

Memo



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

To: Energy Efficiency & Resource Management Council
From: EERMC Consultant Team
CC: Nathan Cleveland / OER
Date: August 16, 2021
Subject: 2022 Energy Efficiency Plan Review Update Memo

CONSULTANT TEAM

I. SUMMARY

On August 12, 2021, National Grid (the Company) provided a Status Report on developments subsequent to the Annual Plan Draft Outline delivered on June 3, and the first draft of its Annual Energy Efficiency Plan for 2022 (the "EE Plan") sent on July 15, per the Key Deliverable and Schedule set by the EERMC in January¹. The intent of the Status Report was to provide the EERMC and stakeholders a clear indication of enhancements and refinements the parties could expect, based on input provided to the Company in multiple forums, well in advance of receiving the final draft on September 8 ahead of the EERMC's September 23 meeting when a vote on the EE Plan is scheduled. This memo summarizes comments on the Company's interim update from the EERMC's Consultant Team (C-Team). This memo also provides an assessment of additional savings opportunities that may be available to be pursued in 2022. Additional items, including additional detail on the C-Team's assessment of additional savings opportunities, a summary of the C-Team's comments on the first draft of the Plan presented at recent EERMC meetings, and matrices highlighting the Plan's level of compliance with EERMC priorities and LCP Standards are provided in the Appendix.

The key message is that a significant amount of improvement will be needed in order for the Final Draft of the Plan to be in alignment with stakeholder priorities and submitted input provided to the Company.

II. INITIAL REVIEW OF NATIONAL GRID INTERIM PLAN UPDATE

On August 12th the Company provided the EERMC with its interim update on the 2022 Annual Energy Efficiency Plan. The update took the form of a presentation that would be delivered to the Council at its August EERMC meeting on August 19th. The C-Team's understanding of the purpose of this document was that it would provide clear direction to the EERMC and other stakeholders about how the Plan would change between the First Draft distributed on July 15th and the Final Draft to be distributed on September 8th. In reviewing the presentation provided, the C-Team found that the interim update was repetitive in areas where it didn't need to be and was not nearly as comprehensive in responding to stakeholder comments as it should have been.

- **Repetitive:** Several slides in the interim update are duplicative of what the Company provided in its presentation on the First Draft of the Plan. These slides do not assist in providing the Council or Stakeholders a sense of direction for where the final draft of the Plan will end up compared to the first draft.

¹ http://rieermc.ri.gov/wp-content/uploads/2021/01/2021-eermc-calendar-2021-12-21_v2-1.pdf

- **Comprehensiveness:** The Company noted that it received hundreds of comments on the First Draft of the Plan, but only highlighted a very small subset of all the comments it received. While we would not expect the Company to present on every comment it received, we do expect a more comprehensive cataloging of the comments received and how or why those comments will or will not be addressed in the final draft. Without this, it is difficult to see what changes are or are not being considered based on feedback the Company received from stakeholders.²

Following our review, it is the C-Team’s position that this document does not satisfy what was expected of the Company and that we expect that a more comprehensive update will be provided to the Council and Stakeholders in advance of the final draft of the Plan. Key areas that require additional work and should be included in a more comprehensive update include, but are not limited to the following:

- Plan to increase savings across the electric and gas portfolios
- A clear and comprehensive process for documenting how and why comments are or are not addressed
- Additional detail on other items such as bill impacts, demand response, workforce, and program enhancements

III. ASSESSMENT OF REMAINING SAVINGS OPPORTUNITIES

The Council-commissioned Market Potential Study (MPS) and resulting Energy Efficiency Targets established by the PUC clearly show that additional savings opportunities exist in the electric and gas portfolios. While the C-Team recognizes that there are barriers (e.g. workforce, availability of technology, and EM&V results that reduce claimable savings) to achieving the full savings potential identified, we believe there are significant additional savings opportunities that go beyond what was included in the First Draft of the Plan.

To illustrate the additional electric and gas savings opportunities, the C-Team conducted analyses for the Residential³ and C&I sectors. For each sector we began by documenting the gap, organized by end-use, between the First Draft of the Plan and the Targets. From there, we developed high-level estimates of what additional potential could be achieved by making adjustments to key end-uses. For example, we estimated the additional HVAC electric savings that could be achieved if the Company planned to achieve 5% of the gap between the targets and what was included in the First Draft of the Plan. We grounded these high-level estimates with specific examples of how that additional potential could be achieved. The results of this analysis are summarized in Tables 1 and 2, and are discussed in further detail in the Appendix. It is important to note that while the C-Team focused on and presents illustrative examples for some programs and approaches, we know based on evidence of the MPS and resulting targets that

² The C-Team provided over 600 comments and edits on the plan narrative and over 50 comments and questions on the BC Models, OER provided over 600 comments and edits to the narrative, and The Division of Public Utilities and Carriers and Acadia Center each provided ten pages of comments. Green Energy Consumer Alliance also provided public comment on the First Draft of the Plan at the Council’s July meeting.

³ For the purpose of our analysis we present the residential and income eligible sectors together.

additional savings in these and other programs are feasible in 2022. It is incumbent on the Company to clearly document all savings that are achievable.

TABLE 1: PLANNED AND ADDITIONAL ACHIEVABLE ELECTRIC SAVINGS (LIFETIME MWH)

| Sector | 3-Year Plan Compliance Filing (2022) | Annual Plan 1 st Draft (2022) | Initial Three-Year Plan Filing (2022 Base Case) | Initial Three-Year Plan Filing (2022 High Scenario) | Illustrative Assessment of Minimum Additional Savings Achievable | Assessment of Total Savings Achievable |
|-------------------------------|--------------------------------------|--|---|---|--|--|
| Residential & Income Eligible | 244,369 | 247,076 | 267,287 | 279,308 | 22,500 – 33,500 | 269,576 – 280,576 |
| Commercial & Industrial | 1,135,420 | 821,673 | 1,304,008 | 1,355,004 | 69,000 | 890,673 |
| Total | 1,379,789 | 1,068,749 | 1,571,295 | 1,634,312 | 91,500 – 102,500 | 1,161,249 – 1,172,249 |

