

2021 Energy Efficiency Plan – Draft Update

EERMC

September 17, 2020

nationalgrid



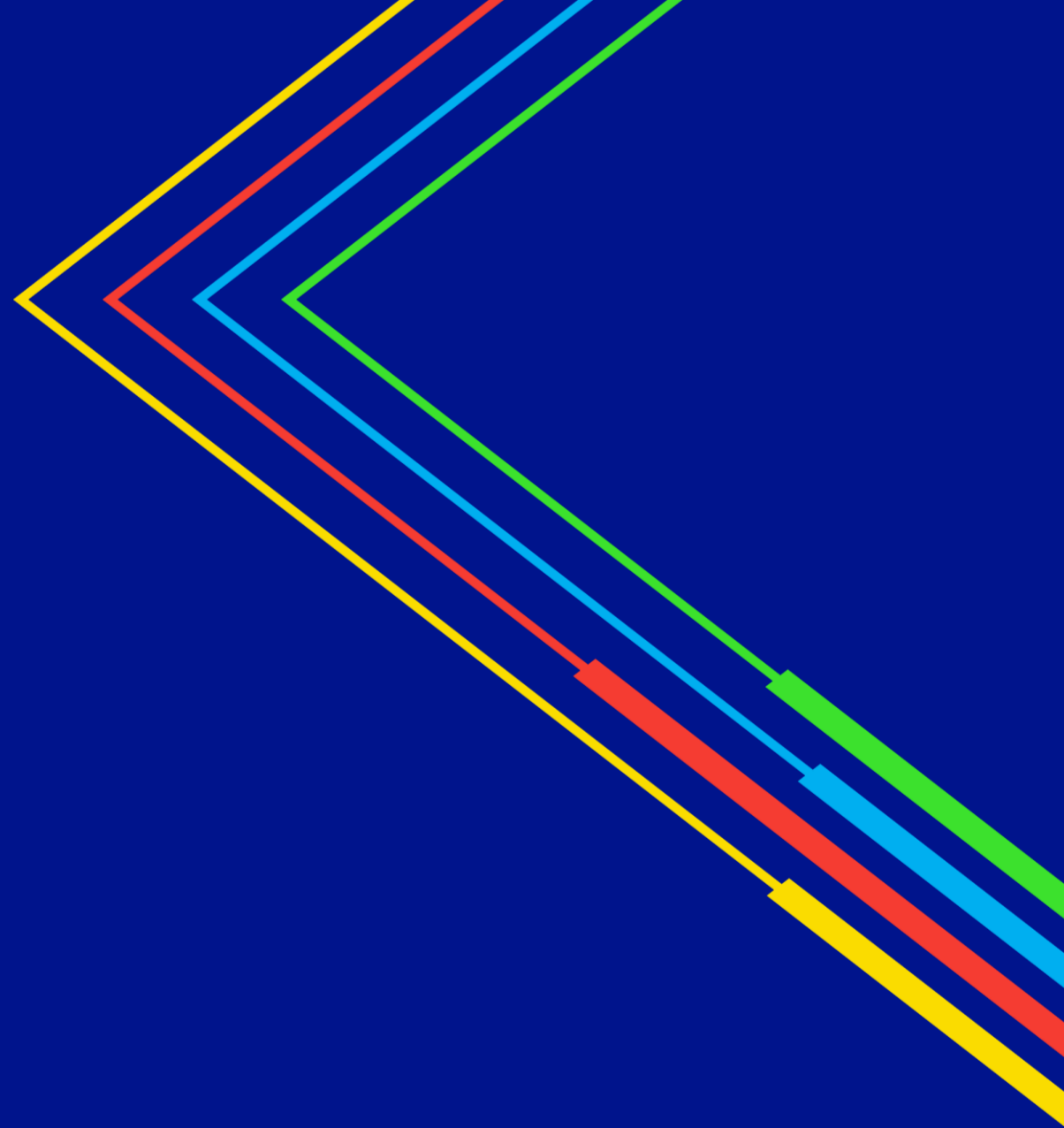
2021 Draft Annual Plan Top Line Numbers

- Electric EE and DR:
 - Annual savings: 158.1 GWh, lifetime savings: 1,560.3 GWh, DR: 51.6 MW
- Gas EE:
 - Annual Savings: 392,717 MMBtu, lifetime savings: 4,067,673 MMBtu
- \$797M present value of lifetime benefits from gas EE, electric EE, and active demand response
 - \$348M added to Rhode Island's state gross domestic product
- 8,795,439 MMBtu lifetime reduction in all fuel consumption (electric, gas, oil, propane)
- ~954,000 lifetime tons of carbon emissions avoided
 - Equivalent of removing 187,000 passenger vehicles from the road for one year
- 2019 Year-End Report found 877 FTE associated with National Grid programs, across 1,151 different firms

Changes from 2021 in the Draft Three-Year Plan to Draft 2021 Annual Plan

- **Equity**
 - Establishing an Equity Working Group, renter metric tracking
- **Refining measure-level planning and savings goals**
 - Optimizing the portfolio seeking more savings and cost efficiencies
- **Budgets**
 - Re-allocating expenditures based on areas of opportunity for investment in increased savings
- **Estimated Surcharges**
 - Estimated surcharges based on standard assumptions for both electric and gas portfolios
- **Additional Studies**
 - Non-Participant Study, Multifamily Census

Sector Team Highlights in the 2021 Draft Annual Plan



Residential Highlights

- **Supercharging Weatherization, Efficient Heating, and Hot Water**
- **Innovation and Enhancements**
 - New bundled incentive designs
 - Making program participation easier and more attractive
 - Reduced barriers to adoption of comprehensive measures
- **Equity & Workforce**
 - Expanding 100% incentive for moderate income EW
 - Income Eligible Program enhancements
 - Investments in a variety of workforce training initiatives
 - Undertaking additional research to understand non-participation and MF segment

Commercial and Industrial

2021 Plan Highlights

Energy Management Platform

- Enabling strategy, customer and sales intelligence

New Construction Program

- New EUI pathways, simplification of incentives, easier pathway for small buildings participation

Combined Heat and Power (CHP)

- Enhanced incentive structure for bio fuels

Telecomm Initiative (New)

Advanced Lighting Controls

- Substantial increase in Upstream LLCs

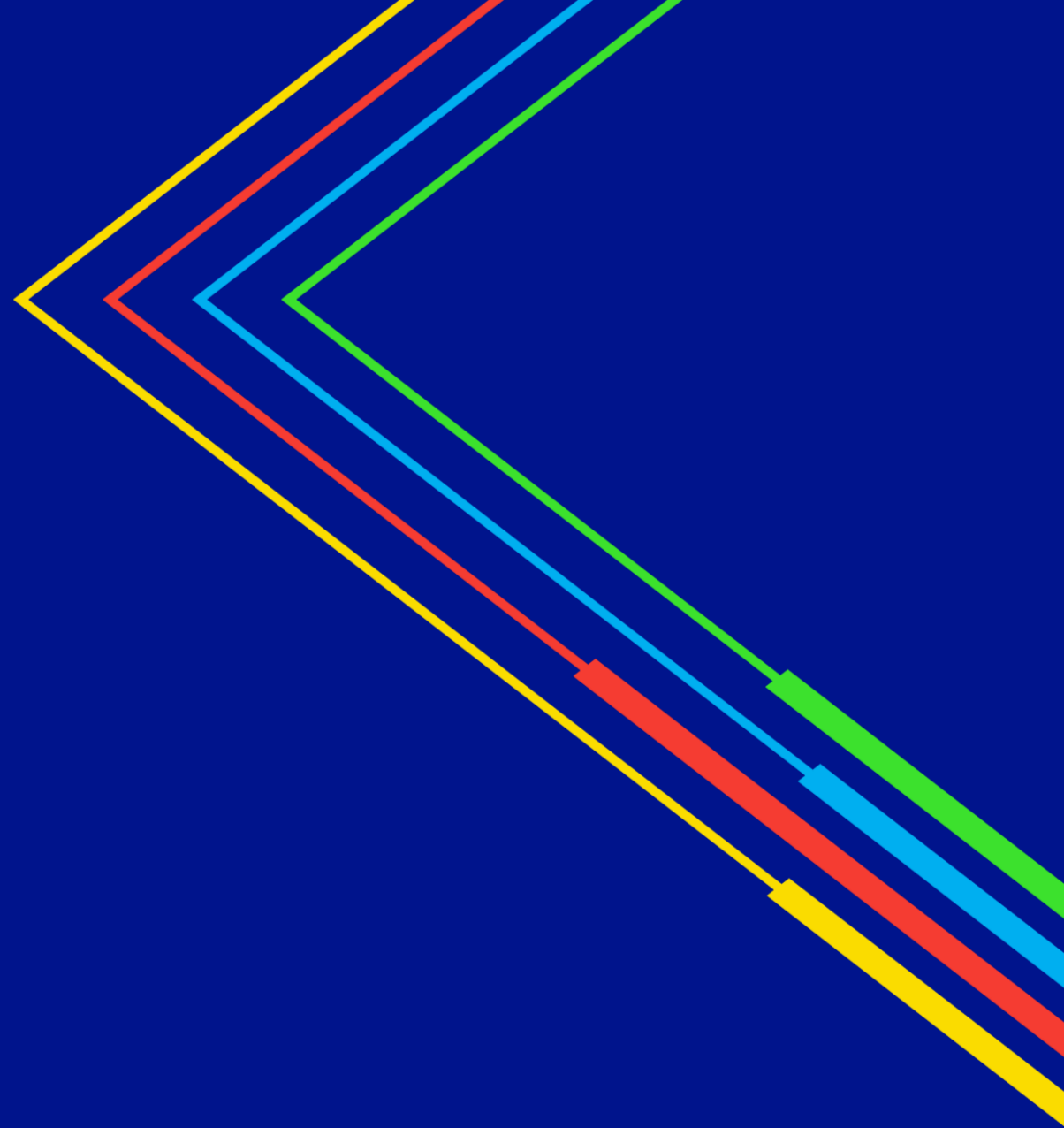
Small Business

- Gas weatherization
- Increased marketing of Upstream to ultra small SMB (sub 20,000 kWh)
- Increased advanced lighting controls

