

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

**IN: REVIEW OF RHODE ISLAND)
ENERGY'S ANNUAL ENERGY)
EFFICIENCY PLAN FOR 2025)**

DOCKET NO. 24-39-EE

**JOINT PRE-FILED DIRECT TESTIMONY
OF
CRAIG JOHNSON AND ADRIAN CAESAR**

**SUBMITTED ON BEHALF OF
THE RHODE ISLAND
ENERGY EFFICIENCY AND RESOURCE MANAGEMENT COUNCIL**

NOVEMBER 15, 2024

1 **I. INTRODUCTION**

2 **CRAIG JOHNSON**

3 **Q. Please state your name and business address.**

4 A. I am Craig Johnson. My business address is: Optimal Energy, an NV5 Company,
5 225 Dyer St 2nd Floor, Providence, RI 02903.

6 **Q. On whose behalf are you testifying?**

7 A. I am testifying on behalf of the Rhode Island Energy Efficiency and Resource
8 Management Council (EERMC).

9 **Q: Please summarize your work with the EERMC (“the Council”) relevant to**
10 **your role providing testimony in this docket.**

11 A: I am a Senior Consultant at Optimal Energy, an NV5 Company, the prime
12 contractor for the Council’s Consultant Team (C-Team). I have been a member of
13 the C-Team since 2014 and have been the project manager since June 2024. I
14 have represented the Council in past dockets related to energy efficiency plans. I
15 have worked in close collaboration with the Council throughout the 2025 Annual
16 Energy Efficiency Plan (“2025 Plan” or “the Plan”) development process and had
17 overall responsibility for the C-Team’s review of the 2025 Plan, including review
18 of the residential and income eligible components of the Plan. I was also the co-
19 author for the Council’s *Cost-Effectiveness Report: Rhode Island Energy’s 2025*
20 *Energy Efficiency Plan* which was filed with the Public Utilities Commission
21 (PUC or “the Commission”) in this same Docket.

22

23 **Q: What is the purpose of your Testimony in this proceeding?**

24 A: The purpose of my testimony is to summarize the Council’s process for engaging
25 in the development of the 2025 Plan and to describe aspects of the Plan which the
26 Council would like to raise for consideration by the Commission in this Docket.

27

28 **ADRIAN CAESAR**

29 **Q. Please state your name and business address.**

1 A. I am Adrian Caesar. My business address is: Optimal Energy, an NV5 Company,
2 225 Dyer St 2nd Floor, Providence, RI 02903.

3

4 **Q. On whose behalf are you testifying?**

5 A. I am testifying on behalf of the Rhode Island EERMC.

6 **Q: Please summarize your work with the Council relevant to your role**
7 **providing testimony in this docket.**

8 A: I am a Consultant at Optimal Energy, an NV5 Company, the prime contractor for
9 the Council's C-Team. I have been a member of the C-Team since 2019, and I
10 have represented the Council in past dockets related to energy efficiency plans. I
11 have worked in close collaboration with the Council throughout the 2025 Plan
12 development process and oversaw the review of commercial and industrial (C&I)
13 and evaluation, measurement, and verification (EM&V) components of the Plan. I
14 was also the co-author for the Council's *Cost-Effectiveness Report: Rhode Island*
15 *Energy's 2025 Energy Efficiency Plan* which was filed with the Commission in
16 this same Docket.

17

18 **Q: What is the purpose of your Testimony in this proceeding?**

19 A: The purpose of my testimony is to summarize the Council's process for engaging
20 in the development of the 2025 Plan.

21

22 **II. ENGAGEMENT IN 2025 PLAN DEVELOPMENT PROCESS**

23 **Q: Can you describe how the Council engaged in Rhod Island Energy's (RIE or**
24 **"the Company") 2025 Plan development process?**

25 A: The Council's engagement in the Company's 2025 Plan development process
26 began with the January 25, 2024, Council Meeting, which focused on discussion
27 of the Council's Priorities for the 2025 Plan. The Council's engagement continued
28 throughout 2024 as it engaged in review of the 2025 Plan Outline Memorandum,
29 the First, Second, and Third Drafts of the 2025 Plan, and the Equity Working
30 Group (EWG), all leading up to the filing of the 2025 Plan on October 1, 2024.

