

RHODE ISLAND PUBLIC UTILITIES COMMISSION

DOCKET NO. 25-37-EE

**The Narragansett Electric Co. d/b/a Rhode Island Energy's Annual Energy
Efficiency Plan for 2026**

DIVISION OF PUBLIC UTILITIES & CARRIERS

PRE-FILED DIRECT TESTIMONY

OF

JENNIFER KALLAY, SYNAPSE ENERGY ECONOMICS

November 7, 2025

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Exhibit JK -1: Resume of Jennifer Kallay

1 **1. INTRODUCTION**

2 **Q. MS. KALLAY, PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Jennifer Kallay. My business address is 485 Massachusetts Avenue, Suite 3,
4 Cambridge, Massachusetts, 02139. I am employed by Synapse Energy Economics, Inc.
5 (Synapse) as a Principal Associate.

6 **Q. PLEASE DESCRIBE SYNAPSE ENERGY ECONOMICS.**

7 A. Synapse Energy Economics is a research and consulting firm specializing in electricity and
8 gas industry regulation, planning, and analysis. Our work covers a range of issues,
9 including economic and technical assessments of demand-side and supply-side energy
10 resources; energy efficiency policies and programs; power sector transformation;
11 integrated resource planning; electricity market modeling and assessment; renewable
12 resource technologies and policies; and climate change strategies. Synapse works for a
13 wide range of clients, including state attorneys general, offices of consumer advocates,
14 trade associations, public utility commissions, environmental advocates, the U.S.
15 Environmental Protection Agency, U.S. Department of Energy, U.S. Department of
16 Justice, the Federal Trade Commission, and the National Association of Regulatory Utility
17 Commissioners. Synapse has over 50 professional staff with extensive experience in the
18 electricity industry.

1 **Q. PLEASE DESCRIBE YOUR EDUCATION AND PROFESSIONAL**
2 **BACKGROUND.**

3 A. I have 18 years of professional experience analyzing the benefits and costs of energy
4 efficiency efforts for jurisdictions in the United States and Canada including
5 Massachusetts, Rhode Island, Hawaii, Vermont, New Jersey, Arkansas, Minnesota,
6 Virginia, Prince Edward Island, Ontario, New Mexico, Alberta, New Brunswick, and Nova
7 Scotia. Since 2012, I have supported the Division of Public Utilities & Carriers (Division)
8 in assessing the impacts of utility energy efficiency plans and delivery strategies on
9 customers. My work entails reviewing different regulatory approaches to spur energy
10 efficiency; assessing the ability of utility energy efficiency plans to tap into cost-effective
11 potential; researching best practice program designs and policies; understanding and
12 accounting for the full benefits of energy efficiency; and conducting rate and bill impact,
13 participant, and cost-effectiveness analyses. I received a Bachelor of Arts in Journalism
14 from the University of Maryland and a Master of Energy and Environmental Analysis
15 Degree from Boston University. My resume is attached as Exhibit JK-1.

16 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE RHODE ISLAND PUBLIC**
17 **UTILITIES COMMISSION?**

18 A. Yes, I testified before the Commission in the following energy efficiency dockets:

- 19 • *2024-2026 Three-Year EE Plan* and *2024 Annual EE Plan* in Docket 23-35-EE;
- 20 • *2025 Annual EE Plan* in Docket 24-39-EE;

- 1 • 2023 Annual EE Plan in Docket 22-33-EE;
- 2 • 2022 Annual EE Plan in Docket 5189; and,
- 3 • 2021-2023 Three-Year EE Plan and 2021 Annual EE Plan in Docket 5076.

4 **2. PURPOSE OF THIS TESTIMONY**

5 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS CASE?**

6 A. I am testifying on behalf of the Division.

7 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

8 A. The Division, as Rhode Island’s Ratepayer Advocate, is an indispensable party in all Public
9 Utility Commission (Commission) proceedings. The Division serves the Commission,
10 through discovery and evidentiary hearings, by providing the Commission with
11 recommendations that favor ratepayers. The Division hired Synapse as its expert consultant
12 to assist in its review of Narragansett Electric Company d/b/a Rhode Island Energy’s (RIE
13 or the Company) 2026 Energy Efficiency Annual Plan (*EE Plan*), filed on October 1, 2025.
14 I reviewed the *EE Plan* to ensure: (1) compliance with R.I. Gen. Laws § 39-1-27.7 (the
15 Least Cost Procurement Statute); (2) adherence to the Least Cost Procurement (LCP)
16 Standards adopted in Docket No. 23-07-EE; (3) advancement of the State of Rhode Island’s
17 energy policies and the goals of R.I. Gen. Laws § 42-6.2-2 (the *Act on Climate*); and (4)
18 promotion of the general interest and welfare of Rhode Island ratepayers. The purpose of

1 my testimony is to provide a review of some key changes in the *EE Plan* as compared to
2 the *2025 Annual EE Plan* for the Commission's deliberations.

3 **Q. WHAT WAS YOUR ROLE IN THE DEVELOPMENT OF THE *EE PLAN*?**

4 A. I participated in the development of the plan by: (1) observing monthly Technical Working
5 Group (TWG) meetings; (2) monitoring and reviewing presentations and documents shared
6 at the TWG meetings; (3) examining programs and conducting informal data requests; (4)
7 reviewing *EE Quarterly Reports* issued by the Company; (5) reviewing drafts of the
8 proposed *EE Plan* and commenting, as necessary; and (6) reviewing the *EE Plan*, as filed,
9 for consistency with the LCP Statute, the LCP Standards, the *Act on Climate*, and to ensure
10 that the *EE Plan* is in the general best interest for Rhode Island ratepayers.

