



# 2025 EE Plan Docket Engagement Strategy

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Consultant Team Presentation

**Date:** October 17, 2024

# Outline



Regulatory Review Process

Topics and Strategy

Next Steps

Discussion



# Regulatory Review Process

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# What Happens Once Plan is Filed?



## October

- **October 1<sup>st</sup>:** Rhode Island Energy Filed Plan
- **October 22<sup>nd</sup>:** Council's Cost-Effectiveness Report Filed
- **Mid-to-Late October:** Deadline to file for intervention / objections to motions to intervene
- **Late October:** Council testimony and documentation regarding budget ★
- **Ongoing:** Data Requests ★

## November

- **Early-to-Mid November:** Intervenor Pre-filed Testimony/Comments ★
- **Mid November:** Rhode Island Energy Reply Testimony/Comments
- **Ongoing:** Data Requests ★

## December

- **Early December:** Data Request Deadline
- **Mid December:** Commission Hearings ★
- **Mid-to-Late December:** Commission Ruling

★ Opportunities for continued Council input

# Opportunities For Council Input



## Data Requests

- The Council may issue data requests to inform its recommendations and ensure that specific information is highlighted publicly in the Docket

## Pre-Filed Testimony

- Pre-filed testimony allows the Council to raise areas for Commission consideration in the Docket without making a specific recommendation or requested approval

## Recommendations/Requested Approvals in Hearings

- If the Council reaches consensus on an issue and resolution, then it can recommend that the Commission take specific action
  - Example: “The Council requests that the Commission direct the Company to do X,Y,Z”



# Topics to Raise and Docket Strategy

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# Counting Economic Impacts in RI Test BCR



Rhode Island Test Benefit-Cost Ratio (BCR) calculation currently excludes monetized value of all economic impacts due to concerns of double counting

Economic impacts are essentially treated as \$0 in RI Test BCR despite being sizeable

- ~\$200M between Electric and Gas Portfolio in 2025 Plan

Better implementation of RI Test if a sufficiently conservative value was utilized

- Subtracting total value of possibly double-counted categories would be improvement, though imperfect

Company has expressed willingness to discuss, but not for inclusion in 2025 Plan

# Counting Economic Impacts in RI Test BCR



## ★ Data Requests

- What categories of Economic Impacts do not overlap with other quantified benefit streams (i.e., are not “double-counted”) and could count toward total RI Test Benefits?
- Understand the magnitude of economic impacts that are not “double-counted” and could be included in the RI Test Benefits.

## ★ Pre-Filed Testimony

- Discuss history of Economic Impacts in RI, including relevant Council discussions and regulatory hearings that have informed the current framework.
- Discuss importance of including some portion of economic benefits in RI Test BCR
- Present a potential framework for revisiting current framework
- Present methodologies for quantifying Economic Benefits in other jurisdictions as examples.

## Recommendations/Requested Approvals in Hearings

- Direct the Company to work with stakeholders to develop a consensus approach that allows for economic impacts to be counted in future Plans
- Make a specific recommendation for quantifying some portion of economic impacts in the RI Test BCR in future Plans

## ★ Consultant Team Recommendation



# Rate and Bill Impacts



Company changed approach for 2025 Plan based on 2024 Plan hearings

- Not based on a PUC ruling, but on inference that PUC doesn't put much weight into historically used method

New approach is a simplified assessment that includes less granular bill impacts and change in system benefit charge between 2024 and 2025

LCP Standards require Company to provide rate impacts to a range of customer types and usage levels

Previous method has many advantages over new method when evaluating the impact of programs over the long term and across different customer classes

# Rate and Bill Impacts



## ★ Data Requests

- Ask the Company to provide results of Rate and Bill Impacts analysis under the historical method.

## ★ Pre-Filed Testimony

- Compare the historical and new method for Rate and Bill Impacts and discuss pros and cons of each.

