



The Office of Energy Resources Responses to the Company's 2026 Plan Draft

7/24/2025

OVERARCHING

1. Prioritize Bill Reductions Through Cost Saving Opportunities and Enhanced Retrofits

- OER appreciates the Company's attention to near-term bill reductions for ratepayers by reducing total planned spending by 15%.
- *OER Priority: OER encourages the Company to prioritize direct customer benefits by reducing costs in non-essential operational and program areas to allow for a greater percentage of spending to flow back to customers through rebates and incentives.*
 - OER appreciates that the Company has increased spending on rebates as a percentage of the total budget from 68% in 2025 to 70% in 2026.
- *OER Priority: OER encourages the Company to increase annual electric and gas savings achieved through retrofit measures, namely the EnergyWise and Income Eligible Programs. Measures in these programs tend to passively lower customer bills and improve comfort in less efficient homes by reducing heating and cooling loads and energy waste. In contrast, behavioral measures require active participation, appliance rebates tend to not impact comfort, and new-construction programs improve already satisfactory baselines rather than targeting the least efficient homes.*
 - OER supports the pausing of the Home Energy Reports program. As a behavioral messaging program, Home Energy Reports requires customers to actively manage their energy use, often with comfort implications. Behavioral measures have limited capacity to reduce customer bills during extremely hot or cold spells. Furthermore, the EM&V study used in benefit calculations relied on data from 2013-2019 that indicated substantially lower gas savings among the last test groups compared to the early test groups, and no statistically significant results among the last electric test groups (2017-2019).¹ If the Company restarts the program in future years, OER would recommend a new EM&V study to accompany the programming.
 - OER applauds the Company for increasing actual primary-fuel MWh-converted annual energy savings between 2023 and 2024 from combined EnergyWise and Income-Eligible programs by 14%, and across most sectors except for Electric EnergyWise Single Family and Multifamily (63% and 66% decreases, respectively), Electric Income Eligible Single Family (57% decrease), and Gas Income Eligible Single family (2% decrease). OER requests additional qualitative information sourced from vendors and implementers as to why the first three of these programs were not able to achieve savings close to the 2023 values.
 - However, planned residential non-Home Energy Reports primary fuel MWh-converted annual energy savings from the EnergyWise and Income Eligible

¹ Cadeo - Illume, "National Grid Rhode Island Home Energy Reports Program Impact Evaluation," August 28th, 2020. <https://eec.ri.gov/wp-content/uploads/2020/10/ngrid-ri-behavior-evaluation-28aug2020.pdf>, pp 7.

programs are projected to decrease marginally by 0.2% in 2026 compared to 2025.² OER stresses the importance of passive bill savings achieved through retrofit measures and requests that the Company meaningfully increase savings from these programs in 2026.

2. Increase Achievement of Annual Energy Savings for Multifamily Customers

- *OER Priority: OER encourages the Company to identify and support strategies to meaningfully increase achievement of multifamily energy savings through partnerships with multifamily stakeholders towards more equitably delivering energy efficiency across the residential customer base.*
 - OER applauds the company for increasing achievement of MWh-converted primary fuel energy savings in the combined multifamily programs by 17 percentage points between 2023 and 2024.
 - While we see that actual electric EnergyWise multifamily primary fuel energy savings declined 37% between 2023 and 2024, we request further explanation as to why the Company has downsized the planned savings for 2026 to 20% below the achieved 2024 value and therefore does not believe that it can maintain the same energy savings moving forward.

3. Maintain Existing Share of Residential Funding for Income-Eligible Customers

- *OER Priority: OER encourages the company to maintain the share of residential spending for income-eligible customers to ensure that the most energy-burdened ratepayers continue to have access to energy-saving efficiency measures.*
- OER appreciates that the Company has maintained a similar (35%) share of combined residential spending on Income Eligible programs as in 2025 (36%), when excluding Home Energy Reports.

