

# Memo



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

CONSULTANT TEAM

**To:** RI Energy Efficiency and Resource Management Council  
**From:** EERMC Consultant Team  
**Date:** February 11, 2022  
**Subject:** EERMC Update and Next Steps Following PUC Rulings in Docket 5189

## I. INTRODUCTION & SUMMARY

This memo seeks to update the Energy Efficiency and Resource Management Council (EERMC) on the outcomes from the Rhode Island Public Utility Commission (PUC) review and rulings regarding the 2022 Annual Energy Efficiency Plan (EE Plan) filed by National Grid, which was covered under Docket 5189<sup>1</sup>. The rulings covered in this memo were issued at the January 25, 2022<sup>2</sup> and January 28, 2022<sup>3</sup> Open Meetings held by the PUC. These Open Meetings followed several months of discovery beginning with the filing of the EE Plan in October 2021, as well as five days of hearings with testimony offered by National Grid, the Division of Public Utilities and Carriers via their Consultants, the EERMC Consultant Team (C-Team), and staff from the Rhode Island Office of Energy Resources (OER).

## II. SUMMARY OF RULINGS IN DOCKET 5189

### Rulings Specific to EERMC

This section summarizes rulings issued by the PUC that directly relate to the EERMC. Most of these items were made and adopted in the form of official motions by the Commissioners, though some were discussed without formal motions and are expected to be included in the final written Order. The following list excerpts the official rulings related to the EERMC's budget and use of funds, which track closely to the PUC's actual wording during the Open Meeting:

1. The allocation to the EERMC be set at \$1,025,763 to be allocated between electric and gas proportional to the total budget for each.<sup>4</sup>
2. All expenses incurred by EERMC for 2022 shall be paid by National Grid upon receipt of invoice documentation that the amounts are owed as approved by the Executive Director. National Grid shall take all reasonable steps to expedite such payments as soon as possible but no later than 30

<sup>1</sup> Docket 5189 materials can be found at: <http://www.ripuc.ri.gov/eventsactions/docket/5189page.html>

<sup>2</sup> PUC recorded livestream of the January 25<sup>th</sup> Open Meeting is available at the following link: <https://video.ibm.com/recorded/131299121>. This link may be used to reference timestamps of individual rulings which are provided throughout this document.

<sup>3</sup> PUC recorded livestream of the January 28<sup>th</sup> Open Meeting is available at the following link: <https://video.ibm.com/recorded/131307532>. This link may be used to reference timestamps of individual rulings which are provided throughout this document.

<sup>4</sup> This ruling was issued at the January 25<sup>th</sup> Open Meeting at timestamp 56:55. The calculation of this allocation was provided as an exhibit at the January 25<sup>th</sup> Open Meeting, and is included as an appendix to this memo.

days from receipt. If National Grid is not complying with this directive EERMC should notify the Commission.<sup>5</sup>

3. Direct EERMC to return any funds in the client account to National Grid and for National Grid to pay any remaining bills. Any excess after paying the outstanding bills shall be credited to ratepayers through the reconciliation process.<sup>6</sup>
4. No future funds shall be transferred to EERMC directly.<sup>7</sup>
5. EERMC manage its expenses within the allocation authorized in this order. However, if EERMC forecasts its actual expenses to exceed the amount of the allocation approved by the Commission in this order, EERMC may make a filing seeking approval in advance for an additional allocation of funds to cover excess expenses, provided that a full explanation and justification for the excess expenditures is included in the filing to the Commission, and such expenditures are found to be just and reasonable by the Commission.<sup>8</sup>
6. National Grid shall file copies of all invoices paid to cover EERMC's expenses on a quarterly basis by the 15<sup>th</sup> of April, July, October, and December, and a full reconciliation of the prior calendar year's payments by March 15. The December filing should also include an estimate of expenses not yet paid but expected to be invoiced as informed by representatives of the EERMC. Copies of these reports also shall be sent directly to each of the EERMC members individually.<sup>9</sup>

As noted above, the PUC also discussed a couple items related to the Council's budget that did not require motions. The C-Team expects that these items, which are summarized below, will be included in the Commission's final Order.

1. The Commission is aware that the cost of the next potential study could exceed \$500,000, and thus could strain the budget allocation for the year in which those expenses are incurred. Accordingly, if there are not enough funds within the capped allocation applicable to the year in which the potential study costs are incurred, the EERMC may request that the incremental cost of the study be amortized or spread over a three-year period.
2. For future planning purposes, the EERMC will be directed to prepare a budget for 2023 before National Grid makes its filing for the 2023 Plan and provide the budget figure to National Grid. National Grid shall include that budget figure in its proposed plan schedule as the proposed allocation for the EERMC. The EERMC must then provide testimony, reasonable documentation and justification for the budget level to support a Commission allocation of the requested amount. The budget must reflect reasonable cost, be reasonably needed to carry out its duties, and reasonably related to the expense types identified in the statute. The Commission retains its

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<sup>5</sup> This ruling was issued at the January 25<sup>th</sup> Open Meeting at timestamp 1:51:08.

