



# 2027-2029 Energy Efficiency Target Setting

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Consultant Team Presentation

**Date:** January 15, 2026



# Background

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# Legislative Requirement



In accordance with [R.I. Gen. Laws § 39-1-27.7](#) associated with the 2006 Comprehensive Energy Conservation, Efficiency and Affordability Act (“Least-Cost Procurement Law”):

- *“The commissioner of the office of energy resources and the energy efficiency and resources management council, either jointly or separately, shall provide the commission findings and recommendations with regard to system reliability and energy efficiency and conservation procurement on or before March 1, 2008, and triennially on or before March 1, thereafter through March 1, 2028.”*

The Least-Cost Procurement Law (LCP) also requires the development and periodic review of LCP Standards (“the Standards”)

The Standards (among other things) defines the Council’s responsibilities with respect to providing the Commission with findings and recommendations

- This is what we are referring to when we discuss the recommended “Targets Report”

**The next period for these Targets is 2027-2029**

# Purpose of Targets



Establishes what is “potentially available cost-effective efficiency”

Guides establishment of savings goals for the Three-Year Plans and associated Annual Plans

## Important Reminders:

- Energy Efficiency Targets  $\neq$  Energy Efficiency Goals
- Historically, Goals are where the filters for prudence, reliability, and environmental responsibility from the Standards are factored in
- These factors typically result in a gap between Targets and Goals as defined, and that is okay



# Targets Development

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# Historical Reference Points for Targets



2021-2023 Targets utilized results of the Council conducted 2021-2026 Market Potential Study (MPS)

2024-2026 Targets utilized a lighter touch/refresh (“2024-2026 MPS Refresh”) to the 2021-2026 MPS for the period of 2024-2026

Prior iterations utilized a combination of results from the Council conducted 2011-2020 MPS (“KEMA Opportunity Report”) along with analyses to account for changes in market conditions

# Proposed Approach for 2027-2029 Targets



**Proposed approach** to developing the 2027-2029 Targets will leverage a strategically focused update to the “2024-2026 MPS Refresh”:

1. Assume 2024-2026 MPS Refresh measure level data as the analytical foundation
2. Extrapolate modeled participation from 2024-2026 through 2029.
3. Update select measure input assumptions to reflect known evaluation findings and other market changes
4. Update cost-effectiveness analysis
5. Perform benchmarking and other contextualization of results

# Proposed Approach, Continued



## 1. Assume 2024-2026 MPS Refresh measure level data as the analytical foundation

- The 2024-2026 MPS Refresh represents the most relevant, recent analysis of the State’s Demand Side Management (DSM) market
- Granular, measure level data will enable targeted adjustments to key measure inputs based on recent EM&V findings and other market data

# Proposed Approach, Continued



## 2. Extrapolate modeled participation from 2024-2026 through 2029

- Establish participation trendlines to forecast participation for 2027-2029
- Implement targeted adjustments to resulting participation estimates, if necessary
  - e.g., may need to adjust remaining potential based on historical achievement

# Proposed Approach, Continued



## 3. Update select measure input assumptions to reflect known evaluation findings and other market changes

- Adjust measure input assumptions from the 2024-2026 MPS Refresh potential for the following:
  - Deemed savings values, measure lives, baseline and proposed efficiency assumptions, net-to-gross, realization rates, etc.
  - Propose limiting updates to those measures accounting for a cumulative ~80% of savings in either the 2024-2026 MPS Refresh and 2026 RIE Plan
- Baseline updates based on new codes and standards
- Updated efficiency equipment saturations from program and market activity (e.g., updated LED saturations)

# Proposed Approach, Continued



## 4. Update cost-effectiveness analysis

- Demonstrate portfolio level cost effectiveness using the RI Test
- 2024-2026 MPS Refresh used costs from the 2021 Avoided Energy Supply Costs (AESC) study. Relevant costs will be updated to assume values consistent with 2024 AESC
  - Changes in avoided costs will be simplified and expressed per unit energy saved relative to the 2021 AESC values
  - Note: 2027 AESC study results anticipated in Fall 2026
- Measure costs will be adjusted for inflation

# Proposed Approach, Continued



## 5. Perform benchmarking and other contextualization of results

- Benchmark to recent performance of DSM programs in leading states leveraging ACEEE State Scorecard data
- Benchmark to other recent, comparable potential studies
- Compare results to recent RIE planned and actual savings
- Compare results to the implied carbon reduction required by EE programs in the State's 2025 Climate Action Strategy



# Next Steps

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# Next Steps



C-Team will present draft deliverables at February Council meeting

Targets theoretically due March 1<sup>st</sup>, which means they would need to be voted on before then

- Council has requested and received extension to this deadline in years past, option if needed

# Council Member Discussion



- How should the Council balance benefits of setting aggressive targets with risks of overestimating market readiness or budget capacity?
- How should other policy/priorities be considered (e.g., equity and access, integration with Act on Climate, etc.)?



# Appendix

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Report Components

# EE & Conservation Targets



Required

Savings targets for electric and gas through energy efficiency over a three- to six-year period

Required

How savings targets are cost-effective and supported by one or more relevant market potential assessments

Required

Whether savings targets are intended to represent investments that are also reliable, prudent, environmentally responsible, and less than the cost of supply

Optional

Strategies for achieving savings targets over at least a three-year period

# SRP Recommendations

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Optional

Recommendation for processes, including screening criteria, for identifying SRP investments that potentially meet LCP Standards

Optional

Strategies/technologies that potentially contribute to SRP

# Performance Incentive & Standards



## Performance Incentive Plans

- Recommendations for performance incentives that the distribution company is eligible to earn through LCP

## LCP Standards

- Recommendations for updates to LCP Standards

# Rulings & Stakeholder Process



## Recommended Rulings

- State findings that the Council and/or OER recommend the PUC adopt by Order

Required

## Stakeholder Processes

- Minutes of public Council meetings at which the report was discussed
- Presentations related to the development of the report made at public Council meetings

Required

Required