MODIFICATIONS TO EXISTING OFFERINGS

1. Explore Midstream Rebates for Heat Pump Water Heaters (HPWHs)

- OER strongly supports the Company's intent to scale deployment of residential HPWHs in the 2026 plan.
 - Despite the plan mentioning that HPWHs will be added as a measure to the Electric EnergyWise Single Family program, Table 6 does not reflect this update.
 - While the planned 274 units in the HVAC program and 35 in Income Eligible Single-Family program combined reflect a positive 22% increase over the 2025 planned values, this growth is relatively marginal and limited by the downstream program design. HPWHs incentivized by the Company are broadly not available in stores for same-day purchase, ruling out the equipment from consideration in the common emergency replacement scenario.³ OER believes that a midstream approach as employed by Vermont and Maine can be an effective approach for capturing the substantial emergency replacement market and transform the market, given the current price differential (roughly \$1,000-1,400) between HPWHs and electric resistance water heaters.

² Assumes that the net annual gas energy savings for Income Eligible Single-Family weatherization is 9.3 MMBtu/incentive, not 93, as is implied by Table 12 of Attachment 1, in error.

³ Based on our own site visits, Home Depot in Providence does not stock HPWHs. Lowes in Cranston stocks only 3 of the same model. FW Webb in Cranston had roughly a tenth of the stock of HPWHs compared to ERWHs.

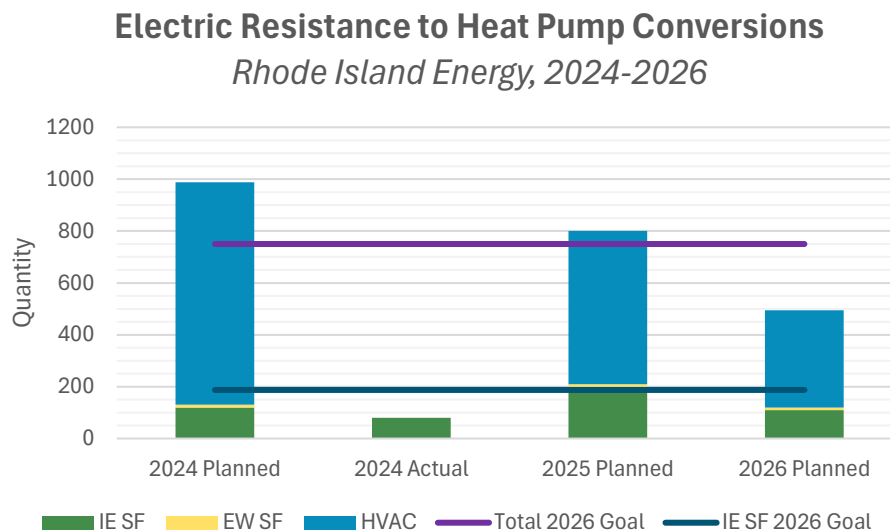
Specifically, OER would like to discuss with the Company future innovative implementation solutions that could deliver midstream incentives while ensuring customer eligibility, such as using machine-vision to instantly verify customers' existing water heaters based on geo-tagged photos. Additionally, OER encourages the Company to enhance STAT for HPWHs by marketing both energy savings over electric resistance water heaters and rebates through in-store signage and informational training for employees.

2. Explore Enhanced Air-Source Heat Pump Rebates for Window AC Customers

- OER supports the Company's use of a window AC unit as the cooling baseline in calculation of air-source heat pump energy savings for electric-resistance-heat customers.
- *OER Priority: OER encourages the Company to explore creating a second set of residential heat pump rebates for non-resistance-heat window-AC customers that uses a window AC cooling baseline to better match the efficiency of the existing equipment that is being replaced.*⁴
 - Given that the Company did not create a second set of rebates for the 2026 plan, OER would like to discuss the potential of implementing this approach for future plans.

3. Prioritize Achievement of Electric-Resistance Conversion Goals

- Planned annual primary fuel energy savings for the electric single family income eligible program shrunk by 51% between the 2025 and 2026 plans, driven primary (60%) by the reduction of planned quantity of electric resistance to mini-split heat pump conversions from 190 to 110. OER prepared the figure below to explicate the Company's progress towards meeting the electric-resistance conversion goals set by the PUC.



- Given that the Company expects to miss both goals set by the PUC for the 2026 program year, OER would like to discuss the possibility of offering modern, removable window-mounted air-

⁴ Rhode Island Energy, "Rhode Island Technical Reference Manual, 2025 Program Year," pp M-191 and M-173. <https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2024-10/24-39-EE%20Rhode%20Island%20Technical%20Reference%20Manual%20%E2%80%93%202025%20Program%20Year.pdf>

source heat pumps that address split incentives by enabling renters to adopt efficient heating systems independently of landlord approval.

