ENERGY EFFICIENCY COUNCIL

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Consultant Team Cost-Effectiveness Report 2026 Annual Energy Efficiency Plan

Consultant Team Presentation

Date: October 16, 2025

Outline

Council Requirements

Report Development

Report Findings

Discussion & Vote

Council Requirements

Council's Responsibility

Pursuant to the Least Cost Procurement Standards:

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

Report Development

Completing Review for Final Report

Consistent oversight of planning and implementation

- Energy Efficiency Technical Working Group and associated workstreams
- Ongoing review of multiple iterations of 2026 EE Plan documents

Regular engagement in program design and evaluation work

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

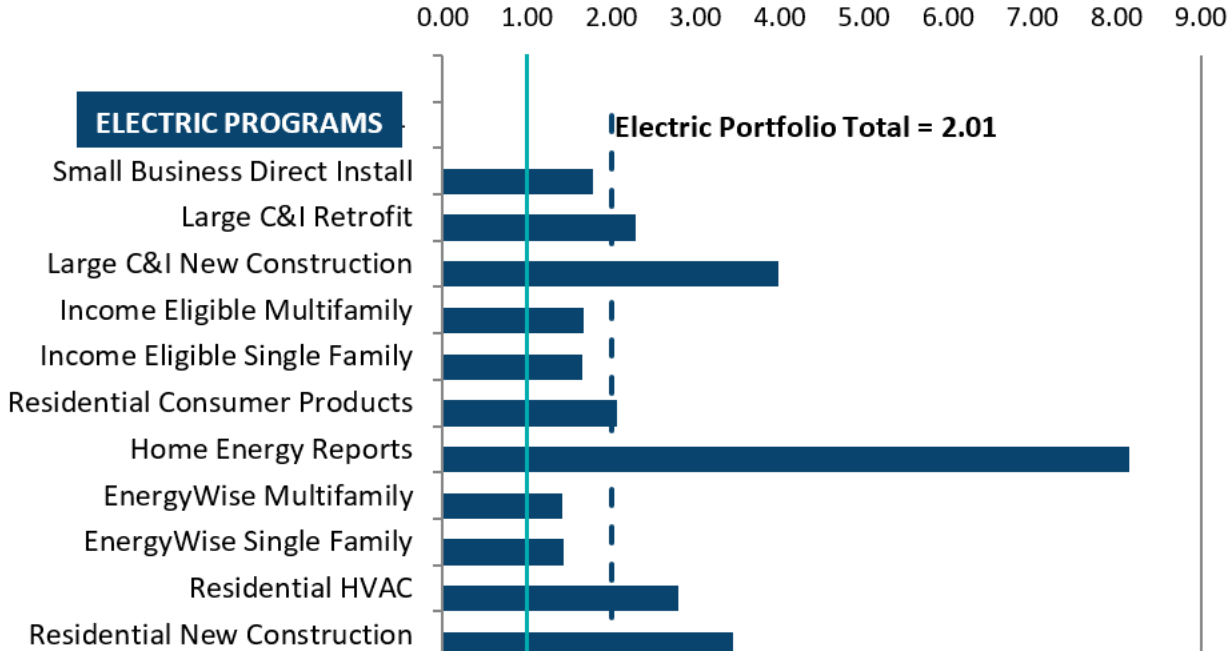
Final review of Benefit-Cost Ratio (BCR) Models for accuracy, completeness, and appropriate updates associated with recent evaluation work

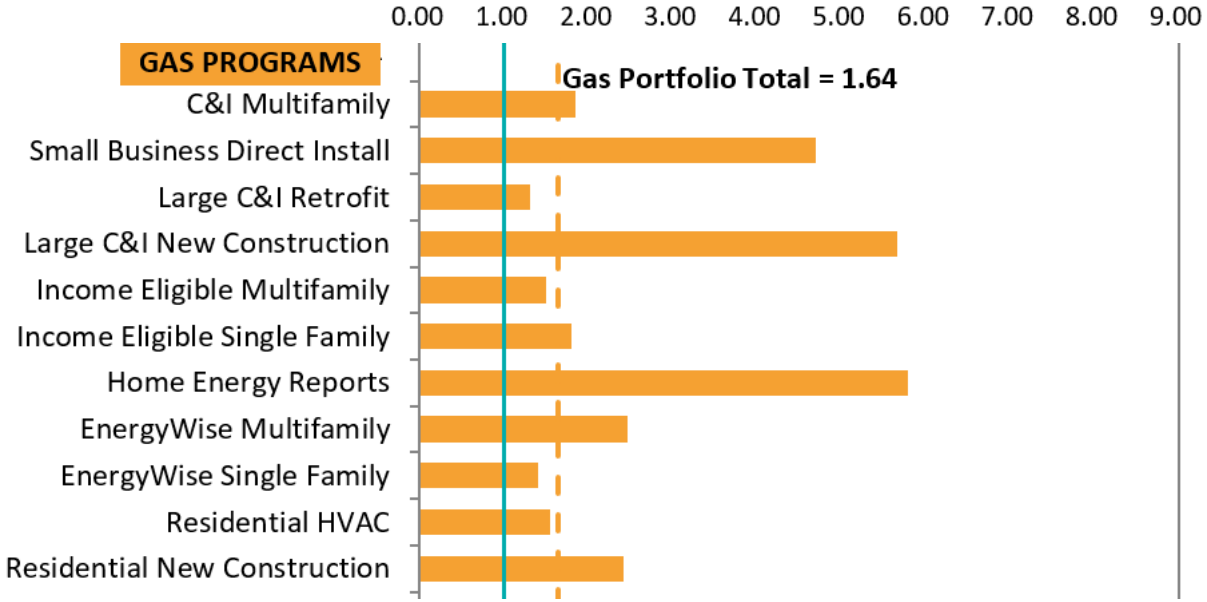
Review analysis of Cost of Supply and Cost of Energy Efficiency

