2026 Energy Efficiency Plan
Draft Three
September 5, 2025

Dear Energy Efficiency Technical Working Group Members and Energy Efficiency Council (EEC) members,

Rhode Island Energy is providing stakeholders with this 2026 Energy Efficiency Plan Draft ("Draft") to provide an opportunity for feedback on the content and direction of the 2026 Annual Energy Efficiency Plan. The intention of this Draft is to provide details regarding the programmatic elements of the annual plan. In addition to the main narrative, this Draft includes the following attachments:

- Attachment 1. Residential and Income Eligible Energy Efficiency Solutions and Programs
    - Attachment 1-1. Detailed Residential Measure List
    - Attachment 1-2. Detailed Income Eligible Measure List
- Attachment 2. Commercial and Industrial Energy Efficiency Solutions and Programs
    - Attachment 2-1. Detailed Commercial and Industrial Measure List
    - Attachment 2-2. Revolving Loan Fund Projections
- Attachment 3. Evaluation, Measurement & Verification Plan
- Attachment 4. Rhode Island Benefit Cost Test Description
    - Attachment 4-1. Electric Portfolio Cost Effectiveness Framework Tables (Docket 4600)
    - Attachment 4-2. Gas Portfolio Cost Effectiveness Framework Tables (Docket 4600)
- Attachments 5 & 6. Program Summary Tables
- Attachment 7. Pilots, Demonstrations & Assessments
- Attachment 8. Standardized Definitions
- Attachment 9. Equity Working Group Annual Report

New for the 2026 Annual Plan, Rhode Island Energy has restructured and reordered the tables that comprise Attachments 5 and 6. Rhode Island Energy has made these changes to save space, present information more logically, and eliminate unnecessary duplication of information. Please see below for a table-by-table comparison of Attachments 5 and 6 in the 2026 and 2025 Annual Plans.

2026 Annual Plan	**2025 Annual Plan Equivalent**	**Contents**	**Notes**
E-1 and G-1	E-1 and G-1	Energy efficiency charge	
E-2A and G-2A	E-2 and G-2	Budgets	Consolidated budget, program implementation expenses, and PIM-eligible cost information for easier comprehension of components for each cost category. 2025 Annual Plan E-2, E-3, and E-8B all rolled into one table. Same for G-2, G-3, and G-8B.

E-2B and G-2B	E-4 and G-4	Budget comparison	
E-3A and G-3A	E-6 and G-6	Benefits	Moved benefits tables next to cost tables for more logical information flow.
E-3B and G-3B	E-6B and G-6B	Intrastate benefits	Same note as directly above.
E-4 and G-4	E-5B and G-5B	Economic benefits	Separated economic benefits from cost-effectiveness number grouping.
E-5A and G-5A	E-5 and G-5	Cost-effectiveness	
E-5B and G-5B	E-5A and G-5A	Intrastate cost-effectiveness	
E-6A and G-6A	E-6A and G-6A	Savings	
E-6B and G-6B	E-7 and G-7	Savings comparison	
E-7 and G-7	E-12 and G-12	Cost of supply	
E-8A and G-8A	E-8A and G-8A	PIM benefits	
E-8B and G-8B	E-8C and G-8C	PIM summary	
E-9 and G-9	E-11 and G-11	Bill impacts	
E-10 and G-10	E-10 and G-10	Historical information	

Rhode Island Energy has deleted Attachment 8: Cross Program Summary[1]. This attachment has essentially no content in recent years. Anything relevant to this topic will be found in Section 5 of the Main Plan Text, Coordination with Other Energy Policies and Programs.

The Final version of the Technical Resource Manual (TRM) will be filed on October 15th.

When reviewing this Draft, please note the following:

a. Subject to further discussions with stakeholders and analysis during the planning process, content included here may be modified.
b. Rhode Island Energy may refine and consolidate the text to make a more readable and accessible final document.
c. This document has been proofread, but spelling errors and formatting inconsistencies may still exist. These will all be addressed prior to the final Plan submission.
d. This, and prior cover letters, and the contents thereof, will not be included in the final Plan filing.
e. This past week Rhode Island Energy received an updated electric forecast. This will be incorporated into the final version of this Plan filed with the PUC. This is also the case for the recently updated electric tariff, any impacts of which will be updated ahead of the October 1st filing. These both will adjust bill impacts but we expect only minor changes.
f. The loan fund tables included in Attachment 2-2 are draft and will likely need to be updated.
g. As the Multifamily Impact Evaluation Study nears completion, certain calculations may need to be updated to reflect the conclusions of that study. Rhode Island Energy will note any changes.

1 This attachment was based on Public Utility Commission Information Requests 1-8 and 1-9, from the 2019 Energy Efficiency Annual Plan, Docket 4888

Stakeholder Feedback: 2026 Efficiency Plan Draft Two

As with Draft One, Rhode Island Energy received comments from numerous stakeholders on the second draft. All comments were reviewed and considered by Rhode Island Energy. As with Draft Two, when possible, requests for specific details have been addressed through additions to the text.

Stakeholders may not see a direct response to every comment. Rhode Island Energy wants to convey to stakeholders that we weighed all comments and concluded one or more of the following applies to each comment:

- It has been addressed
- It would be better discussed in Technical Working Group, sector meetings, or the Equity Working Group
- It could be an item for further program enhancements in 2027-2029 Planning Cycle
- It could be informed by current evaluation research
- No response was asked for (observation only)
- Recommendation for plan organization or structure rather than plan content

The feedback from stakeholders includes both new comments as well as comments from Draft One repeated for Draft Two. Our attempt to respond to both is below.

Incentives to Replace Non-Condensing Gas Equipment
Rhode Island Energy has been urged by several stakeholders to discontinue incentives for natural gas space and water heating equipment. Stakeholders further suggest that if Rhode Island Energy does continue with these incentives that they be limited to the replacement of non-condensing equipment. The rationale provided suggests that customers with condensing equipment are unlikely to backslide to less efficient non-condensing equipment. Rhode Island Energy will use 2026 to develop a process to implement incentivizing only condensing gas equipment incentives when the current/failed equipment is non-condensing. This has been added to Attachment 1, Section 5.3.

Accounting for Benefits
Stakeholders suggested that several non-zero economic benefits of energy efficiency spending are not being claimed. Rhode Island Energy would prefer not to open the discussion with language that introduces subjectivity or references benefits that are not officially recognized or quantified within the scope of the current analysis. Including “at least” or similar qualifiers could imply a level of certainty about unquantified impacts that Rhode Island Energy is not prepared to substantiate. Rhode Island Energy is open to discussing how the benefits included in the Rhode Island Test could be reevaluated or refined in future iterations for the next 3 year planning cycle. We welcome further dialogue on how best to approach this complicated topic.

Equity Working Group Report Timing
Several commenters reiterated a request that the schedule for delivering the Equity Working Group’s final report be changed to allow for adequate time to incorporate the report’s recommendations into the Annual Plan. The final report is included here as Attachment 9, and a draft was made available to stakeholders on August 8th. Rhode Island Energy has worked with the Green and Healthy Homes Initiative to expedite the delivery of this report to the extent possible. It is important to note that the final report incorporates Equity Working Group feedback received throughout the year, and those

recommendations inform the equity efforts outlined in this Plan. Further discussion of adjusting the scheduled delivery of this report should take place in the Equity Working Group.

Equity Metrics

A number of comments focus on equity metrics. For this draft we have not adjusted any of the equity metrics. The equity metrics currently reported are all relatively new and the process to generate, report, and analyze them takes considerable effort. Rhode Island Energy would like time to better gauge the utility of the existing metrics and will consider updates for the 2027-2029 Planning cycle. However, we are exploring new ways to visualize and contextualize the data measured by these metrics and will share these enhancements with the appropriate stakeholder groups once they are ready.

Workforce Development Metrics

It is apparent to Rhode Island Energy that there is considerable interest in additional metrics and analysis with regards to the workforce development efforts outlined in the plan. Rhode Island Energy has discussed potential metrics with the PPL Supply Chain team and will continue to explore possibilities. Rhode Island Energy recommends that specific time in upcoming sector calls be dedicated to collaborating on the development of goals related to workforce development and the most appropriate way to measure progress towards those goals. That said, Rhode Island Energy will not be adding any specific detail regarding workforce development metrics to the 2026 Annual Plan.

2026 Energy Efficiency Plan

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Pre-Filed Testimony

Consistent with the revised Least Cost Procurement Standards ("LCP Standards" or "Standards"), Rhode Island Energy will include pre-filed testimony with the Plan that the Plan is compliant with the Standards.

1. INTRODUCTION

The 2026 Energy Efficiency Plan is for the third year of the 2024-2026 Three-Year Plan cycle. The 2026 planning cycle introduced several significant refinements to the planning process that will persist for 2026, including alternate cost of supply calculations and justifications of programs with net negative cost of supply. Rhode Island Energy efficiency programs offer a cost-effective, reliable, environmentally friendly, and affordable solution that benefits every Rhode Island family, business, and community in its territory.

Aligned with Least-Cost Procurement ("LCP"), Rhode Island Energy's strategy meets customers where they are. Leveraging our local presence and strong relationships with Rhode Island families, businesses, and communities, Rhode Island Energy has gained insights into their needs and preferences. Rhode Island Energy is equipped to address gaps as they arise, such as in financing, and contribute to transforming the local market, for instance, through workforce development initiatives.

Customer bill affordability is a key priority for the 2026 Energy Efficiency Plan. During the 2025 Energy Efficiency Plan hearings, the Public Utilities Commission (PUC) continued to emphasize the Cost of Supply and the affordable delivery of efficiency programs to customers. Therefore, Rhode Island Energy has continued using customer bill affordability principles to inform the 2026 planning process, with a focus on balancing short-term bill costs with long-term program benefits, as detailed in the plan.

1.1 Executive Summary

Pursuant to Rhode Island General Statue § 39-1-27.7, the *Comprehensive Energy Conservation, Efficiency and Affordability Act of 2006*, the Narragansett Electric Company d/b/a Rhode Island Energy (RI Energy or Company) hereby submits its 2026 Annual Energy Efficiency and Conservation Procurement Plan (Annual Plan or 2026 Plan). This is the third annual plan of three submitted within the sixth triennial plan, the 2024-2026 Three-Year Energy Efficiency and Conservation Procurement Plan (2024-2026

To develop the 2026 Annual Plan and its binding savings goals and budgets, Rhode Island Energy worked with the Energy Efficiency and Resource Management Council (EERMC), the Office of Energy Resources (OER), the Division of Public Utilities and Carriers (the Division), Energy Efficiency Technical Working Group (EE TWG) stakeholders, the Energy Efficiency Equity Working Group (EE EWG), and Rhode Island Energy's vendors. The EE EWG's report recommendations and ongoing work to increase outreach and participation equitably in the state influenced the design and implementation of the 2026 Plan.

The 2026 Plan is a $95.4 million investment in helping Rhode Island customers save energy and money. This investment is expected to save 4,190,159 net lifetime MMBtu (one million British thermal units)

and 440,097 net annual MMBtu across all fuels, while reducing annual carbon dioxide emissions by 27,058 annual short tons in 2026. By calculating the combined energy and non-energy benefits (e.g., other system, societal, environmental, etc.), the state's efficiency investment is expected to generate $213.8 million in total net benefits.

The 2026 Rhode Island Energy Efficiency Plan (Plan) builds upon the foundation of the 2024-2026 Three-Year Plan, focusing on enhancing existing programs and incorporating key improvements based on performance data and evolving market trends. The Plan prioritizes affordability and equitable access to energy efficiency programs for all Rhode Island residents, businesses, and communities. It emphasizes a data-driven approach, utilizing robust evaluation, measurement, and verification (EM&V) processes to ensure program effectiveness and accountability. The Plan's budget reflects a commitment to cost-effectiveness, balancing short-term cost impacts with long-term energy savings and societal benefits.

The EnergyWise Single Family program continues to focus on weatherization of homes and, in 2026, proposes to add heat pump water heaters as an eligible measure. Pre-weatherization barrier remediation processes are improved to address common obstacles that hinder participation. For Income Eligible single-family homes, the Plan streamlines assessments, reviews appliance replacement programs to remove high-cost appliances and rigorously reviews heat pump costs to ensure cost-effectiveness. Outreach efforts are expanded to reach low-to-moderate-income households more effectively. The plan emphasizes equity in outreach, ensuring that all communities have access to program information and support.

Rhode Island Energy will continue the Home Energy Reports (HER) program but transition to an electronic program only. This shift away from physical mailings to electronic reports will reduce the overall budget while continuing to support this program. The shift to an all-electronic HER program will require roughly 32% of the prior budget and yield approximately 70% of the savings.

The Plan incorporates updated LCP standards, alternate cost-of-supply calculations, and justifications for programs with net negative costs. The budget prioritizes cost-effectiveness, balancing costs with energy savings and benefits. The Plan includes detailed budget breakdowns for each program and sector, demonstrating a commitment to transparency and accountability.

The Equity Working Group's recommendations are incorporated into the Plan's design and implementation. The Plan includes specific metrics for tracking equity outcomes and measuring the effectiveness of equity initiatives. Workforce development is a key priority, with investments in training and upskilling programs for energy auditors, HVAC contractors, and other energy professionals. The plan supports collaborations with educational institutions and industry partners to build a skilled workforce for the clean energy sector. The plan also addresses pre-weatherization barriers, exploring solutions to overcome these obstacles and ensure that all eligible customers can access program benefits. The plan incorporates the latest codes and standards, ensuring that programs are aligned with state and federal regulations. The plan also includes a detailed discussion of the benefits of energy efficiency, highlighting the contribution of the programs to the state's climate goals. The plan demonstrates a commitment to transparency and accountability, providing detailed information on

program performance, budget allocation, and funding sources. The plan also includes a comprehensive EM&V plan to ensure the accuracy and credibility of reported savings and benefits.1.2

1.2 Plan Summary

1.2.1 Savings

The Electric Portfolio will save 489,445 lifetime megawatt-hours (MWh) over the lifetime of the installed energy efficiency measures, 72,510 net annual MWhs, and 13,583 net annual summer kilowatts (kW) and 12,052 net winter kW from passive energy efficiency. The Natural Gas Portfolio will save 2,174,711 lifetime MMBtu over the lifetime of installed natural gas measures and 190,371 annual MMBtu. For all fuels combined (electric, gas, oil, propane), the Annual Plan will save 4,190,159 net lifetime MMBtu and 440,097 net annual MMBtu. Energy savings are measured and verified by third-party evaluation firms.

1.2.2 Benefits

The 2026 Plan will create significant benefits for Rhode Island Energy's residential, commercial, industrial, and income eligible customers. In total, the Annual Plan is expected to create $213.8 million in total benefits over the life of the installed electric and natural gas energy efficiency measures. Of these total benefits, $148.5 million ($120.8 million Rhode Island-only benefits[2]) come from electric efficiency and passive demand reductions, and $65.3 million ($59.3 million Rhode Island-only benefits) derive from natural gas efficiency.

Table 1

2 Rhode Island only benefits are all Rhode Island Test benefits without rest-of-pool DRIPE (electric energy and capacity, gas, and oil).

Table 1includes a high-level summary of the electric-funded and natural gas-funded portions of the Annual Plan. Each $1 spent on the Electric Portfolio will create $1.99 in benefits ($1.62 in Rhode Island-only benefits) over the lifetime of the investment, and every $1 spent on the Natural Gas Portfolio will create $1.74 in benefits ($1.58 in Rhode Island-only benefits) over the lifetime of the investments. A detailed summary of the benefits and costs included in the Rhode Island Test (RI Test) is included in Attachment 4.

1.2.3 Economic Impacts

Rhode Island Energy expects that investments made in energy efficiency under this Annual Plan will add $150.2 million to Rhode Island's Gross State Product (GSP) and the equivalent of 1,627 job-years. Many jobs associated with the Annual Plan's energy efficiency investments are local and tied to the installation of equipment and materials. An analysis of RI Energy's 2024 Energy Efficiency portfolio found that 70 percent of vendors who deliver services on behalf of Rhode Island Energy's programs are either headquartered or have a presence in Rhode Island. Investments in energy efficiency contribute to Rhode Island's economy overall and benefit business owners and their employees who deliver these programs and services. As described in Attachment 4, the calculation of the RI Test benefits excludes any monetized value of economic impacts because of concerns over double counting of benefits with other categories.

1.2.4 Environmental Benefits

The electric, gas, and delivered fuel energy efficiency measures proposed in this Annual Plan will avoid over 14,740 short tons of carbon in 2030, which contributes toward the Act on Climate's greenhouse gas emission reduction requirement of 45 percent below 1990 levels by 2030, and towards the legislation's greenhouse gas emission requirement of net-zero by 2050. Rhode Island Energy believes that robust, ambitious energy efficiency programs must be a foundational element of achieving greenhouse gas emission reduction targets. Rhode Island Energy also supports the various efforts that holistically evaluate the least cost pathways to realizing economy wide emissions.

1.2.5 Budgets and Funding

This Plan includes an investment of $62.7 million in the cost-effective Electric Portfolio in 2026. If approved, this will be funded by $5.9 million in proceeds from the ISO New England (ISO-NE) Forward Capacity Market (FCM), and revenues from a proposed energy efficiency charge of $0.00582 per kWh, derived from the existing energy efficiency program charge of $0.00903 per kWh and adjusting for a fully reconciling mechanism of -$0.00321 per kWh pursuant to R.I. Gen. Laws § 39-1-27.7(d)(5) to fully fund the cost-effective Electric Portfolio for the 2026 program year.

This Plan also includes an investment of $32.7 million in the cost-effective Natural Gas Portfolio in 2026. If approved, this investment will be funded by revenues from the proposed gas energy efficiency charges of $1.453 per dekatherm for residential customers and $0.118 per dekatherm for non-residential customers, derived from the existing energy efficiency program charge of $1.150 per dekatherm for residential customers and $0.530 per dekatherm for non-residential customers and

adjusting for a fully reconciling mechanism adjustment of $0.303 per dekatherm for residential customers and -$0.412 per dekatherm for non-residential customers. This is pursuant to R.I. Gen. Laws § 39-1-27.7(d)(5) to fully fund the cost-effective Natural Gas Portfolio in 2026.

The cost of procuring 489,445 net lifetime MWh electric energy efficiency savings through the Annual Plan is $50.4 million less than if that electric load was met by purchasing additional electric supply. The cost of procuring said MWh savings is $8.3 million less than the Cost of Supply if only Rhode Island intrastate electric benefits are counted and delivered fuels benefits are removed. The cost of procuring 2,174,711 MMBtu lifetime natural gas energy efficiency savings through the Plan is $10.5 million less than if that natural gas load was met by purchasing additional natural gas supply. The cost of procuring said MMBtu savings is $4.6 million less than the Cost of Supply if only Rhode Island intrastate natural gas benefits are counted.

Table 1. 2026 Energy Efficiency Program Plan Summary

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Electric Programs by Sector	**Implementation Budget ($000) [3]**	**Performance Incentive ($000)**	**Customer Contribution ($000)**	**Annual Savings (MWh)**	**Lifetime Savings (MWh)**	**$/ Lifetime kWh [4]**	**Summer Annual Demand Savings (kW) [5]**	**Total Benefits ($000) [6, 8]**	**RI-only Benefits ($000) [6]**	**RI Test B/C Ratio [6]**	**Participants [7]**
1	Non-Income Eligible Residential	$21,210	$777	$4,168	$29,459	$175,595	$0.15	$4,387	$55,753	$46,931	$2.13	$329,358
2	Income Eligible Residential [1]	$10,943	$0	$0	$2,369	$33,811	$0.32	$836	$18,189	$16,462	$1.66	$6,057
3	Commercial and Industrial	$22,805	$2,031	$7,725	$40,682	$280,039	$0.12	$8,361	$74,545	$57,401	$2.29	$2,594
4	Regulatory [2]	$4,933	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5	**Electric Subtotal**	$59,891	$2,808	$11,893	$72,510	$489,445	$0.15	$13,583	$148,487	$120,794	$1.99	$338,009
	Gas Programs by Sector	**Implementation Budget ($000) [3]**	**Performance Incentive ($000)**	**Customer Contribution ($000)**	**Annual Savings (MMBtu)**	**Lifetime Savings (MMBtu)**	**$/ Lifetime MMBtu [4]**	**NA**	**Total Benefits ($000) [6, 8]**	**RI-only Benefits ($000) [6]**	**RI Test B/C Ratio [6]**	**Participants [7]**
6	Non-Income Eligible Residential	$17,659	$0	$4,139	$112,094	$1,241,425	$17.56	N/A	$34,556	$30,800	$1.59	$142,893
7	Income Eligible Residential [1]	$8,455	$0	$0	$17,404	$296,336	$28.53	N/A	$14,132	$13,113	$1.67	$3,636
8	Commercial and Industrial	$4,214	$185	$691	$60,874	$636,950	$7.99	N/A	$16,589	$15,427	$3.26	$775
9	Regulatory [2]	$2,207	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10	**Gas Subtotal**	$32,535	$185	$4,830	$190,371	$2,174,711	$17.27	N/A	$65,277	$59,340	$1.74	$147,304
11	**TOTAL Combined Plan**	$92,425	$2,992	$16,723	N/A	N/A	N/A	N/A	$213,763	$180,134	$1.91	N/A

(1) In addition to Income Eligible Residential programs, Income Eligible customers can participate in all Non-Income Eligible Residential programs.

(2) Regulatory Includes contributions to the Office of Energy Resources, EERMC and the Rhode Island Infrastructure Bank.

(3) The Program Implementation Budgets come from Tables E-2A and G-2A of Attachment 5 and 6, respectively.

(4) Performance Incentive excluded from numerator, consistent with Attachments 5 and 6.

(5) The Summer Annual Demand Savings (kW) measures passive demand savings.

(6) "Total Benefits" and the "RI Test B/C Ratio" continue to exclude economic benefits from the RI Test as in the 2025 Plan. "RI-only Benefits" excludes out-of-state DRIPE benefits.

(7) The unit measure for participation varies by program. See Attachment 5, Table E-6A and Attachment 6, G-6A for participation goals by program.

(8) Electric Programs are funded by the Electric Energy Efficiency Charge but also include Delivered Fuels energy savings.