31

1 **Q: Can you explain the Council’s process for developing its Priorities for the**
2 **2025 Plan (2025 Council Priorities)?**

3 A: At its January 25, 2024 Meeting (Exhibit 1)¹, building on its Priorities for the
4 2024-2026 Three-Year Energy Efficiency Plan (Exhibit 20), the Council received
5 a presentation from its C-Team (Exhibit 21) reviewing factors that should
6 influence 2025 Plan design. These factors included Least Cost Procurement
7 (LCP), Act on Climate, PUC rulings on the 2024-2026 Three-Year Plan and 2024
8 Annual Plan, legislative and policy trends, recent program performance, and
9 outstanding comments on the 2024-2026 Three-Year Plan and 2024 Annual Plan.

10

11 At its February 15, 2024 meeting (Exhibit 22)², the Council received a
12 presentation (Exhibit 23) from the C-Team regarding ongoing Priorities from the
13 2024-2026 Three-Year and 2024 Annual Plans, in addition to new areas of focus
14 in the 2025 Council Priorities that centered on Priorities at the intersection of
15 Council and Commission interests. The Council identified the Cost of Supply
16 methodology, justification for programs that exceed the Cost of Supply, federal
17 funding coordination, and carbon accounting methodology as areas of focus at the
18 intersection of Council and PUC interests. A first draft memo covering these
19 priorities (“priorities memo”) was also included as a meeting material for
20 Councilor review (Exhibit 24).

21

22 At its March 21, 2024 Meeting (Exhibit 25)³, the Council received an updated
23 presentation (Exhibit 26) from the C-Team as well as a second draft of priorities
24 memo (Exhibit 27). Following the presentation and discussion, the Council voted
25 to approve its Priorities for the 2025 Plan. These Priorities included compliance
26 with the LCP Standards (“the Standards”), compliance with the Act on Climate,
27 incorporating stakeholder input on the 2025 Plan, ensuring an effective and
28 efficient Plan development and review process, setting ambitious energy savings

¹ See Section 6c in Exhibit 1

² See Section 6c in Exhibit 22

³ See Section 5b in Exhibit 25

1 goals, increasing participation in underserved communities, conducting targeted
2 workforce development, revisiting the Cost of Supply methodology, justifying
3 programs that exceed the Cost of Supply but support other areas of the Standards,
4 robust coordination on federal funding opportunities, and updating the carbon
5 accounting methodology used in the 2025 Plan. The C-Team then presented the
6 Council's 2025 Plan Priorities at the March 28, 2024 Energy Efficiency Technical
7 Working Group Meeting.

8

9 **Q: Can you explain the Council's process for reviewing the Company's 2025**
10 **Plan Outline Memorandum?**

11 A: On April 5, 2024, the Company shared the 2025 Plan Outline Memorandum
12 (Exhibit 28), which documented the structure of the 2025 Plan, listed all expected
13 Plan attachments, and highlighted strategies for program design and
14 implementation. At its April 18, 2024 Meeting (Exhibit 4)⁴, the Council received
15 a presentation from the Company summarizing the 2025 Plan Outline
16 Memorandum (Exhibit 29). The C-Team shared the Council's comments on the
17 2025 Plan Outline Memorandum with the Company on April 26, 2024. At its May
18 16, 2024 meeting (Exhibit 6)⁵, the Council discussed a memo (Exhibit 30)
19 summarizing these comments; the memo assessed the Company's overall
20 strategic philosophy to implementation during 2024-2026, principles of program
21 design identified in the Standards, and sector-specific feedback based on content
22 in the 2025 Plan Outline Memorandum. The Council also received a presentation
23 from the Company with updates on 2025 Plan activities (Exhibit 31).

24

25 **Q: Can you explain the Council's process for reviewing the First Draft of the**
26 **Company's 2025 Energy Efficiency Plan?**

27 A: The Company shared the First Draft 2025 Plan Narrative on June 5, 2024, along
28 with the following Plan attachments:

29

- Attachment 1 – Residential & Income Eligible Programs

⁴ See Section 6a in Exhibit 4

⁵ See Section 7b in Exhibit 6

- 1 • Attachment 2 – Commercial & Industrial Programs
- 2 • Attachment 3 – Evaluation, Measurement, & Verification (EM&V) Plan
- 3 • Attachment 4 – Rhode Island Test Description
- 4 • Attachment 8 – Demonstrations, Pilots, & Assessments (DPAs)
- 5 • Attachment 9 – Cross-Program Summary

6

7 At its June 20, 2024 meeting (Exhibit 8)⁶, the Council received presentations from
8 the Company (Exhibit 32) and the C-Team (Exhibit 33) on the First Draft 2025
9 Plan Narrative and reviewed concerns with its content. The Council’s primary
10 concerns included lack of completeness, as several sections were left blank or
11 omitted key details, inconsistency between parallel sections of the Main Text,
12 lack of a program justification framework related to the Cost of Supply, and
13 incomplete or missing Plan Attachments.

