

Memo



To: Energy Efficiency & Resource Management Council
From: EERMC Consultant Team
CC: Becca Trietch / OER
Date: January 21, 2021
Subject: Summary of PUC Rulings on 2021 Annual and 2021-2023 Plans

CONSULTANT TEAM

I. INTRODUCTION

Rhode Island’s cyclical energy efficiency planning process, leading to final approval by the RI Public Utilities Commission (PUC), is almost complete for the 2021 Energy Efficiency Program Plan (Annual Plan) and the 2021-2023 Three-Year Plan (3YP) (together, the “Combined Plan”). The Combined Plan was submitted by National Grid through the Settlement of the Parties¹ process and approved by the EERMC at the October 2020 council meeting. This memo provides a summary of recent PUC rulings with the anticipated actual and potential impacts on both the Annual Plan and 3YP.

The PUC held three evidentiary hearings during the week of December 7th. National Grid provided testimony in responses on all three days, and other stakeholders, including the C-Team on behalf of the EERMC, were sworn in at the end of the last day. Based on that testimony as well as the responses to hundreds of PUC-issued Data Requests, the PUC moved to Open Meetings on December 22, 28 and 30 to rule on the Combined Plan.

II. ANNUAL PLAN IMPACTS

At the highest level, the PUC votes result in a budget, system benefit charge (SBC) and lifetime savings reductions in the Annual Plan summarized in Table 1.

Table 1. Summary of PUC ruling quantitative impacts on the Annual Plan.

Impact Category	Oct. 1 Plan	PUC Ruling	Delta	Percent Reduction
Electric				
Electric Budget (rounded)	\$ 122,300,000	\$ 116,700,000	\$ (5,600,000)	5%
SBC	\$ 0.01323	\$ 0.01113	\$ (0.0021)	16%
Lifetime MWh Savings	1,306,562	1,290,462	(16,100)	1%
Gas				
Gas Budget (rounded)	\$ 38,600,000	\$ 34,900,000	\$ (3,700,000)	10%
SBC - Res/IE	\$ 1.011	\$ 0.871	\$ (0.14)	14%
SBC - C&I	\$ 0.704	\$ 0.596	\$ (0.11)	16%
Lifetime MMBtu Savings	4,206,444	4,072,084	(134,360)	3%

¹ The settling parties signing on to the Plans were the Office of Energy Resources, the Division of Public Utilities and Carriers, the Energy Efficiency and Resource Management Council, Acadia Center, and the Green Energy Consumers Alliance.

III. SUMMARY OF PUC OPEN MEETINGS

Sixteen separate motions and votes were taken during the Open Meetings, and each passed unanimously (3-0). Of these, four had the primary effect of reductions in budget, SBC, and savings, summarized in Table 2. Other notable votes that directly impact the Annual Plan, but which have lower impact than those covered in Table 2, are summarized in Table 3. A summary of all PUC votes can be found on the PUC website.²

Table 2. Summary of rulings primarily reducing budget, SBC, and savings.

Ruling	Impact
Utilize an updated electric sales forecast	Results in lowering of SBC
Disallow funding for the Energy Management Framework Platform software system	Reduced budget by ~\$1 million; lowers SBC
Disallow incremental spending for workforce development	Reduced budget by ~\$1.05 million; lowers SBC
Maintain the 2020 funding level for Energy Wise single/multi-family and IE single/multi-family programs	Reduced budget by ~\$6 million; lowers SBC; reduces lifetime savings

Table 3. Summary of notable lower impact rulings

Ruling	Impact
Disallow funding for the EV Demand Response Demonstration	Reduced budget by \$40,000; minimally lowers SBC
Direct National Grid to file for review and PUC approval an updated description and plan for moderate income before implementing	Impact only if submittal, review, and approval delays implementation longer than anticipated
Allow the collection of \$5 million for the transfer to the RIIB but disallow the transfer until the PUC conducts further discovery	Impact only if submittal, review, and approval delays release of funds when needed by RIIB to support projects

Some of the remaining votes were tied to the Performance Incentive Mechanism (PIM). During their deliberations, the PUC crafted an alternative PIM that established different calculations of how Grid receives an incentive for meeting set goals. The proposed PUC version deviated from the model stakeholders had developed, utilizing the full planning cycle to gain consensus. As a result, the key stakeholders (OER, the Division, Grid and the EERMC via the C-Team) all took the offer from the PUC at the December 22nd meeting to submit comments by the morning of the scheduled December 28th PUC meeting. The messages from the stakeholders shared a similar concern over lack of time to process potential impacts and unintended consequences, and all asked the PUC to defer adopting their new version until PUC technical sessions could be held in early 2021 to fully vet, and modify where appropriate, the PIM.³

In addition to votes impacting the 2021 Annual Plan, two votes related to the 3YP. The PUC voted to approve illustrative budgets for both electric and gas set using a 5% annual increase for the years 2022 and 2023, starting from the approved 2021 Annual Plan budget. National Grid is in the process of

² <http://www.ripuc.ri.gov/eventsactions/docket/5076-PUC-OM%20Motions%20&%20Votes%201-7-21.pdf>

³ The C-Team's submittal on the EERMC's behalf can be found here:

<http://www.ripuc.ri.gov/eventsactions/docket/5076-EERMC-Comment-PIMs%2012-28-20.pdf>

developing a compliance filing. Additionally, the PUC voted to defer approval of the savings, goals, and strategies for years 2022-2023 until after a review of the Company's additional compliance filing that will need to meet the approved illustrative budgets for 2022 and 2023. Until that is submitted, the variance at program and portfolio level will not be understood and will need to be reviewed at a later date.

The PUC also made a ruling based on potential legislative actions that could affect EE budgets. This topic was introduced by the PUC as something to consider and be prepared for; it was not referenced in the Combined Plans. Accordingly, the PUC ruled and voted that in the event there is an approved legislative budget transfer, the Commission will reopen the docket to examine its effects on the energy efficiency budget and programs.