TABLE 2: PLANNED AND ADDITIONAL ACHIEVABLE GAS SAVINGS (LIFETIME MMBTU)

| Sector | 3-Year Plan Compliance Filing (2022) | Annual Plan 1 st Draft (2022) | Initial Three-Year Plan Filing (2022 Base Case) | Initial Three-Year Plan Filing (2022 High Scenario) | Illustrative Assessment of Minimum Additional Savings Achievable | Assessment of Total Savings Achievable |
|-------------------------------|--------------------------------------|--|---|---|--|--|
| Residential & Income Eligible | 2,078,044 | 1,791,967 | 2,345,809 | 2,683,648 | 357,200 – 647,600 | 2,149,167 – 2,439,567 |
| Commercial & Industrial | 2,200,218 | 2,210,909 | 2,290,072 | 2,633,582 | 270,000 | 2,480,909 |
| Total | 4,278,262 | 4,002,876 | 4,635,880 | 5,317,230 | 627,200 – 917,600 | 4,630,076 – 4,920,476 |

APPENDIX I – ADDITIONAL DETAIL ON C-TEAM’S ASSESSMENT OF ADDITIONAL SAVINGS OPPORTUNITIES

Residential and Income Eligible

For the residential and income eligible sectors, the electric savings gap between the targets and the first draft of the Plan is approximately 385,000 lifetime MWhs, with approximately two-thirds of that coming from the HVAC and building envelope end-uses and another quarter coming from the hot water and consumer products end-uses (Figure 1). On the gas side, the savings gap between the targets and the first draft of the Plan is approximately 3,470,000 Lifetime MMBtus, with over 90% coming from the HVAC, building envelope, and hot water end-uses (Figure 2).

The C-Team believes that there are significant additional savings opportunities that could be achieved in 2022 by increasing focus on the end uses referenced above. By increasing focus on some of these end-uses, we think it would be reasonable for National Grid to achieve upwards of 20,000 additional lifetime MWhs of electric savings and 175,000 additional lifetime MMBtus of natural gas savings (~5% of the gap between the Targets and the first draft of the Plan).

FIGURE 1. RESIDENTIAL & INCOME ELIGIBLE ELECTRIC SAVINGS (LIFETIME MWH) - DIFFERENCES BETWEEN MPS TARGETS AND 2022 ANNUAL PLAN BY END USE

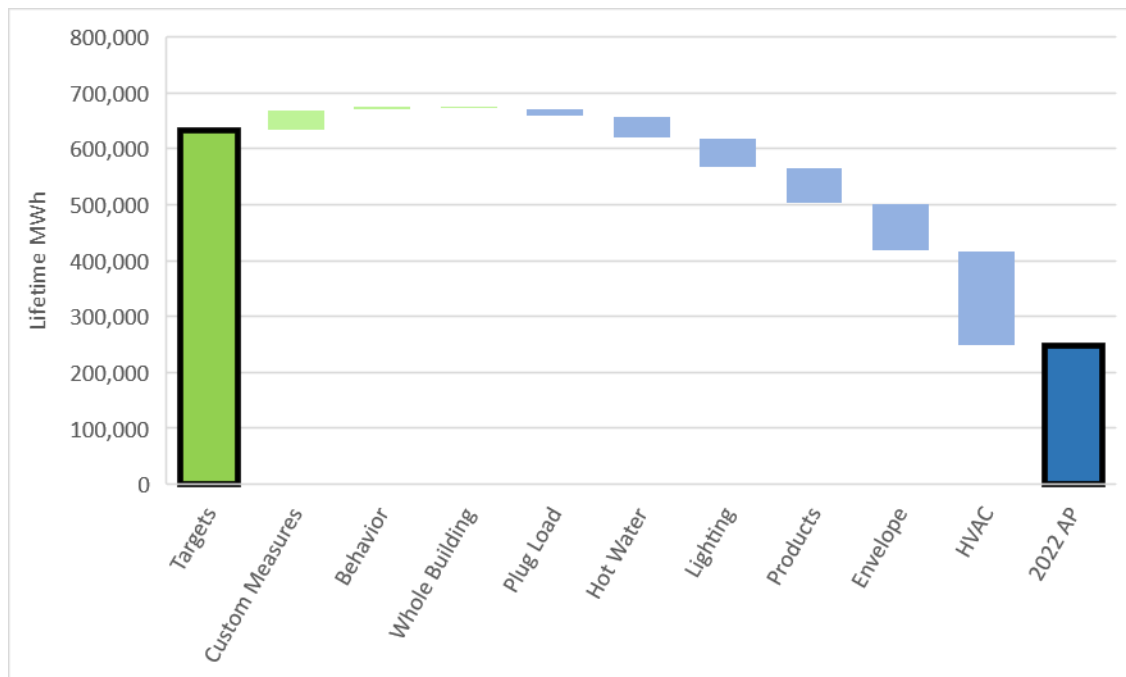
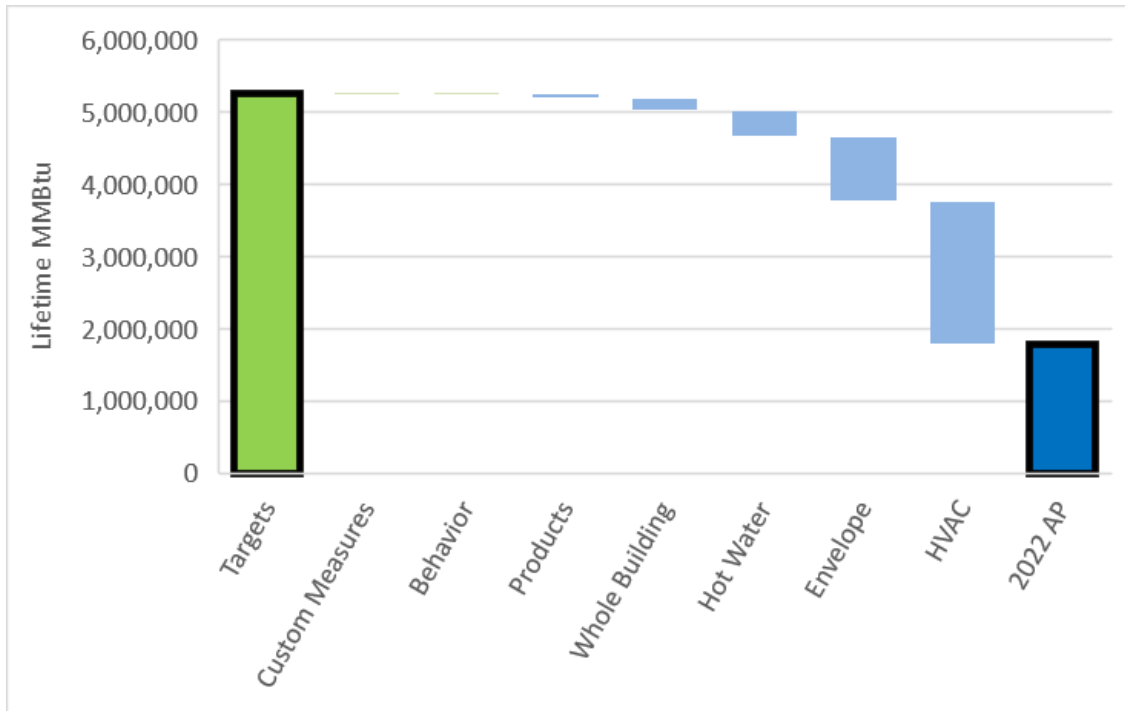


