

2021-2023 Energy Efficiency Plan Draft

June 18, 2020

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Agenda

- **Introduction**

- This first draft of the 2021-2023 Energy Efficiency Plan builds on the previously distributed Plan Outline Memorandum and is presented to stakeholders for comment and suggestions requested by July 3rd, 2020.
 1. First draft of the plan was moved up approximately one month early, to June 11th.
 2. Additional review time afforded between the first draft and final draft, circulated August 13th.

- **Sector Focus Areas**

- **By the Numbers – savings goals, benefits, budgets**

- **Next Steps**

- EM&V and Performance Incentive Update
- Continued Planning Process

Key Areas of Focus for National Grid (Sec. 4 of Plan Document)

- Following from the input received by Stakeholders, the Company puts forward these six primary strategies across Commercial and Industrial, Residential, and Income Eligible sectors.

Deepen **customer relationships** and **increase participation** across all customer classes.

Drive **comprehensive measures**, tailoring programs to customer- and technology-based opportunities.

Expand **demand response**.

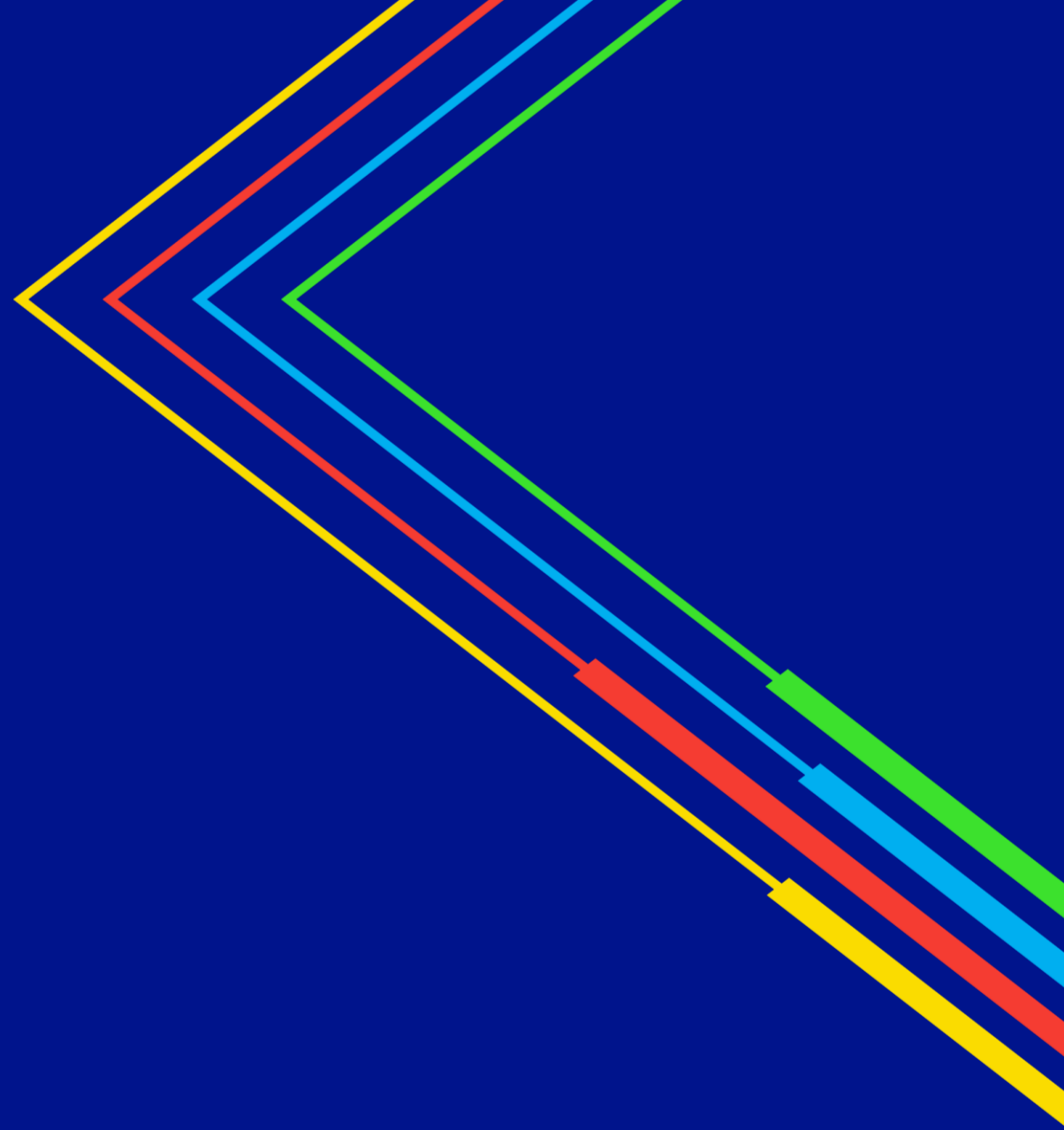
Explore **cutting-edge technologies**, including heat pumps, to the extent permissible.

- Cross-cutting all programs, the Company proposes to:

Restore and improve Rhode Island's efficiency industry in response to COVID-19 impacts.

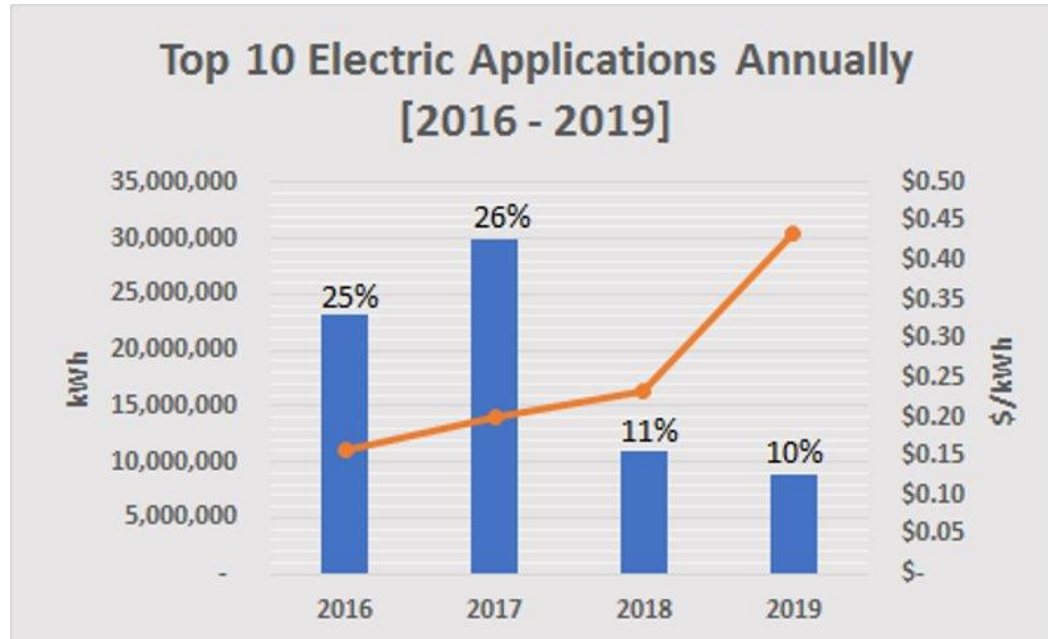
Explore alternative financing and funding sources to support program development and customer adoption to minimize impact on customer surcharge.

