



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

CONSULTANT TEAM

# Least Cost Procurement Standards Update

Presented By: EERMC Consultant Team

Date: July 20, 2023





# Outline

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LCP Standards Update Timeline

Responsiveness to Stakeholder Feedback

Additional Council Feedback

Council Discussion



# LCP STANDARDS UPDATE TIMELINE





# Process for Updating LCP Standards

**March 31<sup>st</sup>:** Public Utilities Commission (PUC) proposed initial set of revisions in Docket 23-07-EE

**April 6<sup>th</sup>:** PUC held a Technical Session to review its proposed revisions

**April 21<sup>st</sup>:** Stakeholders submitted written comments to the PUC

**July 3<sup>rd</sup>:** PUC distributed updated draft reflecting input from Stakeholders

**July 17:** Deadline for Stakeholders to submit additional comments

**TBD:** PUC to discuss and vote on final proposed revisions



# RESPONSIVENESS TO STAKEHOLDER FEEDBACK





# Responsiveness to Council Feedback

Overall, PUC was highly receptive to incorporating Council-submitted feedback on:

- Valuation of Emissions Reductions
- Three-Year and Annual Plan Content
- Annual Plan Reporting Requirements
- Council’s role in reviewing DSM Proposals

Additional detail on responsiveness to Council Feedback included in Appendix

Feedback on timing of Standards review not incorporated in Standards, but addressed in comment response by PUC staff



# Responsiveness to OER and RIE Feedback

PUC adopted or partially adopted many of OER's comments and recommendations related to Act on Climate and equity

PUC rejected several of RI Energy's recommendations:

- A change to the filing deadline for year-end reports from May 1 to June 1
- Removal of PUC proposed section requiring RIE to compare actual performance to planned performance for each of the three years at the end of a three-year plan period, using the most up-to-date avoided costs and claimable savings
- Language that would allow DSM Proposals to be filed at a time separate from annual plan filings
- Ability for the Company to petition to the PUC to forgo the filing of annual energy efficiency plans

PUC clarified in response to RIE comment that demand response programs intended to offset bulk-system peak would be appropriate to file under SRP



# ADDITIONAL COUNCIL FEEDBACK







# Program Administrator Terminology

Requirement for OER to put the implementation of the energy efficiency programs out to public bid

C-Team raised for consideration updating the Standards to use *“Program Administrator”* terminology

*“Electric and gas distribution companies”* referred to throughout Standards when defining requirements for plan development and reporting



# Parity in Plan Design and Principles

PUC included language under the Parity section of Plan Design and Principles to more fully reflect desire to have equity as a key consideration in plan design

*“The distribution company shall design EE Plans to capture all resources that are cost-effective and lower cost than supply and ensure equitable access to those resources across sectors and customer classes.”*

C-Team felt that equitable “access to resources” would be difficult to define, measure, and report, and that if achieved, may not result in equitable outcomes

Suggested modifying PUC’s language to “equitable distribution of those resources’ benefits”

- Places stronger emphasis on equitable outcomes over just equitable access
- Distribution of benefits is more readily quantifiable and reportable than access



# Annual Plan Equity Reporting Requirements

C-Team proposed additional language under Annual Plan Reporting Requirements to reflect desire for increased transparency and reporting on the Company's equity initiatives

d. Specific, measurable metrics for tracking progress toward achieving equitable program outcomes within specified timeframes. Reporting cadence for equitable program outcomes shall be no less frequent than quarterly reporting.

(1) The distribution company shall develop such metrics and reporting cadences for tracking equitable program outcomes, including target levels of attainment for each metric, in consultation with stakeholders, including at minimum, the EERMC.



# Other Items

## Definitions for Demand Side Management and Investment Proposals and Programs given addition of Chapter 7

- Flagged this for consideration in first set of LCP Standards comments
- Not addressed in latest iteration, so flagged again for consideration

Suggested minor edits to clarify some of the newly proposed language



# Council Member Discussion





# APPENDIX





# Timing & Definitions

Timing - Raised for PUC Consideration of reviewing standards in year prior to when a 3-Year Plan is due so that Standards aren't being modified in the same year in which Plan is being developed

- PUC noted that nothing in Standards prevents reviewing in year prior, so no amendments were made

Definitions – Recommended adding additional definitions for Demand Side Management and Investment Proposals/Programs given the addition of Chapter 7 on Demand Side Management

- Not addressed



# Valuation of Emissions Reductions

Recommended along with OER that with respect to the value of GHG reductions, the RI Test should include the costs of mitigation in CO<sub>2</sub> equivalents

- PUC adopted this approach

PUC initially recommended striking language that allowed the RI Test to include the value of non-embedded GHG reductions. We recommended to not strike the language, as it gives space for the inclusion of full societal costs, which may not be fully captured through valuing all the items listed in cost-effectiveness standards

- PUC originally struck with intent to recognize that economy-wide net zero emissions mandate enacted through Act on Climate has the effect of fully internalizing RI GHG emissions into its economy
- PUC recognized that before the net zero mandate takes effect in 2050, some non-embedded GHG emissions may persist, and therefor adopted recommendation to un-strike





# EE Plan Content

Three-Year Plan Content – Recommended a more precise definition of what is meant by “total energy” in PUC’s new language around total energy saved in RI through EE programs and the portion that are to be delivered by RIE’s programs

- PUC responded by adding language to clarify intent
- Two requirements: (1) cumulative annual and (2) cumulative lifetime energy savings to be delivered by EE activity that is performed during the three-year period

Annual Plan Content – Recommended that PUC language to require that annual plans include table(s) that provide key metrics for every measure proposed in the Plan also include emissions reductions.

- PUC adopted recommendation by adding annual and lifetime emissions to the list



# Annual EE Plan Reporting

Requested inclusion of language that would require the distribution company to file year-end benefit cost models which would allow comparison of plan vs. actual benefit-cost model data

- PUC added language that would require the company to file year-end BC model that compares planned benefits and costs to actual benefits and costs

Recommended clarifying language be added to new PUC language requiring Company to compare program savings and describe variances in its year-end report. Sought clarification on level of variance needed to require explanation, and at what level of granularity (measure, program, sector, etc.) that should occur.

- PUC added language that indicated it should be at the program level, and that it would apply to variances of more than 5%



# Demand Side Management

Recommended inclusion of a section on Council's role in development and approval of DSM plans that mirrors existing section on Council's role in development and approval of SRP plans

- PUC adopted language as proposed

Recommended that any DSM proposals should include consideration of bill impacts in addition to impacts on electric and gas rates

- PUC included language that requires this