1.3 The Planning Process

For the 2026 Annual Plan, Rhode Island Energy embarked on an interactive planning process, with a strong emphasis on affordability for both electric and gas customers. The development of this plan involves a wide range of stakeholders, both internal and external. This Plan reflects the input of program managers, vendors, contractors, and implementation personnel. Active engagement with the Energy Efficiency Technical Working Group (TWG), Equity Working Group (EWG), and the Energy Efficiency Resource Management Council (EERMC), along with its consulting team, was central to the planning process as well. These groups bring specialized expertise, ensuring the plan benefits from a wide range of knowledge and experience. This collaborative approach is designed to capture diverse perspectives and experiences, resulting in a plan that builds upon experience to deliver value to ratepayers.

As in years past, Rhode Island Energy conducts a detailed assessment of individual measures, evaluating their performance across several key metrics. These metrics include the Rhode Island Test benefit-cost ratio, cost of energy efficiency relative to the Cost of Supply, and Cost to Achieve. Measures that perform well on these metrics have been reviewed to determine uptake in 2026, relative to 2025. Measures that do not perform well will be assessed to determine if reductions are appropriate. This iterative process ensures that the plan is both achievable and cost-effective. Rhode Island Energy, in collaboration with stakeholders, reviews relevant evaluation findings and recommendations. Based on this review, Rhode Island Energy modifies its programs and implementation practices or develops a roadmap to make program changes.

Rhode Island Energy's approach prioritizes optimizing across multiple dimensions, including affordability, net benefits, and the Cost to Achieve. The plan is designed to provide access to energy efficiency programs to a wide variety of market sectors and subsectors. However, the plan will not concentrate all resources on a few selected or the most cost-effective measures. If a specific measure is not included in the initial program year budget, it may still be eligible for incentives if a project arises during the program year. This flexibility allows Rhode Island Energy to respond to emerging opportunities and adapt to changing circumstances, ensuring that the plan remains dynamic and responsive to the needs of its customers.

1.4 How to Read This Plan

This 2026 Plan has been organized to align with the most recently revised LCP Standards. There are three sections:

- **Strategies and Approaches to Planning.** This section provides discussion of Rhode Island Energy's approach to implementing the principles of program design outlined in the LCP Standards and provides summary program descriptions, along with the major enhancements and innovations planned for 2026. This section also includes a discussion of program participation, EM&V, coordination with other energy programs, and demonstrations, pilots and assessments.

- **Consistency with Standards.** This section explains how the Annual Plan complies with the requirements for cost-effectiveness, reliability, prudency (including a detailed discussion of equity and rate and bill impacts), environmentally responsible, and comparison to alternative Cost of Supply requirements, as set forth in the LCP Standards.

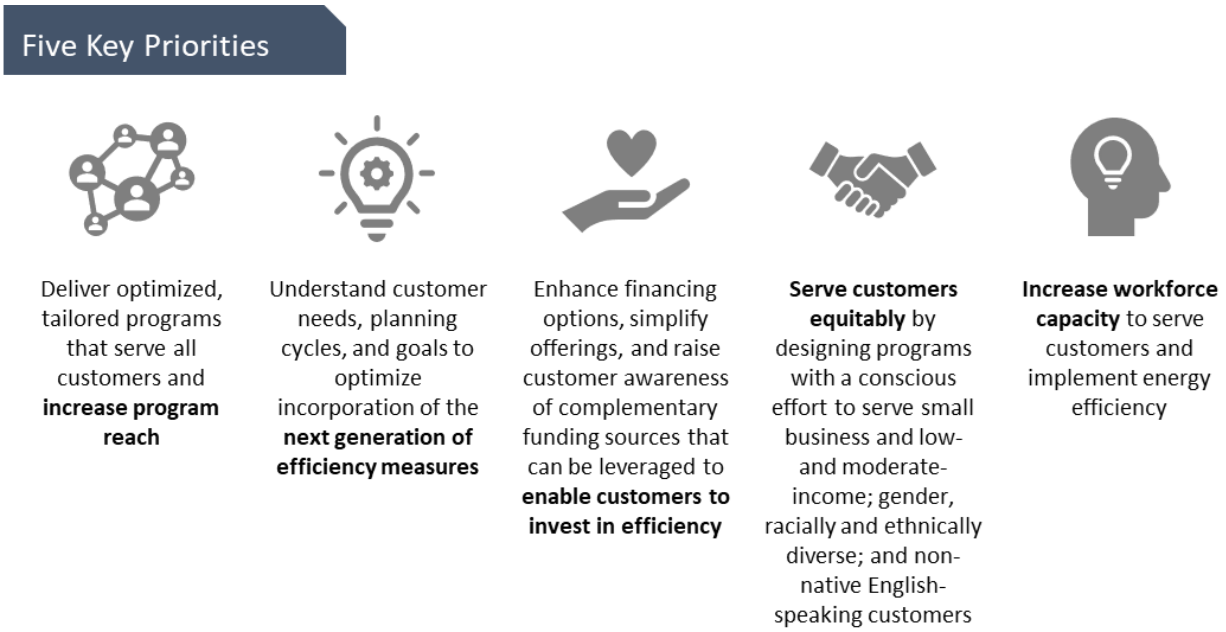
- **Goals, Budget, and Funding Plan.** This section details these elements and discusses the performance incentive plan and performance metrics.

  The nine Attachments to this Annual Plan provide additional detail on specific Plan elements. **Attachment 1 Residential & IES Programs** and **Attachment 2 C&I Programs** provide detail on program eligibility criteria, offerings, implementation and delivery, customer feedback, 2026 changes, and proposed evaluations for each program. **Attachment 3 Evaluation, Measurement, and Verification Plan** reviews evaluation studies completed in 2023, 2024, and 2025, details studies planned for 2026 and provides a recap of historical studies. **Attachment 4 RI Benefit Cost Test** presents the framework for assessing cost-effectiveness of this Annual Plan. **Attachments 5 and 6** contain funding, budgets, goals, and cost-effectiveness tables for the Electric and Natural Gas energy efficiency programs, respectively. **Attachment 7 2026 Demonstrations, Pilots and Assessments** describes proposals in these areas for 2026. **Attachment 8 Definitions** provides definitions of energy efficiency terms used throughout the Annual Plan. **Attachment 9 Equity Working Group Report** provides a summary of actions taken through the EWG.

2. Strategies and Approaches to Planning

2.1 Strategic Overview of Programs and Priorities

This Annual Plan is the third year of the 2024-2026 Plan. This 2026 Plan supports continued innovation and accelerates the energy efficiency of Rhode Island homes and businesses. This Annual Plan achieves savings by implementing the following key strategic priorities set out in the 2024-2026 Plan:



2.2 Principles of Program Design

This 2026 Plan has been guided by the LCP Standards as updated in RI PUC Docket 23-07-EE, which provides a set of principles of program design. The bullets below summarize the principles and, if appropriate, in what sections of this Annual Plan they are addressed.

- **Integration with other programs and policies.**
  - Section 5: Coordination with Other Energy Policies and Programs provides details on the Annual Plan's connection to specific state policies. Energy Efficiency Program descriptions in Attachments 1 and 2 describe the dissemination of information on energy programs beyond those run directly by Rhode Island Energy.
- **Innovation.**
  - Innovative approaches are outlined in Attachment 7: Demonstrations, Pilots and Assessments.
- **Comprehensiveness**.
  - Examples of strategies to achieve deep savings that emphasize whole building and whole system solutions are found in the Residential and Income Eligible whole building delivery program and C&I market sector descriptions (Attachments 1 & 2).
- **Equity.**
  - Using an equity lens involves consideration of how to modify systemic and institutional structures that have made it easier for some customers to access the energy efficiency programs than others. Section 2.6.1 describes Rhode Island Energy's approach to equity in 2026.
- **Build on prior plans.**
  - The experience and lessons of prior planning and regulatory approval processes informs the current program design.

- **Build on prior programs.**
    - Programs are continuously evolving, building from one plan year to the next. Each program description in Attachments 1 and 2 has a section addressing program design changes for 2026.
- **Planned based on potential assessments.**
    - This Annual Plan is informed by the 2023 Market Potential Study Refresh, and the areas of opportunity identified within it, as well as the cost implications and approach to barrier mitigation necessary to achieve higher levels of potential savings.
- **Unlock capital and effectively use funding sources.**
    - This Annual Plan consistently looks beyond direct financial incentives and traditional financing strategies to design capital and program access strategies that respond to specific customer barriers, such as grants for overcoming pre-weatherization barriers, or third-party financing.
- **Integration of natural gas and electric energy efficiency programs.**
    - All programs are integrated across fuels where it is possible to optimize and benefit from synergies between the two energy systems.
- **Strategies to achieve targets.**
    - As noted above, the overarching strategies highlighted in the 2024-2026 Plan permeate this Annual Plan.
- **Investments on behalf of all customers.**
    - All customers contribute to energy efficiency program funding, and, in return, programs are designed so that all customers have the opportunity to participate. This element of equity is discussed further in section 2.6.1.
- **Efficacy**.
    - Rhode Island Energy has incorporated opportunities to balance the portfolio of energy savings measures and program approaches to drive higher cost efficiencies (i.e., the amount of energy savings per dollar invested) and minimize the impact on customer bills. Efficacy also incorporates workforce development, which is described further in section 2.6.2.
- **Parity among sectors**.
    - This Annual Plan examines the amount collected from the different sectors by the SBC, as compared to the program budgets by sectors, to ensure that sectors are generally receiving the benefits paid for. This is further described in section 6.4.3.
- **Cost effectiveness.**

    - Programs are cost effective as required and shown in Attachments 5 and 6. The application of cost effectiveness as a design principle at a program level involves a balancing of comprehensive, costly projects with long-term measures, with programming that requires less intensive customer support, such as upstream programming that moves the incentive from the end user to the point of sale and Strategic Energy Management Planning with very large customers.

Further details on Rhode Island Energy's application of the Standards are found in section 6. As with any plan, this 2026 Plan was developed using the best information available at the time. Should circumstances change as the year develops, Rhode Island Energy will act in its capacity as Program Administrator to adapt as needed and inform stakeholders of the need to update a proposed strategy or commitment or the need to revise them.

Rhode Island Energy has evaluated programs in the Residential, Income Eligible, and Commercial & Industrial sectors using Cost of Supply calculations and the RI Test. In addition, Rhode Island Energy considered the value of each program to the utility system through a mechanism that removes or discounts certain societal benefits and non-energy impacts, specifically interstate and delivered fuel benefits, as directed by the PUC. For each program with costs in excess of the Cost of Supply, Rhode Island Energy considered the role of that program in supporting portfolio goals and other LCP standard principles, including reliability, prudency, and environmental responsibility and provide justification for continuing to offer the program as appropriate. These justifications are rooted in an assessment of quantitative metrics and program design considerations.[3]

Additional detail on Rhode Island Energy's approach can be found in section 6.6.2.

2.3 Residential & Income Eligible Programs

All Residential and Income Eligible programs are funded by electric and natural gas customers. Rhode Island Energy offers the programs detailed below to provide comprehensive services to two regulatorily defined sectors: market rate and income eligible.

Residential Consumer Products

The Residential Consumer Products Program promotes the purchase of high efficiency household appliances carrying the ENERGY STAR® label including advanced power strips, dehumidifiers, pool pumps, room air cleaners, room air conditioners, Most Efficient refrigerators, freezers, clothes washers, and dryers. Consumers can participate by purchasing these products at retail stores or through Rhode Island Energy's online marketplace. This program trains retail sales staff about the ENERGY STAR® label and how to promote the certification's energy and environmental benefits to consumers. The Most Efficient appliances are incentivized at the retailer level to encourage sales of these ENERGY STAR® Most Efficient appliances. Additionally, the program offers refrigerator, freezer and dehumidifier recycling.

Home Energy Reports

The Home Energy Reports Program is a behavioral-based offering designed to make customers aware of their energy consumption through personalized print and email reports and a seamlessly integrated website. Each of the communication channels displays a customer's energy consumption patterns, sets an energy reduction goal for each customer, and contains a normative comparison to similar sized and heated homes. The goal of the program is to inspire customers to take actions that reduce their energy consumption and increase their participation in other energy efficiency programs. This program is being transitioned to an e-mail only program for 2026 and Home Energy Reports will not be mailed to customers.

3 The initial quantitative analysis of measures, completed in March 2024, has been shared with stakeholders and Rhode Island Energy welcomes feedback. Rhode Island Energy continues to evaluate measures and programs and will continue to refine this methodology throughout the 2026 planning process. Additional detail will be provided in subsequent drafts.

Residential High-Efficiency Heating, Cooling, and Hot Water (HVAC)

The Residential HVAC Program promotes the installation of eligible heat pumps for electric customers and new energy-efficient natural gas related equipment including boilers, furnaces, windows, water heating equipment, thermostats, and water-saving devices. The program offers incentives for high efficiency air source heat pumps to customers with electric resistance heating as well.

The program supports contractor training to increase accurate installation practices, testing of the high efficiency systems, tiered rebates for new high efficiency systems, and incentives for checking new and existing systems.

Residential New Construction

The Residential New Construction program offers financial incentives and no-cost education, training and technical support to builders and homeowners to promote the construction of high performing energy-efficient single family, multifamily and income eligible homes. The program helps residential new construction and major renovation projects meet high energy performance standards and provides education and training support to builders, designers, tradespeople, and code officials.

EnergyWise Single Family

The EnergyWise Program offers single-family customers (homes with 1-4 dwelling units) in-home energy assessments, weatherization services, and information regarding their energy usage and energy-saving opportunities. The program is designed as a direct-to-customer offering that educates residential customers on how they can make their home more energy efficient. Energy specialists address base load electric use, and heating, cooling and water heating loads in single-family residential buildings through immediate installations of advanced power strips and water-saving devices.

Once the assessment and energy saving installations are completed, participants receive energy efficiency recommendations and technical assistance, as well as financial incentives to upgrade to high efficiency heating, ventilation, and air conditioning (HVAC) equipment, water heating systems, building envelope improvements, and smart thermostats. Customers also receive an Energy Action Plan detailing the additional energy savings opportunities they have through participation in other energy efficiency programs. Qualified customers can receive zero percent financing to install these high efficiency upgrades through Rhode Island Energy's financing programs, including the HEAT Loan.

Market-Rate Multifamily

This program offers comprehensive energy services for market-rate multifamily customers (buildings with 5+ dwelling units), including energy assessments, incentives for heating and domestic hot water systems, cooling equipment, and weatherization. All types of multifamily properties are eligible. A primary point of contact is designated to manage and coordinate services offered through Rhode Island Energy's existing portfolio. This program is offered in conjunction with the Commercial and Industrial (C&I) Multifamily gas program where a site may have a commercial meter or office space but also has

individual dwelling units. The delivery of the Market-Rate Multifamily Program's services should be virtually indistinguishable to the customer as Rhode Island Energy's single point of contact will handle all program overlap (between Residential and C&I programs) and offer a seamless customer experience.

Income Eligible Programs

Rhode Island Energy wants customers who meet the income eligibility requirements and may have a high energy burden and/or difficulty paying their electric or gas bills to participate in, and benefit from, Rhode Island Energy's energy efficiency programs. Therefore, the income eligible sector is designated as a unique sector and funding for this sector is subsidized by both non-income-eligible residential customers and commercial and industrial customers so a larger proportion of income eligible customers can be served.

The Income Eligible Services (IES) Program offers home energy assessments, weatherization services, appliances, and heating system replacements with no customer cost to qualified single-family customers. Customers who qualify for the A-60 rate or for the Low-Income Home Energy Assistance Program (LIHEAP) are eligible to receive all services and equipment upgrades at no cost. The IES Program's services are delivered by local Community Action Program (CAP) agencies who coordinate with outside contractors that perform heating system and appliance replacements and weatherization installations with oversight provided by a Lead Vendor.

The Income Eligible Multifamily Program offers comprehensive energy services for multifamily customers that also meet the criteria for "income eligible" as defined in Attachment 1 Residential and IES Programs, Section 4. Multifamily. These services include energy assessments, incentives for heating and domestic hot water systems, air source heat pumps, cooling equipment, water savings installations and thermostats. Typically, there are no costs to the customer for these services as most income eligible upgrades are covered at 100 percent.

2.3.1 Major Residential and Income Eligible Program Changes

Information about modifications and improvements for Residential and Income Eligible programs can be found in Attachment 1. Specifically, the X.4 subsection of each program provides an overview of all proposed enhancements and changes. Some of the notable changes are summarized below:

- **EnergyWise Single Family:** Adding heat pump water heaters as a measure and improving pre-weatherization barrier remediation process.
- **Income Eligible Single Family:** Cost control strategies and increased coordination with DHS regarding weatherization funding, among other items.
- **Multifamily:** Exploring energy benchmarking for housing authorities and leveraging the RI landlord database.
- **Marketing:** Reducing marketing spending by cutting TV ads and moving certain tasks in-house.

- **Home Energy Reports:** This program will send Home Energy Reports via e-mail only in 2026.
- Residential Products: Begin offering incentives for Most Efficient dehumidifiers and air cleaners and room air conditioner recycling.
- Residential HVAC: Begin offering heat pump water heaters (HPWHs) through a midstream delivery channel.

2.4 Commercial and Industrial (C&I) Programs

The C&I Programs offer incentives, rebates, technical assistance, and financing to customers that reduce energy consumption, cut greenhouse gas emissions, and/or meet corporate sustainability goals. To reach customers, Rhode Island Energy uses a market sector approach, whereby specific energy efficiency initiatives are developed to meet the needs of different market segments (e.g., the Grocery program, Chain Restaurants, and the Industrial Initiative). In addition to the market sector approach, Rhode Island Energy also provides Prescriptive and Custom offerings. The Prescriptive offerings are available for a wide variety of standardized energy-efficient products with "deemed" savings values, such as lighting equipment, air compressors, variable speed drives, and stream traps. While the Custom offerings are available for any energy conservation measure that is not covered under alternative pathways.

In planning the C&I programs, Rhode Island Energy evaluates customer needs, market dynamics, and State policy objectives to determine how program offerings can be enhanced or adjusted to drive market transformation across multiple end-uses. Rhode Island Energy actively incorporates feedback from customers and stakeholders and reviews recommendations from the evaluation studies, discussing program changes throughout the year on C&I Sector team calls. These continue throughout the 2026 planning process.

Another central component to the planning process is the development of strategies that advance more equitable services, particularly within the Small Business and Multifamily Programs.

Large C&I New Construction

The Large C&I New Construction Program offers financial incentives and technical assistance to customers, design professionals, developers, and vendors to encourage energy efficiency in new construction, major renovation, planned replacement of aging equipment, and replacement of failed equipment projects. C&I customers with an annual electric consumption greater than 1.5 million kWh per year are eligible.

Through the program, design professionals are eligible to receive technical assistance to conduct energy modeling and analysis for new construction projects. Owner's design teams are offered incentives for their time and effort to meet program requirements. The program promotes and incentivizes the installation of high efficiency equipment in existing facilities during remodeling projects or for equipment failure and replacement. Since customers are more likely to install energy-efficient equipment at the time of construction or equipment replacement, the program offers incentives to

ensure customers make the investment immediately rather than doing so at a greater cost later. The program also offers operations verification or quality assurance services to ensure that installed equipment and systems operate as intended.

The program supports the state's Zero Energy Building goals through engagement and in developing future offerings. The program promotes compliance with the building energy code to support the State's goals and objectives. Technical assistance is provided for advancing the development and adoption of minimum efficiency standards for appliances and equipment.

Large Commercial and Industrial Retrofit

All commercial, industrial, and institutional customers are eligible to participate in the Retrofit Program. The program incentivizes the replacement of existing equipment and systems with high efficiency alternatives when the customer might otherwise not plan on making efficiency investments. Incentivized measures include lighting, HVAC systems, motors, thermal envelope measures and custom measures in existing buildings. Technical assistance is offered to customers to help them identify energy-saving opportunities.

The program's incentives help C&I customers in defraying part of the material and labor costs associated with the installation of energy efficiency measures. In addition, Rhode Island Energy offers education and training, such as the BOC training, to support the adoption of energy-efficient equipment and practices.

Small Business Direct Install

This program is a retrofit offer that provides turn-key efficiency solutions to customers who use less than 1.5 million kWh per year. Through the program, a free on-site energy assessment is performed, and customers receive a customized report detailing recommended energy-efficient improvements.

From local pizzerias to small convenience stores, the Small Business Direct Install Program serves small businesses of all types, buildings and sizes. The program pays up to 70 percent of installation and equipment costs. Provided funds are available, customers can finance the remaining costs of the project for up to 60 months (typically 24) interest free on their electric bill using the Small Business Revolving Loan Fund.

Commercial and Industrial Multifamily

The C&I Multifamily Program provides comprehensive efficiency services for market rate multifamily customers who reside in residential buildings with 5+ dwelling units. These coordinated services include energy assessments and incentives for weatherization and the replacement of heating and domestic hot water equipment and systems. The program's services are offered for all types of multifamily properties.

To streamline the delivery of program services, Rhode Island Energy designates a primary point of contact for the multifamily property who will manage and coordinate the services offered. Refer to the Market-Rate Multifamily section for more details.

2.4.1 Major Commercial and Industrial Program Changes

Anticipated changes to the C&I programs are provided in Attachment 2 and include:

- **Combined Heat and Power (CHP) Incentive Reductions and Adjustments:** CHP incentives will be reduced, aligning with previous years' reductions. Additionally, adjustments will be made to ensure equity in rebate distribution for new CHP facilities that have not contributed to the Energy Efficiency Fund. Please note, the budgets and savings for these CHP projects are not included in the 2026 Plan. Rhode Island Energy intends to file these projects separately after the project analysis has been completed, per a request from the DPUC.

- **New Construction Energy Use Intensity Ranges:** The energy use intensity (EUI) ranges for new construction projects will be updated to reflect more stringent efficiency standards, aligning the with neighboring states' EUI ranges (approximately 10% more stringent than current program EUI ranges).

- **Retrofit Program Enhancements:** The Retrofit program will add new HVAC and Food Service measures to its midstream initiative and refine its Building Analytics Program. A Trade Ally Engagement Specialist will be hired to improve contractor engagement. In addition, Rhode Island Energy continues to review recommendations and findings from evaluation studies and incorporates changes into the program design.

- **Lighting:** Rhode Island Energy's programs continue to accelerate the replacement of fluorescent lamps and other non-LED fixtures while also planning on reducing incentives for high-efficiency, non-controlled lighting fixtures in preparation for the discontinuation of incentives for non-controlled lighting equipment in 2027.

- **Building Energy Benchmarking:** The Building Data Portal, launched in 2025, will continue to expand statewide in 2026 to enable all eligible customers to benchmark their building energy usage if interested (or required by law). This will allow Rhode Island Energy to identify energy efficiency opportunities in more buildings than would otherwise be feasible.

