

**2025 Energy Efficiency Plan
Final Draft Plan
September 6, 2024**

Dear Energy Efficiency Technical Working Group Members and Energy Efficiency Council (EEC) members, Rhode Island Energy (the Company) is providing stakeholders with this Final 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 details regarding the programmatic elements of the annual plan and respond to stakeholder feedback. 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
- Attachments 5 & 6: Electric & Gas Tables
- Attachment 8. Demonstrations, Pilots, & Assessments
- Attachment 9: Cross Program Summary
- Attachment 10: Definitions

Please note that Attachment 7, formerly Bill and Rate Impacts, is being reserved for potential future use. Tables E11 and G11 show the change in the energy efficiency charge plus the rate impact from the change in the EE charge from 2024 to 2025.

We have attempted to address all the comments received on the last version of the draft, both those in the narrative sections and those regarding the first draft of the plan numbers.

There are a number of evaluation studies in progress that have the potential to impact plan numbers. These include:

- Impact Evaluation of PY2022 Custom Gas Installations (RI-23-CG-CustGasPY22)
- Impact Evaluation of PY2022 Custom Electric Installations (RI-23-CE-CustElecPY22)
- Comprehensive Measure Life Review, Phase II (RI-243-XX-MeasureLife)
- Review of IECC 2024 and adopt any identified code changes

As those studies are outstanding, they are not reflected in the numbers provided with this draft. Any changes that result from these evaluation studies will be incorporated, to the extent possible, in the drafts following the completion of these studies.

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 clean copies of the documents sent on September 6th as soon as possible to facilitate any updates ahead of final plan submission to the PUC.

UPDATED PLANNING CALENDAR

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

TABLE OF CONTENTS

Pre-Filed Testimony	7
1. Introduction.....	7
1.1 Executive Summary	7
1.2 Plan Summary	9
1.2.1 Savings.....	9
1.2.2 Benefits	10
1.2.3 Economic Impacts	10
1.2.4 Environmental Benefits.....	10
1.2.5 Budgets and Funding.....	11
1.3 The Planning Process	13
1.4 How to Read This Plan	13
2. Strategies and Approaches to Planning	14
2.1 Strategic Overview of Programs and Priorities.....	14
2.2 Principles of Program Design	15
2.3 Residential & Income Eligible Programs	17
2.3.1 Overview of Residential and Income Eligible Energy Efficiency Programs	17
2.3.2 Major Residential and Income Eligible Program Changes	19
2.4 Commercial and Industrial Programs.....	19
2.4.21 Major Commercial and Industrial Program Changes.....	21
2.5 Multi-year Strategies	21
2.6 Cross-Cutting Programs	21
2.6.1 Equity	21
2.6.2 Workforce Development	26
2.6.2.1 Building Capacity for CAPs	29
2.6.2.2 Upskill Electricians and Energy Workers.....	30
2.6.2.3 Recruit and Upskill HVAC Contractors	30
2.6.2.4 Train Business Facilities Staff	30
2.6.2.5 Training for Codes and Standards.....	31
2.6.2.6 Build a Pipeline of Energy Workers.....	32

2.6.3 Financing and Funding Options.....	33
2.6.4 HVAC Equipment.....	33
2.6.5 Community-Based Initiatives.....	33
2.6.6 Participation and Outreach.....	35
3. Demonstrations, Pilots, and assessments.....	36
3.1 Demonstrations	36
3.2 Pilots.....	36
3.3 Assessments.....	37
3.4 2025 Demonstrations, Pilots and Assessments	37
4. Evaluation, Measurement and Verification Plan	37
5. Coordination with Other Energy Policies and Programs	38
5.1 System Reliability Procurement	38
5.2 Advanced Metering Functionality and Grid Modernization	38
5.3 2021 Act on Climate	39
5.4 Coordination with State and Federal Incentive Programs.....	40
5.4.1 Inflation Reduction Act	40
5.4.2 Other State and Federal Programs	41
5.4.3 Additional Funding Sources	42
5.5 New Codes and Standards	43
5.6 Future of Gas.....	44
6. Consistency with Standards	44
6.1 Least Cost Procurement Law and Standards	44
6.2 Cost Effectiveness.....	45
6.2.1 Interpretation of Standard.....	45
6.2.2 Compliance with Standard	45
6.3 Reliability.....	46
6.3.1 Interpretation of Standard	46
6.3.2 Compliance with Standard	46
6.4 Prudence.....	47
6.4.1 Interpretation of Standard.....	47

