

MEMO

CONSULTANT TEAM

TO: Energy Efficiency Council
FROM: EEC Consultant Team
CC: Office of Energy Resources
DATE: August 15, 2024
RE: August EEC Meeting Briefing Memo



PURPOSE OF BRIEFING MEMO

The purpose of this briefing memo is to assist Councilors with digesting the many materials and decisions they may need to make at each meeting. It follows a similar format to the official meeting agenda so Councilors can follow along throughout the meeting. For each agenda item, this memo will highlight key considerations for the Council and clearly indicate what actions (if any) the Council needs to take. The Consultant Team (C-Team) has worked with the Office of Energy Resources (OER) to also incorporate the content that Councilors are used to seeing in the “Recommended Vote Language” document. This ensures the Council has a single point of reference during meetings. This memo will also note any supplemental materials that are provided, but not associated with, specific agenda items. The C-Team and OER welcome any feedback on the format and content.

6. COUNCIL BUSINESS

6A. COUNCIL DISCUSSION AND VOTE ON THE 2025 DRAFT EEC BUDGET PROPOSAL

Key Considerations

- The C-Team and OER developed a budget allocation memo which provides a description of each budget item, how costs were estimated, and why it is within the Council’s statutory authority.
- The Consultant Team has reduced its proposed budget allocation by \$100,000 to \$717,500 to better reflect expected needs known at this time in 2025.
- URI Cooperative Extension submitted an updated Public Events & Outreach proposal with a budget that represents a decrease (from \$100,000 to \$91,250) compared to what the Council saw at its July meeting, which the Education Committee discussed during the August Education Committee Meeting.
- A new item that hadn’t yet been considered may warrant some budget allocation in 2025, which would be for a portion of funding needed to begin work on the next Market Potential Study

Discussion Questions

- Do the modifications to the 2024 Proposed Budget for the Council’s 2025 Proposed Budget align with its interests and priorities?
- Does the Council need more information to support any individual item proposed in the 2025 budget?
- Given the timing of the next Three-Year Plan, does the Council want to request incremental budget and/or shift funding between 2025 budget items to support MPS procurement and vendor costs?

Council Actions

Required Vote

Potential Vote

No Vote

Recommended Vote Language

- **A motion to approve the 2025 EEC Budget Proposal:** A motion to approve the 2025 EEC Budget Proposal as presented by the Council’s Consultant Team, on August 15th, 2024, and to direct the Consultant Team to submit this budget to the utility (Rhode Island Energy) to file with the Public Utilities Commission as a part of the 2025 energy efficiency plan.
- **A motion to approve the 2025 EEC Budget Proposal, with amendments:** A motion to approve the 2025 EEC Budget Proposal as presented by the Council’s Consultant Team, on August 15th, 2024, with the following amendments *{state amendments}*, and to direct the Consultant Team to submit this budget to the utility to file with the Public Utilities Commission as a part of the 2025 energy efficiency plan.

7. PROGRAM OVERSIGHT

7A. RHODE ISLAND ENERGY PRESENTATION ON GAS DEMAND RESPONSE PROGRAM

Key Considerations

- The Company has developed a presentation on the System Reliability Procurement (SRP) investment proposal for a Winter 2024/2025 Gas Demand Response Pilot. Objectives of the pilot are to understand the impacts of gas demand response on customers and the gas system, evaluate cost-effectiveness of gas demand response, and increase participation among commercial and industrial customers.
- The Consultant Team’s current understanding is that the proposal is a continuation of the pilot that the Council endorsed at its October 19, 2023 meeting.

Discussion Questions

- Will Commission rulings on the ConnectedSolutions Plan, which covers electric demand response, impact implementation of or inform future decisions on gas demand response?
- What (if any) changes are proposed compared to the plan that was submitted last year?
- What is the Company’s timeline for providing draft Plan materials, requesting consideration of endorsement, and filing of the Plan with the Commission?
- Has the Company assessed performance of the 2023/2024 period to inform any adjustments for the 2024/2025 period?