2.5 Multi-year Strategies

In the LCP Standards adopted by the PUC in Docket 23-07-EE, the PUC directs Rhode Island Energy to identify investment strategies for which implementation and budget requests (or revenue collection) are expected to span multiple years. In addition to the budgets and targets required for the rest of the portfolio, the PUC directs that Rhode Island Energy may separately provide budgets and goals for multi-year strategies. The requirement applies to both the Annual and Three-Year Energy Efficiency Plans.

2.6 Cross-Cutting Programs

2.6.1 Equity

Over the course of the 2024-2026 Three-Year Plan cycle, Rhode Island Energy has made strides in ensuring that all Rhode Islanders – regardless of race, income, gender, ability, homeownership status, or other aspects of social status – can equally benefit from energy efficiency. A key north star in achieving this goal is engaging non-participants, including those in historically underserved communities, in our energy efficiency programs. To reach these non-participants, Rhode Island Energy has built relationships with community-based organizations, expanded multilingual and targeted marketing efforts, led education campaigns to reach renters and multifamily property-owners, offered enhanced incentives for micro-and-small businesses, and pursued several other efforts. In 2026, Rhode Island Energy plans to continue and scale these efforts with a heightened focus on measuring their effectiveness.

The Equity Working Group

Since 2021, Rhode Island Energy and OER have co-hosted a series of Equity Working Group (EWG) meetings facilitated by The Green & Healthy Homes Initiative (GHHI). The EWG is comprised of community representatives from a diverse array of community-based organizations, small businesses, non-profit organizations, CAPs, resident advocacy groups and alliances, municipal and state entities, and other industry experts. The purpose of these meetings is to discuss how the Rhode Island energy efficiency programs can more equitably serve residents and businesses. As a result of these discussions, the EWG provides Rhode Island Energy with written recommendations to advance equity in the planning, design, and delivery of its energy efficiency programs. These recommendations include specific, actionable equity strategies for Rhode Island Energy's programs as well as a list of metrics to track. The full list of recommendations, strategies, and metrics for 2026 are included in an annual report that is drafted by GHHI. Please see Attachment 9 for the 2025 Equity Working Group Report.

Rhode Island Energy will continue to host Equity Working Group meetings in 2026 to ensure a continued focus on equity throughout the year and in support of future planning activities. Rhode Island Energy is committed to 8 EWG meetings in 2026.

2026 Equity Strategies and Actions

Rhode Island Energy weighs its program knowledge, customer priorities, and stakeholder recommendations to identify specific equity efforts within each energy efficiency plan. In 2026, the Company will focus on the following areas:

1. **Community Outreach and Education**

   Dedicated community outreach and education is a cornerstone of Rhode Island Energy's equity strategy. In 2026, Rhode Island Energy will continue to strengthen and expand partnerships with non-profit organizations, quasi-government agencies, municipalities and government agencies, and other community-based organizations. The goal of these partnerships is to build trust within communities, educate customers on how they can benefit from energy efficiency, and boost

participation in Rhode Island's energy efficiency programs. Rhode Island Energy plans to take the following actions in 2026:

i. Continue to strengthen and expand the network of community-based partners that work with Rhode Island Energy to conduct program outreach, marketing, and education.

ii. Continue to increase awareness of the Small Business program by engaging with organizations that support and have relationships with Minority and Women-owned Business Enterprises (MWBEs).

iii. Scale the 2025 Residential Equity Outreach Assessment, which seeks to conduct outreach to landlords and tenants in English and Spanish, into an ongoing a program outreach strategy. Please see section 2.6.5 for more details on landlord outreach.

iv. Conduct an Equity Analysis and Outreach Evaluation to understand the effectiveness of Rhode Island Energy's community outreach and equity strategies. Please see section 3.4 of Attachment 3 for more details.

2. **Equitable Marketing Strategies**

Rhode Island Energy is committed to meeting Rhode Islanders where they are on their customer journeys. That means developing marketing strategies to reach every customer, whether they are a resident/business that is unaware of energy efficiency or a repeat participant in Rhode Island Energy's programs. A thoughtful approach to marketing to historically underserved communities and small businesses is core to this strategy. As such, Rhode Island Energy will pursue the following equitable marketing strategies in 2026:

i. Continue to market to customers in English, Spanish, and Portuguese through e-mail and direct mail.

ii. Conduct energy efficiency education and marketing through Spanish language radio.

iii. Market the Small Business program through organizations that have strong relationships with MWBEs.

iv. Continue other accessible, mass-market tactics such as radio, print newspaper and magazine, and social media.

v. Continue direct marketing to landlords in underserved communities.

vi. Emphasize community-based storytelling by featuring community members and customer case studies in marketing content.

3. Removing Participation Barriers

Beyond education, marketing, and community outreach, Rhode Island Energy is actively committed to breaking down the silos and barriers that Rhode Islanders may face when trying to access and benefit from energy efficiency. These barriers may include language accessibility, pre-weatherization challenges, split incentives, and other program participation factors. In 2026 Rhode Island Energy will focus on the following related actions:

i. Partner with local organizations on two pre-weatherization barriers initiatives, including GHHI's Providence Whole House and Electrification Program and Rhode Island Housing's Lead Abatement Program. Please see section 3.4 of Attachment 1 for more details.

ii. Conduct a language access needs assessment for the Income Eligible Single-Family Program. Please see section 3.4 of Attachment 3 for more details.

iii. Continue to conduct Main Street campaigns in communities that have lower historical participation in the Small Business Direct Install program. More information on Main Street campaigns can be found in section 4.4.1.2 of Attachment 2.

iv. Continue language accessibility efforts such as program materials translation to Spanish and Portuguese and through multilingual marketing and outreach (please refer to details in Equitable Marketing Strategies section above).

Please see section 2.6.2 for activities planned for 2026 workforce development.

Equity Metrics

The 2026 Plan results from a deepening understanding of how Rhode Island Energy's equity initiatives are impacting non-participants across Rhode Island communities. Rhode Island Energy, in collaboration with the Equity Working Group (EWG), developed metrics and began tracking and reporting out in the second half of 2024. A key feature of these metrics is the ability to track energy efficiency program participation in census tracts that are defined by the U.S. Census Bureau. By using census tract level participation data, Rhode Island Energy can better ascertain where to target efforts and the effectiveness of existing strategies in these communities. This will allow Rhode Island Energy to better serve communities with low participation rates, such as environmental justice (EJ) communities. The metrics that are currently tracked and reported are listed below.

Single Family Programs Participation (EnergyWise, Income Eligible Services):

1. # of Home Energy Audits Completed
    a. Broken down by EJ vs non-EJ communities[4]
    b. Broken down by renters vs non-renters

4 https://dem.ri.gov/environmental-protection-bureau/initiatives/environmental-justice

2. # of Weatherization Projects Completed
    a. Broken down by EJ vs non-EJ communities
    b. Broken down by renters vs non-renters

Multifamily Programs Participation (EnergyWise Multifamily, Income Eligible Services Multifamily):

3. # of Home Energy Audits Completed
    a. Broken down by EJ vs non-EJ communities

4. # of Weatherization Projects Completed
    a. Broken down by EJ vs non-EJ communities

Pre-Weatherization Barriers:

5. # of Audits with Pre-Weatherization Barriers Detected
    a. Broken down by pre-weatherization barrier type for EnergyWise Single Family program
    b. Broken down by Community Action Program service territory for Income Eligible Services Single Family program

Microbusiness & Small Business Participation:

6. # of Eligible Customers Participating in Small Business Direct Install
    a. Broken down by EJ vs non-EJ communities
    b. Broken down by consumption category

These metrics will continue to be tracked and reported on a quarterly basis in 2026 and can be found in Rhode Island Energy's quarterly reports, which are filed with the Public Utilities Commission.[5] In 2026, Rhode Island Energy plans to explore ways to better contextualize these metrics using data visualization, trend analysis, and supplemental data points.

Ongoing Partnerships

Rhode Island Energy's energy efficiency equity work is also focused on ensuring qualified customers are moved to the discount rate. Rhode Island Energy partners with community organizations across the state that not only educate customers about energy efficiency but also assist with billing questions and payment plan opportunities. Not surprisingly, the immediate bill relief from the discount rate removes some financial pressure and concern from an energy burdened population. Direct face-to-face contact with customer advocates also builds customer trust. Once that trust is established, it is easier to move the attention of customers to energy efficiency.

[5] Quarterly reports for program year 2025 may be found in the Commission's docket page at ripuc.ri.gov/Docket-24-39-EE, under "Quarterly Reports."

Beginning in 2023, Rhode Island Energy began to engage with the Rhode Island Department of Health's Health Equity Zone (HEZ) Initiative through a connection facilitated by the Energy Efficiency Council. The HEZ Initiative supports place-based approaches to promote healthy communities and improve the socioeconomic and environmental conditions in neighborhoods across Rhode Island. There are 15 HEZ collaboratives across the state and each zone is overseen by a backbone agency, a local, community-based non-profit that provides the management and infrastructure for each HEZ. Rhode Island Energy has previously engaged many of these agencies through the Weatherization Program and the HEZ Initiative provides an additional opportunity to work with agencies that serve residents who have not historically participated in Rhode Island Energy's energy efficiency programs. In 2026, Rhode Island Energy will continue to participate in HEZ events and collaborate with backbone agencies to increase awareness of efficiency offerings.

Rhode Island Energy has also been collaborating with and participating in the University of Rhode Island Cooperative Extension's Efficient Housing for All Community of Practice (EHA CoP), an Energy Efficiency Council initiative. This initiative engages community-based workers and Rhode Island residents to better understand nonparticipation in income-eligible energy efficiency programs. Rhode Island Energy will continue to work closely with EHA CoP for the duration of the initiative.

2.6.2 Workforce Development

Clean energy and energy efficiency programs are drivers of job creation in Rhode Island. Rhode Island Energy's energy efficiency programs support a large clean energy workforce of local and regional vendors, contractors, distributors, and suppliers. It is important that the jobs and economic benefits created from energy efficiency jobs reach all Rhode Island communities, especially Environmental Justice Focus Areas.

The objective for 2026 will be to continue to grow the energy efficiency workforce to close the gaps identified by the Workforce Development Needs Assessment.[6] This effort will focus on several key initiatives.

Table 2 below shows Rhode Island Energy's continued workforce development activities. Rhode Island Energy staff conducted a thorough review of 2024 and 2025 trainings with the lead vendor to determine which of those trainings warrant continued funding for the 2026 program year.

6 Rhode Island Energy Workforce Development Needs Assessment Study, BW Research, 2023

Table 2. Continued Workforce Development Activities

Sector	Workforce Development Activity	Description	Target Audience	Budget
Res	HVAC Check trainings	HVAC installation best practices training delivered as part of the HVAC Program	HVAC technicians	$39,400
Res + IE	Zero Net Energy training	High performance building best practices training delivered as part of the Residential New Construction Program	Design professionals, builders and contractors	$20,000
IE	Miscellaneous income-eligible training	Training on topics such as smart thermostats and air source heat pumps delivered as part of the IES Single-Family Program	Weatherization contractors, auditors	$50,000
Res	RI Builder's Association and Residential Construction Workforce Partnership (RCWP) training	Weatherization focused training. Students recruited from community with anticipation of returning to their community and supporting local CAP agencies	Weatherization for both Income Eligible and Market-Rate applications	$40,000
Res	Reimburse CPHC/B credentials	Reimburse local professionals for Certified Passive House Consultant/Builder (CPHC/B) credentials	Design professionals, builders and contractors	$50,000
C&I	Zero Net Energy training	High performance building best practices training delivered as part of the C&I New Construction and Major Renovations Program	Design professionals, developers and contractors	$20,000
C&I	BOC training	Building operations and maintenance (O&M) best practices training delivered as part of the C&I Retrofit Program	Facility managers, building maintenance staff	$37,000

Sector	Workforce Development Activity	Description	Target Audience	Budget
All sectors	Codes & Standards – code compliance training	A suite of services which includes training sessions (classroom, webinar, and in-field), project-specific "hotline" support, and development and delivery of tools and resources to fill industry gaps	Code officials, design professionals, builders, developers and contractors	$255,600
Res	Train the Trainer	A "train the trainer" program will multiply the number of qualified instructors and allow for an increased training capacity	Code trainers	$6,000
Res	Reimburse Program Approved Trainers	After completing the trainer course, qualified instructors will be compensated to deliver code update trainings	Code trainers	$6,000
Res	Full Day Workshops	Full-day workshops allow for a deeper level of instruction for trainees looking for more detailed or specific code information such as design and plan review, HVAC implementation, etc.	Code officials, design professionals, builders, developers and contractors	$8,000

2.6.2.1 Building Capacity for CAPs

The workforce at the Community Action Programs (CAPs) has remained stable and dependable thus far in the 2025 program year. Given this consistency, Rhode Island Energy believes the most effective way to optimize program resources is by investing in the continued development of existing auditors' knowledge and skills. As part of ongoing efforts to build capacity within the CAPs, Rhode Island Energy is committed to providing industry-specific training for auditors participating in the Income-Eligible Single Family (IESF) program. Upcoming training sessions will include a focused course on heat pump water heaters, as well as a best practices workshop for energy auditors.

To complement the heat pump water heater training, we will begin placing informational magnets on existing hot water heaters in homes where energy audits are conducted. These magnets will include IESF

program contact information and encourage property owners to reach out for support in the event of equipment failure enabling timely replacement with a more efficient heat pump water heater. All training courses will be thoughtfully designed to maximize energy savings and optimize service delivery.

2.6.2.2 Upskill Electricians and Energy Professionals

Quality installations of energy efficient building upgrades are becoming more difficult as systems become more complex. These complexities are especially present for electric heat pumps, building automation systems, and building controls. Rhode Island Energy will continue to upskill electricians and other professionals in 2026 through a large set of available trainings developed and offered in collaboration with the Rhode Island Builders Association, and other local partners at little or no cost. Training topics include but are not limited to net-zero energy design and building for residential and commercial new construction and design of lighting controls, technical support and training for builders, developers, designers, and contractors in Residential New Construction, onsite trainings for builders and contractors, energy modeling support, trainings on how to achieve various energy certifications, tours of zero-energy new homes and renovations, and trainings for technical schools and other local educational institutions (Warwick Area Career Tech, New England Institute of Technology, Chariho Career and Tech Center, Davies Career and Technical High School, CCRI, Woonsocket Career & Technical Center, Providence Career & Technical Academy, RISD).

2.6.2.3 Recruit and Upskill HVAC Contractors

Consumer demand requires both an increase in the number of contractors that can deliver HVAC products and training to promote quality installations through addressing weatherization, right-sized equipment, correctly functioning systems, and connectivity with building controls. Training topics offered include, at minimum, a weekly Contractor Newsletter – Participating Contractor list; training on HVAC installation best practices (includes sizing, refrigerant charge and airflow testing), via virtual live webinars and in-person at various locations including distributor locations such as Supply New England, The Granite Group, F.W. Webb, Department of Labor & Training); trainings for HVAC students at MTTI and Providence Career Technical Academy; and best practices for controls.

Rhode Island Energy will continue to coordinate workforce development efforts with the appropriate state and local authorities to maximize and leverage the impact of initiatives across the state. For example, Rhode Island Energy will coordinate with OER on the forthcoming HVAC Heat Pump Apprentice Program and Clean Energy Internship Program, both of which leverage federal funding and will complement Rhode Island Energy's HVAC workforce development activities.

- Increase training on proper selling, sizing, design, and installation of heat pumps
- Engage local HVAC tech programs and provide training
- Support contractor efforts to teach customers how to properly use and maintain heat pump equipment

2.6.2.4 Train Business Facilities Staff

As systems and controls evolve, it is incumbent to provide relevant training for facility managers, building operators, and other staff to enable them to operate these systems to their full, energy efficient potential. Rhode Island Energy will continue to offer these training courses in 2026, including Building Operator Certification (BOC). BOC training gives attendees the skills they need to make their buildings more efficient, healthy, comfortable, and environmentally friendly. The BOC program is aligned with the International Organization for Standardization (ISO) for organizations that certify personnel. Rhode Island Energy will offer 2 BOC Fundamentals of Energy Efficient Building Operations trainings in 2026. In addition, Rhode Island Energy will provide 12 technical webinars in coordination with BOC. The webinars offer one-hour technical presentations on topics related to energy efficient building operation practices.

2.6.2.5 Training for Codes and Standards

Per state law (H6101/S0855 Sub A), Rhode Island adopted the 2024 International Energy Conservation Code (2024 IECC) within three months of its publication in 2024.[7] The law requires adoption with no weakening amendments and a plan for 90 percent compliance within six months for residential and commercial new construction and renovations. Rhode Island Energy's Codes & Standards experts are collaborating directly with the Rhode Island Code Commissioner to hold mandatory training for building officials. Rhode Island Energy also coordinates closely with the Rhode Island Builders' Association (RIBA) to promote code awareness and training to its members and partners. The National Association of Home Builders, RIBA's national affiliate, is developing code training curriculum, and Rhode Island will be the first state to use this curriculum when it adopts the 2024 IECC.

Rhode Island Energy, CLEAResult, local partners (Rhode Island Builders Association (RIBA), Rhode Island Building Officials Association (RIBOA), American Institute of Architects (AIA), Rhode Island Association of Realtor (RIAR), Rhode Island Master Plumber and Mechanical Association (RIMPMA)), host organizations (lumberyards, Taco Comfort Solutions, Viessmann Manufacturing, Libraries, Cities/Town Halls, Supply Houses, RNC program participants), and schools (Tech Schools, New England Tech, YouthBuild) will conduct the following activities, at minimum, to train workforce on codes and standards. These activities include CEU accredited training for building inspectors, builders, developers, architects, engineers, contractors, students, building owners, and real estate agents.

There is a steep learning curve associated with the new code and Rhode Island Energy will continue training and technical support to help the industry understand and meet the new requirements.

- Increase program-approved trainers through "train the trainer"
    - Increase the number of code trainers by training a variety of industry peers such as architects, builders and building officials to provide training for others that is comprehensive and consistent
- Develop on demand online training

[7] IECC 2024 was published on August 14, 2024, accessed at https://codes.iccsafe.org/content/IECC2024P1

    - LMS style trainings can be pre-recorded and linked to various state and industry websites. This will allow trainees with time or transportation constraints to attend trainings on their own time
- Provide HERS rater training and certification
    - HERS Raters are uniquely qualified to provide technical support and verification of compliance with the energy code. The performance compliance pathway, which requires an energy rating, will become increasingly more popular and Rhode Island will need to increase this workforce network to meet the needs of the industry once the new code takes full effect.
- Full day workshops
    - Deep dives into Envelope, Mechanicals, Lighting, HVAC
- Mandatory training for building officials on the 2024 International Energy Conservation Code (and subsequent updates) in collaboration with the Rhode Island Office of the Building Code Commissioner.

Rhode Island Energy represents the energy sector on the Rhode Island Green Buildings Advisory Committee (GBAC). Through participation in the GBAC, Rhode Island Energy is able to identify additional workforce needs related to codes and standards, make recommendations for workforce development in support of the State's climate and clean energy mandates, raise awareness of Rhode Island Energy's planned trainings and workforce development activities, and raise awareness of relevant incentives through the Rhode Island Energy Efficiency Programs. Rhode Island Energy will also work with the Green Energy Workforce Advisory Committee to coordinate around training for codes and standards.

2.6.2.6 Build a Pipeline of Energy Professionals

In 2026 Rhode Island Energy will continue to actively mentor and teach students broad topics related to the energy sector and potential jobs as well as specific technical topics related to energy efficiency. Rhode Island Energy will maintain its engagement with local schools and universities, including Warwick Area Career Tech, New England Institute of Technology, Chariho Career and Tech Center, Community College of Rhode Island (CCRI), Woonsocket Career & Technical Center, Providence Career & Technical Academy, and RISD.

The Community College of Rhode Island (CCRI) has launched a new Industrial Assessment Center (IAC), made possible by a federal grant from the Department of Energy. This center provides CCRI students with comprehensive training in building science and energy efficiency, combining classroom learning with hands-on experience conducting energy assessments for small and medium-sized manufacturers in Rhode Island. Rhode Island Energy is actively involved, connecting CCRI with suitable businesses for assessments. The program complies with Justice40 guidelines, ensuring that CCRI's diverse student body has expanded opportunities in this growing field. This collaboration will create a skilled workforce for Rhode Island's energy sector while simultaneously improving the energy efficiency of local manufacturers.

Rhode Island Energy will highlight student energy efficiency projects for display and education at the Rhode Island Home Show and Energy Expo, in collaboration with RIBA and Rhode Island's Career

Technical Education (CTE) programs. The model for having students and schools participate in building features and educating consumers along with industry partners has been adopted by the Rhode Island Department of Education as an approved work-based learning and career exploration curriculum to satisfy internship/career exploration requirements for graduation.

2.6.3 Financing and Funding Options

Rhode Island Energy currently offers several financing vehicles to customers including on-bill financing for business customers which is administered by Rhode Island Energy, HEAT Loan, and financing through the Efficient Buildings Fund, a program jointly administered by OER and Rhode Island Infrastructure Bank (RIIB). In 2026, Rhode Island Energy will continue to rely primarily on on-bill financing to support business customers to fund their share of energy efficiency project costs, investigate how these offerings can be expanded to serve more residential customers and increase loan limits for residential comprehensive projects

Please see section 5.4 for a discussion of state and federal incentives.

2.6.4 HVAC Equipment

Rhode Island Energy will continue to coordinate with OER to leverage non-ratepayer funding opportunities for energy efficiency measures, such as the Clean Heat RI Program[8]. Please see section 5.4 for a discussion of state and federal incentives.

Rhode Island Energy will target electric heat resistance heat pump upgrades as outlined in Rhode Island Energy's Electric Resistance Heating to Air Source Heat Pumps: Implementation Plan for the Income Eligible Sector. Rhode Island Energy was directed by the Public Utilities Commission to develop the Heat Pump Plan to achieve 750 conversions annually by 2026 with 25 percent of those customers served classified as income eligible RIE will continue to target electric resistance heat to heat pump upgrades. Additional detail can be found in Section 5.4 of Attachment 1.