14

15 The Company shared First Draft 2025 Plan Benefit Cost Ratio (BCR) Models on
16 July 3, 2024 and Technical Reference Manual (TRM) Database on July 5, 2024,
17 which enabled detailed quantitative review of the First Draft 2025 Plan. The
18 Council’s quantitative review aims to assess portfolio- and sector-level savings
19 and spending, accuracy and reasonableness of measure-level inputs, program
20 cost-effectiveness, alignment between the Plan Narrative and BCR Models, and
21 whether outputs of the BCR Models reflect stakeholder input and priorities. At its
22 July 18, 2024 Meeting (Exhibit 12)⁷, the Council received presentations from the
23 Company (Exhibit 34) and C-Team (Exhibit 35) reviewing quantitative elements
24 of the Plan. Prior to this meeting, the Company indicated that it identified errors
25 in the First Draft BCR Models and shared a Corrected First Draft with the
26 Council’s C-Team. These errors resulted in a notable overstatement of planned
27 electric and gas savings, mainly in the C&I sector.

- 28 • First Draft Lifetime Electric Portfolio Savings: 686,529 MWh
- 29 • Corrected Lifetime Electric Portfolio Savings: 615,198 MWh

⁶ See Sections 7b, 7c, and 7d of Exhibit 8

⁷ See Sections 8b and 8c in Exhibit 12

- 1 • First Draft Lifetime Gas Portfolio Savings: 3,670,815 MMBtu
- 2 • Corrected Lifetime Gas Portfolio Savings: 2,801,701 MMBtu

3
4 The Council review covered quantitative highlights, cost of supply, and select
5 sector highlights on topics such as weatherization, gas heating and hot water
6 equipment, and share of C&I savings from lighting versus non-lighting measures.

7
8 The Council's C-Team shared compiled feedback on the First Draft 2025
9 Narrative with the Company on June 28, 2024, with data-related comments and
10 questions on the First Draft BCR Models being provided on July 24, 2024. In
11 total, the Council provided about 350 comments on the Narrative and 50 data-
12 related questions on the First Draft 2025 Plan. The Company responded to
13 virtually all comments on the First Draft with comprehensive responses and
14 flagged suggestions to be implemented or considered in future planning cycles.
15 The Company also noted that Attachment 11 (Equity Working Group
16 Recommendations) was still in development.

17
18 **Q: Can you explain the Council's process for reviewing the Second Draft of the**
19 **Company's 2025 Plan?**

20 **A:** The Company distributed the Second Draft 2025 Plan materials on August 5,
21 2024. The Company shared versions of the 2025 Plan Narrative with tracked
22 changes, an updated TRM Database, BCR Models, Plan Attachments 5 and 6
23 (Electric and Gas Tables) which were not included in the First Draft, and
24 responses to the Council's data-related questions on the First Draft 2025 Plan. At
25 its August 15, 2024 meeting (Exhibit 16)⁸, the Council received presentations
26 from the Company (Exhibit 36) and C-Team (Exhibit 37) focused on quantitative
27 comparisons to previous Plans and actual performance, changes between plan
28 drafts, improvements from the First Draft, and remaining areas for improvement.
29 In response to Council feedback on the First Draft, the Company shared, or added
30 content to, missing components of the Plan, incorporated more details on equity

⁸ See Sections 7c and 7d in Exhibit 16

1 strategy and a structure to integrate EWG recommendations, and developed a
2 comprehensive framework for justifying programs with costs exceeding the cost
3 of supply using the Standards.⁹ The Council also highlighted concerns regarding
4 the shift from a detailed “Rate and Bill Impacts” model to a simplified analysis of
5 “Bill Impacts” that was no longer included as a discrete Plan Attachment
6 (previously Attachment 7). The C-Team submitted about 200 narrative comments
7 and 80 data-related questions on the Council’s behalf on the Second Draft 2025
8 Plan.