Barriers documentation:

- What has been accomplished to date?
- Commitments for 2021
 - Top 10 gas and electric measure areas from the potential study - combination of our team and CEM growth development and outside non-profit think tank
 - Final plan will include a time frame when measures or groups of measures will have barrier documentation
 - The Company seeks to better understand the long term economic and customer priority impacts of COVID

**Plan Savings Goals:
Electric Energy Efficiency
(EE) and Combined Heat
and Power (CHP)**

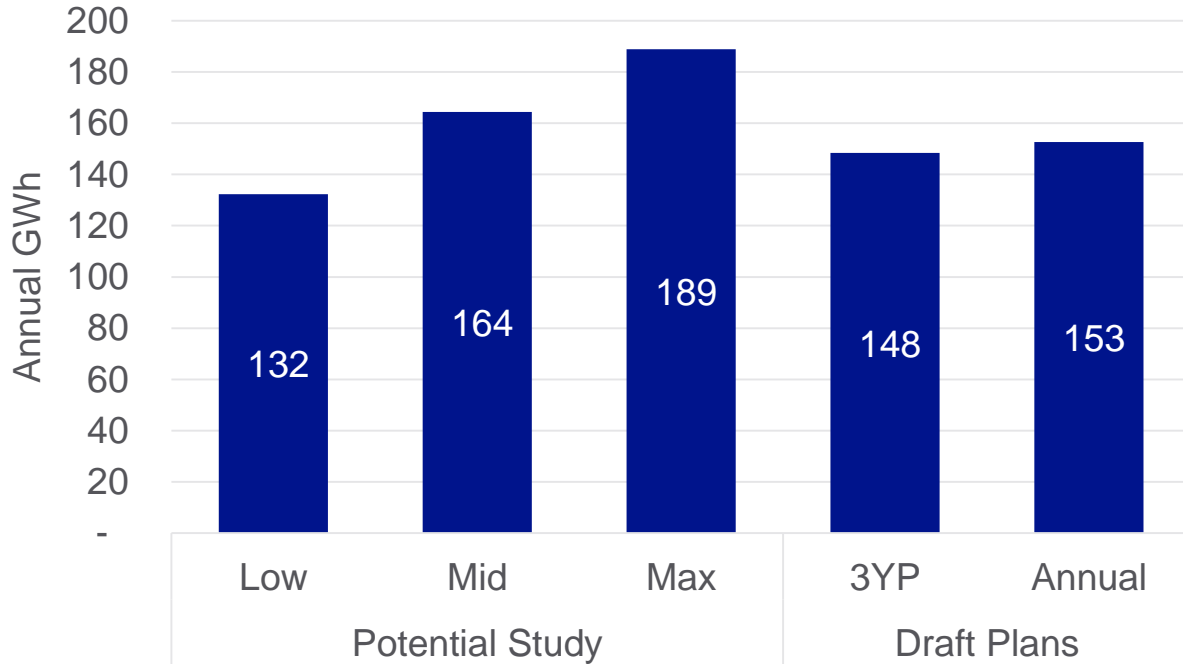


Quantitative Changes between the Draft Three-Year Plan and Annual Plan Draft

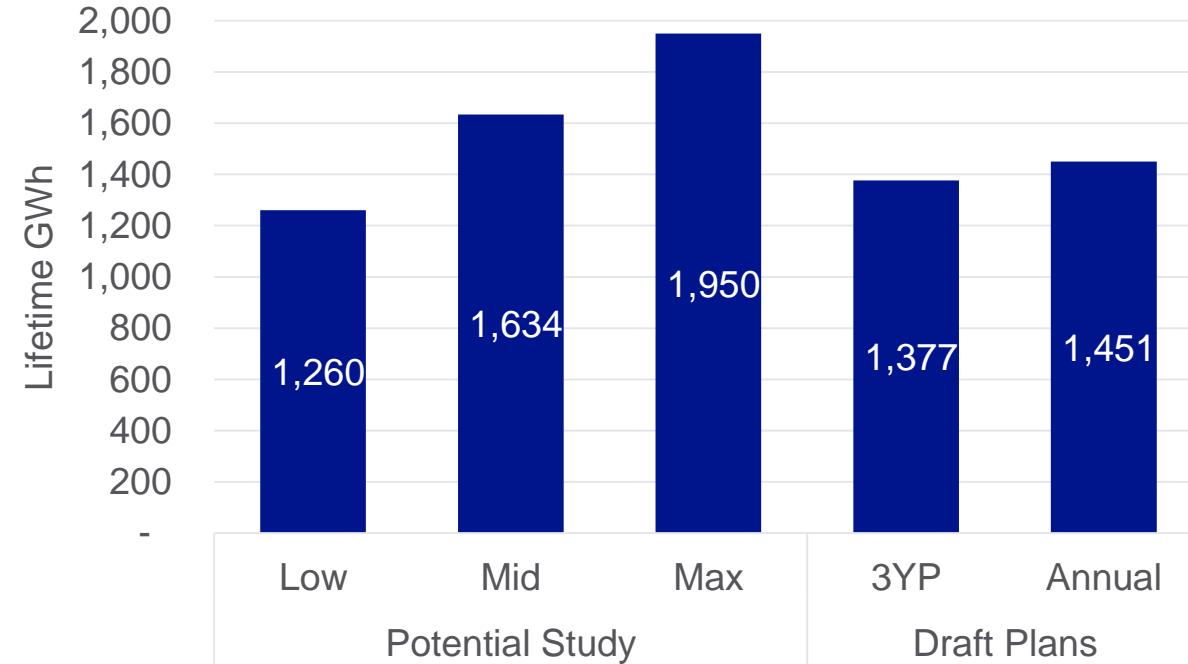
- **EM&V**
 - Updates to claimable savings calculations for many measures based on the latest studies
 - Some evaluation studies are still pending, notably C&I net-to-gross study and MF impact study, that could impact final claimable savings in the plan
- **Ongoing Planning Refinement**
 - Adjusting budgets, program approaches, goals

Potential Study, Draft 3YP, Draft Annual Plan – Electric EE GWh Savings

Comparison of 2021 Annual Electric EE Goals



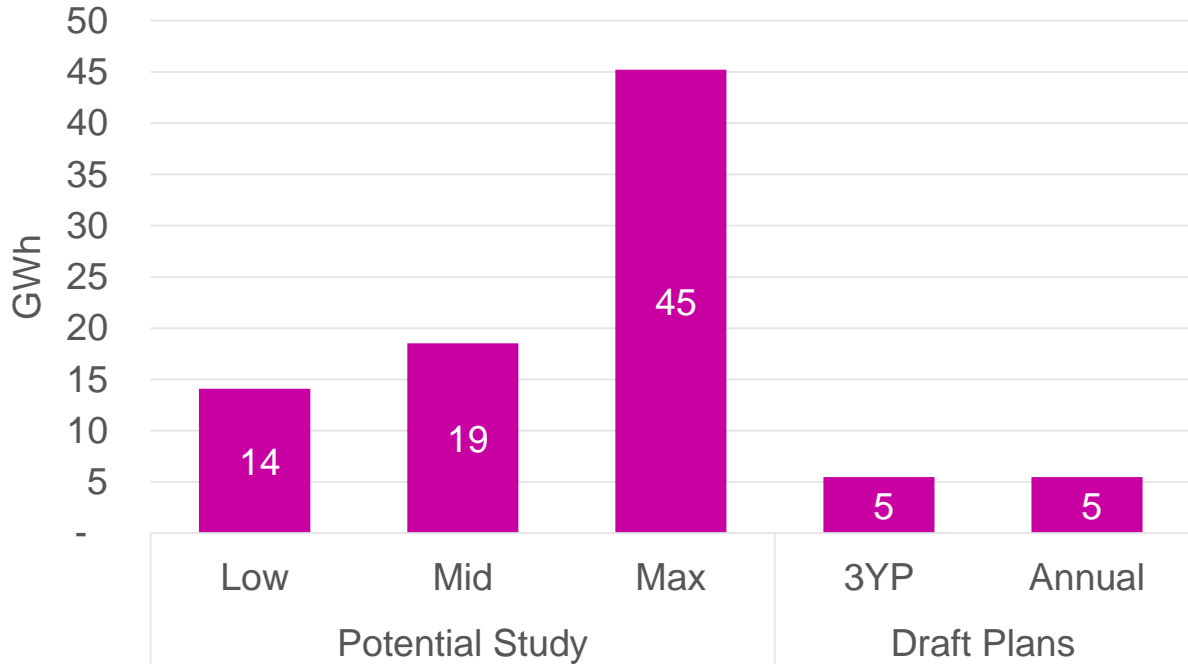
Comparison of 2021 Lifetime Electric EE Goals