2.6.5 Community-Based Initiatives

The Community Solutions Initiative allows Rhode Island Energy to collaborate holistically with a municipality to develop and execute a three-year workplan to reduce energy use in advancement of the municipality's sustainability goals. Community Solutions is an evolution of our successful Strategic Energy Management Program (SEMP) Initiative. The Community Solutions model begins with a memorandum of understanding (MOU) that establishes a non-binding framework for working together, defines energy efficiency savings goals and incentives, and sets priorities for collaboratively engaging residents and businesses in energy efficiency programs. The municipality is linked with a technical assistant who prioritizes City-owned buildings, identifies opportunities and estimates costs and savings. In 2023, Rhode Island Energy signed our first MOU with a participating municipality and for 2026 will

8 For more details on the Clean Heat RI Program, see the website here.

look to sign additional MOUs with additional cities and apply best practices from these partnerships to program delivery across municipalities regardless of size.

Regular communications are essential to engage in early discussions on potential projects and energy efficiency, as is moving away from transactional interactions to foster more collaborative relationships. Prioritization support aids in budget planning while sharing best practices from other municipalities on challenges like procurement processes. Having a dedicated technical assistance vendor offers valuable support for data analysis, scoping studies, and project analysis, providing expertise on facilities and opportunities. Leveraging municipal communication channels such as websites, newsletters, and social media expands outreach to a broader customer base. The Main Street Initiative takes a neighborhood approach to driving energy savings through its Main Street Initiative. As in 2025, Main Street campaigns will be planned in three communities in 2026, including outreach and engagement with community-based organizations. Throughout 2026 Rhode Island Energy will work to drive participation, with a particular focus on promoting the Small Business Program to the smallest commercial customers. Though too soon to evaluate, data through the first quarter of 2025 indicate an increase in small business participation relative to 2024. Rhode Island Energy will continue engagement with local community groups to increase participation in the Small Business Program throughout the year. Like years past, Rhode Island Energy and its vendor will identify goals for each community in the first quarter of the year, before the launch of the first campaign in Spring 2026. Rhode Island Energy provides additional detail on the Main Street Initiative in the quarterly and annual energy efficiency reports.

The Company has developed a landlord outreach approach, paired with Spanish language access, which was implemented at the end of 2024 through 2025. Learnings so far indicate that the approach works better with engaged communities with strong leaders and other approaches will be layered on to communities without local advocates. In 2026, the Company will continue to meet landlords and renters where they live, while identifying and reaching other underserved populations. The focus during the summer of 2025 has included direct Spanish language engagement at summer festivals and community events.

The 2024 year-end report included metrics on home energy assessments and weatherization in Environmental Justice Communities (EJ Communities), another underserved population. In 2026, the Company strives to meet or exceed the high levels of service. For Income Eligible Single-Family customers, 49% of Home Energy Assessments participants and 43% of weatherization participants lived in EJ Communities. The EnergyWise comparable statistics are 27% for home energy assessments and 25% for weatherization. With 38% of the RI population living in Environmental Justice Communities, the market rate program will also strive to increase its service in EJ communities

Rhode Island Energy partners with OER to implement the State's Lead by Example Executive Order (EO 23-06).[9] This partnership uses Rhode Island Energy Efficiency Programs to drive energy savings at state and municipal buildings in various communities across Rhode Island.

Rhode Island Energy partners with OER on the Public School Energy Equity Program to develop the full suite of programmatic, technical and financial resources available to communities. Together with OER, we have developed processes to support schools during the entire project life cycle, including technical assistance to identify project scope, procurement process support, and post installation reviews.

Since the inception of the Efficient Buildings Fund (EBF)[10], Rhode Island Energy has worked with the Rhode Island Infrastructure Bank (RIIB) and municipalities to facilitate project development and application. Rhode Island Energy's technical team conducts energy assessments and provides reports that meet the needs of both EBF and incentive programs to simplify application processes and help municipalities take advantage of multiple funding sources. Since inception, EBF has supported 22 municipal projects, loaning out over $69 million dollars to support a variety of energy efficiency projects. These will deliver $109 million in savings over the lifetime of the installed measures.

All municipalities can participate in large commercial and industrial programs. An account manager dedicated to this sector supports these customers in identifying projects, securing funding, and working with implementation vendors to achieve savings.

2.6.6 Participation and Outreach

Rhode Island Energy provides essential energy services to over 770,000 customers across Rhode Island through the delivery of electricity and natural gas.

Outreach efforts increase public awareness of Rhode Island Energy as a local company committed to helping customers save energy and money. Awareness level marketing presents all energy efficiency programs, allowing customers to pursue the program(s) that is/are right for them.

In 2026, Rhode Island Energy will continue to drive participation through two main pathways – targeted programs and broad-based programs. Targeted programs include Rhode Island Energy's retrofit, new construction, and heating and cooling rebate programs. These programs serve to drive deeper savings to targeted customer segments and offer a wide array of energy efficiency measures. Rhode Island Energy also reaches broad participation by promoting products upstream and through home energy reports. These broader based programs provide value by reaching a wide and diverse set of customers, helping to provide more customers with access to energy savings, as well as acting as a gateway to drive participation in other energy efficiency programs.

9 https://governor.ri.gov/executive-orders/executive-order-23-06

10 For more information on the Efficient Building Fund, please visit the EBF websites hosted by OER or RIIB.

Rhode Island Energy's website was overhauled in 2024. Rhode Island Energy added new content to the site to support customers and stakeholders including: a calendar listing Codes and Standards trainings for code officials and building professionals, links to third-party grant and funding programs, and the Appliance Recycling Program for residential and small business customers. Customers have a single sign-on experience that allows them to seamlessly access information on all aspects of their energy use, including billing questions and energy efficiency. The website offers language translation through Google Translate to improve accessibility for all customers. In 2026, Rhode Island Energy plans to continue to develop educational content on the website such as best practices for using heat pumps, educational articles, and customer case studies.

Rhode Island Energy plans to hold twelve customer assistance expos annually, plus over a dozen pop-ups each month, located in communities throughout the state. These events focus on ways to help customers pay their bills. Energy efficiency is a key method to help customers lower their gas and electric bills, and Company staff help customers understand how to participate. These events serve as excellent opportunities to engage with customers, offering informative materials, raising awareness, and addressing the relevance of energy efficiency. Customer Advocates will attend many outreach events at local organizations in addition to the customer assistance expos.

Rhode Island Energy piloted a social influencer effort in 2024 and 2025 and based on those learnings will expand in 2026. Social media influencers developed content covering topics like energy saving tips, the fridge recycling process, and the Home Energy Assessment experience. The influencer videos were viewed nearly 75,000 times. Through authentic content from personalities that customers already trust, Rhode Islanders can organically learn about making more energy efficient choices and finding ways to save money. In 2024, RIE began this effort with a focus on HEA, and later added refrigerators during 2025. In 2026, RIE hopes to add one more focus area to the social media campaign and include heating system upgrades.

Rhode Island Energy coordinates State agencies to refer customers and share leads across Rhode Island Energy Efficiency Programs and other state and federal energy efficiency opportunities, such as CHRI. Cross-marketing occurs via strategically timed collateral, leave-behind information and marketing materials that cross-promote programs and offer energy saving tips, and by processes to serve customers and buildings holistically across multiple program pathways. In 2026, Rhode Island Energy will introduce a follow-up marketing campaign triggering communications to customers after they participate, identifying the next best step in their energy efficiency journey. This effort will be piloted in Q3 and Q4 2025 by thanking customers who recycled a refrigerator, freezer, or dehumidifier and encouraging them to take the next step by purchasing a product on our Marketplace. Rhode Island Energy holds routine meetings and has channels of communication open with other program administrators, including OER and CommerceRI.

3. Demonstrations, Pilots, and Assessments

Commercial, industrial, and residential demonstrations, pilots and assessments are all vehicles that may be used to identify, test, analyze, and deliver new innovative solutions and services that are technically

feasible, desirable by customers, and viable for inclusion in the portfolio. Rhode Island Energy will continue to systematically review opportunities to add to the portfolio through a consistent and transparent process. Please refer to Attachment 7 for additional details on evaluations for demonstrations, pilot, and assessments. Consistent with PUC Guidance, Rhode Island Energy uses the following definitions for demonstrations, pilots and assessments.

3.1 Demonstrations

A demonstration will test the feasibility of a new product or offering for inclusion in existing programs. It is generally expected that demonstrations will be less time and resource intensive than pilots, since generally there is greater certainty around a narrow, incremental idea added to a program rather than a totally new set of offerings. Savings associated with demonstration projects may contribute to shareholder incentives. Demonstrations may be evaluated with either an independent or a vendor evaluation.

3.2 Pilots

A small-scale, targeted program that is limited in scope, time, and spending and is designed to analyze the feasibility of a future program or rate design. Pilots are designed to test technologies and approaches to energy management not included in the core energy efficiency programs that could potentially become a new, standalone program. Given the scope of adding a new core program, it is likely that pilots will require a long-term commitment and broader set of stakeholder input. Savings associated with pilots will not contribute to shareholder incentives. Pilots may be evaluated with either an independent or a vendor evaluation.

3.3 Assessments

An assessment will be deployed for solutions that address a particular gap or program need but have significant uncertainty around the effectiveness or potential of the solution to realize savings. Because of the uncertainty, assessments will not include field demonstrations or customer installations. Instead, assessments will focus on information gathering to equip Company staff to make a more informed decision of whether and how to proceed with the idea. It is possible that an assessment could recommend further demonstration of the idea or determine the solution should exit the review process. Savings associated with assessments may not contribute to shareholder incentives. Assessments may be evaluated with an independent evaluation, vendor evaluation, or internal review.

Rhode Island Energy will coordinate efforts with internal and external stakeholders, such as EM&V, Customer Energy Management, the OER, and the EERMC, at various points in the development process to ensure appropriately rigorous evaluation and attention is given to each demonstration, pilot and assessment. Updates will be provided to OER and the EERMC consultant team on a quarterly basis and Rhode Island Energy will solicit input during its collaborative annual planning process.

3.4 2026 Demonstrations, Pilots and Assessments

Rhode Island Energy plans to pursue one new Demonstration in 2026. The new Demonstration in 2026 will measure the impact on energy use when high Global Warming Potential refrigerants are replaced with lower Global Warming Potential refrigerants. Please see Attachment 7 for a description of this Demonstration.

In addition, Rhode Island Energy is aware of and will review the results of an ongoing Massachusetts Industry Standard Practice (ISP) study, "C&I Refrigerant Leak Repair and Refrigerant Swap ISP 2025" for its applicability to Rhode Island.

4. Evaluation, Measurement and Verification Plan

EM&V provides independent verification of impacts to ensure that savings and benefits claimed by Rhode Island Energy through its energy efficiency programs are accurate and credible. EM&V also provides insight into market characteristics and guidance on program design to improve the delivery of cost-effective programs.

To verify the impacts of programs on energy savings, Rhode Island Energy hires independent third-party consulting firms to regularly conduct evaluation studies as part of its EM&V process. These evaluations incorporate industry standard methods such as engineering analysis, metering analysis, billing analysis, site visits, surveys, and market studies to realize the actual energy savings of a measure. The EERMC and OER provide direct oversight of each evaluation study conducted. Every year, the results of the studies are used to update the benefit-cost calculations during planning. Attachment 3: EM&V Plan lists the evaluations that have occurred since 2010 that are still being used and their influence on program planning. All complete evaluations are submitted electronically to the PUC. Final reports of evaluations completed in prior years are available in the dockets for previous years, on the EERMC website, or upon request.

The areas proposed for study in 2026 will be chosen based on several factors: the relative amount of savings in that program or end use, the vintage of the most recent relevant evaluation study (or studies, if there are more than one for that market/measure category), the relative precision of the recent evaluation study, recommendations from previously completed studies, and the available evaluation budget. This list may be revised as the year progresses, and different evaluation priorities are identified. In particular, Rhode Island Energy will consider the value of using evaluations from other jurisdictions as well as adding Rhode Island-specific impact or process evaluations, as appropriate, that will help inform Rhode Island Energy's efforts towards achieving the goals of Least Cost Procurement. Several EM&V areas of interest were highlighted in the three-year plan, and these will be incorporated into 2026 evaluation planning, if appropriate. More information on the EM&V Plan can be found in Attachment 3.

5. Coordination with Other Energy Policies and Programs

This section will continue to describe the ways that the energy efficiency programs coordinate with, influence, and are influenced by other dockets before the RI PUC and by state and Company policies. At this time the Company anticipates several areas of continued focus and coordination will inform the plan.

5.1 System Reliability Procurement

There are two points of integration between energy efficiency and system reliability procurement. First, demand response is integrated into system reliability procurement, which prompts coordination between energy efficiency program staff and system planning team members. This coordination includes, but is not limited to, supporting market engagement efforts for non-wires and non-pipes solutions, conducting locational outreach for energy efficiency measures that may preemptively alleviate grid needs to some extent, and supporting internal evaluation of energy efficiency as a non-wires or non-pipes solution. Rhode Island Energy will coordinate internally through overlapping staffing assignments and anticipates support for coordination through external stakeholder engagement. Second, energy efficiency may be a potentially viable solution to system needs. The system reliability procurement process evaluates the ability of energy efficiency to resolve system needs either partially or fully in a manner that is less than the cost of the best alternative utility reliability procurement solution. In this manner, energy efficiency coordinates with system reliability procurement to potentially mitigate specific system needs as they arise.

5.2 Advanced Metering Functionality and Grid Modernization

Rhode Island Energy's 2026 plan will not include specific Advanced Meter Functionality (AMF)[11] applications due to the ongoing, large-scale AMF meter deployment (nearly 525,000 new meters by 2026) requiring extensive planning, testing, and infrastructure development. While AMF's comprehensive data offers significant potential for targeted customer engagement and precise program management, sufficient data for program design and implementation is not yet available.

Rhode Island Energy is actively researching and monitoring best practices from other major US utilities, such as PG&E, Con Edison, and Austin Energy, which have successfully integrated AMF to improve real-time monitoring, customer data analytics, and proactive customer engagement. Rhode Island Energy partners with Sense[12], a home energy monitoring app available to all residential customers with AMF, to explore residential energy efficiency strategies. The work in 2026 will focus on the implementation and evaluation of potential energy efficiency savings attributable to AMF and Sense. Implementation-related questions focus on what Rhode Island Energy would need to do to claim program savings, for

11 Please visit the AMF page on the Rhode Island Energy website for additional information.

12 https://sense.com/

example, promoting the Sense mobile app to encourage customer adoption, coordinating with Sense for additional energy efficiency program promotions, and conducting evaluation activities. There is also a need to establish program attribution rules to determine how subsequent customer adoption of technologies like smart thermostats or heat pumps should be credited. Evaluation design questions include ideas for an experimental or quasi-experimental framework, such as a randomized encouragement design, to support impact evaluation and potentially establish a prescriptive measure for future program cycles. Rhode Island Energy is evaluating an additional Sense module, Home Analytics, that could enhance Sense's usefulness for program evaluation and customer segmentation—its functionality, cost, and application. For commercial and industrial customers, particularly small and micro businesses, Rhode Island Energy recognizes the new access to more granular data afforded by AMF as a valuable tool for future program development.

5.3 2021 Act on Climate

Through the 2021 Act on Climate, the State of Rhode Island set mandatory, enforceable, statewide, economy-wide greenhouse gas emissions reduction targets of 45 percent below 1990 levels by 2030, 80 percent below 1990 levels by 2040, and net-zero emissions by 2050. Although the Act identifies the State Administration as the obligated entity that takes on responsibility of achieving these mandates and consequences for not achieving them, Rhode Island Energy – the predominant electric and gas distribution utility that administers energy efficiency and renewable energy programs – has a critical role to play in supporting and driving decarbonization.

Rhode Island Energy has contributed to the development of the 2025 Climate Strategy and committed to discussions with the Executive Climate Change Coordinating Council (EC4) throughout the development of the 2026 EE Plan. Representatives from Rhode Island Energy have attended all the public listening sessions and worked with the consultants to EC4 to provide data to support their analysis. The final EC4 approved 2025 Climate Strategy will not be available until December. Therefore, Rhode Island Energy will strive, to the degree possible, to incorporate its key elements into the 2026 Plan by the filing deadline.

Rhode Island's 100% Renewable Energy Standard requires an increasing percentage of electricity sourced from renewable energy resources, until meeting 100% in 2033 and beyond. In 2026, there are both decarbonization benefits and affordability benefits from reducing energy use through energy efficiency. Through the end of the decade, the 100% Renewable Energy Standard will erode the GHG savings that Rhode Island Energy can claim from energy efficiency (because electricity will be increasingly decarbonized) but will likely increase the affordability benefits of reducing energy consumption (because the cost to decarbonize will be internalized into electricity prices). Rhode Island Energy also considers the interaction between customer-funded energy efficiency programs and price signals of electricity rates: increasing customer-sourced collections will increase electricity prices, which will deter electrification and therefore may slow decarbonization. Therefore, the 2026 Annual Plan will again focus on driving affordability benefits while coordinating the shift from using customer funding to non-customer funding to drive decarbonization benefits through layered incentives and rebates.

5.4 Future of Gas

The PUC Docket 22-01-NG Investigation into the Future of the Regulated Gas Distribution Business in Rhode Island is ongoing. It is expected the PUC will provide guidance sometime in 2025 regarding decarbonization strategies that are actionable in the near-term; affordable and practical for Rhode Island's households, businesses, and essential institutions; account for customer choice considerations; ensure reliable, safe, and cost-effective energy delivery; and support economic development and growth in Rhode Island. Rhode Island Energy will incorporate, as appropriate, any outcomes from this docket that impact program design and delivery in a timely manner, and to the extent possible.

5.5 Coordination with State and Federal Incentive Programs

Rhode Island Energy has numerous recent and active initiatives to explore non-ratepayer funding for its programs.

5.5.1 Inflation Reduction Act

OER launched the Home Electrification and Appliance Rebates (HEAR) program, a component of the Inflation Reduction Act (IRA). OER provides incentives for income eligible residents to receive electric equipment and wiring upgrades. This program is delivered through the Community Action Partner (CAP) agencies, the same agencies Rhode Island Energy partners with for the delivery of income eligible weatherization. The CAPs coordinate to ensure that participants receive the HEAR and Rhode Island Energy incentives they are eligible for. OER has also joined the quarterly Income Eligible Best Practice Meeting, an opportunity for the CAP agencies, Rhode Island Energy and its contractors, the Department of Health Services (DHS), and other delivery partners to discuss program delivery.

The other relevant component of the IRA, Home Efficiency Rebates (HER), is on pause pending additional guidance from the Department of Energy.

5.5.2 Other State and Federal Programs

In July of 2025, OER reopened the Clean Heat Rhode Island (CHRI) Program. CHRI now requires that all participants be weatherized prior to participation. Rhode Island Energy and OER have had several meetings to coordinate program delivery. As part of the CHRI process, Rhode Island Energy confirms for OER whether the participant has been weatherized and can therefore move ahead with the CHRI process. Rhode Island Energy, OER, and their program implementers have all signed a memorandum of understanding (MOU) outlining the specifics of the data sharing agreement. If the participant in CHRI has not been weatherized, they are referred to appropriate weatherization service provider and enrolled in the weatherization process. Once completed, they are eligible for CHRI incentives. Rhode Island Energy, in turn, encourages participants in the weatherization process to enroll in CHRI.

As part of Rhode Island Energy's commitment to share other programs offerings, the relaunch of CHRI was featured in the HVAC Newsletter sent to 650 HVAC companies, contractors, technicians, distributors, trade allies and other industry stakeholders. Both the HVAC Electric and Income Eligible

Program pages on the Rhode Island Energy website have been updated to direct customers to the CHRI website.

Additionally, consistent with the coordination with CHRI, Rhode Island Energy is revisiting the methodology for calculating savings attributable to delivered fuel weatherization measures to reflect expectations about future conversion to heat pumps over the useful lifetime of weatherization measures. Additional detail on this methodology is provided in Atachment 1, Section 2.4. Rhode Island Energy also coordinates with OER to facilitate improved operation of the appliance delivery process for income eligible program participants.

Rhode Island Energy collaborated with the Green and Healthy Homes Initiative (GHHI) in its pursuit of a Regional Greenhouse Gas Initiative (RGGI) funding opportunity from OER for its Providence Whole House + Electrification Pilot. This initiative is modeled on a successful New Jersey program funded by the New Jersey Board of Public Utilities. Designed to address pre-weatherization barriers (PWBs) that prevent low-income households from accessing energy efficiency and weatherization services, the pilot aims to remediate these issues in up to 75 housing units, enabling them to re-enter existing weatherization programs. Of these, 10 units will be selected for full electrification or electrification readiness upgrades, with the goal of improving indoor air quality, reducing greenhouse gas emissions, and lowering energy burdens for residents.

GHHI will build on its partnerships with Rhode Island Energy, the Community Action Partnership of Providence (CAPP), and the Rhode Island Office of Energy Resources (OER) to implement the program. The initiative is structured to integrate energy, housing, and health services into a coordinated delivery model. This model is intended to reduce long-term energy consumption and costs while improving health outcomes for low-income residents. The program also seeks to demonstrate the feasibility of scaling this model statewide.

The program will be evaluated by GHHI over a three-year period. The first two years will focus on implementation, followed by a year of evaluation to measure outcomes such as CO_2 emissions avoided, energy savings, and improvements in indoor air quality. GHHI will collaborate with its partners to collect and analyze data, using tools like the Snugg Pro home energy auditing application to model energy impacts and guide decision-making.

Rhode Island Infrastructure Bank received an additional $5 million from a 2022 state bond issue to support a small business energy efficiency grant fund that launched in late 2024. Rhode Island Energy has been working with RIIB to coordinate this grant funding with program dollars to leverage these outside dollars to encourage greater program participation.

5.5.3 Additional Funding Sources

In addition to the loan and grant programs mentioned above, Rhode Island Energy continuously researches other potential funding sources that could complement ratepayer funds. Rhode Island Energy has identified several different potential sources that include a mix of federal, state, and local

programs that offer grants or loans to implement energy conservation measures. The programs have been categorized into three groups:

1. Potentially applicable to Company programs in the near term[13]:

- EPA Climate Pollution Reduction Grant
- Energy Efficiency and Conservation Block Grant
- IRA Community Change Grants
- IRA Home Energy Rebates
- New England Heat Pump Accelerator[14]
- Clean Heat RI
- Rhode Island Infrastructure Bank Clean Energy Grants (small businesses)
- Providence Home Repair Program

2. Useful only for specific cases or has barriers to approval

- USDA Energy Efficiency and Conservation Loan Program
- IRA Assistance for the Adoption of the Latest and Zero Building Energy Codes
- Rhode Island Fund Strategic Initiative Grants
- DOE Title 17 Clean Energy Financing Program
- Rewiring America Power Forward Communities

3. Unlikely to be relevant, but has been reviewed

- DOE Solutions for Lasting, Viable, Energy Infrastructure Technologies
- DOE Advanced Research Project Agency- Energy

13 The first four on this list are federally funded and, as of the writing of this plan, funding is not available through these programs.