FIGURE 2. RESIDENTIAL & INCOME ELIGIBLE GAS SAVINGS (LIFETIME MMBTU) - DIFFERENCES BETWEEN MPS TARGETS AND 2022 ANNUAL PLAN BY END USE



As part of its Compliance Filing for the 2021-2023 Three-Year Plan, National Grid made downward adjustments to planned quantities (and thus savings) for several measures across the residential retrofit programs (i.e EnergyWise Single Family, EnergyWise Multifamily, Income Eligible Single Family, and Income Eligible Multifamily) as well as in the HVAC and Consumer Products programs. Adjustments were made for these programs as a response to the PUC’s ruling that illustrative budgets for 2022 would be allowed a 5% annual increase over 2021 levels. The 2021 funding levels for retrofit programs were also reduced in the Compliance Filing as a result of the PUC’s ruling that 2020 funding levels be maintained, in part due to continuing effects of COVID-19. Given that the economy has rebounded much faster than we might have expected, the C-Team feels that at minimum the quantities planned for 2022 in the initial Three-Year Plan are attainable.

The C-Team has estimated the impact on savings and budget if National Grid were to pursue the quantities proposed in the initial Three-Year Plan for a number of measures in these programs that have

lower planned quantities in the first draft of the Plan⁴. For each program, we present a range that reflects the Base Case and High Scenario that was filed in the initial Three-Year Plan for 2022⁵ (Tables 3 and 4).

TABLE 3. ADDITIONAL ELECTRIC SAVINGS OPPORTUNITIES (LIFETIME MWH)

| Program | Base Case | High Scenario |
|--------------------------------|---------------|---------------|
| EnergyWise Single Family | 1,400 | 2,000 |
| EnergyWise Multifamily | 3,200 | 4,300 |
| Income Eligible Single Family | 4,700 | 6,900 |
| Income Eligible Multifamily | 5,800 | 7,300 |
| HVAC | 7,200 | 10,800 |
| Consumer Products ⁶ | | 2,000 |
| Total⁷ | 22,300 | 33,300 |

TABLE 4. ADDITIONAL GAS SAVINGS OPPORTUNITIES

| Program | Base Case | High Scenario |
|-------------------------------|----------------|----------------|
| EnergyWise Single Family | 67,200 | 148,000 |
| EnergyWise Multifamily | 6,400 | 29,500 |
| Income Eligible Single Family | 30,200 | 67,600 |
| Income Eligible Multifamily | 47,600 | 100,800 |
| HVAC ⁸ | 205,700 | 301,600 |
| Total | 357,100 | 647,500 |

Commercial & Industrial

For the Commercial and Industrial sector, the electric savings gap between the targets and the first draft of the Plan is approximately 767,400 lifetime MWhs, with approximately 56% of that coming from lighting. The targets were established based on the market potential study, which was conducted before the latest round of EM&V impacts that significantly reduced the total claimable C&I lighting savings. To fairly assess the remaining savings potential, National Grid’s 2022 draft annual plan is leaving on the

⁴ To account for changes in measure assumptions (e.g. per-unit savings, impact factors, and incentives) between the Three-Year Plan filing and the first draft of the 2022 Plan, the C-Team applied the quantities from the initial draft of the Three-Year Plan to the various measure assumptions included in the first draft of the 2022 Plan.

⁵ The “Base Case” represents savings goals that the Company believes could be attained, conditional upon expectations around economic recovery. The “High Scenario” is consistent with the “Mid Scenario” in the MPS adjusted for known EM&V impacts that differ from assumptions used in the MPS. At the time of the initial Three-Year Plan filing the Company noted that they did not see a clear path to achieving those values, but that they were included to signal to all stakeholders the Company’s commitment to pursuing and evaluating paths to higher levels of savings.

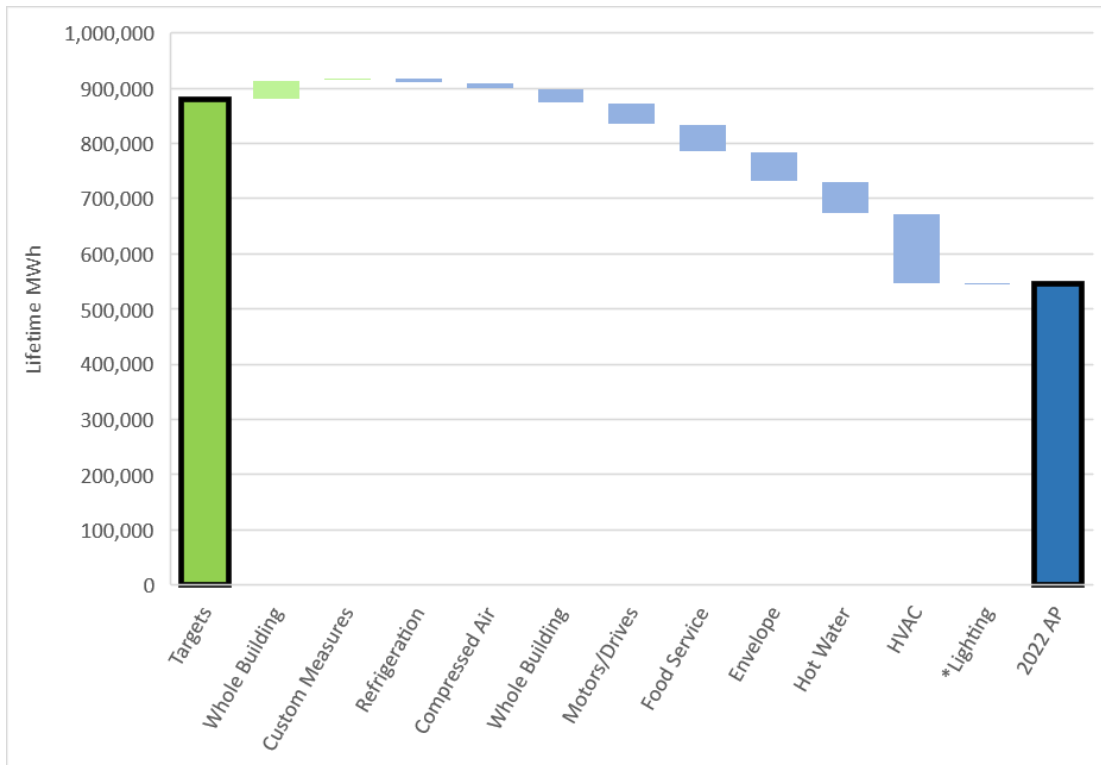
⁶ Additional savings are not presented for the base scenario because all measures in this program are being planned at or above what was included for 2022 in the initial draft of the Three-Year Plan.