6.4.2 Compliance with Standards	48
6.5 Environmentally Responsible	51
6.5.1 Interpretation of the Standard	51
6.5.2 Compliance with Standard	52
6.6 Cost of Annual Plan Compared to the Cost of Energy Supply	53
6.6.1 Interpretation of the Standard	53
6.6.2 Compliance with Standard	54
6.6.3. Justification for Support of Programs where the Cost of Efficiency is Greater than the Cost of Supply 58	
6.6.3.1 Overall Approach	59
6.6.3.2 Rationale consistent with LCP Standards.....	59
6.6.3.3 Other non-LCP Standard justifications.....	62
6.6.3.4 Program-specific Justifications	63
7. Savings Goals	65
7.1 Savings Goals	65
7.2 Annual Plan Compared to the Three-Year Plan	65
7.3 Comparison of 2025 Goals with Proposed EEC Targets.....	65
7.4 Analysis of Total Rhode Island Energy Efficiency	67
8. Funding Plan and Budgets.....	68
8.1 Budgets.....	68
8.2 Funding Plan	69
8.2.1 Energy Efficiency Charges.	69
8.2.2 Fund Balances	71
8.2.3 ISO-NE Capacity Market Revenue.....	72
8.2.4 Regional Greenhouse Gas Initiative (RGGI) Funding	72
8.2.5 Exceptions to the Natural Gas Energy Efficiency Program Charge	73
8.2.6 Budget Management	73
8.2.7 Notification of Large Customer Incentives	74
9. Performance Incentive Plan	74
9.1 Future Performance Metrics	78

10. Advancing Docket 4600 Principles and Goals	78
11. Conclusion	79
12. Miscellaneous Provisions	80
13. Reporting Requirements.....	81
14. Requested Rulings	81
Attachments	82
Annual Plan Attachment 1. Residential and Income Eligible Energy Efficiency Solutions and Programs	82
Annual Plan Attachment 2. Commercial and Industrial Energy Efficiency Solutions and Programs	82
Annual Plan Attachment 3. Evaluation, Measurement & Verification Plan	82
Annual Plan Attachment 4. Rhode Island Benefit Cost Test Description	82
Annual Plan Attachment 5 and Attachment 6. Electric and Gas Energy Efficiency Program Tables	82
Annual Plan Attachment 7. (Reserved for future use).....	82
Annual Plan Attachment 8. Pilots, Demonstrations & Assessments	82
Annual Plan Attachment 9. Cross-Program Summary	82
Annual Plan Attachment 10. Definitions	82
Annual Plan Attachment 11: 2024 Equity Working Group Report.....	82

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 and Company focus, to better reflect specific utility system benefits and customer costs. Additional detail on these efforts can be found throughout the Plan narrative and, in particular, Section 6.4.2.

1.1 Executive Summary

Pursuant to Rhode Island General Statute § 39-1-27.7, the *Comprehensive Energy Conservation, Efficiency and Affordability Act of 2006*¹, the Narragansett Electric Company d/b/a Rhode Island Energy (RI Energy or Company) hereby submits its 2025 Annual Energy Efficiency and Conservation Procurement Plan (Annual Plan or 2025 Plan). This is the second annual plan of three submitted within the sixth triennial plan, the 2024-2026 Three-Year Energy Efficiency and Conservation Procurement Plan² (2024-2026 Plan).

The Company’s energy efficiency programs are a cost-effective method of contributing to mitigating climate change and contributing to state and federal mandates for greenhouse gas emission reductions.

¹Rhode Island General Law, [Comprehensive Energy Conservation, Efficiency, and Affordability Act of 2006](#), RIGL § 39-1-27.7.

² [2024-2026 Plan \(filed Oct. 2, 2023\)](#)

Efficiency programs reduce carbon dioxide and other greenhouse gas emissions, such as nitrous oxides, sulfur oxides and chlorofluorocarbons (from refrigerants). On April 14, 2021, Governor Dan McKee signed into law the 2021 Act on Climate³, legislation which set forth enforceable statewide, economy-wide greenhouse gas emission reduction mandates. The legislation requires Rhode Island to reduce greenhouse gas emissions by 45 percent below 1990 levels by 2030, 80 percent by 2040, and achieve net-zero emissions by 2050.

