

MEMO

CONSULTANT TEAM

TO: Energy Efficiency Council
FROM: EEC Consultant Team
CC: Office of Energy Resources
DATE: April 17, 2025
RE: Third Draft 2026 EE Plan and 2024-2026 SRP Priorities



I. INTRODUCTION

Established in 2006 under amendments to the Rhode Island Energy Resources Act (R.I.G.L. § 42-140.1), a primary function of the Energy Efficiency Council¹ (EEC or “the Council”) is to provide structured stakeholder participation and oversight of energy efficiency procurement. To help support this objective, the EEC has developed priorities that are in alignment with its legislated “powers and duties”². The goal of these priorities is to support and guide the planning activities of Rhode Island Energy (RIE or “the Company”) and all stakeholders engaged in the development of Energy Efficiency (EE) Plans and System Reliability Procurement (SRP) Plans and Investment Proposals. Specifically, the Council’s priorities will provide direct input to the Company’s EE and SRP Technical Working Groups (TWG) and the many associated stakeholders. The priorities also provide clear direction to the EEC’s Consultant Team to guide their activities in meetings and communications with stakeholders on behalf of the EEC, and guide their review and input during plan development processes.

For the 2026 Annual Energy Efficiency Plan (“2026 Plan” or “the Plan”), the Council has revisited its approach for conveying its priorities with an understanding that many of them are baseline expectations. Section II describes the Council’s key priority areas for the 2026 Plan. These priorities represent the core, Council-driven focus areas for the 2026 Plan. These maintain, update, or build upon the priorities that were developed for the 2024-2026 Three Year Plan and 2024 and 2025 Annual Plans. These priorities direct the Company to:

- Support the Mandates of the Act on Climate³
- Set ambitious goals for customers to save money
- Increase participation in underserved communities
- Conduct targeted workforce development

¹ All materials associated with the Energy Efficiency Council are the work of the “Energy Efficiency and Resource Management Council” and any public meeting materials posted on the RI Secretary of State website should be searched using that title.

² Available online at: webserver.rilegislature.gov/Statutes/TITLE42/42-140.1/42-140.1-5.htm

³ Available online at: webserver.rilegislature.gov/Statutes/TITLE42/42-6.2/INDEX.htm

Section III describes the priorities that have been recategorized as baseline expectations that Council expects will be addressed by the Company. These baseline expectations include:

- Comply with Least Cost Procurement (LCP) Standards
- Encourage and Incorporate stakeholder input
- Ensure an effective and efficient Plan development and review process
- Utilize the framework for justifying programs that exceed cost of supply, but support other areas of LCP Standards
- Ensure robust coordination on Federal and State funding opportunities
- Update the carbon accounting methodology used in the EE Plans

Section IV describes the Council's updated priorities for the 2024-2026 SRP Plan period. The Council approved updated priorities for the SRP Plan in 2024 following a change to the LCP Standards which moved Active Demand Response programs out of the EE Plans and into the SRP Plans. The Council updated its priorities to guide implementation of the 2024-2026 SRP Plan and development of any associated SRP Investment Proposals, such as Active Demand Response Programs. This section has been updated in 2025 to account for updated priorities around gas demand response following a ruling from the Commission in Docket 24-37-EE that discontinued the Company's existing Gas Demand Response Pilot.

In addition to defining the overarching priorities listed above, the Council has included a range of specific details to support each priority. These items have been developed in order to ensure that the Council is clear in what it expects to see during the development of the upcoming Plans. These **are not intended as a set of strict requirements** which must be met for the Council to endorse a Plan; that decision will always remain at the discretion of the Council, and be informed by information and circumstances that will undoubtedly change between the time the priorities are set and the time that the Plans are ultimately subject to a final vote by the Council. The priorities should be seen as guidance for how the Council believes the Plans can be made stronger in the interest of Rhode Islanders and in consideration of the legislated duties and obligations of the Council. The Council understands and expects that the Company will communicate clearly about whether and why they are (or are not) able to fully address each priority, and anticipates such information will be taken into consideration during their deliberations regarding each Plan.