Council Actions

Required Vote

Potential Vote

No Vote

7B. CONSULTANT TEAM AND RHODE ISLAND ENERGY PRESENTATION ON 2024 PROGRAM IMPLEMENTATION

Key Considerations

- Given the Company's transition to a new data-reporting platform, the Consultant Team has not had access to detailed electric and gas data reports since April 2024. In the interim, the Company has been able to provide program-level spending and savings achievement through May 2024, which is reflected in the presentation.
- To provide an initial outlook on year-end forecasts, the quantitative information in the presentation replicates forecast charts developed by the Consultant Team. These charts compare portfolio- and program-level performance (year-to-date) to the cumulative monthly performance required to meet planned goals.
- The focus of the presentation is on qualitative updates from the Company on program implementation, including both challenges and successes.
- Preliminary data through May 2024 suggests that both the electric and gas portfolios would fall about 7-10% short of planned savings goals. The pace of spending also suggests that the Company will spend the electric budget but fall about 8% short of spending the gas budget.

Discussion Questions

- Does the Company have any visibility into program performance through Q2?
- Will the limited availability of program data be a detriment to achieving planned goals?
- Does the Company anticipate any issues with data reporting following the transition to its new platform?
- Are project pipelines robust enough to ensure increased activity through the remainder of 2024 to put programs back on track to meet goals?
- How much activity in the gas program is tied to new gas equipment?

Council Actions

Required Vote

Potential Vote

No Vote

7C. RHODE ISLAND ENERGY PRESENTATION ON THE SECOND DRAFT 2025 PLAN DRAFT

Key Considerations

- This presentation covers information on the second draft of the 2025 EE Plan, including sector- and program-level budget and savings and cost of energy efficiency versus cost of supply.
- The presentation indicates minimal quantitative changes from the corrected First Draft to the Second Draft.
- It also includes more details on the justification framework for programs where the cost of energy efficiency exceeds the cost of supply. The framework focuses on prudence of investments, program-specific benefits, customer satisfaction, and use of non-ratepayer funds to support energy efficiency.

Discussion Questions

- What are the key drivers behind the Company’s proposal to reduce electric budgets compared to the 2024 plan across all three sectors?
- How much of the increase in gas program budgets compared to 2024 is tied to new gas equipment?
- Are there any missing components from the proposed justification framework?
- Would a program need to have justification for all of the categories, some of the categories, or just any one category?

Council Actions

Required Vote

Potential Vote

No Vote

7D. CONSULTANT TEAM PRESENTATION ON THE 2025 PLAN DRAFT

Key Considerations

- The Consultant Team presentation provides updates on the review process including a description of analysis to date, pending components of the Plan, and ongoing areas of review.
- The presentation includes updated electric and gas portfolio-level savings, budget, and cost-to-achieve charts
- Qualitative and quantitative highlights from the C-Team’s ongoing review of the Plan materials are included at the sector levels
- The C-Team will continue to review and provide feedback to the Company throughout the planning process and will provide the Company with specific questions related to the benefit-cost models, Technical Reference Manual Database, and Plan Narrative.

Discussion Questions

- What is the status of the Rate and Bill Impacts attachment and model?
- What are the key items the Council would like to see addressed prior to considering endorsement?
- Baseline updates reduce claimable savings, but maintaining incentives results in a much higher cost-to-achieve. Are there instances where it makes sense to reduce incentives due to lower claimable savings?

Council Actions

Required Vote

Potential Vote

No Vote

SUPPLEMENTAL MATERIALS

MONTHLY DATA SNAPSHOT

The Company's process for transitioning from its legacy data-reporting systems to its new one is continuing to take longer than initially expected. The C-Team will begin distributing Monthly Data Snapshots to the Councilors again as soon as possible once the Company's data reporting system transition is complete.

EE BUDGET TRACKER

OER has provided an update to the Council's budget tracker which also includes year-end forecasts.

COUNCIL CALENDAR OF EVENTS

The Consultant Team has provided an update to the Council's Calendar of Events which includes meeting dates, topics, and milestones for planning activities related to the 2025 EE Plan.

INITIAL DRAFT OF SEPTEMBER COUNCIL MEETING AGENDA

An initial draft of the September Council meeting agenda is currently being prepared by OER at the time of publishing this briefing memo. Councilors are welcome to share any feedback once this is shared and posted.