9

10 **Q: Can you explain the Council’s process for reviewing the Third Draft of the**
11 **Company’s 2025 Plan?**

12 A: The Company distributed the Third Draft 2025 Plan¹⁰ materials on September 6,
13 2024. At its September 12, 2024 meeting (Exhibit 18)¹¹ the Council received
14 presentations from the Company (Exhibit 38) and the C-Team (Exhibit 39) on
15 2025 Plan updates. The C-Team’s presentation reviewed portfolio-level savings
16 and budgets and assessed the degree to which the Third Draft addressed Council
17 Priorities. The Council identified areas for improvement related to cost-
18 effectiveness, rate and bill impacts, environmental responsibility, equity-based
19 component of the performance-incentive mechanism, and compliance with the
20 Act on Climate. In addition, the Council also determined that the Plan included
21 several improvements related to the Council Priorities such as specific strategies
22 to reach underserved communities, collaboration with the EWG, detailed
23 workforce development strategy and budgets, coordination of non-ratepayer

⁹ Note that this cost of supply analysis applies a narrow focus that does not capture all the bill impacts from energy efficiency that comes from RI being part of a region that supports energy efficiency as a whole. As required by PUC Order No. 25092 in Docket 23-35-EE, “for any program that has a forecasted cost that is greater than the cost of supply in the intrastate calculation which excludes delivered fuels, the filing should provide a justification for why the specific program should nevertheless be approved, even though the program costs exceed the calculated avoided cost of supply.” This modified cost of supply analysis excludes interstate and delivered fuel impacts, which has the net effect of reduced benefits from energy efficiency relative to the cost of additional energy supply.

¹⁰ This draft represented the final version of the draft that the Council received prior to its consideration for endorsement.

¹¹ See Sections 8b and 8c in Exhibit 18

1 funding opportunities, and a revised justification framework for programs that
2 exceed the cost of supply.

3

4 At its September 26, 2024 meeting (Exhibit 40)¹², the Council received
5 presentations from the Company (Exhibit 41) and the C-Team (Exhibit 42) and
6 conducted final review of the 2025 Plan. The Council discussed responsiveness of
7 the 2025 Plan to its Priorities and potential areas for further exploration in the
8 Plan Docket. Following discussion, the Council voted unanimously to endorse the
9 2025 Plan.

10

11 **Q: Can you describe how the Council engaged with the EWG during its review**
12 **of the 2025 Plan?**

13 A: In order to expand existing efforts and advance its priorities for the 2025 Plan
14 term to increase participation by historically underserved customers, the Council
15 continued engagement with the EWG in a January 30, 2024 kickoff meeting. To
16 facilitate transparent monitoring of equity-focused efforts, the agendas for the
17 January, February, and March EWG meetings included discussion of 2024
18 priority issues and metrics for assessing progress.

19

20 The EWG transitioned into 2025 Plan Development during the June 4, 2024 EWG
21 meeting, where it discussed priorities for 2025 which built on active EWG
22 recommendations. In addition, the EWG conducted separate meetings to develop
23 meeting agendas which allowed EWG members to provide input. These changes
24 represent significant process improvements relative to 2023, during which the
25 Council and other interested parties could not engage with the EWG to discuss
26 recommendations for the 2024 Plan and 2024-2026 Three-Year Plan prior to the
27 Company's distribution of First Draft Plan materials. The Council proposed
28 several strategies for the 2025 Plan to address equity challenges, such as
29 expanded investment in community-based approaches, targeted support for small
30 businesses, and cross-promotion of energy efficiency through Health Equity

¹² See Sections 6a, 6b, and 6c in Exhibit 40

1 Zones. The Company and its third-party vendor that facilitates EWG meetings
2 (Green and Healthy Homes Initiative or “GHHI”) used EWG recommendations
3 from the June 4, 2024 EWG meeting as a basis for initial recommendations for
4 the 2025 Plan.

5
6 The next EWG meeting on July 17, 2024 included review of 2024 Equity Metrics
7 and strategies tied to five equity categories and a prioritization exercise for 2025
8 strategies. Finally, the EWG reviewed the proposed final 2024 EWG Report
9 during the August 22, 2024 EWG Meeting. Council feedback on the 2024 EWG
10 Report largely called for improved structuring and clarity, in addition to
11 recommending the inclusion of clear, actionable strategies to address equity
12 priorities. Overall, alignment of the EWG meeting schedule and development of
13 the 2025 Plan enabled the Council, EWG, and other stakeholders to contribute to
14 the 2024 EWG Report (Attachment 10 in the Company’s 2025 Plan filing) such
15 that the Company could meaningfully incorporate equity-focused
16 recommendations into the 2025 Plan.

17

18 **Q: The Council voted to endorse the Company’s 2025 Plan. Are there any**
19 **specific topics that the Council discussed when endorsing the 2025 Plan that**
20 **it would like to elaborate on?**

21 A: Yes. The Council would like to further elaborate on the following topic areas
22 which did not preclude it from endorsing the 2025 Plan, but nonetheless felt were
23 important to raise for consideration by the Commission in this Docket.

