



# Consultant Team Cost-Effectiveness Report 2025 Annual Energy Efficiency Plan

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Consultant Team Presentation

**Date:** October 17, 2024

# Outline



Council Requirements

Report Development

Report Findings

Discussion & Vote



# Council Requirements

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# Council's Responsibility



Pursuant to the Least Cost Procurement Standards:



*The Council shall prepare memos on its assessment of the cost effectiveness of the EE Plans, pursuant to R.I. Gen. Laws §39-1-27.7(c )(5), and submit them to the PUC no later than three weeks following the filing of the respective EE Plans with the PUC, or in accordance with the procedural schedule set in the applicable docket.*





# Report Development

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# Completing Review for Final Report



## Consistent oversight of planning and implementation

- Energy Efficiency Technical Working Group and associated workstreams
- Ongoing review of multiple iterations of 2025 EE Plan documents

## Regular engagement in program design and evaluation work

- Sector strategy and Evaluation, Measurement and Verification (EM&V) monthly meetings
- Program and EM&V study review and feedback

Final review of Benefit-Cost Ratio (BCR) Models for accuracy, completeness, and appropriate updates associated with recent evaluation work

Review analysis of Cost of Supply



# Report Findings



# Cost-Effectiveness Finding



All programs in both the electric and gas portfolios are cost-effective according to the RI Cost Test

