



2026 Energy Efficiency Plan Priorities

Consultant Team Presentation

Date: January 16, 2025

Outline



Background

Recapping 2025 Plan Priorities

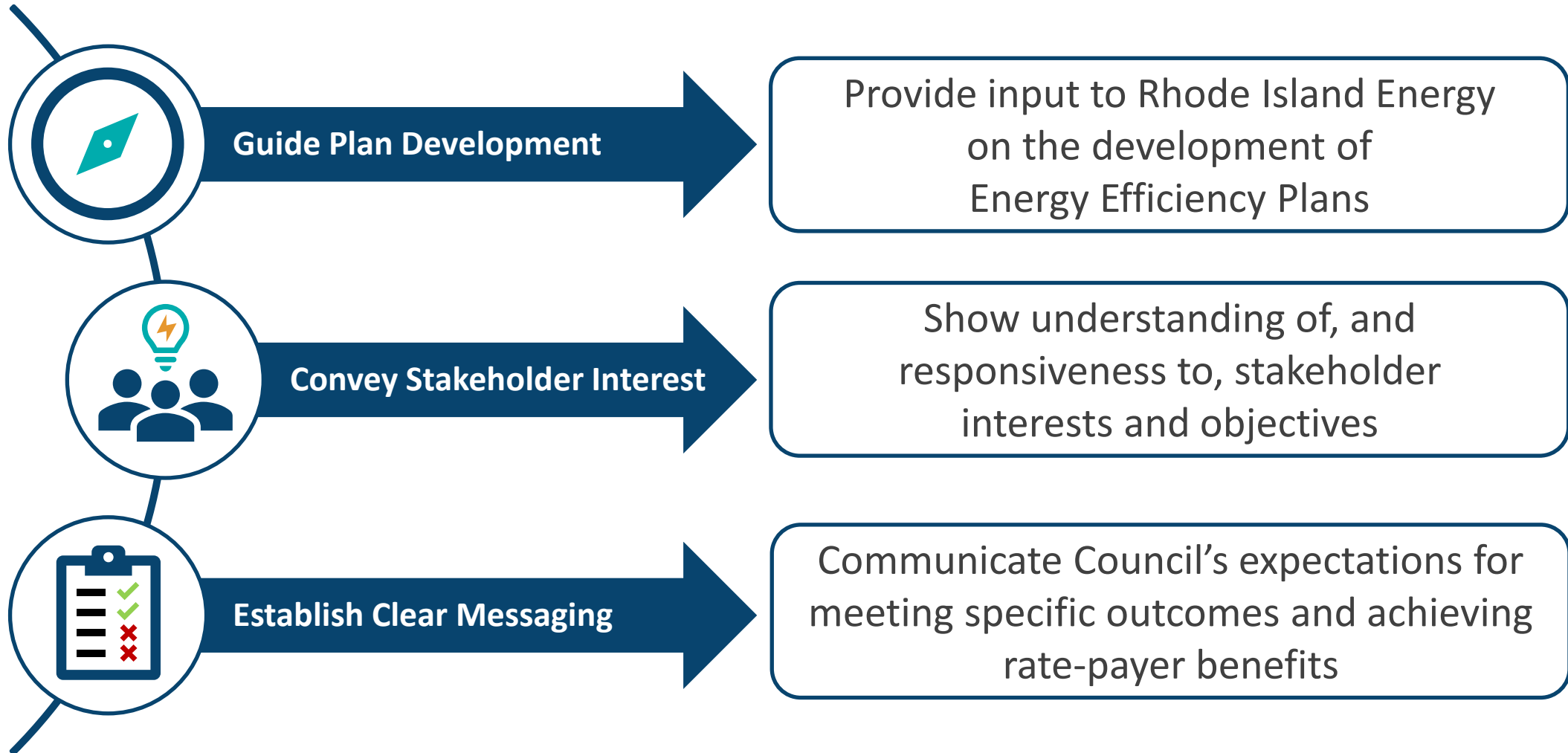
Consideration for 2026 Plan Priorities

Next Steps



Background

Why Set Plan Priorities?



How Are Priorities Used?