14 "The New England Heat Pump Accelerator (Accelerator) is a multi-state effort to accelerate the adoption of cold-climate air-source heat pumps (ASHP), ground-source heat pumps (GSHP), and heat pump water heaters (HPWH) across New England." Rhode Island Energy is tracking this initiative but, as of this Plan filing, do not have enough information to predict when and how any funds from this initiative will impact Rhode Island.

Rhode Island Energy continues to seek opportunities among those programs to support energy efficiency with funds from outside the systems benefit charge (SBC) collection. Many of these programs have limited funding and timelines so applications for funding will not always result in awards.

When evaluating other sources of funding, Rhode Island Energy has considered the transaction and administrative costs associated with alternative funding. Rhode Island Energy offers funding for energy efficiency via long-established mechanisms, familiar to many homeowners and service providers (energy auditors, contractors, Community Action Agencies, etc.). Any new source of funding, such as the IRA, will require additional application processes, contractor and consumer education, program specific eligibility criteria, income verification procedures, and data requirements. Though additional or alternative funding might be available for certain measures, securing funding from a different source necessitates that anyone seeking this funding participates in a separate process from the ones established by Rhode Island Energy to receive SBC funded incentives. It is also likely that the coordination with IRA funding would require additional costs for the administration of SBC funded programs.

5.6 New Codes and Standards

Rhode Island Energy has adjusted the savings estimates for some measures to reflect new code baselines or to eliminate measures that are now considered to be required equipment under the 2024 International Energy Conservation Code (IECC 2024) which took effect in November 2024. Rhode Island Energy has also undertaken outreach to its vendors and implementation staff to discuss how to incorporate new performance provisions in project modeling for 2026. Rhode Island Energy also intends to update application material as necessary to reflect new baselines or eligibility requirements consistent with the new code.

Rhode Island Energy increased trainings in 2024 to begin preparing the market for the new code, and this training will continue in 2026 to support code compliance.

5.7 Federal Action on Standards

Rhode Island Energy reviewed the Technical Reference Manual (TRM) for the 2025 Program Year to identify all measures that could be affected by the U.S. Environmental Protection Agency's (EPA) final rule regarding restrictions on the use of certain hydrofluorocarbon refrigerants which takes effect between January 1, 2025 and January 1, 2028. Rhode Island Energy assessed the refrigerants, products, and systems that are compliant with EPA regulations to determine potential impact to measure eligibility, measure energy savings, measure cost, and product availability in Rhode Island in 2026. Rhode Island Energy identified 117 refrigerant-related measures in the TRM covering air-conditioners, heat pumps, dehumidifiers, water heaters, clothes dryers, refrigeration, ice makers, chillers, and insulation. Rhode Island Energy found that all measures will continue to be eligible under the EPA final rule, 20 measures could be re-evaluated for energy savings (dehumidifiers, ice machines, and refrigeration), 49 measures could be re-evaluated for cost (dehumidifiers, ice machines, refrigeration, chillers, and HVAC except for room air-conditioners and variable refrigerant flow equipment), and 68 measures do not need further action (water heaters, clothes dryers, ultra-low temperature freezers,

room air-conditioners, variable refrigerant flow equipment, process cooling, and insulation). While the U.S. Congress has not passed any bill to withdraw the EPA final rule under the Congressional Review Act, the U.S. Congress has passed several bills to withdraw recent DOE final rules which would have amended energy conservation standards for three products: commercial refrigeration equipment, walk-in coolers and freezers, and residential gas-fired instantaneous water heaters. A bill to withdraw DOE's final rule for amending certification, labeling, and enforcement provisions also passed. Separately, DOE is actively reviewing product coverage and efficiency standards for many regulated products, including proposing to revert energy use and water use standards to the statutory baselines for some products and withdrawing coverage of certain products. These federal legislative and regulatory actions have created some uncertainty about product baseline efficiencies going forward. For the 2026 Program Year, Rhode Island Energy has decided to continue monitoring the market and federal regulatory activity and not make any changes to planning assumptions.

Additionally, Rhode Island Energy identified several stakeholder issues related to refrigerants (R-454B price and supply, refrigerant safety classifications, drop-in versus retrofit refrigerants, and refrigerant glide) but determined that these issues would not affect the eligibility of any measures. This determination is supported by Section 1. Chapter 23-27.3-129.4. of Rhode Island's General Laws entitled "State Building Code" which requires Rhode Island building code, or other local codes, to allow refrigerants designated as acceptable for use pursuant to and in accordance with the provisions of 42 U.S.C. 7671k.

6. Consistency with Standards

6.1 Least Cost Procurement Law and Standards

This Annual Plan is submitted in accordance with the Least Cost Procurement Law, R.I. Gen. Laws § 39-1-27.7, the basis for which is the *Comprehensive Energy Conservation, Efficiency, and Affordability Act of 2006*, R.I. Gen. Laws § 39-2-1.2, and the LCP Standards as approved and adopted in Docket No. 23-07-EE in July 2023. The Standards guide how energy efficiency services are delivered in a manner that is optimally cost-effective, reliable, prudent, and environmentally responsible. Rhode Island Energy has assessed each of these requirements in developing this Annual Plan. Details on Rhode Island Energy's approach to considering each of these elements are included in this section. In addition, further detail on the cost-effectiveness screening of the proposed investments is in Attachment 4: RI Benefit Cost Test, with detail on rate and bill impacts is presented in Section 6.4.2 below.

6.2 Cost Effectiveness

6.2.1 Interpretation of Standard

The RI Test compares the present value of the total lifetime benefits derived from efficiency savings to the total costs of acquiring those savings (i.e., program and customers' costs). According to the Standards, "any program with a quantified benefit-cost ratio greater than 1.0 (i.e., where quantified benefits are greater than quantified costs), should be considered cost-effective. Consistent with the

PUC's guidance issued in Docket No. 4600, qualitative benefits and costs may be considered in determining cost effectiveness. The portfolio must be cost effective, and programs must be cost effective."[15]

6.2.2 Compliance with Standard

Rhode Island Energy has analyzed the cost effectiveness for the proposed 2026 Portfolio and programs using the RI Test as required by Docket 4600 and the LCP Standards. The Energy Efficiency Portfolio and programs proposed for 2026 satisfy these criteria for cost effectiveness.

As provided for in the Docket 4600 RI Test Framework, benefits include primary fuel energy savings (electricity and natural gas), the value of other resource (fuel and water) benefits, price effects, non-embedded greenhouse gas reduction benefits, the value of improved reliability, and non-energy impacts (NEIs). Costs include all projects costs, program planning and administration, sales, technical assistance and training, evaluation, and the performance incentive. To illustrate the detailed components of the RI Test as well as the sources of the values, Rhode Island Energy has provided Attachment 4: RI Benefit Cost Test. The RI Test as applied to the 2026 Plan utilizes the regional avoided cost study, referred to as AESC 2024, completed by Synapse Energy Economics in February 2024 (and updated in May 2024), that provided the monetization of most benefit categories. The monetization of benefits also incorporates the latest EM&V results that affect claimable savings in the programs. Per the LCP Standards, RI Test results also include the costs of carbon dioxide mitigation as they are imposed and are projected to be imposed by the Regional Greenhouse Gas Initiative, Rhode Island Renewable Energy Standard and Rhode Island Act on Climate. Attachment 4 provides additional detail on changes in the avoided costs.

Attachment 5, Table E-5A shows that the proposed portfolio of electric programs is expected to have a benefit-cost ratio of 1.99, counting all benefits regardless of the jurisdiction to which they accrue, which means that approximately $1.99 in monetized lifetime benefits is expected to be created for each $1 spent on the portfolio. Attachment 6, Table G-5A shows that the proposed portfolio of gas programs is expected to have a benefit/cost ratio of 1.74 in the presentation of BCR results, which means that $1.74 in lifetime benefits is expected to be created for each $1 spent on the portfolio. The tables in Attachments 5 and 6 also demonstrate cost-effectiveness at a program level.

Attachment 5, Table E-5B shows that the proposed Electric Portfolio is expected to have a benefit-cost ratio of 1.62, counting all benefits and costs which accrue only to RI Energy, which means that approximately $1.62 in monetized lifetime benefits is expected to be created for each $1 spent on the portfolio. Attachment 6, Table G-5B shows that the proposed Natural Gas Portfolio is expected to have a benefit/cost ratio of 1.58 in the presentation of BCR results, which means that $1.58 in lifetime benefits is expected to be created for each $1 spent on the portfolio.

Cost-effectiveness results do not include economic impacts such as employment and gross state product impacts from energy efficiency investments. Economic impacts are shown separately from the benefit-

15 LCP Standards, section 3.2N.

cost analysis in Attachment 5, Table E-4 (Economic Benefits) and Attachment 6, Table E-4 (Economic Benefits). In addition, the RI Test and the Docket 4600 Framework guidance also indicate that categories of the Framework can be considered qualitatively in the assessment of cost effectiveness. When considering the significant economic activity generated directly by the programs, including supporting close to 713 FTEs associated with the programs and more than 789 companies,[16] as well as non-quantified benefits such as resiliency, a reasonable assumption is that the macroeconomic benefits of the programs are positive and potentially significant and, were those benefits included in the RI Test screening as quantified benefits, the programs would achieve more favorable benefit-cost ratios.

6.3 Reliability

6.3.1 Interpretation of Standard

The Standards for reliability create an expectation that Rhode Island Energy will be able to deliver the programs described herein and that the savings realized from program delivery are accurately estimated and measured, which ensures that the energy savings described herein can meet reliability standards. In addition, as applicable, programs should be scalable and tailored to meet specific system needs.

6.3.2 Compliance with Standard

The energy efficiency programs developed under this Annual Plan will continue Rhode Island Energy's extensive history of offering best-in-class offerings to customers. Rhode Island Energy continues to collaborate with a diverse set of stakeholders including the EERMC, OER, Division, and community and advocacy organizations to continually analyze the programs and identify opportunities for improvement.

In building this Annual Plan, Rhode Island Energy's Customer Energy Management team worked closely with industry experts, vendors, and program implementation professionals to assess the current state of existing programs, the potential for program scalability, the economic environment, and the ability to deliver reliable energy savings as a result.

Supporting Rhode Island Energy's efforts to deploy energy efficiency to Rhode Island customers is a robust and long-standing EM&V apparatus, and the resulting robust, verifiable savings ensure this Annual Plan's fulfillment of the requirements of the Reliability Standard. As noted in Section 4, Rhode Island Energy hires independent third-party consulting firms to regularly conduct evaluation studies as part of its EM&V process. A distinct group of personnel within Rhode Island Energy that includes analysts with specialized skills in engineering, statistics, and/or economics are tasked with the EM&V function and coordinate all elements of the EM&V process internally and externally. Evaluations incorporate industry standard methods to assess the actual energy and demand savings of measures incentivized by the programs.

[16] Estimates for 2026 based on information presented in the Rhode Island Energy, "2024 Energy Efficiency Year-End Report"

All elements of the EM&V process are closely monitored by the EERMC, their consultants, and OER. The EM&V process is continual, and every year results from EM&V studies are used to update the savings in the benefit cost calculation of the measure, programs, and portfolios. In addition, process evaluations and market studies conducted in the EM&V process provide an independent perspective on the performance of the programs and provide insight into the state of the market and ways that Rhode Island Energy can address new opportunities with its programs.

In total, these EM&V processes provide a transparent, externally vetted approach to ensuring that claimed savings provide as accurate of a picture as possible of the impact of Rhode Island Energy's energy efficiency programs, accounting for spillover, free ridership, and other industry standard adjustment factors. Taken together, this approach complies with the Standard of Reliability.

The EM&V process also supports Rhode Island Energy's participation in the ISO-NE FCM. Passive demand savings achieved via electric energy efficiency and Combined Heat and Power projects, and verified by the EM&V process, continue to participate in the FCM as Passive On-Peak Demand Resources. As detailed further in Section 8.2.3, Rhode Island Energy bids the passive demand savings attributed to energy efficiency measures and Combined Heat and Power facilities in the FCM and manages the associated capacity resources to maximize the resulting FCM revenue. The EM&V process provides the necessary verification of claimed savings in order to meet the high standards for participation in the FCM.

6.4 Prudency

6.4.1 Interpretation of Standard

Rhode Island Energy has considered, and continues to consider, several key components in the analysis of prudency. These components can be summarized as considerations about the proposed investments in the following:

- Support for the purposes of Least Cost Procurement.
- Synergy savings through alternatives that meet multiple needs.
- Management of risks to ratepayers and the distribution Company.
- Effective use of funding sources.
- Equitable in the allocation of costs, benefits, access to services, and participation.
- Rate and bill impacts.
- Continuity of implementation efforts.

6.4.2 Compliance with Standards

For the proposed investments detailed in this Annual Plan, Rhode Island Energy has assessed each of these elements and how they can be balanced to provide a comprehensive set of programs that will be achievable within known and anticipated constraints.

Purposes of Least Cost Procurement

This 2026 Plan secures cost-effective energy efficiency resources, as detailed in Section 6.2.2, to support the electric and gas system through the creation of customer benefits in various components enumerated in both the RI Test, comparison with the Cost of Supply, as well as the Performance Incentive Mechanism.

Synergy Savings

Program design seeks out synergies in customer participation, through a comprehensive view of savings opportunities wherever possible and tiered incentive offers. As an example of the way that the proposed investments in this Annual Plan address multiple needs, Rhode Island Energy has coordinated with the OER regarding engaging customers to weatherize at the same time they are converting to heat pumps.

Management of Risks

Energy efficiency investments are generally low risk investments. Savings have been well researched and documented through evaluation studies, and Rhode Island Energy has confidence, based on those studies, that predicted savings will be realized. Continued research through new evaluation studies contributes to continuous program improvement and increasing levels of confidence. Furthermore, many programs include customer education, post-installation inspection, or commissioning to provide a foundation for assumptions about savings persistence. This further reduces risk to ratepayers. Additionally, when the savings are reliably estimated, it serves to increase confidence and reduce risk related to the energy efficiency resource in distribution planning. Finally, by reducing costs and reliance on fuel supply by reducing demand, energy efficiency can offer some protection and risk reduction associated with market and energy price volatility.

Effective Use of Funding

As described in Section 8.2, Rhode Island Energy has identified several funding sources to support the Annual Plan budget. Furthermore, several sources of financing are offered to customers to enable program budgets to go further to achieve 2026 Plan targets. Finally, effective use of funding is represented in the mix of measures and incentives planned to balance the Portfolio to achieve the Annual Plan's objectives.

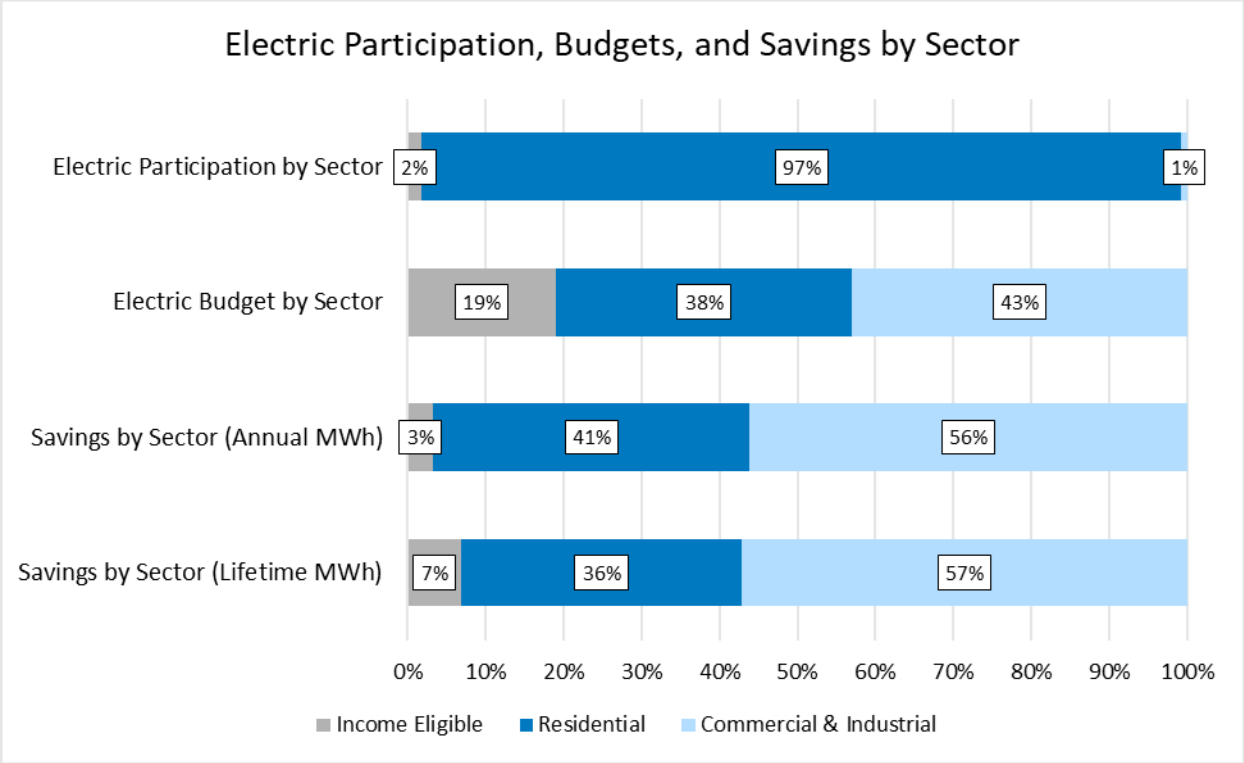
Equitable Allocation of Costs, Benefits, Services and Participation

As shown in Figure 1, there is approximate parity between the collections by a customer class and its resulting budget and savings in the Electric Portfolio. The only exception is the income-eligible sector where part of the collections from the residential and C&I customer classes are used to help cover the income-eligible sector funding needs.

The Income-Eligible budget is higher compared to its savings due to several factors: incentives are 100 percent of the cost, the programs are more expensive because they are delivered in home (compared to at retail sites or via rebates) which requires more labor and management, and the programs have fewer

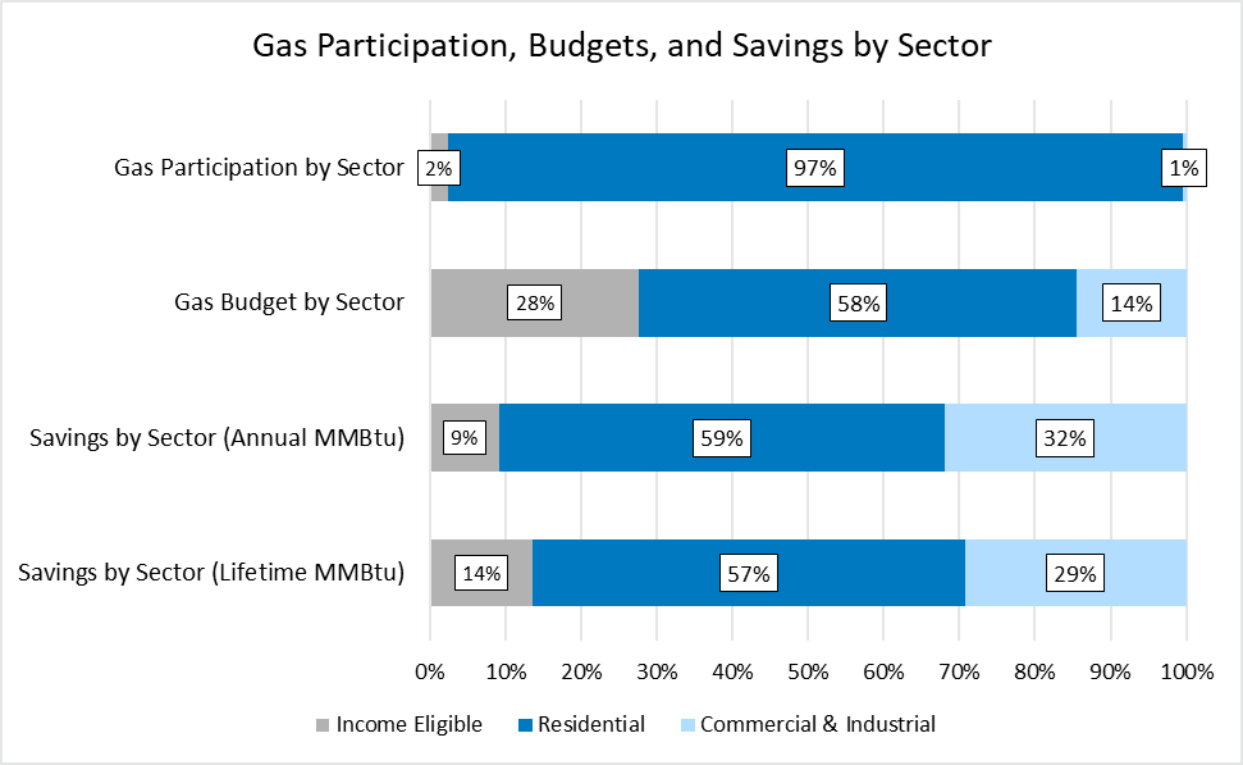
economies of scale (compared to C&I). $19.4 million is budgeted for the delivery of the gas and electric income-eligible sector programs, 17 percent and 26 percent of the total funding for each fuel portfolio respectively in 2026. Taken together, these investments represent 20 percent of the overall Electric and Natural Gas portfolio budgets.

Figure 1. 2026 Graphical representation of Attachment 5 Table E-1, E-2A, E-6A, and total Electric Savings by Sector, Cumulative



For the Natural Gas Portfolio, there is also parity between the collections by customer class and the resulting savings. There is less equitable allocation between budgets and savings. This is due to several factors. First, the energy efficiency program charge varies by customer segment, which changes collections. Second, C&I projects tend to create more savings per dollar. This is due to larger economies of scale, larger projects, different delivery channels that require less labor or management and are more cost-effective, evaluation factors such as free-ridership and spillover, and different customer opportunities. Figure 2 shows the distribution of savings, collections, and budget in the gas portfolio.

Figure 2. 2026 Graphical representation of Attachment 6 Table G-1, G-2A, G-7, and total Gas Savings by Sector, Cumulative



Given these considerations, as well as the continued interest in supporting income eligible programs, the allocation of costs and benefits is prudently equitable.