Report Findings

Cost-Effectiveness Finding

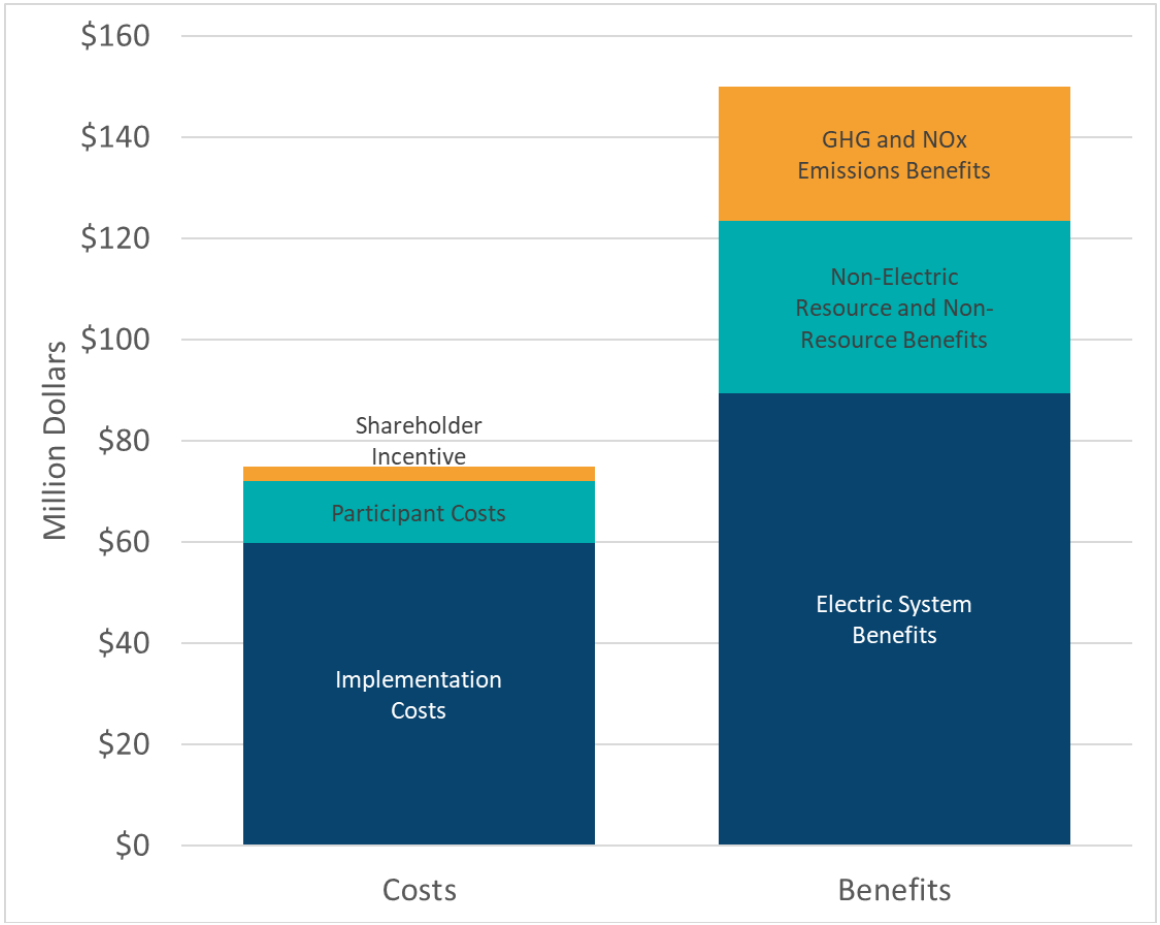
All programs in both the electric and gas portfolios are cost-effective according to the RI Cost Test