Stakeholder Communication

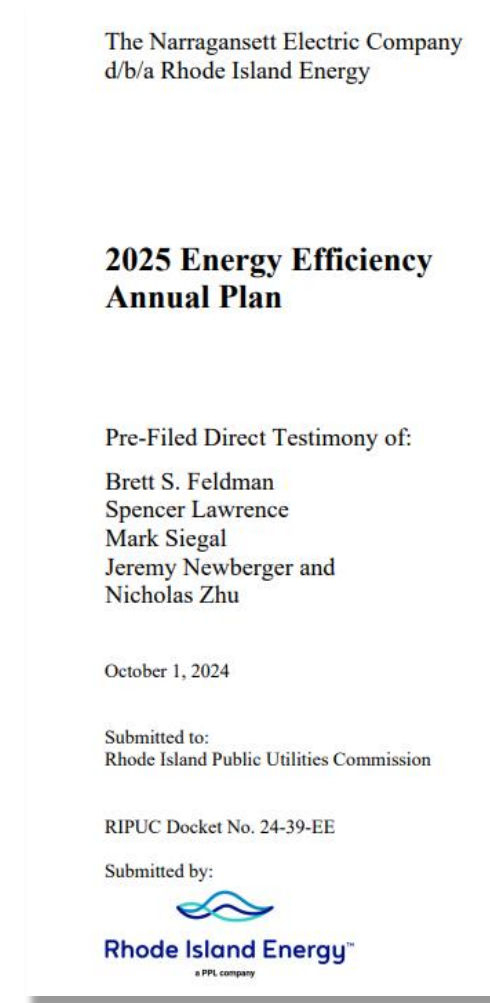
- Presented to Rhode Island Energy’s stakeholder engagement groups, known as Technical Working Groups

Plan Review

- Consistently referenced during C-Team review of Plan drafts and final versions

Regulatory Proceedings

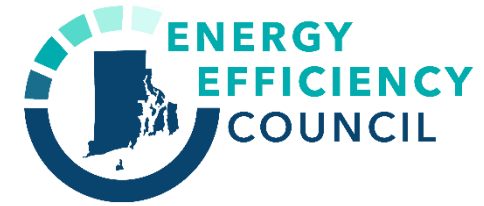
- Often cited in regulatory proceedings in testimony and written comments





Recapping 2025 Plan Priorities

2025 EE Plan Continued 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

Detailed priority strategies included in the Appendix

2025 EE Plan Additional Priorities



Revisit the Cost of Supply Methodology

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

Ensure Robust Coordination on Federal Funding Opportunities

Update the Carbon Accounting Methodology Used in the EE Plans

Detailed priority strategies included in the Appendix



Considerations for 2026 Plan Priorities

2026 EE Plan Additional Priorities

What *recent developments* should factor into 2026 Plan design?

PUC rulings on 2024 Annual Plan

Legislative & Policy Trends

Recent Program Performance

Others?

Other Considerations for Priorities



What *current challenges* are my constituents facing?

How can *energy efficiency play a role* in addressing the challenges I'm seeing?

Can any of our previous priorities *be shifted* to baseline expectations?

How should the 2026 Plan be developed to best *meet the current needs* of my constituents?



Next Steps

Next Steps



January to February: One-on-one meetings

- Council members can discuss potential priorities with the C-Team and provide written comments as materials are being drafted

February: Council receives and discusses First Draft of 2026 Plan Priorities

February/March: Council discusses, refines and votes on 2026 Plan Priorities

March: C-Team presents Council Priorities to EE Technical Working Group

Council Discussion





APPENDIX



2025 EE Plan Priority Strategies

Comply with LCP Standards



- The 2025 EE Plan will comply with the LCP Standards , including any updates to the LCP Standards as may be approved by the PUC, which lay out a clear structure and process for achieving the goals of least cost procurement and define the roles and responsibilities for the different program administration and oversight entities, including clear direction for strategy and planning of annual EE plans.
- Given the clear, outcome-oriented direction provided in the LCP Standards, the 2025 EE Plan should clearly indicate how each Standard is applied.