To develop the 2025 Annual Plan and its binding savings goals and budgets, the Company worked with the Energy Efficiency Council (EEC), the Office of Energy Resources (OER), the Division of Public Utilities and Carriers (the Division), Energy Efficiency Technical Working Group (EE TWG) stakeholders, the Energy Efficiency Equity Working Group (EE EWG), and the Company's vendors. The EE EWG's report recommendations and ongoing work to increase outreach and participation equitably in the state influenced the design and implementation of the 2025 Plan.

The 2025 Plan is a \$116.6 million investment in helping Rhode Island customers save energy and money. This investment is expected to save 5,593,775 net lifetime MMBtu (one million British thermal units) and 577,510 net annual MMBtu across all fuels, while reducing annual carbon dioxide emissions by 61,237 short tons. By calculating the combined energy and non-energy benefits (e.g., other system, societal, environmental, etc.), the state's efficiency investment is expected to generate \$269.7 million in total net benefits.

The Company recognizes that highly skilled professionals are the key to engaging more customers, driving participation in programs, and increasing energy savings across the Company's energy efficiency programs. In 2025 the Company's workforce development efforts span a range of capacity building efforts, including working with Community Action Programs (CAPS), the organizations responsible for implementing income eligible weatherization programs, to support their staff and aid in the recruitment and training of additional energy auditors to enhance their ability to serve eligible customers. 2025 will also usher in a new statewide energy code, the 2024 International Energy Conservation Code (IECC)⁴, and the Company has already begun, and will continue into 2025, trainings for contractors, town officials, program implementers, and other relevant stakeholders on the implications of the new energy code on the design and installation of energy efficiency measures in both existing buildings and new construction projects. The Company expects that the Inflation Reduction Act⁵ (IRA) and other state and local programs to fund energy initiatives will increase the demand for energy efficiency. The Company, in order to meet this increased demand, will expand the current efficiency workforce development efforts and leverage the knowledge and training opportunities available through trade allies and other industry experts.

³ [Rhode Island General Law, 2021 Act on Climate, RIGL §42-6.2](#)

⁴ [IECC Legislation](#)

⁵ [Inflation Reduction Act](#)

The Company, through the Equity Working Group, continues to develop and implement an equity-driven framework for its energy efficiency programs. In 2024, the Company will begin reporting to the EEC on equity metrics suggested by the EWG and refine those metrics over the course of 2025 to better quantify the impact of its efforts. RI Energy will further align its programs with the Federal Justice40⁶ Initiative to ensure underserved Rhode Island communities are able to access and benefit from both federal funding and the Company's energy efficiency programs. The Company will also continue efforts to leverage federal, state, and local funding to support and complement existing efficiency efforts. This additional funding could allow RI Energy to serve more customers across all sectors, address weatherization and other participation barriers, and help incentivize the decarbonization of building heating, cooling and hot water systems. Please see Section 2.6.3 for a further description of the Company's efforts to collaborate with other funding sources.

As outlined in RI PUC Order 25092⁷ within Docket 23-35-EE, any program with a projected cost exceeding the cost of supply, excluding delivered fuels in the intrastate calculation, must justify its approval despite surpassing the calculated avoided cost of supply. In the 2025 Annual Plan, the cost of six proposed programs exceed the Commission's defined cost of supply, necessitating justifications rooted in the Least Cost Procurement (LCP) Standards. In response, the Company has adjusted its approach in planning the 2025 programs, specifically by reducing funding for delivered fuels efficiency measures to try to minimize program costs exceeding the cost of supply. Throughout 2025 the Company will assess the impacts of these adjustments on program participation, contractor engagement, resource allocation, and customer satisfaction to determine if further changes are necessary. The Company views this as a multi-year process, and, as such, decisions on program scope should not solely rely on the 2025 plan but contemplate longer term impacts. There may be market and program impacts that cannot be assessed in time for the 2025 planning cycle but could offer valuable insights for subsequent plans. Within this context, the Company expended considerable effort to provide justifications, both quantitative and qualitative, regarding the continued support for programs where the Cost of Efficiency surpasses the Cost of Supply, as defined by the PUC. These justifications can be found in Section 6.6.3.