⁷ Numbers in total for these tables do not match exactly with sum of numbers by each program due to rounding.

⁸ The Company has shifted to only incentivizing the highest efficiency gas heating equipment. To account for this, this scenario disregarded decreases in lower efficiency gas heating equipment.

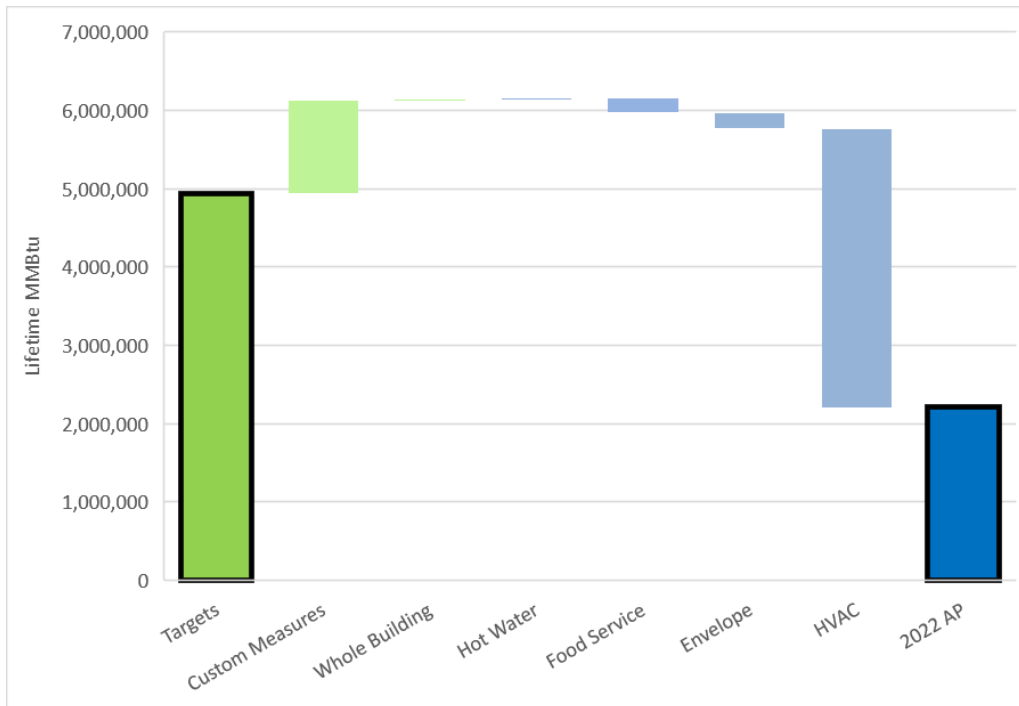
table, the C-team has ignored lighting-based gaps between the plan and targets, and instead is focusing on the other 44%, or 336,000 MWh of untapped potential mostly coming from HVAC, hot water and building envelope end uses. (Figure 3). On the gas side, the savings gap between the targets and the first draft of the Plan is approximately 2,727,000 Lifetime MMBtus, with almost all of this untapped potential coming from the HVAC end-use (Figure 4).

FIGURE 3. COMMERCIAL & INDUSTRIAL ELECTRIC SAVINGS (LIFETIME MWH) - DIFFERENCES BETWEEN MPS TARGETS AND 2022 ANNUAL PLAN BY END USE (ADJUSTED FOR EM&V LIGHTING IMPACTS)



*Adjusted for EM&V impacts that occurred after MPS reducing claimable lighting savings potential

FIGURE 4. COMMERCIAL & INDUSTRIAL GAS SAVINGS (LIFETIME MMBTU) - DIFFERENCES BETWEEN MPS TARGETS AND 2022 ANNUAL PLAN BY END USE



The C-Team believes that there are significant additional savings opportunities that could be achieved in 2022 by increasing focus on the end uses referenced above. By increasing focus on some of these end-uses, we think it would be reasonable for National Grid to achieve almost 70,000 additional lifetime MWhs of electric savings (Table 5) and 270,000 additional lifetime MMBtus of natural gas savings (Table 6). These increases represent approximately 10% of the gap between the Targets and the first draft of the 2022 Plan.

TABLE 5. ADDITIONAL ELECTRIC SAVINGS OPPORTUNITIES (LIFETIME MWH)⁹

| End Use | 2022 Draft Plan | Additional Savings Recommended |
|----------------|-----------------|--------------------------------|
| HVAC | 92,952 | 48,000 |
| Other End Uses | 451,791 | 21,000 |
| Total | 544,743 | 69,000 |

TABLE 6. ADDITIONAL GAS SAVINGS OPPORTUNITIES (LIFETIME MMBTU)

| End Use | 2022 Draft Plan | Additional Savings Recommended |
|----------------|------------------|--------------------------------|
| HVAC | 618,159 | 234,000 |
| Other End Uses | 1,592,749 | 36,000 |
| Total | 2,210,909 | 270,000 |