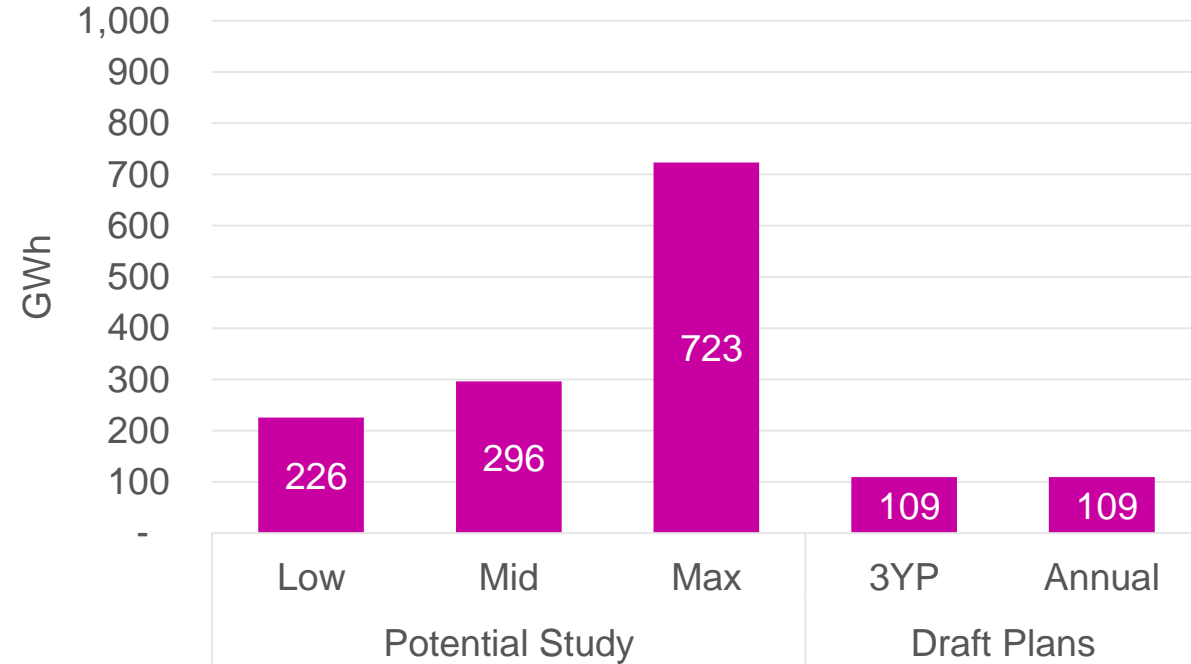
2021 Draft Annual Plan increases annual and lifetime electric energy savings goal 3% from Draft Three-Year Plan, gap to Targets remains due to surcharge and budget constraints

Potential Study, Draft 3YP, Draft Annual Plan – Electric CHP GWh Savings

Comparison of 2021 Annual Electric CHP Goals



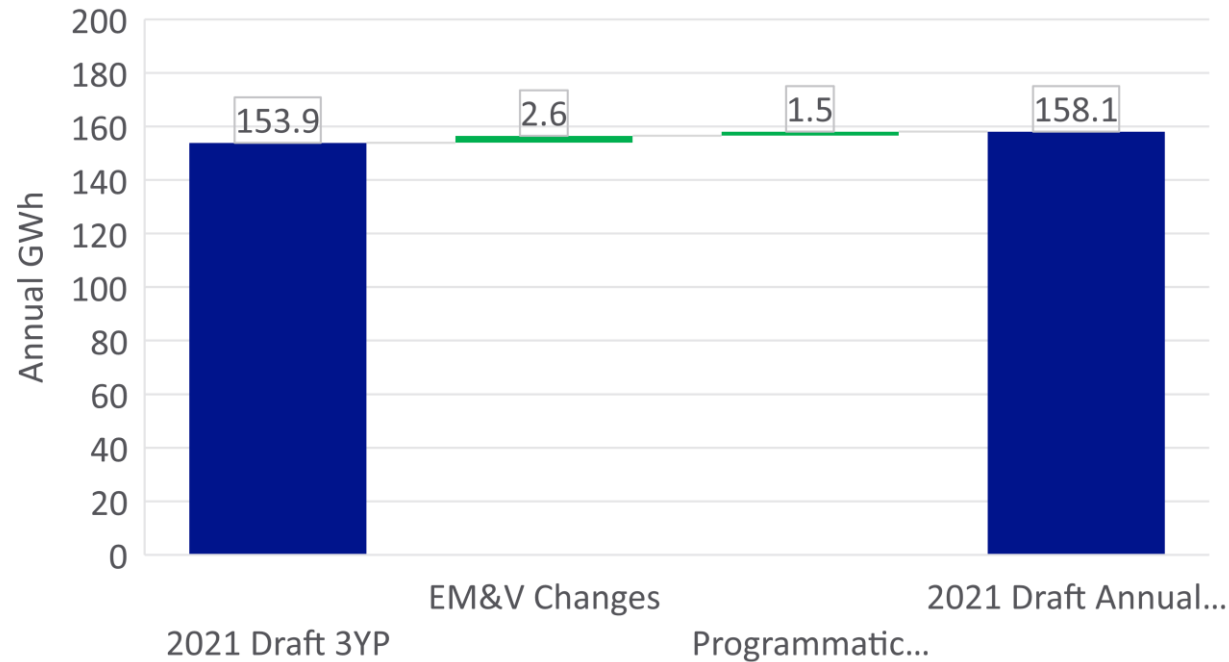
Comparison of 2021 Lifetime Electric CHP Goals



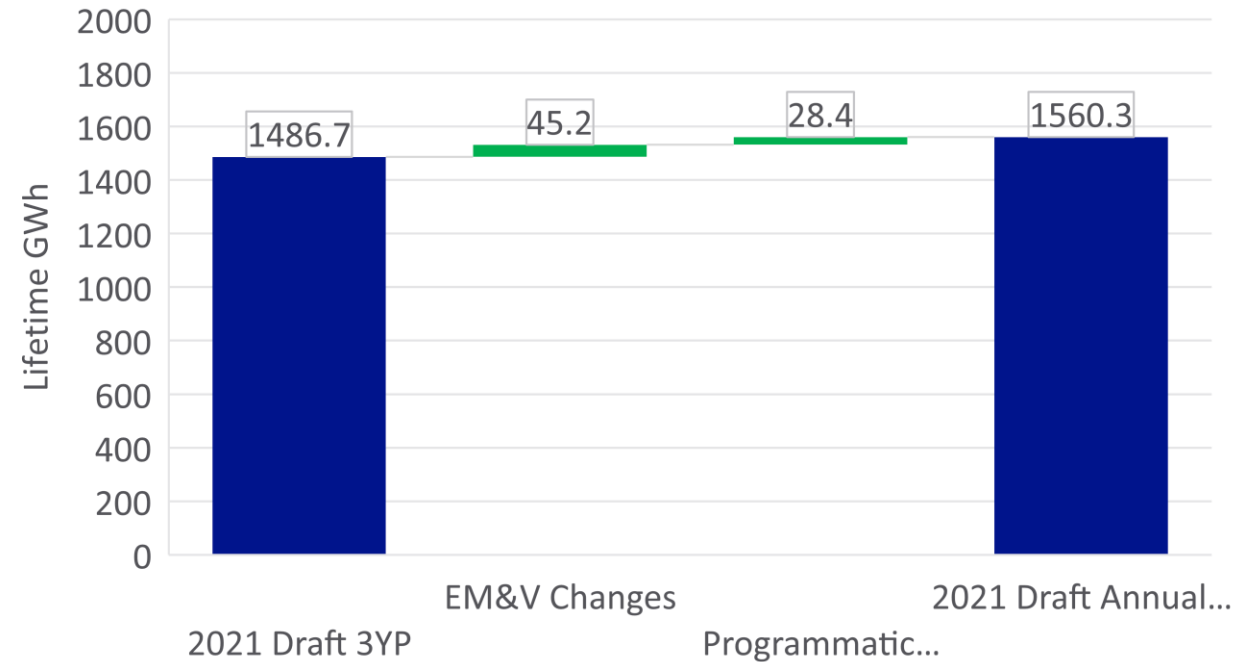
Due to long lead times associated with project design, interconnection, and construction, the Company has pipeline visibility 12-18 months in advance of a CHP project installation.