1.2 Plan Summary

1.2.1 Savings

The Electric Portfolio will save 586,220 lifetime megawatt-hours (MWh) over the lifetime of the installed energy efficiency measures 82,400 net annual MWhs, and 15,585 net annual summer kilowatts (kW)

⁶ <https://www.whitehouse.gov/environmentaljustice/justice40/>

⁷ [Order 25092](#) specifies that "the calculation includes the forecasted interstate costs," however, the Open Meeting minutes from December 19, 2023, and a review of the Open Meeting recording from that date indicates that the Commission stated, "forecasted intrastate costs."

and 16,124 net winter kW from passive energy efficiency. The Natural Gas Portfolio will save 2,941,697 lifetime MMBtu over the lifetime of installed natural gas measures and 274,817 annual MMBtu. For all fuels combined (electric, gas, oil, propane), the Annual Plan will save 5,593,775 net lifetime MMBtu and 577,510 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 Energy's residential, commercial, industrial, and income eligible customers. In total, the Annual Plan is expected to create \$269.7 million in total benefits over the life of the installed electric and natural gas energy efficiency measures. Of these total benefits, \$193M (\$168M Rhode Island only benefits⁸) come from electric efficiency and passive demand reductions, and \$76M (\$69M 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 \$1.99 in benefits (1.74 in Rhode Island only benefits) over the lifetime of the investment, and every \$1 spent on the Natural Gas Portfolio will create \$1.82 in benefits (\$1.64 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 \$269.7 million to Rhode Island's Gross State Product (GSP), the equivalent of 2,087 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 2023 Energy Efficiency portfolio found that 68 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 61,237 short tons of carbon in 2030, 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,

⁸ Rhode Island only benefits are all Rhode Island Test benefits without rest-of-pool DRIPE (electric energy and capacity, gas, and oil).

ambitious energy efficiency programs must 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 \$81.5 million in the cost-effective Electric Portfolio in 2025. If approved, this will be funded by \$9.8 million in proceeds from the ISO New England (ISO-NE) Forward Capacity Market (FCM), revenues from the existing energy efficiency program charge of \$0.01139 per kWh, and accounting for a fully reconciling mechanism of -\$0.00228 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 \$0.00911 per kWh.

This Plan also includes an investment of \$35.0 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 \$0.998 per dekatherm for residential customers and \$0.680 per dekatherm for non-residential customers, and accounting for a fully reconciling mechanism adjustment of \$0.133 per dekatherm for residential customers and -\$0.225 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 \$1.131 per dekatherm for residential customers and \$0.455 per dekatherm for non-residential customers.

The cost of procuring 586,220 net lifetime MWh electric energy efficiency savings through the Annual Plan is \$70.4 million less than if that electric load was met by purchasing additional electric supply. The cost of procuring said MWh savings is \$32.1 million less than the cost of supply if only Rhode Island intrastate electric benefits are counted and delivered fuels and participant costs are removed. The cost of procuring 2,941,697 MMBtu lifetime natural gas energy efficiency savings through the Plan is \$19.6 million less than if that natural gas load was met by purchasing additional natural gas supply. The cost of procuring said MMBtu savings is \$19.5 million less than the cost of supply if only Rhode Island intrastate natural gas benefits are counted, and participant costs are removed.

