



Consultant Team Initial Review – Final Draft of the 2025 Annual Energy Efficiency Plan

Consultant Team Presentation

Date: September 12, 2024

Note: Content may be updated week of 9/9 leading up to 9/12 Council meeting

Outline



Overview and Key Takeaways

Responsiveness to Council Priorities

Preview of Council Vote

Council Discussion



Overview and Key Takeaways

2025 Plan Final Draft – Materials



Component	First Draft	Second Draft	Final Draft
2025 Annual Plan Main Text	✓	✓	✓
Attachment 1 – Residential & Income Eligible Programs	✓	✓	✓
Attachment 2 – Commercial & Industrial Programs	✓	✓	✓
Attachment 3 – Evaluation, Measurement, and Verification	✓	✓	✓
Attachment 4 – Rhode Island Cost Test	✓	✓	✓
Attachment 5 – Electric Tables	✗	✓	✓
Attachment 6 – Gas Tables	✗	✓	✓
Attachment 7 – Rate and Bill Impacts	✗	✗	✗
Attachment 8 – Demonstrations, Pilots, and Assessments	✓	✓	✓
Attachment 9 – Cross Program Summary	✗	✓	✓
Attachment 10 – Definitions	✗	✓	✓
Attachment 11 – Equity Working Group Report	✗	✓	✓

Company removed Attachment 7 due to a revised approach that no longer necessitated it

Overarching Takeaways



Final Draft of 2025 Annual Plan was distributed on 9/6

- C-Team has begun review, though several more days of review anticipated leading up to Council vote on 9/26
- Outside of minor tweaks, little (if any) changes expected prior to filing on 10/1

Plan is largely responsive to most of the Council's priorities

2024 Lifetime Electric and Gas Savings

- Electric: 9% lower compared to 2023 achievement; 20% lower compared to 2024 Plan
- Gas: 2% lower compared to 2023 achievement; 11% lower compared to 2024 Plan

2024 Electric and Gas Budgets

- Electric: 11% lower compared to 2023 achievement; 14% lower compared to 2024 Plan
- Gas: 17% higher compared to 2023 achievement; 3% higher compared to 2024 Plan



Responsiveness to Council Priorities

Council EE Priorities



Comply with Least Cost Procurement Standards (LCP)

Comply With Act on Climate

Incorporate Stakeholder Input

Ensure Effective & Efficient Development & Review Process

Set Ambitious Annual Plan Savings Goals

Increase Participation in Underserved Communities

Conduct Targeted Workforce Development

Revisit the Cost of Supply Methodology

Framework for Justifying Programs that Exceed Cost of Supply, but Support Other Areas of LCP

Ensure Robust Coordination on Federal Funding Opportunities

Update the Carbon Accounting Methodology Used in the EE Plans

Comply with LCP Standards



High Level – Company clearly documents their interpretation and compliance of each Standard

- Cost-effective, reliable, prudent, environmentally responsible, and lower than the cost of supply

Areas for Potential Improvement

Cost-Effective Standard

- Revisit approach that counts economic impacts as zero in RI Test

Prudency Standard

- Rate and Bill Impacts approach significantly changed

Environmentally Responsible Standard

- Company interpretation allows for continued investment in gas equipment, which many Stakeholders do not agree with

Comply with Act on Climate



Company clearly acknowledges its role in meeting the State's mandates and continues support for quantifying emissions reductions

Commitment to be a partner in the State's development of the 2025 Climate Action Plan

Some notable concerns do remain:

- Increase in planned support for gas equipment
- Decrease in planned support for delivered fuel weatherization services

Incorporate Stakeholder Input



Consultant Team and involved stakeholders submitted more than 500 comments across multiple iterations of the Plan

Company staff demonstrated responsiveness by reviewing and responding to all comments provided

In most cases where changes were not implemented, Company clearly indicated reasons and/or suggested next steps

Effective and Efficient Plan Development and Review Process



Company delivered all iterations of Plan material on time, nearly as expected

- Some issues with First Draft, including missing sections and attachments

Plan Outline Memorandum at beginning of process much improved compared to planning cycle last year

Two drafts with review cycles allowed more time to provide feedback

Equity Working Group Report draft provided prior to final draft completion

Signal Intent to Grow EE Programs



Planned savings and budgets for the 2025 EE Plan generally represent decrease compared to the 2024 Plan and 2023 Actuals

Plan compares 2025 savings goals with EEC Targets and provides qualitative reasons for why goals fall short

Most programs which are highly cost-effective have increased savings and/or budget in 2025 compared to 2023 Actuals and 2024 Plan

– Though decrease for Residential HVAC

Increase Participation by Historically Underserved Customers



Plan includes specific strategies to improve achievement of equitable outcomes and increase participation

- Partnerships with community-based organizations
- Language-access services
- Improved tracking and reporting of program participation

Ongoing and improved collaboration and responsiveness to Equity Working Group recommendations and metrics reporting

No commitment to consider development of an equity-based component to the Performance Incentive Mechanism

Conduct Targeted Workforce Development



Several workforce-development efforts included in Plan

- Address increasing complexity of building systems
- Notable changes in Codes & Standards
- Limited workforce capacity
- Upskilling for existing workers
- Recruitment of new workers

Plan outlines description, target audience, and budget for each planned workforce development activity

Revisit Cost of Supply Methodology



Company developed – with input from Stakeholders – an alternative methodology that is responsive to Commission feedback

Alternative approach and process for development is thoroughly described in the Plan

Company utilized updated Avoided Energy Supply Components in New England (AESC) data sets

Justification Framework



Entire new section of the Plan that supports justification of programs with costs that exceed the cost of supply

Supported by other elements of Least Cost Procurement (LCP) Standards as well as other areas not covered under LCP

Program specific justifications provide clear insight and support for continued delivery

Coordination on Federal Funding



Plan demonstrates ongoing and continued coordination with OER to ensure synergies between RIE and State-run programs

Plan documents RIE efforts to secure other sources of non-state-run federal funding

Update Carbon Accounting Methodology



Plan provides updated methodology on approach for valuing carbon emissions

2024 Plan utilized a Marginal Abatement Cost (MAC) that was set to \$0 after 2033 (when RI needs to be in compliance with its Renewable Energy Standard)

2025 Plan uses MAC beyond 2033 to account for fact that RI is part of a regional grid and that entirety of that grid will not be 100% renewable by 2033



Preview of Council Vote



Council's Responsibility



EEC role and responsibility in potentially endorsing Energy Efficiency Plans as described in the LCP Standards:



*The Council shall vote **whether to endorse** the Annual EE Plan prior to the prescribed filing date.*

*If the Council **does not endorse** the Annual EE Plan, the Council shall document its reasons and submit comments on the Plan it chose not to endorse to the PUC for its consideration in final review of the Plan.*



Summary of Vote Options



1. **Endorse the 2025 Plan.** Endorsement may also list Council's concerns that didn't prevent endorsement but warrant mentioning in the Plan Docket.
2. **Endorse the 2025 Plan** but decline to join any Settlement of the Parties*. Represents a strong statement of the Council's concerns.
3. **Not endorse the 2025 Plan** but indicate that if specific condition(s) are met it would be endorsed.
4. **Not endorse the 2025 Plan** and provide a list of reasons why it was not endorsed for PUC consideration in its final review of the 2025 Plan.

***Settlement of the Parties:** One or more of the parties involved in the Plan development process (e.g. Council, OER, individual stakeholder groups) "sign" on to the Company's filing

Council Member Discussion

