

Memo



STATE OF RHODE ISLAND
**ENERGY EFFICIENCY &
RESOURCE MANAGEMENT COUNCIL**

To: Energy Efficiency & Resource Management Council
From: EERMC Consultant Team
Date: April 22, 2021
Subject: EERMC Priorities for the 2022 Energy Efficiency Program Plan

CONSULTANT TEAM

OVERVIEW

As part of its fulfillment of the roles and responsibilities legislated in R.I.G.L. §42-140.1¹, the Energy Efficiency & Resource Management Council (EERMC) provides the following input and direction in the form of Priorities to support development of the 2022 Annual Energy Efficiency Program Plan (2022 EEPP) for submittal to the RI Public Utilities Commission (PUC) on October 1, 2021 by National Grid. The EERMC also has clearly defined responsibilities in the PUC-issued Least Cost Procurement Standards² (LCP Standards) to both support the development of the plans and to vote on whether or not to endorse the plans to the PUC. Should the EERMC vote not to endorse the plans, the EERMC is then directed to document reasons for that decision and submit to the PUC for its consideration.

The EERMC looks forward to continuing its long-standing role as contributor to and facilitator of the yearly collaborative effort with interested stakeholders, relevant state agencies (primarily the Office of Energy Resources and the Division of Public Utilities and Carriers), and National Grid. This role historically culminates in a plan filing to the PUC as a “Settlement of the Parties.” As always, the EERMC seeks to work with all parties to develop and enhance programs that provide significant benefits to Rhode Island ratepayers, including economic benefits through lower customer utility bills, non-energy benefits including health, workforce expansion and environmental benefits through reduction in greenhouse gas emissions.

The 2022 EEPP is the second annual plan to be filed relating to the 2021-2023 EEPP (3-Year Plan). As such, clear expectations and related commitments were embedded in the 3-Year Plan relating to 2022 and serve as a primary influencer for many of the Priorities the EERMC proposes here.

2022 EEPP PRIORITIES

As primary sources for EERMC Priorities, there are three significant reference points the EERMC expects National Grid to adhere to when developing the 2022 EEPP:

- 1) National Grid’s 3-Year Plan³ and related compliance filing⁴. These established non-binding illustrative and provisional energy efficiency procurement budgets and savings goals which help to guide annual plan development and commitments on program strategies and priorities that reflect input from stakeholders during development of the 3-Year Plan. (See Appendix A)

¹ <http://webserver.rilin.state.ri.us/Statutes/TITLE42/42-140.1/INDEX.HTM>

² http://riermc.ri.gov/wp-content/uploads/2020/08/5015-lcpstandards-final_8-25-20.pdf

³ [http://www.ripuc.ri.gov/eventsactions/docket/5076-NGrid-2021EEPlan\(10-15-2020\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/5076-NGrid-2021EEPlan(10-15-2020).pdf)

⁴ [http://www.ripuc.ri.gov/eventsactions/docket/5076-NGrid-ComplianceFiling%20\(PUC%201-29-2021\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/5076-NGrid-ComplianceFiling%20(PUC%201-29-2021).pdf)

- 2) LCP Standards, which lay out a clear structure and process for achieving the goals of least cost procurement and define the roles and responsibilities for the different program administration and oversight entities, including clear direction for strategy and planning of annual plans to be put forward to the PUC. (See Attachment B)
- 3) Stakeholder input and priorities gained from events and activities including:
 - EE Technical Working Group (TWG)
 - Equity Working Group
 - National Grid’s planned Customer Feedback Activities included in the planning timeline and related sourcing of customer feedback
 - The EERMC-hosted Annual Combined Heat and Power (CHP) stakeholder event

Priority #1 Relating to the reference point of the EERMC-endorsed and PUC-Approved 3-Year Plan, the EERMC expects:

- The savings and benefits goals will target the High Scenario presented for 2022, and that any factors or conditions that preclude reaching this level will be clearly documented and justifiable, including barriers and other considerations of prudence and reliability.
- The proposed Priorities for the 3-Year Plan period will clearly and specifically identify which, and how, each of the proposed Priorities apply specifically to 2022 programs.
- To support achieving the maximum savings and energy benefits, National Grid will align planning with the EERMC-sponsored Market Potential Study (MPS), and clearly reference in the plan how the findings of the MPS were applied.
- The 2022 EEPP will maximize cost-efficiency to deliver maximum savings and benefits at appropriate costs, including clearly defined efforts to coordinate, cost-share and leverage investments with other entities and funding sources such as state agencies (Department of Labor and Training; Codes Commission; etc.), quasi-state agencies (RIIB; RI Housing; etc.) and other state or federally-funded initiatives.

Priority #2 Relating to the reference point of LCP Standards, the EERMC expects:

- Given the clear, outcome-oriented direction provided in the LCP Standards, especially the yellow-highlighted sections in Appendix B, the 2022 EEPP should clearly indicate how each of these is applied generally, and where appropriate, more specifically at portfolio and program levels.
- The 2022 Plan should include key metrics that will be documented and reported to the EERMC and stakeholders at minimum as part of the standard Quarterly Program Performance Reports.