⁹ Additional electric savings opportunities is evaluated separately from CHP

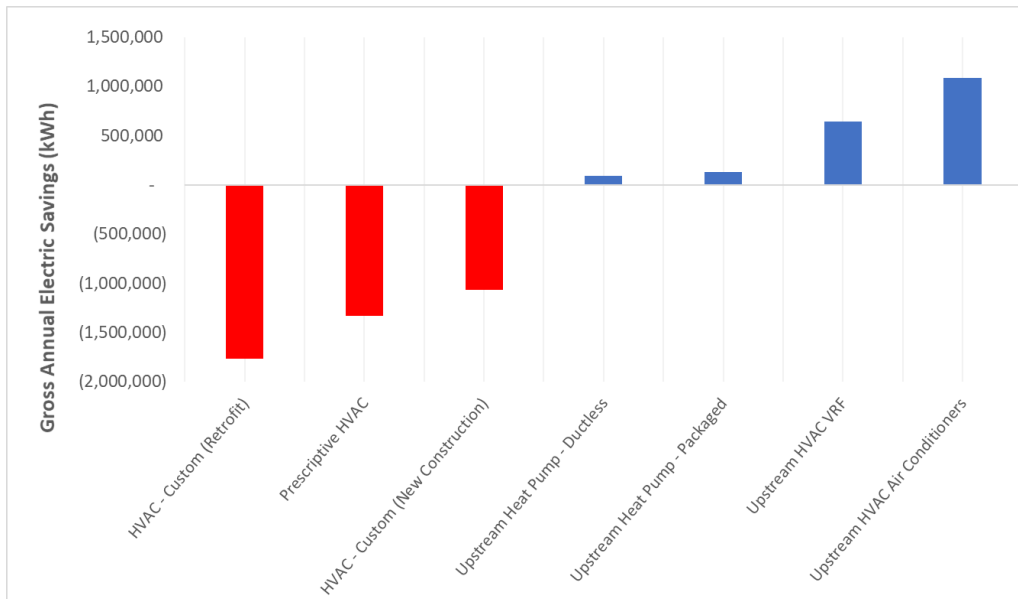
The market potential study identified several key end-uses the company also routinely highlights in their draft plans as points of emphasis. While the plan narrative describes a pivot to these other non-lighting end uses, National Grid’s 2022 draft plan shows meager attempts to achieving these critical non-lighting savings opportunities. National Grid’s presentation on their 2022 Annual Plan Interim Update states that non-lighting savings are essentially flat, but that those values could increase to better account for “proposed/evolving initiatives”¹⁰. The C-Team and the council have repeatedly expressed support for National Grid pivoting the C&I programs to non-lighting opportunities and strongly encourage the company to set far more ambitious plans for achieving these savings.

An example area with ample room for improvement is the market for high-efficiency HVAC systems and optimization of existing HVAC systems. National Grid has recently launched an initiative aimed at increasing HVAC savings from Telecommunication providers who own and operate data centers, and remotely located telecom equipment. These facilities generally run year-round and present substantial opportunities for energy conservation from improved airflow, right-sizing of cooling equipment, chiller plant optimization.¹¹ In addition to specific HVAC opportunities such as telecommunications market segments, National Grid could benefit from reconsidering their overall approach to engaging the HVAC end-use and the current increased emphasis on point-of-sale rebates approaches (formerly referred to as “upstream”, now referred to as “midstream”). These point-of-sale rebates are easy for customers to participate in, are easy for the company to implement, and serve as an excellent back-stop to ensure that when customers are in the market for new purchases, their options are all high-efficiency products. That said, overreliance on this pathway comes with some serious drawbacks that have the potential to strand energy efficiency savings that could be achieved by other means. The assumed baseline for a point-of-sale rebate is typically a minimally code-compliant replacement system of the same type. In reality, some customers choose to replace systems before they have failed – which we would classify as an early retirement. Other customers may choose to replace a failed system with a completely different system type from the one that has failed. If the company were to engage with this customer through a more involved pathway, such as a custom retrofit project, they could utilize a site-specific retrofit baseline and claim substantially higher savings from the same projects. By not working more closely with these customers and gathering critical information about the motivations of the customer and the application for which the new product is being installed, National Grid is pursuing quantity over quality. Comparing National Grid’s Three-Year Plan 2022 values to their Annual Plan for 2022, we can see an increased emphasis on point of sale rebates and a reduction in the harder but more fruitful initiatives such as custom retrofits (Figure 5).

¹⁰ <http://rieermc.ri.gov/wp-content/uploads/2021/08/2022-ee-plan-interim-update-presentation.pdf> (see slide 8)

¹¹ https://datacenters.lbl.gov/sites/default/files/DCProMasterList02112016_0.pdf

FIGURE 5. COMMERCIAL & INDUSTRIAL ELECTRIC HVAC SAVINGS - DIFFERENCES BETWEEN 2022 GROSS SAVINGS (BASE CASE) FROM THREE YEAR 2021-2023 PLAN AND DRAFT 2022 ANNUAL PLAN

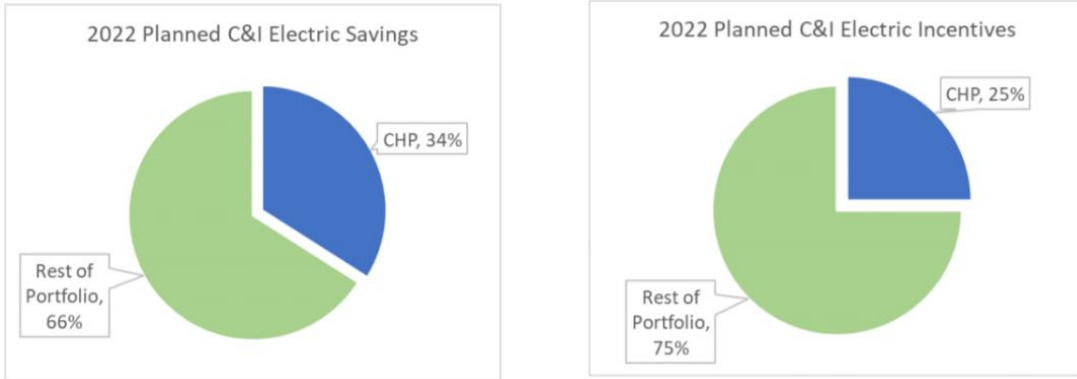


It is also important to note that several recent evaluations have found high free-ridership and correspondingly low net attributable savings to these point-of-sale rebate programs for HVAC products. These incentives tend to cover a very low portion of the overall cost of new HVAC equipment, which has minimal influence on customer decision-making. Custom retrofits, on the other hand, have not been found to have high free-ridership and these incentives are proving to be highly influential to customer decision-making where National Grid sales and engineering staff can influence project decisions to a much greater extent.