- 24 • Equity-Based Performance Incentive
- 25 • Compliance with Act on Climate
- 26 • Rate and Bill Impacts
- 27 • Economic Impacts in RI Test BCR
- 28 • Delivered Fuel Heating System Replacements

29

30 **Q: What is motivating the Council’s interest in elaborating on the topic of an**
31 **Equity-Based Performance Incentive as part of this Docket?**

1 A: The Council is raising this topic in its testimony as part of this Docket because it
2 has been a priority of the Council for a couple of years which has not been
3 meaningfully addressed.
4

5 **Q: Can you please summarize the Council's priority on this topic area?**

6 A: One of the Council's priorities for the 2024-2026 Energy Efficiency Plan was for
7 the Company to work with relevant parties to discuss, vet, and if deemed
8 appropriate, propose a performance incentive mechanism that includes a discrete
9 equity component in the performance incentive mechanism, such as a service
10 quality adjustment tied to equity goals.¹³ The Council maintained this priority for
11 the 2025 Plan given that a plan to develop a roadmap was not established coming
12 out of Docket 23-35-EE.
13

14 **Q: Has the Council proposed a roadmap for the Company to consider?**

15 A: Yes. When a roadmap, or even a commitment to develop one, was not included in
16 the 2024-2026 Energy Efficiency Plan, the Council flagged this for consideration
17 and proposed a roadmap for the development of such a mechanism in its pre-filed
18 testimony in Docket 23-35-EE.¹⁴ The proposed roadmap referenced in the
19 Council's pre-file testimony consisted of one step in each of the years of the
20 2024-2026 Energy Efficiency Plan:

- 21 • 2024 – Company would gather data to track a set of measurable equity
22 metrics agreed upon by the Company and Plan stakeholders, with the
23 purpose of establishing baseline values for these metrics as a reference for
24 future goal setting.
- 25 • 2025 – Company would set non-binding, quantitative goals based on an
26 updated set of measurable equity metrics agreed upon by the Company

¹³ See page 8 in Exhibit 20

¹⁴ See page 5, lines 1-19 in the Joint Pre-Filed Direct Testimony of Samuel C. Ross, Craig K. Johnson, and Adrian Caesar on behalf of the Council, available online at:
https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2023-11/2335-EERMC-Testimony_11-10-23.pdf

1 and Plan stakeholders, which would use the baseline values from 2024 as
2 a reference to assess the appropriate goal values

- 3 • 2026 – Company would propose a specific goal for a modified set of
4 equity metrics agreed upon by the Company and Plan stakeholders, which
5 would be incorporated into the PIM as a service quality adjustment (using
6 the existing framework which has precedent in current PIM structure) with
7 an agreed-upon dollar amount of PIM earnings placed at risk against the
8 attainment of the specified goal(s). This proposal would be subject to
9 review and final determination by the PUC in the relevant docket.

10
11 **Q: Please describe the Council’s engagement with the Company during the**
12 **development of the 2025 Plan on this matter?**

13 A: On the first draft of the 2025 Plan, the Council’s C-Team asked specifically about
14 a plan for developing a roadmap¹⁵, noted the aforementioned testimony in Docket
15 23-35-EE, and requested that the Company elevate this matter for discussion at an
16 upcoming Technical Working Group meeting. The Company’s response was that
17 the development of a roadmap was an interesting idea and that it was open to
18 discussing, but that it felt that it did not need to be fleshed out in the Plan itself.
19 Rather, the Company suggested initiating discussions early in 2025.

20
21 On the second draft of the 2025 Plan, the Council’s C-Team conceded that the
22 2025 Plan did not need to have a fully developed roadmap, but that it should at
23 least have a commitment to develop one. In providing comments on the second
24 draft, the C-Team noted that when it raised this matter in the previous year, it
25 received a similar response, which was a willingness to engage but with no
26 commitment in the Plan to do so. The response from the Company at this time
27 was that they wanted a concrete proposal for how an equity-based performance
28 incentive mechanism would work to review and react to.

29

¹⁵ This request was echoed by comments from Acadia Center.