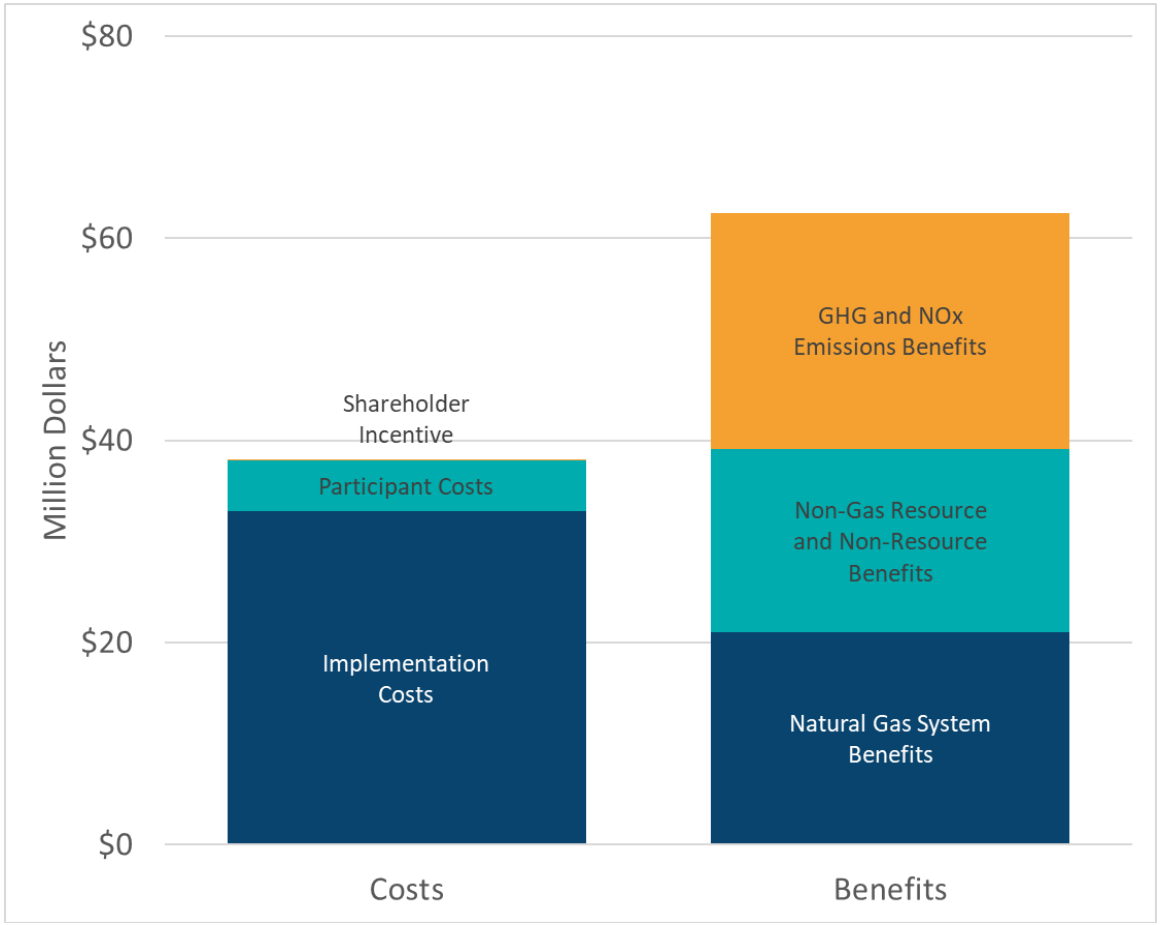


Visual Representation of Costs vs. Benefits

Electric Portfolio



Gas Portfolio



Additional Cost-Effectiveness Lens

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

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

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

Portfolio	RI Test	RI Test (Intrastate)
Electric	2.01	1.63
Gas	1.64	1.49

Cost of Supply Assessment

Four scenarios conducted by the Company

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

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

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

Cost of Supply Assessment

Electric Portfolio	Total	Intrastate w/ Delivered Fuels w/ Participant Costs	Intrastate w/o Delivered Fuels w/ Participant Costs	Intrastate w/o Delivered Fuels w/o Participant Costs
Cost of Supply ($M)	$125.7	$97.8	$83.3	$83.3
Cost of EE Programs ($M)	$74.8	$74.8	$74.8	$62.6
Difference ($M)	**$50.9**	**$23.0**	**$8.6**	**$20.7**

Gas Portfolio	Total	Intrastate w/ Delivered Fuels w/ Participant Costs	Intrastate w/o Delivered Fuels w/ Participant Costs	Intrastate w/o Delivered Fuels w/o Participant Costs
Cost of Supply ($M)	$45.7	$40.0	$40.0	$40.0
Cost of EE Programs ($M)	$38.1	$38.1	$38.1	$33.0
Difference ($M)	**$7.6**	**$1.9**	**$1.9**	**$6.9**

Discussion and Vote Language

Without Amendments

- A motion to approve the cost-effectiveness report as currently written and to direct its Consultant Team and Legal Representatives to submit the report to the PUC by the October 22, 2025 deadline.

With Amendments

- A motion to approve the cost-effectiveness report as currently written with the following amendments {state amendments}, and to direct its Consultant Team and Legal Representatives to submit the report to the PUC by the October 22, 2025 deadline.