Bill Impacts

Rhode Island Energy has assessed bill impacts of the proposed Electric and Natural Gas Portfolios. 2026 bill impacts are approximated using utility system Cost-of-Supply benefits, excluding non-embedded carbon benefits (which do not impact customers through utility bills), rest-of-pool DRIPE benefits, and delivered fuels benefits. Bill increases are estimated using the calculated energy efficiency charge on Tables E-1 and G-1 in Attachments 5 and 6 respectively. This approach was developed following the 2023 PUC hearings in which the Commission referred to the utility system Cost of Supply minus the cost of energy efficiency as an approximation of bill savings, because this difference represents whether customers are spending more or less to install energy efficiency measures.

A year-by-year bill impact schedule is created in which approximated bill savings are spread over the lifetime of the energy efficiency portfolio. The calculated energy efficiency charge is factored into the first year of the schedule (2026) to account for the cost of delivering energy efficiency. Ultimately, the calculated bill savings and the net present value of long-term bills are compared to produce long-term bill impacts by sector. Electric long-term bills are calculated using rates sourced from the total delivery charges on RIPUC Tariff No. 2095 and total commodity charges on RIPUC Tariff No. 2096. Gas long-term bills are calculated using delivery and gas charges sourced from “Rhode Island Energy Gas Rates – Rhode Island” as available on rienergy.com.

For the 2026 Annual Plan, long-term electric and natural gas bill impacts are presented as Tables E-9 and G-9 in Attachments 5 and 6, respectively. They are displayed with three views:

1. All Customers - Includes the full value of approximated bill savings compared to the full value of estimated long-term bills.
2. Participants - Includes the full value of approximated participant bill savings compared to the participant share of estimated long-term bills. Participants are assigned the full value of bill savings because they are responsible for benefits accruing from their energy efficient actions and equipment.
    a. Includes the full value of approximated bill savings compared to the participant share of estimated long-term bills. Participants are assigned the full value of bill savings because they are responsible for benefits accruing from their energy efficient actions and equipment.
3. Shared with All Customers - Includes the full value of approximated participant bill savings compared to the participant share of estimated long-term bills. Participants are assigned the full value of bill savings because they are responsible for benefits accruing from their energy efficient actions and equipment.
    a. Includes only the value of approximated bill savings that accrue to all customers regardless of participation in energy efficiency compared to the full value of estimated long-term bills. Avoided T&D capacity benefits are an example of a benefit / bill savings category that accrues to customers regardless of participation in energy efficiency. Avoided electric energy benefits are an example of a benefit / bill savings category that accrues to energy efficiency participants only. Therefore, electric energy benefits are not included in the shared with all customers view.

This modified bill impacts calculation is in close alignment with the benefit-cost model as well as the analysis of the comparison of the cost of energy efficiency to supply.[17]

Additionally, a short-term rate impact has been calculated that examines evaluated the change in rates due to the change in the energy efficiency charge between 2025 and 2026. Specific details can be found at the sector level for electric and natural gas rates in Tables E-9 and G-9 in Attachments 5 and 6, respectively.

Continuity of Implementation Efforts

While not explicitly spelled out in the Standards, Rhode Island Energy has historically considered the continuity of implementation efforts as an element of prudency. Continuity of implementation efforts means changing the scope or scale of programs in a way that is sensitive to maintaining and developing a skilled workforce and receptive to the prevailing economic conditions in the marketplace. Rhode Island Energy generally informs vendors of planned program changes to enable them to prepare their

[17] With this new bill impacts methodology, the long-term rate impact analysis has been replaced with a short term rate analysis that examines the difference in the energy efficiency rates between years.

workforce as necessary (for example to ramp up or provide training). Rhode Island Energy also pays attention to this aspect of continuity because, absent continuity, skilled professionals may move to other jobs or markets which could result in disruptions of energy efficiency services to customers.

6.5 Environmentally Responsible

Rhode Island Energy plans to work with Stakeholders throughout the 2026 planning process to update how avoided emissions are tracked within the programs.

6.5.1 Interpretation of the Standard

Environmental responsibility includes compliance of the Annual Plan with state policies, particularly emissions reduction. This Standard further requires proper valuation of environmental costs and benefits in this 2026 Plan. Modifications to the Standards in Docket 23-07-EE specify that demonstration of environmental responsibility include an assessment of compliance with state climate policies, and proper valuation of climate costs and benefits, in addition to environmental costs and benefits. Rhode Island Energy's interpretation of this addition is that, by distinguishing between environmental policies and values and climate policy and values, the Commission intends for Rhode Island Energy to assess the climate impacts of its programs, specifically as they relate to the Act on Climate targets.

6.5.2 Compliance with Standard

The energy efficiency programs and Portfolios described in this Annual Plan are environmentally responsible. As detailed in Section 5.3, the Act on Climate stipulates mandatory and time-bound emissions reductions for the state. This Annual Plan seeks to continue the progress that has been made in reducing emissions by providing customers across all sectors with ways to reduce their energy consumption. Energy efficiency therefore contributes directly to meeting the Act on Climate's goals as well as other environmental policies and priorities in the state. In addition to direct emissions reductions benefits, energy efficiency investments reduce the potential environmental costs and footprint of avoided infrastructure investments and support the ongoing growth and development of a sustainable, green job ecosystem in Rhode Island.

Both the Electric and Natural Gas Portfolios will make a meaningful contribution to the reduction in emissions by driving reductions in customer energy usage in both the short and long term. As shown in Attachments 5 and 6, the Electric and natural Gas Portfolios, considered together, will reduce annual emissions by 27,058 annual short tons of carbon in 2026.[18] The values of non-embedded avoided carbon are calculated using avoided cost values determined in AESC 2024: the non-embedded values of greenhouse gas benefits generated by the 2026 Plan over the lifetime of the measures is $48.5 million. Please see Attachment 4 for more details on the calculation of non-embedded greenhouse gas savings and benefits. These monetized values of emissions are included as benefit streams in the RI Test benefit-

18 While all energy savings seen in the Annual Plan are net, these emissions are calculated based on gross energy savings from EE measures because meeting the state's targets does not depend on who is getting credit for the GHG reductions. The marginal carbon emission rates are from "Avoided Energy Supply Components in New England: 2024 Report" Appendix G.

cost assessment and in the assessment of Cost of Supply for the portfolio; however, they are excluded from the calculation of net benefits in the Performance Incentive Mechanism.

Rhode Island Energy's 2026 Plan complies with, or otherwise advances, the 2021 Act on Climate, which sets statewide, economy-wide greenhouse gas emissions reduction mandates. The proposed investments reduce both electric and gas consumption. On the electric side, prior to meeting the 100 percent Renewable Energy Standard in 2033, any electric savings will directly support the State in meeting its 2030 greenhouse gas emissions reduction mandate through reduced peak demand, which reduces emissions associated with on-peak plants, and by ramping up efficiency investments that will help enable the use of more renewables in the future. On the gas side, all gas savings will directly support the State in meeting its 2030 greenhouse gas emissions reduction mandate by reducing emissions associated with customer purchases of gas appliances. Indeed, the State's *2022 Update* to the *2016 Greenhouse Gas Emissions Reduction Plan* calls out both electric and gas energy efficiency as a priority short-term action to get Rhode Island on the path to meet the 2021 Act on Climate's 2030 mandate. To properly value the environmental and climate costs and benefits associated with the proposed investment in energy efficiency, Rhode Island Energy used the marginal abatement cost to monetize both embedded and non-embedded value of greenhouse gas emissions reduction.

As noted in Section 2.6.2, this Annual Plan includes several activities designed to support the upskilling of the green workforce. In providing for these jobs and demonstrating the availability and attractiveness of local, green jobs to Rhode Island's existing and emerging workforce, Rhode Island Energy's energy efficiency programs help to ensure that the local workforce will exist to support the state's environmental policy goals.

Educating and engaging residential and business customers on the potential environmental impacts and benefits of the implementation of energy efficiency measures is a foundational element of Rhode Island Energy's energy efficiency go-to-market strategy and contributes to the environmental responsibility of the Annual Plan. Whether in the form of conveying potential environmental benefits of customer recommendations through EnergyWise home energy assessments, or retail marketing initiatives, or by connecting Small Business audits or Large C&I customer sales efforts to business customer sustainability initiatives, Rhode Island Energy's energy efficiency program presence continues to support the prominence of environmental issues in customers' minds. In doing so, Rhode Island Energy's programs continue to link energy savings and efficiency to real and visible benefits for the communities in which their residents and small business reside.

A final component of the environmental responsibility of Rhode Island Energy's 2026 Plan is its ongoing efforts in electrification. Rhode Island Energy will continue its efforts to transition electric resistance heating customers to more efficient heat pumps, including income eligible and small business customers. Rhode Island Energy will also continue to cooperate and coordinate with the OER and others as the state implements its electrification and decarbonization strategies to reach customers that require fuel switching and are ineligible for RI Energy's programs.

6.6 Cost of Annual Plan Compared to the Cost of Energy Supply

6.6.1 Interpretation of the Standard

The LCP Standards define the Cost of Supply as "the cost of electric or natural gas energy supply that includes all rows in the Rhode Island Benefit Cost Framework that are costs caused by or associated with the procurement of energy supply, whether internal or external to the market cost of energy." The Standards further specify that "The distribution company shall compare the Cost of Supply and the Cost of Energy Efficiency or Conservation measures, programs, and portfolios using all costs enumerated in the RI Framework. The distribution company shall provide specific costs included in the Cost of Energy Supply and the Cost of Energy Efficiency or Conservation."

In accordance with the LCP Standards, Rhode Island Energy assessed the cost of incremental energy supply and the cost of energy efficiency using all applicable costs enumerated in the Rhode Island Benefit Cost Framework (Framework) approved by the PUC in Docket 4600-A and the Rhode Island Test as described in Attachment 4: RI Benefit Cost Test.

Like the Standard for cost effectiveness, in Docket 23-07-EE, changes to the Standards required an additional analysis of the Cost of Supply comparison that, "for categories with value or cost that is shared between RI Energy and other jurisdictions (both within the state and region), presents only those benefits and costs that will be allocated to Rhode Island Energy." In considering the nature of "other jurisdictions," Rhode Island Energy interpreted this to refer to states other than Rhode Island, and that "Rhode Island Energy" therefore refers, in this case, to Rhode Island. Using this interpretation, Rhode Island Energy identified certain categories of benefits that flow outside of Rhode Island. These include a portion of DRIPE values. To the best of Rhode Island Energy's knowledge, no costs accrue outside of the state.

Further guidance from the Commission in the 2024 Plan proceedings and Order 25092 directed that, for any program that has a forecasted cost that is greater than the Cost of Supply in the intrastate calculation which excludes the avoided cost of delivered fuels, the Annual Plan filing provide a justification for why the specific program should nevertheless be approved even though the program costs exceed the calculated avoided Cost of Supply. The justifications for specific programs that meet that condition are provided below in Section 6.6.3.

6.6.2 Compliance with Standard

For the analysis that includes benefits and costs that accrue only in the Rhode Island Energy jurisdiction and excludes delivered fuels benefits, based on Rhode Island Energy's calculation, the total cost of energy efficiency for the electric portfolio is $74.6 million and the total cost of electric supply to meet the same need would be $82.9 million (excluding delivered fuels benefits). This is a total savings of $8.3 million over the life of the installed measures from investing in energy efficiency instead of electric supply. The total cost of energy efficiency for the Natural Gas Portfolio is $37.5 million and the total cost of natural gas supply to meet the same need would be $42.2 million. This is a total savings of $4.6

million over the life of the installed measures from investing in energy efficiency instead of natural gas supply. The methodology for calculating Cost of Supply is detailed below.

The RI Test is an appropriate mechanism to determine which costs to include in this assessment. The RI Test, as detailed in Attachment 4, captures the aspects of the Framework that pertain to energy efficiency programs. For the purposes of this assessment, the avoided cost values in the RI Test can also be applied as the costs of procuring additional energy supply. The RI Test also details what is considered a cost of energy efficiency. These are costs incurred by the utility to implement the Annual Plan and the expense borne by the customer for its share of the energy efficiency measure cost.

Consistent with Commission Order 25092 in Docket 23-35-EE, Rhode Island Energy proposes to use the costs described in

Table 3. 4 to compare the cost of energy efficiency to the cost of energy supply. The primary view includes the forecasted intrastate costs of supply without the Cost of Supply of delivered fuels.[19] Following guidance from the PUC at the 2025 Plan hearings, Rhode Island Energy is adding participant costs back into the primary view for the 2026 Annual Plan. Alternative views (total benefits, as well as forecasted intrastate costs of supply with and without the Cost of Supply of delivered fuels, and without participant costs) are found in Attachments 5 and 6, Tables E-7 and G-7. The categories listed in Table 4 are all used in the RI Test. As directed by the LCP Standards, Rhode Island Energy provides an explanation for why cost categories are either appropriate or not appropriate for inclusion in the assessment of the Cost of Supply compared to the cost of energy efficiency.

Table 3. List of the Costs of Energy Efficiency and Costs of Energy Supply

Costs of Energy Efficiency		
Cost	**Included (Y/N)**	**Explanation**
Utility Costs	Yes	These costs are incurred to achieve implementation of energy efficiency measures and programs. Includes all costs in Tables E-2A and G-2A.
Participant Costs	Yes (No, in alternative view in Attachments 5 and 6, Tables E-7 and G-7, column D)	Customer contribution to the installation cost of the efficient measure. Customer costs are included in Tables E-5 and G-5.

[19] PUC Order 25092 states "the calculation includes the forecasted interstate costs." Rhode Island Energy has elected to show here the more conservative value, including only the forecasted intrastate costs. The alternative views with interstate costs of supply may be found in Attachments 5 and 6, Tables E-7 and G-7, respectively.

Costs of Energy Supply		
Cost	**Included (Y/N)**	**Explanation**
Electric Energy Costs	Yes	Represents the cost of purchasing electric energy supply.
Electric Generation Costs	Yes	Represents cost of generation capacity in ISO-NE.
Electric Transmission Capacity Costs	Yes	Represents Pool and non-pool Transmission Facilities cost.
Electric Distribution Capacity Costs	Yes	Represents the cost of distribution capacity related to increased load.
Natural Gas Costs	Yes	Represents the cost of purchasing natural gas supply.
Fuel Costs	No (Yes, in alternative view in Attachments 5 and 6, Tables E-7 and G-7, columns A and B)	Where included, non-regulated delivered fuels are an energy supply cost to customers that utilize these fuels for heating. The fuel costs in this category are separate from those embedded in the cost of the electric market. While not a direct cost of electric energy supply, RI Energy includes incentives for delivered fuel energy efficiency measures in its Electric Portfolio. Therefore, to achieve symmetry with costs associated with electric energy efficiency, delivered fuels costs should be included in this comparison.
Water Costs	No	While avoided water costs are a benefit of installing certain energy efficiency measures, they are not a direct cost of energy supply.
Non-Energy Impact Costs • Arrearages • Utility	No, except arrearages and utility	With the exception of the two NEIs listed below, while non-energy impacts are a benefit of installing certain energy efficiency measures, they are not a direct cost of energy supply. - Costs associated with arrearage carrying costs as a result of customers not being able to pay their energy bills. - Costs associated with utility carrying costs as a result of customers encountering issues with utility services or paying their bills.
Price Effects	Yes, intrastate only (Includes interstate DRIPE in alternative view in Attachments 5 and 6, Tables E-7 and G-7, column A)	Represents costs associated with the impact of demand reduction on ISO-NE energy and capacity markets.

Costs of Energy Supply		
Cost	**Included (Y/N)**	**Explanation**
Non-embedded Greenhouse Gas Reduction Costs	Yes, from electric and gas only (GHG Reduction Costs from oil and propane included In alternative view in Attachments 5 and 6, Tables E-7 and G-7, columns A and B)	Represents the social cost of carbon. The social cost of carbon is the cost associated with meeting the goals of the Act on Climate. Carbon emissions come from the production of energy and should be considered a Cost of Supplying that energy.
Economic Development	No	While economic development is a benefit of investment in energy efficiency measures, it is not a direct cost of energy supply.
Reliability Costs	Yes	Increased energy demand can lead to declining reserve margins and decrease reliability, so should be associated with the cost of energy.

Rhode Island Energy applies the above definitions of "cost of supply" to the lifetime electricity, lifetime MMBtu of delivered fuels, demand, and natural gas savings for each measure included in the Annual Plan in present value terms. The costs of the 2026 Plan occur only in the 2026 program year and are therefore not discounted. The results of the Cost of Supply analysis are presented in Table 5 and Table 6, including the additional intrastate assessment required by the LCP Standards.

Table 4. Costs of Energy Efficiency and Costs of Energy Supply, Electric Program Level, $000

Sector / Program	(a) Intrastate w/o Delivered Fuels and w/ Participant Costs
1 Residential	**-$348.0**
2 Residential New Construction	$162.7
3 Residential HVAC	$4,422.3
4 EnergyWise Single Family	-$8,219.5
5 EnergyWise Multifamily	-$135.0
6 Home Energy Reports	$2,887.1
7 Residential Consumer Products	$534.4
8 Income Eligible	**-$4,795.5**
9 Income Eligible Single Family	-$4,088.9
10 Income Eligible Multifamily	-$706.5
11 Commercial & Industrial	**$13,426.9**
12 Large C&I New Construction	$6,758.1
13 Large C&I Retrofit	$5,834.0
14 Small Business Direct Install	$834.7
15 Grand Total	**$8,283.4**

Table 5. Costs of Energy Efficiency and Costs of Energy Supply, Gas, Program Level, $000

Sector / Program	(a) Intrastate w/o Delivered Fuels and w/ Participant Costs
1 Residential	**$1,382.3**
2 Residential New Construction	$490.5
3 Residential HVAC	$754.7
4 EnergyWise Single Family	-$1,203.8
5 EnergyWise Multifamily	$509.6
6 Home Energy Reports	$831.2
7 Income Eligible	**-$3,087.0**
8 Income Eligible Single Family	-$3,239.0
9 Income Eligible Multifamily	$152.0
10 Commercial & Industrial	**$6,314.0**
11 Large C&I New Construction	$2,940.7
12 Large C&I Retrofit	$1,600.1
13 Small Business Direct Install	$1,308.9
14 C&I Multifamily	$464.3
15 Grand Total	**$4,609.3**

Based on Tables 5 and 6, at the portfolio level, both electric and gas portfolios in the 2026 Plan are compliant with the Standard of Lower Than the Cost of Supply. Also, please reference Attachments 5 and 6, Tables E-7 and G-7 for additional views, all of which are also compliant with the Standard of Lower Than the Cost of Supply at the portfolio level. Of note, the view presented in Tables 5 and 6 contains the most conservative collection of benefits and the broadest collection of costs. Therefore, Tables 5 and 6 show the lowest cost of supply compared to cost of energy efficiency value of all presented views in Attachments 5 and 6, Tables E-7 and G-7. Given the myriad assumptions that go into the estimation and compilation of costs and benefits, for planning purposes, findings regarding compliance at the portfolio level are important.

As seen in the tables, the cost of some energy efficiency programs exceeds the Cost of Supply when interstate and delivered fuels benefits are removed, and participant costs are included. Per the PUC's guidance, Rhode Island Energy has developed a rationale to support the continued inclusion of the programs in the portfolio, where appropriate. The justification rationale includes consideration of the following main elements alongside the numeric results of the Cost of Supply Comparison:

- Compliance with and importance of meeting other elements of the Standards: cost-effectiveness, prudency, reliability, environmental responsibility, and equitable distribution of efficiency funding.

- Adherence to the Principles of Program Design as articulated in the Standards, including being part of a complementary bundled package of measures within a program, program continuity, and market potential for measures.
- Magnitude of or availability of non-SBC funding sources to support programs where the cost of efficiency exceeds the Cost of Supply and the lost opportunity that would exist if those programs were not funded by any source.

Further details related to justification are provided in the next section.

6.6.3. Justification for Support of Programs where the Cost of Efficiency is Greater than the Cost of Supply

As required by RI PUC Order 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." In the 2026 Annual Plan, there are 6 proposed programs where the cost of the program is greater than the Cost of Supply as defined by the Commission. This section provides the requested justification for those programs.

6.6.3.1 Overall Approach

Ratepayer benefits such as those created in the Cost of Supply analysis described above are a subset of the broader set of benefits included in the Rhode Island Test. Rhode Island Energy acknowledges the importance of creating ratepayer benefits in return for ratepayer contributions, particularly as a response to the magnitude of overall rates and current economic conditions.

In this context, Rhode Island Energy offers the following justifications regarding continued support for programs where the Cost of Efficiency is greater than the Cost of Supply, as defined by the PUC. These justifications indicate that the ongoing support for these programs at the levels proposed is consistent with other Least Cost Procurement Standards defined and adopted by the Commission in Docket 23-07-EE.

6.6.3.2 Rationale consistent with LCP Standards

Cost Effectiveness

It is important to note that all of the programs for which justification is being presented are cost-effective based on the Rhode Island Test and capture a wide range of benefits that accrue to ratepayers and citizens in other forms beyond electric and gas bills (societal benefits, non-energy impacts, bills for other types of energy[20]). Customers value these benefits, which are excluded by the Cost of Supply view, even though they are not reflected in their electric and gas bill savings or may only be reflected in future bills. These are important non-utility benefits and are a rationale for continuing to support these programs.

20 Examples are mitigating the impacts of climate change, sustainable employment trends, health improvement, resiliency, and property value appreciation.

Some of these benefits included in the cost-effectiveness analysis accrue to ratepayers out of state. This is the nature of the interconnected New England energy grid and markets for energy and carbon reduction. Similarly, Rhode Island ratepayers benefit from efficiency actions taken outside of the state's boundaries. Just as Rhode Island creates rest-of-pool DRIPE benefits and contributes to market price reductions in other states, other New England states contribute to market price reductions in Rhode Island; DRIPE benefits from other states flow into Rhode Island and reduce RIE customer bills. These benefits are not included in the benefit-cost analysis, nor are they included in the Cost of Supply analysis, but it is worth noting that the intrastate Cost of Supply analysis does not capture all of the bill impacts from energy efficiency that come from Rhode Island being part of a region that supports energy efficiency.

Furthermore, some of the individual measures that cause the cost of energy efficiency to be greater than the Cost of Supply have high RI Test benefit cost ratios because of these benefits. The more cost-effective a measure, the more it increases overall program cost-effectiveness and enables funding of other measures that are marginally cost-effective. For example, in the electric EnergyWise Single Family program, the robust Rhode Island Test cost effectiveness of the delivered fuels weatherization measures enables the program as a whole to be cost-effective. Reducing these benefits further or eliminating them altogether will affect the ability to deliver some other measures and overall delivery of energy efficiency.