Sector Focus Areas



Commercial and Industrial - Trends and Drivers

Historic Context and Future Trends



- In 2016, **top 10 applications** accounted for **0.09%** of total applications and represented **25% of total savings**
- In 2019, **top 10 applications** represented **0.08%** of total applications and accounted for **10% of total savings**

Potential Study and Market Drivers

- Top 10 technologies proposed in potential study, gas and electric
- Saturation in market of key measures e.g. large lighting projects, steam traps etc.
- Success with customers with market segment approach
- Code changes in 2021-2023
- Growth in Active DR

Commercial and Industrial - 3Y Plan Key strategies

1. Energy Management Framework Platform
 1. Integration of financial mechanisms earlier in the process
 2. Optimize cost of savings
 3. Strategic bundling of measures and build a stronger pipeline
2. Expanding market segment approach - Telecommunications, Hotels/Laundry, Com. Real Estate
3. Exploring new go to market strategies for top technologies identified by the potential study such as boiler reset controls
4. SEMP and Community Initiatives
5. Newer technologies such as fuel cells, bio-fuels for CHP, and gas heat pumps
6. Modifying New Construction program design for easier participation and adding an EUI goal tier
7. Working with partners to build the EE workforce
8. Active Demand Response

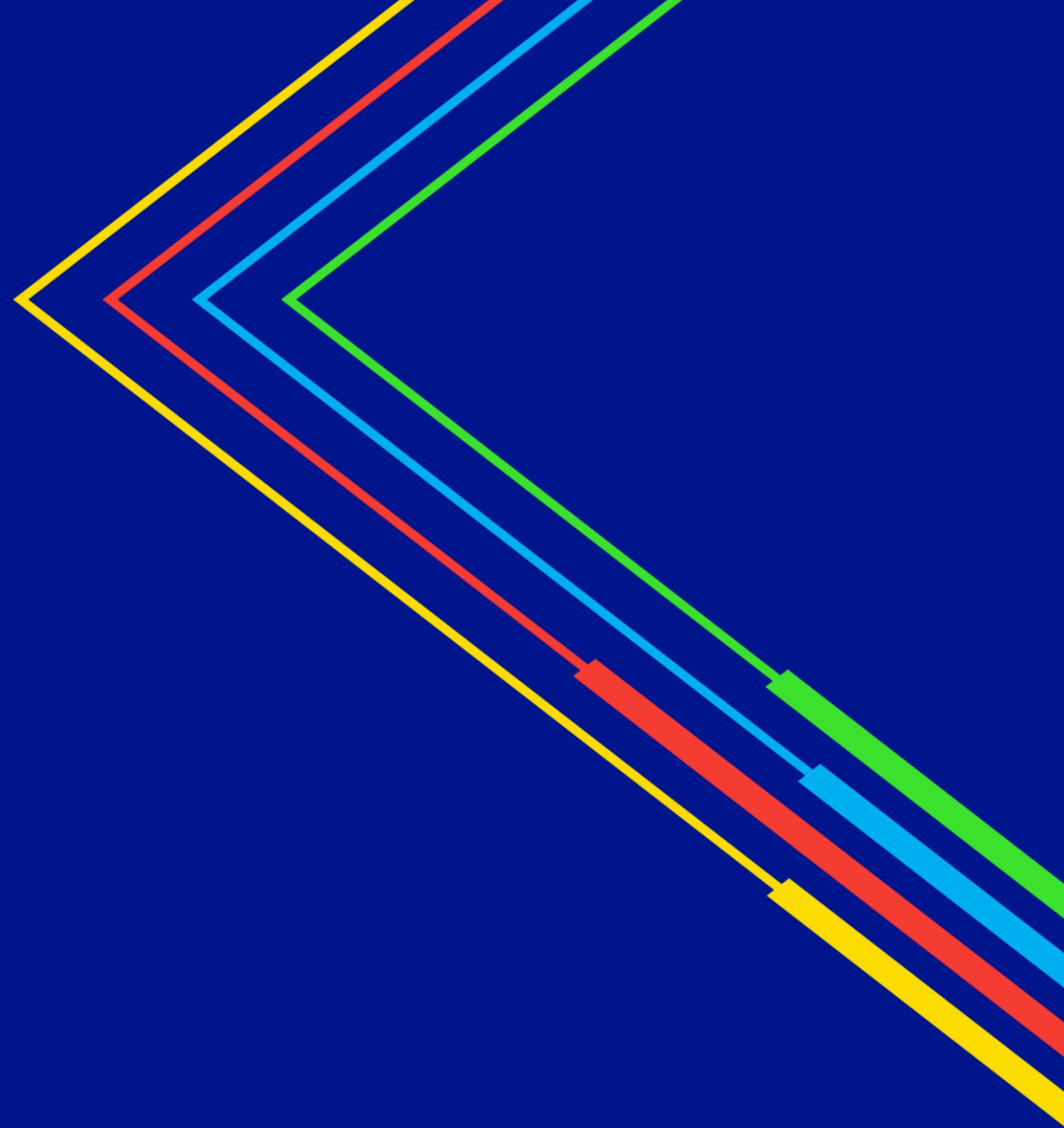
Residential – Trends and Drivers

- Lighting savings are being phased out and require programs to transition to deeper (more expensive, more invasive) measures
- Split incentive and home ownership are systemic barriers particularly to deeper savings measures within specific customer segments
- Potential study did not highlight significant new technologies contributing savings – replacing claimable lighting savings will require expansion of current offerings
- Electrification for delivered fuels not eligible for SBC-funded EE incentives

