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RIE Gas 2025 DR Pilot SRP Investment Proposal

Energy Efficiency Council Meeting

September 12, 2024

Council's Role in Gas Demand Response Pilot

The LCP Standards require the Company to file all SRP Investment Proposals with the Council

They also give the Council discretion regarding whether to engage in review or formally weigh in

6.3 Guidelines for System Reliability Procurement Plans and Proposals

- A. The Council shall review Three-Year System Reliability Procurement Plans. The Council may review SRP Proposals.
- G. The distribution company shall submit any draft SRP Proposal to the Council and the Division of Public Utilities and Carriers for their review six weeks prior to filing the SRP Proposal with the PUC. The Council may determine its endorsement or opposition, involvement or abstention, or any other level of action related to the filing on a case-by-case basis.

The Council may choose to vote on the Gas DR Pilot proposal today or choose not to vote.
The Council does not have a specified timeline for making this decision in the Standards.

2025 Gas Demand Response Pilot Motivation



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- During the coldest days of the year, upstream or on-system constraints may result in gas demand exceeding pipeline capacity
- The Pilot demonstrates that DR can be an effective measure for reducing peak demand and has the conceptual potential to mitigate capacity constraints on the system, but uncertainty regarding program benefits remain...
 - During the 2023-2024 winter season, enrolled customers fully responded when called upon.
 - However, gas demand response has yet to provide a consistent and reliable level of reduction in gas usage during system peak demand periods due to inconsistent historic performance during called events and low customer enrollment year-over-year.

2025 Gas Demand Response Pilot Motivation, cont.



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- The ongoing conceptual potential for gas demand response to deliver least-cost system benefits supports keeping the momentum of the program going through continuation of the low-cost Pilot so that Rhode Island Energy, the PUC, and stakeholders can continue to evaluate the efficacy of demand response in mitigating system constraints via non-infrastructure investments.
- A 1-year continuation of the Pilot can serve as a bridge between January 1, 2025 and June 1, 2025, the date by which the Company will file a targeted demand response, energy efficiency, and electric heating conversation program for Aquidneck Island with the PUC in compliance with the Rhode Island Energy Facility Siting Board (“EFSB”) for the Old Mill Lane LNG Vaporization Facility.
- Modification to, and expansion of, the Pilot is not warranted at this juncture due to ongoing challenge of low enrollment and the resulting uncertainty regarding the potential for gas demand response to mitigate capacity constraints and defer gas system infrastructure investments.

Program Design – 1 Year Continuation

System Area Focus

- Continue to target Aquidneck Island for 2025

Participants

- Large commercial and industrial customers with firm service

Demand Response Offerings

- *Extended Demand Response (EDR)* – 24-hour demand reduction (10AM on day 1 until 10AM on day 2, Nov. 1st through March 31st), primarily via non-gas backup heating
- *Peak Period Demand Response (PPDR)* – Peak period demand reduction (6AM-9AM, Nov. 1st to March 31st) via non-gas backup heating or thermostat setback

Hourly Peak Reduction & Incentive

- ~40-50 Dth of hourly peak reduction during the winter months
- Customer compensation determined by peak hour reduction (Dth) provided

	PPDR	EDR
Event Duration (hours) (Maximum 6/winter)	3 6AM-9AM	24 10AM-10AM
Capacity Payment (per month)	\$250/peak-hour Dth	\$700/peak-hour Dth
Energy Payment	\$50/Dth	\$7/Dth

Annual Peak Reduction, Budget, and Funding

Annual Peak Reduction Target

- Will continue to be ~27,520 therms in the 2025 program year for large C&I customers
- Any expected incremental peak reductions associated with increased participation by C&I customers during this period will be reflected in the SRP investment proposal

Annual Budget

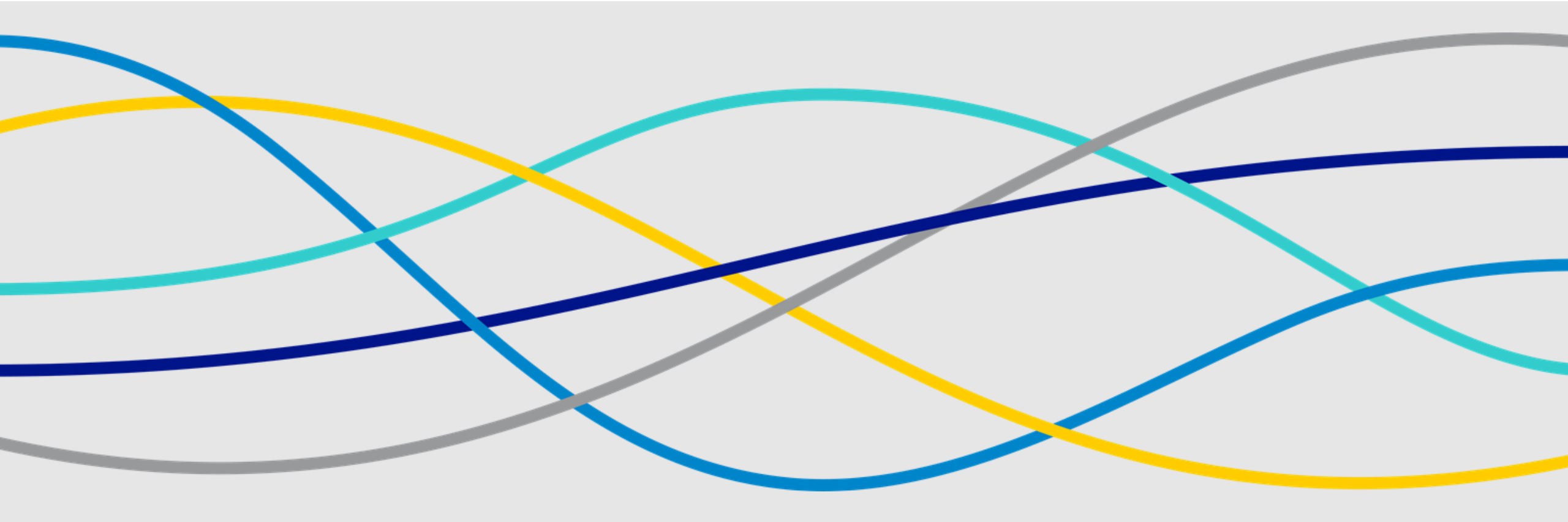
- The annual budget will continue to be ~\$268,042 for the 2025 program year
- Any expected incremental spend associated with increased participation by C&I customers during this period will be reflected in the SRP investment proposal

Funding

- Cost recovery of the budget via the System Reliability Procurement Factor added to the Energy Efficiency System Benefit Charge



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Thank You