Table 1. 2025 Energy Efficiency Program Plan Summary

Electric Programs by Sector	Implementation Budget (\$000) ⁽³⁾	Performance Incentive (\$000)	Customer Contribution (\$000)	Annual Savings (MWh)	Lifetime Savings (MWh)	\$/ Lifetime kWh ⁽⁴⁾	Summer Annual Demand Savings (kW) ⁽⁵⁾	Total Benefits (\$000) ⁽⁶⁾	Alternative Benefits (\$000) ⁽⁶⁾	RI Test B/C Ratio ⁽⁶⁾	Participants ⁽⁷⁾
Non-Income Eligible Residential	\$25,580	\$554	\$4,799	32,977	172,562	\$0.18	4,687	\$69,246	\$62,559	2.24	329,358
Income Eligible Residential ⁽¹⁾	\$14,241	\$-	\$-	3,698	57,868	\$0.25	1,024	\$26,561	\$24,500	1.87	6,057
Commercial and Industrial	\$33,747	\$1,930	\$10,535	45,725	355,790	\$0.13	9,875	\$97,214	\$81,250	2.10	2,594
Regulatory ⁽²⁾	\$5,498										
Electric Subtotal	\$79,066	\$2,484	\$15,333	82,400	586,220	\$0.17	15,585	\$193,022	\$168,309	1.99	338,009
Gas Programs by Sector	Implementation Budget (\$000) ⁽³⁾	Performance Incentive (\$000)	Customer Contribution (\$000)	Annual Savings (MMBtu)	Lifetime Savings (MMBtu)	\$/ Lifetime MMBtu ⁽⁴⁾	NA	Total Benefits (\$000) ⁽⁶⁾	Alternative Benefits (\$000) ⁽⁶⁾	RI Test B/C Ratio ⁽⁶⁾	Participants ⁽⁷⁾
Non-Income Eligible Residential	\$17,234	\$-	\$4,729	136,910	1,244,913	\$17.64		\$31,408	\$27,763	1.43	142,893
Income Eligible Residential ⁽¹⁾	\$8,077	\$-	\$-	19,086	323,382	\$24.98		\$13,838	\$12,788	1.71	3,636
Commercial and Industrial	\$6,949	\$605	\$2,440	118,822	1,373,402	\$7.28		\$31,414	\$28,786	3.14	775
Regulatory ⁽²⁾	\$2,185										
Gas Subtotal	\$34,445	\$605	\$7,169	274,817	2,941,697	\$14.35	NA	\$76,661	\$69,337	1.82	147,304
TOTAL Combined Plan	\$113,510	\$3,089	\$22,502	NA	NA	NA	NA	\$269,682	\$237,646	1.90	NA
(1) In addition to Income Eligible Residential programs, Income Eligible customers can participate in all Non-Income Eligible Residential programs.											
(2) Regulatory Includes contributions to the Office of Energy Resources, EERMC and the Rhode Island Infrastructure Bank.											
(3) The Program Implementation Budgets come from Tables E-3 and G-3 of Attachment 5 and 6, respectively.											
(4) Performance Incentive excluded from denominator, consistent with the Attachment 5 and 6.											
(5) The Summer Annual Demand Response (kW) measures passive demand savings.											
(6) "Total Benefits" and the "RI Test B/C Ratio" continue to exclude economic benefits from the RI Test as in the 2023 Plan.											
(7) The unit measure for participation varies by program. See Attachment 5, Table E-7 and Attachment 6, G-7 for participation goals by program.											
(8) Electric Programs are funded by the Electric Energy Efficiency Charge but also include Delivered Fuels energy savings.											

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) and Avoided Cost studies (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)⁹ and completed by Dunsky Energy Consulting in early 2023. This Annual Plan has also been guided by the LCP Standards adopted 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:

- **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.

⁹ Now known as the Energy Efficiency Council (EEC)

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 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. **Attachment 7**, formerly devoted to rate and bill impacts (now described in section 6.4.2), is now reserved for future use.

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:

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 Residential and Income Eligible whole building delivery program and C&I market sector 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.
- **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 use 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, 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 need to update a proposed strategy or commitment or the need to revise them.

The Company has evaluated programs in the Residential, Income Eligible, and Commercial & Industrial sectors using cost of supply calculations and the RI Test. In addition, the Company considered 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 considered 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 are rooted in an assessment of quantitative metrics and program design considerations.¹⁰

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

¹⁰ 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.

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, 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

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 Residential 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.

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. Specifically, the X.4 subsection of each program provides an overview of all proposed enhancements and changes.

2.4 Commercial and Industrial (C&I) 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 C&I 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.

Large C&I New Construction and Building Energy Code Support

The Large C&I New Construction Program offers financial incentives and technical assistance to customers, design professionals, developers, and vendors to encourage energy efficiency in new

construction, major renovation, planned replacement of aging equipment, and replacement of failed equipment projects. C&I customers with an annual electric consumption greater than 1.5 million kWh per year are eligible.

Through the program, design professionals are eligible to receive technical assistance to conduct energy modeling and analysis for new construction projects. Owner's design teams are offered incentives for their time and effort to meet program requirements. The program promotes and incentivizes the installation of high efficiency equipment in existing facilities during remodeling projects or for equipment failure and replacement. Since customers are more likely to install energy-efficient equipment at the time of construction or equipment replacement, the program offers incentives to ensure customers make the investment immediately rather than doing so at a greater cost later. The program also offers operations verification or quality assurance services to ensure that installed equipment and systems operate as intended.

The program supports the state's Zero Energy Building goals through engagement and in developing future offerings. The program promotes compliance with the building energy code to support the State's goals and objectives. Technical assistance is provided for advancing the development and adoption of minimum efficiency standards for appliances and equipment.