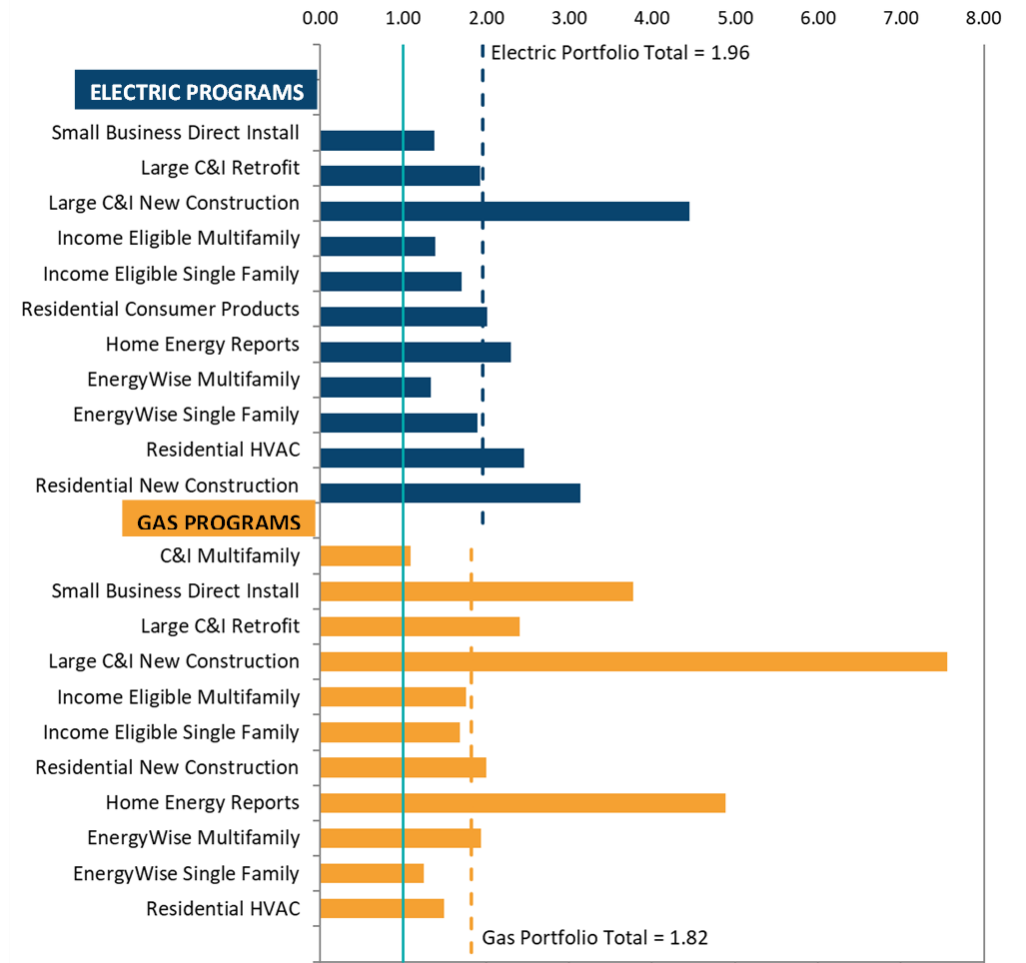
## 2025 Electric Portfolio

– 1.96 RI Test BCR

## 2025 Gas Portfolio

– 1.82 RI Test BCR

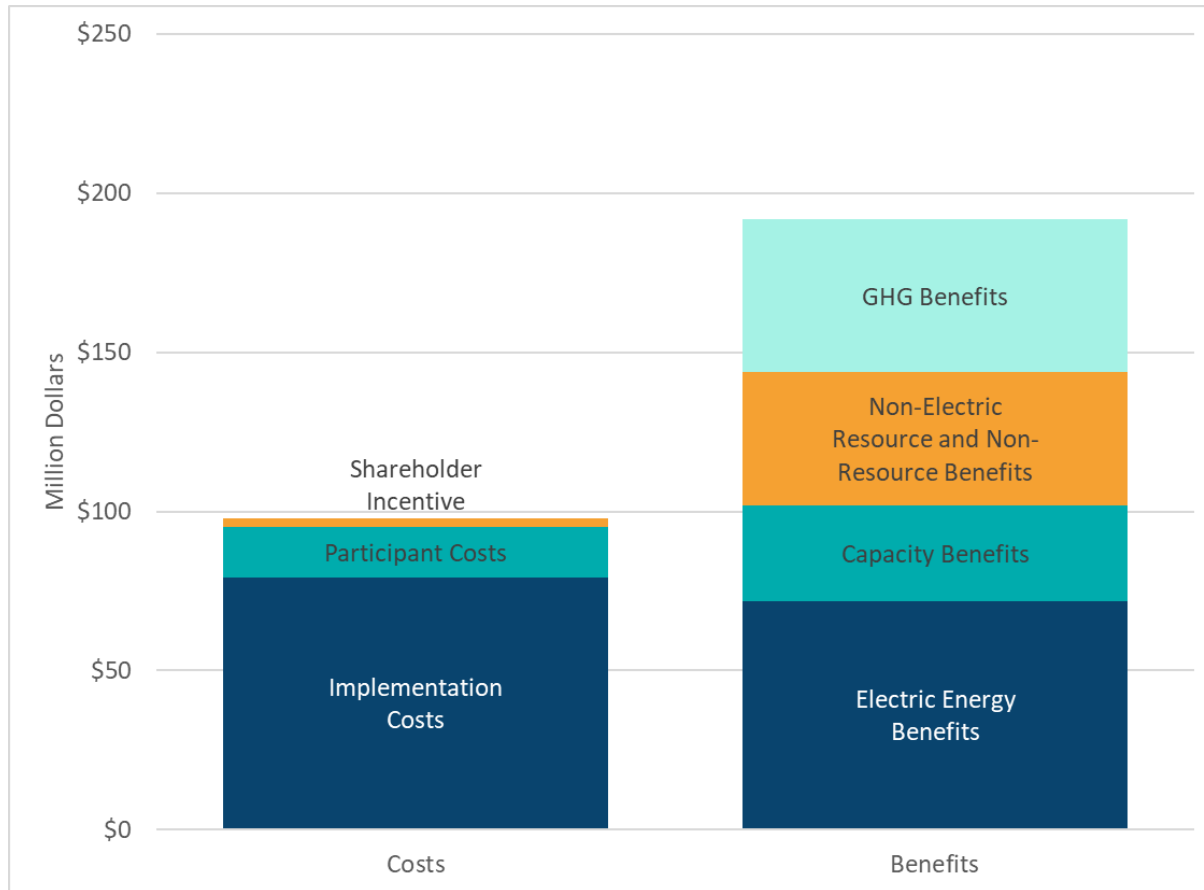
Figure 1. RI Test Benefit Cost Ratios by Program (2025)