1 For a new component of the performance incentive mechanism to be successful,
2 we feel strongly that a concrete proposal should be developed collaboratively with
3 stakeholders, but only once a roadmap including start and end points (similar to
4 those referenced in our testimony in Docket 23-35-EE) is established and
5 committed to by the Company.
6

7 **Q: Please describe the nature and any notable outcomes of data requests issued**
8 **by the Council to other intervenors in this Docket.**

9 A: The Council issued an identical data request to the Division of Public Utilities and
10 Carriers (DPUC or “the Division”) and to Office of Energy Resources (OER)
11 related to this matter. The data request asked each intervenor if it would support
12 the development and adoption of a roadmap for the development of an equity-
13 based performance incentive mechanism.
14

15 At the time of filing this testimony, the Council received a response from the
16 Division on this data request. The Council’s C-Team is still in the process of
17 reviewing the response received from the Division¹⁶ and is also awaiting response
18 from OER. The Council’s C-Team may supplement this testimony at an
19 appropriate time, such as the hearings in December.
20

21 **Q: Does the Council request any rulings of the Commission as it relates to the**
22 **2025 Plan on this matter?**

23 A: Yes. The Council requests that the Commission Order the Company to either (a)
24 adopt the roadmap proposed by the Council in its testimony in Docket 23-35-EE
25 with a one-year lag¹⁷, or (b) develop and propose an alternative roadmap. If an
26 Order from the Commission provides the Company with the ability to propose an
27 alternative roadmap, the Council requests that the Order provide clear guidance to

¹⁶ Response was received within the 10-day response time established for this Docket and after business hours on the day prior to when pre-file testimony was due.

¹⁷ The steps for 2024, 2025, and 2026 would shift to 2025, 2026, and 2027.

1 the Company such that any roadmap developed and adopted may be implemented
2 in 2025 and included in future energy efficiency plans.

3

4 **Q: What is the Council’s interest in Compliance with Act on Climate as part of**
5 **this Docket?**

6 A: The Council is raising this topic in its testimony as part of this Docket because
7 Compliance with Act on Climate is a requirement and priority of the Council. As
8 it relates to this matter, the Council included in its priorities an expectation that
9 the Company would reduce investment in fossil fuel heating equipment and
10 increase investment in weatherization.

11

12 Furthermore, the Council notes that the 2025 Plan proposed a reduction in support
13 for weatherization services, specifically for delivered fuels customers¹⁸, despite
14 clear evidence that these services are a critical component of the State’s ability to
15 meet Act on Climate mandates.

16

17 **Q: What evidence does the Council have to support the notion that**
18 **weatherization services are a critical component of the State’s ability to meet**
19 **Act on Climate mandates?**

20 A: The Council provides the following evidence to support this notion. First, the
21 Executive Climate Change Coordinating Council’s (EC4) Act on Climate 2022
22 Update (Exhibit 43) noted that “While the utilities’ efficiency programs support a
23 number of weatherization programs and appliance efficiency standards, these
24 should continue to be expanded” as one of its top priority actions for the thermal
25 sector.¹⁹ Second, the Technical Analysis Report (Exhibit 44) in the Docket 22-01-
26 NG (“Future of Gas Docket”) states that “To achieve the Act [on Climate], all
27 scenarios rely on significant energy efficiency measures, such as building shell

¹⁸ The Company’s response to DPUC Data Request 2-8 clearly demonstrates this. The response indicates a \$1,806,808 reduction (23.5%) in proposed incentives in 2025 compared to 2024 across residential programs.

¹⁹ See page 8 in Exhibit 43.

1 retrofits, that far exceed the State’s rate of adoption today.”²⁰ Third, the State’s
2 Energy Plan, also known as Energy 2035 (Exhibit 45) notes that “the state should
3 extend the benefits of comprehensive energy efficiency services beyond electric
4 and natural gas customers to all end users in all sectors—namely, delivered fuel
5 heating customers and the transportation sector.”²¹

6
7 Notably, this evidence supports the need to not only provide these services, but
8 that these services need to be expanded. Put another way, a reduction in
9 weatherization services as proposed by the Company’s 2025 Plan, does not
10 comply with the Act on Climate.

11

12 **Q: Is there other evidence that would support not reducing weatherization**
13 **services in the 2025 Plan?**

14 A: Yes. The Company’s 2025 Plan, despite reducing weatherization services,
15 acknowledges that “weatherization is a low-risk investment because it is a passive
16 measure and does not rely on operation of equipment, it has measured savings,
17 and savings and benefits from weatherization installed in 2025 will exist for many
18 years regardless of the customers’ current or future heating fuel type. If a
19 customer electrifies in the future, the benefits of that upgrade would likely
20 become electricity system benefits within the life of the measure and research has
21 shown that residential customers who heat with delivered fuels are more likely to
22 electrify their heat than the average customer.”²²

23

24 **Q: With respect to weatherization services, specifically for delivered fuels**
25 **customers, how could the 2025 Plan be in better support of the Act on**
26 **Climate?**

²⁰ See page 12 in Exhibit 44.