11 **Q. HOW IS YOUR TESTIMONY ORGANIZED?**

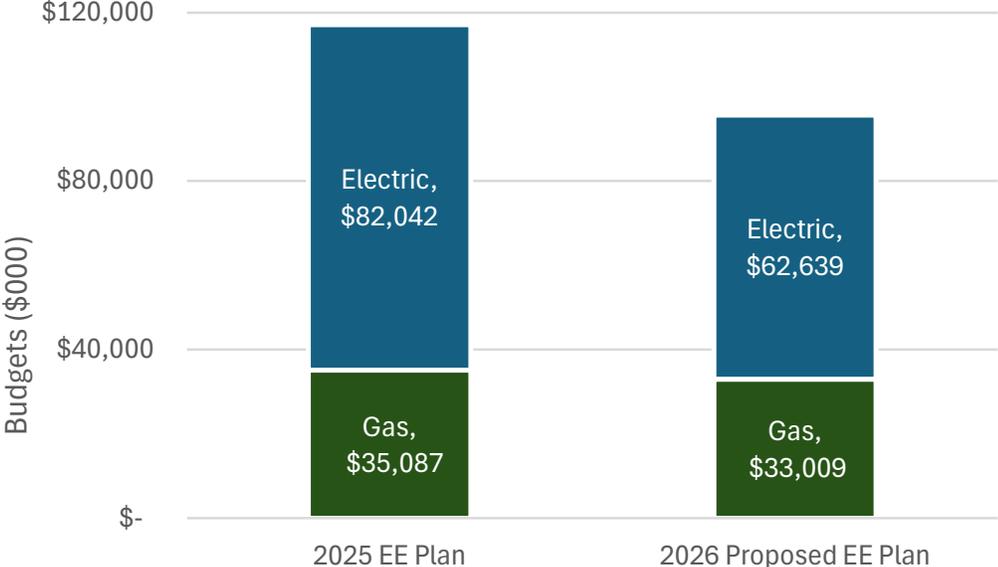
12 A. In Section 3, I summarize key changes to the *EE Plan* as compared to the *2025 Annual*
13 *EE Plan* and identify my findings and recommendations related to these changes. In
14 Sections 4 through 8, I discuss each key finding and associated recommendation in
15 greater detail.

1 **3. SUMMARY OF KEY CHANGES TO THE *EE PLAN* AND FINDINGS AND**
2 **RECOMMENDATIONS**

3 **Q. WHAT ARE THE KEY CHANGES TO THE *EE PLAN*?**

4 A. The *EE Plan* proposes a \$21.5 million reduction in budgets as compared to the 2025
5 *Annual EE Plan*. The reductions are much more significant for the electric portfolio
6 (\$19.4 million or 24 percent of the 2025 *EE Plan* budget) as compared to the gas
7 portfolio (\$2.0 million or 6 percent of the 2025 *EE Plan* budget), as shown in Figure 1
8 below.

1 **Figure 1. 2025 EE Plan and 2026 Proposed EE Plan Budgets, electric and gas combined**

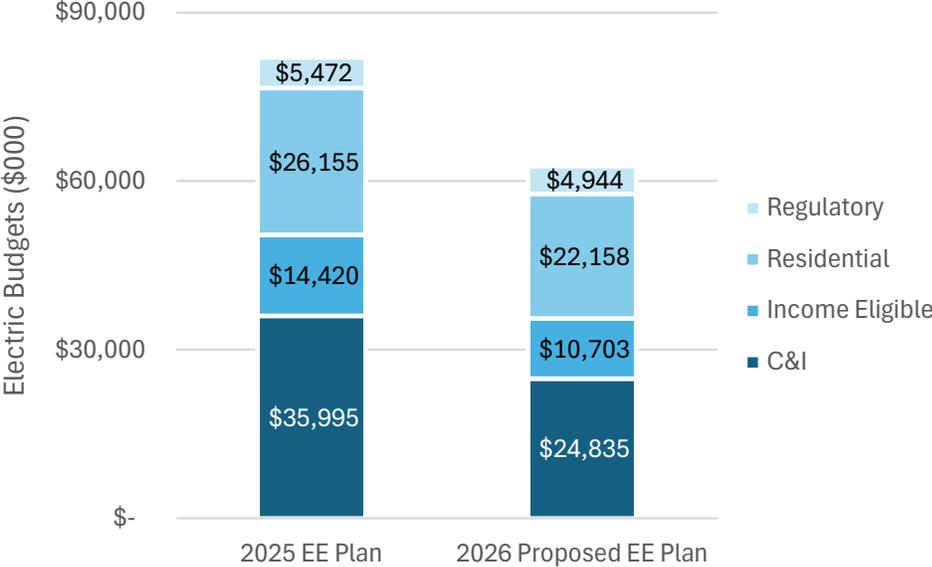


- 2
- Sources:
1. 2026 Proposed Electric EE Plan. Attachment 5. Table E-2B. Rhode Island Energy Comparison of 2026 to 2025 Budget (\$000). Bates Page 322.
 2. 2026 Proposed Gas EE Plan. Attachment 6. Table G-2B. Rhode Island Energy Comparison of 2026 to 2025 Budget (\$000). Bates Page 337.

3 The Electric *EE Plan* proposes a reduction to budgets in all sectors, with the most
4 significant reductions to the Commercial and Industrial sector as shown in Figure 2
5 below.

1

Figure 2. 2025 EE Plan and 2026 Proposed EE Plan budgets, electric



2

Source:
 1. 2026 Proposed Electric EE Plan. Attachment 5. Table E-2B. Rhode Island Energy Comparison of 2026 to 2025 Budget (\$000). Bates Page 322.