Large Commercial and Industrial Retrofit

All commercial, industrial, and institutional customers are eligible to participate in the Retrofit Program. The program incentivizes the replacement of existing equipment and systems with high efficiency alternatives when the customer might otherwise not plan on making efficiency investments. Incentivized measures include lighting, HVAC systems, motors, thermal envelope measures and custom measures in existing buildings. Technical assistance is offered to customers to help them identify energy-saving opportunities.

The program's incentives help C&I customers in defraying part of the material and labor costs associated with the installation of energy efficiency measures. In addition, the Company offers education and training, such as the BOC training, to support the adoption of energy-efficient equipment and practices.

Small Business Direct Install

This program is a retrofit offering that provides turn-key efficiency solutions to customers who use less than 1.5 million kWh per year. Through the program, a free on-site energy assessment is performed, and customers receive a customized report detailing recommended energy-efficient improvements.

From local pizzerias to small convenience stores, the Small Business Direct Install Program serves small businesses of all customer types, buildings and sizes. The program pays up to 70 percent of installation and equipment costs. Provided funds are available, customers can finance the remaining costs of the project for up to 60 months (typically 24) interest free on their electric bill using the Small Business Revolving Loan Fund.

Commercial and Industrial Multifamily

The C&I Multifamily Program provides comprehensive efficiency services for market rate multifamily customers who reside in residential buildings with 5+ dwelling units. These coordinated services include energy assessments and incentives for weatherization and the replacement of heating and domestic hot water equipment and systems. The program's services are offered for all types of multifamily properties.

To streamline the delivery of program services, the Company designates a primary point of contact for the multifamily property who will manage and coordinate the services offered. Refer to the Market-Rate Multifamily section for more detail.

2.4.21 Major Commercial and Industrial Program Changes

Anticipated changes to the C&I programs are provided 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, homeownership status, 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 (GHHI). 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 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. The Company is engaged in an ongoing process with the EWG to adopt a prioritized list of equity focus areas, strategies, and actions for each energy efficiency plan. The full list of recommendations, strategies, and metrics for 2025 are included in an annual report that is drafted by

GHHI. GHHI 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 2025, the Company will focus on the following areas:

1. Community Outreach and Education

Dedicated community outreach and education is a cornerstone of the Company's energy efficiency equity strategy. In 2025, the Company will continue to strengthen and expand partnerships with non-profit organizations, quasi-government agencies, municipalities and government agencies, and other community-based organizations. The goal of these partnerships is to build trust within communities, educate customers on how they can benefit from energy efficiency, and boost participation in Rhode Island's energy efficiency programs. The Company plans to take the following actions in 2025:

- i. Engage its recently hired energy-efficiency consumer advocate to expand the network of community-based partners that work with the Company to conduct program outreach, marketing, and education. The energy efficiency advocate's primary role is to establish and nurture relationships with community partners to provide awareness of energy efficiency programs. Through collecting and analyzing data from these engagements, the consumer advocate also represents customers to help inform and influence the design of the Company's programs.
- ii. Increase awareness of the Small Business program by engaging with organizations that support and have relationships with Minority and Women-owned Business Enterprises (MWBEs).
- iii. Build out a partnership with a local healthcare network where the Company will train community health advocates (*navigantes de salud*) to refer patients to Rhode Island Energy's programs for a free energy audit of their homes. These community health advocates will specifically work with patients that have energy insecurity and shutoff concerns.
- iv. Collaborate with Health Equity Zones (HEZs) and participate in HEZ events across the state to educate attendees and residents on the health benefits of energy efficiency. Please see more details on HEZs further below in this section.
- v. Develop capabilities to track impact and effectiveness of targeted outreach strategies and events on program participation (e.g. audits).

2. Equitable Marketing Strategies

Rhode Island Energy is committed to meeting Rhode Islanders where they are on their customer journeys. That means developing marketing strategies to reach every customer, whether they are a resident/business that is unaware of energy efficiency or a repeat participant in the Company's

programs. A thoughtful approach to marketing to historically underserved communities and small businesses is core to this strategy. As such, the Company will pursue the following equitable marketing strategies in 2025:

- i. Continue to market to customers in English, Spanish, and Portuguese through e-mail and direct mail.
- ii. Continue energy efficiency education and marketing through Spanish language radio.
- iii. Market the Small Business program through organizations that have strong relationships with MWBEs.
- iv. Explore accessible marketing strategies, including leveraging multilingual wireless texts to customers containing referral links to Company programs and/or marketing materials.
- v. Continue other accessible, mass-market tactics such as radio, print newspaper and magazine, and social media.
- vi. Continue direct marketing to landlords in underserved communities through the Residential Equity Outreach Assessment. Please see Attachment 8 for further details.