²¹ See page 60 in Exhibit 45.

²² See Bates page 137 in the Company’s 2025 Plan filing.

1 A: The 2025 Plan would better support the Act on Climate if it, at minimum,
2 maintained the level of support for delivered fuel weatherization as was proposed
3 in prior energy efficiency plans.
4

5 **Q: What is the Council’s interest in Rate and Bill Impacts as part of this**
6 **Docket?**

7 A: The Council is raising this topic in its testimony as part of this Docket to flag
8 some of its concerns with respect to the Company’s revised approach for
9 conducting its rate and bill impact assessment.
10

11 **Q: What is the Council’s primary concern with respect to the Company’s**
12 **revised approach?**

13 A: The Council’s primary concern has to do with compliance with the Standards.
14 Section 1.3.E.ii of the Standards states “The distribution company shall provide
15 rate impacts to a range of customer types and usage levels, and shall provide bill
16 impacts...”. The Council’s interpretation of the language in the Standard with
17 respect to different customer types and usage levels should apply at some level to
18 both the rate and bill impacts of the Plan. The Company’s revised approach
19 provides rate and bill impacts at the sector level, which while technically
20 spanning a range of customer types (residential customers are different than C&I
21 customers) and usage levels (residential customers have different usage levels
22 than C&I customers), is less granular than what has been developed and accepted
23 as meeting this Standard in past energy efficiency plans. The reduction in
24 granularity of rate and bill impacts does not seem to be in the full spirit of the
25 Standards as previously noted.
26

27 **Q: Are there other concerns that you would like to provide for the record?**

28 A: Yes. While we acknowledge that the ability to update rate and bill impacts in real-
29 time within the BCR model is a good feature of the new approach, we do not
30 believe it should come at the cost of the following:

- 1 • The previous model had a study period of 20 years for the electric
2 portfolio and 27 years for the gas portfolio. The new method uses an
3 average measure life by sector approach, which averages out at 13 years
4 for the electric portfolio and 16 years for the gas portfolio. Compared to
5 the previous method, this result in a 35% and 40% decrease in the length
6 of time bill impacts are calculated for, for the electric and gas portfolio,
7 respectively,
- 8 • The new method no longer calculates a long-term rate impact with yearly
9 rate impacts, instead only presenting a short-term impact on the energy
10 efficiency rate from 2024 to 2025. Because the new approach only
11 accounts for a one-year rate impact, it also loses a component of the
12 previous model, which was to incorporate assumptions for future rate
13 changes.
- 14 • The new method is unable to separate the impacts from the Home Energy
15 Reports (HER) program from the rest of the residential programs,
16 something that the prior model was able to do. This is important given that
17 the HER program has a one-year measure life, which has the effect of
18 putting downward pressure on sector-level bill impacts. As a result, it is
19 likely that the bill impacts for this sector are underestimated.
- 20 • While the new approach still includes delivered fuel bill impacts in the
21 electric portfolio as it previously had done, these impacts are no longer
22 able to be separated out from the electric bill impacts.

23
24 **Q: What is the Council's interest in Economic Impacts in the Rhode Island Test**
25 **Benefit Cost Analysis (BCA) as part of this Docket?**

26 **A:** The Council is raising this topic in its testimony as part of this Docket to revisit a
27 decision that was previously made in Docket 5189 to exclude economic
28 development benefits from the Rhode Island Test BCA.²³ In the Commission's
29 Report and Order in Docket 5189 (National Grid's 2022 Annual Energy

²³ See PUC Order #24440, at Page 47. https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2022-07/5189-NGrid-2022EEP-Ord24440_7-11-22_2.pdf

1 Efficiency Plan), it was noted that going forward the BCRs that the Company
2 presented should not include the economic benefits but should present those
3 benefits separately.

4
5 One of the drivers that established this practice was concerns raised by the
6 Division around double counting of these benefits. The 2025 Plan speaks to this
7 on Bates page 319, where the Company references an analysis conducted by
8 Synapse Energy Economics on the treatment of macroeconomic benefits of the
9 Rhode Island Community Net Metering program. This analysis recommended
10 that, due to challenges of fully separating benefit streams within macroeconomic
11 benefits from those already included in other benefit categories counted in the RI
12 Test, the results of an economic impact assessment (EIA) should be shown
13 separately from a BCA and that further discussion of the approach to including
14 economic benefits in the RI Test are warranted to refine the estimation of
15 macroeconomic benefits. This eluded to the need for further discussion of the
16 approach, which to date, has not taken place to the best of our knowledge.