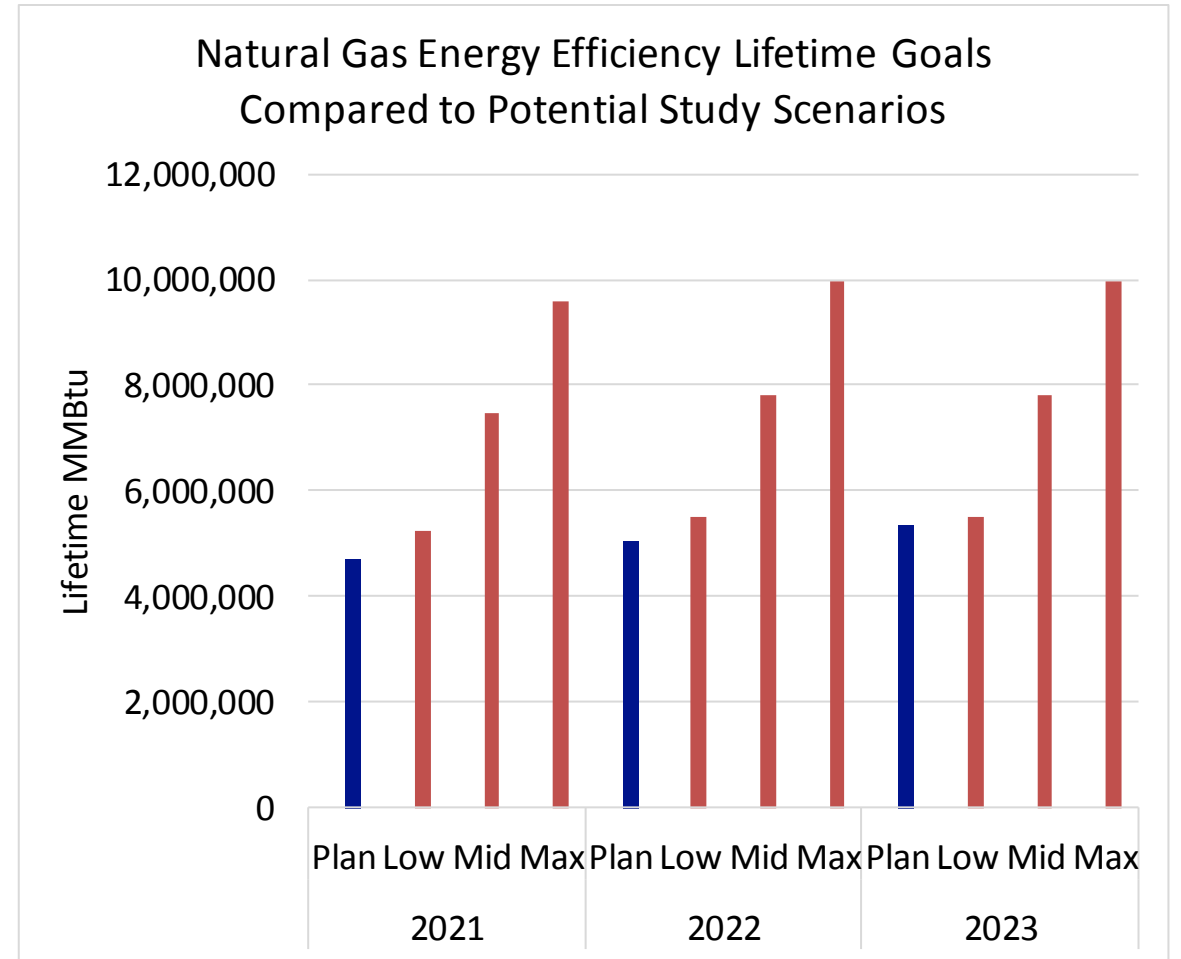
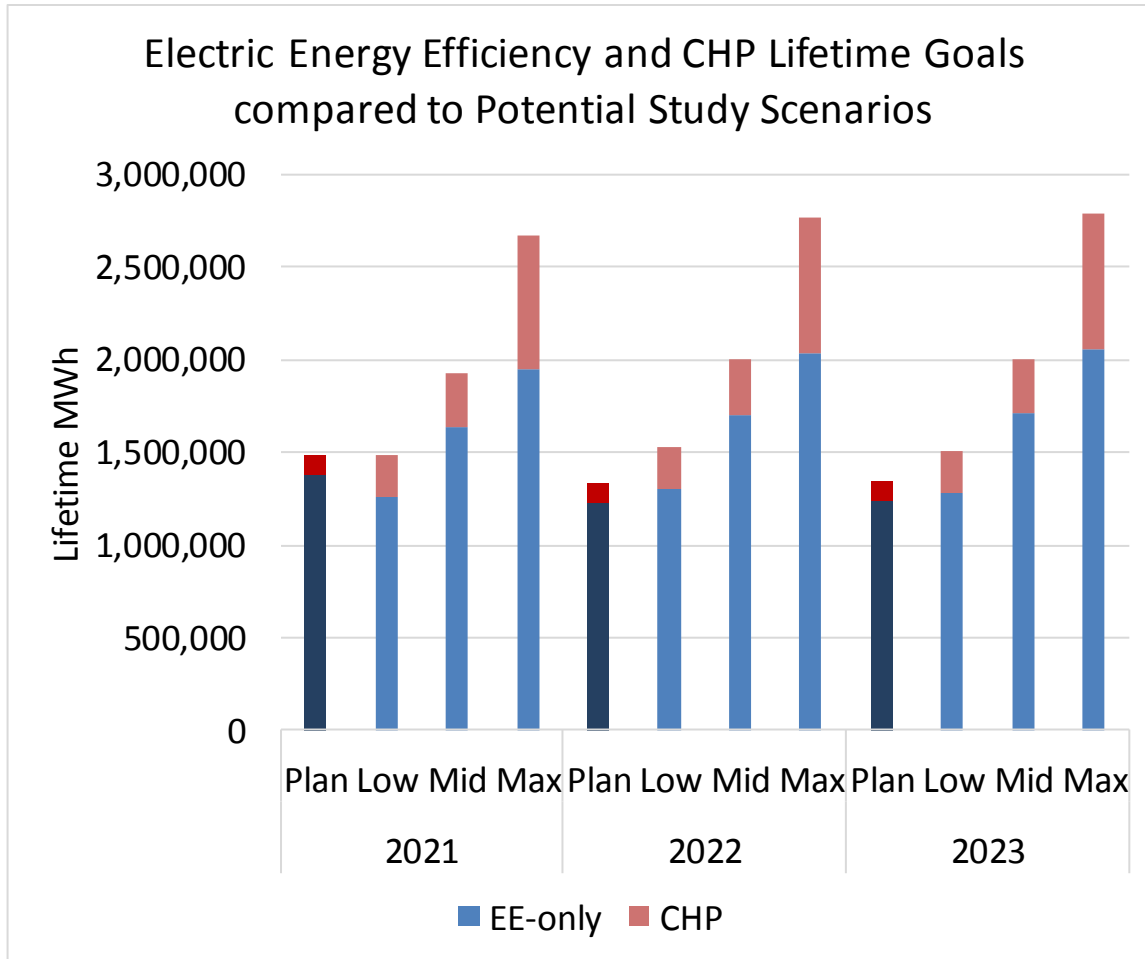
Residential – 3YP Overarching Strategy

- Identify opportunities to increase participation across all customer segments
 - Customer management system to strategically target education and marketing
 - Workforce development to build capacity
- Drive broader penetration of EE and DR to new participants
 - Financing opportunities that are not currently addressed
 - New construction – modifying the program design to better incorporate zero energy savings opportunities
- Secure deeper savings from more continuous and comprehensive engagement with existing program participants
 - Enhanced incentive for going deeper
- Build upon recent successes in reducing reliance on lighting savings
 - 100% landlord incentive for SF 1-4 family

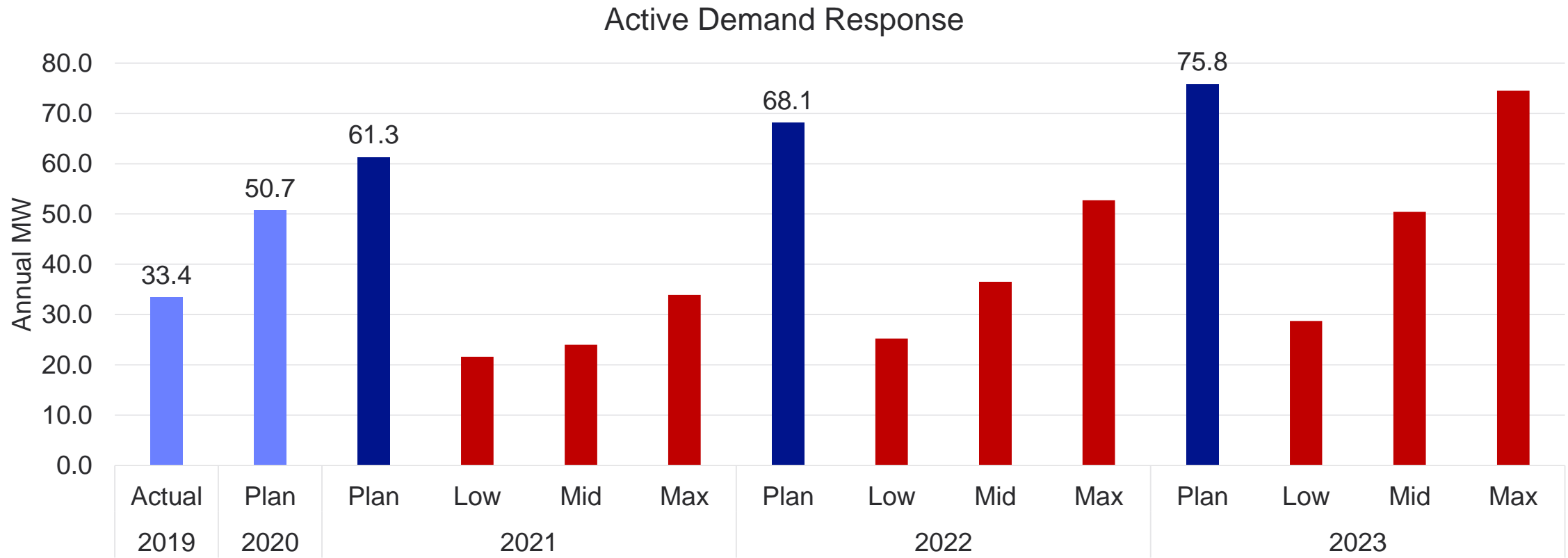
Draft Plan by the Numbers: Savings, Benefits, Budgets



