

Memo



To: Energy Efficiency and Resource Management Council
From: EERMC Consultant Team
CC: Office of Energy Resources
Date: January 19th, 2023
Subject: Draft 2024 EE Annual Plan, 2024-2026 EE Three-Year Plan, and SRP Plan Priorities

CONSULTANT TEAM

INTRODUCTION

Established in 2006 under amendments to the Rhode Island Energy Resources Act (R.I.G.L. § 42-140.1), a primary function of the Energy Efficiency and Resource Management Council (EERMC or “the Council”) is to provide structured stakeholder participation and oversight of energy efficiency procurement. To help support this objective, the EERMC has developed its priorities that are in alignment with its legislated “powers and duties”¹. The goal of these priorities is to support and guide the planning activities of Rhode Island Energy (RIE or “the Company”) and all stakeholders engaged in the development of the 2024 Energy Efficiency (EE) Annual Plan, 2024-2026 EE Three-Year Plan, and 2024-2026 System Reliability Procurement (SRP) Plan. Specifically, the Council’s priorities will provide direct input to the Company’s EE and SRP Technical Working Groups (TWG) and the many associated stakeholders. The priorities also provide clear direction to the EERMC’s Consultant Team to guide their activities in meetings and communications with stakeholders on behalf of the EERMC, and guide their review and input during plan development processes.

The first section of this memo describes EERMC priorities which apply to the both the 2024 Annual Plan and 2024-2026 Three-Year Plan (2024-2026 EE Plans, unless either plan is specifically referenced), where the first four priorities build directly on the Council’s priorities for the 2023 Annual Plan. These priorities directed the Company to:

- comply with Least Cost Procurement (LCP) Standards
- incorporate stakeholder input
- ensure an effective and efficient Plan development and review process
- give due consideration to the Act on Climate²
- support equity and access in its development of the 2023 EE Plan

The EERMC began development of new priorities for 2024-2026 during its November 2022 Learning, Education, and Development (LEAD) Session and continued to discuss these priorities at its December 15th and January 19th public Council meetings. New priorities for 2024-2026 developed so far by the EERMC include:

- setting ambitious 2024-2026 EE Plan savings goals
- increasing participation by underserved customers
- ~~improving program messaging~~

¹ <http://webserver.rilin.state.ri.us/Statutes/TITLE42/42-140.1/42-140.1-5.HTM>
~~<http://webserver.rilin.state.ri.us/Statutes/TITLE42/42-140.1/42-140.1-5.HTM>~~

² <http://webserver.rilin.state.ri.us/Statutes/TITLE42/42-6.2/INDEX.htm>

- conducting targeted workforce development for small and minority/women-owned businesses

These priorities represent two important shifts compared to prior EERMC EE Plan priorities developed at the outset of a new three-year planning cycle. First, though supporting equity and access was an existing EERMC priority, this priority area has been expanded and integrated within all other priority areas, several of which also retain a primary focus on equity. Second, in addition to the emphasis on compliance with the legislated requirements of the LCP Standards, the Act on Climate has been explicitly referenced as another priority area for the EERMC.³ ~~The EERMC will continue to refine its 2024-2026 priorities in early 2023 in order to solicit feedback from other stakeholders and communicate EE and SRP Plan priorities in advance of Plan development.~~

EERMC PRIORITIES FOR THE 2024-2026 EE PLANS

Relating to the ~~reference point of~~ LCP Standards, the EERMC expects:

- The ~~EERMC expects the~~ 2024-2026 EE Plans will ~~to~~ comply with the LCP Standards, including any updates to the LCP Standards as may be approved by the PUC,⁴ 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 and three-year plans.
- Given the clear, outcome-oriented direction provided in the LCP Standards, the 2024-2026 EE Plans should clearly indicate how each Standard is applied ~~at the portfolio and program levels.~~

To ensure stakeholder input is adequately incorporated, the EERMC expects:

- The Priorities indicated by the members of the EE TWG and Equity Working Group will be appropriately reflected throughout the 2024-2026 EE Plans, and that the Company's documentation and response to the proposed Priorities will be presented in a transparent and comprehensive format.
- The Company's proposed customer feedback activities ~~Customer Feedback Activities~~ will be sufficiently robust and capture actionable customer-driven input, and it will be appropriately reflected in the 2024-2026 EE Plans, and that the Company's documentation of the activities and their responses to customer input will be presented in a transparent and comprehensive format as a Plan Appendix.
- As one example of a customer feedback activity. ~~To effectively capture public input on the 2024-2026 EE Plans,~~ the Company should host at least two public comment listening sessions outside of EERMC and EE TWG meetings. These listening sessions should be scheduled such that participation flexibility is provided (e.g., one 12PM listening session and one 6:30PM listening session). In addition, the listening sessions should enable remote access and translation services. The Company should document feedback provided during these listening sessions for inclusion in the 2024-2026 EE Plans.