<sup>6</sup> This ruling was issued at the January 25<sup>th</sup> Open Meeting at timestamp 1:51:40.

<sup>7</sup> This ruling was issued at the January 25<sup>th</sup> Open Meeting at timestamp 1:52:12.

<sup>8</sup> This ruling was issued at the January 25<sup>th</sup> Open Meeting at timestamp 1:52:25.

<sup>9</sup> This ruling was issued at the January 25<sup>th</sup> Open Meeting at timestamp 1:53:03.

authority to determine the final allocation based on the evidentiary record, subject to the statutory caps.<sup>10</sup>

## Rulings on Implementation of the 2022 Plan

The PUC made the following rulings related to approval of programs and budgets for 2022:

- The Commission approved the electric energy efficiency budget as presented in PUC 7-9, otherwise known as the Alternative Base Plan, subject to the modifications made by the Commission.<sup>11</sup>
- The Commission approved the gas energy efficiency budget as filed by National Grid with the Commission, subject to the modifications made by the Commission.<sup>12</sup>
- The Commission directed National Grid to file a Compliance filing by Wednesday January 26, 2022 for the Commission's review and consideration on Friday January 28, 2022.<sup>13</sup>
- The Commission authorized National Grid to implement the programs described in the 2022 Plan as modified by the PUC's motions in Docket 5189.<sup>14</sup>
- The Commission approved the rate factors shown in Table E-1 and Table G-1 of the second revised compliance filing<sup>15</sup> as filed with the Commission on January 27, 2022.<sup>16</sup>

## Other Rulings and Discussion

The PUC also issued several rulings related to other items that were discussed during the proceedings. These are described below:

- **On the transfer of funds to the Rhode Island Infrastructure Bank (RIIB)**, the PUC ruled to allocate the \$5,000,000 transfer to the RIIB to both the electric and gas budgets on a proportional basis based on their budgets.<sup>17</sup>
- **On evaluation budgets**, the Commission reduced the revenue for evaluation by \$725,000 to approximately \$2,400,000.<sup>18</sup>
- **On the performance incentive mechanism**, the PUC ruled to continue utilization of the performance incentive mechanism approved in Order 24225 in Docket 5076 with the following modification: a) Approve a design performance payout for the electric C&I sector of \$3,390,165 and for the gas [C&I] sector of \$1,000,000, and b) approve the following service quality adjustments for gas and electric residential and income eligible – reduce electric and gas income

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<sup>10</sup> This summary which is expected to be included in the final Order was discussed at the January 25<sup>th</sup> Open Meeting at timestamp 1:37:00.

<sup>11</sup> This ruling was issued at the January 25<sup>th</sup> Open Meeting at timestamp 2:03:30.

<sup>12</sup> This ruling was issued at the January 25<sup>th</sup> Open Meeting at timestamp 2:03:30.

<sup>13</sup> This ruling was issued at the January 25<sup>th</sup> Open Meeting at timestamp 2:04:51.

<sup>14</sup> This ruling was issued at the January 25<sup>th</sup> Open Meeting at timestamp 2:12:43.

<sup>15</sup> Available online at: [http://www.ripuc.ri.gov/eventsactions/docket/5189-NGrid-Compliance-2nd%20Revised%20Updated%20Tables%20\(PUC%201-27-22\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/5189-NGrid-Compliance-2nd%20Revised%20Updated%20Tables%20(PUC%201-27-22).pdf)

<sup>16</sup> This ruling was issued at the January 28<sup>th</sup> Open Meeting at timestamp 7:35.

<sup>17</sup> This ruling was issued at the January 25<sup>th</sup> Open Meeting at timestamp 11:11.

<sup>18</sup> This ruling was issued at the January 25<sup>th</sup> Open Meeting at timestamp 14:22.

eligible by 38% and reduce non-income eligible residential gas and electric by 25% from last year's numbers.<sup>19</sup>

- **On the performance incentive mechanism**, the PUC also directed National Grid to allocate the RIIB cost proportionately in the calculation of net eligible costs for the gas and electric performance incentive mechanism.<sup>20</sup>
- **On the allocation of OER's budget**, the PUC ruled to allocate to OER an amount equal to 60% of the 3% of funds authorized to be collected from ratepayers through the system benefit charge.<sup>21</sup>
- **On the overspend in the 2021 gas portfolio**, the Commission moved to allow recovery in rates of the requested \$6.097 million related to the gas overspend, subject to full review by the Commission when final numbers are filed. The Commission directed National Grid to file final numbers with the Commission by April 1, 2022.<sup>22</sup>

Finally, the PUC also discussed a variety of other topics which may be covered in the final Order. These topics included the Commission's expectations on future budgets for energy efficiency programs, moderate income offerings, presentation of economic benefits in future plan iterations, value streams associated with the ConnectedSolutions program, equity, and the pool of available performance incentives.