3

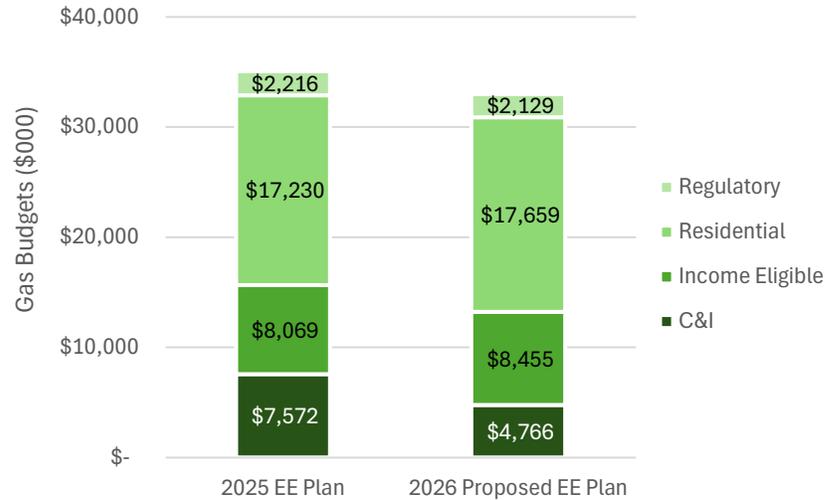
The Gas *EE Plan* proposes an increase to budgets in the Residential and Income Eligible sectors, and a reduction to budgets in the Commercial and Industrial (C&I) sector as shown in Figure 3 below.

4

5

1

Figure 3. 2025 EE Plan and 2026 Proposed EE Plan budgets, gas



2

Source:

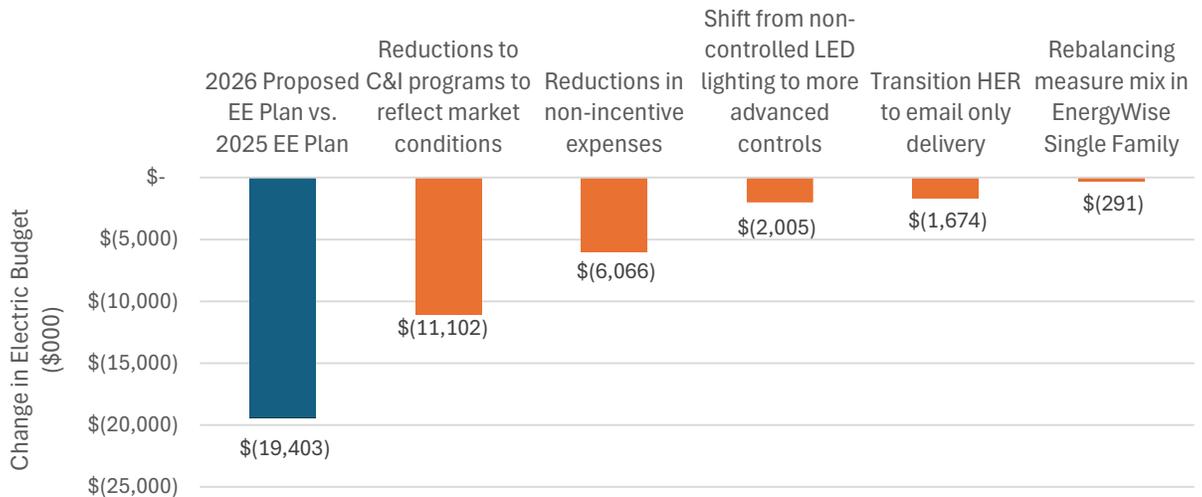
1. 2026 Proposed Gas EE Plan. Attachment 6. Table G-2B. Rhode Island Energy Comparison of 2026 to 2025 Budget (\$000). Bates Page 337.

3 **Q. WHAT ARE THE DRIVERS OF THE BUDGET REDUCTIONS IN THE**
4 **ELECTRIC EE PLAN?**

5 A. Nearly 60 percent of the budget reductions in the electric *EE Plan* are due to reductions
6 to C&I programs to reflect market conditions as shown in Figure 4 below. The reductions
7 in non-incentive expenses, shift from non-controlled LED lighting to more advanced
8 controls, transition of Home Energy Reports to email-only delivery, and rebalancing of
9 the measure mix in the EnergyWise Single Family program also reduce the budget. The
10 rebalancing of the measure mix in the EnergyWise Single Family program includes

1 reductions in incentive budgets, lifetime savings in MMBtus, and benefits for
2 weatherization and heat pumps, as well as changes to other measures.^{1,2}

3 **Figure 4. Drivers of reductions in the electric portfolio budget**



4

Sources:

1. 2026 Proposed EE Plan vs. 2025 EE Plan. Attachment 5. Table E-2B. Rhode Island Energy Comparison of 2026 to 2025 Budget (\$'000). Bates Page 322.
2. RIE response to Division 1-4-1 Table (5) Adjusting budgets for Large Commercial & Industrial Retrofit, New Construction, and Small Business Direct Install downward to reflect market conditions.
3. RIE response to Division 1-4-1 Table (1) Reducing non-incentive expenses like Program Administration, Marketing, Sales and Technical Assistance, and Evaluation.
4. RIE response to Division 1-4-1 Table (4) Shifting lighting budget toward more advanced controls in anticipation of phasing out incentives for non-controlled LED lighting.
5. RIE response to Division 1-4-1 Table (2) Transitioning Home Energy reports to email-only delivery.
6. RIE response to Division 1-4-1 Table (3) Rebalancing measure mix in EnergyWise Single Family to streamline programs and reduce budgets.

Notes:

1. The sum of the budget reductions due to the individual drivers does not equate to the difference between the 2025 EE Plan and 2026 Proposed EE Plan. This difference is likely due to additions to budgets that are not displayed in this figure that offset some of the budget reductions and the fact that there may be some double-counting across the individual drivers. Some of the reductions in non-incentive expenses and the shift from non-controlled LED lighting to more advanced controls may be accounted for in the reductions to C&I programs to reflect market conditions.

