

**2025 Energy Efficiency Plan
Draft Plan
June 5, 2024**

Dear Energy Efficiency Technical Working Group Members and Energy Efficiency Council (EEC) members, Rhode Island Energy (the Company) is providing stakeholders with this 2025 Energy Efficiency Plan Draft ("Draft") to provide an opportunity for feedback on the content and direction of the 2025 Annual Energy Efficiency Plan. The intention of this Draft is to provide detail regarding the programmatic elements of the annual plan. In addition to the main narrative, this Draft includes the following attachments:

- Attachment 1. Residential and Income Eligible Energy Efficiency Solutions and Programs
- Attachment 2. Commercial and Industrial Energy Efficiency Solutions and Programs
- Attachment 3. Evaluation, Measurement & Verification Plan
- Attachment 4. Rhode Island Benefit Cost Test Description
- Attachment 8. Pilots, Demonstrations & Assessments

This Draft does not include preliminary 2025 savings, benefits, or budgets because those detailed quantitative planning processes are still underway. This Draft also does not include the assessment of cost of supply and rate and bill impacts. Those analyses are dependent upon the planning and screening processes and will therefore be provided at later stages of the annual planning process.

Further, when reviewing this Draft, please note the following:

- a. Subject to further discussions with stakeholders and analysis during the planning process, content included here may be modified.
- b. The Company may refine and consolidate the text to make a more readable and accessible final document.

The Company requests that reviewers provide any written input on the contents of this Draft by Friday, June 28, 2024.

A schedule of key planning dates is provided below.

June	
06/4/24	June Equity Working Group Meeting
06/05/24 (Wed)	1st Draft of 2025 Annual Plan Narrative Due to EEC
06/20/24 (Thu)	EEC Meeting
06/27/24 (Thu)	Technical Working Group Meeting
06/28/24 (Fri)	First Draft Annual Plan Narrative Stakeholder Comment Period Ends
July	
TBD	July Equity Working Group Meeting

Commented [SA1]: I really appreciate that we are starting with what's possible/necessary and not just starting with a bill number and working backward.

Commented [RIE1R2]: Thanks Sue.

07/03/24 (Wed)	First Draft 2024 Annual Numbers due to EEC, including 1 st draft of TRM
07/18/24 (Thu)	EEC Meeting
07/21/24 (Sun)	Comments due from EEC/Stakeholders on Draft Plan Numbers and BC Model
07/25/24 (Thu)	Technical Working Group Meeting
August	
TBD	August Equity Working Group Meeting
08/05/24 (Mon)	Second Draft of 2025 Annual EE Plan due to EEC (Narrative and Numbers)
08/15/24 (Thu)	EEC Meeting
08/22/24 (Thu)	Technical Working Group Meeting
08/23/24 (Fri)	Second Draft 2025 Annual Plan Stakeholder Comment Period Ends
September	
09/06/24 (Fri)	Final Draft 2025 annual plan sent to EEC (Narrative and Numbers)
09/06/24 (Fri)	Final Draft BC Model for Annual Plan Sent to EEC
09/12/24 (Thu)	EEC Meeting
09/26/24 (Thu)	EEC Meeting
09/27/24 (Fri)	Technical Working Group Meeting
October	
10/01/24 (Tue)	2025 Plan Filed with PUC
10/17/24 (Thu)	EEC Meeting
10/18/24 (Fri)	File TRM with PUC
10/18/24 (Fri)	Final TRM to EEC

Commented [AC2]: Can we add a date for when we can expect the first draft TRM?

Commented [SR2R2]: As well as a date for revised Plan Outline Memo, and specificity on Appendices - e.g. would like to see some indication that EWG content will be included in first and second draft narratives

Commented [CJ2R3]: While I'm not sure there is an expectation of a revised version of the Plan Outline memo (the next major document is just the first draft narrative), we would appreciate an updated version of this table in the meantime that reflects EWG milestones, including planned meetings (similar to EEC and TWG) and an indication of when and what EWG materials will be provided. It is important that the Council and stakeholder receive a draft report of the EWG activities early in the planning stages and that they are not receiving this too late into the planning process for it to have any meaningful impact as has been the case in past years.

Commented [RIE2R4]: We don't provide a second draft of the outline memo. The first draft of the 2025 plan includes updates and responses to comments.

TRM will go out with first draft of numbers in July. Added this to schedule.

We currently schedule our EWG meetings a month in advance. Next meeting is scheduled for June 4th. We are currently working on dates for July and August. Will also see if we can discuss some concrete dates for EWG report drafts - we are planning on a draft in August and a final in Sept.

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Pre-Filed Testimony

Consistent with the revised Least Cost Procurement Standards ("LCP Standards" or "Standards"), the Company will include pre-filed testimony with the Plan that the Plan is compliant with the Standards.

1. INTRODUCTION

Rhode Island Energy (the Company) envisions its energy efficiency programs as offering a cost-effective, reliable, environmentally friendly, and affordable solution that benefits every Rhode Island family, business, and community in its territory.

Aligned with Least-Cost Procurement ("LCP"), the Company's strategy focuses on meeting customers where they are. Leveraging our local presence and strong relationships with Rhode Island families, businesses, and communities, the Company has gained insights into their needs and preferences. The Company is equipped to address gaps as they arise, such as in financing, and contribute to transforming the local market, for instance, through workforce development initiatives.

Customer bill affordability is a key priority for the 2025 Energy Efficiency Plan. During the 2024 Energy Efficiency Plan hearings, the Public Utilities Commission (PUC) focused on the Cost of Supply and the benefits of efficiency programs to customers and the utility system in an affordable manner. This experience, along with the Company's overall focus on customer bill affordability, informs the approach to the 2025 planning process in several key ways, as will be detailed in the plan. The Company is also implementing a revised approach to rate and bill impacts, another PUC focus, to better reflect specific utility system benefits and customer costs. Additional detail on these efforts can be found throughout the Plan narrative as well as in Attachments 1, 2, and 7.

1.1 Executive Summary

1.2 Plan Summary

1.2.1 Savings

The primary goal of the 2025 Plan is to create energy and economic cost savings for Rhode Island consumers through energy efficiency. The Electric Portfolio will save XXX,XXX lifetime megawatt-hours (MWh) over the lifetime of the installed energy efficiency measures XX,XXX net annual MWhs, and XX,XXX net annual summer kilowatts (kW) and XX,XXX net winter kW from passive energy efficiency. The Natural Gas Portfolio will save X,XXX,XXX lifetime MMBtu over the lifetime of installed natural gas measures and XXX,XXX annual MMBtu. For all fuels combined (electric, gas, oil, propane), the Annual Plan will save X,XXX,XXX net lifetime MMBtu and XXX,XXX net annual MMBtu. Energy savings are measured and verified by third-party evaluation firms.

1.2.2 Benefits

The 2025 Plan will create significant benefits for Rhode Island's residential, commercial, industrial, and income eligible customers. In total, the Annual Plan is expected to create \$XXX million in total benefits over

the life of the installed electric and natural gas energy efficiency measures. Of these total benefits, \$XXX M (\$XXX M Rhode Island only benefits) come from electric efficiency and passive demand reductions, and \$XX M (\$XX M Rhode Island only benefits) derive from natural gas efficiency.

Table 1 includes a high-level summary of the electric-funded and natural gas-funded portions of the Annual Plan. Each \$1 spent on the Electric Portfolio will create \$X.XX in benefits (\$X.XX in Rhode Island only benefits) over the lifetime of the investment, and every \$1 spent on the Natural Gas Portfolio will create \$X.XX in benefits (\$X.XX in Rhode Island only benefits) over the lifetime of the investments. A detailed summary of the benefits and costs included in the Rhode Island Test (RI Test) are included in Attachment 4.

1.2.3 Economic Impacts

The Company expects that investments made in energy efficiency under this Annual Plan will add \$XXX million to Rhode Island's Gross State Product (GSP), the equivalent of X,XXX job years. The vast majority of jobs associated with the Annual Plan's energy efficiency investments are local because they are tied to the installation of equipment and materials. An analysis of RI Energy's 2022 Energy Efficiency Portfolio found that 73 percent of vendors who deliver services on behalf of the Company's programs are either headquartered or have a presence in Rhode Island. Investments in energy efficiency contribute to Rhode Island's economy overall and benefit business owners and their employees who deliver these programs and services. As described in Attachment 4, the calculation of the RI Test benefits excludes any monetized value of economic impacts because of concerns over double counting of benefits with other categories.

1.2.4 Environmental Benefits

The electric, gas, and delivered fuel energy efficiency measures proposed in this Annual Plan will avoid over XX,XXX short tons of carbon in 2025, which contributes toward the Act on Climate's greenhouse gas emission reduction requirement of 45 percent below 1990 levels by 2030, and towards the legislation's greenhouse gas emission requirement of net-zero by 2050. The Company believes that robust, ambitious energy efficiency programs should be a foundational element of achieving greenhouse gas emission reduction targets. The Company also supports the various efforts that holistically evaluate the least cost pathways to realizing economy wide emissions.

1.2.5 Budgets and Funding

This Plan includes an investment of \$XX.X million in the cost-effective Electric Portfolio in 2025. If approved, this will be funded by \$XX million in proceeds from the ISO New England (ISO-NE) Forward Capacity Market (FCM), revenues from the existing energy efficiency program charge of \$X.XXXX per kWh, and accounting for a fully reconciling mechanism of \$X.XXXX per kWh pursuant to R.I. Gen. Laws § 39-1-27.7(c)(5) to fully fund the cost-effective Electric Portfolio for the 2025 program year for a total charge of \$X.XXXX per kWh.

This Plan also includes an investment of \$XX.X million in the cost-effective Natural Gas Portfolio in 2025. If approved, this investment will be funded by revenues from the existing energy efficiency program charge of \$X.XXX per dekatherm for residential customers and \$X.XXX per dekatherm for non-residential customers, and accounting for a fully reconciling mechanism adjustment of (\$X.XXX) per dekatherm for residential customers and \$X.XXX per dekatherm for non-residential customers. This is pursuant to R.I. Gen. Laws § 39-1-

27.7(c)(5) to fully fund the cost-effective Natural Gas Portfolio for 2025, for a total of \$X.XXX per dekatherm for residential customers and \$X.XXX per dekatherm for non-residential customers.

The cost of procuring XXX,XXX net lifetime MWh electric energy efficiency savings through the Annual Plan is \$XX.X million less than if that electric load was met by purchasing additional electric supply. The cost of procuring said MWh savings is \$XX.X million less than the cost of supply if only Rhode Island intrastate electric benefits are counted. The cost of procuring X,XXX,XXX MMBtu lifetime natural gas energy efficiency savings through the Plan is \$XX.X million less than if that natural gas load was met by purchasing additional natural gas supply. The cost of procuring said MMBtu savings is \$XX.X million less than the cost of supply if only Rhode Island intrastate natural gas benefits are counted.

[Table 1. 2025 Energy Efficiency Program Plan Summary](#)

1.3 The Planning Process

This 2025 Plan benefited from the process undertaken in the 2023 calendar year that resulted in the 2024-2026 Plan and reflects a refinement of the planning that was undertaken for the first year of the 2024-2026 Plan, including incorporating the latest Evaluation, Measurement, and Verification (EM&V) studies and Avoided Cost study (see Attachment 3 for the latest studies applied). The 2024-2026 Plan was informed by the areas of opportunity identified in the Rhode Island Energy Efficiency Market Potential Study Refresh (Market Potential Study Refresh) commissioned by the Energy Efficiency Resource Management Council (EERMC)¹ and completed by Dunskey Energy Consulting in early 2023. This Annual Plan has also been guided by the LCP Standards in RI PUC Docket 23-07-EE. The Standards include an extensive set of “principles of program design” referenced in section 2.2.

Throughout the planning process, the Company has actively involved the Energy Efficiency Technical Working Group (TWG), Equity Working Group (EWG), and the Energy Efficiency Council (EEC) along with its consulting team to tap into their expertise and gather feedback. The Company appreciates the valuable critiques and innovative ideas that have emerged from this ongoing engagement. In particular, discussions on equity have played a crucial role in refining and strengthening the Company's equity initiatives, positioning equity as a central strategic goal of the 2025 Plan. This has led to the incorporation of numerous specific, measurable actions across the Company's energy efficiency programs to enhance equity outcomes.

1.4 How to Read This Plan

This 2025 Plan has been organized to align with the most recently revised LCP Standards. There are three sections:

¹ Now known as the Energy Efficiency Council (EEC)

- **Strategies and Approaches to Planning.** This section provides discussion of the Company’s approach to implementing the principles of program design outlined in the LCP Standards and provides summary program descriptions, along with the major enhancements and innovations planned for 2025. This section also includes a discussion of program participation, EM&V, coordination with other energy programs, and demonstrations, pilots and assessments.
- **Consistency with Standards.** This section explains how the Annual Plan complies with the requirements for cost-effectiveness, reliability, prudence (including a detailed discussion of equity and rate and bill impacts), environmentally responsible, and comparison to alternative cost of supply requirements, as set forth in the LCP Standards.
- **Goals, Budget, and Funding Plan.** This section details these elements and discusses the performance incentive plan and performance metrics.

The eleven Attachments to this Annual Plan provide additional detail on specific Plan elements. **Attachment 1 Residential & IES Programs** and **Attachment 2 C&I Programs** provide detail on program eligibility criteria, offerings, implementation and delivery, customer feedback, 2025 changes, and proposed evaluations for each program. **Attachment 3 Evaluation, Measurement, and Verification Plan** reviews evaluation studies completed in 2023 and 2024, details studies planned for 2025, and provides a recap of historical studies. **Attachment 4 RI Benefit Cost Test** presents the framework for assessing cost-effectiveness of this Annual Plan. **Attachments 5 and 6** contain funding, budgets, goals, and cost-effectiveness tables for the Electric and Natural Gas energy efficiency programs, respectively. **Attachment 7 Rate and Bill Impacts** provides a detailed analysis of the bill impacts resulting from this Plan. **Attachment 8** details, for each sector, **2025 Demonstrations, Pilots and Assessments**. **Attachment 9 Cross-Program Summary** documents how the programs described in this Annual Plan relate to other specific RI Energy programs. **Attachment 10 Definitions** provides definitions of energy efficiency terms used throughout the Annual Plan. **Attachment 11 Equity Working Group Report** provides a summary of actions taken through the EWG.

2. STRATEGIES AND APPROACHES TO PLANNING

2.1 Strategic Overview of Programs and **Priorities**

This Annual Plan is the second year of the 2024-2026 Plan. This 2025 Plan supports continued innovation and accelerates the energy efficiency of Rhode Island homes and businesses. This Annual Plan achieves savings by implementing the following key strategic priorities set out in the 2024-2026 Plan:

Commented [CJ3]: From Jen C: Suggest adding a priority of engaging customers in energy efficiency. What I see is about program design, but outreach and communication are foundational.

Commented [RIE3R2]: Thanks for the comments. These are the priorities outlined in the 2024-2026 plan. Please see the outreach section of the plan for additional detail.