## Recommendations/Requested Approvals in Hearings

- Request that the Commission require the Company to file the historically utilized Rate and Bill Impact model and results in all future EE Plans

# Compliance with Act on Climate



2025 Plan reduces support for delivered fuel weatherization services, despite clear evidence that these services are a critical component of the State's ability to meet Act on Climate mandates

*“To achieve the Act [on Climate], all scenarios rely on significant energy efficiency measures, such as building shell retrofits, that **far exceed** the state's rate of adoption today”*

- *Technical Analysis in Future of Gas Docket*

*“While the utilities' efficiency programs support a number of weatherization programs and appliance efficiency standards, these should continue to be **expanded**”*

- *EC4 Act on Climate 2022 Update*

*“Weatherization is a low-risk investment because it is a passive measure and does not rely on operation of equipment, it has measured savings, and savings and benefits from weatherization installed in 2025 will exist for many years **regardless** of the customers' current or future heating fuel type”*

- *2025 EE Plan Justification Framework*

# Compliance with Act on Climate



## ★ Data Requests

- Ask the Company to quantify the level of greenhouse-gas emissions reductions that are being left on the table by reducing support for delivered fuel weatherizations

## ★ Pre-Filed Testimony

- Reference research and analysis from sources referenced on prior slide that illustrate the importance of weatherizing homes in meeting Act on Climate emissions mandates
- Highlight concerns regarding level of support for new gas equipment

## Recommendations/Requested Approvals in Hearings

- Recommend specific quantities (e.g. maintain levels from 2024 Plan) for delivered-fuel weatherization projects
- Recommend reduction (or elimination) of support for specific gas equipment measures

## ★ Consultant Team Recommendation

# Equity-based Performance Incentive



Company led effort to work with Stakeholders to discuss, vet, and if deemed appropriate, propose a performance incentive mechanism (PIM) that includes a discrete equity component a priority of the Council for past two years

C-Team recommended the Company adopt a roadmap in testimony of 2024 Plan and again in comments provided on 2025 Plan

- Year 1: Gather a set of measurable equity metrics to establish a baseline
- Year 2: Set non-binding, quantitative goals that would be assessed against Year 1 baseline
- Year 3: Set binding goals which would be incorporated into the PIM as a service quality adjustment with an agreed-upon dollar amount placed at risk against achievement of goals

Plan does not include a road map, nor does it include a commitment to develop one

Development (and implementation) of a roadmap would send clear signal of the importance of delivering energy efficiency programs equitably

- MA and CT have each had components of PIM tied to equity efforts since 2022

# Equity-based Performance Incentive



## ★ Data Requests

- Gather interest from all intervenors about whether or not they see value in an equity-based component to the performance incentive mechanism (PIM)
- Request from intervenors an assessment of what an appropriate timeline might be for establishment
- Gather feedback on the roadmap that the C-Team recommended last year

## ★ Pre-Filed Testimony

- Document Council and Equity Working Group (EWG) discussion regarding equity metrics and their application in a PIM, in addition to equity-based PIMs used in other jurisdictions.

## ★ Recommendations/Requested Approvals in Hearings

- Recommend the Commission to direct the Company to establish a roadmap for the development and utilization of an equity-based component of the PIM

## ★ Consultant Team Recommendation

# Emergency Heating System Replacements



In prior years, the Company has coordinated funding with RI Department of Human Services (DHS) for emergency replacements of failed heating systems for income-eligible customers.

2025 Plan proposes to continue this for delivered fuels systems, but at a significantly lower amount than what has been planned for historically

Councilors expressed concerns that RI DHS will be unable to support these emergency replacements at reduced level of coordinated support

While such projects will drive continued usage of fossil fuels, these are emergency replacements that are essential for customer health and safety during heating season

# Emergency Heating System Replacements



## ★ Data Requests

- Historical plan vs. actual spending on emergency heating system replacements
- Historical plan vs. actual number of emergency heating system replacements
- Historical list of emergency heating system replacements and breakdown of funds allocated from Company vs. DHS/other sources of funding

## ★ Pre-Filed Testimony

- Highlight Council understanding of the issue and flag concerns regarding the potential downfalls if there is not sufficient funding allocated towards emergency heating system replacements

## Recommendations/Requested Approvals in Hearings

- Recommend that the PUC direct the Company to maintain a level of funding sufficient to support emergency replacements based on historical data and anticipated need.





# Next Steps

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# Next Steps



## Consultant Team will draft pre-filed testimony

- Council involvement in Plan development and review leading up to its endorsement
- Reflects outcome of Council discussion on topics presented today

Consultant Team will share draft of pre-filed testimony and solicit feedback from Councilors individually

Consultant Team will work with Council's legal team to submit pre-file testimony in accordance with the Docket procedural schedule

Consultant Team will issue, as appropriate, data requests in the Docket

# Council Discussion