Energy Savings Compared to Targets and Potential Study



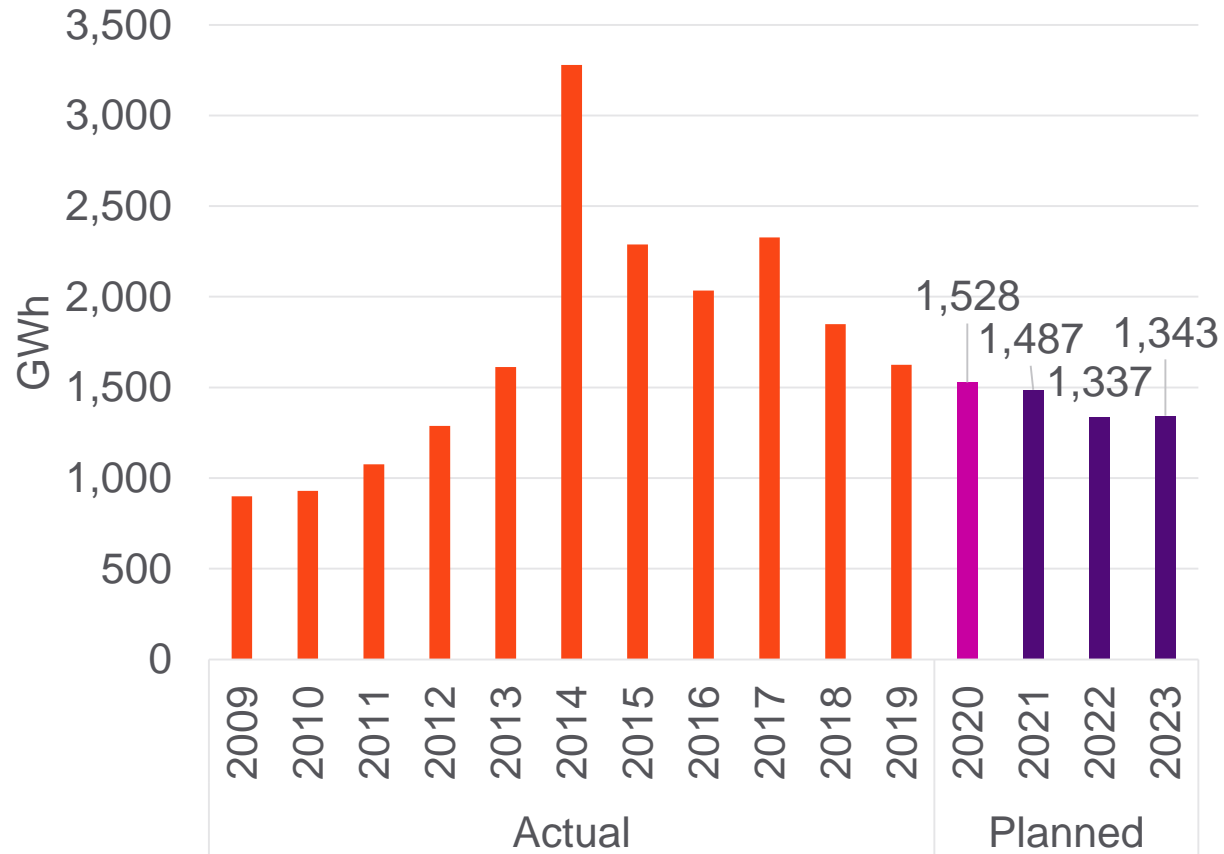
Active Demand Response Compared to Targets and Potential Study



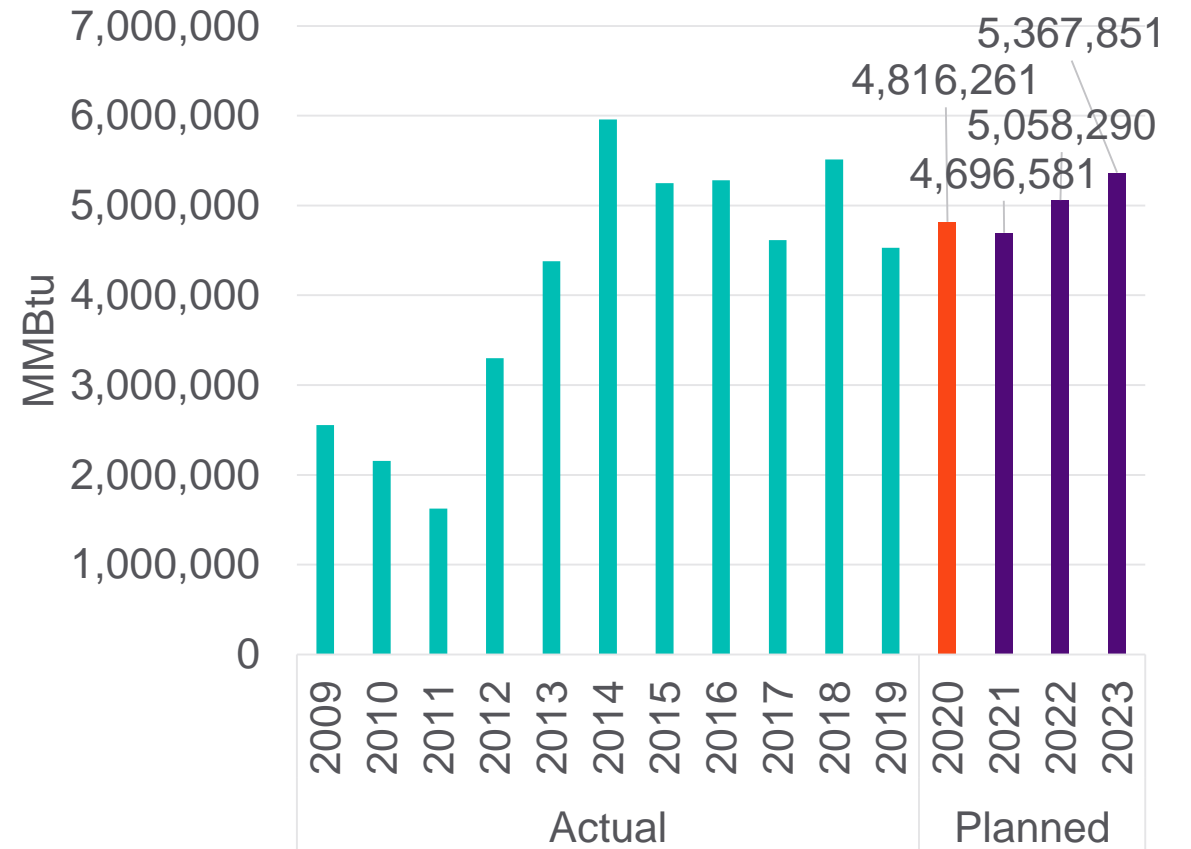
Active demand response shows opportunities for continued growth in each year of the plan, outpacing current levels and potential study targets