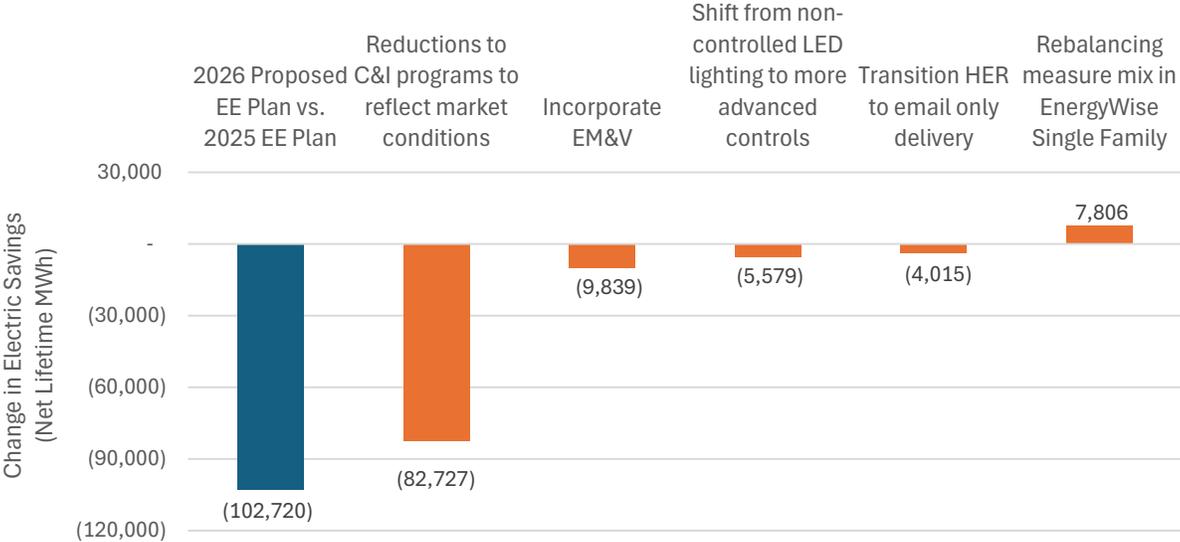
¹ RIE response to Division 1-5 (a).

² RIE reponses to Division 1-7 (a).

1 **Q. HOW ARE THESE BUDGET REDUCTIONS IMPACTING SAVINGS?**

2 A. Figure 5 provides an illustration of the drivers of reductions in net lifetime MWh savings.
 3 80 percent of the reduction in lifetime electric savings is due to the reductions to C&I
 4 programs to reflect market conditions. Adjustments due to the incorporation of
 5 evaluation, measurement, and verification (EM&V) studies, the shift from non-controlled
 6 LED lighting to more advanced lighting controls, and the transition of HER to email only
 7 delivery are also having an impact on savings, though to a smaller degree. The
 8 rebalancing of the measure mix in EnergyWise Single Family is projected to increase the
 9 net lifetime MWh savings.

10 **Figure 5. Drivers of reductions in electric portfolio savings**



11

Sources:
 1. 2026 Proposed EE Plan vs 2025 EE Plan. Attachment 5 Table E-6B. Rhode Island Energy Comparison of 2026 to 2025 Savings. Bates Page 329.
 2. RIE response to Division 1-4-1 Table (5) Adjusting budgets for Large Commercial & Industrial Retrofit, New Construction, and Small Business Direct Install downward to reflect market conditions.

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3. *RIE response to Division 1-39 (a).*
4. *RIE response to Division 1-4-1 Table (4) Shifting lighting budget toward more advanced controls in anticipation of phasing out incentives for non-controlled LED lighting.*
5. *RIE response to Division 1-4-1 Table (2) Transitioning Home Energy reports to email-only delivery.*
6. *RIE response to Division 1-4-1 Table (3) Rebalancing measure mix in EnergyWise Single Family to streamline programs and reduce budgets.*

Notes:

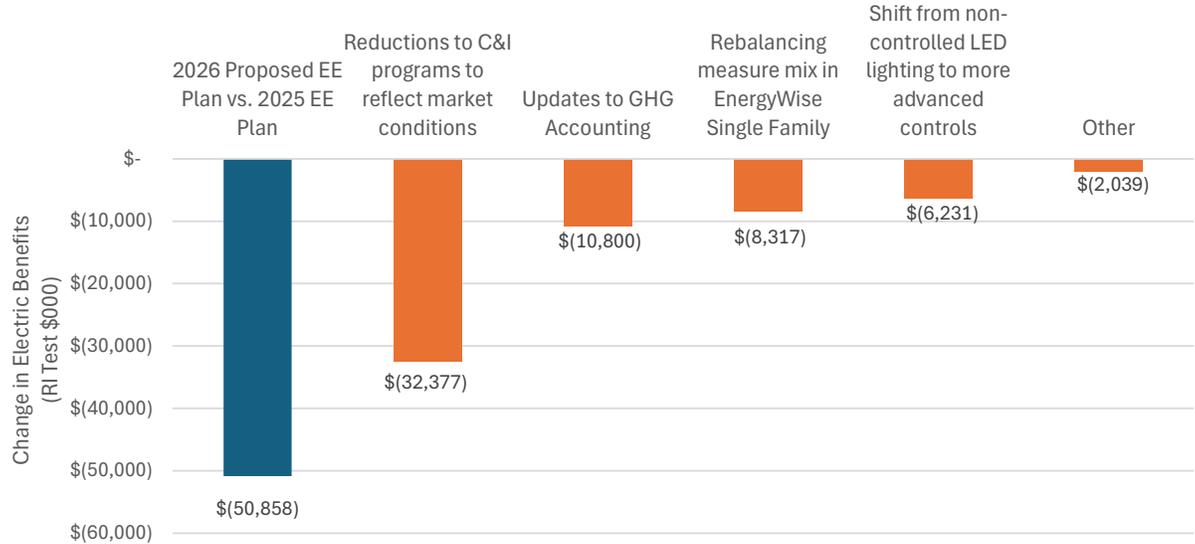
1. *The sum of the savings reductions due to the individual drivers does not equate to the difference between the 2025 EE Plan and 2026 Proposed EE Plan. This difference is likely due to additions to savings that are not displayed in this figure that offset some of the savings reductions and the fact that there may be some double-counting across the individual drivers. The shift from non-controlled LED lighting to more advanced controls may be accounted for in the reductions to C&I programs to reflect market conditions.*
2. *The reductions in non-incentive expenses do not impact savings and therefore are not shown in this figure.*
3. *The impact of EM&V results is included in this figure and not in the previous budget reduction figure as they do not impact budgets.*