Electric EE and CHP – Drivers of Change Between 2021 in the Draft 3YP and Draft Annual Plan

2021 Annual Electric GWh

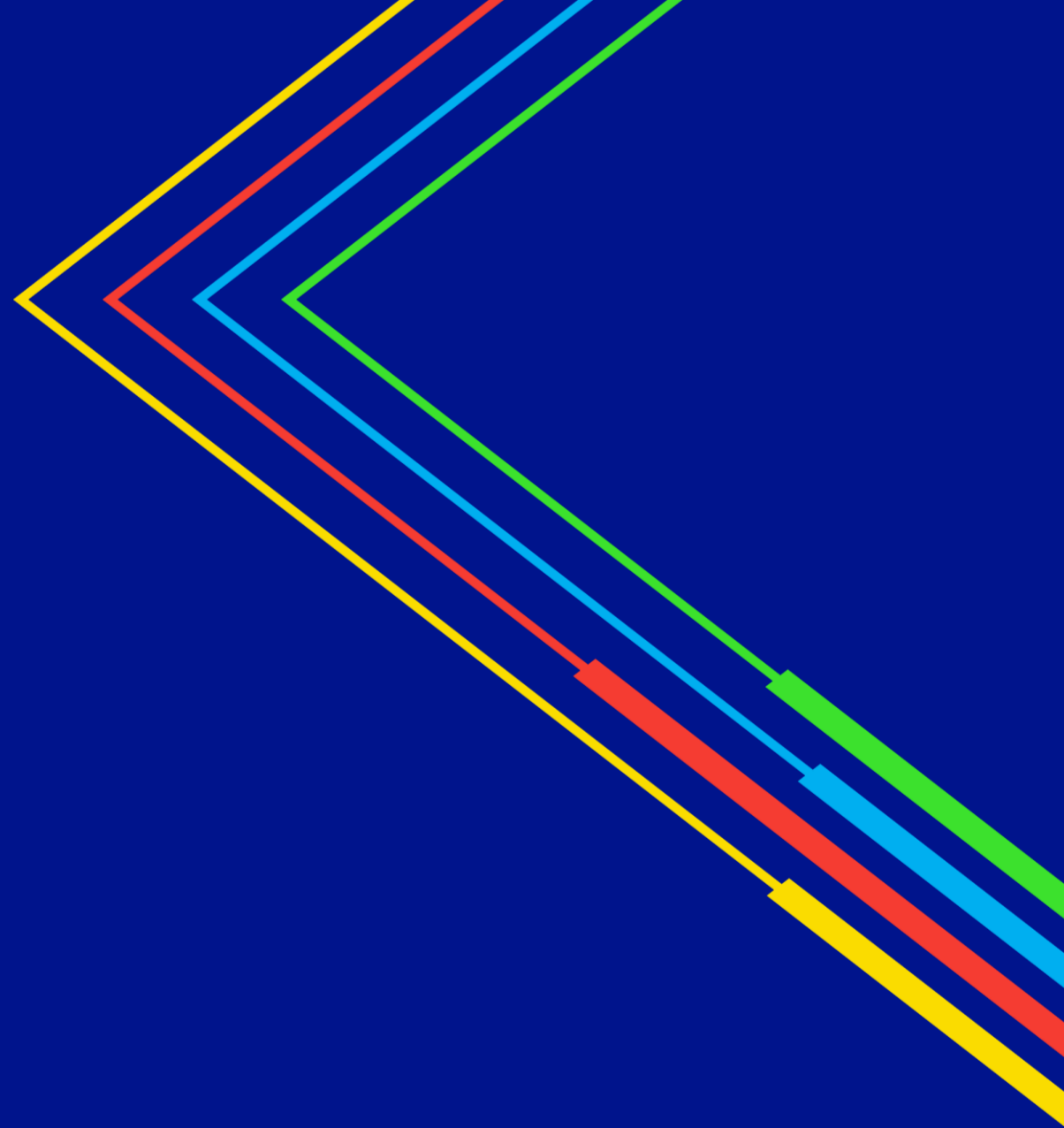


2021 Lifetime Electric GWh

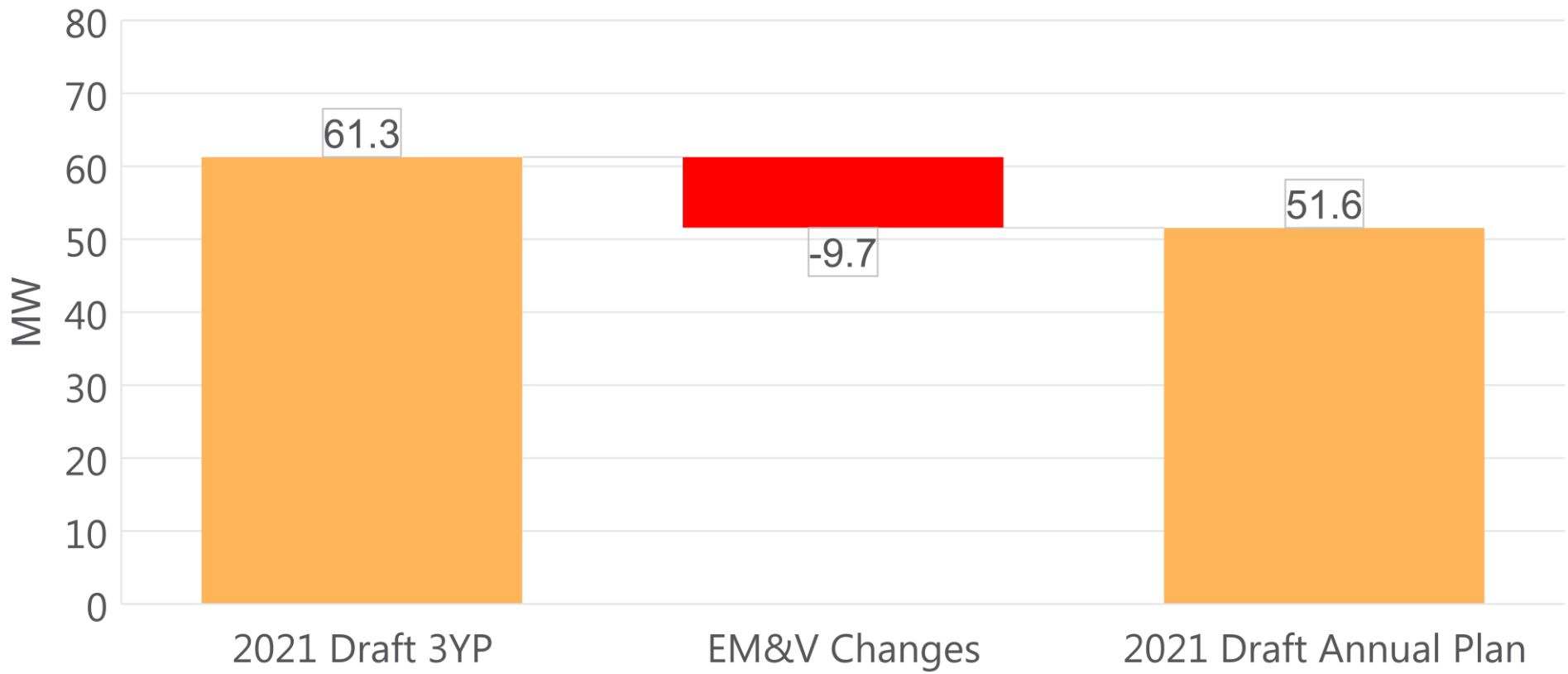


2021 Draft Annual Plan increases annual electric energy savings goal 3% and lifetime energy savings goal 5% from Draft 3YP; Increase a combination of programmatic refinement and EM&V

Plan Savings Goals: Electric Demand Response (DR)