Energy Savings Goals – Historical Perspective

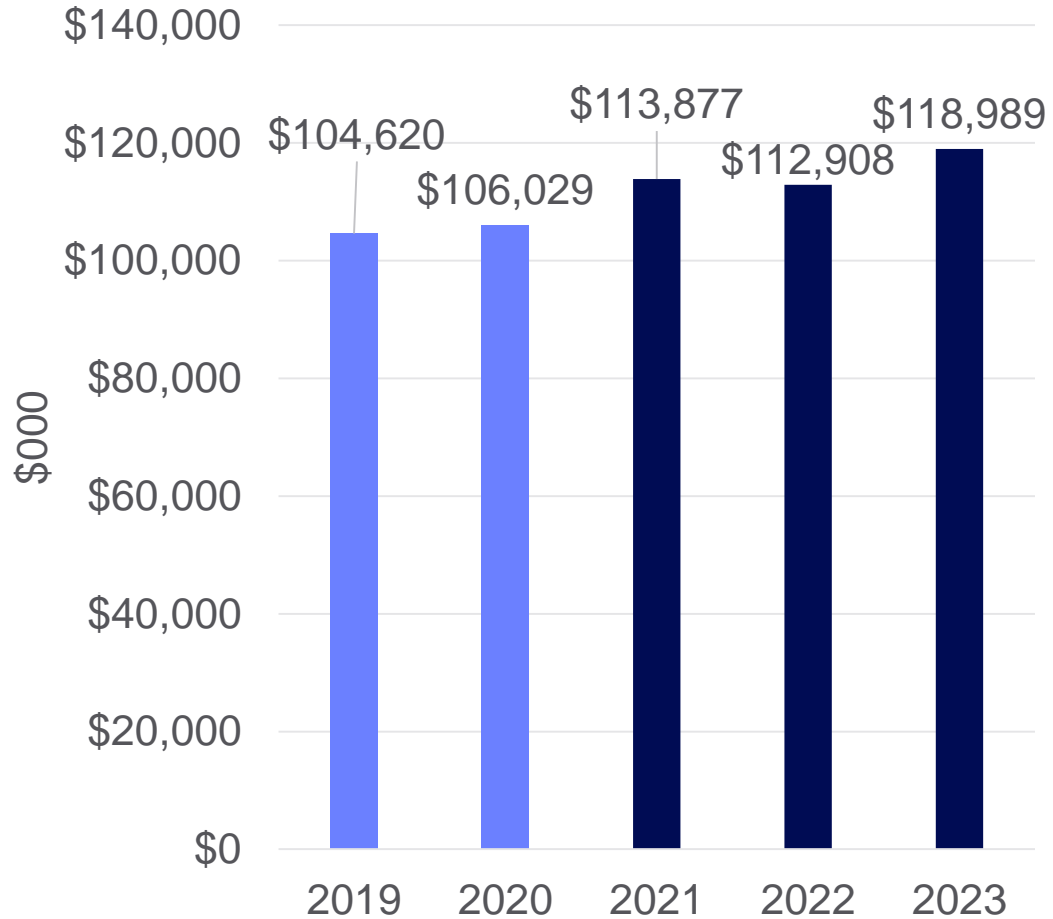
Lifetime Electric Energy Savings



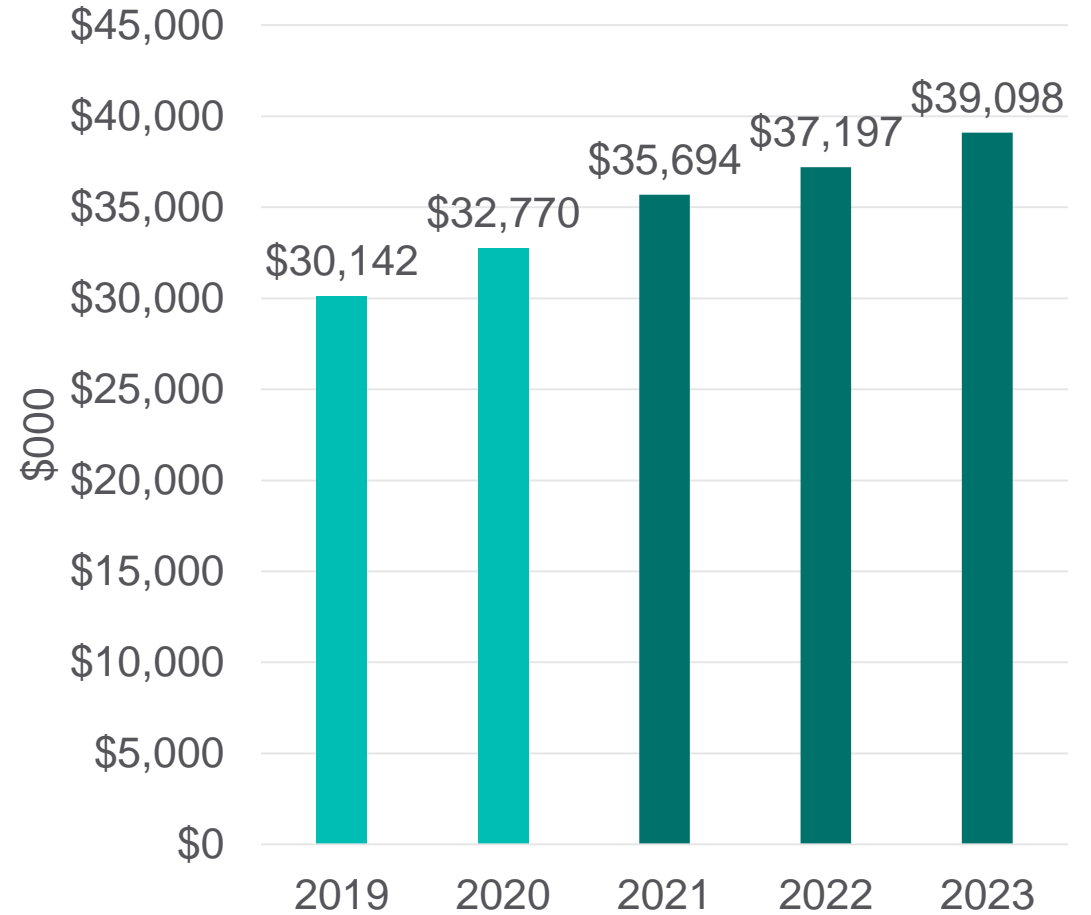
Lifetime Natural Gas Energy Savings



Electric Costs

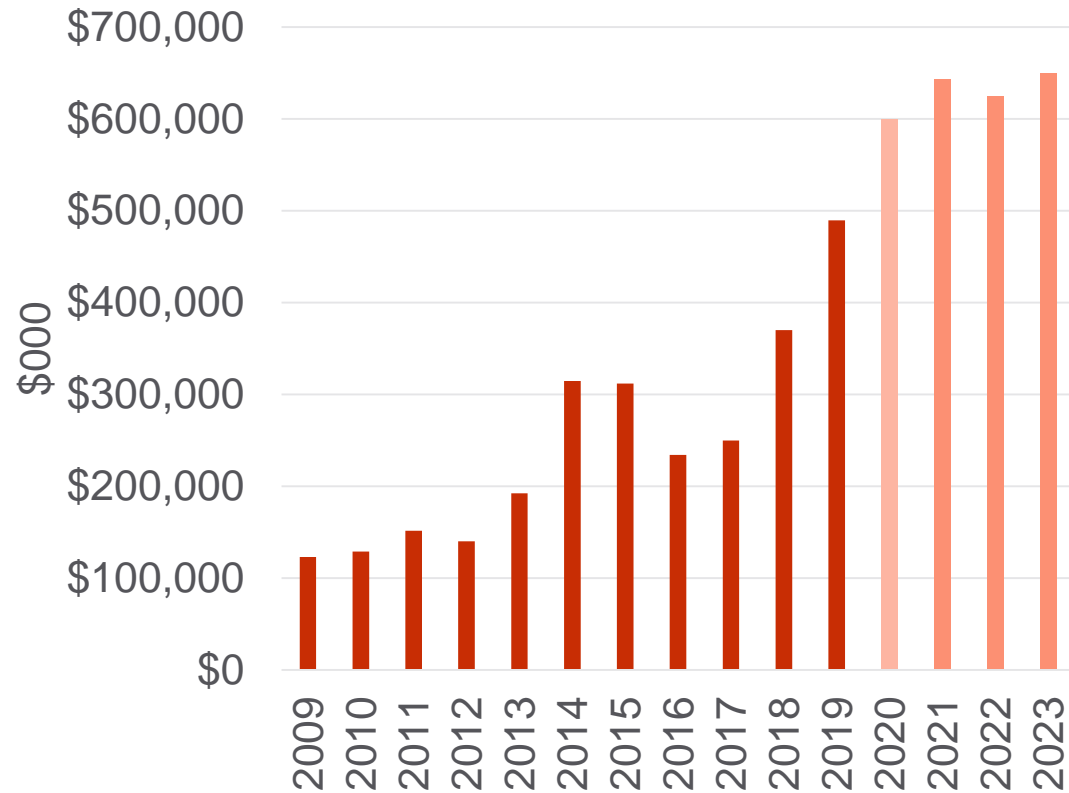