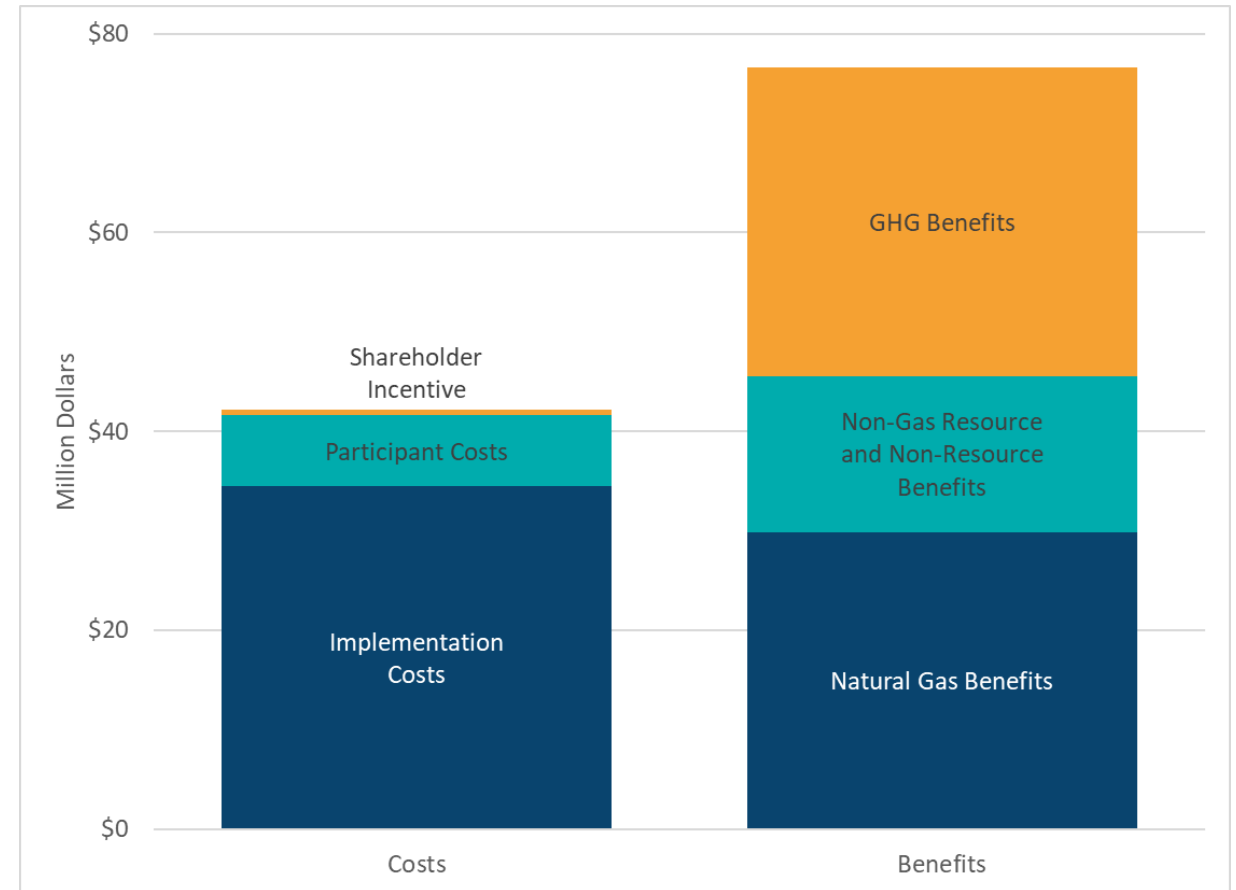


# Visual Representation of Costs vs. Benefits

**Figure 2. 2025 Planned Electric Costs and Benefits**



**Figure 3. 2025 Planned Gas Costs and Benefits**



# Additional Cost-Effectiveness Lens



LCP Standards updated in 2023 require the Company to assess cost-effectiveness when considering benefits and costs allocated between RI Energy and other jurisdictions

**All programs and portfolios are still cost-effective**, even when removing costs and benefits that occur outside of the Company’s jurisdiction from RI Test BCR calculation

Table 1. RI Test and RI Test (Intrastate) BCR Values

Portfolio	RI Test	RI Test (Intrastate)
Electric	1.96	1.70
Gas	1.82	1.64

# Cost of Supply Assessment



## Four scenarios conducted by the Company

- Total – Aligns with historical practice of including all categories for the cost of supply and cost of energy efficiency
- Intrastate with Delivered Fuels and Participant Costs
- Intrastate without Delivered Fuels and with Participant Costs
- Intrastate without Delivered Fuels and without Participant Costs

**All scenarios** result in a finding that the electric and gas portfolios are less than the cost of supply

Some programs have costs that exceed the cost of supply, but are well supported by the Justification Framework

# Cost of Supply Assessment



Electric Portfolio	Total	Intrastate w/ Delivered Fuels w/ Participant Costs	Intrastate w/o Delivered Fuels w/ Participant Costs	Intrastate w/o Delivered Fuels w/o Participant Costs
Cost of Supply (\$M)	\$168.5	\$143.3	\$118.4	\$118.4
Cost of EE Programs (\$M)	\$98.1	\$98.1	\$98.1	\$81.9
Difference (\$M)	<b>\$70.4</b>	<b>\$45.2</b>	<b>\$20.3</b>	<b>\$36.4</b>

Gas Portfolio	Total	Intrastate w/ Delivered Fuels w/ Participant Costs	Intrastate w/o Delivered Fuels w/ Participant Costs	Intrastate w/o Delivered Fuels w/o Participant Costs
Cost of Supply (\$M)	\$61.9	\$54.5	\$54.5	\$54.5
Cost of EE Programs (\$M)	\$42.2	\$42.2	\$42.2	\$35.0
Difference (\$M)	<b>\$19.6</b>	<b>\$12.3</b>	<b>\$12.3</b>	<b>\$19.5</b>

# Discussion and Vote Language



## Without Amendments

- A motion to approve the cost-effectiveness report as currently written and to direct its Consultant Team and Legal Representatives to submit the report to the PUC by the October 22, 2024 deadline.

## With Amendments

- A motion to approve the cost-effectiveness report as currently written with the following amendments {state amendments}, and to direct its Consultant Team and Legal Representatives to submit the report to the PUC by the October 22, 2024 deadline.