II. COUNCIL PRIORITIES FOR THE 2026 EE PLAN

SUPPORT THE MANDATES OF THE ACT ON CLIMATE

Energy efficiency is one of the key pillars of decarbonizing Rhode Island's economy and achieving net zero by 2050 as required by the Act on Climate. Given its relative importance to meeting the Act on Climate mandates, the Council believes it is critically important that the energy efficiency plans be developed in a supporting manner. To support the mandates of the Act on Climate, the EEC expects:

- 2026 EE Plan savings goals will be set consistent with greenhouse gas emissions reductions identified as necessary (or net-beneficial) to achieve from energy efficiency in order to meet the Act on Climate mandates.
 - The Company will continue to engage with the Executive Climate Change Coordinating Council (EC4) and their consultants developing the State’s 2025 Climate Action Strategy⁴ to ensure that the EC4 provides sufficient detail on what share of GHG emissions reductions should come from energy efficiency programs in order for the State to meet its net-zero emissions by 2050 mandate.
 - Adjust 2026 Plan goals and program implementation strategies to align with updates that are tied to meeting the Act on Climate mandates. This includes incorporating relevant findings from the 2025 Climate Action Strategy into plan goals and/or program implementation strategies as they are developed⁵. It also includes, in the event that such legislation is passed, benchmarking and reducing emissions in the built environment.
- The Company will reduce investment in fossil fuel heating equipment and increase investment in weatherization.
 - The Company will design incentives and programs to encourage electric options over gas, to ensure the Act on Climate net-zero target is met on or before 2050.
 - The Company will design and implement efforts at scales that attract contractors to EE programs and serve entire neighborhoods simultaneously to mitigate additional natural gas infrastructure development.
- The Company will set specific goals for replacing electric resistance space heating and hot water equipment with heat pump technologies.
 - Goals set in the 2026 EE Plan should meet or exceed goals associated with the Company’s Electric Resistance Heating to Air Source Heat Pumps: Implementation Plan for the Income Eligible Sector Plan developed as required by the PUC.
 - The Plan should prioritize replacing electric resistance heating in low- and moderate-income households to reduce their energy burdens. The Company should also target the displacement of electric resistance heating in small businesses. Annual targets for replacements should be included and be reported on a quarterly basis.
 - The Company should market heat pumps to customers considering electric baseboard heating for additions and small renovations.
- The Company will design and implement programs that take into full consideration the insights and outcomes from the Future of Gas Docket at the PUC⁶, including the following:

⁴ For more information on the EC4’s activities related to the 2025 Climate Action Strategy, please visit: <https://climatechange.ri.gov/act-climate/2025-climate-update>

⁵ The EC4 is currently expecting that draft modeling results will be available late Q2 or early Q3 with final results available in late Q3 or early Q4. While the final results may not be available in time for finalizing the 2026 Plan, draft results should be available with sufficient time to incorporate at some level in the 2026 Plan.

⁶ <https://ripuc.ri.gov/Docket-22-01-NG>

- Relevant findings from the Technical Analysis Report⁷ including the statement that “To achieve the Act [on Climate], all scenarios rely on significant energy efficiency measures, such as building shell retrofits, that far exceed the State’s rate of adoption today.”
- Findings from the yet-to-be-completed Stakeholder Report
- Rulings and/or recommendations made in any future hearings, technical sessions, or stakeholder group meetings related to this Docket

SET AMBITIOUS GOALS FOR CUSTOMERS TO SAVE MONEY

The Council acknowledges and understands the upward pressure on costs of goods and services that Rhode Islanders have experienced in recent years, in particular on energy bills over the past winter. Customers who have not participated in energy efficiency programs have felt that pressure even more when compared to those that have participated. To convey the importance of energy efficiency programs, and the role of setting ambitious goals for customers to save money, the EEC expects:

- The Company to set ambitious goals that are demonstrative of program designs that both encourage non-participants to participate, and recent participants to continue participation, all in the spirit of savings customers money on their energy bills.
- The Company should clearly document the incremental energy savings, including those that would save customers on their energy bills, that they are not pursuing in the 2026 Plan as a result of constraining program budgets to reduce near-term ratepayer impacts. This would help all stakeholders assess the tradeoffs being made between reducing budgets in the spirit of putting downward pressure on ratepayer collections and the benefits that would otherwise accrue to Rhode Islanders, participants and non-participants alike.
- The Company to increase emphasis on improving designs for programs with a pattern of recent underperformance.
- The Company to demonstrate a clear growth trajectory for successful programs that are highly cost-effective, lower than the cost of supply, and provide net utility system benefits. These programs and initiatives are beneficial for all Rhode Island ratepayers, including those that do not participate in the programs.
- The Company will document measures and/or approaches that it considered during plan development but ultimately did not include in the Plan for reasons including, but not limited to, issues with a measure and/or approach being able to screen cost-effectiveness tests. This should also include documentation of the Company’s efforts to leverage research from the Electric Power Research Institute (EPRI) and E Source as documented in its 2025 Energy Efficiency Plan.

INCREASE PARTICIPATION IN HISTORICALLY UNDERSERVED COMMUNITIES

The Council believes that increasing participation in historically underserved communities is essential for the success of the 2026 Plan. These communities often face disproportionately higher energy burdens and lack access to the resources and information needed to effectively engage in the energy efficiency programs. By prioritizing these customers, the Company can ensure that all Rhode Islanders benefit

⁷ Available online at: <https://apexanalytics.egnyte.com/fl/04TdzqfvbL#folder-link/Future%20of%20Gas%20Documents/Reports>

from paying into the energy efficiency programs. To increase participation in historically underserved customers, the EEC expects:

- The Company will continue to gather and report on equity metrics (including presentations to the Council) that have been established through work with the Equity Working Group. The Company should also review the previously identified metrics that are not currently being tracked and reported on with the Equity Working Group to determine whether or not they should be added to the equity metrics that are being reported on.
- The Company will implement recommendations of the Equity Working Group
- The Company will identify clear and objective determinations of success, and regularly report progress in achieving Equity Working Group (EWG) recommendations and other strategies to increase participation by historically underserved customers.
- The Company will increase financial investments in serving historically underserved populations, including enhanced financial incentives to those customers across efficiency offerings
- The Company will identify and implement program improvements that will facilitate ease of participation, including through streamlining of participation steps, documentation requirements, and income verification processes.
- The Company will enhance marketing and outreach to underserved populations
 - Develop targeted and culturally sensitive messages and methods to communicate program offerings
- The Company will develop and implement a targeting framework that focuses on all communities with high proportions of underserved and environmental justice populations and historical participation lower than average statewide participation levels.
 - Assess the feasibility of, and if viable, implement granular geo-targeting for enhanced incentives, such as census tract or neighborhood rather than municipality or zip code to deliver services more directly to high energy burden customers, potentially including assessment of climate vulnerability.
 - Establish baselines for achieved benefits by underserved and environmental justice populations and track progress in achieving increases.
- The Company will enhance and increase municipal and other community-based partnerships, particularly to include partnerships with underserved communities.
 - Increase investment in partnerships with underserved communities. Investment should cover technical support and funding for community/municipal staff to facilitate partnerships. Investment should also cover identification efforts to find organizations that engage with underserved communities.
 - Partnership goals should be developed and tied to increased participation by renters, moderate-income customers, small businesses, and language-isolated customers. Goals and metrics should be set in collaboration with partners and corroborated by data.
 - Partners should be provided flexibility in their approaches used to engage with their respective community members. This includes allowing partners to provide regular feedback on partnership efforts and customize marketing materials such that they resonate with community members.
 - Enable partnerships to include community-based organizations, cultural organizations, and statewide/regional organizations representing underserved communities.
- The Company will use findings from the 2023 Small Business Process Evaluation in order to increase participation by small and microbusiness customers (less than 100,000 kWh in annual

electric consumption) who account for about 90% of the entire commercial & industrial (C&I) customer demographic.