National Grid is proposing a significant portion of the C&I electric savings in the Plan come from combined heat and power (CHP). The vast majority of this CHP savings is from 1 very large project at an indoor agricultural facility. The C-Team has provided written comment to National Grid regarding concerns about the applicability of CHP in a use-case where the system is only running for about a quarter of the year given CHP typically operates close to 24/7/365. The Division of Public Utilities and Carriers has until August 20th to issue a statement in support of or opposition to this project. If the proposed \$11.3M of incentive spending for this 1 CHP project were spent on other identified cost-effective saving potential, National Grid would have the ability to serve over 500 additional participants.¹²

¹² Based on 2020 average incentive per participant of ~\$19k

Figure 6. Commercial & Industrial Electric HVAC Savings and Incentives from CHP compared to the rest of the C&I electric portfolio



APPENDIX II – SUMMARY OF C-TEAM COMMENTS ON THE FIRST DRAFT OF THE 2022 PLAN

The C-Team was appreciative of the opportunity to provide initial feedback on the Plan Outline Memorandum in June, as well as continued efforts to improve the structure and reflect elements of the Council’s 2022 Energy Efficiency Plan Priorities in the first draft of the EE Plan. In addition, we would like to acknowledge the continued improvements in Plan structure and readability, and continued emphasis on clearly reviewing Plan compliance with Least Cost Procurement (LCP) standards.

However, the C-Team has identified a range of concerns and opportunities for improvement in the first draft EE Plan to more fully align with the EERMC Priorities, as catalogued in the comments provided on the plan text and associated quantitative questions shared with National Grid upon review of the Benefit Cost Model (BC Model) and Technical Reference Manual (TRM). The list below details a representative selection of these concerns.

- 1) **EE Plans should be ‘Bottom Up’ not ‘Top Down’:** The EE Plan specifically references National Grid’s view that the Rhode Island Public Utility Commission’s suggestion for a 5% year-to-year budget increase is a cap on program budgets¹³. This approach is not consistent with Least Cost Procurement standards, which direct pursuit of all cost-effective energy efficiency savings that’s less than the cost of supply, and is prudent, reliable, and environmentally responsible. To effectively satisfy this requirement, the planning process must begin with an identification of all available cost-effective energy efficiency. Without this critical first step, which was initiated by the Council-commissioned Market Potential Study¹⁴ (MPS) and embedded in the Energy Efficiency Targets¹⁵, the EE Plan does not transparently communicate the compromises in terms of energy savings and other plan impacts associated with targeting the 5% budget increase in the top-down fashion indicated in the plan.
- 2) **The EE Plan Should Align with the Three-Year Plan:** The 2021-2023 Three Year Plan¹⁶ provided both a low and high scenario for savings for 2022. Though neither of these scenarios reached the savings levels set in the Targets approved by the Council, the high scenario came significantly closer, and the Council explicitly identified targeting this scenario in its priorities for the 2022 EE Plan. It is disappointing to see a 2022 EE Plan that does not reference the high scenario in any aspect; National Grid’s responsiveness to the Council’s priorities in this aspect appears in question. In particular, the second draft of the EE Plan should clearly document the reasons that the savings levels and benefits associated with the high scenario are not achievable rather than set aside these important reference points through omission.
- 3) **The EE Plan Should Emphasize Equity and Access:** The Council has provided consistent feedback to National Grid regarding the importance of equity and access. While there is language in several areas of the EE Plan that speaks to the importance of equity in general terms, the second draft EE

¹³ [First Draft of the 2022 Annual Plan](#) – Main Text, Section 10.3

¹⁴ [Rhode Island Energy Efficiency Market Potential Study](#)

¹⁵ [Rhode Island Energy Efficiency Savings Targets, 2021-2023](#)

¹⁶ [2021-2023 Three Year Plan](#)

Plan should clearly reflect several improvements in this critical priority area. First, it is important to reflect detailed, concrete incorporation of Equity Working Group (EWG) recommendations in the second draft EE Plan, as is committed to in the first draft. Second, the second draft EE Plan should indicate clear commitment to continuing the EWG at least through the 2022 program year. Third, continued proactive engagement with community organizations and other stakeholders is a necessary ingredient to future improvements in diversity, equity, and inclusion for the energy efficiency workforce. Fourth, as noted in the Council's priorities, the 2022 EE Plan is expected to include clear, detailed remediation strategies to assure corrective action on underperforming programs with particular focus on income-eligible single and multi-family programs and moderate-income customers. Though some language in the EE Plan generally refers to these needed remediation strategies, significant improvement is needed to meet this expectation.

- 4) **The EE Plan Should Reflect Stakeholder Input:** Though the EE Plan showed a structural improvement with respect to reflecting stakeholder input in this area in Section 2.1 by summarizing National Grid's understanding of EE Technical Working Group (TWG) priorities, this improvement was largely limited to the inclusion of this content. Specifically, these priorities are not addressed in later EE Plan sections, so it is unclear whether the plan is responsive to these comments or simply summarizes them. In addition, OER's comments on the first draft EE Plan clearly indicate that National Grid inaccurately reflected their priorities. Both of these concerns should be addressed in the second draft EE Plan. In addition, National Grid is encouraged to directly respond to several other areas of stakeholder feedback on the first draft EE Plan, briefly summarized below.
 - a. *Reduce support for efficient gas appliances:* There is increasing attention in regional efficiency forums to reducing or eliminating support for efficient gas appliances, including Massachusetts' upcoming 2022-2024 Three Year Plan and recent changes to New York efficiency programs. These changes are largely driven by concerns related to rapidly reducing carbon emissions from the energy sector and have been reflected in stakeholder feedback on the EE Plan, such as Acadia Center's comments regarding eliminating support for efficient gas technologies in residential new construction and the decarbonization needed to meet mandates in Rhode Island's Act on Climate.
 - b. *Consistent weatherization incentives across fuels:* The C-Team concurs with comments raised by other stakeholders, including OER, that it is important to provide consistent incentives for weatherization regardless of primary heating fuel.
 - c. *Emphasize HVAC and envelope measures:* Stakeholder comments provided at the July EERMC Council meeting, as well as evidence from recent very high demand for residential gas weatherization program participation, suggest there is ample opportunity to drive additional savings in these end uses. In addition, HVAC and envelope were among the key end use opportunities identified by the MPS to continue to drive significant energy efficiency savings in the post-lighting era.

