



2027-2029 Energy Efficiency Target Setting

Consultant Team Presentation

Date: February 19, 2026

Outline



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Target Development Methodology

Results and Comparisons

Next Steps and Discussion



Background

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 Methodology

Historical Reference Points for Targets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

Development Approach for 2027-2029 Targets



Approach to developing the 2027-2029 Targets leveraged 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

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 enabled targeted adjustments to key measure inputs based on recent EM&V findings and other market data

2. Extrapolate modeled participation from 2024-2026 through 2029

- Establish participation trendlines to forecast participation for 2027-2029

Approach, Continued



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

- Adjusted measure input assumptions from the 2024-2026 MPS Refresh potential for the following:
 - Savings values, measure lives, net-to-gross, and realization rates as documented in the 2024 through 2026 versions of the RI Technical Reference Manual (TRM)
 - Limited updates to those measures accounting for a cumulative ~80% of lifetime savings in the 2024-2026 MPS Refresh (57 electric measures and 17 gas measures)
- Measures updated based on federal standards with compliance dates on or after January 1, 2026
 - Measures with compliance dates in 2029 were not adjusted assuming a minimum 12 month sell-through period for existing stock
- Updated efficiency equipment saturations from program and market activity (e.g., updated LED saturations)

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 updated to assume values approximately consistent with 2024 AESC
 - Multivariable regression used to establish relationship between resource savings and RI Test benefits (by sector, end-use, and primary fuel)
 - Changes in avoided costs simplified and expressed per unit energy (or demand) saved relative to the 2021 AESC values
 - Note: 2027 AESC study results anticipated in Fall 2026
- Measure costs adjusted for inflation

Value	Benefits Multiplier (AESC 2021 to AESC 2024)
Electric Energy (kWh)	1.16
Summer Peak Demand (kW)	0.69
Gas (MMBtu)	1.00
Propane (MMBtu)	1.32
Oil (MMBtu)	1.15

5. Perform benchmarking and other contextualization of results

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



Results and Comparisons

Draft Proposed Targets and Cost-Effectiveness Results



- Electric and gas energy savings targets similar to 2024-2026 values.
 - Increases and decreases to various measure level inputs partially offset each other.
- In absence of input changes, Electric ADR targets held constant at 2026 values.
- Updates to avoided costs result in an 11.5% overall increase in benefits relative to 2024-2025 MPS Refresh results.
- RI Test BCRs exceed 3.0 in all years.

	Year	Electric Energy (Lifetime MWh)	Natural Gas Energy (Lifetime MMBtu)	Electric Active Demand Response (MW)	PV Benefits, RI Test (Million 2026\$)	PV Costs, RI Test (Million 2026\$)	BCR, RI Test
Historical	2024	1,397,644	7,058,839	86.7			
	2025	1,401,610	7,090,690	89.7			
	2025	1,413,953	7,119,585	94.6			
Proposed	2027	1,436,724	6,995,853	94.6	\$502.9	\$163.4	3.08
	2028	1,472,228	7,025,163	94.6	\$509.8	\$166.0	3.07
	2029	1,475,657	7,054,473	94.6	\$508.4	\$166.8	3.05