Natural Gas Costs

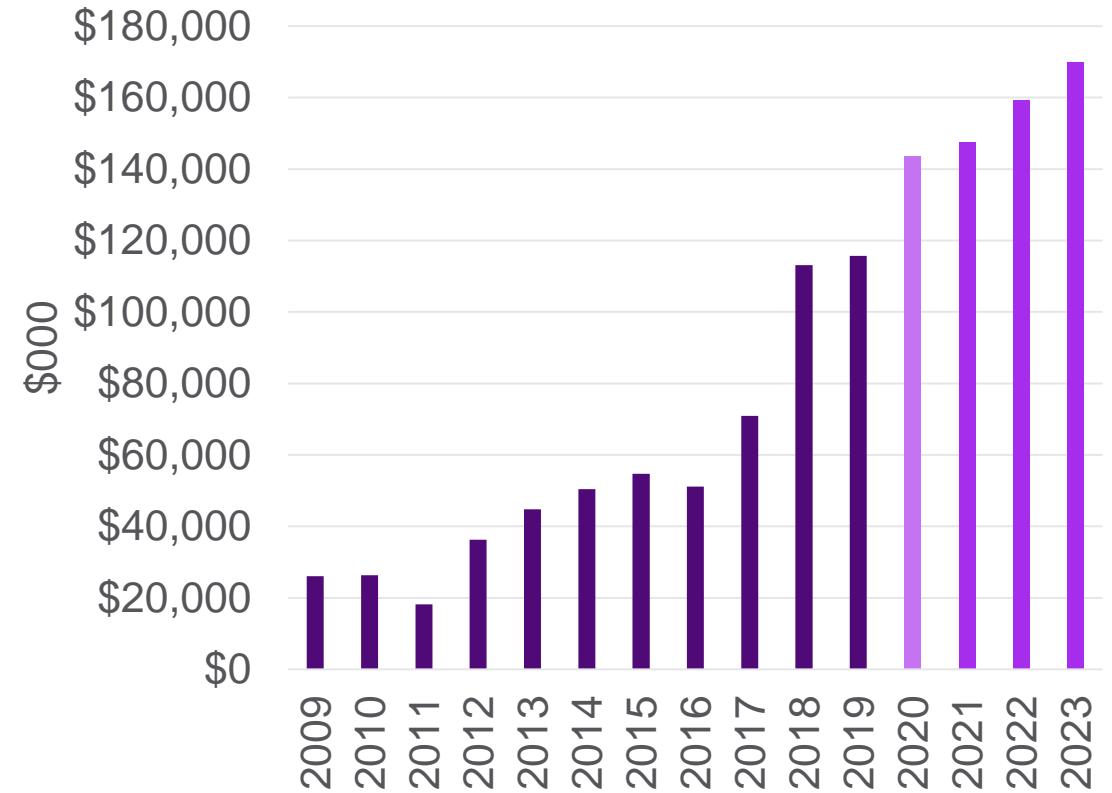


Note: These do not include any performance incentive earning opportunity

Electric Benefits

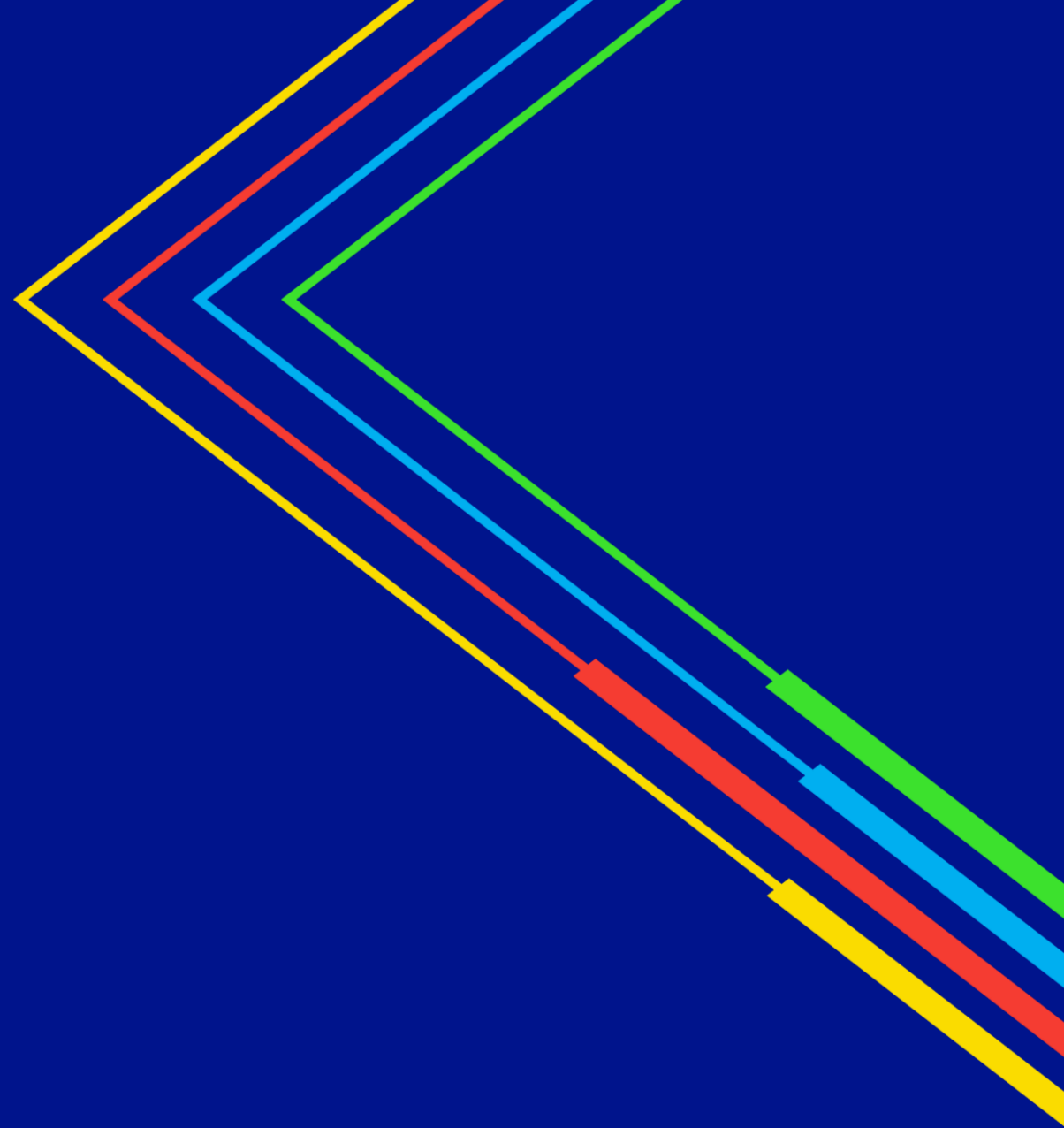


Natural Gas Benefits

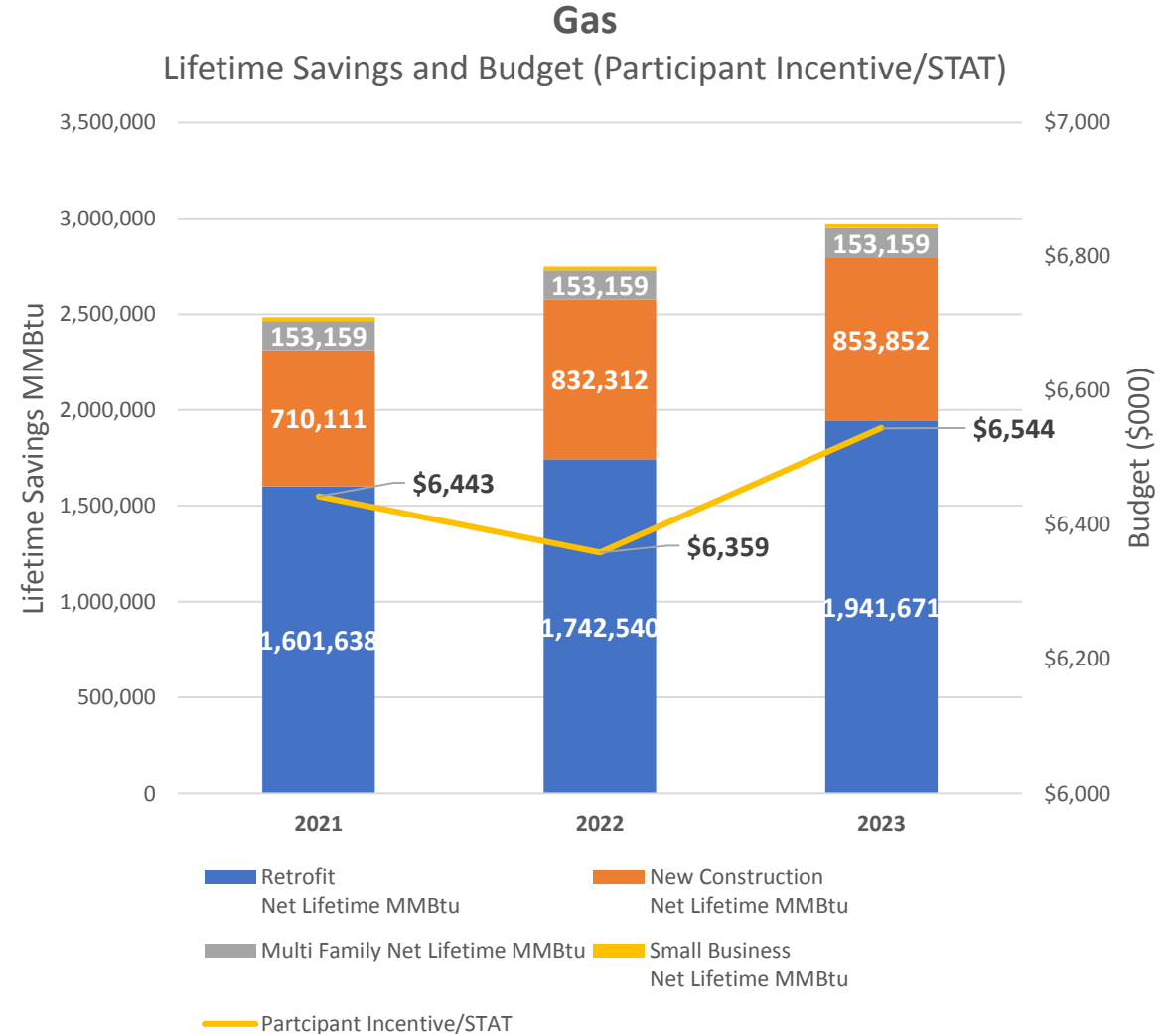