- Expand the Customer Directed Option (CDO)⁸ through active recruitment and outreach to contractors who are not participating in the Small Business program. This will both expand the pool of participating vendors and diversify measures implemented through the program.
- Provide support and training for community-based organizations and other non-utility organizations seeking to communicate small business offerings to their respective communities and organizations.
- The Company will contract a qualified third-party vendor to develop a Language Access Plan (LAP) that sets forth how the Company will provide services to individuals who are non-English speaking or have limited English proficiency at each step of the customer journey
 - Implement LAP, including ensuring all program materials, enrollment forms, contractor support, and field staff communications are available in several of the most common primary languages for English-isolated communities
 - Work with vendor and stakeholders to determine which languages to include
- The Company will target workforce development efforts to serving contractors in underserved communities (detailed recommendations on workforce development covered in separate priority). RI Energy should actively coordinate with state entities to leverage available state/federal funds and workforce development offerings.

CONDUCT TARGETED WORKFORCE DEVELOPMENT

For the energy efficiency programs to be successful now and into the future, and for these programs to support the Act on Climate mandates, it is critical that the workforce is robust enough to meet the demand. Prioritizing workforce development opportunities could help address several key challenges, such as hiring and retainment of key professionals such as HVAC technicians, energy auditors, and insulation contractors, addressing skills and career awareness gaps, as well as supporting these jobs in a variety of different communities. To deliver targeted workforce development, the EEC expects:

- The Company will implement recommendations of the Equity Working Group related to workforce development activities.
- The Company will deliver targeted workforce development for small/minority- and women-owned business enterprise (MWBE) contractors.
 - Develop detailed workforce development plans that target small/MWBE contractors. The Plans should detail the subject matter, locations, languages, and quantity of planned training/upskilling events and workshops, as well as ambitious and increasing target attendance levels.
 - Provide technical support for small/MWBE contractors seeking to participate as energy efficiency program vendors. This should include clear descriptions of program requirements, program operations, and support in completing applications and any other paperwork needed to register or participate in the programs. Technical support

⁸ Small Business program pathway through which customers can use their own, preferred contractor to install discrete energy efficiency measures and receive program incentives, as opposed to using an RIE program vendor.

- should remain available after contractors register and seek to ensure sustained success and program engagement for small/MWBE contractors.
- Deliver small/MWBE contractor trainings that target underserved communities in Rhode Island. The trainings and other supporting program materials should be available in any non-English languages prevalent in target communities and be supported by program staff fluent in those languages. Technical support should remain available after contractors register and seek to ensure sustained success and program engagement for small/MWBE contractors.
 - The Company will deliver workforce development focused on important technologies for meeting statewide climate goals, maximizing ratepayer benefits, and controlling ratepayer costs.
 - Expand investment in training for heat pumps, building automation systems, energy auditing, and equipment commissioning for all sectors.
 - Expand training for building operators and commissioning specialists to improve realization rates in commercial, industrial, and large multifamily buildings, thereby increasing claimable energy savings. This will ensure newly installed equipment is appropriately operated and maintained to maximize savings potential.
 - The Company will continue to demonstrate responsiveness to recommendations from the Workforce Needs Assessment, which it completed in 2023⁹.
 - The Company will increase investment in workforce development to expand training for existing workers, mitigate barriers to entry for new workers, and advertise training/job opportunities for workers.
 - The workforce development plan should include funding for internships and apprenticeships, as well as outreach strategies to attract diverse people into the workforce. This funding for 2026 should incrementally increase compared to 2025 to ensure training and outreach efforts expand to all Rhode Island communities and demographic groups.
 - The workforce development budget should continue to be built from the bottom-up, which will guarantee that all planned expenditures are tied to specific trainings. The budget should cover continuing education for existing workers, certification programs such as the Building Operator Certification, investment in trade school and community college programs, subsidies to cover the salaries of interns and apprentices placed in full-time positions at contractor companies, targeted outreach for workforce diversification, diversity, equity, and inclusion (DEI) policy development and training, and reporting of workforce demographics.
 - Quarterly reporting should include workforce development expenditures by category, delivered trainings by language and type, certifications earned, average audit lead times, and qualitative assessments of workforce needs.
 - Develop a clearinghouse for all statewide public and private energy efficiency/clean energy jobs to effectively communicate work opportunities to the public. This effort should be a statewide initiative in which RI Energy actively coordinates with other involved parties on behalf of EE stakeholders. Identify and leverage all state and federal funds available for workforce development initiatives to mitigate financial cost to ratepayers.

