

Memo



To: RI Energy Efficiency and Resource Management Council
From: Sam Ross, EERMC Consultant Team
Date: May 20, 2021
Subject: PUC Rulings Regarding Energy Efficiency Performance Incentive Mechanism and Efficient Building Fund Budget Allocation

INTRODUCTION

On April 29th, 2021 the Rhode Island Public Utility Commission (PUC) held an open meeting via Livestream in which rulings were orally issued regarding Docket 5076. This memo summarizes the rulings presented during the Open Meeting for the Rhode Island Energy Efficiency and Resource Management Council (Council), though it is expected that the authoritative source for the content of these rulings will be a forthcoming written document produced by the PUC.

The following two sections of this memo summarize rulings related to the Performance Incentive Mechanism (PIM) for energy efficiency (EE) programs in Rhode Island, and rulings related to the allocation of funds to the Rhode Island Infrastructure Bank (RIIB) Efficient Building Fund (EBF) through National Grid's 2021 Annual Energy Efficiency Plan.¹

RULINGS RELATED TO THE ENERGY EFFICIENCY PIM

- A. The Commission unanimously adopted the Commission's Performance Incentive Proposal for 2021, with the five modifications below. Each numbered item paraphrases the specific modification, with a short explanatory note to ensure that Council members have a sense of the implications of the modifications included as a sub-bullet.
- 1) *Adopt typographical errors identified in Rules 2 & 3 by National Grid.*²
 - a. These changes have the effect of clarifying the PUC's intent with respect to the Commission's Performance Incentive Proposal.
 - 2) *Define the undefined space in quadrant 4 identified by the EERMC by applying Rule 1 in the vertical space up to the horizontal axis and rule 3 in the remaining horizontal space.*³
 - a. This change has the effect of clarifying the PUC's intent with respect to the Commission's Performance Incentive Proposal.
 - 3) *Remove Step 2 on slide 8.*⁴
 - a. This has the effect of enabling parties to argue that the Company should be subject to a service quality adjustment even if they are able to achieve a positive performance

¹ The Commission also ruled on a third topic, unanimously adopting the inter-sector budget transfer rules proposed in Sections 11.4 and 11.5 of the settlement as they pertain to parties other than the Commission.

² [http://www.ripuc.ri.gov/eventsactions/docket/5076-NGrid%20Comments%20on%20Proposed%20PIMs%20\(PUC%203-19-2021\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/5076-NGrid%20Comments%20on%20Proposed%20PIMs%20(PUC%203-19-2021).pdf)

³ <http://www.ripuc.ri.gov/eventsactions/docket/5076-EERMC-Comments%203-18-21.pdf>

⁴ <http://www.ripuc.ri.gov/eventsactions/docket/5076-PUC%20PIM%20Proposal%202-18-21.pdf>

incentive in Income Eligible and Non-Income Eligible by delivering positive net benefits in these sectors. This addresses a concern that the Company could earn a performance incentive without delivering their programs as designed.

- 4) *Adopt the numbers provided by National Grid identified in revised Table 7 and revised Table 9 in post-hearing data request 2-1.*⁵
 - a. This has the effect of reclassifying reductions in arrearages, bad debt write-offs, terminations, reconnections, notices, and safety related emergency calls as power system benefits for the Income Eligible programs.⁶
 - 5) *Adopt a service quality adjustment for the market rate residential gas sector and set the Design Service Achievement equal to the cost of the program in this sector.*
 - a. This has the effect of ensuring that poor performance in this sector is held accountable, and was characterized as a worthwhile adjustment due to the fact that the net benefits for this sector are quite low, and so the sector may need a service quality adjustment in place to protect against poor performance in the same way that sectors with negative net benefits are protected. These changes would be implemented by modified the Mkt. Res. Row in the Gas Energy Efficiency Service Quality Adjustment table on Slide 3.⁷
- B. The Commission separately unanimously adopted the Commission's Proposed Performance Incentive Mechanism as modified in the prior motion for 2022 and 2023, allowing the parties to present evidence for its continuation or its modification in 2022 and 2023.
- C. The Commission separately unanimously directed Commission staff to develop an updated Performance Incentive Mechanism based on the changes adopted as part of prior motions.

RULINGS RELATED TO THE EBF FUND ALLOCATION

The Commission unanimously approved allocation of five million dollars in the 2021 Annual Energy Efficiency to the EBF program with all previous conditions remaining in place, and with National Grid to report in the next annual plan and year-end report the following things: verify that the funds were used to support incremental investment and measures included in an approved plan, whether or not the amount transferred covered more than the participant's contribution for investment in that measure, and whether it is cost-effective, including the cost of any interest rate reduction.

⁵ [http://www.ripuc.ri.gov/eventsactions/docket/5076-NGrid-Response%20to%20Post-Hearing%20Set%20%20\(4-27-2021\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/5076-NGrid-Response%20to%20Post-Hearing%20Set%20%20(4-27-2021).pdf)

⁶ [http://www.ripuc.ri.gov/eventsactions/docket/5076-DIV-Comments-PIMs%20\(3-19-21\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/5076-DIV-Comments-PIMs%20(3-19-21).pdf)

⁷ <http://www.ripuc.ri.gov/eventsactions/docket/5076-PUC%20PIM%20Proposal%20-18-21.pdf>