Prudency

Maintaining support for these programs is justified on several points that are consistent with the Standard of Prudency:

- Continuity of program delivery infrastructure is important for achieving long term efficiency and greenhouse gas mitigation objectives. Program implementation vendors anticipate potential adverse economic and employment impacts of cutting programs quickly. Removing certain measures and categories entirely creates confusion in the marketplace and challenges to ramping those services back up, depending on changing conditions. The condition where the cost of efficiency is greater than the Cost of Supply may be temporary and may change due to changes in avoided costs or updates to savings assumptions from evaluation or research. It cannot be assumed that programs can ramp back up immediately if funding which has been removed is then restored. Therefore, any decision to make major changes in program composition should be made prudently and cautiously.
- Prudency also encompasses the riskiness of the investment to ratepayers. 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 – as mentioned above – savings and benefits from weatherization installed in 2026 will exist for many years regardless of the customer's current or future heating fuel type. If a customer electrifies in the future, the benefits of that upgrade would likely become electric system benefits within the life of the measure and research has shown that residential customers who heat with delivered fuels are more likely to electrify their heat than the average customer.[21] This same rationale applies to measures such as hot water-saving measures or heating system thermostats in buildings that currently use delivered fuels

[21] Research by E Source (2024 Residential Electrification Survey, available upon request) indicates a higher propensity to electrify heating among customers who have delivered fuel heat than the average customer.

for heating. Rhode Island Energy has a long track record of delivering these programs successfully.

- With OER's Clean Heat Rhode Island focus on electrification, it is valuable to weatherize as many customers as possible to prepare them for the adoption of heat pumps and other efficient HVAC options. Weatherization prior to heat pump installation allows for HVAC systems to be right-sized (i.e., sized smaller because heating loads are reduced by weatherization) thereby reducing future system costs to programs and customers downstream from the weatherization. This, in turn, allows heat pump program costs to be used more efficiently and reach more customers. By weatherizing delivered fuels homes that may switch to heat pumps in the future, the heat pumps can be right-sized (not oversized), which can help optimize future company grid investments and not spend more on grid upgrades than necessary. Finally, given this connection between weatherization and electrification of heat, funding for delivered fuel weatherization at the proposed levels for 2026 will enable Rhode Island Energy to respond to demand for services from customers who plan to install heat pumps.
- These programs contribute to the equitable delivery of services and benefits. Income eligible programs are among the programs with the largest negative difference between the cost of efficiency and the Cost of Supply. Historically, a larger portion of the benefits for electric residential and income-eligible programs (compared to C&I) have come from non-energy impacts and delivered fuels.[22] This is consistent with findings from evaluation studies which have identified value perceived and realized by customers in those segments. Eliminating those benefits and/or scaling back those programs would be inequitable due to a disproportional reduction in benefits overall for the residential and income-eligible programs that this would cause. Residential and income eligible customers will receive less value for their contributions. Even reallocation of programmatic funds to other measures in the sector would not resolve this inequity.
- Funding delivered fuels measures enables more effective program delivery, as it enables weatherization to be bundled with additional measures, minimizing the number of customer touchpoints and therefore, minimizing implementation costs and enhancing customer experience.
- Bill Impacts: The long-term bill impacts in Tables E-9 and G-9 for the sectors in which these programs reside show reductions for all participants and that any bill increases for any customers are minimal (less than half a percentage point)

Environmental Responsibility

Programs that provide greenhouse gas reductions align with state policy as represented by the Act on Climate, the Executive Climate Change Coordinating Council (EC4) Act on Climate 2022 Update[23], the Rhode Island State Energy Plan[24]. Emissions reductions are reduced if programs are scaled back; this affects the portfolio's contribution to meeting Act on Climate targets and there will be lost carbon

22 Based on 2026 Plan data, the C&I sector will receive a much smaller percentage (~30%) of benefits from non-electric factors compared to close to 50% for residential and income eligible programs.

23 EC4 Act on Climate 2022 Update

24 State Energy Plan

reduction and savings opportunities with further cuts. Efficiency measures for delivered fuels provide some of the highest levels of GHG mitigation per dollar spent across all measures and programs.

It cannot be assumed that weatherization would occur for delivered fuel heat customers without the incentive from Rhode Island Energy. In Rhode Island's climate, more weatherization benefits occur during the heating season than the cooling season; relatively fewer electric cooling benefits from weatherization of homes that with delivered fuels by themselves are not enough to enable weatherization to be justified in the Cost of Supply view. Furthermore, given the requirement for weatherization in the CHRI program, a lost opportunity is created today if some level of delivered fuel weatherization is not supported, even as customers switch to electric heating from heat pumps. Ultimately, this will hamper the state's abilities to meet GHG reduction targets. Finally, it is important to note that weatherization provides GHG reduction benefits regardless of what the heating (and cooling) fuel is, and savings are long-lasting so that if the customer ultimately converts to electric heat, the weatherization benefits would be counted in a Cost of Supply view.

Reliability

Continued support for these programs is justified because they meet the standard of reliability. Energy efficiency savings are reliable because they are based on independent third-party evaluations; the most recent evaluation of the EnergyWise Single Family program was completed in 2023 and showed an increase in savings over the prior study. Additionally, weatherization, hot water management, and thermostat savings are reliable and will accrue to bill payers no matter what fuels are used for heating and cooling or whether the fuel is switched over the life of the measure. Finally, reliable and dependable savings contribute to overall customer satisfaction.

6.6.3.3 Other non-LCP Standard justifications

There are several other reasons, not within the framework of the Standards, that support justification of continuation of these programs at the levels proposed.

- Rhode Island Energy is actively pursuing non-ratepayer funding sources to supplement existing funding. These efforts are detailed in Section 5.5.3 of this plan. If other funding sources come to fruition, ratepayer funds will be adjusted as appropriate which could have a favorable impact on the cost of efficiency relative to the Cost of Supply. However, if other funds do not get allocated to these programs in a timely manner for 2026 planning and implementation, additional time will be required to address the longer-term budget implications.
- Not being able to provide the level of energy efficiency or offer measures that have been offered in the past may have an adverse effect on customer satisfaction, as energy efficiency is an input to JD Power scores.
    - Research has indicated that high bills are the biggest driver of customer dissatisfaction.[25] While customer satisfaction is not explicitly tied to the presence or absence of energy efficiency programs, when weatherization or other bill-reducing programs are reduced, it could affect customer satisfaction.

27 J.D. Power's 2023 Electric Utility Residential Customer Satisfaction Study

    - Furthermore, when customers are not able to receive efficiency services that have been available in the past, it creates a sense of reduced value from energy efficiency, even while other measures are still being offered.
    - Customer satisfaction is a qualitative factor in how investors view a utility's performance/leadership. A negative change in customer satisfaction could impact the perception of the financial markets toward Rhode Island Energy.
    - Lower customer satisfaction may also lead to more customer complaints and calls to the call center and regulators/legislators, which may increase Rhode Island Energy's customer service costs and hinder regulatory or legislative processes.
- Customer engagement through energy audits advances understanding and interest in energy efficiency, and if weatherization is not an option, then there's less value to the audit, and less overall interest in energy efficiency measures and practices.

6.6.3.4 Program-specific Justifications

In addition to the justification rationale presented in the prior sections, there are additional program-specific reasoning:

Direct Install Programs

All single-family and Multifamily programs requiring justification identified in Table 5 and Table 6 are direct install programs, where Rhode Island Energy's implementation teams perform the measure installation in customers' homes or businesses, rather than the customer needing to arrange installation and maintain quality. Direct install programs are by their nature expensive, because of the site-specific conditions of audits and weatherization work. Because it is foundational to an efficient building, weatherization is the most important measure and costs more on a per Btu basis than other measures. Furthermore, direct install programs provide education and engagement to customers to adopt other energy-efficiency measures more than any other type of program. Finally, it is often the case that customers do not know what type of heating equipment they have in place. Direct install programs enable Company implementation staff to identify the heating equipment the customer has in their dwelling and tailor efficiency offerings accordingly.

EnergyWise Single Family[26]

For this program, delivered fuels measures contribute the greatest amount of GHG reduction of any category in electric portfolio. From a workforce perspective, 40% of weatherization work done by the vendor is delivered fuels, 10% is electric, and 50% is gas. Therefore, eliminating audits / weatherization for delivered fuels customers would reduce the vendor's workforce and its weatherization contractor workforce by nearly half. Beyond that, it would cause confusion in the marketplace because neither customers nor vendors would know what they could expect from Rhode Island Energy's programs. The

[26] Of note, the utility system benefits for this program were reduced because of the update made to savings calculations for weatherization measures to reflect the assumption that some customers who weatherize in 2026 and who heat their homes with natural gas or electric resistance heat (or delivered fuels) will eventually convert their heating source to heat pumps. This reduction in benefits affected the comparison of the cost of energy to the Cost of Supply.

vendor and customers are accustomed to undertaking measures comprehensively, and stripping out offerings would change the business model and may cause exits from the contractor community.

Income Eligible Single Family and Multifamily

The Income Eligible Single-Family program creates a non-energy benefit from reduction of participant arrearages that is captured in the benefit-cost analysis. This benefit has positive downstream impacts on Rhode Island Energy's customer service and billing operations. These programs are also an integral part of Rhode Island Energy's broader portfolio of bill assistance for customers, including discount rates, payment plans, forgiveness programs, and the Home Energy Assistance Program. Reducing the size of this program will lose the opportunity to create these positive impacts.

Furthermore, it would be difficult to attain or come close to attaining an equitable distribution of resources with the elimination of a number of measures from these programs to reduce the cost of efficiency relative to the Cost of Supply. Rhode Island Energy suspects that there would be disproportionate impacts to elderly, underserved populations, housing authorities, and in health equity zones. Rhode Island Energy cannot ascertain that quantitatively at this point in time, but prudency suggests moving cautiously in this area to minimize impact on these vulnerable populations.

7. Savings Goals

7.1 Comparison of 2026 Goals with Proposed EERMC Targets

This section compares Rhode Island Energy's proposed goals for 2026 with the targets proposed by the EERMC in Docket 23-21-EE. These targets, which were informed by the EERMC-commissioned Market Potential Study (MPS) Refresh, are still under PUC review. Table 9 shows a summary comparison by sector of lifetime savings.

Table 6. Comparison of Goals with EERMC Proposed Targets

	Planned Values		EERMC Proposed Targets	
	Lifetime MMBtu (Gas Programs)	**Lifetime MWh** (Electric Programs)	**Lifetime MMBtu** (Gas Programs)	**Lifetime MWh** (Electric Programs)
Residential				
2026	1,241,425	175,595	3,238,316	535,582
Income Eligible Residential				
2026	296,336	33,811	292,957	61,685
C&I				
2026	636,950	280,039	3,559,417	804,343
Total Savings				
2026	2,174,711	489,445	7,119,585	1,413,953

EERMC explicitly provides Lifetime MMBtu (gas programs) and Lifetime MWh (electric program) portfolio-level targets in the "Recommended Targets for Energy Efficiency and Active Peak Demand Reduction Savings for 2024-2026" report. To perform the sector-level comparison because measure names in the two sources do not match, assumptions were made to match MPS measures with BCR measures. This matching process could have potentially created some disparities in comparison. With this caveat in mind, the primary differences between the MPS Refresh and BCR include:

- **Planned quantities of measures.** The difference in quantities between the MPS Refresh and Rhode Island Energy's goals is largely driven by unconstrained budget increases allowed in the MPS Refresh. The significantly higher quantities in the MPS Refresh caused savings to be significantly higher for many measures.
- **Sourcing and values of impact factors.** The BCR sources were mostly Rhode Island specific studies, recent Massachusetts studies, or sourced from recent technical reference manuals (TRMs). These updated sources in several cases reflected decreased savings compared to the sources used in the MPS Refresh which included IL 2019 TRM, Iowa 2018 TRM, MA 2019 TRM, Dunsky Professional Judgement, and ENERGY STAR sources.
- **Lifetime savings.** Differences in lifetime savings were driven by differences in impact factors and planned quantities, as well as some measure life differences.
- **Measures included in the MPS Refresh.** There were a handful of measures providing savings in the MPS Refresh that Rhode Island Energy does not currently plan for in its energy efficiency programs.

Some of these measures failed the RI Test when Rhode Island Energy had previously screened them and some of them are new.

This comparison provides valuable insight into the differences between the EERMC's filed targets and the goals proposed by Rhode Island Energy.

7.2 Analysis of Total Rhode Island Energy Efficiency

The LCP Standards adopted in Docket 23-07-EE specify that the Annual Plan contain an update of the analysis provided in the Three-Year Plan[27] "of total energy likely to be saved in Rhode Island through energy efficiency over the three years, and the portion of those total energy savings that are likely to be delivered by the distribution company's energy efficiency programs."

The Standards further specify that, in the Annual Plan update, Rhode Island Energy use "the best-available information and shall adjust its proposed annual savings goals and budgets to be consistent with the update. Where adjustments are made, the distribution company shall identify and justify the specific adjustments for purpose of this analysis."

Rhode Island Energy has updated the analysis using the most recent information available and consistent with other information used in creating the 2026 Annual Plan. Table 10 shows the results of the savings analysis and Table 11 shows the results of the emissions analysis. Savings and spending for Rhode Island Energy reflects actual results for 2024 and planned spending for 2025 and 2026. Spending for state programs is reported funding for those programs; Rhode Island Energy has no visibility into how much of this money has been spent or whether it will be spent by the end of 2026.

27 This analysis was presented in Section 6 of the 2024-26 Three-Year Plan.

Table 7. State of Rhode Island, Energy Savings

			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
			Electricity (MWh)	% Savings	Natural Gas (MMBtu)	% Savings	Delivered Fuel (MMBtu)	% Savings	Total Energy Saved (MMBtu)	% Savings	Total Associated Budget 3YR ($)	% Budget
1	Annual	RIE	236,284	66%	783,442	78%	83,823	81%	1,673,500	72%	$ 350,463,100	75%
2		Non Programmatic Adoption	68,687	19%	135,415	13%	17,060	17%	386,844	17%	$ -	0%
3		State	47,171	13%	85,014	8%	2,199	2%	248,167	11%	$ 106,638,824	23%
4		Other RI Utilities (Pascoag + Block Island)	7,045	2%	-	0%	-	0%	24,038	1%	$ 10,449,193	2%
5		Total	359,187	100%	1,003,871	100%	103,082	100%	2,332,549	100%	$ 467,551,117	100%
6	Lifetime	RIE	1,706,290	69%	7,924,144	75%	2,053,092	80%	15,799,340	73%	NA	NA
7		Non Programmatic Adoption	569,482	23%	2,164,219	21%	485,810	19%	4,593,182	21%	NA	NA
8		State	157,062	6%	422,021	4%	40,163	2%	998,102	5%	NA	NA
9		Other RI Utilities (Pascoag + Block Island)	56,500	2%	-	0%	-	0%	192,786	1%	NA	NA
10		Total	2,489,334	100%	10,510,384	100%	2,579,066	100%	21,583,411	100%	NA	NA

Table 8. State of Rhode Island, Emission Savings

			(a) Electricity (metric tons CO2)	(b) % Savings	(c) Natural Gas (metric tons CO2)	(d) % Savings	(e) Delivered Fuel (metric tons CO2)	(f) % Savings	(g) Total Avoided Emissions (metric tons CO2)	(h) % Savings
1	Annual	RIE	167,525	66%	41,522	78%	4,443	81%	213,490	68%
2		Non Programmatic Adoption	48,699	19%	7,177	13%	904	17%	56,780	18%
3		State	33,444	13%	4,506	8%	117	2%	38,067	12%
4		Other RI Utilities (Pascoag + Block Island)	4,995	2%	-	0%	-	0%	4,995	2%
5		Total	254,663	100%	53,205	100%	5,463	100%	313,332	100%
6	Lifetime	RIE	1,209,760	69%	419,980	75%	108,814	80%	1,738,553	71%
7		Non Programmatic Adoption	403,763	23%	114,704	21%	25,748	19%	544,214	22%
8		State	111,357	6%	22,367	4%	2,129	2%	135,853	6%
9		Other RI Utilities (Pascoag + Block Island)	40,059	2%	-	0%	-	0%	40,059	2%
10		Total	1,764,938	100%	557,050	100%	136,690	100%	2,458,679	100%

8. Funding Plan and Budgets

8.1 Budgets

Rhode Island Energy is proposing Energy Efficiency Portfolio budgets for 2026 that are approximately 19 percent lower than the final approved budgets for 2025. In developing the Annual Plan, the RI Energy team has focused on striking the best balance between delivering the necessary benefits of energy efficiency and maintaining a budget that reduces bill pressure on our customers given present economic realities affecting Rhode Island. Rhode Island Energy submits that its approach in developing the budget for 2026 is consistent with the prudency requirements of the Standards.

The Energy Efficiency Portfolio for 2026 will have an overall budget of approximately $62.7 million for electric programs and $32.7 million for natural gas programs. The budget is segmented into three sectors: residential income eligible, residential non-income eligible, and C&I. Proposed sector and program budgets are provided in Attachment 5: Electric EE Program Tables, Table E-2A and Attachment 6: Gas EE Program Tables, Table G-2A. A comparison of these proposed budgets to the 2025 budget is provided in Attachment 5, Table E-2B and Attachment 6, Table G-2B.

Rhode Island Energy will continue the practice of funding commitments established in the 2014 Plan, Docket 4451. Specifically, Rhode Island Energy will continue to make funding commitments for projects with a projected one-time incentive in excess of $3.0 million. For all other projects, except those with incentives greater than $3.0 million, there would be no commitment budget.

8.2 Funding Plan

The 2026 budgets for cost-effective electric and natural gas efficiency investments are dependent on a number of projections that inform the amount of funding, including projections of electricity and natural gas sales, year-end 2025 large C&I program commitments (if any), capacity payments received from ISO-NE (electric only), and forecast year-end 2025 spending. The sources of funding and the amounts of the funding proposed for the 2026 Energy Efficiency Portfolio are shown in Table E-1 for Electric Programs and Table G-1 for Natural Gas Programs. Annual Plan funding sources are described in the sections that follow.

8.2.1 Energy Efficiency Charges.

The sources of funding for the 2026 electric programs are shown in Attachment 5: Electric EE Program Tables, Table E-1. To collect these funding sources for the 2026 cost-effective programs, Rhode Island Energy proposes: (1) one line on the customers' bill labeled "Energy Efficiency Charge" at $0.00582 per kWh, as calculated in Attachment 5, Table E-1 (composed of the existing energy efficiency program charge of $0.00903 per kWh plus a fully reconciling funding mechanism charge of -$0.00321 per kWh in accordance with the requirements of R.I. Gen. Laws § 39-1-27.7); (2) projected Large C&I commitments from 2025, if any; (3) projected carryover of the year-end 2025 fund balance, as applicable, including interest at the rate in effect for customer deposits; (4) forecast revenue generated by ISO-NE's Forward Capacity Market (FCM); and (5) other potential outside revenue sources, including but not limited to those generated through RGGI permit auctions. Funding sources do not include revolving loan funds.

The sources of funding for the 2026 natural gas programs are shown in Attachment 6 Gas EE Program Tables, Table G-1. Rhode Island Energy proposes that the 2026 budget should be funded from the following sources: (1) one line on the customers' bill labeled "Energy Efficiency Charge" at $1.453 per dekatherm for residential customers and $0.118 per dekatherm for non-residential customers as calculated in Attachment 6, Table G-1 (composed of the existing energy efficiency program charge of $1.150 per dekatherm plus a fully reconciling funding mechanism of $0.303 per dekatherm for residential customers and the existing energy efficiency program charge of $0.530 per dekatherm plus a fully reconciling funding mechanism of -$0.412 per dekatherm for non-residential customers in accordance with the requirements of R.I. Gen. Laws § 39-1-27.7(d)(5); (2) projected carryovers or under-recoveries of the year-end 2025 fund balance, including interest at the rate in effect for customer deposits. Funding sources do not include revolving loan funds.

The decrease in the proposed EE Program Charge per kWh is driven primarily by budget reductions in the electric portfolio for 2026. The decrease in the C&I Program Charge per Dth is driven an increase in the projected year-end C&I gas fund balance and C&I gas budget reductions. The increase in the

Residential Program Charge per Dth is driven by a decrease in the projected year-end residential gas fund balance and a slightly increased residential gas budget.

Rhode Island Energy forecasts electric energy deliveries and gas loads for a variety of filings. In the context of the Annual Plan, the forecasts primarily factor into the calculation of the per-unit energy charges that fund the Natural Gas and Electric Energy Efficiency Portfolios. At the time of the preparation of this Annual Plan, Rhode Island Energy used an electric forecast from August 2025 and a gas forecast from June 2025. The sections below provide an overview of the forecasting processes for the electric energy delivery and gas load forecasts.

Electric Forecast Summary

The electric energy deliveries forecast is developed in several steps. The first step is to "reconstitute," that is add-back or subtract, as applicable, the impacts of energy efficiency (EE), solar-photovoltaics (PV), electric vehicles (EV), and electric heat pumps (EH) to the historical monthly energy dataset. This set of programs and technologies is termed Distributed Energy Resources (DERs), and the reconstituted data is termed "gross" to reflect the fact that it represents data prior to the impacts of DERs.

The second step is to develop an econometric forecast of gross energy deliveries based on Rhode Island economic conditions, normal weather, and days billed, as appropriate, using this reconstituted dataset. The economic conditions are from Moody's economy outlook. The weather variables considered are cooling degree days (CDDs) and heating degree days (HDDs). Normal weather is defined by the average CDDs and HDDs of the most recent ten years. Due to the unavailability and / or great uncertainties of long-term weather forecasts, it is a common practice to use normal weather for long-term load forecasting.

The third step is to create the "net" forecast by adjusting the gross forecast by the projections for future DERs. Impacts for EE and PV (reflecting decreased electric load on the system) are subtracted from the gross forecast, impacts of EV (reflecting increased electric load on the system) are added to the gross forecast, and impacts of EH are added to or subtracted from the gross forecast depending on the season to create the net forecasts. These forecasts were first developed in terms of revenue classes – residential, commercial, and industrial. They were then allocated to the various rate classes using the current revenue to rate class percentages from Rhode Island Energy's billing system.

Natural Gas Forecast Summary

Rhode Island Energy's gas load forecast is based on a comprehensive methodology for forecasting retail customer load requirements using a series of econometric models to determine the changes expected for Residential Heating, Residential Non-Heating, Commercial, and Industrial classes. To determine total gas demand and projected growth over the forecast period, the econometric models use historical economic, demographic, and energy price data, and weather data.