⁹ Available online at: <https://rieermc.ri.gov/wp-content/uploads/2023/08/rie-workforce-needs-assessment-final.pdf>

- Collaborate with state code officials and other market actors to ensure the workforce understands state building codes, which have been updated to adopt IECC 2024, and associated impacts on programs including the incentive offerings, eligible measures, and the updated Baseline Document.

III. BASELINE EXPECTATIONS FOR THE 2026 EE PLAN

RELATING TO THE LCP STANDARDS, THE EEC EXPECTS:

- The 2026 EE Plan will comply with the LCP Standards¹⁰, including any updates to the LCP Standards as may be approved by the PUC, which lay out a clear structure and process for achieving the goals of least cost procurement and define the roles and responsibilities for the different program administration and oversight entities, including clear direction for strategy and planning of annual EE plans.
- Given the clear, outcome-oriented direction provided in the LCP Standards, the 2026 EE Plan should clearly indicate how each Standard is applied.

TO ENSURE STAKEHOLDER INPUT IS ENCOURAGED AND ADEQUATELY INCORPORATED, THE EEC EXPECTS:

- The Priorities indicated by the members of the EE TWG and EWG will be appropriately reflected throughout the 2026 EE Plan, and that the Company's documentation and response to the Priorities will be presented in a transparent and comprehensive format. This could include, but not be limited to:
 - Presentations to the Council on themes of feedback received from Stakeholders and how the Company is (or is not able to) address such feedback
 - Including a section in the Plan narrative that documents the stakeholder feedback process, themes of feedback, and ways in which the Company did (or did not) address such feedback
- The Company's proposed customer feedback activities will capture actionable customer-driven input, and it will be appropriately reflected in the 2026 EE Plan, and that the Company's documentation of the activities and their responses to customer input will be presented in a transparent and comprehensive format.

TO SUPPORT AN EFFECTIVE AND EFFICIENT 2026 EE PLAN DEVELOPMENT AND REVIEW PROCESS, THE EEC EXPECTS:

- The *2026 Plan Development Calendar*¹¹ developed in collaboration by the EEC Consultant Team, Rhode Island Energy, and OER, and discussed by the EEC, will be followed by all relevant parties to assure necessary time is afforded to the EEC and stakeholders reviewing and reaching a clear understanding of the content of the 2026 EE Plan, sufficient to make informed decisions on whether to endorse the Plan.

¹⁰ <https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2024-03/2307-LCPStandard-Ord24942%203-11-24.pdf>

¹¹ Footnote link with corresponding schedule will be included once timeline is finalized.

- The 2026 Annual EE Plan should include key metrics that will be documented and reported to the EEC and stakeholders at minimum as part of the standard Quarterly Program Performance Reports. Metrics will be identified through a collaborative process between the EEC, RI Energy, and other stakeholders. Metrics identified through this process will be defined in the Plans and included in Quarterly Reports.

TO UTILIZE THE FRAMEWORK FOR JUSTIFYING PROGRAMS THAT EXCEED COST OF SUPPLY BUT SUPPORT OTHER AREAS OF LCP STANDARDS, THE EEC EXPECTS:

- The Company will continue use of the framework for justifying support of programs that exceed cost of supply when out of state and delivered fuels costs and benefits are excluded, but support other areas of LCP Standards that was developed as part of the 2025 EE Plan.