1 **Q. HOW ARE THESE BUDGET REDUCTIONS IMPACTING BENEFITS?**

2 A. Budget and savings reductions are the primary driver of reductions in Rhode Island Test
3 (RI Test) benefits, as shown by the sizeable reductions in benefits due to reductions to
4 C&I programs to reflect market conditions (Figure 6 below). However, budget and
5 savings reductions are not the only driver of the lower RI Test benefits. Updates to
6 greenhouse gas (GHG) accounting are playing a role and there are also smaller updates
7 included in Other, such as eliminating the double-counting of non-energy impacts (NEI).

1

Figure 6. Drivers in reductions in electric portfolio RI Test benefits



2

Sources:

1. 2026 Proposed EE Plan. Attachment 5. Table E-3A. Rhode Island Energy Summary of 2026 Benefits (\$000). Bates Page 323.
2. 2025 EE Plan. Docket 24-39-EE – 2025 Annual Energy Efficiency Plan. Attachment 5 and Attachment 6 (12-18-2024 Correction). Attachment 5. Table E-6. Rhode Island Energy Summary of 2025 Energy Efficiency Benefits by Program. Page 8.
3. RIE response to Division 1-4-1 Table (5) Adjusting budgets for Large Commercial & Industrial Retrofit, New Construction, and Small Business Direct Install downward to reflect market conditions.
4. RIE response to Division 1-19 (c).
5. RIE response to Division 1-4-1 Table (3) Rebalancing measure mix in EnergyWise Single Family to streamline programs and reduce budgets.
6. RIE response to Division 1-4-1 Table (4) Shifting lighting budget toward more advanced controls in anticipation of phasing out incentives for non-controlled LED lighting.
7. RIE response to Division 1-35 (a).
8. RIE response to Division 1-39 (a).
9. RIE response to Division 1-4-1 Table (2) Transitioning Home Energy reports to email-only delivery.

Notes:

1. Other includes: Eliminate NEI Double Counting (-\$785), Incorporate EM&V (-\$721), and Transition HER to Email Only Delivery (-\$534).
2. The sum of the benefit reductions due to the individual drivers does not equate to the difference between the 2025 EE Plan and 2026 Proposed EE Plan. This difference is likely due to additions to benefits that are not displayed in this figure that offset some of the benefit reductions and the fact that there may be some double-counting across the individual drivers. The shift from non-controlled LED lighting to more advanced controls may be accounted for in the reductions to C&I programs to reflect market conditions.
3. The reductions in non-incentive expenses do not impact benefits and therefore are not shown in this figure.
4. The impact of EM&V results is included in this figure and not in the previous budget reduction figure as they do not impact budgets.

5. *Updates to GHG accounting and the elimination of NEI double counting only affect benefits and therefore do not appear in the previous budget or savings reduction figures.*

1 **Q. WHAT ARE THE DRIVERS OF THE BUDGET, SAVINGS, AND BENEFITS**
2 **REDUCTIONS IN THE GAS *EE PLAN*?**

3 A. As with the electric portfolio, the reductions to budget, savings, and benefits in the gas
4 portfolio are primarily explained by the reduction to C&I program investments.³

5 **Q. ARE THESE ALL OF THE UPDATES TO THE *EE PLAN*?**

6 A. No. There are additional updates worth mentioning. RIE changed the accounting of
7 savings and benefits associated with electric resistance, delivered fuel, and gas
8 weatherization to account for delayed heat pump conversions for a portion of the planned
9 installations. RIE also updated its accounting of GHG benefits.

10 **Q. DO YOU FIND THAT THE *EE PLAN* IS COST-EFFECTIVE BASED UPON THE**
11 **RI TEST?**

12 A. Yes, all programs and portfolios are cost-effective based upon the RI Test, including the
13 Intrastate RI Test.⁴

³ RIE response to Division 1-4-2 Table (5) Adjusting budgets for Large Commercial & Industrial Retrofit, New Construction, and Small Business Direct Install downward to reflect market conditions.

⁴ See *EE Plan*:

- Attachment 5. Table E-5A Rhode Island Energy Summary of 2026 Cost-Effectiveness (\$000) and Table E-5B Rhode Island Energy Summary of 2026 Intrastate Cost-Effectiveness (\$000) on Bates Pages 326 and 327.
- Attachment 6. Table G-5A Rhode Island Energy Summary of 2026 Cost-Effectiveness (\$000) and Table G-5B Rhode Island Energy Summary of 2026 Intrastate Cost-Effectiveness (\$000) on Bates Pages 341 and 342.

1 **Q. IS THE *EE PLAN* COST-EFFECTIVE BASED UPON THE COST OF SUPPLY**
2 **CALCULATION?**

3 A. No, four electric programs and two gas programs are not cost-effective using the cost of
4 supply calculation which includes intrastate-only benefits and participant costs. The four
5 electric programs that are not cost-effective using this calculation are the EnergyWise
6 Single Family, EnergyWise Multifamily, Income Eligible Single Family, and Income
7 Eligible Multifamily programs. The two gas programs that are not cost-effective using
8 this calculation are the EnergyWise Single Family and Income Eligible Single Family
9 programs.⁵

10 **Q. HOW DID RIE JUSTIFY CONTINUATION OF THESE PROGRAMS IN 2026 IF**
11 **THEY ARE NOT COST-EFFECTIVE BASED UPON THE COST OF SUPPLY**
12 **CALCULATION?**

13 A. RIE offers the following rationale for continuation of these programs in 2026:⁶

14 • The plan is cost-effective based on the RI Test, captures a wide range of benefits
15 that accrue to and are valuable to ratepayers, and contributes to customer
16 satisfaction with RIE.