Comply with Act on Climate



- 2025 EE Plan savings goals will be set consistently with the Act on Climate to ensure EE programs contribute an appropriate share of carbon emissions reductions.
 - Establish a clear barometer for EE program contributions to Act on Climate goals that is more rigorous than recent claims related to producing any amount of GHG emissions reductions, by leading coordination with the Executive Climate Change Coordinating Council (EC4) to determine what will constitute EE program consistency with the Act on Climate and 2025 Climate Strategy.
 - Adjust 2025 Plan goals to align with legislative updates to statewide climate goals in the event that such updates are passed. This includes, but may not be limited to, the 2025 Climate Strategy being developed by EC4 to achieve net-zero emissions by 2050.
- The Company will reduce investment in fossil fuel heating equipment and increase investment in weatherization.
 - The Company will design incentives and programs to encourage electric options over gas, to ensure the Act on Climate net-zero target is met on or before 2050.
 - The Company will design and implement efforts at scales that attract contractors to EE programs and serve entire neighborhoods simultaneously to mitigate additional natural gas infrastructure development.

Comply with Act on Climate (con't)



- The Company will set specific goals for replacing electric resistance space heating and hot water equipment with heat pump technologies.
 - Goals set in the 2025 EE Plan should meet or exceed goals associated with RI Energy’s Electric Resistance Heating to Heat Pump Plan being developed as required by the PUC.
 - The Plan should prioritize replacing electric resistance heating in low- and moderate-income households to reduce their energy burdens. The Company should also target the displacement of electric resistance heating in small businesses. Annual targets for replacements should be included and be reported on a quarterly basis.
 - The Company should market heat pumps to customers considering electric baseboard heating for additions and small renovations.
- The Company will design and implement programs that take into full consideration the insights and outcomes from the Future of Gas Docket at the PUC .

Incorporate Stakeholder Input



- The Priorities indicated by the members of the EE TWG and Equity Working Group will be appropriately reflected throughout the 2025 EE Plan, and that the Company’s documentation and response to the Priorities will be presented in a transparent and comprehensive format.
- The Company’s proposed customer feedback activities will be sufficiently robust and capture actionable customer-driven input, and it will be appropriately reflected in the 2025 EE Plan, and that the Company’s documentation of the activities and their responses to customer input will be presented in a transparent and comprehensive format as a Plan Appendix.
 - As one example of a customer feedback activity the Company should host at least two public comment listening sessions outside of EEC and EE TWG meetings. These listening sessions should be scheduled such that participation flexibility is provided (e.g., one 12PM listening session and one 6:30PM listening session). The listening sessions should enable remote access and translation services. The Company should document feedback provided during these listening sessions for inclusion in the 2025 EE Plan.

Ensure Effective & Efficient Development & Review Process



- The 2025 Plan Development Calendar developed in collaboration by the EEC Consultant Team, Rhode Island Energy, and OER, and discussed by the EEC, will be followed by all relevant parties to assure necessary time is afforded to the EEC and stakeholders reviewing and reaching a clear understanding of the content of the 2025 EE Plan, sufficient to make informed decisions on whether to endorse the Plan.
- The 2025 Annual EE Plan should include key metrics that will be documented and reported to the EEC and stakeholders at minimum as part of the standard Quarterly Program Performance Reports. Metrics will be identified through a collaborative process between the EEC, RI Energy, and other stakeholders. Metrics identified through this process will be defined in the Plans and included in Quarterly Reports.

Set Ambitious Savings Goals



- The Company will set ambitious Annual Plan goals for 2025 that meet EEC-recommended targets or explain any gaps between the goals and targets, and signal to the industry the intent to grow energy efficiency programs and participation.
- The Company to increase emphasis on improving designs for programs with a pattern of recent underperformance.
- The Company to demonstrate a clear growth trajectory for successful programs that are highly cost-effective, lower than the cost of supply, and provide net utility system benefits.