Priority #3: Relating to the reference point of Stakeholder input and priorities, the EERMC expects:

- The Priorities presented by Technical Working Group members will be appropriately reflected in the 2022 EEPP, and that National Grid’s documentation and response to the proposed Priorities will be presented in a transparent and comprehensive format.
- The findings and conclusions of the planned Equity Working Group sessions will be appropriately reflected in the 2022 EEPP, and that National Grid’s documentation and response to the finding and conclusions will be presented in a transparent and comprehensive format.
- National Grid’s proposed Customer Feedback Activities will be sufficiently robust and capture actionable customer-driven input, and it will be appropriately reflected in the

2022 EEPP, and that National Grid's documentation of the activities and responses will be presented in a transparent and comprehensive format.

- Feedback from stakeholders participating in the EERMC-hosted Annual CHP stakeholder event will be appropriately reflected in the 2022 EEPP.

The following Priorities should all generally be captured through adherence to addressing the requirements and objectives of the three reference points detailed above. However, to supplement and support content, the EERMC provides guidance on a set of specific areas of focus and emphasis for the EERMC:

Priority #4: To support focus on Equity & Access, the EERMC expects:

- In addition to maximizing the feedback, insights, and guidance to be provided by the Equity Working Group, National Grid will fulfil and then apply the results from activities committed to in the 2021 EEPP to support all customers having equal ability to access and benefit from energy efficiency programs, including:
 - Non-participant Study
 - Census of multi-family housing
 - Reference to, and application of, findings from the MPS
- Based on the specific activities and designs to support applying results from the studies listed above, the 2022 EEPP should include a commitment to create a clear, comprehensive list of tasks that will be added to Quarterly reports to support full and transparent accountability of performance in achieving the commitments.
- The 2022 EEPP will include clear, detailed remediation strategies to assure corrective action on underperforming programs (from past years while also closely monitoring 2021 performance results). Of particular concern and requiring further focus are income-eligible single and multi-family programs and moderate-income customers.

Priority #5 To support an effective and efficient 2022 EEPP development and review process, the EERMC expects:

- The *Key Deliverables and Schedule* approved by EERMC⁵ will be followed by all relevant parties to assure necessary time is afforded to the EERMC and stakeholders participating in, reviewing and reaching a clear understanding of the content of the 2022 EEPP, sufficient to make informed decisions on whether to endorse the plan.

⁵ http://rieermc.ri.gov/wp-content/uploads/2021/01/2021-eermc-calendar-2021-12-21_v2-1.pdf

Appendix A 2021-2023 Three Year Plan Proposed Priorities & Energy Savings Goals
 (Bates pages 61-62 of filing):

Table 9. Residential and Income Eligible Services Programs Summary

| |
|--|
| Deepen Customer Relationships and Increase Participation Across All Customers |
| <ul style="list-style-type: none"> Enhanced Customer Targeting with Improved Customer Management Systems Enhanced Incentives for Bundling of Measures Explore Enhanced Finance Offers for Residential Customers |
| Drive Comprehensive Measure Adoption Through Tailored Program Enhancements |
| <ul style="list-style-type: none"> Explore Potential for Scale Up of Virtual Home Energy Assessments Increase Agility of Multifamily Expand Capacity and Delivery Models for Income Eligible Customers New Construction Zero Net Energy Ready Pathways |
| Drive Comprehensive Measure Adoption with Technology-Based Opportunities |
| <ul style="list-style-type: none"> Expand Promotion and Installation of Air Source Heat Pumps |
| Expand Active Demand Response |
| <ul style="list-style-type: none"> Grow the Residential Connected Solutions (Active Demand Response) Program |

Table 10. Commercial and Industrial Programs Summary

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|--|
| Deepen Customer Relationships and Increase Participation Across All Customers |
| <ul style="list-style-type: none"> New Energy Management Frameworks for Large and Medium Commercial and Industrial Customers Enhanced Incentives for Bundling of Measures Explore Enhanced Finance Offers for Commercial and Industrial Customers |
| Drive Comprehensive Measure Adoption with Tailored Program Enhancements |
| <ul style="list-style-type: none"> New Telecommunication and Commercial Real Estate Initiatives New Program Enhancements for Small Business Customers Expand Community Partnerships to Bring in New Customers New Construction Zero Net Energy Ready Pathway |
| Drive Comprehensive Measure Adoption with Technology-Based Opportunities |
| <ul style="list-style-type: none"> Promote Holistic Savings by Bundling HVAC with Control Systems Encourage the Growth of Lighting Controls Leverage Successful Deployment of Air Source Heat Pumps and VRF Systems |
| Expand Active Demand Response |
| <ul style="list-style-type: none"> Grow the C&I Connected Solutions (Active Demand Response) Program Explore Adding Electric Vehicle Charging to the Active Demand Response Portfolio |
| Explore Cutting-Edge Technologies |
| <ul style="list-style-type: none"> Explore Opportunities for Fuel Cells Explore Incentives for Geothermal Systems |