⁵ See *EE Plan*:

- Attachment 5. Table E-7 Rhode Island Energy Summary of 2026 Cost of Supply Compared to Cost of Energy Efficiency (\$000). Column (c) Intrastate w/o Delivered Fuels. Bates Page 330.
- Attachment 6. Table G-7 Rhode Island Energy Summary of 2026 Cost of Supply Compared to Cost of Energy Efficiency (\$000). Column (c) Intrastate w/o Delivered Fuels. Bates Page 345.

⁶ *EE Plan*. Section 6.6.3. Bates Pages 131–136.

- 1 • Continuity of programs is important for achieving long-term efficiency,
2 greenhouse gas mitigation objectives, and workforce development.
- 3 • There is a low risk to ratepayers from investment in passive energy efficiency
4 measures as savings and benefits from many measures installed in 2026 will
5 persist for many years regardless of the heating fuel used.
- 6 • Weatherization supports and leverages OER’s Clean Heat Rhode Island
7 electrification funding; avoids lost opportunities; allows for heating systems to be
8 rightsized; and reduces future customer costs, electrification incentive costs, and
9 grid upgrade costs.
- 10 • The programs contribute to the equitable delivery of services and benefits.
- 11 • Weatherization measures enable and can be bundled with other measures,
12 minimizing implementation costs and reducing customer touchpoints.
- 13 • The bill impacts of continuing these programs are modest for non-participants.
- 14 • The programs support state goals of the *Act on Climate*.
- 15 • The savings are based on independent third-party evaluations and therefore are
16 reliable.

17 **Q. DO YOU THINK THAT THIS RATIONALE IS SOUND?**

18 A. Yes, I agree with this rationale.

1 **Q. DO YOU THINK THAT THIS RATIONALE SUPPORTS CONTINUED**
2 **INVESTMENT IN THE PROGRAMS THAT ARE NOT COST-EFFECTIVE**
3 **UNDER THE UPDATED COST OF SUPPLY CALCULATIONS?**

4 A. Yes, I agree that RIE should continue to invest in these programs based upon this
5 rationale.

6 **Q. DO YOU HAVE CONCERNS WITH THE REDUCTIONS IN C&I SECTOR**
7 **INVESTMENTS IN THE *EE PLAN*?**

8 A. No. C&I spending was lower than budgeted for in 2024 for the Large C&I New
9 Construction and Small Business Direct Install programs in the electric portfolio and for
10 the Large C&I New Construction and Large C&I Retrofit programs in the gas portfolio.⁷
11 For 2025, RIE is projecting spending to be roughly 83 percent of the budget for all
12 electric portfolio C&I programs and 75 percent of the budget for the Large C&I Retrofit
13 program in the gas portfolio.⁸ The *EE Plan* reflects actual 2024 and actual 2025 year-to-
14 date spending in the C&I sector, along with other adjustments including stricter code
15 requirements in 2026 for new construction projects, reduced incentives for non-controlled
16 lighting measures, and efficiencies in non-incentive expenses such as for program
17 administration, marketing, and sales, technical assistance, and evaluation.⁹ Also, it is
18 important to note that RIE will likely propose additional C&I investments for combined

⁷ Docket No. 23-35-EE. The Narragansett Electric Company d/b/a Rhode Island Energy 2024 Annual Energy Efficiency Plan. *Corrected 2024 Energy Efficiency Year-End Report*. June 20, 2025. Attachment 1. Table E-1 on page 45 and Table G-1 on page 55.

⁸ Rhode Island Energy. Energy Efficiency Third Quarter 2025 Report. October 29, 2025. Table 1: Summary of Electric 2025 Target and Preliminary 3rd Quarter Results and Table 2: Summary of Gas 2025 Target and Preliminary 3rd Quarter Results.

⁹ RIE response to Division 1-11 (b).

1 heat and power in 2026. These investments would offset some of the proposed C&I
2 budget reductions.

3 **Q. DO YOU HAVE OTHER FINDINGS AND RECOMMENDATIONS RELATED TO**
4 **THE CHANGES IN BUDGETS, SAVINGS, AND RI TEST BENEFITS PROPOSED**
5 **IN THE *EE PLAN* AND THE COST OF THE *EE PLAN* MORE GENERALLY?**

6 A. Yes, I have findings and recommendations related to: (1) the cost of the gas investments
7 for customers, (2) reduced incentive budgets for Residential and Income-Eligible
8 weatherization and heat pumps in the electric portfolio, (3) updates to accounting of
9 savings and benefits for electric resistance, delivered fuel, and gas weatherization to
10 account for delayed heat pump conversions, (4) accumulating unspent financing funds,
11 and (5) updates to accounting of GHG benefits. I note that I submitted additional
12 discovery to RIE related to several of these findings and recommendations. I reserve the
13 right to amend my findings and recommendations in hearings based upon RIE's
14 responses to these questions.

15 **Q. PLEASE SUMMARIZE YOUR ADDITIONAL FINDINGS REGARDING THE *EE***
16 ***PLAN*.**

17 A. I find the following regarding the *EE Plan*:

- 18 • The heating system equipment in the gas portfolio could be more efficient
19 and RIE did not reduce the cost of the gas plan for Residential customers.

- 1 • RIE proposes to invest less in weatherization and heat pumps for Residential
2 and Income Eligible customers in its electric plan.
- 3 • The input assumptions into the accounting of savings and benefits for
4 electric resistance, delivered fuel, and gas weatherization, to account for
5 delayed heat pump conversions, are not well sourced and do not appear to
6 align with current practice.
- 7 • Ratepayer investments in energy efficiency are beginning to accumulate in
8 loan funds and may go unused.
- 9 • RIE updated the accounting of GHG benefits to incorporate one of the three
10 recommended revisions.