The product of Rhode Island Energy's retail demand forecast is a forecast of meter counts, use-per-customer, and volume by month by internal rate code under normal weather conditions. Rhode Island Energy's retail demand forecast is then converted to wholesale supply requirements at Rhode Island

Energy's city gates based on the daily relationship between city gate volumes (including supplementals) and weather. The product of Rhode Island Energy's wholesale customer requirements forecast is a forecast of daily volumes under normal and design weather conditions.

8.2.2 Fund Balances

Rhode Island Energy estimates that the electric projected fund balance at year-end 2025 will be $14.1 million, as shown in Line 3, Attachment 5, Table E-1; the gas fund balance at year-end 2025 is estimated to be $2.2 million, as shown in Line 2 Attachment 6, Table G-1. The fund balance forecasts incorporate estimated implementation expenses and estimated earned-performance incentives for the current year.

Adjustments to 2025 Projected Year-End Fund Balance

The 2025 year-end fund balance will be a function of actual implementation expenses and Rhode Island Energy earned performance incentive through year-end 2025. Consistent with recent practice, by November 17, 2025, Rhode Island Energy will provide updated year-end fund balance forecasts, reflecting updated sales, collection, and program expenditure forecasts through year-end and revised Tables E-1 and G-1 to provide the PUC with time to review Rhode Island Energy's proposed charges in advance of the Annual Plan hearing. This would allow the charges, if approved, to have an effective date of January 1, 2026. This will allow Rhode Island Energy to begin collecting the most accurate charge possible at the start of the program year and avoid any market confusion surrounding the status and implementation of the 2026 energy efficiency programs. If the actual year-end 2025 fund balance as filed in the Year-End Report is higher or lower than that amount projected in the November 17, 2025, revised Tables E-1 and G-1, any deviation will be fully reconciled in the next program year in accordance with the requirements of R.I. Gen. Laws § 39-1-27.7.

The fund balance does not currently include credits from shareholder funds, with interest, to the fund balance based on Rhode Island Energy's involvement in Docket 22-05-EE. All credits identified thus far in that process were accounted for in the 2024 Annual Plan.

8.2.3 ISO-NE Capacity Market Revenue

Consistent with the LCP Standards, Annual Plan, and PUC decisions regarding annual plans since 2008, the kW-demand savings achieved via electric energy efficiency and Combined Heat and Power programs continue to participate in the FCM as Passive On-Peak Demand Resources. Rhode Island Energy will manage and direct the revenues by bidding the demand savings attributed to energy efficiency measures and Combined Heat and Power facilities in the FCM and managing the associated capacity resources to maximize the resulting FCM revenue. The revenues from measures installed through this Annual Plan, as well as all previous plans, will continue to be reinvested in energy savings for the life of the measure.

Rhode Island Energy is to recover all prudently incurred FCM expenses from ISO-NE capacity-payment revenue generated by the demand savings from efficiency programs represented by Rhode Island Energy. Rhode Island Energy expects that capacity payments received from the ISO-NE will exceed its administrative and EM&V compliance costs of participation in the FCM and will result in additional funds

being made available to fund efficiency programs for customers. If these participation costs exceed the capacity payments, Rhode Island Energy may recover its prudently incurred costs from the energy efficiency program fund. Only prudently incurred expenses are deducted from ISO-NE capacity payments or the energy efficiency program fund.

In addition, as part of the FCM, all qualified auction participants are required to post Financial Assurance to provide security that the promised resource will deliver the promised MW at the promised time. If, as a result of circumstances beyond Rhode Island Energy's control[28], Rhode Island Energy is unable to provide all or a portion of the MW of capacity proposed in its qualification packages and capacity auction bids, some or all the financial assurance monies would be forfeited.

Similar to the past several years, Rhode Island Energy expects that FCM revenues will decline for the 2026 plan year. The current estimate for capacity market revenue in 2026 is $5.87 million.

8.2.4 Regional Greenhouse Gas Initiative (RGGI) Funding

RGGI funding is allocated to the State of Rhode Island based on quarterly auctions for emissions allowances. The OER develops a plan for the allocation of auction proceeds. Rhode Island Energy does not expect any revenue from RGGI for the 2026 plan year.

8.2.5 Exceptions to the Natural Gas Energy Efficiency Program Charge

All gas used for distributed generation projects approved since 2014 will be subject to the natural gas energy efficiency surcharge.[29]

The 2006 Act allows the PUC to exempt natural gas used for manufacturing processes from the energy efficiency surcharge where the customer has established a self-directed program to invest in and achieve cost effective energy efficiency in accordance with a PUC-approved plan and subject to periodic review and approval by the PUC. Consistent with prior PUC decisions, Rhode Island Energy has developed recommendations for a process under which a manufacturer may submit its self-directed program and the required annual reports for approval. Rhode Island Energy recognizes that this process may need to be reviewed and modified after the PUC has accumulated sufficient experience with these programs. Any customer that receives this exemption from the natural gas energy efficiency program charge will not be eligible to receive natural gas energy efficiency program services.

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[28] Such circumstances may include legislative or other State action to alter the EE Program Charge or discontinue Rhode Island Energy's authority to implement the energy efficiency programs underlying the Qualifications Package or a PUC decision limiting Rhode Island Energy's role in bidding the demand savings acquired through program efforts into the FCM.

[29] Natural gas used for distributed generation (excluding natural gas used by emergency generators) for distributed generation projects approved under the energy efficiency programs in 2013 and prior years - independent of the date those facilities become commercially operable – are not subject to the energy efficiency surcharge when natural gas used for that purpose can be clearly identified through uniquely metered use and when so requested in writing by the customer.

8.2.6 Budget Management

Deviations from the planned budget for 2026 are possible during the program year. Rhode Island Energy contemplates three potential overspending scenarios, and will address them as follows:

Anticipated overspending up to 10 percent. Rhode Island Energy's expenditures for 2026 may exceed the total portfolio budget by up to 10 percent as long as written notification is provided to the EERMC, OER, PUC, and DPUC for any deviation. Rhode Island Energy will track expected expenditures relative to planned budgets and will report to stakeholders through inclusion in the quarterly reports, or earlier, if Rhode Island Energy believes such overage is likely to occur. Any such notification will occur as soon as possible, and no later than the distribution of Rhode Island Energy's Third Quarter Report in mid-November 2026 and must explain the need for a higher budget and must justify how the expenditures are reasonably consistent with the original Annual Plan and in accordance with Least Cost Procurement.

Anticipated overspending in excess of 10 percent. During 2026, if Rhode Island Energy anticipates that continued operation of its programs is likely to result in actual expenditures exceeding the total portfolio budget by more than 10 percent, Rhode Island Energy will seek a vote of approval from the EERMC. OER commits to making all reasonable efforts to schedule such vote as soon as feasible following notification, but no later than thirty days from receipt of notification. The PUC will not provide advance approval of expenditures exceeding the total budget by more than 10 percent. Rhode Island Energy will be required to demonstrate to the PUC that the overspend was prudent. Support from the Division, OER, and EERMC will be considered in the PUC's review of prudency.

Unanticipated overspending in excess of 10 percent. If Rhode Island Energy did not anticipate and notify stakeholders identified above that its actual expenditures would exceed the total portfolio budget by more than 10 percent, but actual expenditures do exceed such threshold, such expenditures above 110 percent of approved budget will be at Rhode Island Energy's risk. In order to secure cost recovery, Rhode Island Energy will bear the burden of demonstrating the reasonableness of its actions to the PUC, including an explanation of why the overspending occurred and how the expenditures are reasonably consistent with the original Annual Plan and in accordance with Least Cost Procurement. Such a demonstration would be required to be part of the 2026 Year-End Report.

In all instances, the PUC retains its ratemaking authority to review the prudency and reasonableness of Rhode Island Energy's actions.

8.2.7 Notification of Large Customer Incentives

Rhode Island Energy shall inform the PUC, DPUC, OER, and EERMC in writing of any energy efficiency incentive annual offer in excess of $3 million per measure. Rhode Island Energy shall inform the DPUC, OER, and EERMC in writing of any Combined Heat and Power project with a net output of 1 MW or greater (where net is the nameplate MW output minus Combined Heat and Power auxiliary kW). The process for notification of Combined Heat and Power projects is described in Attachment 2: C&I Programs. To prevent customer delays and to facilitate Rhode Island Energy's ability to meet customer expectation and annual energy savings goals, the OER, EERMC and Division agree to ask questions and

provide comments on any non-Combined Heat and Power energy efficiency incentive annual offer in excess of $3 million within 30 days. Rhode Island Energy, through its own discretion, may proceed with an incentive offer. The incentive, and any other related proposals will be authorized to proceed after 30 days from the date on which Rhode Island Energy notified the PUC, OER, Division, and EERMC of the incentive unless the PUC suspends the filing and/or issues an order within such 30-day period to extend the time for purposes of further review.

9. Performance Incentive Plan

The Performance Incentive Mechanism (PIM), as approved in Docket 5076, established the measurement of performance as a net benefits framework based on a set of prioritized benefit categories. This prioritizes utility system impacts over resource benefits generated by the programs and omits the societal benefits. The "netting" calculation incents budget controls so that the benefits are achieved in line with the portfolio budgets as proposed in the Annual Plan.

Equation 1. Illustrative Calculation of Net Benefits for Performance Incentive Mechanism

Total Benefits = (100% of Utility System Benefits+35% of Resource Benefits)

Net Benefits = (100% of Utility System Benefits+35% of Resource Benefits) − (Programmatic Costs+ Regulatory Costs)

The PIM measures performance at the sector and fuel level:

- Non-Income Eligible Residential Electric
- Income Eligible Residential Electric
- Commercial and Industrial Electric
- Non-Income Eligible Residential Gas
- Income Eligible Residential Gas
- Commercial and Industrial Gas

PIM calculations include a set of potential adjustments that are intended to further incent Rhode Island Energy to maintain budget controls in the delivery of savings, and therefore prioritized benefits, by adjusting earnings under this mechanism based on cost relative to budget. Rhode Island Energy is not proposing structural changes to the PIM for 2026. Attachment 5, Table E-8A and Attachment 6, G-8A show the categories of benefits that are included in the PIM calculations, categories omitted from the PIM, and the weighting assigned to those benefits in the calculation. The categories of benefits are also summarized in Table 9. Electric Energy Efficiency Portfolio Benefits Alignment for PIM Calculations for electric and **Error! Reference source not found.** for gas below. The monetized benefits included in the

PIM are calculated from a subset of benefit categories included in the RI Test, calculated using the same methods and inputs as the RI Test.

Table 9. Electric Energy Efficiency Portfolio Benefits Alignment for PIM Calculations

Benefit	(a) PIM Categorization	(b) Percent Allocation in PIM Calculation
1 Summer Generation	Electric Utility System Benefits	100%
2 Capacity DRIPE		
3 Transmission		
4 Distribution		
5 Reliability		
6 Winter Peak Electric Energy		
7 Winter Off Peak Electric Energy		
8 Summer Peak Electric Energy		
9 Summer Off Peak Electric Energy		
10 Electric Energy DRIPE		
11 Utility Non-Energy Impacts (NEIs)		
12 Natural Gas and Natural Gas DRIPE	Resource Benefits	35%
13 Oil and Oil DRIPE		
14 Propane		
15 Water		
16 Non-Resource (NEIs)	Other Not Included Benefits	0%
17 Non-Embedded GHGs		
18 Economic		

Table 10. Gas Energy Efficiency Portfolio Benefits Alignment for PIM Calculations

Benefit	(a) PIM Categorization	(b) Percent Allocation in PIM Calculation
1 Natural Gas	Gas Utility System Benefits	100%
2 Natural Gas DRIPE		
3 Utility Non-Energy Impacts (NEIs)		
4 Summer Generation	Resource Benefits	35%
5 Capacity DRIPE		
6 Transmission		
7 Distribution		
8 Reliability		
9 Winter Peak Electric Energy		
10 Winter Off Peak Electric Energy		
11 Summer Peak Electric Energy		
12 Summer Off Peak Electric Energy		
13 Electric Energy DRIPE		
14 Oil and Oil DRIPE		
15 Propane		
16 Water		
17 Non-Resource (NEIs)	Other Not Included Benefits	0%
18 Non-Embedded GHGs		
19 Economic		

Tables E-2A and G-2A show the costs that are used in the "netting" calculations in the PIM, and that are incorporated in the SQAs in the sectors to which they apply. The Eligible PIM budget is calculated based on the total budget (also shown on Tables E-2A and G-2A) with regulatory costs equally distributed and commitments, OER costs, RIIB transfers, pilot costs, assessment costs, and performance incentive value removed.

Electric

In 2026, two electric sectors (non-income eligible Residential and C&I) are eligible to receive performance incentives. The combined PIM-eligible net benefits (design performance achievements) of these sectors have increased slightly from 2025 to 2026. In 2026, Rhode Island Energy proposes a payout rate of 7% of 2026 planned PIM-eligible net benefits, which is the same rate used to calculate the 2025 Annual Plan payout pool. Because of the slightly larger amount of PIM-eligible net benefits, this payout rate yields a target incentive pool of $2,807,886, which is $93,529 more in target electric performance incentives than in 2025.

For 2026, Rhode Island Energy has proposed lowering the maximum income eligible electric SQA from $475,000 to $351,773. This adjustment is directly scaled to the decrease in total income eligible PIM-eligible benefits (design service achievement) between 2025 and 2026. The non-income eligible Residential and C&I sectors are not eligible for SQAs in 2026.

Natural Gas

In 2026, the gas performance incentive is allocated entirely to the C&I sector. Rhode Island Energy's proposed 2026 gas incentive was calculated by keeping the 2025 Annual Plan gas payout rate of 10% constant for 2026. In 2026, Rhode Island Energy is seeking a payout pool of $184,500 which is $450,106 less in gas performance incentives than in 2025. This decrease aligns with the decrease in natural gas PIM-eligible net benefits (design performance achievement).

In 2026, Rhode Island Energy has proposed lowering the maximum non-income eligible Residential gas SQA from $405,000 to $398,890 and lowering the maximum income eligible Residential gas SQA from $147,728 to $146,491. The adjustments are directly scaled to the changes in total sector-specific PIM-eligible benefits (design service achievements) between 2025 and 2026. The C&I sector is not eligible for an SQA in 2026.

10. Advancing Docket 4600 Principles and Goals

Along with the quantitative benefits detailed in this Annual Plan, as measured by the RI Test, the energy efficiency investments and innovation planned for 2026 also advance the Docket 4600 principles and goals.[30] The Docket 4600-A Guidance Document directed that "the proposing party must provide accompanying evidence that addresses how the proposal advances, detracts from, or is neutral to each of the stated goals of the electric system."[31] To meet this directive, Rhode Island Energy describes how the Annual Plan either advances, detracts, or remains neutral on achieving the Docket 4600 goals for the electric system in Table 11. Docket 4600 Goals for the Electric System.

Table 11. Docket 4600 Goals for the Electric System

4600 Goals for Electric System	(a) Advances/Detracts/Neutral
1 Provide reliable, safe, clean, and affordable energy to Rhode Island customers over the long term.	**Advances:** The Annual Plan gives customers tools to reduce their energy consumption. The safest, most reliable, and most affordable energy is energy that is never used. Lowering energy consumption avoids investments in the installation, upgrade, or replacement of transmission and distribution infrastructure, and reduces strain on the system.
2 Strengthen the Rhode Island economy, support economic competitiveness, retain, and create jobs by optimizing the	**Advances:** The Annual Plan will create significant economic benefits in Rhode Island. Rhode Island Energy expects that investments made in

30 PUC Report and Order No. 22851 accepting the Stakeholder Report. Written Order issued Jul. 31, 2017.

31 Approved final clean version of Guidance Document (Oct. 27, 2017).

4600 Goals for Electric System	(a) Advances/Detracts/Neutral
benefits of a modern grid and attaining appropriate rate design structures.	energy efficiency under this Annual Plan will add $150.2 million to Rhode Island's Gross State Product (GSP), equivalent to 1,627 job-years.
3 Address the challenge of climate change and other forms of pollution.	**Advances:** The Annual Plan will help reduce 27,058 annual short tons of carbon emissions in 2026 from the installed measures as well as reduce other pollutants associated with the generation and combustion of electricity, natural gas, and delivered fuels.
4 Prioritize and facilitate increasing customer investment in their facilities (efficiency, distributed generation, storage, responsive demand, and the electrification of vehicles and heating) where that investment provides recognizable net benefits.	**Advances:** The Annual Plan provides incentives for customers to invest in cost-effective energy efficiency measures in their facilities and participate in demand response programs and provides handoffs to other programs including EV charging programs.
5 Appropriately compensate distributed energy resources for the value they provide to the electricity system, customers, and society.	**Neutral:** This is not applicable; distributed energy resources, such as generators, are not participants in the energy efficiency programs.
6 Appropriately charge customers for the cost they impose on the grid.	**Neutral:** This is not applicable; energy efficiency projects do not impose a cost on the grid.
7 Appropriately compensate the distribution utility for the services it provides.	**Advances:** The performance incentive contained in this Annual Plan compensates Rhode Island Energy for achieving the energy savings goals through delivering cost-effective energy efficiency programs to customers while aligning with the PUC's PIM principles.
8 Align distribution utility, customer, and policy objectives and interests through the regulatory framework, including rate design, cost recovery, and incentive.	**Advances:** The Annual Plan aligns Company, customer, and policy objectives and interests by incentivizing energy savings measures that enable customers to manage and reduce their energy consumption, which in turn contributes to the greenhouse gas reduction goals of the Act on Climate, Power Sector Transformation goals, Heating Sector Transformation goals, and the 100 percent Renewable Electricity goal while allowing Rhode Island Energy to earn a performance incentive.

11. CONCLUSION

Rhode Island Energy's 2026 Energy Efficiency Plan offers a comprehensive strategy built upon extensive stakeholder engagement and analysis. The Plan incorporates feedback from various sources. The key elements of equity, program design, coordination, and alignment with state climate goals are addressed, all grounded in a continued commitment to customer affordability. The plan details specific programs for Residential, Income Eligible, and Commercial & Industrial Sectors with an emphasis on affordability, equity, workforce development, and collaboration. The changes proposed for 2026 represent refinement of existing programs and incorporate new opportunities discovered while administering the efficiency programs. A robust evaluation, measurement, and verification (EM&V) plan ensures the accuracy and credibility of reported savings and benefits. The plan's structure aligns with the Least Cost Procurement Standards, prioritizing cost-effectiveness and equitable access.

12. Miscellaneous Provisions

- Other than as expressly stated herein, this Annual Plan establishes no principles and shall not be deemed to foreclose any party from making any contention in any future proceeding or investigation before the PUC.
- Other than as expressly stated herein, the approval of this Annual Plan by the PUC shall not in any way constitute a determination as to the merits of any issue in any other PUC proceeding.
- RI Energy will convene the EE TWG no less than six times in 2026 to review the status and performance of Rhode Island Energy's 2026 energy efficiency programs and advise Rhode Island Energy on potential programs for the 2026 program year.

13. Reporting Requirements

In 2026, Rhode Island Energy will provide reports, including a report for the first three quarters of 2026 and an annual 2025 report. These reports will be sent to the EERMC, the Division, OER, the EE TWG, and the PUC and will include the most currently available program performance for both natural gas and electric efficiency programs. These reports will include a comparison of budgets and goals by program to actual expenses and savings on a year-to-date basis, and a status report on revolving loan funds. Rhode Island Energy reports will also include a summary of program and equity progress and will highlight issues by sector for EERMC, Division, OER, and EE TWG attention. Within the C&I sector, there will be separate highlighting of large and small customer program progress and issues. Beginning in the second quarter, the quarterly reports also include a forecast of expected results.

- Beginning with the 2019 Year End Report, Rhode Island Energy provided detailed costs schedules that were developed in collaboration with the PUC. Rhode Island Energy proposes to submit detailed cost schedules in the 2026 Year End Report. In addition, Rhode Island Energy also proposes to submit confidential vendor schedules to the PUC, with a motion for protective treatment. These confidential vendor schedules detail costs to individual vendors and other external entities.
- Per the Standards adopted in Docket 23-07-EE, Rhode Island Energy will provide to the EE TWG, and file with the PUC its 2025 Year-End Report no later than May 1, 2026. This report will include achieved natural gas and electric energy savings in 2025 and earned incentives for 2025. The report will also include a discussion of deviations from planned quantities as specified in the Standards.
- Rhode Island Energy intends to "file evidence of ongoing employee training on the issue of proper accrual and accounting as part of its annual EEP Plan" pursuant to the Settlement Agreement[32] between Rhode Island Energy and the DPUC. The training curriculum has been drafted and is under internal review by the Rhode Island Energy accounting and finance

[32] Settlement Agreement

departments. This training will be conducted by the energy efficiency team and will be conducted annually for both employees and external vendors.

14. Requested Rulings

Rhode Island Energy respectfully requests that the PUC approve the 2026 Plan as presented in this document and the supporting attachments in its entirety. The Annual Plan has been developed with careful consideration of the linkages between all parts. The specific components of this 2026 Plan for which Rhode Island Energy requests approval include:

- The savings goals, programs, measures, budgets, and associated customer collections required to fund the 2026 energy efficiency programs.
- The PIM and associated earning opportunity provided by Rhode Island Energy in this Annual Plan.

ATTACHMENTS

Annual Plan Attachment 1. Residential & Income Eligible Energy Efficiency Solutions and Programs

Attachment 1-1. Detailed Residential Measure List

Attachment 1-2. Detailed Income Eligible Measure List

Annual Plan Attachment 2. Commercial & Industrial Energy Efficiency Solutions and Programs

Attachment 2-1. Detailed Commercial and Industrial Measure List

Attachment 2-2. Revolving Loan Fund Projections

Annual Plan Attachment 3. Evaluation, Measurement & Verification Plan

Annual Plan Attachment 4. Rhode Island Benefit Cost Test Description

Attachment 4-1. Electric Portfolio Cost Effectiveness Framework Tables (Docket 4600)

Attachment 4-2. Gas Portfolio Cost Effectiveness Framework Tables (Docket 4600)

Annual Plan Attachment 5 and Attachment 6. Electric and Gas Energy Efficiency Program Tables

Annual Plan Attachment 7. Pilots, Demonstrations & Assessments

Annual Plan Attachment 8. Definitions

Annual Plan Attachment 9. 2025 Equity Working Group Report