3. Removing Participation Barriers

Beyond education, marketing, and community outreach, the Company is actively committed to breaking down the silos and barriers that Rhode Islanders may face when trying to access and benefit from energy efficiency. These barriers may include language accessibility, pre-weatherization challenges, split incentives, and other program participation factors. In 2025 Rhode Island Energy will focus on the following related actions:

- i. Continue to develop a strategic plan with multifamily property owners & managers around serving and reaching multifamily customers. The Company will do this through its Residential Equity Outreach Assessment, which is detailed in Attachment 8. The Company also plans to further engage and coordinate with housing authorities.
- ii. Continue to work with partners to strategically align, braid, and leverage healthy homes programs and new sources of external funding to address pre-weatherization barriers.
- iii. Conduct Main Street campaigns in communities that have lower historical participation in the Small Business Direct Install program. More information on Main Street campaigns can be found in section 4.4.1.2 of Attachment 2.
- iv. Continue language accessibility efforts such as program materials translation to Spanish and Portuguese, hiring multilingual field staff, and through multilingual marketing and outreach (please refer to details in Equitable Marketing Strategies section above).

4. Equitable Workforce Development

The Company's equity strategies also focus on driving the energy efficiency workforce to have the same diversity that we see across our Rhode Island communities. In response to EWG's recommendations, the PPL Supplier Diversity team is engaging in efforts to hold a workshop for Minority and Women-Owned Businesses (MWBEs) across Rhode Island to connect them with state and national resources to become certified MWBEs. The Company will continue its efforts to connect with and engage MWBEs in 2025 and is working to establish metrics to track equitable workforce development. Section 2.6.2 details several of the other strategies the Company is pursuing around workforce development, which include equity strategies.

5. Energy Efficiency Equity Metrics

Rhode Island Energy recognizes that it's important to measure how its equity efforts are impacting outcomes in its programs. Leveraging input from the EWG and stakeholders, the Company has been developing specific metrics that will be included in the quarterly and annual energy efficiency reports. As part of this effort, the Company is developing the ability to track program participation by Justice40 community. Justice40 communities are defined by the federal government as communities that have been marginalized by underinvestment and overburdened by pollution. This reporting alignment will allow the Company to better understand the impact of its equity strategies and continuously improve to better serve all Rhode Islanders. The Company will begin 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 communities¹¹
 - 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

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

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

The Company will work with the Equity Working Group throughout 2025 to review and discuss suggested changes to this list of metrics.

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

¹¹ [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.

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's Health Equity Zone (HEZ) Initiative through a connection facilitated by the Energy Efficiency Council. The HEZ Initiative supports place-based approaches to promote healthy communities and improve the socioeconomic and environmental conditions in neighborhoods across Rhode Island. There are 15 HEZ collaboratives across the state and each zone is overseen by a backbone agency, a local, community-based non-profit that provides the management and infrastructure for each HEZ. The Company has previously engaged many of these agencies through the Weatherization Program and the HEZ Initiative 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 HEZ 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.¹² This effort will be focuses on several key initiatives.

Table 2 and Table 3 below shows the Company's continued workforce development activities.

¹² Rhode Island Energy Workforce Development Needs Assessment Study, BW Research, 2023

Table 2. Continued Workforce Development Activities

Sector	Workforce Development Activity	Description	Target Audience	Budget
Res	HVAC Check trainings	HVAC installation best practices training delivered as part of the HVAC Program	HVAC technicians	\$39,400
Res + IE	Zero Net Energy training	High performance building best practices training delivered as part of the Residential New Construction Program	Design professionals, builders and contractors	\$20,000
IE	Miscellaneous income-eligible training	Training on topics such as smart thermostats and air source heat pumps delivered as part of the IES Single-Family Program	Weatherization contractors, auditors	\$50,000
Res	RI Builder's Association and Residential Construction Workforce Partnership (RCWP) training	Weatherization focused training. Students recruited from community with anticipation of returning to their community and supporting local CAP agencies	Weatherization for both Income Eligible and Market-Rate applications	\$40,000
Res	Reimburse CPHC/B credentials	Reimburse local professionals for Certified Passive House Consultant/Builder (CPHC/B) credentials	Design professionals, builders and contractors	\$50,000
C&I	Zero Net Energy training	High performance building best practices training delivered as part of the C&I New Construction and Major Renovations Program	Design professionals, developers and contractors	\$20,000
C&I	BOC training	Building operations and maintenance (O&M) best practices training delivered as part of the C&I Retrofit Program	Facility managers, building maintenance staff	\$37,000
C&I	Controls Best Practices training (HVAC and Lighting Controls)	ASHRAE Guideline 36 training (Sequence of Operations)	Contractors, engineers	\$20,000