11 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.**

12 A. I recommend that the Commission:

- 13 • Approve the *EE Plan*, including programs that are not cost-effective under the
14 updated cost of supply calculation because the justification for continuing these
15 programs is valid.
- 16 • Direct RIE to target gas incentives to the more efficient condensing heating system
17 equipment replacements as soon as possible.

- 1 • Direct RIE to serve incremental Residential and Income-Eligible weatherization and
2 heat pump demand up to 10 percent of the total portfolio budget.¹⁰
- 3 • Transfer funds that cannot be used for financing from the loan funds to the general
4 energy efficiency fund and apply those funds to the *EE Plan*.
- 5 • Direct RIE to work with stakeholders and OER to develop the assumptions and
6 methodology to account for weatherization with delayed heat pump conversions that
7 are grounded in current practice and supported by data.

8 **4. GAS INVESTMENTS**

9 **Q. COULD RIE INVEST IN GAS HEATING SYSTEM EQUIPMENT THAT IS**
10 **MORE EFFICIENT?**

11 A. Yes. RIE is considering limiting incentives to replace non-condensing heating systems to
12 condensing heating systems, as condensing heating systems are more efficient.¹¹

¹⁰ *EE Plan* Bates Pages 144-145 which state, “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 Division 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 2026 Annual Plan and in accordance with Least Cost Procurement.”

¹¹ RIE response to Division 1-40.

1 **Q. DO YOU SUPPORT THIS CHANGE?**

2 A. Yes, I support this change and recommend that RIE implement it. The investments
3 should target gas heating equipment replacements that are as efficient as possible.

4 **Q. DOES THE GAS PLAN COST MORE FOR RESIDENTIAL CUSTOMERS AS**
5 **COMPARED TO THE ELECTRIC PLAN?**

6 A. Yes. Table E-10: Rhode Island Energy Historical Data on Bates Page 334 of the *EE Plan*
7 shows the average cost of the electric plan for a Residential customer of \$35 to \$37
8 dollars in 2026. Table G-10: Rhode Island Energy Historical Data on Bates Page 349 of
9 the *EE Plan* shows the average cost of the gas plan for a Residential customer of \$112 to
10 \$115 per year, more than three times the cost per Residential electric customer. In 2026,
11 the gas plan is projected to cost much more for Residential customers than the electric
12 plan.

13 **Q. WHAT DO YOU RECOMMEND REGARDING THE COST OF THE GAS PLAN**
14 **FOR RESIDENTIAL CUSTOMERS?**

15 A. I recommend that RIE address the cost of the gas plan for Residential customers in its
16 *2027-2029 Three-Year EE Plan*, leveraging the decision from the PUC Docket 22-01-NG
17 Investigation into the Future of the Regulated Gas Distribution Business in Rhode Island
18 which is expected in late 2025.¹²

¹² *EE Plan*. Bates Page 112.

1 **5. INVESTMENTS IN RESIDENTIAL AND INCOME ELIGIBLE**
2 **WEATHERIZATION AND HEAT PUMPS**

3 **Q. DOES RIE’S *EE PLAN* PROPOSE TO REDUCE INVESTMENTS IN**
4 **WEATHERIZATION AND HEAT PUMPS FOR RESIDENTIAL AND INCOME**
5 **ELIGIBLE CUSTOMERS?**

6 A. Yes. RIE proposes to reduce weatherization incentives by \$1.1 million and heat pump
7 incentives by \$2.6 million for Residential and Income-Eligible customers in its electric
8 plan.^{13,14} The total cost for these incentives is \$3.7 million, which is 6 percent of the total
9 electric plan budget.

10 **Q. DOES RIE’S *EE PLAN* PROPOSE REDUCED INVESTMENTS IN**
11 **RESIDENTIAL AND INCOME ELIGIBLE WEATHERIZATION AND HEAT**
12 **PUMPS FOR GAS CUSTOMERS?**

13 A. No. RIE proposes to increase gas weatherization investment by \$2.2 million.¹⁵ RIE does
14 not propose any change to heat pumps in the gas plan as none were planned for 2025, and
15 none are planned for 2026.¹⁶

16 **Q. DO YOU HAVE CONCERNS WITH THESE PROPOSALS?**

17 A. Yes. I am concerned about the reductions in Residential and Income-Eligible incentives
18 for weatherization and heat pumps in the electric plan. Weatherization and heat pump

¹³ RIE response to Division 1-5 (a).

¹⁴ RIE response to Division 1-7 (a).

¹⁵ RIE response to Division 1-5 (b).

¹⁶ RIE response to Division 1-7 (b).

1 measures are necessary for the state to achieve its *Act on Climate* goals. Also, these
2 measures can provide energy bill savings for customers. Importantly, federal incentives
3 for weatherization, heat pumps, and heat pump water heaters will end in 2025 and
4 customers will rely more on OER and RIE incentives for these measures in 2026.¹⁷

5 **Q. WHAT DO YOU RECOMMEND?**

6 A. I recommend that RIE serve all demand for Residential and Income-Eligible
7 weatherization and heat pumps, so long as the total cost does not exceed 10 percent of the
8 total portfolio budget.¹⁸ RIE should provide written notification of any incremental
9 expenditures to the EERMC, OER, Commission, and Division as required.

10 **6. IMPROVED ACCOUNTING OF WEATHERIZATION SAVINGS AND**
11 **BENEFITS FOR CUSTOMERS WHO CONVERT TO HEAT PUMPS**

12 **Q. DID YOUR 2025 *EE PLAN* TESTIMONY RECOMMEND IMPROVED**
13 **ACCOUNTING OF WEATHERIZATION SAVINGS AND BENEFITS FOR**
14 **CUSTOMERS WHO CONVERT TO HEAT PUMPS?**

15 A. Yes, my testimony recommended improvements to this accounting as the current
16 accounting assumes that customers who weatherize do not convert to heat pumps over the
17 20-year lifetime of the weatherization measure. Such a methodology results in the
18 undercounting of electric system benefits. This approach may also drive underinvestment

¹⁷ See EnergyStar.gov Federal Tax Credits for Energy Efficiency at: <https://www.energystar.gov/about/federal-tax-credits>.