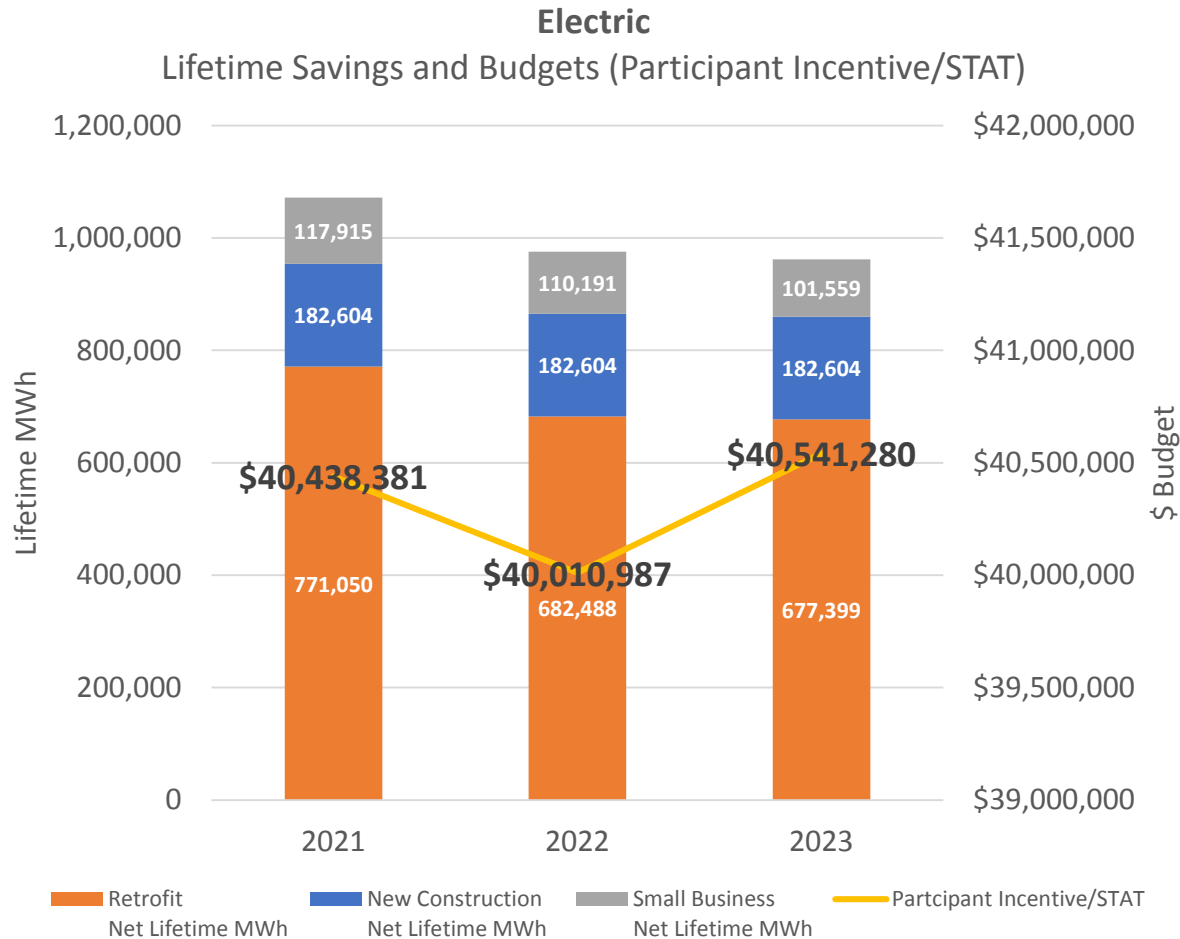


In terms of lifetime benefits, the Electric portfolio generates more than **\$600 Million** for each year of the plan, gas generates **\$140** to more than **\$160 Million** for each year of the plan