### III. CONSULTANT TEAM PROPOSED ACTIONS

This section summarizes actions that the C-Team has identified that it can undertake regarding its own operations in an effort to be responsive to comments and rulings issued by the PUC in Docket 5189. The C-Team intends to undertake these actions unless directed not to undertake one or more of the proposed actions by the Council, as we feel it is appropriate for our default forward-looking path to be that which we feel is most responsive to the Commission's comments and rulings.

1. **Propose an adapted C-Team SOW and Budget** to align with the Commission's approved allocation
2. **Commit to keeping C-Team rates constant, and budgets at or below revised 2022 levels**, for any years covered by contract options that the EERMC may choose to execute under their current Consulting services contract
3. **Add an administrative billing rate of \$80/hr** to cover specific work areas<sup>23</sup>:
  - a. Website updates (creating Council meeting pages, posting Council meeting materials, posting completed EM&V studies, and other regular website maintenance tasks)
  - b. Event planning work (venue research and booking, food & drink planning, and venue setup)

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<sup>19</sup> This ruling was issued at the January 25<sup>th</sup> Open Meeting at timestamp 27:51.

<sup>20</sup> This ruling was issued at the January 25<sup>th</sup> Open Meeting at timestamp 31:57.

<sup>21</sup> This ruling was issued at the January 25<sup>th</sup> Open Meeting at timestamp 1:50:35.

<sup>22</sup> This ruling was issued at the January 25<sup>th</sup> Open Meeting at timestamp 1:57:18.

<sup>23</sup> The newly added administrative rate is included in commitment 2 and would be carried forward accordingly.

- c. Staff who attend meetings in a dedicated note-taking capacity (i.e. are not present to provide technical expertise, meeting facilitation, stakeholder engagement, or other services)
4. **Commit to seeking and prioritizing Rhode Island-based resources** where possible to meet our scope of work needs
5. **Reexamine invoice categorizations** to ensure clarity regarding which work streams and deliverables are being supported by which invoice entries
6. **Support Council in revisiting budget development process and timing** to ensure more clarity can be offered during future EE Plan dockets regarding proposed EERMC budget allocations
7. **Support National Grid in driving EM&V efficiencies** by leveraging study insights from other jurisdictions and strategically prioritizing key studies for RI
8. **Survey Council members regarding preferred Council retreat timing, frequency, and goals** and assess operations for efficiency in retreat delivery.
9. **Continued responsiveness to PUC rulings and guidance** in recent and forthcoming written orders

#### **IV. POSSIBLE EERMC ACTIONS FOR CONSIDERATION**

This section summarizes an initial list of actions that the EERMC may choose to take in an effort to be responsive to the rulings and comments from the PUC in Docket 5189. Note that the C-Team has sought to provide suggestions to the EERMC to initiate this conversation, but represents that this is a starting point and intends to facilitate a discussion among Council members regarding these and any other potential actions that may be raised by members themselves.

1. **Develop an accelerated budget planning process** to ensure more clarity can be offered during future EE Plan dockets regarding proposed EERMC budget allocations
2. **Maintain key focus on driving cash and bill benefits** from EE for all Rhode Islanders, both participants and non-participants
3. **Fully support OER and National Grid** in shifting management of Council funds to National Grid
4. **Commit to requesting no more funds than are anticipated to be needed to support all EERMC responsibilities and activities** in future EERMC budgets

## V. APPENDIX

### Calculation of Allocation to EERMC

Line	Description	Amount	
1	Optimal Energy Estimate Nov. 18	\$892,976	PUC 1-5 draft budget
2	Hours in Nov. 18 Estimate	5,676	PUC 2-1 (SOW)
3	Implicit Blended Hourly Rate	\$157	Line 1/line 2
4	Hours billed in 2020	5,059	PUC Exhibit 10 & EERMC 5-1
5	Calculated Total for Consultancy	\$794,263	Line 3 x line 4
6	Addition of Energy Fellow Intern	\$30,000	PUC 2-1
7	Inclusion of Other Line Items*	\$301,500	PUC 1-5 and PUC 2-1
8	Less future study cost	(\$100,000)	PUC 1-5 draft budget
9	<b>TOTAL EERMC ALLOCATION</b>	<b>\$1,025,763</b>	Sum lines 5 thru 8

#### \*Itemization of Line 7

10	Legal Counsel	\$46,400	PUC 2-1
11	Annual Report Printing & Distribution	\$1,250	PUC 1-5 draft budget
12	Council Travel	\$500	PUC 1-5 draft budget
13	Public Education	\$100,000	PUC 1-5 draft budget
14	Future Study Cost	\$100,000	PUC 1-5 draft budget
15	EERMC Retreat(s)	\$3,000	PUC 1-5 draft budget
16	EERMC Website	\$350	PUC 1-5 draft budget
17	Potential Study Refresh	\$50,000	PUC 1-5 draft budget
		<u>\$301,500</u>	