¹⁸ If total cost is projected to exceed 10 percent of the total portfolio budget, RIE should seek a vote of approval from the EERMC and solicit support from the Division, OER, and EERMC as required for the Commission's review of prudence.

1 in weatherization for delivered fuel and gas heating customers, especially for those who
2 are interested in or planning to convert to heat pumps.

3 **Q. DOES RIE HAVE DATA TO SUPPORT THE IMPROVED ACCOUNTING YOU**
4 **RECOMMEND?**

5 A. Unfortunately, no. The data are not available and not well sourced.

- 6 • RIE used a value of 10 years (or halfway through the life of the measure) for when
7 weatherized customers would electrify, on average. RIE does not have data to inform
8 a more precise assumption.¹⁹ As such, this value is a placeholder.
- 9 • RIE assumed that 75 percent of delivered fuel, 50 percent of electric resistance, and
10 25 percent of gas weatherization customers convert to heat pumps over the 20-year
11 life of the weatherization measure. The data provided by RIE in support of these
12 assumptions show that 53 percent, 20 percent, and 27 percent of heat pumps installed
13 through OER and RIE's programs in 2023 and 2024 were installed in electric
14 resistance, delivered fuel, and gas heated homes, respectively.²⁰ This data does not
15 appear to show the portion of previously weatherized homes with heat pumps. Also,
16 this data represents activity in a single year. RIE did not provide any explanation for
17 how it extrapolated over the 20-year lifetime of the measure.

¹⁹ RIE response to PUC 2-23.

²⁰ RIE response to PUC 2-18.

1 **Q. DO YOU RECOMMEND THAT RIE APPLY THESE ASSUMPTIONS TO**
2 **ADJUST SAVINGS AND BENEFITS IN ITS *EE PLAN*?**

3 A. No, I do not recommend that RIE use these assumptions to adjust savings and benefits for
4 this *EE Plan*. I recommend that RIE continue to work towards collecting better data
5 inputs with a goal of applying the adjustments to a future EE plan. Also, I recommend
6 that RIE solicit stakeholder review and feedback on its assumptions and methodology
7 prior to incorporating it into an EE plan.

8 **7. ACCUMULATION OF UNSPENT FINANCING FUNDS**

9 **Q. ARE LOAN FUND REPAYMENTS ABLE TO BE RESPENT IN A TIMELY**
10 **MANNER?**

11 A. No. Loan fund repayments currently exceed use. Some of these funds may not be able to
12 be spent. As a result, RIE projects there may be growing pools of unspent financing
13 funds.²¹

14 **Q. COULD RIE INCREASE THE USE OF FINANCING BY CUSTOMERS?**

15 A. Yes. RIE can increase customer use of financing. This would reduce, but not eliminate,
16 the pool of unspent financing funds.²²

²¹ RIE response to Division 1-37 (b).

²² RIE response to Division 1-37 (c) and (d).

1 **Q. CAN RIE TRANSFER SOME OF THE UNSPENT FINANCING FUNDS TO**
2 **SUPPORT OTHER ENERGY-EFFICIENCY-RELATED EFFORTS?**

3 A. Yes. RIE can transfer some of the unspent financing funds back to the general energy
4 efficiency fund.²³

5 **Q. DO YOU SUPPORT THE TRANSFER OF UNSPENT FINANCING FUNDS TO**
6 **SUPPORT ENERGY EFFICIENCY?**

7 A. Yes. Ratepayer funds for energy efficiency should be spent on energy efficiency in a
8 timely way. I recommend that RIE increase efforts to leverage financing funds in 2026. I
9 also recommend RIE transfer financing funds that it projects it cannot use to the general
10 energy efficiency fund. If RIE needs additional funds to support financing in the future,
11 RIE can propose injections into the funds where investments can be deployed.

12 **8. UPDATES TO ACCOUNTING OF GHG BENEFITS**

13 **Q. DID SYNAPSE'S 2025 ANNUAL EE PLAN TESTIMONY RECOMMEND**
14 **IMPROVED ACCOUNTING OF GHG BENEFITS?**

15 A. Yes. Tim Woolf's testimony in the *2025 Annual EE Plan* raised three concerns with the
16 Company's method for accounting for GHG emissions: (i) there is likely some double-
17 counting of the value of renewable energy credits (REC) and the full value of GHG
18 emissions; (ii) the electricity-sector marginal abatement cost (MAC) represents costs that
19 will eventually be incurred by the Company and passed on to customers, and therefore

²³ RIE response to Division 1-37 (d).

1 should perhaps be considered embedded GHG costs; and (iii) the electricity-sector MAC
2 might understate the full value of GHG in 2033.²⁴

3 **Q. DID RIE ADDRESS THESE CONCERNS ABOUT THE ACCOUNTING OF THE**
4 **GHG BENEFITS?**

5 A. RIE addressed the first concern regarding double-counting of value of RECs and the full
6 value of GHG emissions.

7 **Q. DO YOU RECOMMEND THAT RIE ADDRESS THE OTHER TWO CONCERNS**
8 **NOW?**

9 A. No. RIE can address the remaining two concerns in a future planning year. Importantly,
10 the *EE Plan* is cost-effective under the RI Test. Addressing these concerns would make
11 the *EE Plan* more cost-effective under that cost-effectiveness test.

12 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

13 A. Yes, it does.

²⁴ Rhode Island Public Utilities Commission. Docket 24-39-EE. *2025 Annual EE Plan*. Division Of Public Utilities & Carriers. Pre-Filed Direct Testimony of Tim Woolf, Synapse Energy Economics. November 15, 2024. Available at: <https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2024-11/24-39-EE%20-%20RIE%202025%20EE%20Plan%20-%20Division%20Testimony%20%28Woolf%29.pdf>