

Memo



To: RI Energy Efficiency and Resource Management Council
From: Mike Guerard, EERMC Consultant Team
Date: June 17, 2021
Subject: 2021 Consultant Team Scope of Work

At nearly the midway point of the year, the Consultant Team appreciates the opportunity to apprise you on the status of the Scope of Work (SOW) approved for 2021. We similarly provided an update to the EERMC Executive Committee earlier this month at their meeting.

The 2021 SOW anticipated a streamlined, standard first year of the 3-year cycle of Rhode Island's well-established energy efficiency and system reliability planning structure. Generally, in addition to steady-state annual activities (education, EERMC meetings, EERMC report to General Assembly, etc.) the first year of the cycle has as the main activity the development and filing of an Annual Energy Efficiency Plan for the following year, while the second year requires annual planning *plus* developing targets for the ensuing 3-year plan, and the third year has annual plan *plus* a 3-year plan to start the cycle again.

The update on this year's SOW is that many of the streamlining efforts and general enhancements to the process driven by the EERMC have been realized, and most of the activities, tasks and deliverables that we estimated in the SOW have been able to be delivered as expected. However, there have been developments that have deviated from the expected plan, as well as other conditions that are likely to further require activities not anticipated in the SOW. These include:

- **PUC rulings on the 2021 Annual Plan that extended four months into 2021:** In particular, the Performance Incentive Mechanism (PIM) issue added many tasks to the first quarter (EERMC memorandums, comment submittals to PUC, related analysis, stakeholder coordination meetings and multiple PUC Open meetings and technical session) not anticipated when the SOW was submitted. While SOWs always assume engagement with PUC, the expectation from past precedent was most, if not all, of that would occur later in year associated with the 2022 annual plan filing. In addition to these added tasks from earlier in the year, the opportunity for some timely additional engagement with the PUC over the summer prior to 2022 filings is more likely.
- **National Grid's proposed sale:** While impacts of the potential sale are not clear and activities with Grid are being treated as business-as-usual, it is prudent to anticipate some effects on process and new variables from the evolving sale process, especially given the overlaps of staff, services and strategies Grid deployed with their Massachusetts, and, to a lesser degree, New York operations.
- **State policy and legislation developments:** It is not yet clear what any of the new legislation/policies will have on EERMC, and to what degree, but the recently passed Act on Climate law and other bills in process clearly reflect more progressive focus on energy and it will be important for the Council to follow and adapt accordingly.

These macro-level changes are among items not anticipated in the SOW, and others may arise. However, such developments based on historical precedent are not unusual. In four of the last six years, similar developments also arose based on evolving conditions, and adjustments to the SOW and budget modifications were made for those years to assure provision of the services required to support the EERMC's objectives. The tables below document the shifts that have occurred historically and factors that necessitated the supplemental tasks. For 2021, the tables also include proposed budget modification based on the supplemental task areas listed above.

Year	Initial SOW	Supplemental	Total
2015	\$ 702,000	\$ 80,000	\$ 782,000
2016	\$ 775,450	\$ 55,000	\$ 830,450
2017	\$ 778,990	\$ 130,840	\$ 909,830
2018	\$ 613,000	\$ 120,120	\$ 735,120
2019	\$ 876,000	same	\$ 876,000
2020	945,000	same	\$ 945,000
2021	\$ 631,000	\$ 69,000	\$ 700,000

Supplemental items:

2015	1st Retreat; Finance expert oversight; Docket #4568
2016	LCP Standards acceleration; 2nd Retreat; Docket #4600
2017	EERMC Website; Intern; DR; "Teaching & Learning"
2018	Broaden Education; Innovation; Financing; Potential Study; PUC
2019	n/a
2020	(SOW included options in vote for full year for intern, rollover funds)
2021	TBD (PUC, Grid, policy)

Of relevance for the EERMC, please note that the modification for 2018 was a change made to a SOW post-bid process. Optimal had submitted its bid in 2017 based on presumption of tasks required, and as conditions changed, the EERMC made appropriate adjustments to funding for 2018 that differed from the bid amount accepted.

Given the uncertainty of just how much any of the above, and likely some other factors that still may arise, will impact level of service needed, we propose an increase of the total budget to a not-to-exceed amount that will allow us to tackle issues as they arise. As the table indicates, the proposed amount would be \$700,000, which would still come in below any recent year. As always, an adjusted cap is treated as use-only-if-needed. A key value of getting this approved is that we are not constraining how much we do of the necessary work over the last few months because the current funds must be stretched across the year to cover all the core elements committed to. Alternatively, we could iteratively propose more specific amounts on a rolling basis.

We appreciate your consideration of this proposal.