Five Key Priorities



Deliver optimized, tailored programs that serve all customers and **increase program reach**



Understand customer needs, planning cycles, and goals to optimize incorporation of the **next generation of efficiency measures**



Enhance financing options, simplify offerings, and raise customer awareness of complementary funding sources that can be leveraged to **enable customers to invest in efficiency**



Serve customers equitably by designing programs with a conscious effort to serve small business and low- and moderate-income; gender, racially and ethnically diverse; and non-native English-speaking customers



Increase workforce capacity to serve customers and implement energy efficiency

2.2 Principles of Program Design

This 2025 Plan has been guided by the LCP Standards as updated in RI PUC Docket 23-07-EE, which provides a set of principles of program design. The bullets below summarize the principles and, if appropriate, in what sections of this Annual Plan they will be addressed.

- **Integration with other programs and policies.**
 - Section 5: Coordination with Other Energy Policies and Programs provides details on the Annual Plan's connection to specific state policies. Energy Efficiency Program descriptions in Attachments 1 and 2 describe the dissemination of information on energy programs beyond those run directly by the Company.
- **Innovation.**
 - Innovative strategies are outlined in Attachment 8: Demonstrations, Pilots and Assessments.
- **Comprehensiveness.**
 - Examples of strategies to achieve deep savings that emphasize whole building and whole system solutions are found in the C&I market sector approach and the Residential and Income Eligible whole building delivery program descriptions (Attachments 1 & 2)
- **Equity.**
 - Using an equity lens involves consideration of how to modify systemic and institutional structures that have made it easier for some customers to access the energy efficiency programs than others. Section 2.6.1 describe the Company's approach to equity in 2025.
- **Build on prior plans.**
 - The experience and lessons of prior planning and regulatory approval processes informs the current program design.

Commented [SC4]: What has been done or is planned to enhance financing options? I know this is a tough period for financing and interest rates, but I think it is important to be pursuing these options

Commented [RIE4R2]: We provide robust financing for business customers with ZERO ("0%") financing over a loan term that can extend beyond 2 years to better match the project payback, the repayment is "on bill" so the customer is not managing two separate payments, a contract for the financing is incorporated into the energy efficiency project, and no financial review of the company's assets and liabilities.

The Company will continue to support energy efficiency investments by offering financing that is appropriate and useful for customers. The Bloc Power pilot is one example of expanding financing options, as is our work with RIIB and CommerceRI to offer grants in addition to program funding.

Commented [SA5]: Really appreciate these priorities. I also appreciate that this it does not include one on improving Company/Customer ratings --- that it's truly about program outcomes, not just about the company.

I wonder if there's something in either priority 1 or 4 where there's some partnerships with trusted community groups built in? ... [1]

Commented [RIE5R2]: Thanks for the suggestion. In section 2.6.5 we go into greater detail on community based initiatives.

Commented [SA6]: To Brett's point at a recent EEC meeting, this is a long list of principles.

Commented [RIE6R2]: These principles were outlined by the PUC so we've structured sections of the plan to address them.

Commented [J7]: This is another area where communication and outreach strategies are important. How is the Company engaging customers? How is the company assessing and wo ... [2]

Commented [RIE7R2]: Thanks for the comment. Please see section 2.6.6 for greater detail on outreach plan.

Commented [CJ8]: Suggest commenting on whether this is an ordered list or not. We're guessing it isn't, but if there is any ordering or grouping, it should be made clear.

Commented [RIE8R2]: As noted, this list is from the PUC Docket 23-07-EE.

Commented [SA9]: Maybe we should have some sort of program design of pilots/demos that lead to larger implementation? ... [3]

Commented [RIE9R2]: Thanks for the comments. Prior DPAs have been incorporated into standard program offerings and we are researching a number of options for the 2025 program year.

Commented [SA10]: I don't understand the distinction being made between C&I and resi. Why is Resi just descriptions? Or am I totally reading this wrong?

Commented [RIE10R2]: No specific distinction is being made. These are examples of the "comprehensiveness" principle.

Commented [SC11]: I appreciate this language addressing systemic and institutional structures and look forward to seeing the continued efforts to address these issues

Commented [RIE11R2]: Thanks for the comment.

- **Build on prior programs.**
 - Programs are continuously evolving, building from one plan year to the next. Each program description in Attachments 1 and 2 has a section addressing program design changes for 2025.
- **Planned based on potential assessments.**
 - This Annual Plan is informed by the 2023 Market Potential Study Refresh, and the areas of opportunity identified within it, as well as the cost implications and approach to barrier mitigation necessary to achieve higher levels of potential savings.
- **Unlock capital and effectively uses funding sources.**
 - This Annual Plan consistently looks beyond direct financial incentives and traditional financing strategies to design capital and program access strategies that respond to specific customer barriers, such as grants for overcoming pre-weatherization barriers, a revised HEAT Loan or third-party financing.
- **Integration of natural gas and electric energy efficiency programs.**
 - All programs are integrated across fuels where it is possible to optimize and benefit from synergies between the two energy systems.
- **Strategies to achieve targets.**
 - As noted above, the overarching strategies highlighted in the 2024-2026 Plan permeate this Annual Plan.
- **Investments on behalf of all customers.**
 - All customers contribute to energy efficiency program funding, and, in return, programs are designed so that all customers have the opportunity to participate. This element of equity is discussed further in section 2.6.1.
- **Efficacy.**
 - The Company has incorporated opportunities to balance the portfolio of energy savings measures and program approaches to drive higher cost efficiencies (i.e., the amount of energy savings per dollar invested) and minimize the impact on customer bills. Efficacy also incorporates workforce development, which is described further in section 2.6.2.
- **Parity among sectors.**
 - This Annual Plan examines the amount collected from the different sectors by the SBC, as compared to the program budgets by sectors, to ensure that sectors are generally receiving the benefits paid for. This is further described in section 6.4.3.
- **Cost effectiveness.**
 - Programs are cost effective as required and shown in Attachments 5 and 6. The application of cost effectiveness as a design principle at a program level involves a balancing of comprehensive, costly projects with long-term measures, with programming that requires less intensive customer support, such as upstream programming that moves the incentive from the end user to the point of sale and Strategic Energy Management Planning with very large customers.

Further details on the Company's application of the Standards are found in section 6. As with any plan, this 2025 Plan was developed using the best information available at the time. Should circumstances change as the year develops, the Company will act in its capacity as Program Administrator to adapt as needed and inform stakeholders of the inability to execute a proposed strategy or commitment or the need to revise them.

Commented [SC12]: Glad to see this referenced and hope that the refresh is a useful planning material

Commented [RIE12R2]: Thank you!

Commented [SC13]: Curious to see the revised proposal

Commented [RIE13R2]: This is still evolving. Will share if changes are proposed.

Commented [SR14]: This is not what efficacy means in the standards. The full text from the updated and approved standards is here:

L. Efficacy. All efforts to establish and maintain program capability shall be done in a manner that ensures quality delivery and is economical and efficient. The distribution company shall include wherever possible and practical partnerships with existing educational and job training entities.

This relates to 'program **capability**' NOT to program costs and savings. It is not a requirement for cost efficiency (i.e. cream skimming) or limiting bill impacts. This needs to be corrected. This element of standards is solely related to efforts to ensure the labor market is robust and able to support the desired level of program activity.

Commented [RIE14R2]: We read the second sentence in the standard text as complementary to the first, not as an element that rules out all other interpretations as the commenter suggests. In other words, labor initiatives such as those describe contribute to quality, economic and efficient delivery, but they are not the only way to do so.

Commented [CJ15]: From Jen C: There are issues of underserved communities subsidizing the more sophisticated customers. Addressing this holistically would move us towards parity.

Commented [RIE15R2]: Thank you for the comment. Please note that income-eligible SBC revenue covers 20% of income-eligible sector spending. The remaining 80% is provided by C&I and market rate residential SBC revenue. Please see section 6.4.3 for additional detail on parity.

Commented [SA16]: Do we mean customer classes here? I am just not sure what sectors are. I'm also not sure that this is parity. I think this is something more like, "customer classes pay for their programs without subsidizing others". (While I both very much support the efficiency of getting as much savings as possible; I also worry this gets in the way of our equity goals, where some energy savings will cost a little more than what those sectors put in? Or some sectors have historically underspent?)

Commented [RIE16R2]: The Sectors are Residential, Income Eligible, and Commercial & Industrial, the 3 program umbrellas.

Commented [SR17]: No mention of cost of supply in the principles, and no mention of Act on Climate. Seems like these would be good to add or integrate

Commented [RIE17R2]: The principles of program design are adopted from section 3.2 of the Standards. There are 14 sections there, each highlighting a principle. Those 14 sections match these 14 bullets here.

Also, first principle is Integration with other programs and policies. Readers are directed to Section 5, where in Section 5.2 Act on Climate is explicitly discussed.

... [4]

The Company will evaluate programs in the Residential, Income Eligible, and Commercial & Industrial sectors using traditional cost of supply calculations and the RI Test. In addition, the Company will consider the value of each program to the utility system through a mechanism that removes or discounts certain societal benefits and non-energy impacts, specifically interstate and delivered fuel benefits, as directed by the PUC. For each program with costs in excess of the cost of supply, the Company will consider the role of that program in supporting portfolio goals and other LCP standard principles, including reliability, prudence, and environmental responsibility and provide justification for continuing to offer the program as appropriate. These justifications will be rooted in an assessment of quantitative metrics and program design considerations.²

Additional detail on the Company's approach can be found in section 6.6.2.

2.3 Residential & Income Eligible Programs

2.3.1 Overview of Residential and Income Eligible Energy Efficiency Programs

In 2025, the Company will continue all Residential and Income Eligible energy efficiency programs offered in 2024. All Residential and Income Eligible programs are funded by electric and natural gas customers. The Company offers the programs detailed below to provide comprehensive services to two regulatorily defined sectors: market rate and income eligible.

Residential Consumer Products

The Residential Consumer Products Program promotes the purchase of high efficiency household appliances carrying the ENERGY STAR® label including advanced power strips, dehumidifiers, pool pumps, room air cleaners, room air conditioners and most efficient refrigerators, freezers, clothes washers, and dryers. Consumers can participate by purchasing these products at retail stores or through the Company's online marketplace. This program trains retail sales staff about the ENERGY STAR label and how to promote the certification's energy and environmental benefits to consumers. The most efficient appliances are incentivized at the retailer level to encourage sales of these ENERGY STAR most efficient appliances. Additionally, the program offers refrigerator, freezer and dehumidifier recycling.

Home Energy Reports

² The initial quantitative analysis of measures, completed in March 2024, has been shared with stakeholders and the Company welcomes feedback. The Company continues to evaluate measures and programs and will continue to refine this methodology throughout the 2025 planning process. Additional detail will be provided in subsequent drafts.

Commented [SL18]: It seems to me that Section 6 would be the best place for this content and discussion (everything here in 2.3). IMO fundamentally this is a conversation about how we believe our programs are in accordance with LCP. @Toby Ast (RI Energy) @Brett Feldman (RI Energy)

Commented [RIE18R2]: This is an intro to the discussion. More detail is in 6.6.2.

Commented [SA19]: Are these the only benefits that are removed?

Commented [RIE19R2]: These are the most consequential for this consideration. The Company's IRA analysis submitted to the PUC in March has greater detail if you'd like to review.

Commented [SC20]: Flagging the importance of programs being cost-effective, even if not all individual measures within a program are

Commented [RIE20R2]: Noted and text updated.

The Home Energy Reports Program is a behavioral-based offering designed to make customers aware of their energy consumption through personalized print and email reports and a seamlessly integrated website. Each of the communication channels displays a customer's energy consumption patterns, sets an energy reduction goal for each customer, and contains a normative comparison to similarly sized and heated homes. The goal of the program is to inspire customers to take actions that reduce their energy consumption and increase their participation in other energy efficiency programs.

Residential High-Efficiency Heating, Cooling, and Hot Water (HVAC)

The Heating, Cooling and Ventilation HVAC Program promotes the installation of high efficiency central air conditioners and eligible heat pumps for electric customers and new energy-efficient natural gas related equipment including boilers, furnaces, windows, water heating equipment, thermostats, and water-saving devices. The program offers incentives for high efficiency air source heat pumps to customers with electric resistance heating as well as customers whose primary heating system is fuel by natural gas, oil or propane.

Incentives for energy efficient air source heat pumps for space and water heating equipment are available for customers with electric resistance heating/hot water. Incentives are also available for air source heat pumps used as accessory heating and cooling devices in homes with a primary heating system that is natural gas, oil, or propane. The program supports contractor training to increase accurate installation practices, testing of the high efficiency systems, tiered rebates for new high efficiency systems, and incentives for checking new and existing systems.

Residential New Construction

The Residential New Construction program offers financial incentives and no-cost education, training and technical support to builders and homeowners to promote the construction of high performing energy-efficient single family, multifamily and income eligible homes. The program helps residential new construction and major renovation projects meet high energy performance standards and provides education and training support to builders, designers, tradespeople, and code officials.

EnergyWise Single Family

The EnergyWise Program offers single-family customers (homes with 1-4 dwelling units) in-home energy assessments, weatherization services and information regarding their energy usage and energy-saving opportunities. The program is designed as a direct-to-customer offering that educates residential customers on how they can make their home more energy efficient. Energy specialists address base load electric use, and heating, cooling and water heating loads in single-family residential buildings through immediate installations of advanced power strips and water-saving devices.

Once the assessment and energy saving installations are completed, participants receive energy efficiency recommendations and technical assistance, as well as financial incentives to upgrade to high efficiency heating, ventilation, and air conditioning (HVAC) equipment, water heating systems, insulation, and smart thermostats. Customers also receive an Energy Action Plan detailing the additional energy savings opportunities they have through participation in other energy efficiency programs. Qualified customers can

receive zero percent financing to install these high efficiency upgrades through the Company's financing programs, including the HEAT Loan.

Market-Rate Multifamily

This program offers comprehensive energy services for market-rate multifamily customers (buildings with 5+ dwelling units), including energy assessments, incentives for heating and domestic hot water systems, cooling equipment, and weatherization. All types of multifamily properties are eligible. A primary point of contact is designated to manage and coordinate services offered through the Company's existing portfolio. This program is offered in conjunction with the Commercial and Industrial (C&I) Multifamily gas program where a site may have a commercial meter or office space but also has individual dwelling units. The delivery of the Market-Rate Multifamily Program's services should be virtually indistinguishable to the customer as the Company's single point of contact will handle all program overlap (between Residential and C&I programs) and offer a seamless customer experience.

Income Eligible Programs

The Company wants customers who meet the income eligibility requirements and may have a high energy burden and/or difficulty paying their electric or gas bills to participate in, and benefit from, the Company's energy efficiency programs. Therefore, the income eligible sector is designated as a unique sector and funding for this sector is subsidized by both non-income-eligible residential customers and commercial and industrial customers so a larger proportion of income eligible customers can be served.