17
18 The Council believes that it would be in better spirit of the RI Test to include
19 some amount of economic development benefits in the BCA that represent a
20 sufficiently conservative value that all parties would be comfortable adding to
21 other benefits. This could potentially include something as aggressive as directly
22 subtracting the total value of the possibly double-counted categories from the
23 overall economic benefits.

24
25 **Q: Why is it important to revisit this issue?**

26 A: In addition to the Council's position that inclusion of these benefits in the BCA
27 (as opposed to separately from the BCA) would be in better spirit of the RI Test,
28 the Council's C-Team has observed that in past interactions with the Company
29 during energy efficiency plan development, low program BCRs have occasionally
30 been cited by the Company as reasons to not explore approaches that cost money
31 without providing direct benefits, even if those approaches might help unlock

1 benefits in the future. Providing additional financial support to help customers
2 address costly pre-weatherization barriers before weatherizing their homes is an
3 example of this. If revisiting this issue allows some number of additional benefits
4 to be counted in the BCA, it is possible that those benefits could help support
5 additional funding that programs might not otherwise be able to support.

6
7 Using pre-weatherization as an example, additional funding to support pre-
8 weatherization barrier remediation would help support additional weatherization
9 jobs, which as noted earlier in this testimony, are a critical component of meeting
10 that State's Act on Climate mandate.

11

12 **Q: Please describe the nature and any notable outcomes of data requests issued**
13 **by the Council to other intervenors in this Docket.**

14 A: The Council issued an identical data request to the Company, the Division, and
15 OER related to this matter. The data request asked each intervenor if it would be
16 willing to engage in a process to further discuss the approach of including
17 economic benefits in the RI Test BCA in a timely manner such that the outcomes
18 of those discussions may be included in the 2026 Annual Energy Efficiency Plan.

19

20 At the time of filing this testimony, the Council received responses from the
21 Company and the Division on this data request. The Council's C-Team is still in
22 the process of reviewing the response received from the Company and the
23 Division²⁴ and is also awaiting response from OER. The Council's C-Team may
24 supplement this testimony at an appropriate time, such as the hearings in
25 December.

26 **Q: What is motivating the Council's interest in elaborating on the topic of**
27 **Delivered Fuel Heating System Replacements as part of this Docket?**

28 A: The Council is raising this topic in its testimony as part of this Docket because
29 some Councilors expressed concerns that the Company's proposal to reduce

²⁴ Responses was received within the 10-day response time established for this Docket and after business hours on the day prior to when pre-file testimony was due.

1 support for delivered fuels heating systems replacements by 85% compared to
2 2023 actuals. The cause for this concern is an understanding that some portion of
3 delivered fuel heating system replacements are for emergency situations (e.g.
4 failed system with no heat in the winter months or health and safety issues) and
5 the Council wanted to be sure that the Company's proposal would not have the
6 unintended consequences of putting vulnerable Rhode Islanders at risk of losing
7 heat during the winter months.

8

9 **Q: Please describe the nature and any notable outcomes of data requests issued**
10 **by the Council to other intervenors in this Docket.**

11 A: The Council issued a series of data requests to the Company on this topic to better
12 understand the potential impacts of reduced funding to support these services.
13 Based on a preliminary review of the responses received from the Company, it
14 appears that only about 7% of the total incentives provided by the Company for
15 delivered fuel heating system replacements over the 2021-2023 period were
16 utilized for emergency situations. Based on this preliminary review, it does not
17 appear that the reduction in funding as proposed by the Company in the 2025 Plan
18 would have a significant impact on the primary concern raised by Councilors
19 around available funding for emergency heating system replacements.

20

21 At the time of filing this testimony, the Council's C-Team is still in the process of
22 reviewing the details of the Company's responses to data requests on this matter,
23 and may wish to supplement this testimony at an appropriate time, such as the
24 hearings in December.

25

26 **III. SUMMARY**

27 **Q: Please summarize the testimony you have provided.**

28 A: The purpose of our testimony was to describe the Council's process for engaging
29 in the development of the Company's 2025 Plan, including a high-level overview
30 of the review and feedback provided during the plan development process, a
31 general timeline of when review and feedback was conducted, and the Council's

1 engagement with the EWG. This testimony also includes aspects of the Plan that
2 the Council raises for the Commission's consideration in this Docket around the
3 following topics: Equity-Based Performance Incentive, Compliance with Act on
4 Climate, Rate and Bill Impacts, Economic Impacts in RI Test BCR, and
5 Emergency Heating System Replacements.

6

7 **Q: Does this conclude your testimony?**

8 A: It does.