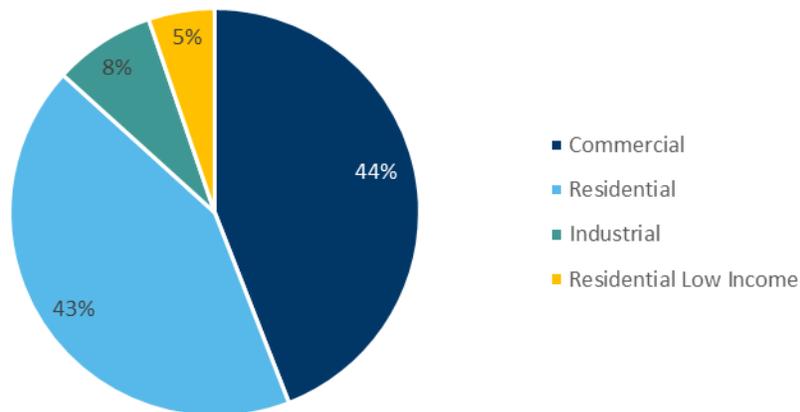
Proposed Targets Savings Distribution



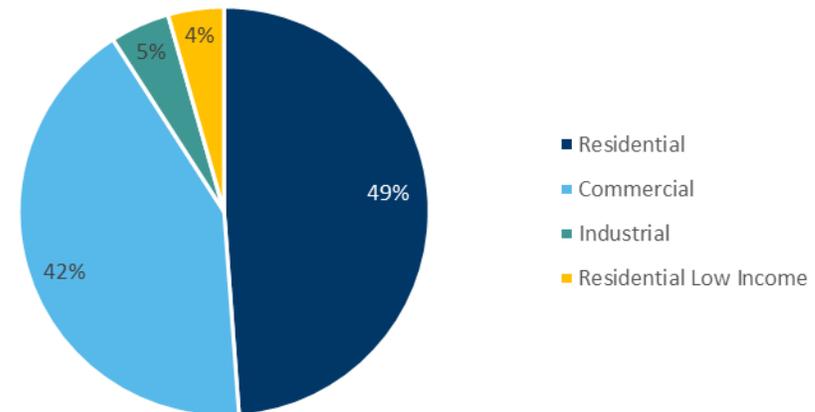
Vast majority of electric and gas energy savings from residential and commercial sectors.

Highest savings opportunities in commercial and residential for electric and gas, respectively.

Distribution of Lifetime Electric Energy Savings by Sector, 2027-2029



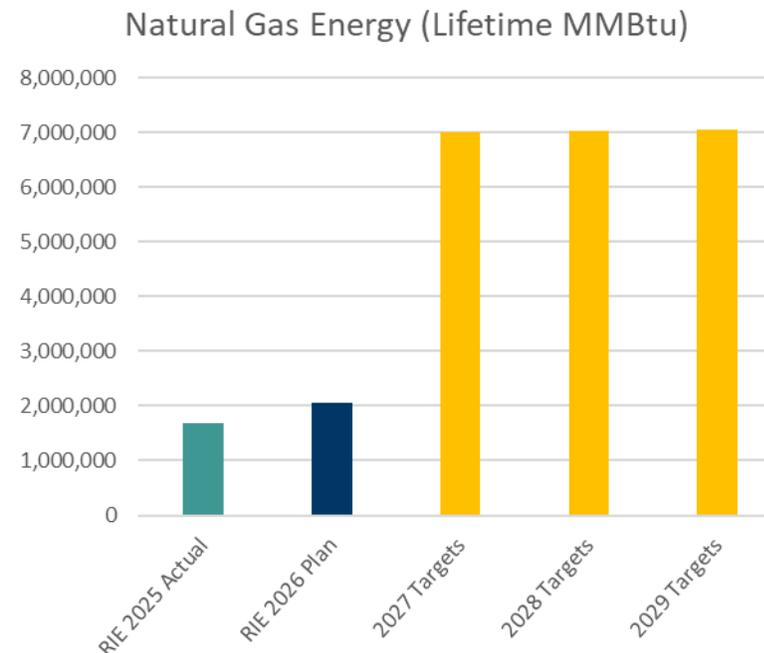
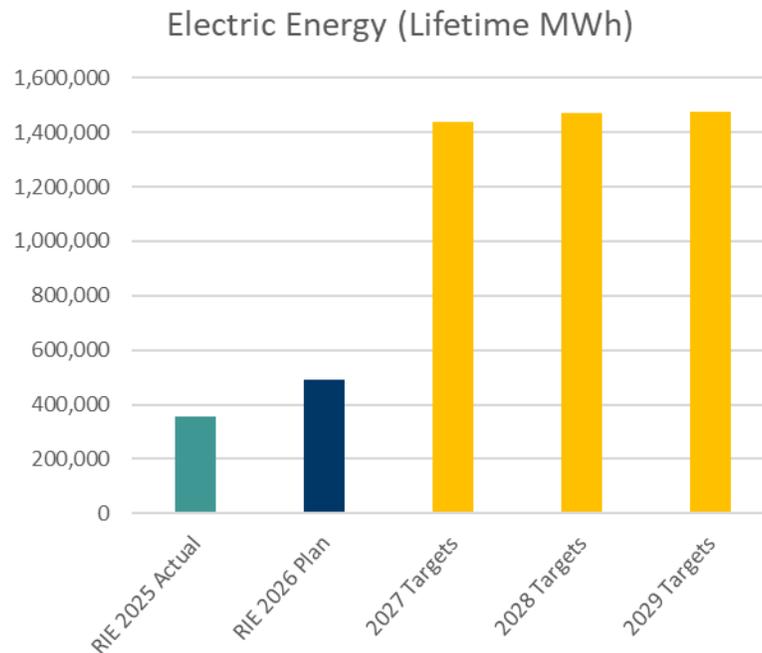
Distribution of Lifetime Gas Energy Savings by Sector, 2027-2029