The Income Eligible Services (IES) Program offers home energy assessments, weatherization services, appliance, and heating system replacements with no customer cost to qualified single-family customers. Customers who qualify for the A-60 rate or for the Low-Income Home Energy Assistance Program (LIHEAP) are eligible to receive all services and equipment upgrades at no cost. The IES Program's services are delivered by local Community Action Program (CAP) agencies who coordinate with outside contractors that perform heating system and appliance replacements and weatherization installations with oversight provided by a Lead Vendor.

The Income Eligible Multifamily Program offers comprehensive energy services for multifamily customers that also meet the criteria for "income eligible" as defined in Attachment 1 Residential and IES Programs, Section 4. Multifamily. These services include energy assessments, incentives for heating and domestic hot water systems, air source heat pumps, cooling equipment, water savings installations and thermostats. Typically, there are no costs to the customer for these services as most income eligible upgrades are covered at 100 percent.

2.3.2 Major Residential and Income Eligible Program Changes

Information about modifications and improvements for Residential and Income Eligible programs can be found in Attachment 1.

2.4 Commercial and Industrial Programs

The C&I Programs offer incentives, rebates, technical assistance, and financing to customers that reduce energy consumption, cut greenhouse gas emissions, and/or meet corporate sustainability goals. To reach customers, the Company uses a market sector approach, whereby specific energy efficiency initiatives are developed to meet the needs of different market segments (e.g., the Grocery program, Chain Restaurants, and the Industrial Initiative). In addition to the market sector approach, the Company also provides Prescriptive and Custom offerings. The Prescriptive offerings are available for a wide variety of standardized energy-efficient products with “deemed” savings values, such as lighting equipment, air compressors, variable speed drives, and stream traps. While the Custom offerings are available for any energy conservation measure that is not covered under alternative pathways.

In planning the Commercial and Industrial programs, the Company evaluates customer needs, market dynamics, and State policy objectives to determine how program offerings can be enhanced or adjusted to drive market transformation across multiple end-uses. Another central component to the planning process is the development of strategies that advance more equitable services, particularly within the Small Business and Multifamily Programs.

Anticipated changes to the C&I programs can be found in Attachment 2.

2.5 Multi-year Strategies

In the LCP Standards adopted by the PUC in Docket 23-07-EE, the PUC directs the Company to identify investment strategies for which implementation and budget requests (or revenue collection) are expected to span multiple years. In addition to the budgets and targets required for the rest of the portfolio, the PUC directs that the Company may separately provide budgets and goals for multi-year strategies. The requirement applies to both the Annual and Three-Year Energy Efficiency Plans. There is no such multi-year commitment envisioned for 2025.

2.6 Cross-Cutting Programs

2.6.1 Equity

Equity is a key priority for the 2025 Plan. The Company is committed to ensuring that all Rhode Islanders – regardless of race, income, gender, ability, or other aspects of social status – equally benefit from energy efficiency. The Company planned and developed its 2025 Energy Efficiency Portfolio through an active process to identify and address the barriers that residents, businesses, and communities face in participating in program offerings.

Since 2021, Rhode Island Energy and OER have co-hosted a series of Equity Working Group (EWG) meetings facilitated by The Green & Healthy Homes Initiative. The EWG is comprised of community representatives from a diverse array of community-based organizations, small businesses, non-profit organizations, CAPs, resident advocacy groups and alliances, municipal and state entities, and diversity equity and inclusion (DEI) industry experts. The purpose of these meetings is to discuss how the Rhode Island energy efficiency programs can more equitably serve residents and businesses. As a result of these discussions, the EWG provides the Company with written recommendations to advance equity in the planning, design, and delivery

Commented [j21]: If not addressed below, can you please add some discussion of how the various opportunities are marketed to customers and how you assess the effectiveness of that outreach? Right now “reaching customers” is correlated with program design, but I see program or offering design as a mechanism for serving customers who have been “reached” through marketing and communications.

Commented [RIE21R2]: Please see Attachment 2 for more detail.

Commented [SA22]: I believe in this program year, BERO in Providence will begin tracking large commercial buildings. Maybe an opportunity to start building in prep to use that data for new programs?

Commented [RIE22R2]: Thank you. We continue to strengthen our relationship with the City of Providence through a strategic energy management partnership (SEMP). That partnership would include any opportunities to leverage data from the new BERO program. RIE will be providing data to building owners for input into EPA’s Energy Portfolio Manager. We have about 88 existing customers across Rhode Island that we currently provide benchmarking data to.

Commented [SA23]: This is maybe too high level of a comment, but I wonder if the Commercial and Industrial programs should be separated at some point. The needs of small businesses (like businesses on Hope Street in Providence) seem so vastly different than a large industrial operation in Quonset, I wonder if it makes sense for them to be lumped together here.

Commented [RIE23R2]: The Small Business Program is almost completely separate from the Large Commercial and Industrial (“C&I”) programs. The Small Business Program is a direct install program where all the services and measures are brought to the business customer who oftentimes is also “keeping the books”, “managing the staff”, and “making the pizza”. The customer says yes and their lead vendor RISE manages the electrician or weatherization vendor, purchases the equipment and has it dropped-shipped, and then sets up the on-bill financing repayment plan for the customer. Large C&I customers often times have facility managers who hire their own electricians or work with RIE to identify what measures to install in the facility. The facility manager selects and hires the installation vendor, purchases the equipment and manages the installation.

So, while they are grouped under “Large CI Programs”, the specific programs are designed to be tailored to the needs of the customers

Commented [CJ24]: I’m not sure where this comment should actually fit, so including it here. But I’d like to see the plan - somewhere - speak to planned improvements for the Company’s EE landing pages. Many, if not most, of the energy savings program pages on the Company’s website feel very similar to how they felt when it was National Grid’s programs. They are not super intuitive and often overwhelming (e.g. there are over a dozen drop down options on the “rebate programs” page for resi).

Commented [RIE24R2]: The website is being revamped this year.

of its energy efficiency programs. These recommendations include specific, actionable equity strategies for the Company's programs as well as a list of metrics and targets to track performance. As these recommendations are developed throughout the Summer of 2024, the Company will engage in a process with the EWG to adopt a prioritized list of equity focus areas, strategies, and actions in the 2025 plan. The full list of recommendations, strategies, and metrics are included in an annual report for inclusion in this plan. Please see Attachment 11 for the 2024 Rhode Island Energy Efficiency Equity Working Group Report.

The Company weighs its program priorities, customer knowledge, and the EWG's recommendations to identify specific equity efforts within each energy efficiency plan. In 2024, the Company focused on the following areas:

1. **Outreach through non-profit organizations.** The Company developed a Residential Equity Outreach Assessment that engaged the City of Central Falls and the non-profit organization Progreso Latino to conduct direct outreach and education to landlords to address barriers that they and renters experience when participating in the Company's energy efficiency programs.
2. **Justice40 Initiative.** The Company developed processes and capabilities to measure program participation in Justice40 communities to better align with federal reporting standards and initiatives. Leveraging input from the EWG and stakeholders, the Company also developed specific metrics that will be included in the quarterly and annual energy efficiency reports.
3. **Equitable marketing strategies.** The Company worked to expand energy efficiency education to a Latino radio station in Spanish. Engagement with the Latina community has made the Company aware that radio is a preferred resource for relaying community information as opposed to print and email formats.
4. **Removing barriers to participation.** In Q1 2024, the Company worked with the EWG to prioritize and pursue several strategies to foster equitable access and participation across its programs:
 - i. Building a network of community-based partners that conduct marketing and outreach and provide programs and services in the Equity Communities
 - ii. Developing a strategic plan with multifamily property owners & managers around how Rhode Island Energy will serve and reach multifamily customers
 - iii. Coordinating with the Rhode Island Department of Health (RIDOH) on the development of its rental registry
 - iv. Working with partners to strategically align, braid, and leverage healthy homes programs to address pre-weatherization barriers
 - v. Working with partners to explore new sources of housing rehabilitation funding
 - vi. Continuing to fund workforce development partnerships

Commented [CJ25]: We would like to see the Plan go a step beyond including these in a report as an attachment to the plan. The EWG final report has in the past been finalized at the same time the Plan is finalized, leaving no room to directly incorporate the recommendations of the EWG into the Plan itself.

Commented [RIE25R2]: The Company will include adopted 2025 equity strategies and metrics directly in the Plan text. Those adopted metrics and strategies will derive from the Equity Working Group's final report, which will be included as an attachment.

Commented [CJ26]: Noting that this has been Attachment 11 in the past, so curious why its not included in the default table of contents in this memo. Putting that aside, taking the opportunity here to reiterate the importance of providing stakeholders with a version of the EWG Report early enough in the planning process to allow for review, comment, and iteration.

Commented [RIE26R2]: This will likely be Attachment 11 again, but the Company included the placeholder to allow for potential changes in attachment numbering. The intent is to distribute the draft EWG report in August.

Commented [SA27]: The EERMC education committee also worked with the HEZ through URI outreach center. Has the company tapped into any of those resources?

Commented [RIE27R2]: Yes the Company has been engaged in the HEZ effort. Please see page 20 for more detail.

Commented [AC28]: Have started some conversations here, but really want to expand these efforts to include non-residential customers (mainly small businesses)

Commented [RIE28R2]: Yes, there are a number of efforts currently underway in 2024 which we want to continue to build on in 2025:

- coordination through Greg Ohadoma (Manager, Equity Justice) @ OER with several organizations including the RI Black Business Association, Center for Southeast Asians and other organizations

- RISE is hiring a person to manage outreach to non-profit organizations

- RIE is hiring a contractor to support C&I marketing efforts which would include outreach to non-profit organizations

... [5]

Commented [SA29]: Any other latina/latino radio stations or news outlets?

Commented [RIE29R2]: Discussing additional options for 2025 with Marketing.

Commented [DM30]: Implementing ways to simplify program participation, such as expanding midstream measures, simpli... [7]

Commented [RIE30R2]: The Company will discuss participation simplification ideas with the Equity Working Gr... [6]

Commented [j31]: Hopefully energy aligned lease language dissemination is part of that effort.

Commented [RIE31R2]: That is not part of the current effort, but is something we're discussing for 2025.

Commented [j32]: Meaning?

Commented [RIE32R2]: When resources are available from other programs or partners, they will be integrated with energy efficiency funding.

- vii. Hosting workshops for contractor businesses to increase availability and support for vendors to become certified Minority/Women-owned Business Enterprises
- viii. Increasing the number of Main Street or outreach efforts conducted in zip codes with lower historical participation in the Small Business Direct Install program
- ix. Retaining financing offers for small-business customers to overcome upfront cost barriers
- x. Efforts to serve small businesses in tandem with the Central Falls Residential Equity Outreach Assessment

Commented [j33]: Are these effective? How is effectiveness assessed and are approaches refined?

Commented [RIE33R2]: These workshops have not yet occurred. They are in development with the PPL Supplier Diversity team and are expected to take place later this year.

Commented [AC34]: Good! Recent discussions have also focused on how to enhance these events (i.e. increase participation), and the partnerships/strategies described at a high level in this section would seem to support that outcome

Commented [j34R2]: Is there enhanced service and incentive design in these areas? Again, non-participants have been subsidizing participants for many years now.

Commented [RIE34R3]: Yes, there are enhanced incentives.

5. **Equitable Workforce Development.** The Company also aligned on and pursued additional strategies to develop a workforce that reflects the communities that it serves. Please see section 2.6.2 for additional details.
6. **Energy efficiency equity metrics.** In Q1 2024, the Company engaged in an iterative process with the EWG to prioritize and establish several energy efficiency equity metrics to measure performance across its programs. The Company began reporting out on these metrics in 2024 and intends to refine, enhance, and continue reporting throughout 2025 and beyond. Please see the following groupings and metrics below.

Single Family Programs Participation (EnergyWise, Income Eligible Services):

1. # of Home Energy Audits Completed
 - a. Broken down by Justice40 vs non-Justice40 communities³
 - b. Broken down by renters vs non-renters
2. # of Weatherization Projects Completed
 - a. Broken down by Justice40 vs non-Justice40 communities
 - b. Broken down by renters vs non-renters

Commented [SC35]: Just clarifying, is the Company also using the federal CEJST tool to identify J40 communities? A link (or footnote, etc.) would be helpful for readers to directly find the mapping

Commented [RIE35R2]: Yes, the Company is using the federal CEJST tool to identify J40 communities. Added footnote with embedded link.

Multifamily Programs Participation (EnergyWise Multifamily, Income Eligible Services Multifamily):

3. # of Home Energy Audits Completed
 - a. Broken down by Justice40 vs non-Justice40 communities

³ [Justice40](#) Communities are census tracts that are marginalized by underinvestment and overburdened by pollution as defined by the U.S. Federal Government. [The Climate and Economic Justice Screening Tool \(CEJST\)](#) is an interactive mapping tool that allows users to identify these communities.

4. # of Weatherization Projects Completed
 - a. Broken down by Justice40 vs non-Justice40 communities

Pre-Weatherization Barriers:

5. # of Audits with Pre-Weatherization Barriers Detected
 - a. Broken down by pre-weatherization barrier type for EnergyWise Single Family program
 - b. Broken down by Community Action Program service territory for Income Eligible Services Single Family program

Microbusiness & Small Business Participation:

6. # of Eligible Customers Participating in Small Business Direct Install
 - a. Broken down by Justice40 vs non-Justice40 communities
7. % of Commercial & Industrial Participation
 - a. Broken down by consumption category

During the Summer of 2024, the Company will engage in a process with the Equity Working Group to discuss, intake, and prioritize equity strategies, actions, and metrics for inclusion in the 2025 plan. These working group meetings are slated to occur in June, July, and August and will feature sessions to spur discussion around current equity considerations and present opportunities for members to elevate their observations and recommendations for 2025. The final list of 2025 strategies, actions, and metrics may include items pursued in 2024 (listed above) as well as new or enhanced recommendations. The Company and The Green and Healthy Homes Initiative expect to be able to share a draft of the Equity Working Group's recommendations in August 2024 and the Equity Working Group will issue its final report in September 2024.

In 2025, the Company will continue to host Equity Working Group meetings to ensure a continued focus on equity throughout the year and in support of future planning activities. The Company is committed to 6 EWG meetings in 2025.

The Company's energy efficiency equity work is also focused on ensuring qualified customers are moved to the discount rate. Rhode Island Energy partners with community organizations across the state that not only educate customers about energy efficiency, but also assist with billing questions and payment plan opportunities. Not surprisingly, the immediate bill relief from the discount rate removes some financial pressure and concern from an energy burdened population. Direct face-to-face contact with customer advocates also builds customer trust. Once that trust is established, it is easier to move the attention of customers to energy efficiency.

