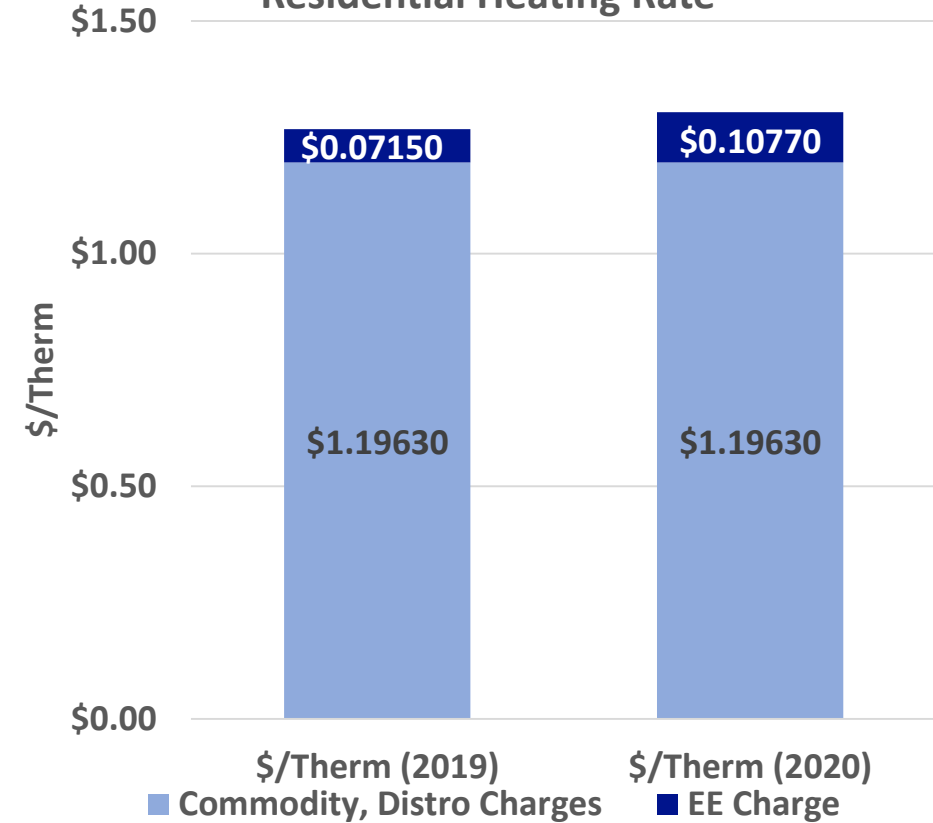
Majority of surcharge increase resulting from factors external to plan

Gas Energy Efficiency Surcharge - 2019 to 2020

Gas EE Surcharge



Illustrative Example – Residential Heating Rate



Illustrative – assumes same commodity, distribution charges in 2019 and 2020

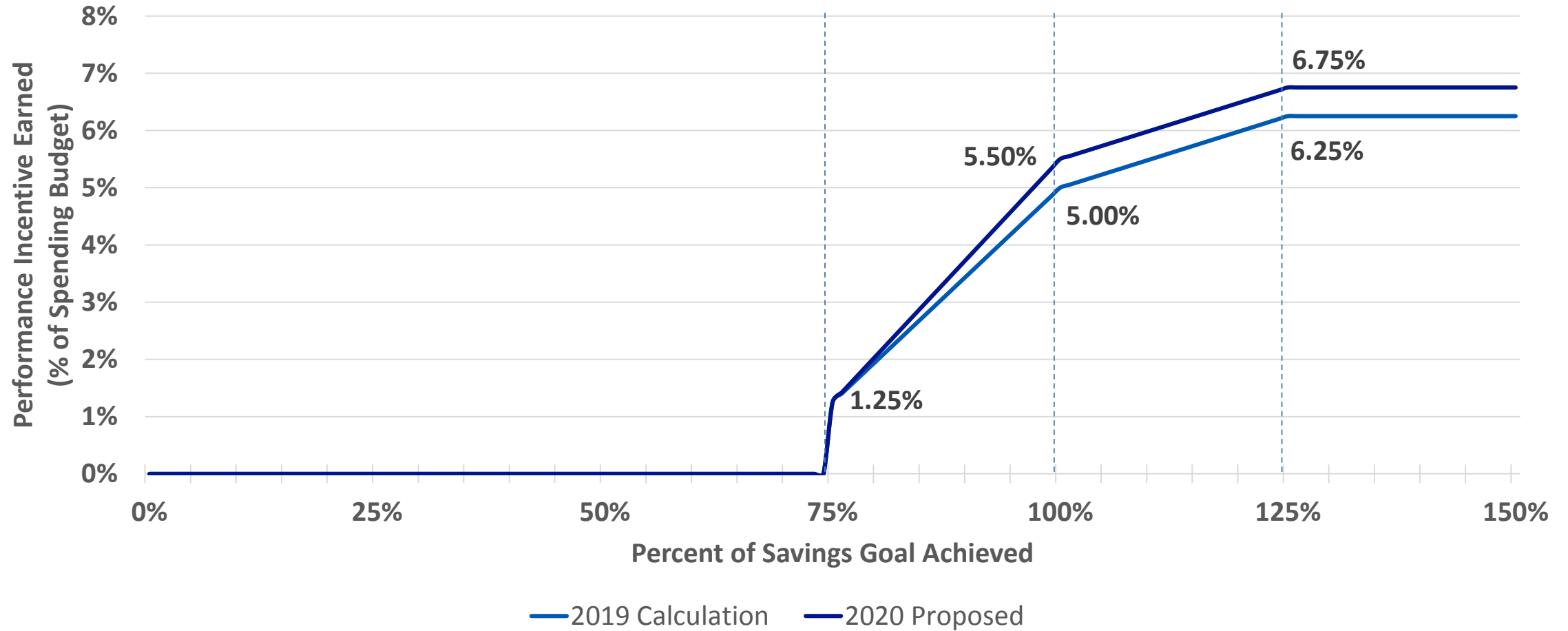
Residential Gas EE surcharge increases from \$0.07 to \$0.11 per therm
C&I gas EE surcharge increases from \$0.04 to \$0.08 per therm

Energy Efficiency Gas Surcharge: 2019 to 2020

	Direction of Change	Impact on EE Surcharge	Magnitude
Negative EE Fund Balance	↓	↑	~\$11 MM
Program Spending	↑	↑	~\$3 MM

Majority of surcharge increase resulting from factors external to plan

Performance Incentive (PI)



Proposed change to performance incentive calculation maintains historical balance between incentive opportunity, level of performance risk

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Important Dates

July 10

Company Issues Plan Outline



July 16

First Draft of Plan Distributed



August 9

First Draft Stakeholder Comments Due

August 23

Second Draft of Plan Distributed

September 6

Second Draft Stakeholder Comments Due

September 19

Final Draft of Plan Distributed

October 3

EERMC Votes on 2020 Plan

October 15

Plan Filed with PUC

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