Annual, Lifetime & Peak Energy Savings and Total Benefits

Table 1. Electric Portfolio Summary, 2021 – 2023

| Electric Portfolio | 2021 | 2022 | |
|---|---------------|---------------|---------------|
| | | Base Case | High Scenario |
| Savings and Benefits | | | |
| Annual Electric Savings (MWh) | 139,478 | 143,872 | 149,013 |
| Lifetime Electric Savings (MWh) | 1,306,562 | 1,571,295 | 1,634,312 |
| Savings as a Percent of 2019 Sales | 1.92% | 1.98% | 2.05% |
| Summer Passive Peak Demand Savings (kW) | 22,723 | 21,866 | 22,774 |
| Winter Passive Peak Demand Savings (kW) | 27,695 | 32,657 | 33,690 |
| Active Peak Demand Savings (kW) | 39,339 | 46,452 | 59,682 |
| Total Benefits (RI Test) | \$606,490,655 | \$653,356,839 | \$696,592,377 |
| Costs | | | |

Table 2. Natural Gas Portfolio Summary, 2021 – 2023

| Natural Gas Portfolio | 2021 | 2022 | |
|--------------------------------------|---------------|---------------|---------------|
| | | Base Case | High Scenario |
| Savings and Benefits | | | |
| Annual Natural Gas Savings (MMBtu) | 425,359 | 448,390 | 501,616 |
| Lifetime Natural Gas Savings (MMBtu) | 4,206,444 | 4,635,880 | 5,317,230 |
| Savings as a Percent of 2019 Sales | 1.01% | 1.07% | 1.19% |
| Total Benefits (RI Test) | \$144,975,124 | \$157,697,125 | \$181,080,604 |

Appendix B – LCP standards – Chapter 3; General Plan Design and Principles

- Specific, outcome driven objectives highlighted in yellow for emphasis by EERMC
- A. Energy Efficiency and Conservation Procurement Plans (EE Plans)¹⁰ shall be designed, where possible, to complement the objectives of Rhode Island's energy programs and policies, and describe the interaction of EE Plans with these other programs, including, but not limited to, the System Reliability Procurement Plan; the Renewable Energy Standard; the Renewable Energy Growth Program; the Net Metering Program; the Long-Term Contracting for Renewable Energy Standard; all energy supply procurement plans; and Infrastructure, Safety, and Reliability Plans.
- B. Innovation. EE Plans shall address new and emerging issues as they relate to Least-Cost Procurement as appropriate, including how they may meet State policy objectives and provide system, customer, environmental, and societal benefits.
- C. Comprehensiveness. The distribution company shall design EE Plans to ensure that all customers have an opportunity to benefit and realize both near-term and long-lived savings opportunities, and to deliver system-wide and location-specific savings. The programs should be designed and implemented in a coordinated fashion by the distribution company in active and ongoing consultation with the Council.
- D. Equity. The portfolio of programs proposed by the distribution company shall be designed to ensure that all customers have equitable opportunities to participate in the offerings of EE Plans and a fair allocation of costs and benefits.
- E. Build on prior plans. The distribution company shall describe in an EE Plan the recent energy efficiency programs offered and highlight how the EE Plan supplements and expands 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 management, and new programs as appropriate.
- F. 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.
- G. Plan based on potential assessments. At a minimum, the distribution company shall use any Targets and other Report recommendations approved by the PUC pursuant to Chapter 2 as a resource 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. The distribution company may also use other assessments or Report recommendations, provided that such assessments or Report recommendations were not previously and specifically rejected by the PUC.

- H. Unlocks capital and effectively uses funding sources. EE 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 partnerships that effectively overcome market barriers in each market segment in which it is feasible to do so.
- I. Integration. EE 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 programs.
- J. EE 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, and cost-efficiently over the long term. In addition to satisfying other provisions of these Standards, the EE Plans shall contribute to a sustainable energy efficiency economy in Rhode Island, respond to and transform evolving market conditions, strive to increase participation and customer equity, and provide widespread consumer benefits.
- K. 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.
- L. 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 distribution company shall include wherever possible and practical partnerships with existing educational and job training entities.
- M. 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 shall design EE Plans to capture all resources that are cost-effective and lower cost than supply. The distribution company shall consult with the Council to address ongoing issues of parity.
- N. Cost-effectiveness. The distribution company shall propose a portfolio of programs that is cost-effective. Any program with a quantified benefit-cost ratio greater than 1.0 (i.e., where quantified benefits are greater than quantified costs), should be considered cost-effective. Consistent with the PUC's guidance issued in Docket No. 4600A, qualitative benefits and costs may be considered in determining cost-effectiveness. The portfolio must be cost-effective and programs must be cost-effective.