- Additionally, OER requests an update from the Company on its implementation of the recommendations from the RI-24-RE Electric Resistance Heat Characterization Study, including the development of case studies and improvements to the application process and website. We also await the Company’s planned quarterly HP goals for the CAPs as well as the strategies for enhanced contractor and auditor training in the second plan draft.

DEMONSTRATION & ASSESSMENT OPPORTUNITIES

1. Explore Adding Refrigerant Leak Repair to Planned Swap-Out Demonstration

- OER appreciates the Company’s consideration of adding leak repair to the planned pilot.

2. Explore a Ground-Source Heat Pump Demonstration for All Retrofits and Residential New Construction

- *OER Priority: OER appreciates the Company’s provision of rebates for C&I new-construction ground-source heat pumps and recognizes the electric-grid cost savings achieved through the installation of ground-source heat pumps over air-source heat pumps.⁵ OER encourages the Company to follow the lead of MassSave⁶ and conEdison⁷ by exploring an expansion of ground-source heat pump rebate offerings to residential new construction and both residential and C&I retrofits. Following the Company’s example in C&I new construction and the recommendation of DNV’s GSHP eTRM Measure Review study,⁸ OER encourages the Company to create new incentives for ground-source heat pumps, rather than expanding the product eligibility of existing heat pump rebates.*
- Given that the multifamily financing assessment is no longer feasible, OER would appreciate a discussion of the viability of a potential future GSHP demonstration.

ADDITIONAL NOTES AND QUESTIONS

1. Main Text

- OER would appreciate if the Company would include a plain-language executive summary written for an average ratepayer in the second draft of the plan that not only highlights costs and benefits but additionally explains the core plan offerings and changes over the past year.
- In the main plan text, PDF page 13 as well as Tables 5 and 6 incorrectly refer to Cost of Supply calculations as having participant costs removed when they have not been removed (per the Company’s revised methodology with this plan).

⁵ US Department of Energy, “Pathways to Commercial Liftoff: Geothermal Heating and Cooling,” January 2025, Appendix B. https://web.archive.org/web/20250415152322/https://liftoff.energy.gov/wp-content/uploads/2025/01/LIFTOFF_DOE_Geothermal-Heating-and-Cooling_Updated-2.6.25.pdf

⁶ Mass Save, “Ground Source Heat Pumps.” <https://www.masssave.com/residential/rebates-and-incentives/heating-and-cooling/heat-pumps/ground-source-heat-pumps>

⁷ conEdison, “Save Thousands with Geothermal Heat Pumps.” <https://www.coned.com/en/save-money/rebates-incentives-tax-credits/rebates-incentives-tax-credits-for-residential-customers/electric-heating-and-cooling-technology-for-renters-homeowners/save-thousands-on-a-geothermal-system>

⁸ DNV, Ground Source Heat Pump eTRM Measure Review, March 2021. https://ma-eeac.org/wp-content/uploads/MA20C15-B-GSHP_GroundSourceHeatPump_final.pdf

- Section 2.6.4, HVAC Equipment, references a section in Attachment 1 that does not exist: Section 2.6.5, Community Based Initiatives.

2. Attachment 1

- The residential non-income eligible program offerings reference the HEAT loan, but the plan does not include a formal explanation of the program, including eligibility, rates, and spending. Additionally, OER has not been able to find information on the Company’s website about the HEAT loan besides a PDF dating to March 2024, which we found only through search engine, not through navigation on the Company’s website.⁹ OER respectfully requests that the Company provide consolidated information on the program’s eligibility, rates, and spending in a dedicated section of the plan. OER additionally requests that the Company create a webpage for this program to improve customer knowledge and trust by allowing them to find it through interval navigation.

⁹ Rhode Island Energy, “Steps to Apply for 0% Financing for Home Energy Upgrades,” March 2025. <https://www.rienergy.com/site/-/media/rie-jss-app/home/ways-to-save/rebates-and-savings-programs/connectedsolutions/battery-program/ri-steps-to-apply-0-financing.ashx>