EERMC Presentation

Discussion of Comments on 2023 Draft Plan

August 18, 2022

Major Themes of Comments

Rhode Island Energy™
a PPL company

1. Carbon Accounting
2. Meeting Act on Climate Goals
3. Fund Balance
4. Cost-Effectiveness Results/TRC
5. Gas Equipment Incentives

Carbon Accounting

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Stakeholder Feedback	Company Response
Several aspects of how emissions were accounted for in the plan: 1. Report lifetime emissions reductions rather than annual emissions reductions 2. Report net and gross emissions reductions rather than just gross reductions 3. Report the 2023's plan contributions to reductions in 2030	1. Lifetime emissions may not be a useful metric Also, they require more extensive electricity sector modeling to predict, as the emissions intensity of electricity generation will change over time. 2. Gross emissions is relevant for meeting AoC targets until attribution for carbon reductions becomes more important. 3. The Company will report on 2023 and 2030 carbon reductions in the 2023 Year End Report and will discuss with parties how to do this. Without more extensive modeling about generation mix, it is impossible to predict how reductions in 2023 will affect emissions in 2030.

Meeting Act on Climate Goals through Energy Savings

Stakeholder Feedback	Company Response
Ensure that the plan is working toward meeting the Act on Climate goals of **80% below** 1990 emission levels by **2040** and **net-zero** economy-wide emissions by **2050.**	1. Acknowledge the importance of the AOC in the plan, such as section 5.3, and commit to setting energy reduction targets in the future in line with the state goals and to report GHG emissions reductions in quarterly and annual reports. 2. Suggest updating the social cost of carbon (SCC) used in the plan to reflect an updated set of assumptions. 3. Suggest including carbon benefits in the PIM calculation to better align carbon reduction strategy with benefits maximization.

Fund Balance

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Stakeholder Feedback	Company Response
Concerns that the **fund balance forecasts** for 2022 year-end are **high** at $28.1 million for electric and $4.8 million for gas.	Three factors have contributed to the higher than average fund balance: 1. The 2021 year-end fund balance was higher than projected 2. Underspending in 2022 3. $5 million for the RI Infrastructure Bank in 2021 (and $3 million in collections for the 2022 allocation), but the bank has yet to claim those funds. In 2023, both gas and electric charges are projected to be lower than they are in 2022, which will help address the overcollection.

Cost-Effectiveness Results

Stakeholder Feedback	Company Response
Concerns about rising costs as presented in Table 1. Asked RIE to revisit the **total resource costs** (TRC).	The following factors are contributing to high costs and therefore low cost-effectiveness for several programs: 1. Rising costs resulting from inflation and supply chain disruptions 2. Changes to measure lives 3. Issue with the TRC calculation algorithm Plan to correct the algorithm for the TRC by incorporating more real historical data. Together with the update to the SCC, this correction should improve cost-effectiveness.

Gas Equipment Incentives

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Stakeholder Feedback	Company Response
Inquire whether RIE should **phase out or discontinue incentives for gas equipment** to help compliance with the AOC and to avoid locking in fossil-fuel equipment with long measure lives.	As of now, RIE plans to continue providing incentives for efficient gas equipment for the following reasons: 1. Customers will continue to buy gas equipment regardless of the existence of RIE's programs. By providing gas incentives, the EE programs can ensure that they are buying the most efficient gas products available. 2. The PUC has opened a Future of Gas proceeding that will explore solutions. 3. If deployed in 2023, the gas equipment will be retired prior to 2050 and replaced with equipment that will comply with requirements at that time.