Beginning in 2023, the Company began to engage with the Rhode Island Department of Health Equity Zone Initiative through a connection facilitated by the Energy Efficiency Council. The Health Equity Zone Initiative supports place-based approaches to promote healthy communities and improve the socioeconomic and environmental conditions in neighborhoods across Rhode Island. There are 15 Health Equity Zone collaboratives across the state and each zone is overseen by a backbone agency. The Company has previously engaged many of these agencies through the Weatherization Program and the Health Equity Zone Initiative

Commented [AC36]: Glad there was reference to this above, but one strategy we'd like to see built into the Plan is targeting customers that use electric resistance and DF heating systems. ComStock data suggest that ER heating customers might comprise something like 15-20% of the C&I customer base which represents a real opportunity to replace these systems with Heat Pumps. Billing analysis could provide some insights on where these businesses might be - would avoid the need for a complex evaluation

Commented [RIE36R2]: The Company recommends further discussion around this idea at the EWG meetings occurring this summer (June, July, and August). These meetings will feature sessions to discuss and intake equity recommendations for inclusion in the 2025 plan.

Commented [AC37]: Need clarification on whether this will report eligible customers in each community or merely indicate the number of eligible customers in Justice40 and non-Justice40 communities

Commented [RIE37R2]: The intent is to report the number of eligible customers participating in each community.

Commented [SA38]: Same comment as above. Please fill this out asap. This isn't a hard number to commit to.

Commented [RIE38R2]: Updated in plan text.

Commented [SA39]: This sentence is confusing to me. Are we saying that even when working with community groups, their priority has been to help their clients manage bills and hasn't been to move them to the discounted rate? (the word customer is throwing me. Customer of who - the community group or the Utility or both)

Commented [RIE39R2]: One of the priorities has been, and will continue to be moving them to the discounted rate, when applicable. Customer refers to a customer of the Company.

provides an additional opportunity to work with agencies that serve residents who have not historically participated in the Company's energy efficiency programs. In 2025, the Company will continue to participate in Health Equity Zone events and collaborate with backbone agencies to increase awareness of efficiency offerings.

2.6.2 Workforce Development

Clean energy and energy efficiency programs are drivers of job creation in Rhode Island. The Company's energy efficiency programs support a large clean energy workforce of local and regional vendors, contractors, distributors, and suppliers. It is important that the jobs and economic benefits created from energy efficiency jobs reach all Rhode Island communities, especially Environmental Justice Focus Areas.

The objective for 2025 will be to continue to grow the energy efficiency workforce to close the gaps identified by the Workforce Development Needs Assessment.⁴ This effort will be focuses on several key initiatives.

2.6.2.1 Building Capacity for CAPs

Support from CAPs is a critical factor in participation rates for income eligible customers. However, capability and capacity vary greatly among CAPs. The Company is working to recruit and train 8-10 more energy auditors to be up-to-speed for the 2025 program year. The Company is recruiting from the Rhode Island Builders Association (RIBA) as well as traditional job postings. This training leverages federal funding channeled through DHS and the Company's implementation vendor collaborates with DHS (the agency that oversees CAPs) to develop and implement the curriculum.

To mitigate potential staff shortages in the near term, Rhode Island Energy is working with DHS to modify energy auditor scheduling such that auditors may be scheduled outside of their home CAP region to meet demand (a circuit rider model). This scheduling change is anticipated to go into effect in 2025. In line with more inter-CAP interaction, Rhode Island Energy and DHS are also working to break down regional silos of energy audits created by the CAP workflow model by subcontracting the existing pipeline of income eligible customers waiting for an energy audit to the market rate assessment contractor. This change will result in less wait times and higher participation rates in our five equity communities. Further training will be made available by the Company and local partners, including offerings on smart thermostats, weatherization, and heat pumps.

Energy auditors and consultants play a key role in promoting energy efficiency in market rate and income eligible homes. Attracting new people to this field as a career path and providing support with training and certification is important to help grow this sector of the industry.

- Support Residential Construction Workforce Partnership's (RCWP) pre-apprentice program

⁴ Rhode Island Energy Workforce Development Needs Assessment Study, BW Research, 2023

Commented [SC41]: I would recommend pulling details and stats from the EE workforce needs assessment for this section

Commented [RIE41R2]: We included that in the 2024-2026 3 Year Plan and the 2024 Annual Plan

Commented [AC42]: Can the Company be explicit about areas/skillsets that are currently lacking, to the point where they create barriers to delivering program benefits and savings?

Commented [RIE42R2]: The sectors outlined below list the areas/skillsets that need to be addressed.

- RCWP identifies candidates and provides training for people looking to enter the trades, including weatherization. RI Energy will provide training as part of the curriculum, as well as funding for a cohort.
- Provide BPI training and certification
 - BPI training and certification is the foundation of knowledge and understanding of building science, which is essential for becoming an energy auditor.

2.6.2.2 Upskill Electricians and Energy Workers

Quality installations of energy efficiency building upgrades are becoming more difficult as systems become more complex. These complexities are especially present for electric heat pumps, building automation systems, and building controls. The Company will continue to upskill electricians and other professionals in 2025 through a large set of available trainings developed and offered in collaboration with CLEAResult, the Rhode Island Builders Association, and other local partners at little or no cost. Training topics include but are not limited to net-zero energy design and building for residential and commercial new construction and design of lighting controls, technical support and training for builders, developers, designers, and contractors in Residential New Construction, onsite trainings for builders and contractors, energy modeling support, trainings on how to achieve various energy certifications, tours of zero-energy new homes and renovations, and trainings for technical schools and other local educational institutions (Warwick Area Career Tech, New England Institute of Technology, Chariho Career and Tech Center, Davies Career and Technical High School, CCRI, Woonsocket Career & Technical Center, Providence Career & Technical Academy, RISD).

2.6.2.3 Recruit and Upskill HVAC Contractors

Consumer demand requires both an increase in the number of contractors that can deliver HVAC products and training to promote quality installations through addressing weatherization, right-sized equipment, correctly functioning systems, and connectivity with building controls. Training topics offered include, at minimum, a weekly Contractor Newsletter – Participating Contractor list; training on HVAC installation best practices (includes sizing, refrigerant charge and airflow testing), via virtual live webinars and in-person at various locations including distributor locations such as Supply New England, The Granite Group, F.W. Webb, Department of Labor & Training; trainings for HVAC students at MTTI and Providence Career Technical Academy; and best practices for controls.

The Company will continue to coordinate workforce development efforts with the appropriate state and local authorities to maximize and leverage the impact of initiatives across the state. For example, the Project Team will coordinate with OER on the forthcoming HVAC Heat Pump Apprentice Program and Clean Energy Internship Program, both of which leverage federal funding and will complement the Company's HVAC workforce development activities.

- Increase training on proper selling, sizing, design, and installation of heat pumps
- Engage local HVAC tech programs and provide training
- Support contractor efforts to teach customers how to properly use and maintain heat pump equipment

Commented [DM43]: Also: how to sell/promote heat pumps

Commented [RIE43R2]: Updated. Thank you.

Commented [SC44]: This is a training priority from OER's perspective

2.6.2.4 Train Business Facilities Staff

As systems and controls evolve, it is incumbent to provide relevant training for facility managers, building operators, and other staff to enable them to operate these systems to their full, energy efficient potential. The Company will continue to offer these trainings in 2025, including Building Operator Certification (BOC). BOC training gives attendees the skills they need to make their buildings more efficient, healthy, comfortable, and environmentally friendly. The BOC program is aligned with the International Organization for Standardization (ISO) for organizations that certify personnel. The Company will offer 2 BOC Fundamentals of Energy Efficient Building Operations trainings in 2025. In addition, the Company will provide 12 technical webinars in coordination with BOC. The webinars offer one hour technical presentations on topics related to energy efficient building operation practices.

2.6.2.5 Training for Codes and Standards

The Rhode Island General Assembly's recent legislation (H6101/S0855 Sub A) requires Rhode Island's adoption of the 2024 International Energy Conservation Code (2024 IECC) within three months of publication. The law requires adoption with no weakening amendments and a plan for 90 percent compliance within six months for residential and commercial new construction and renovations. The Company's Codes & Standards experts are collaborating directly with the Rhode Island Code Commissioner to hold mandatory training for building officials. The Company also coordinates closely with the Rhode Island Builders' Association (RIBA) to promote code awareness and training to its members and partners. The National Association of Home Builders, RIBA's national affiliate, is developing code training curriculum, and Rhode Island will be the first state to use this curriculum when it adopts the 2024 IECC.

The Company, CLEAResult, local partners (RIBA, RIBOA, AIA, RIAR, RIMPMA), host organizations (lumberyards, Taco Comfort Solutions, Viessmann Manufacturing, Schools, Libraries, Cities/Town Halls, Supply Houses, RNC program participants), and schools (Tech Schools, New England Tech, YouthBuild) will conduct the following activities, at minimum, to train workforce on codes and standards. These activities include CEU accredited training for building inspectors, builders, developers, architects, engineers, contractors, students, building owners, and real estate agents.

There is a steep learning curve associated with the new code and Rhode Island Energy will increase training and technical support to help the industry understand and meet the new requirements.

- Increase program-approved trainers through "train the trainer"
 - Increase the number of code trainers by training a variety of industry peers such as architects, builders and building officials to provide training for others that is comprehensive and consistent
- Develop on demand online training
 - LMS style trainings can be pre-recorded and linked to various state and industry websites. This will allow trainees with time or transportation constraints to attend trainings on their own time
- Provide HERS rater training and certification
 - HERS Raters are uniquely qualified to provide technical support and verification of compliance with the energy code. The performance compliance pathway, which requires an energy rating, will become increasingly more popular and Rhode Island will need to increase

this workforce network to meet the needs of the industry once the new code takes full effect.

- Full day workshops
 - Deep dives into Envelope, Mechanicals, Lighting, HVAC
- Site tours (Brown University - Engineering Research Center, Watson Institute, School of Engineering, Lindemann Performing Art Center, South Street Landing, URI, RI College)
- Mandatory training for building officials on the 2024 International Energy Conservation Code (and subsequent updates) in collaboration with the Rhode Island Office of the Building Code Commissioner.

Where possible and appropriate, the Company's training courses leverage federal funding to reduce costs for customers. The Company will collaborate with OER to administer funding from the IRA to assist states in adopting the current energy code (or a zero-energy code) and implementing a compliance plan, including through development of Home Energy Rating System (HERS) Raters.

Rhode Island Energy represents the energy sector on the Rhode Island Green Buildings Advisory Committee (GBAC). Through participation on the GBAC, the Company is able to identify additional workforce needs related to codes and standards, make recommendations for workforce development in support of the State's climate and clean energy mandates, raise awareness of the Company's planned trainings and workforce development activities, and raise awareness of relevant incentives through the Rhode Island Energy Efficiency Programs.

2.6.2.6 Build a Pipeline of Energy Workers

In 2025 the Company will continue to actively mentor and teach students in broad topics related to the energy sector and potential jobs as well as specific technical topics related to energy efficiency. The Company will maintain its engagement with local schools and universities, including Warwick Area Career Tech, New England Institute of Technology, Chariho Career and Tech Center, Community College of Rhode Island (CCRI), Woonsocket Career & Technical Center, Providence Career & Technical Academy, and RISD. The Company is supporting CCRI with its effort to establish an Industrial Assessment Center (IAC) backed by federal funding. This program will provide training for students through new classroom curricula and hands-on field experience providing energy assessments to small and medium sized manufacturers in Rhode Island. The Company will connect CCRI with enterprises that would be good candidates for energy assessments and provide funding to support energy assessment activity. IACs adhere to Justice40 guidelines, and CCRI has a diverse student body that will benefit from expanded opportunities in the field of building science.

The Company will highlight student energy efficiency projects for display and education at the Rhode Island Home Show and Energy Expo, in collaboration with RIBA and Rhode Island's Career Technical Education (CTE) programs. The model for having students and schools participate in building features and educating consumers along with industry partners has been adopted by the Rhode Island Department of Education as an approved work-based learning and career exploration curriculum to satisfy internship/career exploration requirements for graduation.

2.6.3 Financing and Funding Options

The Company currently offers several financing vehicles to customers including the On-Bill Refinancing Loan, Third-Party C&I Financing Loan, HEAT Loan, and financing through the Efficient Buildings Fund. In 2025, the

Company will investigate ways in which these offerings can be expanded to serve more customers, including increasing loan limits for comprehensive projects. To make financing more useful in moving projects across the finish line, the Company will provide additional training on available financing mechanisms and how to position them effectively to internal sales staff and trade allies.

In addition to financing, the Company will continue to collaborate with OER, CommerceRI, and Rhode Island Infrastructure Bank (RIIB) to integrate program incentives with state and federal funding. OER will administer \$64 million in funding from the federal IRA in addition to \$25 million from ARPA for its Clean Heat RI Program. The IRA also offers several enhanced tax credits to encourage homeowners to pursue efficiency and electrification measures.

Rhode Island Infrastructure Bank, in addition to their \$5 million annual allocation of program dollars, received an additional \$5 million from a 2022 state bond issue to support a small business energy efficiency grant fund that should launch in late 2024 or early 2025. The Company has been working with RIIB to coordinate this grant funding with program dollars and intends to leverage these outside dollars to encourage greater program participation.

In 2024 CommerceRI introduced their RI Rebounds Energy Efficiency Program⁵ that provides up to \$10,000 for energy efficiency measures to small businesses throughout the state. The Company worked with CommerceRI to publicize the program and worked with participants through the energy audit and implementation stages. The RI Rebounds program was fully subscribed in 2024 but the Company will continue to collaborate with CommerceRI to design and implement programs in 2025, provided additional funding becomes available.

When evaluating other sources of funding, the Company has considered the transaction and administrative costs associated with alternative funding. The Company offers funding for energy efficiency via long-established mechanisms, familiar to many homeowners and service providers (energy auditors, contractors, Community Action Agencies, etc.). Any new source of funding, such as the IRA, will require additional application processes, contractor and consumer education, program specific eligibility criteria, income verification procedures, and data requirements. Though additional or alternative funding might be available for certain measures, securing funding from a different source necessitates that anyone seeking this funding participate in a separate process from the ones established by the Company to receive SBC funded incentives. It is also likely that the coordination with IRA funding would require additional costs for the administration of SBC funded programs.

2.6.4 HVAC Equipment

The Company will continue to coordinate with OER to leverage additional funding opportunities for energy efficiency measures and projects funded through ARPA and IRA, such as the [Clean Heat RI Program](#). This

⁵ <https://commerceri.com/ri-rebounds/energy-efficiency/>

program is administered by OER and received \$25 million in ARPA funds to provide financial incentives to residential and C&I customers for the purchase and installation of high efficiency electric heat pumps.

The Company will target electric heat resistance heat pump upgrades as outlined in the Company's Electric Resistance Heating to Air Source Heat Pumps: Implementation Plan for the Income Eligible Sector. The Company was directed by the Public Utilities Commission to develop the Heat Pump Plan to achieve 750 conversions annually by 2025 with 25 percent of those customers served classified as income eligible. In 2025, the Company will continue efforts to upgrade income-eligible customers.