TO ENSURE ROBUST COORDINATION ON FEDERAL AND STATE FUNDING OPPORTUNITIES, THE EEC EXPECTS:

- The Company will demonstrate in EE Plan materials its coordination efforts with OER on Federal and State funding opportunities
- The Company will demonstrate responsiveness to recommendations made by the Division¹² related to coordination with OER on weatherization and electrification programs and offerings. While the Commission did not make a formal ruling on this matter, it was raised at the December 19, 2024 Open Meeting as something that the PUC expected the Company to make progress on.

TO UPDATE THE CARBON ACCOUNTING METHODOLOGY USED IN EE PLANS, THE EEC EXPECTS:

- The Company will lead a Stakeholder process to revisit and refine how avoided emissions are determined and tracked within the programs. This process should, at minimum, take into consideration recommendations made by the Division¹³. While the Commission did not make a formal ruling on this matter, it was raised at the December 19, 2024 Open Meeting as something that the PUC expected the Company to make progress on.

IV. UPDATED EEC PRIORITIES FOR THE 2024-2026 SRP PLAN

TO ENSURE RESPONSIVENESS TO COUNCIL INPUT, THE EEC EXPECTS:

- The Company will demonstrate continued responsiveness to Council and other stakeholder input, including during the implementation of the 2024-2026 SRP Three Year Plan.

¹² Division recommendations available in testimony provided in Docket 24-39-EE, available online at: <https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2024-11/24-39-EE%20-%20RIE%202025%20EE%20Plan%20-%20Division%20Testimony%20%28Kallay%29.pdf>

¹³ Division recommendations available in testimony provided in Docket 24-39-EE, available online 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>

- The Company will submit any draft SRP Investment Proposals to the Council at least six weeks prior to the Company's intended filing date for any such proposals.

TO SUPPORT STAKEHOLDER ENGAGEMENT, THE EEC EXPECTS:

- The Company will ensure sufficient opportunities for stakeholder engagement and substantive contributions during SRP implementation, including but not limited to SRP Technical Working Group meetings and Council and other stakeholder review of draft and final SRP Investment Proposal materials.

TO ACHIEVE CONTINUED METHODOLOGICAL DEVELOPMENT, THE EEC EXPECTS:

- The Company will actively pursue further development of benefit cost analysis and assessment of internal EE and DER solutions to grid needs, which will include sharing internal analyses of NWA and NPA opportunities and providing stakeholder opportunity to comment on both the results and methodology of those analyses.

TO ENSURE ROBUST NON-PIPES PROGRAM IMPLEMENTATION, THE EEC EXPECTS:

- The Company will ensure Non-Pipes Alternative (NPA) program implementation is robust, regular updates are provided to the SRP TWG, and system need forecasting is conducted in a transparent manner with adequate lead time to enable identification and screening for multiple NPA opportunities in this three-year plan cycle.

TO ENSURE ROBUST ONGOING ACTIVE DEMAND MANAGEMENT PROGRAMS IN RHODE ISLAND, THE EEC EXPECTS:

- The Company will develop and implement a cost-effective electric demand response program design which specifically prioritizes a balance between adequate incentives to drive sustained and growing program participation with maximization of net utility system benefits for all customers, regardless of program participation.
- The Company will actively seek EEC input on any proposed changes to demand response (DR) program design, and will provide regular updates on DR programs with at least one presentation per year, with additional presentations to the EEC and the SRP TWG as appropriate should program performance deviate from expected levels or in the event the Company proposes changes to program design, cost effectiveness analyses, distribution of net program benefits, or incentive levels.
- In Docket 24-37-EE, the Commission motioned to discontinue the Company's Gas Demand Response Pilot given that it had run its course and that there was not much more left to learn. Nonetheless, the Commission noted that the ruling was not meant to signal that gas demand response is not important. In light of this, the Company should investigate and if deemed appropriate, propose new gas demand response programs and/or pilots.
- In the event the Company elects to develop new gas demand response programs and/or pilots,, the Company will engage with EEC, OER, and other stakeholders on appropriate cost-effectiveness, incentive-setting, and other appropriate supporting analyses with adequate lead time to ensure final proposals are presented to all interested Stakeholders to enable a considered and comprehensive assessment of any proposed program or pilot.