Increase Participation in Underserved Communities



- The Company will work with relevant parties to discuss, vet, and if deemed appropriate, propose a roadmap for developing and instituting an equity-based component of the Company's performance incentive mechanism (PIM) utilizing the existing service quality adjustment (SQA) mechanism which has precedent in the current PIM structure.
- The Company will implement recommendations of the Equity Working Group

Increase Participation in Underserved Communities (con't)



- The Company will identify clear and objective determinations of success, and regularly report progress in achieving EWG recommendations and other strategies to increase participation by historically underserved customers.
- The Company will increase financial investments in serving historically underserved populations, including enhanced financial incentives to those customers across efficiency offerings
- The Company will identify and implement program improvements that will facilitate ease of participation, including through streamlining of participation steps, documentation requirements, and income verification processes.

Increase Participation in Underserved Communities (con't)



- The Company will enhance marketing and outreach to underserved populations
 - Contract a third-party vendor to develop targeted and culturally sensitive messages and methods to communicate program offerings
 - Develop a clearinghouse for all local, state, and federal clean energy program offerings. This will allow customers to access all incentives in a central location, which will be critically important to integrate Inflation Reduction Act funds and existing statewide EE/clean energy program funds. This effort should be a statewide initiative in which RI Energy actively coordinates with other involved parties on behalf of EE stakeholders.

Increase Participation in Underserved Communities (con't)



- The Company will develop and implement a targeting framework that focuses on all communities with high proportions of underserved and environmental justice populations and historical participation lower than average statewide participation levels.
 - Assess the feasibility of, and if viable, implement granular geo-targeting for enhanced incentives, such as census tract or neighborhood rather than municipality or zip code to deliver services more directly to high energy burden customers, potentially including assessment of climate vulnerability.
 - Establish baselines for achieved benefits by underserved and environmental justice populations and track progress in achieving increases.

Increase Participation in Underserved Communities (con't)



- The Company will enhance and increase municipal and other community-based partnerships, particularly to include partnerships with underserved communities.
 - Increase investment in partnerships with underserved communities. Investment should cover technical support and funding for community/municipal staff to facilitate partnerships. Investment should also cover identification efforts to find organizations that engage with underserved communities.
 - Partnership goals should be developed and tied to increased participation by renters, moderate-income customers, and language-isolated customers. Goals and metrics should be set in collaboration with partners and corroborated by data.
 - Partners should be provided flexibility in their approaches used to engage with their respective community members. This includes allowing partners to provide regular feedback on partnership efforts and customize marketing materials such that they resonate with community members.
 - Enable partnerships to include community-based organizations, cultural organizations, and statewide/regional organizations representing underserved communities.

Increase Participation in Underserved Communities (con't)



- The Company will use findings from the 2023 Small Business Process Evaluation in order to increase participation by small and microbusiness customers (less than 100,000 kWh in annual electric consumption) who account for about 90% of the entire commercial & industrial (C&I) customer demographic.
- The Company will contract a qualified third-party vendor to develop a Language Access Plan (LAP) that sets forth how the Company will provide services to individuals who are non-English speaking or have limited English proficiency at each step of the customer journey
 - Implement LAP, including ensuring all program materials, enrollment forms, contractor support, and field staff communications are available in several of the most common primary languages for English-isolated communities
 - Work with vendor and stakeholders to determine which languages to include

Increase Participation in Underserved Communities (con't)



- The Company will target workforce development efforts to serving contractors in underserved communities (detailed recommendations on workforce development covered in separate priority). RI Energy should actively coordinate with state entities to leverage available state/federal funds and workforce development offerings.

Conduct Targeted Workforce Development



- The Company will implement recommendations of the Equity Working Group
- The Company will deliver targeted workforce development for small/minority- and women-owned business enterprise (MWBE) contractors.
 - Develop detailed workforce development plans that target small/MWBE contractors. The Plans should detail the subject matter, locations, languages, and quantity of planned training/upskilling events and workshops, as well as ambitious and increasing target attendance levels.
 - Provide technical support for small/MWBE contractors seeking to participate as energy efficiency program vendors. This should include clear descriptions of program requirements, program operations, and support in completing applications and any other paperwork needed to register or participate in the programs. Technical support should remain available after contractors register and seek to ensure sustained success and program engagement for small/MWBE contractors.
 - Deliver small/MWBE contractor trainings that target underserved communities in Rhode Island. The trainings and other supporting program materials should be available in any non-English languages prevalent in target communities and be supported by program staff fluent in those languages. Technical support should remain available after contractors register and seek to ensure sustained success and program engagement for small/MWBE contractors.