2.6.5 Community-Based Initiatives

The Community Solutions Initiative allows the Project Team to collaborate holistically with a municipality to develop and execute a three-year workplan to reduce energy use in advancement of the municipality's sustainability goals. Community Solutions is an evolution of our successful SEMP Initiative. It expands the partnership model from a single customer to an entire community. The Community Solutions model begins with a memorandum of understanding (MOU) that establishes a non-binding framework for working together, defines energy efficiency savings goals and incentives, and sets priorities for collaboratively engaging residents and businesses in energy efficiency programs. The municipality is linked with a technical assistant who prioritizes City-owned buildings, identifies opportunities and estimates costs and savings. In 2023, the Company signed our first MOU with a participating municipality and for 2025 will look to 1) sign additional MOUs with additional cities 2) apply best practices from these partnerships to program delivery across municipalities regardless of size.

The Main Street Initiative takes a neighborhood approach to driving energy savings through its Main Street Initiative. Main Street campaigns will be planned in a number of communities in 2025, including outreach and engagement with community-based organizations. In 2024, the Company expanded outreach to local community groups and will continue in 2025 to focus on this outreach to small businesses in the communities selected for the 2025 Main Street campaigns. Similar to 2024, the Company and its vendor RISE will identify the communities and goals for each community in the first quarter of the year, before the launch of the first campaign in Spring 2025.

A new energy efficiency advocate will be fully engaged in 2025. This bilingual advocate will be embedded within community-based organizations to provide training to each organization's team about the intersection of energy with health and safety. The organizations can then support their communities in identifying ways in which energy efficiency can help and how to access opportunities.

The Company partners with OER to implement the State's Lead by Example Executive Order (EO 23-06). This partnership uses Rhode Island Energy Efficiency Programs to drive energy savings at state and municipal buildings in various communities across Rhode Island.

The Company partners with OER on the Public School Energy Equity Program to develop the full suite of programmatic, technical and financial resources available to communities. Together with OER, we have developed processes to support schools during the entire project life cycle, including technical assistance to identify project scope, procurement process support, and post installation reviews.

Commented [AC45]: Should implement the same strategy for small businesses - see comment above

Commented [RIE45R2]: Noted.

Commented [SC46]: How many are we hitting annually now or are forecasted to complete in 2024?

Commented [RIE46R2]: We did a bit more than 3000 heat pumps in 2023. For the IE Sector we've done 21 so far in 2024 plus another 22 currently in the pipeline.

Commented [CJ47]: From Jen C: Potential to address some equity goals through work to decarbonize schools in EJ communities, providing an environment with high IEQ and zero annual spend on energy. This would require collaboration with state funding entities.

Commented [RIE47R2]: Thanks for the note. The Company is actively engaged in a number of school improvement projects.

Commented [SA48]: Not sure where the right place to flag this is, but Providence is now required to fully decarbonize all municipal buildings by 2040. David Ruggiero and Priscilla De La Cruz (EEC member) would be good to partner with on doing a lot of great municipal demonstrations and maximizing EE in school construction and municipal govt building retrofit. Could be great models for other cities with a mix of old and new buildings.

Commented [RIE48R2]: RIE is working closely with David R @ Providence through a SEMP with the city.

Commented [AC49]: Any way the EE Consumer Advocate can support these efforts? Also raised with the EWG: how does the Company monitor how vendors engage with underserved communities and community partners? Want to use the right tone and engagement strategies to improve customer experience and outcomes

Commented [RIE49R2]: Yes, the Consumer Advocate will be able to support outreach efforts through the Main Street Initiative. The Company monitors its vendors through regular status and performance meetings. Customers can, and do, call Rhode Island Energy's Customer Service team to report any unsatisfactory service, which the Company immediately addresses with any involved vendors.

Commented [SC50]: Nice!

Commented [RIE50R2]: Thanks Steve!

Since the inception of the Efficient Buildings Fund (EBF), the Company has worked with the Rhode Island Infrastructure Bank (RIIB) and municipalities to facilitate project development and application. The Company's technical team conducts energy assessments and provides reports that meet the needs of both EBF and incentive programs to simplify application processes and help municipalities take advantage of multiple funding sources.

All municipalities, regardless of building size or usage, can participate in large commercial and industrial programs. An account manager dedicated to this sector supports these customers in identifying projects, securing funding, and working with implementation vendors to achieve savings.

2.6.6 Participation and Outreach

In 2025, the Company will continue to drive participation through two main pathways – targeted programs and broad-based programs. Further detail on outreach plans for 2025 will be provided as the efficacy of current outreach efforts is evaluated in 2024.

Rhode Island Energy's website will be overhauled in 2024, which will improve navigability, readability, and accessibility. Customers will have a single sign-on experience that allows them to seamlessly access information on all aspects of their energy use, including billing questions and energy efficiency. The website will offer language translation through Google Translate to improve accessibility for all customers. The improved website will be available in early 2025.

Rhode Island Energy is going live with a new flexible, user-friendly energy efficiency database and tracking system in 2024, which will facilitate data collection and reporting; provide participant and vendor self service capabilities to submit applications, confirm eligibility, and track status; and improve the customer and administrative experience. Using our new tracking system's agile reporting capabilities on the back end and our revamped website on the front end, we will host a public-facing data dashboard to summarize key program metrics updated monthly. This data dashboard will be developed with stakeholder input in 2024 and launched at the beginning of 2025 with continuous improvement planned through the 2025 program year.

The Company plans to hold twelve customer assistance expos annually, plus over a dozen pop-ups each month, located in communities throughout the state. These events focus on ways to help customers pay their bills. Energy efficiency is a key method to help customers lower their gas and electric bills, and Company staff help customers understand how to participate. These events serve as excellent opportunities for to engage with customers, offering informative materials, raising awareness, and addressing the relevance of energy efficiency. Customer Advocates will attend many outreach events at local organizations in addition to the customer assistance expos.

The Company plans to pilot a social influencer effort in 2024 and based on those learnings will expand in 2025. Social media influencers can develop content covering topics from energy saving tips, the Home Energy Assessment experience, how heat pumps work, or making a product purchase at Lowe's or Home Depot and getting an instant rebate. Through authentic content from personalities that customers already trust, Rhode Islanders can organically learn about making more energy efficient choices and finding ways to save money.

The Company coordinates State agencies to refer customers and share leads across Rhode Island Energy Efficiency Programs and other state and federal energy efficiency opportunities, such as CHRI. Cross-

marketing occurs via strategically timed collateral, leave-behind information and marketing materials that cross-promote programs, and by processes to serve customers and buildings holistically across multiple program pathways. In 2025, the Company will introduce a follow-up marketing campaign triggering communications to customers after they participate, identifying the next best step in their energy efficiency journey. The Company holds routine meetings and has ad hoc channels of communication open with other program administrators, including OER and CommerceRI.

3. PILOTS, DEMONSTRATIONS AND ASSESSMENTS

Commercial, industrial, and residential demonstrations, pilots and assessments are all vehicles that may be used to identify, test, analyze, and deliver new innovative solutions and services that are technically feasible, desirable by customers, and viable for inclusion in the portfolio. The Company will continue to systematically review opportunities to add to the portfolio through a consistent and transparent process. Please refer to Attachment 8 for additional details on evaluations for demonstrations, pilot, and assessments. Consistent with PUC Guidance, the Company uses the following definitions for demonstrations, pilots and assessments.

3.1 Demonstrations

A demonstration will test the feasibility of a new product or offering for inclusion in existing programs. It is generally expected that demonstrations will be less time and resource intensive than pilots, since generally there is greater certainty around a narrow, incremental idea added to a program rather than a totally new set of offerings. Savings associated with demonstration projects may contribute to shareholder incentives. Demonstrations may be evaluated with either an independent or a vendor evaluation.

3.2 Pilots

A small-scale, targeted program that is limited in scope, time, and spending and is designed to analyze the feasibility of a future program or rate design. Pilots are designed to test technologies and approaches to energy management not included in the core energy efficiency programs that could potentially become a new, standalone program. Given the scope of adding a new core program to the Company Energy Efficiency Portfolio, it is likely that pilots will require a long-term commitment and broader set of stakeholder input. Savings associated with pilots will not contribute to shareholder incentives. Pilots may be evaluated with either an independent or a vendor evaluation.

3.3 Assessments

An assessment will be deployed for solutions that address a particular gap or program need but have significant uncertainty around the effectiveness or potential of the solution to realize savings. Because of the uncertainty, assessments will not include field demonstrations or customer installations. Instead, assessments will focus on information gathering to equip Company staff to make a more informed decision of whether and how to proceed with the idea. It is possible that an assessment could recommend further demonstration of the idea or determine the solution should exit the review process. Savings associated with assessments may not contribute to shareholder incentives. Assessments may be evaluated with an independent evaluation, vendor evaluation, or internal review.

The Company will coordinate efforts with internal and external stakeholders, such as EM&V, Customer Energy Management, the OER, and the EEC, at various points in the development process to ensure appropriately rigorous evaluation and attention is given to each demonstration, pilot and assessment. Updates will be provided to OER and the EEC consultant team on a quarterly basis and the Company will solicit input during its collaborative annual planning process.

3.4 2025 Demonstrations, Pilots and Assessments

The Company will evaluate opportunities for demonstrations, pilots, and assessments for 2025.

4. EVALUATION, MEASUREMENT AND VERIFICATION PLAN

EM&V provides independent verification of impacts to ensure that savings and benefits claimed by the Company through its energy efficiency programs are accurate and credible. EM&V also provides insight into market characteristics and guidance on program design to improve the delivery of cost-effective programs.

To verify the impacts of programs on energy savings, the Company hires independent third-party consulting firms to regularly conduct evaluation studies as part of its EM&V process. These evaluations incorporate industry standard methods such as engineering analysis, metering analysis, billing analysis, site visits, surveys, and market studies to realize the actual energy savings of a measure. The EEC and OER provide direct oversight of each evaluation study conducted. Every year, the results of the studies are used to update the benefit-cost calculations during planning. Attachment 3: EM&V Plan lists the evaluations that have occurred since 2010 that are still being used and their influence on program planning. All completed evaluations are submitted electronically to the PUC; final reports of evaluations completed in prior years are available in the dockets for previous years, on the EEC website, or upon request.

The areas proposed for study in 2025 will be chosen based on several factors: the relative amount of savings in that program or end use, the vintage of the most recent relevant evaluation study (or studies, if there are more than one for that market/measure category), the relative precision of the recent evaluation study, recommendations from previously completed studies, and the available evaluation budget. This list may be added to as the year progresses, and different evaluation priorities are identified. In particular, the Company will consider the value of using evaluations from other jurisdictions as well as adding Rhode Island-specific impact or process evaluations, as appropriate, that will help inform the Company's efforts towards achieving the goals of Least Cost Procurement. Several EM&V areas of interest were highlighted in the three-year plan, and these will be incorporated into 2025 evaluation planning, if appropriate.

5. COORDINATION WITH OTHER ENERGY POLICIES AND PROGRAMS

This section will continue to describe the ways that the energy efficiency programs coordinate with, influence, and are influenced by other dockets before the RI PUC and by state and Company policies. At this time the Company anticipates several areas of continued focus and coordination will inform the plan.

Commented [AC51]: This should consider not just the latest iteration of the same study, but also the last time a given market/measure category was studied. Do not want to be duplicative if certain areas of interest were evaluated under a study of a different name (assuming the outputs of both studies would be the same)

Commented [RIE51R2]: Updated.

5.1 System Reliability Procurement

There are two points of integration between energy efficiency and system reliability procurement. First, demand response is integrated into system reliability procurement, which prompts coordination between energy efficiency program staff and system planning team members. This coordination includes, but is not limited to, supporting market engagement efforts for non-wires and non-pipes solutions, conducting locational outreach for energy efficiency measures that may preemptively alleviate grid needs to some extent, and supporting internal evaluation of energy efficiency as a non-wires or non-pipes solution. The Company will coordinate internally through overlapping staffing assignments and anticipates support for coordination through external stakeholder engagement. Second, energy efficiency may be a potentially viable solution to system needs. The system reliability procurement process evaluates the ability of energy efficiency to resolve system needs either partially or fully in a manner that less than the cost of the best alternative utility reliability procurement solution. In this manner, energy efficiency coordinates with system reliability procurement to potentially mitigate specific system needs as they arise.

5.2 Advanced Metering Functionality and Grid Modernization

The increased availability of more near real-time customer energy usage data, if enabled by AMF deployment, will allow for enhancements to energy-efficiency program design and implementation. Currently, the Company plans to begin installing AMF meters in early 2025, with continual deployment expected to go through 2026. Therefore, this Annual Plan does not include activities that rely on territory-wide deployment of AMF. However, throughout 2025, the Company will identify activities which may help lay the groundwork for implementing program enhancements which AMF will enable in future years. The Company will explore the possibility of engaging customers who receive AMF meters in 2025 in pilot/demonstration/assessment activities, but this is dependent on the progress of the meter/backend network deployment, and the efficiency team will coordinate with the AMF team to determine what is possible. The Company will also explore the capabilities of current and potential future vendors to develop and implement AMF-enabled program designs. The intent of any AMF-related activities undertaken in 2025 would be to increase participants', stakeholders', and the Company's comfort and familiarity with AMF-enabled capabilities (e.g., near-real-time energy monitoring, load disaggregation) and their potential to be utilized for targeted programs and pay-for-performance (P4P) programs. As these are foundational program enhancements enabled by AMF, laying the groundwork for these concepts in 2025 should help facilitate a smooth implementation of AMF-enabled enhancements once they are available.

5.3 2021 Act on Climate

Through the 2021 Act on Climate, the State of Rhode Island set mandatory, enforceable, statewide, economy-wide greenhouse gas emissions reduction targets of 45 percent below 1990 levels by 2030, 80 percent below 1990 levels by 2040, and net-zero emissions by 2050. Although the Act identifies the State Administration as the obligated entity that takes on responsibility of achieving these mandates and consequences for not achieving them, we recognize that we – the predominant electric and gas distribution utility that administers energy efficiency and renewable energy programs – have a critical role to play in supporting and driving decarbonization.

Commented [j52]: Another area for exploration is whether your CI TA vendors have disaggregation tools that can disag bills using AMI data? If not, then I suggest you get one built or procure one and distribute it to your vendors to build familiarity. This is an incredibly powerful and useful tool in C&I.

Commented [RIE52R2]: Customer load disaggregation is scheduled to be deployed in our AMF network in January 2026. We are also exploring vendor capabilities to disaggregate/analyze AMI data and potential program designs based on these capabilities.

In alignment with the State's 2022 Update to the 2016 Greenhouse Gas Emissions Reduction Plan, we can consider Rhode Island Energy's role, specifically regarding energy efficiency, in how we meet our approaching 2030 mandate across electric, thermal, and transportation sectors. We know that one pathway to economy-wide decarbonization is through electrifying thermal end uses and transportation, while decarbonizing our electricity sources.