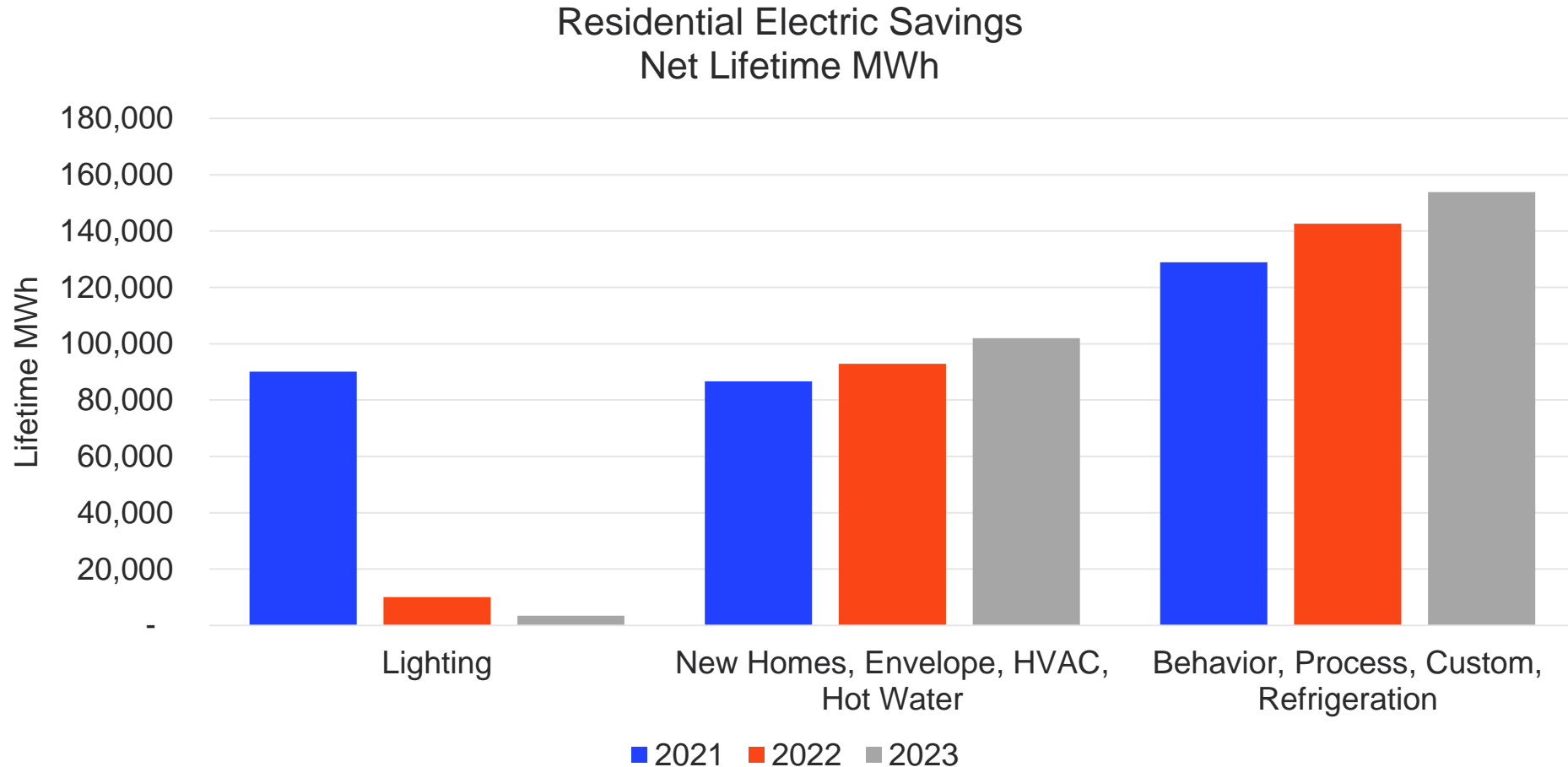
Sector Deeper Dive



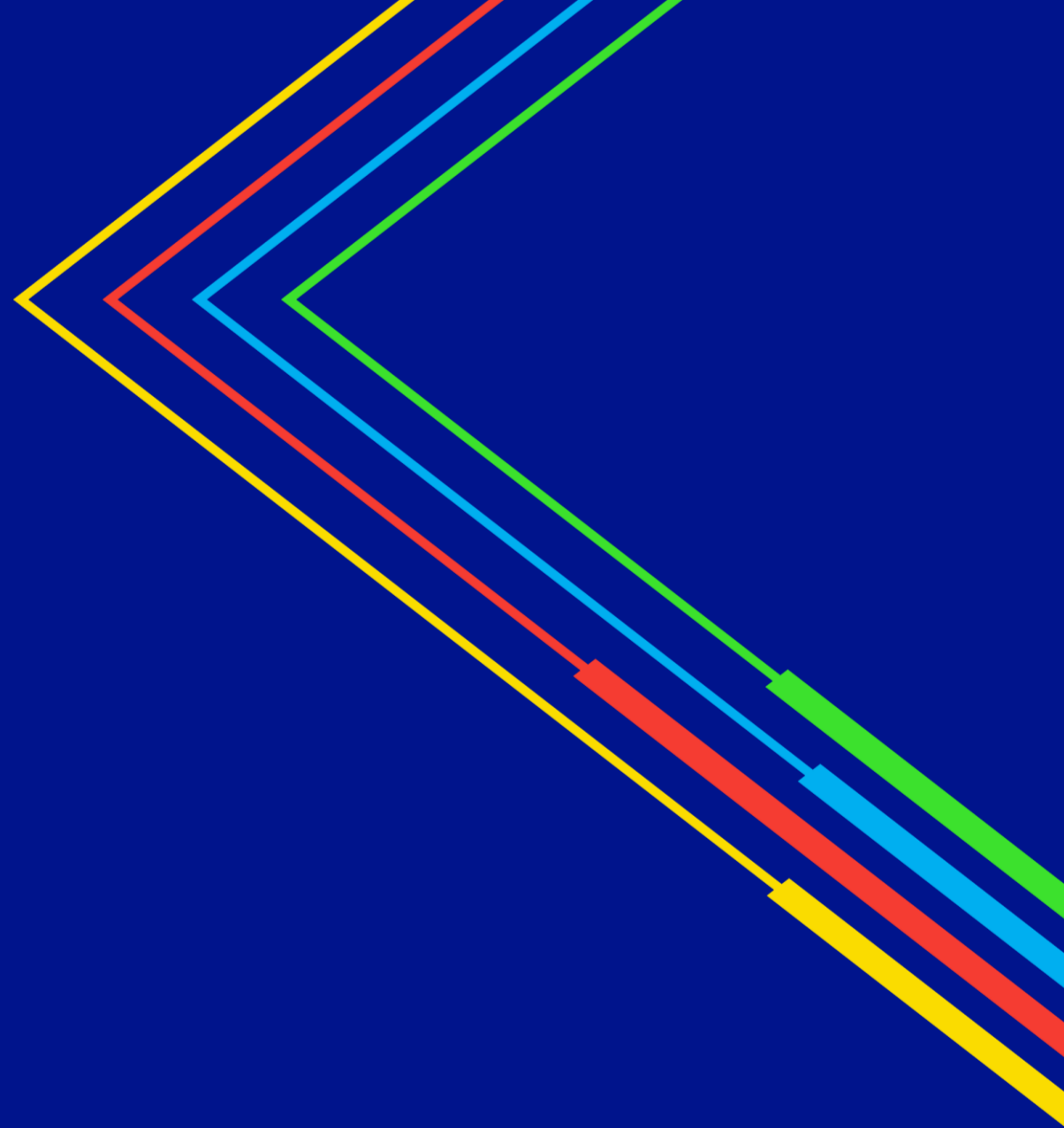
Commercial and Industrial - Savings & Budgets



Residential Electric Portfolio



Next Steps

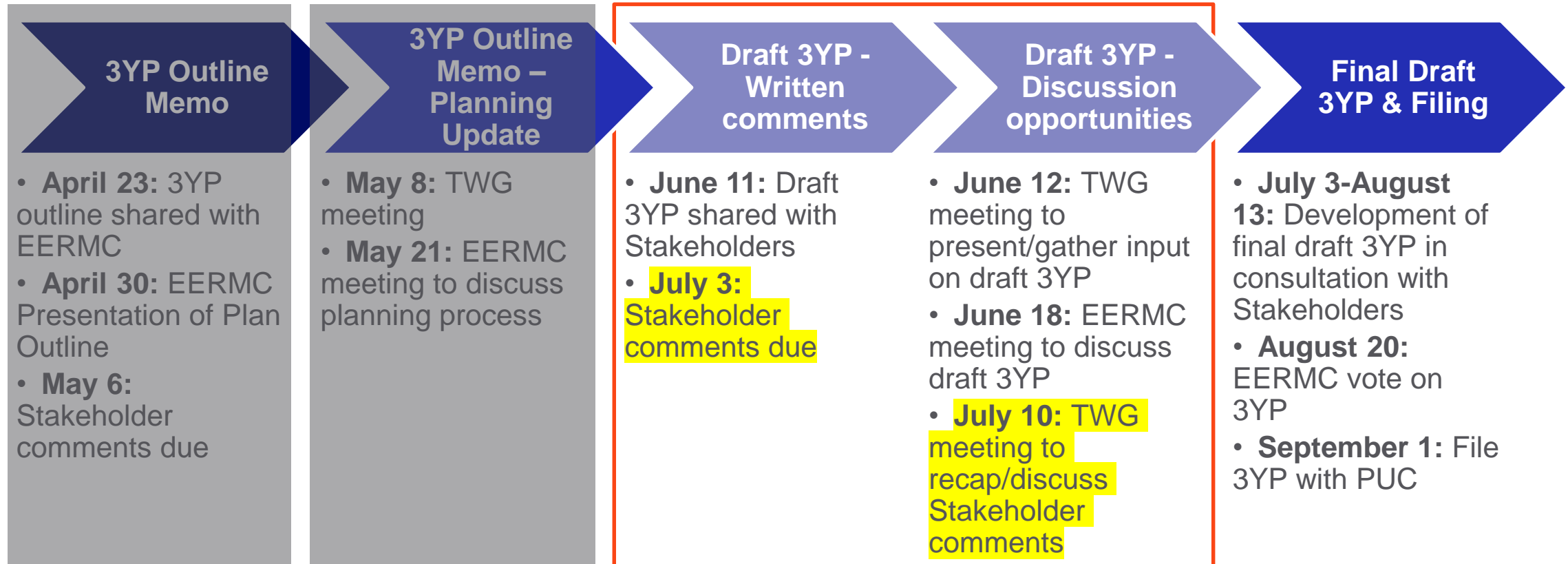


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Next Steps

- **Evaluation, Measurement, and Verification**
 - Many EM&V studies have been impacted by the COVID-19 pandemic.
 - Draft of Three-Year Plan does not incorporate updates based on EM&V studies. Updates will be made over the next several months, may change net claimable savings
- **Performance Incentive**
 - Plan Draft notes that the PI is a work in progress and budgets and costs in this plan draft do not yet include performance incentive
 - PUC adopted PIM Principles and Guidance in May
- **Ongoing Planning Process**
 - Identifying potential additional savings pathways and cost efficiencies
 - Economic and other considerations resulting from COVID-19 on savings goals

Next Steps - Timeline for Stakeholder Involvement



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