Conduct Targeted Workforce Development (Con't)



- The Company will deliver workforce development focused on important technologies for meeting statewide climate goals, maximizing ratepayer benefits, and controlling ratepayer costs.
 - Expand investment in training for heat pumps, building automation systems, energy auditing, and equipment commissioning for all sectors.
 - Expand training for building operators and commissioning specialists to improve realization rates in commercial, industrial, and large multifamily buildings, thereby increasing claimable energy savings. This will ensure newly installed equipment is appropriately operated and maintained to maximize savings potential.
- The Company will demonstrate responsiveness to recommendations from the Workforce Needs Assessment, which it completed in 2023.

Conduct Targeted Workforce Development (Con't)



- The Company will increase investment in workforce development to expand training for existing workers, mitigate barriers to entry for new workers, and advertise training/job opportunities for workers.
 - The workforce development plan should include funding for internships and apprenticeships, as well as outreach strategies to attract diverse people into the workforce. This funding for 2025 should incrementally increase compared to 2024 to ensure training and outreach efforts expand to all Rhode Island communities and demographic groups.
 - The workforce development budget should be built from the bottom-up, which will guarantee that all planned expenditures are tied to specific trainings. The budget should cover continuing education for existing workers, certification programs such as the Building Operator Certification, investment in trade school and community college programs, subsidies to cover the salaries of interns and apprentices placed in full-time positions at contractor companies, targeted outreach for workforce diversification diversity, equity, and inclusion (DEI) policy development and training, and reporting of workforce demographics.
 - Quarterly reporting should include workforce development expenditures by category, delivered trainings by language and type, certifications earned, average audit lead times, and qualitative assessments of workforce needs.
 - Develop a clearinghouse for all statewide energy efficiency/clean energy jobs to effectively communicate work opportunities to the public. This effort should be a statewide initiative in which RI Energy actively coordinates with other involved parties on behalf of EE stakeholders.
 - Identify and leverage all state and federal funds available for workforce development initiatives to mitigate financial cost to ratepayers.

Revisit the Cost of Supply Methodology



- The Company will work with stakeholders to revisit its methodology for assessing and comparing costs of the EE programs and portfolio with the cost of procuring incremental energy supply
- The Company will develop and report, as appropriate, multiple sets of calculations that relate various subsets of costs of supply to costs of efficiency
- The Company will remove the low-income discounts from the cost of supply and benefit cost calculations given that they represent a double counting since those costs and benefits are already captured in the Company's cost of supply calculation.
- The Company will investigate and identify, with input from Stakeholders, appropriate reference scenarios for EE benefit cost analysis under the Act on Climate's decarbonization assumptions.
- The Company will utilize updated Avoided Energy Supply Components in New England (AESC) data sets in all relevant analysis, including implementing updates to recently completed forward-looking analyses where the results could reasonably be expected to materially change as a result of the application of updated avoided cost values.

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



- The Company will work with stakeholders to develop a framework for how it can justify supporting programs that exceed cost of supply when out of state and delivered fuels costs and benefits are excluded, but support other areas of LCP Standards
- The Company will work with stakeholders to clarify the basis for support and/or revisit design approaches for programs that do not meet cost-effectiveness and/or cost of supply thresholds under the scenarios stated in the PUC's ruling on December 19, 2023.

Ensure Robust Coordination on Federal Funding Opportunities



- The Company will demonstrate in EE Plan materials its coordination efforts with OER on Federal funding opportunities
- The Company will include in its 2025 Plan any outcomes of its forthcoming filing on March 18, 2024 related to how it allocates funding from System Benefit Charges to EE programs and measures where federal funded EE offerings are made available

Update the Carbon Accounting Methodology Used in the EE Plans



- The Company will lead a Stakeholder process to revisit and refine how avoided emissions are determined and tracked within the programs. While the Commission did not make a formal ruling on this matter, it was raised at the December 19, 2023 Open Meeting as something that the PUC would like to see better clarity on, particularly in light of the Act on Climate mandates.