Rhode Island's 100% Renewable Energy Standard requires an increasing percentage of electricity come from renewable energy resources, until meeting 100% in 2033 and beyond. In 2025, there are both decarbonization benefits and affordability benefits from reducing energy use through energy efficiency. Through the end of the decade, the 100% Renewable Energy Standard will erode the decarbonization benefits from energy efficiency (because electricity will be increasingly decarbonized) but will likely increase the affordability benefits of reducing energy consumption (because the cost to decarbonize will be internalized into electricity prices). We also have to consider the interaction between customer-funded energy efficiency programs and price signals of electricity rates: increasing customer-sourced collections will increase electricity prices, which will deter electrification and therefore slow decarbonization. Therefore, our 2025 Annual Plan will start to focus on driving affordability benefits – lower electricity and gas bills – while building coordination structure to shift from using customer funding to non-customer funding to drive decarbonization benefits through layered incentives and rebates.

We must also recognize the value of energy efficiency in building community climate resilience. A family can shelter in place more safely and for longer in a well-weatherized home during a power outage that interrupts heating or cooling systems. Rhode Islanders who are prone to heat-related illness have lower health risks if they have a cooling system and can afford to run it during heat waves. We see our energy efficiency program as helping families, communities, and businesses become more resilient. Therefore, our 2025 Annual Plan will double down on efforts to support communities – especially equity communities – in participating in Rhode Island Energy Efficiency Programs.

These strategies are fully aligned with the State's priority measures in its most recent Priority Climate Action Plan, available at www.climatechange.ri.gov. These priority measures include a number of measures aimed to encourage thermal and transportation electrification, energy efficiency in buildings, and climate resilience. Rhode Island Energy will continue to be a productive partner in support the State developing its Comprehensive Climate Action Plan ("2025 Strategy") over the next year and half. We will push for increasing coordination between Rhode Island Energy Efficiency Programs and state and federal programs so we maximize incentives for our customers and impacts from energy efficiency. We will lend our expertise on customer bill impacts to support a deliberate pacing strategy that puts downward pressure on energy bills. We will work with State partners and stakeholders on program delivery strategies to reach more Rhode Islanders and embody diversity, equity, inclusion, and belonging into all aspects of Rhode Island Energy Efficiency Programs.

Specifically, in building the 2025 Annual Plan, we will work with OER, the Energy Efficiency Council, regulators, and stakeholders to understand various lenses through which we compare costs of energy efficiency with costs of supply; develop a framework for prioritizing funding sources, laying funding streams, and fully addressing the purposes of Least-Cost Procurement; ensuring robust coordination on federal funding opportunities and opportunities to access and layer funding sources; and updating our greenhouse

Commented [SA53]: Thank you for including this sentence.

Commented [SA53R2]: Also, will this lead to a shift in EE funds away from gas appliances/etc to using gas funding for no regrets strategies (like weatherization).

Commented [RIE53R3]: We continue to engage with the market to see where and when shifting funds is appropriate for specific measures

Commented [SA54]: What do you mean by shifting customer-funding to non-customer funding? Do you mean leveraging federal \$? Or do you mean something else?

Commented [RIE54R2]: Yes, leveraging outside funding sources like IRA and CHRI.

Commented [CS(55): Very supportive of the climate resilience benefits of EE and highlighting these benefits

Commented [RIE55R2]: Thanks for the comment.

gas emissions accounting and valuation methodology to reflect the impacts of the 2021 Act on Climate and 100% Renewable Energy Standard on decarbonization.

5.4 Coordination with State and Federal Incentive Programs

In 2025, the Company will continue to coordinate with OER on the Clean Heat RI (CHRI) Program to facilitate the customer experience, ensure that all available incentives are communicated, and explore synergies in implementation. CHRI includes funding for fuel switching and will complement RI Energy's efforts to promote efficient heat pump adoption for residential, low-income and small commercial customers.

The Company will continue to coordinate with OER with regards to their plans for distributing Inflation Reduction Act (IRA) funding. The Company has had discussions with OER about their preliminary plans for the IRA funding and expects to have more information to inform 2025 planning by the early Q3 2024. The Company submitted an analysis of Residential measures eligible for IRA to the Public Utilities Commission (PUC) in March 2024. This analysis was shared with OER, the EEC, and the TWG. In addition, the Company responded to the OER Request for Information (RFI) regarding the structure and implementation of the IRA programs in Rhode Island. OER has submitted its Home Electrification and Appliance Rebates (HEAR) plan to the Department of Energy (DOE) for approval and is working on its Home Efficiency Rebates (HER) program plan for submittal to DOE later this year. The Company had initially planned to provide a plan for IRA implementation by the end of June 2024. Given OER's timeline and its expressed intent to focus IRA incentives on measures not covered by the Company's programs, an updated timeline for the Company's plan will be provided in subsequent drafts.

As mentioned in section 2.6.4 of this Plan, the Company will continue to collaborate with CommerceRI and Rhode Island Infrastructure Bank (RIIB) to integrate program incentives with state and federal funding. Rhode Island Infrastructure Bank received an additional \$5 million from a 2022 state bond issue to support a small business energy efficiency grant fund that should launch in late 2024 or early 2025. The Company has been working with RIIB to coordinate this grant funding with program dollars and intends to leverage these outside dollars to encourage greater program participation. In 2024 CommerceRI introduced their RI Rebounds Energy Efficiency Program⁶ that provides up to \$10,000 for energy efficiency measures to small businesses throughout the state. The Company worked with CommerceRI to publicize the program and worked with participants through the energy audit and implementation stages. The RI Rebounds program was fully subscribed in 2024 but the Company will continue to collaborate with CommerceRI to design and implement programs in 2025, provided additional funding becomes available.

Commented [CS(56)]: Great! Again, please reach out to OER staff anytime you need more information for coordination and we will keep sharing information as programs develop

Commented [RIE56R2]: Thanks Steve!

⁶ <https://commerceri.com/ri-rebounds/energy-efficiency/>

5.5 New Codes and Standards

In January 2023, the Rhode Island House of Representatives passed legislation, [H6101/S0855 Sub A](#), requiring the state to adopt the 2024 International Energy Conservation Code (2024 IECC) within three months of publication, which is currently expected in mid-2024. The law requires adoption of the 2024 IECC with no weakening amendments as well as the creation of a plan for 90 percent compliance within six months for residential and commercial new construction and renovation projects. These residential code changes will most likely shift the new construction and renovation industry away from prescriptive pathways toward a performance-based pathway for compliance (i.e., energy ratings) and as a result, more Home Energy Rating System (HERS) Raters will be needed. The Company increased trainings in 2024 to begin preparing the market for the new code, and this training will continue in 2025 to support code compliance. To support this increase, the Company and OER will leverage IRA funding that assists states in adopting the 2024 IECC and/or a zero-energy code, as well as implementing a code compliance plan. OER will be responsible for administering this funding and the Company will work closely with the agency to support code training efforts.

5.6 Future of Gas

The PUC Docket 22-01-NG Investigation into the Future of the Regulated Gas Distribution Business in Rhode Island is ongoing. It is expected the PUC will provide guidance during the summer of 2024 on decarbonization strategies that are actionable in the near-term; affordable and practical for Rhode Island's households, businesses, and essential institutions; account for customer choice considerations; ensure reliable, safe, and cost-effective energy delivery; and support economic development and growth in Rhode Island. This guidance will help inform the 2025 annual planning process.

Commented [CS57]: OER sees this as a priority and that the 2025 EE program may be one of the first places to start taking action on these pending recommendations

Commented [RIE57R2]: We will update approach as greater detail emerges.

6. CONSISTENCY WITH STANDARDS

6.1 Least Cost Procurement Law and Standards

This Annual Plan is submitted in accordance with the Least Cost Procurement Law, R.I. Gen. Laws § 39-1-27.7, the basis for which is the *Comprehensive Energy Conservation, Efficiency, and Affordability Act of 2006*, R.I. Gen. Laws § 39-2-1.2, and the LCP Standards as approved and adopted in Docket No. 23-07-EE in July 2023. The Standards guide how energy efficiency services are delivered in a manner that is optimally cost-effective, reliable, prudent, and environmentally responsible. The Company has assessed each of these requirements in developing this Annual Plan. Details on the Company's approach to considering each of these elements are included in this section. In addition, further detail on the cost-effectiveness screening of the proposed investments is in Attachment 4: RI Benefit Cost Test, with detail on rate and bill impacts in Attachment 7.

Relative to the assessment of compliance with the Standards presented in the 2024 Annual Plan, the Company anticipates that the following new information may contribute to the assessment of compliance in the 2025 Plan.

- Commission guidance provided during the 2024 Annual Plan hearings has been incorporated into the analysis of the cost of energy efficiency relative to the Cost of Supply in Section 6.6.

Commented [RIE58]: Presentation of rate and bill impacts is undergoing a comprehensive review. Therefore, Attachment 7 is not being included in the first draft

- An updated avoided cost study, AESC 2024 was completed in February 2024. This will be used in the benefit-cost model for 2025 and will influence the finding of Cost Effectiveness.
- The company is contemplating a revision to the rate and bill impact analysis, consistent with insights about bill impacts shared by the PUC during the 2024 Plan proceedings. Updates to this analysis will influence the assessment of Prudence.

6.2 Cost Effectiveness

6.2.1 Interpretation of Standard

The RI Test compares the present value of the total lifetime benefits derived from efficiency savings to the total costs of acquiring those savings (i.e., program and customers' costs). According to the Standards, "any program with a quantified benefit-cost ratio greater than 1.0 (i.e., where quantified benefits are greater than quantified costs), should be considered cost-effective. Consistent with the PUC's guidance issued in Docket No. 4600, qualitative benefits and costs may be considered in determining cost effectiveness. The portfolio must be cost effective, and programs must be cost effective."⁷

6.2.2 Compliance with Standard

The Company has analyzed the cost effectiveness for the proposed 2025 Portfolio and programs using the RI Test as required by Docket 4600 and the LCP Standards. The Energy Efficiency Portfolio and programs proposed for 2025 satisfy these criteria for cost effectiveness.

As provided for in the Docket 4600 RI Test Framework, benefits include primary fuel energy savings (electricity and natural gas), the value of other resource (fuel and water) benefits, price effects, non-embedded greenhouse gas reduction benefits, non-embedded NOx reduction benefits, the value of improved reliability, and non-energy impacts (NEIs). Costs include all projects costs, program planning and administration, sales, technical assistance and training, evaluation, and the performance incentive. To illustrate the detailed components of the RI Test as well as the sources of the values, the Company has provided Attachment 4: RI Benefit Cost Test. The RI Test as applied to the 2025 Plan utilizes the regional avoided cost study, referred to as AESC 2024, completed by Synapse Energy Economics in February 2024, that provided the monetization of most benefit categories. The monetization of benefits also incorporates the latest EM&V results that affect claimable savings in the programs. Per the LCP Standards, RI Test results also include the costs of carbon dioxide mitigation as they are imposed and are projected to be imposed by the Regional Greenhouse Gas Initiative, Rhode Island Renewable Energy Standard and Rhode Island Act on Climate. Attachment 4 provides additional detail on changes in the avoided costs.

Attachment 5, Table E-5 shows that the proposed portfolio of electric programs is expected to have a benefit-cost ratio of XX, counting all benefits regardless of the jurisdiction to which they accrue, which means that

⁷ [LCP Standards](#), section 3.2N.

approximately \$XX in monetized lifetime benefits is expected to be created for each \$1 spent on the portfolio. Attachment 6, Table G-5 shows that the proposed portfolio of gas programs is expected to have a benefit/cost ratio of XX in the presentation of BCR results, which means that \$XX in lifetime benefits is expected to be created for each \$1 spent on the portfolio. The tables in Attachments 5 and 6 also demonstrate cost-effectiveness at a program level.

Attachment 5, Table E-5A shows that the proposed Electric Portfolio is expected to have a benefit-cost ratio of XX, counting all benefits and costs which accrue only to RI Energy, which means that approximately \$XX in monetized lifetime benefits is expected to be created for each \$1 spent on the portfolio. Attachment 6, Table G-5A shows that the proposed Natural Gas Portfolio is expected to have a benefit/cost ratio of XX in the presentation of BCR results, which means that \$XX in lifetime benefits is expected to be created for each \$1 spent on the portfolio.

Cost-effectiveness results do not include economic impacts such as employment and gross state product impacts from energy efficiency investments. Economic impacts are shown separately from the benefit-cost analysis in Attachment 5, Table E-5B (Economic Benefits) and Attachment 6, Table E-6B (Economic Benefits). In addition, the RI Test and the Docket 4600 Framework guidance also indicate that categories of the Framework can be considered qualitatively in the assessment of cost effectiveness. When considering the significant economic activity generated directly by the programs, including supporting close to XX FTEs associated with the programs and more than XX companies involved, as well as non-quantified benefits such as resiliency, a reasonable assumption is that the macroeconomic benefits of the programs are positive and potentially significant and, were those benefits included in the RI Test screening as quantified benefits, the programs would achieve more favorable benefit-cost ratios.

6.3 Reliability

6.3.1 Interpretation of Standard

The Standards for reliability create an expectation that the Company will be able to deliver the programs described herein and that the savings realized from program delivery are accurately estimated and measured, which ensures that the energy savings described herein can meet reliability standards. In addition, as applicable, programs should be scalable and be tailored to meet specific system needs.

6.3.2 Compliance with Standard

The energy efficiency programs developed under this Annual Plan will continue the Company's extensive history of offering best-in-class offerings to customers. The Company continues to collaborate with a diverse set of stakeholders including the EEC, OER, Division, and community and advocacy organizations to continually analyze the programs and identify opportunities for improvement.

In building this Annual Plan, the Company's Customer Energy Management team worked closely with industry experts, vendors, and program implementation professionals to assess the current state of existing programs, the potential for program scalability, the economic environment, and the ability to deliver reliable energy savings as a result.

Supporting the Company's efforts to deploy energy efficiency to Rhode Island customers is a robust and long-standing EM&V apparatus, and the resulting robust, verifiable savings ensure this Annual Plan's fulfillment of the requirements of the Reliability Standard. As noted in Section 5, the Company hires independent third-party consulting firms to regularly conduct evaluation studies as part of its EM&V process. A distinct group of personnel within RI Energy that includes analysts with specialized skills in engineering, statistics, and economics are tasked with the EM&V function and coordinate all elements of the EM&V process internally and externally. Evaluations incorporate industry standard methods to assess the actual energy and demand savings of measures incentivized by the programs.

All elements of the EM&V process are closely monitored by the EEC, their consultants, and OER. The EM&V process is continual, and every year results from EM&V studies are used to update the savings in the benefit cost calculation of the measure, programs, and portfolios. In addition, process evaluations and market studies conducted in the EM&V process provide an independent perspective on the performance of the programs and provide insight into the state of the market and ways that the Company can address new opportunities with its programs.

In total, these EM&V processes provide a transparent, externally vetted approach to ensuring that claimed savings provide as accurate a picture as possible of the impact of the Company's energy efficiency programs, accounting for spillover, free ridership, and other industry standard adjustment factors. Taken together, this approach complies with the Standard of Reliability.