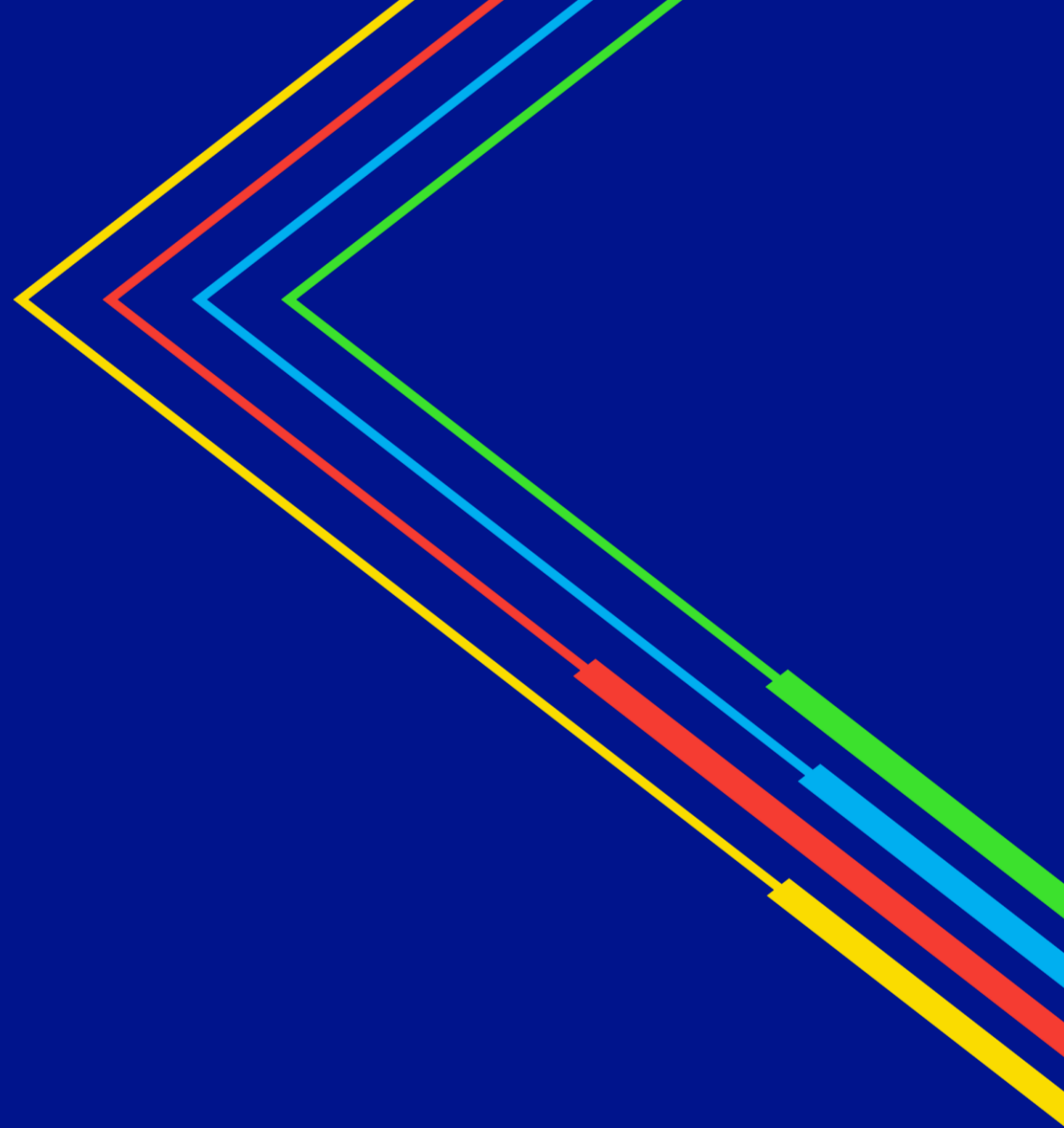


Electric DR – Drivers of Change Between 2021 in the Draft 3YP and Draft Annual Plan



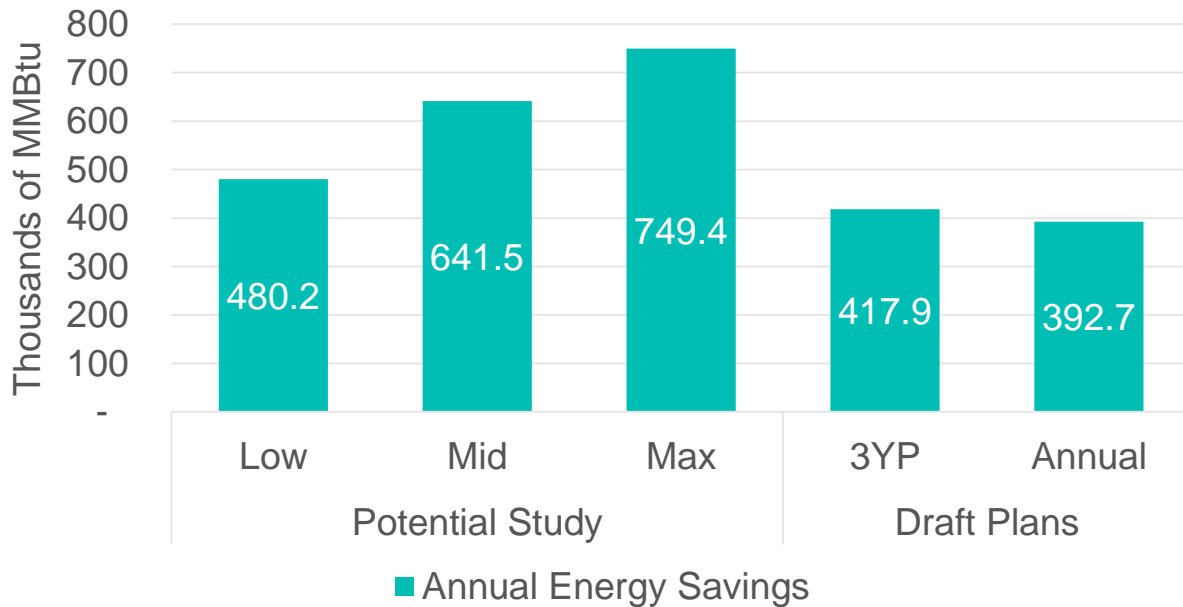
2021 Draft Annual Plan annual electric demand response savings goal declined between plans due to an EM&V change to C&I DR

Plan Savings Goals: Natural Gas Energy Efficiency (EE)