³ The EERMC fully supports the Company's compliance with all legislated obligations relevant to energy efficiency and resource management, highlighting these two among their priorities as areas of focus, not to the exclusion of other obligations.

⁴ http://rieermc.ri.gov/wp-content/uploads/2020/08/5015-lcpstandards-final_8-25-20.pdf

To support an effective and efficient 2024-2026 EE Plan development and review process, the EERMC expects:

- The *Key Deliverables and Schedule*⁵ developed in collaboration by the EERMC Consultant Team, Rhode Island Energy, and OER, and discussed by the EERMC, will be followed by all relevant parties to assure necessary time is afforded to the EERMC and stakeholders reviewing and reaching a clear understanding of the content of the 2024-2026 EE Plans, sufficient to make informed decisions on whether to endorse the Plan.
- The 2024 ~~EE~~ Annual EE 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. Metrics will be identified through a collaborative process between the EERMC, RI Energy, and other stakeholders. Metrics identified through this process will be defined in the Plans and included in Quarterly Reports.

To support compliance with the Act on Climate, the EERMC expects:

- 2024-2026 EE~~Three-Year~~ Plan savings goals will be set consistently with the Act on Climate to ensure EE programs contribute an appropriate share of carbon emissions reductions.
 - ~~Clearly articulate the Company's understanding of the minimum necessary contribution from EE that is consistent with a pathway to meeting Act on Climate goals~~
 - Establish a clear barometer for EE program contributions to Act on Climate goals that is more rigorous than recent claims related to producing any amount of ~~net~~ GHG emissions reductions, by leading coordination~~coordinating~~ with the Executive Climate Change Coordinating Council (EC4) ~~and other stakeholders~~ to determine what constitutes EE program consistency with the Act on Climate and 2025 Climate Strategy.
 - Adjust 2024-2026 Annual Plan goals to align with legislative updates to statewide climate goals in the event that such updates are passed following development of the 2024-2026 Three-Year Plan. This includes, but may not be limited to, the 2025 Climate Strategy⁶ being developed by EC4 to achieve net-zero emissions by 2050.
- The Company will reduce investment in fossil fuel heating equipment and increase investment in weatherization.
 - The Company will design~~gradual phaseout of fossil fuel heating equipment~~ incentives and programs~~should aim to~~ encourage electric options over~~outpace the timeline for Act on Climate greenhouse gas emissions reduction targets~~ to ensure the Act on Climate ~~final~~ net-zero target is met on or before 2050.
 - The Company will design and implement efforts at scales that attract contractors to EE programs and serve entire neighborhoods simultaneously to mitigate additional natural gas infrastructure development.

⁵ http://rieermc.ri.gov/wp-content/uploads/2023/01/2023-eermc-calendar_2022.01.12-002.pdf

⁶ <https://climatechange.ri.gov/act-climate/working-draft-workplan>: The 2025 Climate Strategy, required by the 2021 Act on Climate, and will include a plan to incrementally reduce greenhouse gas emissions to net-zero by 2050. The 2025 Climate Strategy is described in the EC4 2022 Update to the 2016 Greenhouse Gas Emissions Reduction Plan

- Design and implementation of these efforts should take into consideration insights and outcomes from the Future of Gas Docket⁷ at the PUC.
- The Company will set ~~and achieve~~-specific goals for replacing ~~all~~-electric resistance heating and hot water equipment with ~~air-source~~-heat ~~pump technologies~~~~pumps~~.
 - Goals set in EE plans should meet or exceed goals associated with RI Energy’s Electric Resistance Heating to Heat Pump Plan being developed as a required by the PUC.
 - The ~~Plan~~~~plan~~ should prioritize replacing electric resistance heating in low- and moderate-income households to reduce their energy burdens. Annual targets for replacements should be included in each plan and be reported on a quarterly basis.
 - The Company should market heat pumps to customers considering electric baseboard heating for additions and small renovations.