The EM&V process also supports the Company's participation in the ISO-NE FCM. Passive demand savings achieved via electric energy efficiency and Combined Heat and Power projects, and verified by the EM&V process, continue to participate in the FCM as Passive On-Peak Demand Resources. As detailed further in section 8.2.3, the Company bids the passive demand savings attributed to energy efficiency measures and Combined Heat and Power facilities in the FCM and manages the associated capacity resources to maximize the resulting FCM revenue. The EM&V process provides the necessary verification of claimed savings in order to meet the high standards for participation in the FCM.

6.4 Prudence

6.4.1 Interpretation of Standard

The Company has considered, and continues to consider, several key components in the analysis of prudence. These components can be summarized as considerations about the proposed investments on the following:

- Support for the purposes of Least Cost Procurement.
- Synergy savings through alternatives that meet multiple needs.
- Management of risks to ratepayers and the distribution Company.
- Effective use of funding sources.
- Equitable in the allocation of costs, benefits, access to services, and participation.
- Rate and bill impacts.

- Continuity of implementation efforts.

6.4.2 Compliance with Standards

For the proposed investments detailed in this Annual Plan, the Company has assessed each of these elements and how they can be balanced to provide a comprehensive set of programs that will be achievable within known and anticipated constraints.

Purposes of Least Cost Procurement

This 2025 Plan secures cost-effective energy efficiency resources, as detailed in Section 6.1.2, to support the electric and gas system through the creation of customer benefits in various components enumerated in both the RI Test, comparison with the Cost of Supply, as well as the Performance Incentive Mechanism.

Synergy Savings

Program design seeks out synergies in customer participation, through a comprehensive view of savings opportunities wherever possible and tiered incentive offers. As an example of the way that the proposed investments in this Annual Plan address multiple needs, the Company has coordinated with the OER regarding engaging customers to weatherize at the same time they are converting to heat pumps.

Management of Risks

Energy efficiency investments are generally low risk investments. Savings have been well researched and documented through evaluation studies and the Company has confidence, based on those studies, that predicted savings will be realized. Continued research through new evaluation studies contributes to continuous program improvement and increasing levels of confidence. Furthermore, many programs include customer education, post-installation inspection, or commissioning to provide a foundation for assumptions about savings persistence. This further reduces risk to ratepayers. Additionally, when the savings are reliably estimated, it serves to increase confidence and reduce risk related to the energy efficiency resource in distribution planning. Finally, by reducing costs and reliance on fuel supply by reducing demand, energy efficiency can offer some protection and risk reduction associated with market and energy price volatility.

Effective Use of Funding

As described in Section 8.2, the Company has identified a number of funding sources to support the Annual Plan budget. Furthermore, several sources of financing are offered to customers to enable program budgets to go further to achieve 2024 Plan targets. Finally, effective use of funding is represented in the mix of measures and incentives planned in order to balance the Portfolio to achieve the Annual Plan's objectives.

Equitable Allocation of Costs, Benefits, Services and Participation

As shown in Figure 1, there is approximate parity between the collections by a customer class and its resulting budget and savings in the Electric Portfolio. The only exception is the income-eligible sector where part of the collections from the residential and C&I customer classes are used to help cover the income-eligible sector funding needs.

The Income-Eligible budget is higher compared to its savings due to several factors: incentives are 100 percent of the cost, the programs are more expensive because they are delivered in-home (compared to at retail sites or via rebates) which requires more labor and management, and the programs have fewer economies of scale (compared to C&I). \$XX million is budgeted for the delivery of the gas and electric income-eligible sector programs, XX percent and XX percent of the total funding for each fuel portfolio respectively in 2025. Taken together, these investments represent XX percent of the overall Electric and Natural Gas portfolio budgets.

[PLACEHOLDER: Figure 1. 2024 Graphical representation of Attachment 5 Table E-1, E-7, and total Electric Savings by Sector. Cumulative](#)

For the Natural Gas Portfolio, there is also parity between the collections by a customer class and the resulting savings. There is less equitable allocation between budgets and savings. This is due to several factors. First, the energy efficiency program charge varies by customer segment, which changes collections. Second, C&I projects tend to create more savings per dollar. This is due to larger economies of scale, larger projects, different delivery channels that require less labor or management and are more cost-effective, evaluation factors such as free-ridership and spillover, and different customer opportunities. Figure 2 shows the distribution of savings, collections, and budget in the gas portfolio.

[PLACEHOLDER: Figure 2. 2024 Graphical representation of Attachment 6 Table G-1, G-7, and total Gas Savings by Sector. Cumulative](#)

Given these considerations, as well as the continued interest in supporting income eligible programs, the allocation of costs and benefits is prudently equitable.

Rate and Bill Impacts

The Company has assessed rate and bill impacts of the proposed Electric and Natural Gas Portfolios. Summary results are included in the tables below, while additional details are available in Attachment 7: Rate & Bill Impacts.

Electric Programs are projected to usually generate slight upward movement on long-term rates; however, sometimes they generate a reduction in long-term rates. The range of long-term rate impacts is between XX percent and XX percent. Natural gas programs are projected to generate slight upward movement on long-term rates between XX percent and XX percent. For income-eligible customer participants, small C&I

participants, and large C&I participants, modeling shows a reduction in rates between XX percent and XX percent.⁸ All natural gas sectors see a slight increase in long-term rates due to the 2024 programs.

For both residential and C&I participants, modeling shows a reduction in bills between XX percent and XX percent. All electric sectors, except standard residential, see slight increases in long-term rates. For all sectors, average electric customers see small decreases in overall bills. Furthermore, average electric participants see decreases in their long-term bills. With the exception of the large C&I and Residential HERs customers, the average gas customer sees a small increase in long-term bills while the average natural gas participant experiences a reduction in long-term bills across all sectors.

Continuity of Implementation Efforts

While not explicitly spelled out in the Standards, the Company has historically considered the continuity of implementation efforts as an element of prudence. Continuity of implementation efforts means changing the scope or scale of programs in a way that is sensitive to maintaining and developing a skilled workforce and receptive to the prevailing economic conditions in the marketplace. The Company generally informs vendors of planned program changes to enable them to prepare their workforce as necessary (for example to ramp up or provide training). The Company also pays attention to this aspect of continuity because, absent continuity, skilled workers may move to other jobs which could result in disruptions of energy efficiency services to customers.

6.5 Environmentally Responsible

The Company plans to work with Stakeholders throughout the 2025 planning process to update how avoided emissions are tracked within the programs.

6.5.1 Interpretation of the Standard

Environmental responsibility includes compliance of the Annual Plan with state policies, particularly pollution reduction. This Standard further requires proper valuation of environmental costs and benefits in this 2025 Plan. Modifications to the Standards in Docket 23-07-EE specify that demonstration of environmental responsibility include an assessment of compliance with state climate policies, and proper valuation of climate costs and benefits, in addition to environmental costs and benefits. The Company's interpretation of this addition is that, by distinguishing between environmental policies and values and climate policy and values, the Commission intends for the Company to assess the climate impacts of its programs, specifically as they relate to the Act on Climate targets.

⁸ The calculated impacts on long-term rates are not designed to reflect the net increase or decrease to the EE charge from the prior/current energy efficiency plan. Instead, the models calculate the long-term rate impact of the Electric and Natural Gas Energy Efficiency Portfolios by comparing a "No EE" scenario to an "EE" scenario of customer rates. In other words, the "No EE" scenario models rates in the absence of an EE program, and, therefore, contains no EE charge while the "EE" scenario models rates in the presence of an EE program, and, therefore, contains an EE charge. Additionally, long-term rate impacts are captured as a levelized average over the study period rather than a single year.

6.5.2 Compliance with Standard

The energy efficiency programs and Portfolios described in this Annual Plan are environmentally responsible. As detailed in Section 5.3, the Act on Climate stipulates mandatory and time-bound emissions reductions for the state. This Annual Plan seeks to continue the progress that has been made in reducing emissions by providing customers across all sectors with ways to reduce their energy consumption. Energy efficiency therefore contributes directly to meeting the Act on Climate's goals as well as other environmental policies and priorities in the state. In addition to direct emissions reductions benefits, energy efficiency investments reduce the potential environmental costs and footprint of avoided infrastructure investments and support the ongoing growth and development of a sustainable, green job ecosystem in Rhode Island.

Both the Electric and Natural Gas Portfolios will make a meaningful contribution to reduction in emissions by driving reductions in customer energy usage in both the short and long term. As shown in Attachments 5 and 6, the Electric and natural Gas Portfolios, considered together, will reduce annual emissions by XX short tons of carbon in 2025.⁹ The values of non-embedded avoided carbon are calculated using avoided cost values determined in AESC 2024: the non-embedded values of carbon dioxide and nitrous oxide benefits generated by the 2025 Plan over the lifetime of the measures are \$XX million and \$XX million respectively. These monetized values of emissions are included as benefit streams in the RI Test benefit-cost assessment and in the assessment of cost of supply for the portfolio; however, they are excluded from the calculation of net benefits in the Performance Incentive Mechanism.

The Company's 2025 Plan complies with, or otherwise advances, the 2021 Act on Climate, which sets statewide, economy-wide greenhouse gas emissions reduction mandates. The proposed investments reduce both electric and gas consumption. On the electric side, prior to meeting the 100 percent Renewable Energy Standard in 2033, any electric savings will directly support the State in meeting its 2030 greenhouse gas emissions reduction mandate through reduced peak demand, which reduces emissions associated with peaker plants, and by ramping up efficiency investments that will help enable the use of more renewables in the future. On the gas side, all gas savings will directly support the State in meeting its 2030 greenhouse gas emissions reduction mandate by reducing emissions associated with customer purchases of gas appliances. Indeed, the State's 2022 *Update to the 2016 Greenhouse Gas Emissions Reduction Plan* calls out both electric and gas energy efficiency as a priority short-term action to get Rhode Island on the path to meet the 2021 Act on Climate's 2030 mandate. To properly value the environmental and climate costs and benefits associated with the proposed investment in energy efficiency, the Company used the marginal abatement cost to monetize both embedded and non-embedded value of greenhouse gas emissions reduction.

As noted in Section 2.5.2, this Annual Plan includes several activities designed to support upskilling of the green workforce. In providing for these jobs and demonstrating the availability and attractiveness of local,

⁹ While all energy savings seen in the Annual Plan are net, these emissions are calculated based on gross energy savings from EE measures because meeting the state's targets does not depend on who is getting credit for the GHG reductions. The marginal carbon emission rates are from "Avoided Energy Supply Components in New England: 2024 Report" Appendix G.

green jobs to Rhode Island's existing and emerging workforce, the Company's energy efficiency programs help to ensure that the local workforce will exist to support the state's environmental policy goals.

Educating and engaging residential and business customers on the potential environmental impacts and benefits of the implementation of energy efficiency measures is a foundational element of the Company's energy efficiency go-to-market strategy and contributes to the environmental responsibility of the Annual Plan. Whether in the form of conveying potential environmental benefits of customer recommendations through Home Energy Reports, EnergyWise home energy assessments, or retail marketing initiatives, or by connecting Small Business audits or large C&I customer sales efforts to business customer sustainability initiatives, the Company's energy efficiency program presence continue to help to support the prominence of environmental issues in customers' minds. In doing so, the Company's programs continue to link energy savings and efficiency to real and visible benefits for the communities in which their residents and small business reside.

A final component of the environmental responsibility of the Company's 2024 Plan is its ongoing efforts in electrification. The Company will be continuing its efforts to transition electric resistance heating customers to more efficient heat pumps. The Company will also continue to cooperate and coordinate with the OER and others as the state implements its electrification and decarbonization strategies to reach customers that require fuel switching and are ineligible for RI Energy's programs.

6.6 Cost of Annual Plan Compared to the Cost of Energy Supply

6.6.1 Interpretation of the Standard

The LCP Standards define the cost of supply as "the cost of electric or natural gas energy supply that includes all rows in the Rhode Island Benefit Cost Framework that are costs caused by or associated with the procurement of energy supply, whether internal or external to the market cost of energy." The Standards further specify that "The distribution company shall compare the Cost of Supply and the Cost of Energy Efficiency or Conservation measures, programs, and portfolios using all costs enumerated in the RI Framework. The distribution company shall provide specific costs included in the Cost of Energy Supply and the Cost of Energy Efficiency or Conservation."

In accordance with the LCP Standards, the Company assessed the cost of incremental energy supply and the cost of energy efficiency using all applicable costs enumerated in the Rhode Island Benefit Cost Framework (Framework) approved by the PUC in Docket 4600-A and the Rhode Island Test as described in Attachment 4: RI Benefit Cost Test.

Like the Standard for cost effectiveness, in Docket 23-07-EE, changes to the Standards required an additional analysis of the Cost of Supply comparison that, "for categories with value or cost that is shared between RI Energy and other jurisdictions (both within the state and region), presents only those benefits and costs that will be allocated to Rhode Island Energy." In considering the nature of "other jurisdictions," the Company interpreted this to refer to states other than Rhode Island, and that "Rhode Island Energy" therefore refers, in this case, to Rhode Island. Using this interpretation, the Company identified certain categories of benefits

that flow outside of Rhode Island. These include a portion of DRIPE and PTF capacity values. To the best of the Company’s knowledge, no costs accrue outside of the state.

Further guidance from the Commission in the 2024 Plan proceedings directed that, for any program that has a forecasted cost that is greater than the Cost of Supply in the intrastate calculation which excludes the avoided cost of delivered fuels, the Annual Plan filing provide a justification for why the specific program should nevertheless be approved even though the program costs exceed the calculated avoided cost of supply. The justifications for specific programs that meet that condition will be provided in Attachments 1 and 2.

6.6.2 Compliance with Standard

For the analysis that includes benefits and costs that accrue only in the Rhode Island Energy jurisdiction, based on the Company’s calculation, the total cost of energy efficiency for the electric portfolio in the is \$XX million and the total cost of electric supply to meet the same need would be \$XX million. This is a total savings of \$XX million over the life of the installed measures from investing in energy efficiency instead of electric supply. The total cost of energy efficiency for the Natural Gas Portfolio is \$XX million and the total cost of natural gas supply to meet the same need would be \$XX million. This is a total savings of \$XX million over the life of the installed measures from investing in energy efficiency instead of natural gas supply. The methodology for calculating Cost of Supply is detailed below.

The RI Test is an appropriate mechanism to determine which costs to include in this assessment. The RI Test, as detailed in Attachment 4, captures the aspects of the Framework that pertain to energy efficiency programs. For the purposes of this assessment, the avoided cost values in the RI Test can also be applied as the costs of procuring additional energy supply. The RI Test also details what is considered a cost of energy efficiency. These are costs incurred by the utility to implement the Annual Plan and the expense borne by the customer for its share of the energy efficiency measure cost.

The Company proposes to use the costs described in [Table 1Table 9](#) to compare the cost of energy efficiency to the cost of energy supply. The categories listed in this table are all used in the RI Test, as defined in Attachment 4. As directed by the LCP Standards, the Company provides an explanation for why cost categories are either appropriate or not appropriate for inclusion in the assessment of the cost of energy supply compared to the cost of energy efficiency.