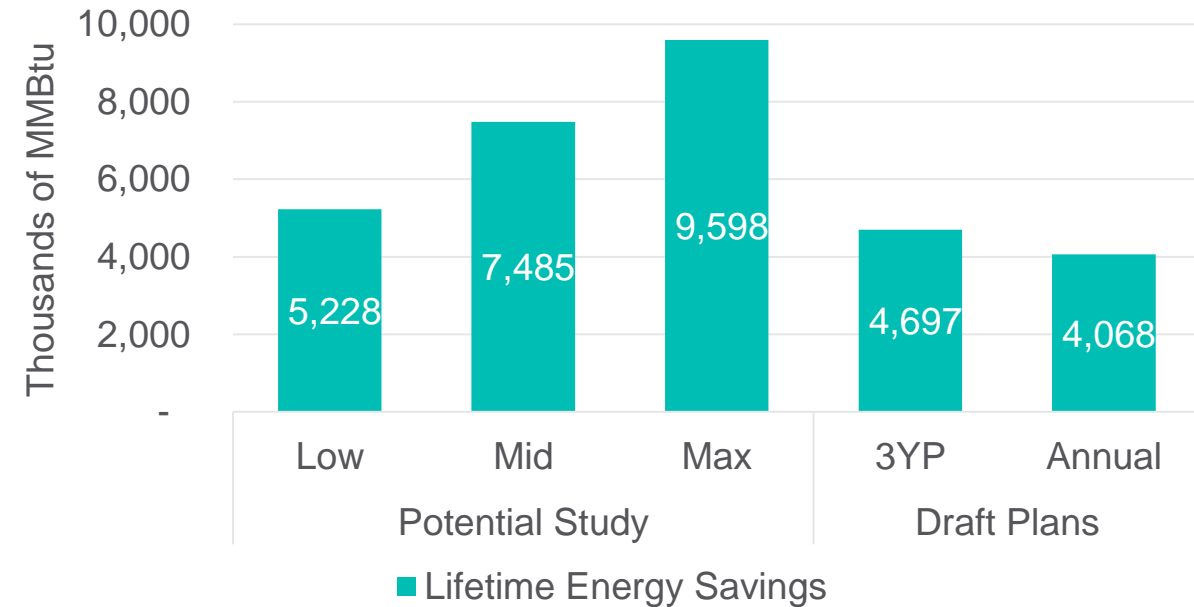


Potential Study, Draft 3YP, Draft Annual Plan – Natural Gas EE MMBtu Savings

Comparison of 2021 Annual Natural Gas EE Goals

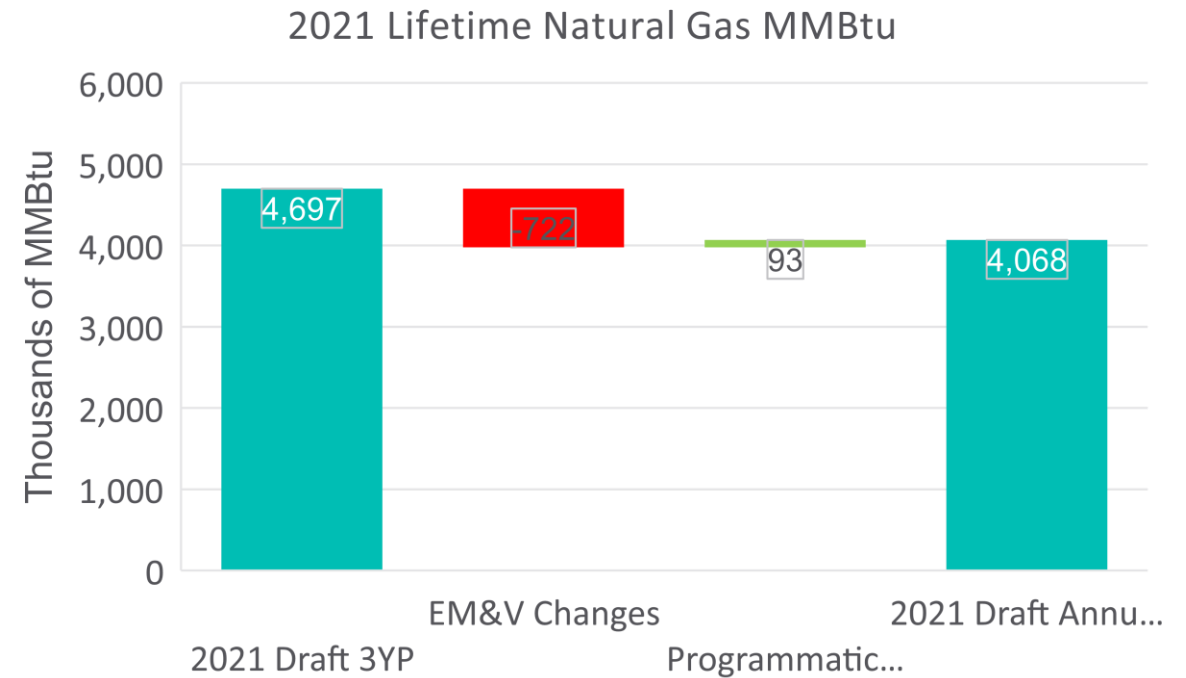
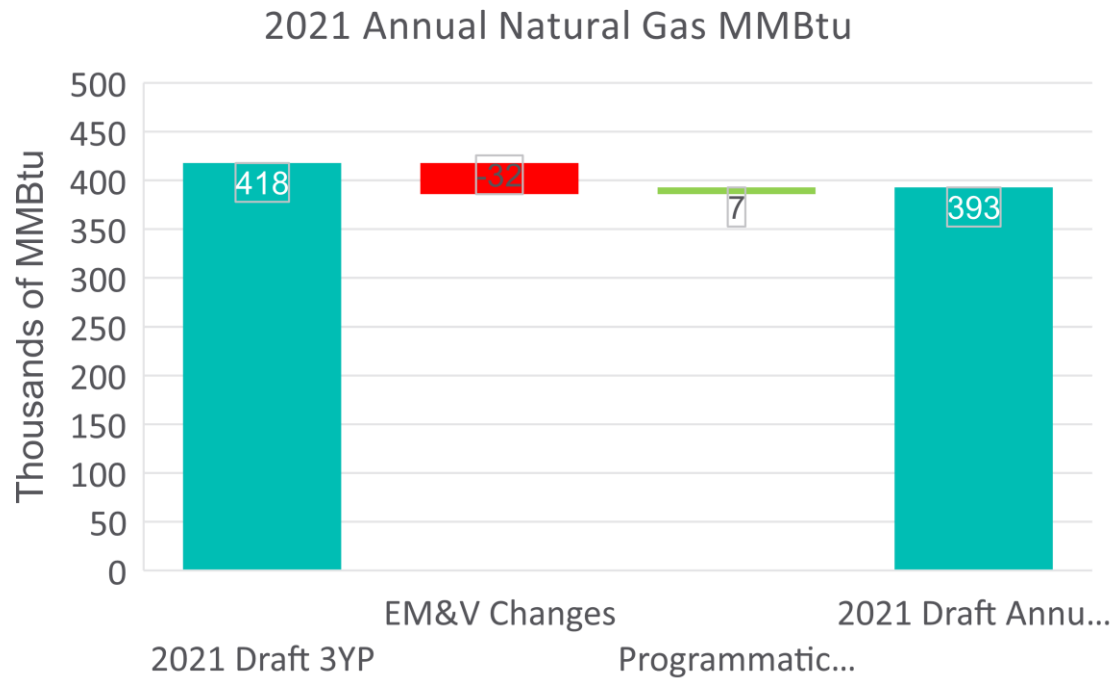


Comparison of 2021 Lifetime Natural Gas EE Goals



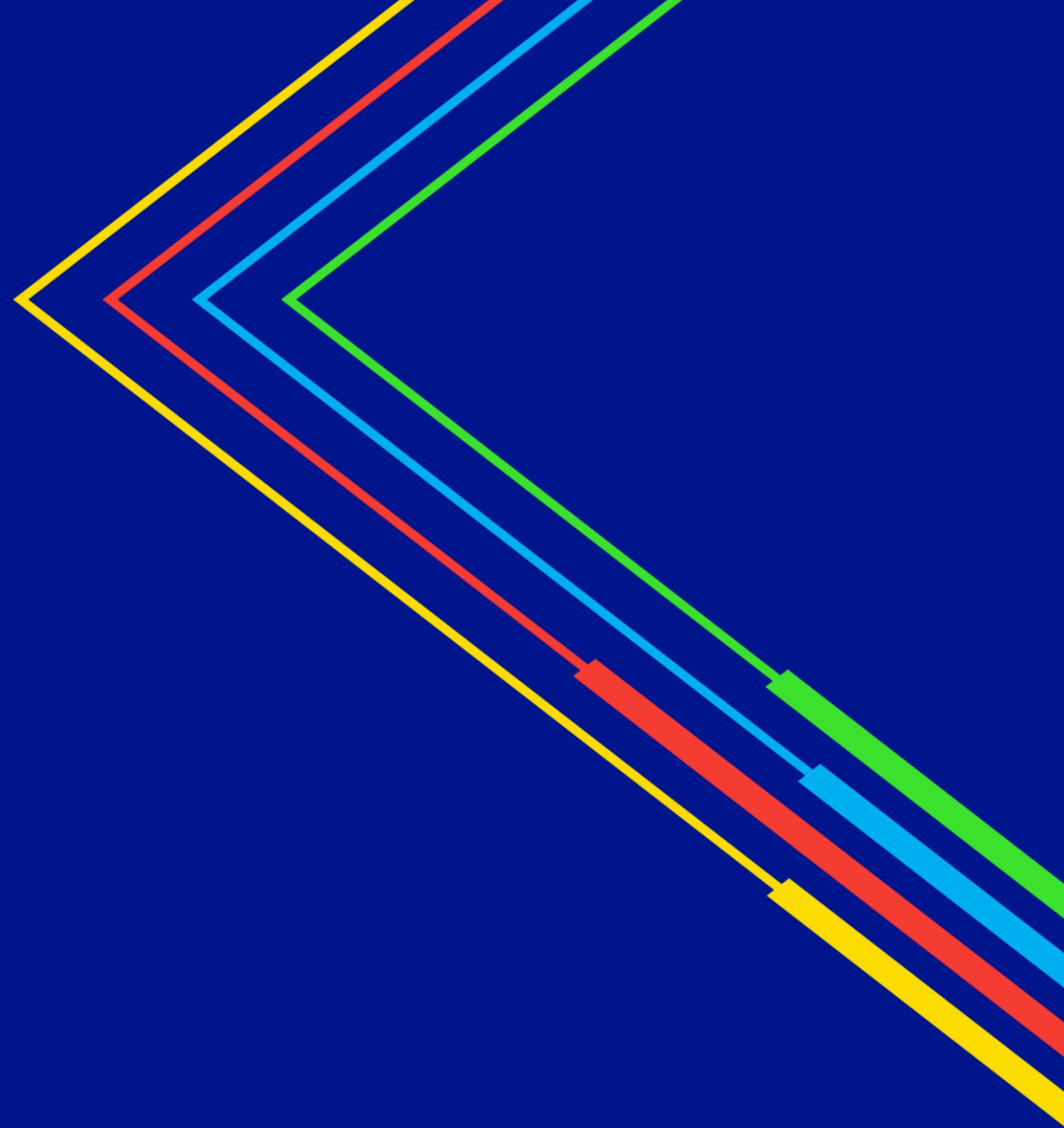
2021 Annual Plan Draft annual and lifetime gas EE saving goal declined from Three-Year Plan due to EM&V changes