Proposed Targets Relative to Rhode Island Energy 2025 Actuals and 2026 Plan



- Electric and gas energy savings targets far exceed both RIE 2025 Actuals and 2026 Planned savings.
- Comparison presented for content; values not directly comparable due to, for example, additional LCP considerations and plan priorities embedded in RIE values



Proposed Targets Relative to Leading States from ACEEE 2025 State EE Scorecard



- Electric and gas energy savings targets presented in incremental annual terms for comparison to ACEEE 2025 State Energy Efficiency Scorecard data (<https://www.aceee.org/research-report/u2502>).
- Electric targets within the range of *actual* achievement in the Top 5 states.
- Gas targets nearly 75% higher than top-ranked state for gas EE program performance.

State	2023 Net Annual Electric Energy Savings as a Percentage of Retail Sales
MD	2.56%
NJ	2.01%
MI	1.74%
IL	1.56%
CA	1.55%
2027-2029 RI Target (Avg.)*	1.98%

State	2022 Net Annual Gas Savings as Percentage of Retail Sales
MI	0.95%
CA	0.90%
MA	0.81%
MN	0.79%
RI	0.71%
2027-2029 RI Target (Avg.)*	1.64%

*Note: 2027-2029 RI Targets presented relative to 2024 RI statewide sales from U.S. Energy Information Administration

Proposed Targets Relative to EE Modeled in RI 2025 Climate Action Strategy



- Exact modeled contributions from EE (both Current Policy and Act on Climate scenarios) in CAS difficult to isolate with certainty
- Current Policy scenario based in part on the 2026 Annual Energy Efficiency Plan (Third Draft, September 5, 2025)
- Incremental EE savings beyond Current Policy scenario appear modest
- Using the RIE 2026 Plan as a benchmark, likely that the proposed 2027-2029 RI Targets would greatly exceed modeled EE in both Current Policy and Act on Climate scenarios

Table 5: Scenario Assumptions by Category

Category	Current Policy	Act on Climate
Building Envelope Upgrades	~5,500 homes are weatherized and 800 homes receive pre-weatherization upgrades each year based on draft 2026 Annual Energy Efficiency Plan	Around 11,000 homes are weatherized and 2,400 homes receive pre-weatherization upgrades each year
Building Energy Efficiency	Annual electricity savings of ~72 GWh and annual gas savings of ~144 MMBtu in residential, commercial, and industrial buildings based on Third Draft of the 2026 Annual Energy Efficiency Plan (incremental to savings from weatherization measures)	

Figure 16: Building Sector Emissions by Strategy (ktCO₂e)

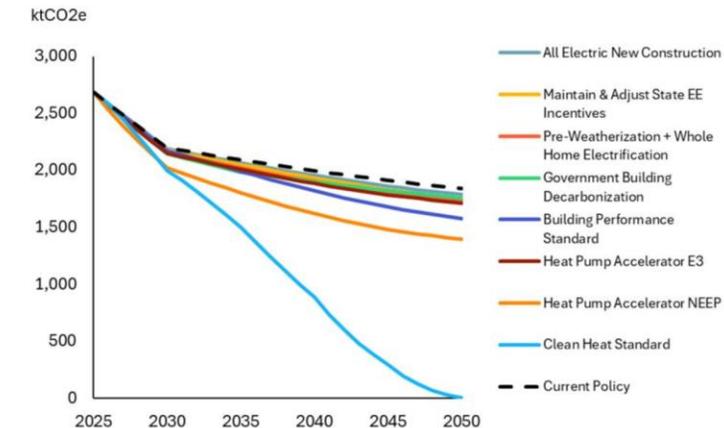


Table 20: Building Sector Emissions Reductions by Strategy (ktCO₂e)

Strategy	2030	2040	2050	Cumulative
All Electric New Construction	10	40	50	800
Maintain & Adjust State Energy Efficiency Incentives	20	60	100	1,400



Next Steps & Council Discussion

Next Steps



Targets due to Public Utilities Commission by March 1st

- If Council is not ready to vote today, it could request an extension

C-Team will finalize Targets and associated report

Following a Council vote, C-Team will work with Counsel to file Targets with PUC

Council Member Discussion



- Do the proposed Targets meet the LCP requirement to identify all potentially available cost-effective efficiency?
- Are there additional findings, analyses, or clarifications the Council needs before it is comfortable recommending these Targets?
- How should other policy/priorities be considered (e.g., including or excluding new efficient gas equipment)?



Appendix

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



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