- 5) **The EE Plan Should Contain Concrete Commitments:** In feedback on the Plan Outline Memorandum as well as the EE Plan, the Council and other stakeholders have made clear that vague language such as ‘explore’, ‘revisit’, ‘consider’ or ‘emphasize’ does not meet the expected degree of concreteness and measurability for EE plans. The second draft EE Plan is expected to significantly revise this type of language and ensure commitments can be tracked and achievement assessed. In addition, the second draft EE Plan is expected to incorporate specific quantitative figures in the narrative text where possible rather than relying in imprecise language such as ‘increase’. Lastly, there are two areas where specific metrics have been requested by the Council and other stakeholders, which should be addressed explicitly in addition to the general improvements necessary to correct the general critique related to vague language:
- a. *Equity commitments:* The Council specifically requested a clear, comprehensive list of equity-related commitments which will be reported on during each quarterly report in 2022. The EE Plan does not address this critical priority in first draft form and is expected to do so in the second draft.
 - b. *Plan metrics to be tracked:* The Council also explicitly requested a list of key metrics to be tracked and reported regarding plan elements beyond equity. Though the EE Plan does provide a couple of suggested metrics scattered throughout, such as greenhouse gas emissions and renter participation, it is critical that the second draft EE Plan centralize and add detail and concreteness to tracked metrics, including the data to be reported and the frequency of that reporting. This list should be tailored to address Council and other stakeholder priorities, which is a key improvement needed in the second draft EE Plan.

APPENDIX III – PLAN COMPLIANCE WITH EERMC PRIORITIES

| EERMC Priorities | Degree of compliance in 1 st draft & Status Update | Status |
|---|--|--------|
| Priority #1 Relating to the reference point of the EERMC-endorsed and PUC-Approved 3-Year Plan, the EERMC expects: | | |
| <ul style="list-style-type: none"> Savings & benefits goals will target the High Scenario presented for 2022. Factors or conditions that preclude reaching this level will be clearly documented and justifiable, including barriers and other considerations of prudence and reliability. | <ul style="list-style-type: none"> Savings are significantly below High Scenario; insufficient justification provided for not proposing to consider additional, achievable cost-effective savings available | |
| <ul style="list-style-type: none"> The proposed Priorities for the 3-Year Plan period will clearly and specifically identify which, and how, each of the proposed Priorities apply specifically to 2022 programs. | <ul style="list-style-type: none"> Generally referenced in overview section; Only partially applied to some programs | |
| <ul style="list-style-type: none"> To support achieving the maximum savings and energy benefits, Company will align planning with the EERMC-sponsored Market Potential Study (MPS), and clearly reference in the plan how the findings of the MPS were applied. | <ul style="list-style-type: none"> Beyond general reference to the MPS, no evidence that the strategies and tactics to reach full available potential were attempted – Plan develops savings based on presumed budget “cap” | |
| <ul style="list-style-type: none"> Maximize cost-efficiency to deliver maximum savings and benefits at appropriate costs, including clearly defined efforts to coordinate, cost-share and leverage investments with other entities and funding sources such as state agencies | <ul style="list-style-type: none"> Language notified qualification of some efforts with no clear quantification of potential impacts | |
| Priority #2 Relating to the reference point of LCP Standards, the EERMC expects: | | |
| <ul style="list-style-type: none"> Given the clear, outcome-oriented direction provided in the LCP Standards, the 2022 EEPP should clearly indicate how each of these is applied generally, and where appropriate, more specifically at portfolio and program levels. | <ul style="list-style-type: none"> Language in the Plan is still not sufficiently action-oriented and outcome-driven. | |
| <ul style="list-style-type: none"> The 2022 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. | <ul style="list-style-type: none"> Addressed in part; more areas require commitments to address in other areas | |

| | | |
|---|---|--|
| Priority #3: Relating to the reference point of Stakeholder input and priorities, the EERMC expects: | | |
| <ul style="list-style-type: none"> The Priorities presented by Technical Working Group members will be appropriately reflected in the 2022 EEPP, and that National Grid’s documentation and response to the proposed Priorities will be presented in a transparent and comprehensive format. | <ul style="list-style-type: none"> As noted in the Stakeholder Summary responses to the Company’s first draft, significant gaps remain in what was submitted to the Company by OER, the Division, Acadia Center and GECA | |
| <ul style="list-style-type: none"> The findings and conclusions of the planned Equity Working Group sessions will be appropriately reflected in the 2022 EEPP, and that National Grid’s documentation and response to the finding and conclusions will be presented in a transparent and comprehensive format. | <ul style="list-style-type: none"> Final recommendations from the Equity Group are pending, and the Company only commits to including them as appropriate in some areas of the Plan | |
| <ul style="list-style-type: none"> National Grid’s proposed Customer Feedback Activities will be sufficiently robust and capture actionable customer-driven input, and it will be appropriately reflected in the 2022 EEPP, and that National Grid’s documentation of the activities and responses will be presented in a transparent and comprehensive format. | <ul style="list-style-type: none"> The Company did not conduct the process/activities agreed to at the beginning of the year and included in the Timeline and Schedule approved by EERMC | |
| <ul style="list-style-type: none"> Feedback from stakeholders participating in the EERMC-hosted Annual CHP stakeholder event will be appropriately reflected in the 2022 EEPP. | <ul style="list-style-type: none"> The Company participated in the event; no significant input from the event warranted inclusion in the Plan although the discussion was beneficial | |
| Priority #4: To support focus on Equity & Access, the EERMC expects: | | |
| <ul style="list-style-type: none"> In addition to maximizing the feedback, insights, and guidance to be provided by the Equity Working Group, National Grid will fulfil and then apply the results from activities committed to in the 2021 EEPP to support all customers having equal ability to access and benefit from energy efficiency programs, including: <ul style="list-style-type: none"> Non-participant Study Census of multi-family housing Reference to, and application of, findings from the MPS | <ul style="list-style-type: none"> Generally referenced in some sections, but firmer commitments recommended | |
| <ul style="list-style-type: none"> Based on the specific activities and designs to support applying results from the | | |