Gas EE – Drivers of Change Between 2021 in the Draft 3YP and Draft Annual Plan

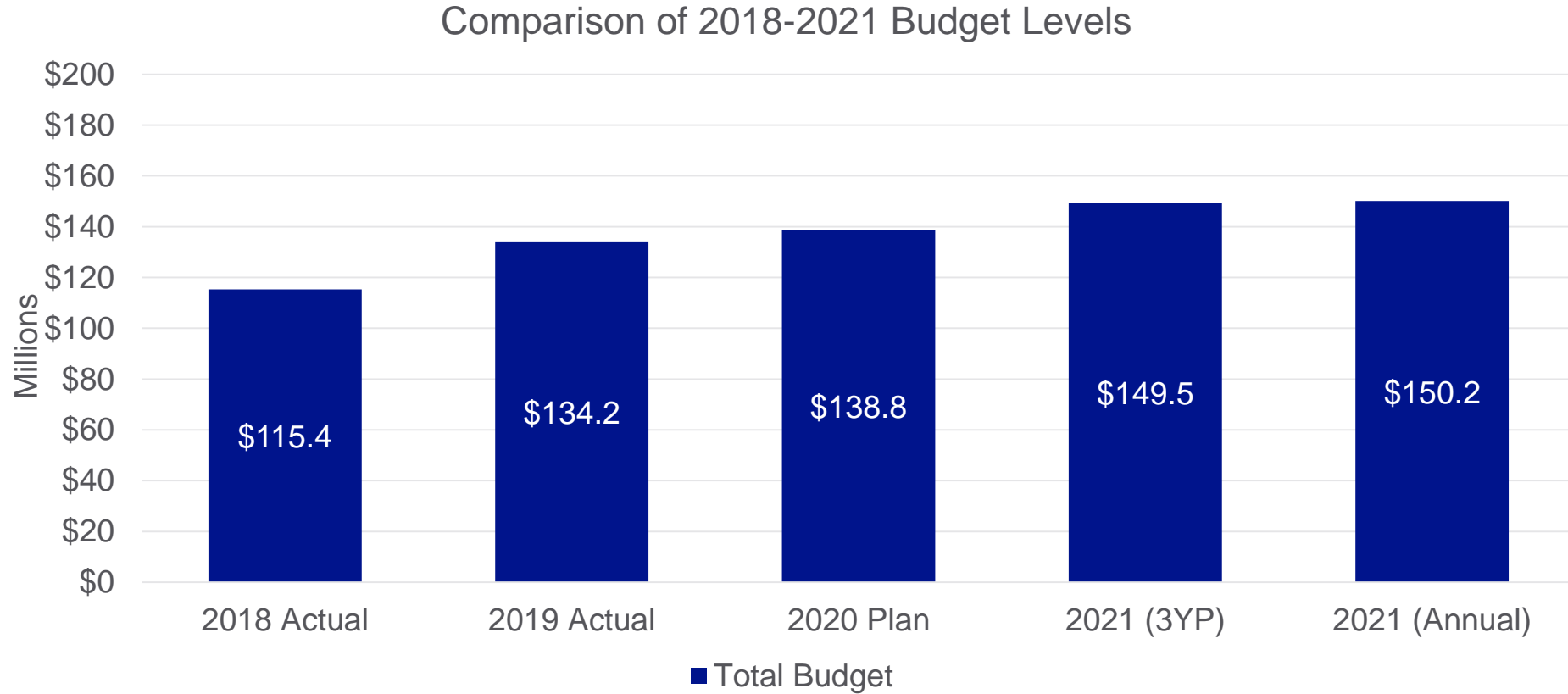


2021 Draft Annual Plan includes programmatic increases in savings that are offset by decreases due to EM&V updates for annual and lifetime savings

Plan Budget and Surcharge



Recent Programs, Draft 3YP, Draft 2021 Annual Plan – Budget Levels



2021 Annual Plan Draft budget increased less than 1% from 2021 in Draft 3YP; increases by 8% from 2020 planned level

Factors influencing EE Surcharge in the 2021 Annual Plan

2021 Annual Plan – 1st Draft Highlights

2020 EE Year End Fund Balance

- 2020 Actual and forecasted EE expenses and revenues from the current EE surcharge contribute to the 2020 year end fund balance. A positive fund balance lowers the 2021 surcharge, a negative fund balance increases it. The 1st draft assumed that expenses would be 100% of budget for 2020 and Performance Incentive earned would be 100% of the target.
- Annual Plan First Draft 2020 Fund Balance: Electric +\$5.9M, Gas -\$3.6M

2021 Energy Sales Forecasts

- The 2021 EE Surcharges are also impacted by electric sales and gas volume forecasts for 2021. Lower electric sales and gas volume forecasts lead to higher EE surcharges. 2021 gas volume decrease from prior forecast. 2021 Electric sales forecast will be updated in late September.

2021 Program Budget Level

- 2021 Budget levels also impact the 2021 surcharge.
- 2021 Annual Plan First Draft Budgets Compared to 2020: Electric +\$8.2M, Gas +\$3.5M

2021 Annual Plan – Final Plan Updates

- The Company will provide a final plan that updates EE surcharge estimates

2020 EE Year End Fund Balance

- For the final plan the 2020 EE expenses forecast will be updated and the forecast performance incentive earned updated.

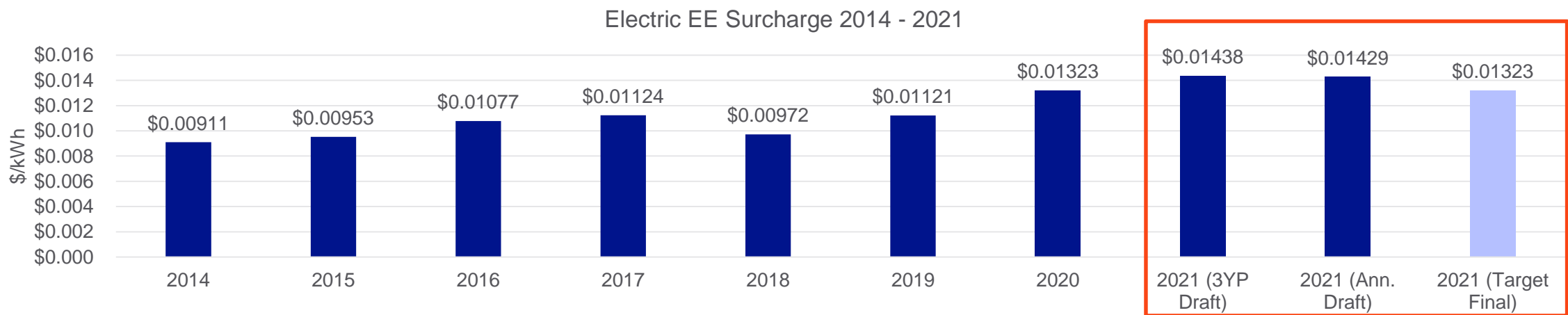
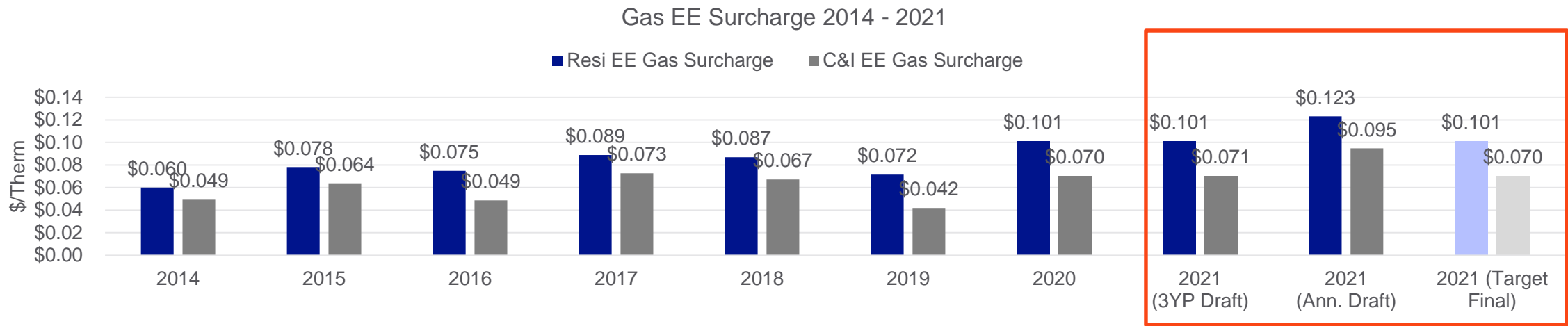
2021 Energy Sales Forecasts

- The 2021 electric sales forecast will be updated in late September.

2021 Program Budget Level

- The above adjustments to the Year End Fund balance forecast will bring the surcharge down from the first draft estimate.
- However, depending on the updated Year End Fund Balance forecasts and the final 2021 electric sales forecasts provided, additional budget and savings adjustments may be necessary to minimize surcharge increases.

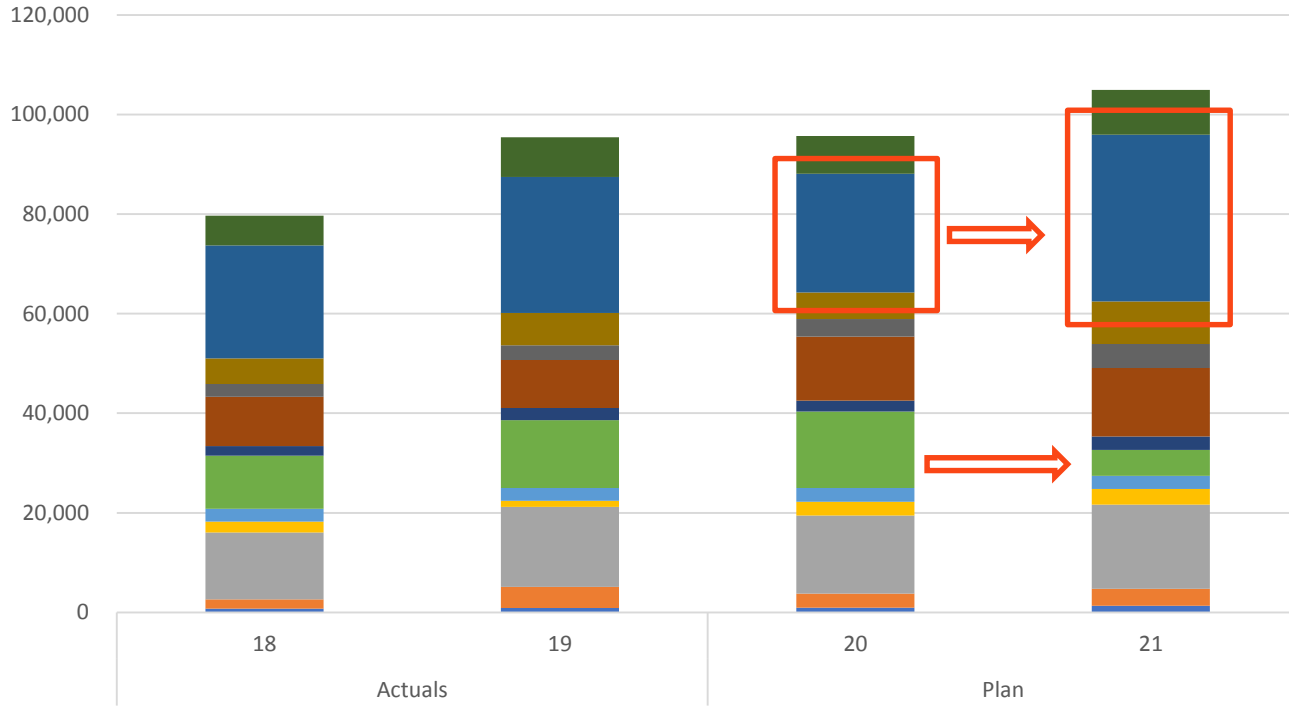
EE Surcharge – Historical and Draft 3YP to Draft 2021 Annual Plan Comparison