To signal the intent to grow EE programs, the EERMC expects:

- The Company will set ambitious Three-Year and Annual Plan goals for 2024-2026 that meet EERMC-recommended targets or explain any gaps between the goals and targets, and signal to the industry the intent to grow energy efficiency programs and participation.
 - ~~The Company should make a concerted effort to design programs and develop Benefit-Cost Ratio (BCR) Models that seek to meet EERMC-recommended targets.~~

To increase participation by historically underserved customers, the EERMC expects:

- The Company will work with relevant parties to discuss, vet, and if deemed appropriate, propose a performance incentive mechanism that includes a discrete equity component in the performance incentive mechanism, such as a service quality adjustment tied to equity goals.
- The Company will implement recommendations of the Equity Working Group
- The Company will identify clear and objective determinations of success, and regularly report progress in achieving EWG recommendations and other strategies to increase participation by historically underserved customers.
 - For new metrics:
 - Identify and determine measurement and reporting approach in plan development process
 - Begin tracking and reporting metrics in 2024
 - Set non-binding goals using the metrics and track and report progress against them in 2025
 - Set binding goals and track and report progress against them in 2026
 - For existing metrics:
 - Identify and determine measurement and reporting approach in plan development process
 - Use recent relevant program performance data to inform goals
 - Set binding goals beginning in 2024 and track and report progress against them on a quarterly basis.
- The Company will set ambitious~~achieve~~ savings goals for Income Eligible Single Family~~SF~~ and Multifamily~~MF~~ and EnergyWise Multifamily~~MF~~ programs

⁷ <https://ripuc.ri.gov/Docket-22-01-NG>

- This may require a comprehensive reassessment of marketing and outreach approaches, vendor requirements and compensation structure, and program designs and incentive structure, which should be undertaken as much as possible during 2023 to enable implementation of improved approaches [starting](#) in 2024
- The Company will increase financial investments in serving historically underserved populations, including enhanced financial incentives to those customers across efficiency offerings
- The Company will identify and implement program improvements that will facilitate ease of participation, including through streamlining of participation steps, documentation requirements, and income verification processes.
- The Company will enhance marketing and outreach to underserved populations
 - Contract a third-party vendor to develop targeted and culturally sensitive messages and methods to communicate program offerings
 - Develop a clearinghouse for all local, state, and federal clean energy program offerings. This will allow customers to access all incentives in a central location, which will be critically important to integrate Inflation Reduction Act funds and existing statewide EE/clean energy program funds. [This effort should be a statewide initiative in which RI Energy leads coordination with other involved parties on behalf of EE stakeholders.](#)
 - ~~Use energy bills to advertise program benefits (ex. Compare actual bills against bills absent historical energy efficiency program savings)~~
- The Company will develop and implement a targeting framework that focuses on all communities with high proportions of underserved and environmental justice populations and historical participation lower than average statewide participation levels.
 - [Assess the feasibility of, and if viable, implement](#)~~implement~~ granular geo-targeting for enhanced incentives, such as census tract or neighborhood rather than municipality or zip code to deliver services more directly to high energy burden customers, potentially including assessment of climate vulnerability.
 - Establish baselines for achieved benefits by underserved and environmental justice populations and track progress in achieving increases.
- ~~The Company will include a discrete equity component in the performance incentive mechanism, such as a service quality adjustment tied to equity goals.~~
- The Company will enhance and increase municipal and other community-based partnerships, particularly to include partnerships with underserved communities.
 - Increase investment in partnerships with underserved communities. Investment should cover technical support and funding for community/municipal staff to facilitate partnerships. Investment should also cover identification efforts to find organizations that engage with underserved communities.
 - Partnership goals should be developed and tied to increase participation by renters, moderate-income customers, and language-isolated customers. Goals and metrics should be set in collaboration with partners and corroborated by data.
 - Partners should be provided flexibility in their approaches used to engage with their respective community members. This includes allowing partners to provide regular feedback on partnership efforts and customize marketing materials such that they resonate with community members.

- Enable partnerships to include community-based organizations, cultural organizations, and statewide/regional organizations representing underserved communities.
- The Company will conduct Nonparticipant Study for small businesses and microbusinesses [in 2024](#).
- The Company will contract a qualified third-party vendor to develop a Language Access Plan (LAP) that sets forth how the Company will provide services to individuals who are non-English speaking or have limited English proficiency at each step of the customer journey
 - Implement LAP, including ensuring all program materials, enrollment forms, contractor support, and field staff communications are available in several of the most common primary languages for English-isolated communities
 - Work with vendor and stakeholders to determine which languages to include
- The Company will target workforce development efforts to serving contractors in underserved communities (detailed recommendations on workforce development covered in separate priority). [RI Energy should lead coordination with state entities to leverage available state/federal funds and workforce development offerings.](#)

To deliver targeted workforce development, the EERMC expects:

- The Company will implement recommendations of the Equity Working Group
- The Company will deliver targeted workforce development for small/minority- and women-owned business enterprise (MWBE) contractors.
 - Develop detailed workforce development plans that target small/MWBE contractors. The Plans should detail the subject matter, locations, languages, and quantity of planned training/upskilling events and workshops, as well as ambitious and increasing target attendance levels.
 - Provide technical support for small/MWBE contractors seeking to participate as energy efficiency program vendors. This should include clear descriptions of program requirements, program operations, and support in completing applications and any other paperwork needed to register or participate in the programs. Technical support should [remain available](#)~~continue~~ after contractors register and seek to ensure sustained success and program engagement for small/MWBE contractors.
 - Deliver small/MWBE contractor trainings that target underserved communities in Rhode Island. The trainings and other supporting program materials should be available in any non-English languages prevalent in target communities and be supported by program staff fluent in those languages. Technical support should [remain available](#)~~continue~~ after contractors register and seek to ensure sustained success and program engagement for small/MWBE contractors.
- The Company will deliver workforce development focused on new and important technologies for meeting statewide climate goals, maximizing ratepayer benefits, and controlling ratepayer costs.
 - Expand investment in training for heat pumps, building automation systems, energy auditing, and equipment commissioning for all sectors.

- Expand training for building operators and commissioning specialists to improve realization rates in [commercial, industrial, the C&I](#) and large multifamily buildings, thereby increasing claimable energy savings. This will ensure newly installed equipment is appropriately operated and maintained to maximize savings potential.
- The Company will complete a Workforce Needs Assessment in [time to Q2 2023 and](#) incorporate results into the 2024-2026 Three-Year Plan.
 - The results of the Assessment should be used to inform the detailed workforce development plan by indicating which specific measure types, building types, and other areas require additional workers or upskilling for existing workers.
 - The Assessment should investigate the distribution of trained workers across different Rhode Island communities to highlight any geographic shortages that need to be rectified.
 - The Assessment should investigate the distribution of trained workers that speak non-English languages to highlight any potential linguistic barriers to delivering program services.
 - Following the Assessment, continue to track and report on the status of the energy efficiency workforce. This includes tracking and reporting of demographic information, certifications, geographic distribution, non-English language proficiency, and total workers available by type (auditors, HVAC installers, insulation contractors, etc.).
- The Company will increase investment in workforce development to expand training for existing workers, mitigate barriers to entry for new workers, and advertise training/job opportunities for workers.
 - The workforce development plan should include funding for internships and apprenticeships, as well as outreach strategies to attract diverse people into the workforce. This funding should ramp [up](#) incrementally during the 2024-2026 period to ensure training and outreach efforts expand to all Rhode Island communities and demographic groups.
 - The workforce development budget should be built from the bottom-up, which will guarantee that all planned expenditures are tied to specific trainings. The budget should cover continuing education for existing workers, certification programs such as the Building Operator Certification, investment in trade school and community college programs, subsidies to cover the salaries of interns and apprentices placed in full-time positions at contractor companies, targeted outreach for workforce diversification diversity, equity, and inclusion (DEI) policy development and training, and reporting of workforce demographics.
 - Quarterly reporting should include workforce development expenditures by category, delivered trainings by language and type, certifications earned, average audit lead times, and qualitative assessments of workforce needs.
 - Develop a clearinghouse for all statewide energy efficiency/clean energy jobs to effectively communicate work opportunities to the public. [This effort should be a statewide initiative in which RI Energy leads coordination with other involved parties on behalf of EE stakeholders.](#)
 - [Identify and leverage all state and federal funds available for workforce development initiatives to mitigate financial cost to ratepayers.](#)

EERMC PRIORITIES FOR THE 2024-2026 SRP PLAN

To ensure responsiveness to Council input, the EERMC expects:

- The Company will demonstrate continued responsiveness to Council and other stakeholder input, including during the development of the 2024-2026 SRP Three Year Plan.

To support stakeholder engagement, the EERMC expects:

- The Company will ensure sufficient opportunities for stakeholder engagement and substantive contributions during SRP planning and implementation, including but not limited to SRP Technical Working Group meetings.

To achieve continued methodological development, the EERMC expects:

- The Company will actively pursue further development of benefit cost analysis and assessment of internal EE and DER solutions to grid needs.

To complete Non-Pipes Program design and other 2021-2023 Three-Year Plan commitments, the EERMC expects:

- The Company will ensure Non-Pipes Alternative (NPA) program design is complete within [the planned timeline](#)~~2023~~, and ensure that the results of this program design work, and any other learnings from the 2021-2023 3YP, are appropriately incorporated and built upon in 2024-2026 3YP.