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| <p>studies listed above, the 2022 EEPP should include a commitment to create a clear, comprehensive list of tasks that will be added to Quarterly reports to support full and transparent accountability of performance in achieving the commitments.</p> | | |
| <ul style="list-style-type: none"> The 2022 EEPP will include clear, detailed remediation strategies to assure corrective action on underperforming programs (from past years while also closely monitoring 2021 performance results). Of particular concern and requiring further focus are income-eligible single and multi-family programs and moderate-income customers. | | |
| <p>Priority #5 To support an effective and efficient 2022 EEPP development and review process, the EERMC expects:</p> | | |
| <ul style="list-style-type: none"> The Key Deliverables and Schedule approved by EERMC will be followed by all relevant parties to assure necessary time is afforded to the EERMC and stakeholders participating in, reviewing and reaching a clear understanding of the content of the 2022 EEPP, sufficient to make informed decisions on whether to endorse the plan. | <ul style="list-style-type: none"> The Plan Update from August 12 provides only minimal specifics on areas of improvement from first draft beyond commitment to continue consideration of input provided. The intent of the update was to provide clear indication of specific areas that would change before EERMC receives the final draft | |

APPENDIX IV – PLAN COMPLIANCE WITH LCP STANDARDS

| Least Cost Procurement Standards | Degree of compliance in 1 st draft & Status Update | Status |
|---|---|--------|
| Integration With Other Energy Programs and Policies | | |
| <ul style="list-style-type: none"> Designed to <u>complement</u> the objectives of RI's energy programs and policies, and describe the interaction of EE Plans with these other programs, including, but not limited to, the System Reliability Procurement Plan, Renewables, and ISR. | <ul style="list-style-type: none"> More specifics required, especially relating to Act on Climate | |
| Innovation | | |
| <ul style="list-style-type: none"> ... shall <u>address</u> new and emerging issues as they relate to LCP, including how they may meet State policy objectives and provide system, customer, environmental, and societal benefits. | <ul style="list-style-type: none"> More specifics required, especially relating to Act on Climate | |
| Comprehensiveness | | |
| <ul style="list-style-type: none"> ... shall design EE Plans to <u>ensure</u> that all customers have an opportunity to benefit and realize both near-term and long-lived savings opportunities; deliver system-wide and location-specific savings. | <ul style="list-style-type: none"> More work needed in certain segments, i.e. Multifamily input from multiple stakeholders on need for more delineation of MF building stock | |
| Equity | | |
| <ul style="list-style-type: none"> ... shall be designed to <u>ensure</u> that all customers have equitable opportunities to participate in the offerings of EE Plans and a fair allocation of costs and benefits. | <ul style="list-style-type: none"> While portfolio is generally balanced, areas including low/moderate customers within residential sector require more commitment | |
| Build on Prior Plans | | |
| <ul style="list-style-type: none"> ... shall describe in an EE Plan the recent EE programs offered and highlight how the EE Plan supplements and expands upon these offerings at the appropriate level of detail, including, but not limited to, new measures, implementation strategies, measures specifically intended for demand or load management, and new programs as appropriate. | <ul style="list-style-type: none"> Current offerings detailed; insufficient discussion on opportunities for supplementing and expanding | |
| Build on Prior Programs | | |
| <ul style="list-style-type: none"> ... shall proceed by <u>building upon</u> what has been learned to date in program experience, systematically identifying new opportunities and pursuing comprehensiveness of measure implementation. | <ul style="list-style-type: none"> Reflects the baseline of performance; insufficiently identifies enhancing the baseline | |
| Plan Based Potential Assessments | | |

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| <ul style="list-style-type: none"> ... shall <u>use</u> any Targets and other Report recommendations approved by the PUC pursuant to Chapter 2 as a resource in developing its Three-Year Plan. | <ul style="list-style-type: none"> While referenced, no clear indication that all available savings were pursued | |
| Unlocks Capital and Effectively Uses Funding Sources | | |
| <ul style="list-style-type: none"> ... shall include a Section outlining and discussing new strategies to make available the capital needed to effectively overcome barriers to implement projects in addition to direct financial incentives provided in order to cost-effectively achieve the LCP mandate. Such proposed strategies shall move beyond traditional financing strategies and shall include new capital availability strategies and partnerships that effectively overcome market barriers in each market segment. | <ul style="list-style-type: none"> Referenced in part, but limited evidence in new areas for financing; unclear on impacts of RIIB – Efficient Building Fund | |
| Integration of Gas and Electric Energy Efficiency Programs | | |
| <ul style="list-style-type: none"> ... shall address how the distribution company plans to <u>integrate gas and electric</u> EE programs | <ul style="list-style-type: none"> Opportunities still exist to bundle and package measures and services | |
| Strategies to Achieve Targets | | |
| <ul style="list-style-type: none"> ... be developed to propose strategies to <u>achieve the energy efficiency savings targets</u> that shall be proposed by the Council and approved by the PUC for that three-year period. | <ul style="list-style-type: none"> The Plan does not approach the savings identified in the Targets | |
| Investments on Behalf of All Customers | | |
| <ul style="list-style-type: none"> EE investments shall be made on behalf of <u>all customers</u>. This will ensure consistency with existing program structure under which all customers pay for, and benefit from RI's efficiency programs | <ul style="list-style-type: none"> While the portfolio nominally covers most, the limitations on the proposed savings and budgets will leave many unserved | |
| Efficacy | | |
| <ul style="list-style-type: none"> All efforts to establish and maintain program capability shall be done in a manner that ensures quality delivery and is economical and efficient. The distribution company shall include wherever possible and practical partnerships with existing educational and job training entities. | <ul style="list-style-type: none"> General language on intent, but more detail required to quantify and assure enactment | |
| Parity Among Sectors | | |
| <ul style="list-style-type: none"> While it is anticipated that rough parity among sectors can be maintained, as the limits of what is cost-effective are identified, there may be more efficiency opportunities identified in one sector than another. ... shall design EE Plans to capture all resources that are cost-effective and lower cost than supply. The distribution company | <ul style="list-style-type: none"> Given the identified range of untapped savings, opportunities exist to rebalance portfolio if budgets are to be limited | |

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| shall consult with the Council to address ongoing issues of parity. | | |
| Cost-Effectiveness | | |
| <ul style="list-style-type: none"> ... shall propose a portfolio of programs that is <u>cost-effective</u>. The portfolio must be cost-effective, and programs must be cost-effective. | <ul style="list-style-type: none"> - Cost-effective at Programs and Portfolio levels | |