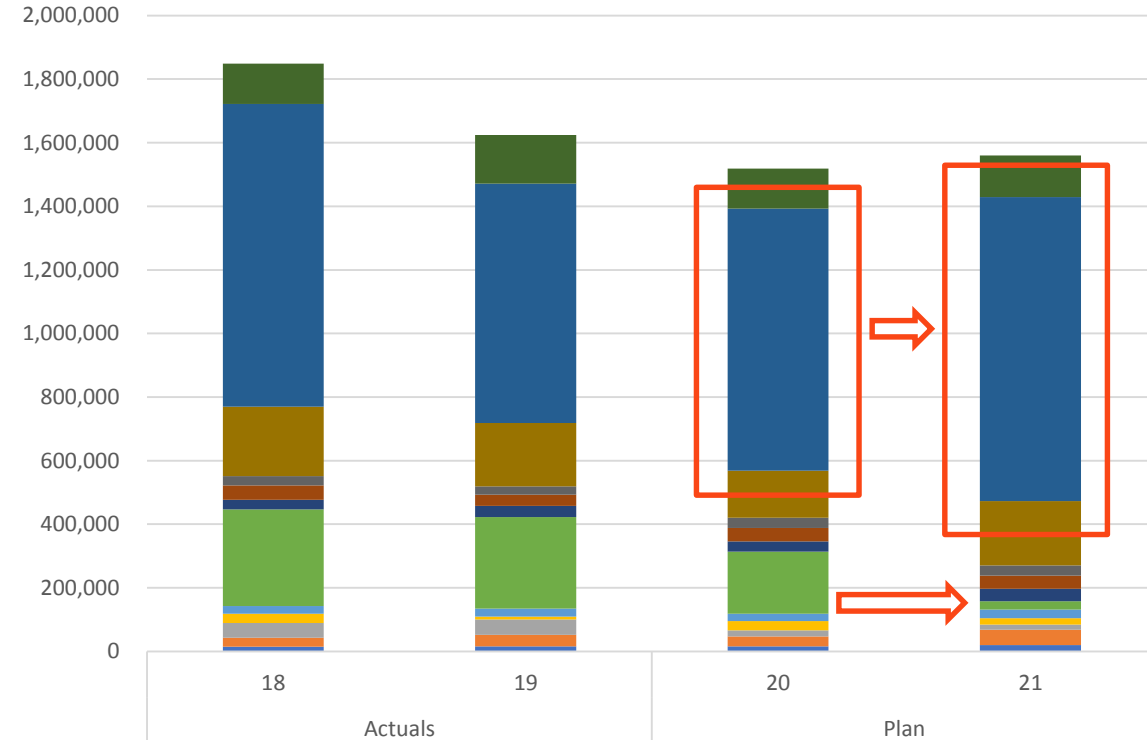
Gas Surcharge increased between Draft 3YP and Draft Annual Plan; Electric declined; budget and savings will be adjusted, if necessary, in final plan to minimize surcharge change between 2020 and 2021

Electric Spend and Savings by Program, 2018-2021

Electric - Budget (\$000)

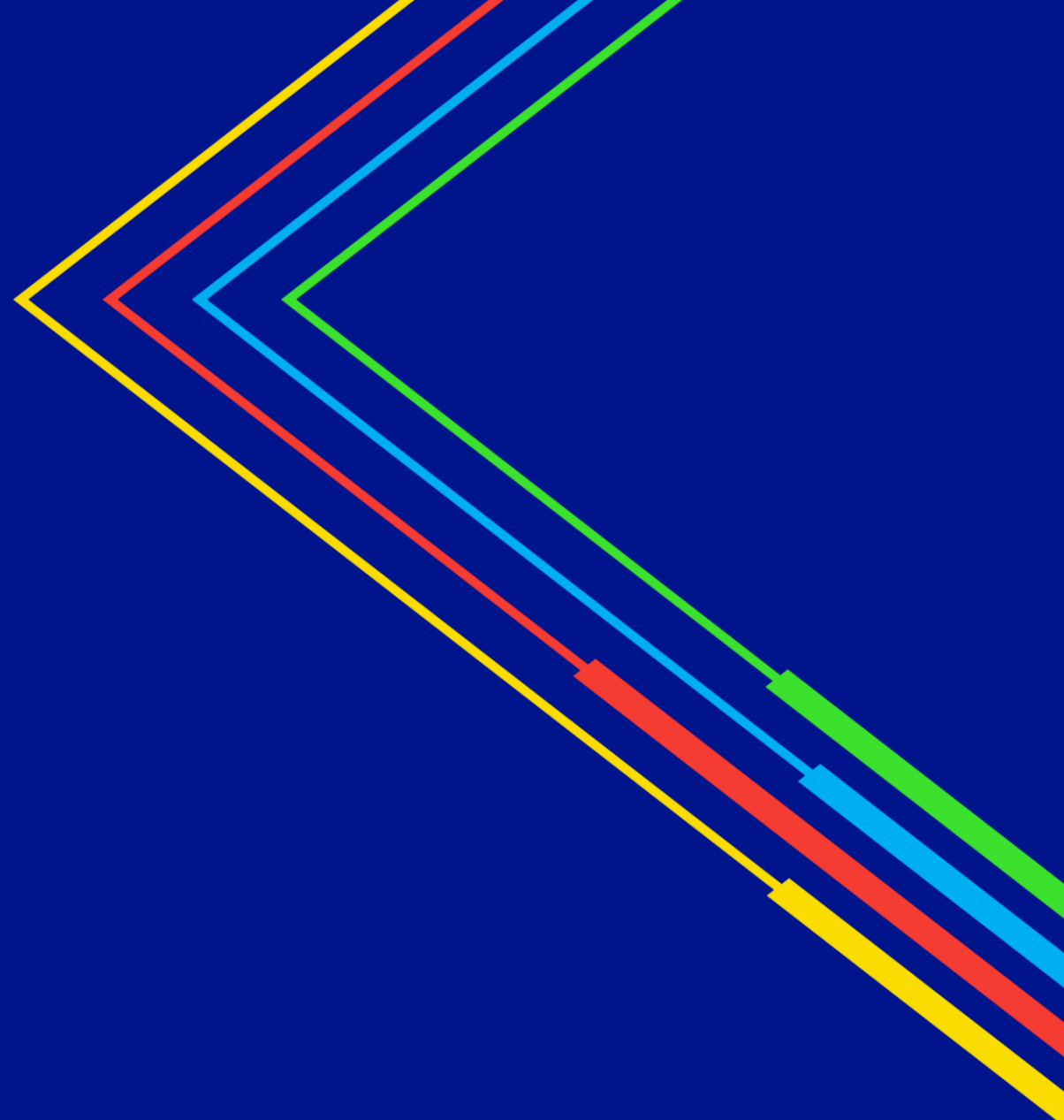


Electric - Lifetime Savings (MWh)



Residential Lighting budget largely reallocated to deeper LCI measures






Next Steps



Finalization of Annual Plan

- **COVID Impacts**
- **Continued work with stakeholders, C-Team on review of and refinements to saving and budgets**
- **Final EM&V Updates**
- **Finalization and inclusion of revised PIM structure and rate and bill impacts**
- **Incorporation of updated fund balance projections and resulting 2021 surcharge estimates**

Important Dates

April 23	3YP Term Sheet Distributed	
June 11	First Draft of 3YP Distributed	
August 27	First Draft of Annual Plan Distributed	
September 10	First Draft Stakeholder Comments Due	
September 11	TWG Meeting on Annual Plan First Draft	
September 17	EERMC Meeting	
October 1	Final Draft of Annual Plan and 3YP Distributed	
October 8	EERMC Votes on Annual Plan and 3YP	
October 9	TWG Meeting	
October 15	Plans Filed with PUC	

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