[Table 19. List of the Costs of Energy Efficiency and Costs of Energy Supply](#)

Assessing the Cost of Supply, the Company applies the above costs of supply to the lifetime electricity, lifetime MMBtu of delivered fuels, demand, and natural gas savings for each measure included in the Annual Plan in present value terms. The costs of the 2025 Plan occur only in the 2025 program year and are therefore not discounted. The results of the Cost of Supply analysis are presented in [Table 2Table 10](#), including the additional intrastate assessment required by the LCP Standards.

[Table 210. Costs of Energy Efficiency and Costs of Energy Supply, Electric and Gas, Portfolio Level](#)

Based on this analysis, the 2024 Plan at both the electric and gas portfolio levels is compliant with the Standard of Lower Than the Cost of supply.

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The tables below present the Cost of Supply comparison at the program level.

[Placeholder. Costs of Energy Efficiency and Costs of Energy Supply, Electric Program Level](#)

[Placeholder: Costs of Energy Efficiency and Costs of Energy Supply, Gas Program Level](#)

As seen in the tables, the cost of some energy efficiency programs exceed the Cost of Supply. Per the PUC’s guidance, the Company has developed a methodology to support continued inclusion of the programs in the portfolio, where appropriate. The justification framework includes holistic consideration of the following elements alongside the RI Test BCR ratio and the Cost of Supply Comparison:

- Compliance with and importance of meeting other elements of the Standards: prudence, reliability, environmental responsibility, equitable distribution of efficiency funding
- Adherence to the Principles of Program Design as articulated in the Standards, including: Measure part of a complementary bundled package of measures within a program, program continuity, market potential for measures
- The merits of comparing the resource costs of energy efficiency with the cost of supply at the portfolio level as opposed to the program level
- Uncertainty around the estimates of the Cost of Supply (exclusions, sensitivity to changes in avoided costs and savings estimates)
- Magnitude of or availability of non-SBC funding sources to support programs where the cost of efficiency exceeds the cost of supply and the lost opportunity that would exist if those programs were not funded by any source

The justifications for specific programs are provided in Attachments 1 and 2.

7. SAVINGS GOALS

7.1 Savings Goals

Savings goals will change from those included in the 2025 year of the 2024 – 2026 Three-Year Plan Compliance Filings.

7.2 Annual Plan Compared to the Three-Year Plan

The Company anticipates there will be changes to program year 2025 from the illustrative savings, benefits, and costs as shown in the Company’s compliance filings for the Three-Year Plan (3YP). Changes from the Three-Year Plan compliance filings will be explained in the text of the Annual Plan. Top-line values from the Three-Year Plan compliance filings will be shown in the table below for reference.

Table 34. Comparison of 2025 Electric Portfolio in Three-Year Plan Compliance Filing and 2025 Annual Plan

Electric Portfolio	2025 in 3YP Compliance Filing	2025 Annual Plan	% Change
Annual Savings (MWh)		-	-
Lifetime Savings (MWh)		-	-
Total Benefits (RI Test)		-	-
Total Spending		-	-
Benefit Cost Ratio (RI Test)		-	-
Cost/Lifetime kWh		-	-
EE Program Charge per kWh		-	-

Table 42. Comparison of 2025 Gas Portfolio in Three-Year Plan Compliance Filing and 2025 Annual Plan

Gas Portfolio	2025 in 3YP Compliance Filing	2025 Annual Plan	% Change
Annual Savings (MMBtu)		-	-
Lifetime Savings (MMBtu)		-	-
Cost/Lifetime MMBtu		-	-
Total Benefits (RI Test)		-	-
Total Spending		-	-
Benefit Cost Ratio (RI Test)		-	-
C&I EE Program Charge per Dth		-	-
Residential EE Program Charge per Dth		-	-

7.3 Comparison of 2025 Goals with Proposed EEC Targets

This section compares the Company's proposed goals for 2025 with the targets proposed by the EEC. These targets, which were informed by the EEC-commissioned Market Potential Study Refresh, are still under PUC review. Table 11 shows a summary comparison by sector of lifetime savings.

Table 11. Comparison of Goals with EERMC Proposed Targets

	Planned Values		EERMC Proposed Targets	
	Lifetime MMBtu (Gas Programs)	Lifetime MWh (Electric Programs)	Lifetime MMBtu (Gas Programs)	Lifetime MWh (Electric Programs)
Residential				
2025				
Income Eligible Residential				
2025				
C&I				
2025				
Total Savings				
2025				

To perform the comparison, because measure names in the two sources do not match, assumptions were made to match MPS measures with BCR measures. This matching process could have potentially created some disparities in the comparison. With this caveat in mind, the primary differences between the MPS Refresh and BCR include:

- **Planned quantities of measures.** The difference in quantities between the MPS Refresh and the Company's goals is largely driven by unconstrained budget increases allowed in the MPS Refresh. The significantly higher quantities in the MPS Refresh caused savings to be significantly higher for many measures.
- **Sourcing and values of impact factors.** The BCR sources were mostly Rhode Island specific studies, recent Massachusetts studies, or sourced from recent technical reference manuals (TRMs). These updated sources in several cases reflected decreased savings compared to the sources used in the MPS Refresh which included IL 2019 TRM, Iowa 2018 TRM, MA 2019 TRM, Dunskey Professional Judgement, and ENERGY STAR sources.
- **Lifetime savings.** Differences in lifetime savings were driven by differences in impact factors and planned quantities, as well as some measure life differences.
- **Measures included in the MPS Refresh.** There were a handful of measures providing savings in the MPS Refresh that the Company does not currently plan for in its energy efficiency programs. Some of these measures failed the RI Test when the Company had previously screened them and some of them are new.

This comparison provides valuable insight into the differences between the EERMC's filed targets and the goals proposed by the Company over the coming three years and this analysis was shared with the EEC. Further understanding of these differences could reduce the gap between the savings estimates. It could also provide insight into potential recommendations for updates in subsequent Plans. These updates may include updating impact factors by using assumption references from the MPS Refresh, updating planned quantities through considering different marketing approaches or adjusting incentive levels, adding in new measures called out within the MPS Refresh, or using the analysis to support net savings goals.

8. FUNDING PLAN AND BUDGETS

Commented [RIE59]: This section to be updated as the Plan numbers are developed.

8.1 Budgets

The Company is proposing Energy Efficiency Portfolio budgets for 2025 that are TK percent [TK, higher/lower] than the final approved budgets for 2024. In developing the Annual Plan, the RI Energy team has focused on striking the best balance between delivering the necessary benefits of energy efficiency and maintaining a budget that reduces bill pressure on our customers given present economic realities affecting Rhode Island. The Company submits that its approach in developing the budget for 2025 is consistent with the prudence requirements of the Standards.

The Energy Efficiency Portfolio for 2025 will have an overall budget of approximately \$TK million for electric programs and \$TK million for natural gas programs. The budget is segmented into three sectors: residential income eligible, residential non-income eligible, and C&I. Proposed sector and program budgets are provided in Attachment 5: Electric EE Program Tables, Table E-2 and Attachment 6: Gas EE Program Tables, Table G-2.

A comparison of these proposed budgets to the 2023 budget is provided in Attachment 5, Table E-4 and Attachment 6, Table G-4.

The Company will continue the practice of funding commitments established in the 2014 Plan, Docket 4451. Specifically, the Company will continue to make funding commitments for projects with a projected one-time incentive in excess of \$3.0 million. For all other projects, except those with incentives greater than \$3.0 million, there would be no commitment budget.

8.2 Funding Plan

The 2025 budgets for cost-effective electric and natural gas efficiency investments are dependent on a number of projections that inform the amount of funding, including projections of electricity and natural gas sales, year-end 2024 large C&I program commitments, capacity payments received from ISO-NE (electric only), and forecast year-end 2024 spending. The sources of funding and the amounts of the funding proposed for the 2025 Energy Efficiency Portfolio are shown in Table E-1 for Electric Programs and Table G-1 for Natural Gas Programs. Annual Plan funding sources are described in the sections that follow.

8.2.1 Energy Efficiency Charges.

No major revisions anticipated.

8.2.2 Fund Balances

No major revisions anticipated.

8.2.3 ISO-NE Capacity Market Revenue

Similar to the past several years, the Company expects that FCM revenues will decline for the 2025 plan year. The current estimate for capacity market revenue in 2025 is \$9,795,081.

8.2.4 RGGI Funding

The Company does not expect any revenue from RGGI for the 2025 plan year.

8.2.5 Exceptions to the Natural Gas Energy Efficiency Program Charge

No major revisions anticipated.

8.2.6 Budget Management

Deviations from the planned budget for 2025 are possible during the program year. The Company contemplates three potential overspending scenarios, and will address them as follows:

Anticipated overspending up to 10 percent. The Company's expenditures for 2025 may exceed the total portfolio budget by up to 10 percent as long as written notification is provided to the EEC, OER, PUC, and DPUC for any deviation. The Company will track expected expenditures relative to planned budgets and will report to stakeholders through inclusion in the quarterly reports, or earlier, if the Company believes such overage is likely to occur. Any such notification will occur as soon as possible, and no later

than the distribution of the Company's Third Quarter Report in mid-November 2025 and must explain the need for a higher budget and must justify how the expenditures are reasonably consistent with the original Annual Plan and in accordance with Least Cost Procurement.

Anticipated overspending in excess of 10 percent. During 2025, if the Company anticipates that continued operation of its programs is likely to result in actual expenditures exceeding the total portfolio budget by more than 10 percent, the Company will seek a vote of approval from the EEC. OER commits to making all reasonable efforts to schedule such vote as soon as feasible following notification, but no later than thirty days from receipt of notification. The PUC will not provide advance approval of expenditures exceeding the total budget by more than 10 percent. The Company will be required to demonstrate to the PUC that the overspend was prudent. Support from the Division, OER, and EEC will be considered in the PUC's review of prudence.

Unanticipated overspending in excess of 10 percent. If the Company did not anticipate and notify stakeholders identified above that its actual expenditures would exceed the total portfolio budget by more than 10 percent, but actual expenditures do exceed such threshold, such expenditures above 110 percent of approved budget will be at the Company's risk. In order to secure cost recovery, the Company will bear the burden of demonstrating the reasonableness of its actions to the PUC, including an explanation of why the overspending occurred and how the expenditures are reasonably consistent with the original Annual Plan and in accordance with Least Cost Procurement. Such a demonstration would be required to be part of the 2025 Year-End Report.

In all instances, the PUC retains its ratemaking authority to review the prudence and reasonableness of the Company's actions.

8.2.7 Notification of Large Customer Incentives

No major revisions anticipated.

9. PERFORMANCE INCENTIVE PLAN

Throughout the planning process, the Company will engage with stakeholders if updates are needed to this section of the plan regarding future performance metrics. As of this Draft, the Company is not proposing any changes to the Performance Incentive Plan from the one adopted by the Commission for the 2024 Annual Energy Efficiency Plan

10. ADVANCING DOCKET 4600 PRINCIPLES AND GOALS

No major revisions anticipated. This section will detail how the 2025 Plan advances the principles and goals from Docket 4600.

Commented [CJ60]: What is the plan for this? I'm specifically interested in if/how we can finally begin setting a framework for an equity component in the PIM.

Commented [RIE60R2]: The Company is open to discussing stakeholder proposals to update the PIM but feels that an equity component should be looked at as part of our rate case of overall service quality plan, since it impacts many areas of our operations.

11. CONCLUSION

12. MISCELLANEOUS PROVISIONS

No major revisions anticipated. This section will indicate specific caveats and stipulations of the Plan.

13. REPORTING REQUIREMENTS

No major revisions to this section are anticipated. This section will provide information on the quarterly and annual reporting on the implementation of the 2025 Annual Plan.

14. REQUESTED RULINGS

Consistent with the latest revised LCP Standards, this section will indicate the specific rulings the Company requests of the RI PUC through this filing.

ATTACHMENTS

Annual Plan Attachment 1. Residential and Income Eligible Energy Efficiency Solutions and Programs

Annual Plan Attachment 2. Commercial and Industrial Energy Efficiency Solutions and Programs

Anticipated revisions to program strategy highlighted in Section [02-4](#) above. This attachment will continue to provide detail about all elements of the Commercial and Industrial programs.

Annual Plan Attachment 3. Evaluation, Measurement & Verification Plan

Annual Plan Attachment 4. Rhode Island Benefit Cost Test Description

Annual Plan Attachment 5 and Attachment 6. Electric and Gas Energy Efficiency Program Tables

Annual Plan Attachment 7. Rate and Bill Impacts

Annual Plan Attachment 8. Pilots, Demonstrations & Assessments

Annual Plan Attachment 9. Cross-Program Summary

Annual Plan Attachment 10. Definitions

Annual Plan Attachment 11: 2024 Equity Working Group Report

Page 11: [1] Commented [SA5] Susan AnderBois 4/11/2024 1:52:00 PM

Really appreciate these priorities. I also appreciate that this it does not include one on improving Company/Customer ratings --- that it's truly about program outcomes, not just about the company.

I wonder if there's something in either priority 1 or 4 where there's some partnerships with trusted community groups built in? Optimized and tailored programs may include the company partnering with trusted local contracts, etc.

Page 11: [2] Commented [j7] jen 4/24/2024 2:02:00 PM

This is another area where communication and outreach strategies are important. How is the Company engaging customers? How is the company assessing and working to improve those strategies? This is a cross sector issue as well as an equity issue.

Page 11: [3] Commented [SA9] Susan AnderBois 4/11/2024 2:04:00 PM

Maybe we should have some sort of program design of pilots/demos that lead to larger implementation?

It feels like good demos/pilots are done that then die?

Page 12: [4] Commented [RIE17R2] RI Energy 5/23/2024 3:21:00 PM

The principles of program design are adopted from section 3.2 of the Standards. There are 14 sections there, each highlighting a principle. Those 14 sections match these 14 bullets here.

Also, first principle is Integration with other programs and policies. Readers are directed to Section 5, where in Section 5.2 Act on Climate is explicitly discussed.

When the PUC adds what the commenter suggests to its principles, we will add them here.

Page 17: [5] Commented [RIE28R2] RI Energy 5/23/2024 3:52:00 PM

Yes, there are a number of efforts currently underway in 2024 which we want to continue to build on in 2025:

- coordination through Greg Ohadoma (Manager, Equity Justice) @ OER with several organizations including the RI Black Business Association, Center for Southeast Asians and other organizations

- RISE is hiring a person to manage outreach to non-profit organizations

- RIE is hiring a contractor to support C&I marketing efforts which would include outreach to non-profit organizations

- RIE seeking to purchase ad space in non-profit organizations newsletters and other communications to raise awareness of the Small Business Program

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RI Energy

5/28/2024 12:15:00 PM

The Company will discuss participation simplification ideas with the Equity Working Group (EWG). The EWG will be developing its recommendations for the 2025 plan over the summer.

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Dan Mellinger

4/26/2024 1:46:00 PM

Implementing ways to simplify program participation, such as expanding midstream measures, simplifying participation forms, promoting/expanding direct-to-contractor payments, etc.