Sector	Workforce Development Activity	Description	Target Audience	Budget
C&I	Controls Best Practices training (HVAC and Lighting Controls)	Lighting Design Lab (lighting controls) training	Contractors, engineers, program technical and sales staff	\$30,000
All sectors	Codes & Standards – code compliance training	A suite of services which includes training sessions (classroom, webinar, and in-field), project-specific “hotline” support, and development and delivery of tools and resources to fill industry gaps	Code officials, design professionals, builders, developers and contractors	\$255,600

To further address the training needs that will be required for the adoption of the 2024 IECC building code, the Company has planned for the Additional Workforce Development activities in 2025 (carried over from 2024).

Table 3. Additional Workforce Development Activities

Sector	Workforce Development Activity	Description	Target Audience	Budget
Res	Train the Trainer	A “train the trainer” program will multiply the number of qualified instructors and allow for an increased training capacity	Code trainers	\$ 6,000
Res	Reimburse Program Approved Trainers	After completing the trainer course, qualified instructors will be compensated to deliver code update trainings	Code trainers	\$ 6,000
Res	Full Day Workshops	Full-day workshops allow for a deeper level of instruction for trainees looking for more detailed or specific code information such as design and plan review, HVAC implementation, etc.	Code officials, design professionals, builders, developers and contractors	\$ 8,000
Res	LMS System Trainings	LMS style trainings can be pre-recorded and linked to various state and industry websites. This will allow trainees with time or transportation	Code officials, design professionals	\$ 20,000

Sector	Workforce Development Activity	Description	Target Audience	Budget
		constraints to attend trainings on their own time		
Res	HERS Rater Training & Certification	Rhode Island will need to increase this workforce network dramatically to meet the needs of the industry once the new code takes full effect	HERS Raters	\$ 15,600

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. The Company will also work with the CAP agencies in 2025 to understand any challenges with energy auditor retention and help identify best practices to maintain auditor capacity. In addition, the Company will support Residential Construction Workforce Partnership's (RCWP) pre-apprentice program. 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.

The Company will continue to provide Building Performance Institute (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 Company 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

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 legislation (H6101/S0855 Sub A) requires Rhode Island's adoption of the 2024 International Energy Conservation Code (2024 IECC) within three months of publication.¹³ 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 (Rhode Island Builders Association (RIBA), Rhode Island Building Officials Association (RIBOA), American Institute of Architects (AIA), Rhode Island Association of Realtor (RIAR), Rhode Island Master Plumber and Mechanical Association (RIMPMA)), host organizations (lumberyards, Taco Comfort Solutions, Viessmann Manufacturing, 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

¹³ IECC 2024 was published on August 14, 2024, accessed at <https://codes.iccsafe.org/content/IECC2024P1>

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. The Company will also work with the Green Energy Workforce Advisory Committee to coordinate around training for codes and standards.

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 on-bill financing for business customers which is administered by the Company, HEAT Loan, and financing through the Efficient Buildings Fund, a program jointly administered by OER and Rhode Island Infrastructure Bank (RIIB). In 2025, the Company will continue to rely primarily on on-bill financing to support business customers funding of their share of energy efficiency project costs, investigate both how these offerings can be expanded to serve more residential customers and increase loan limits for residential comprehensive projects

Please see section 5.4 for a discussion of discussion of state and federal incentives.

Starting in 2024 and throughout 2025 the Company will work with BlocPower as part of the demonstration program (as further described in Attachment 8). BlocPower provides a financing vehicle for upgrading multifamily housing. This financing is designed to help building owners fund efficiency projects and can be accessed alongside program level incentives. Multifamily housing has been an especially difficult market due, in part, to the substantial costs associated with building efficiency upgrades and this demonstration with BlocPower is an attempt to help close the gap between overall project costs and what the programs can provide.

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 Program¹⁴. This 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 2023, forty heat pump units were installed. The Company has completed 74 to date in 2024 with an existing pipeline of over one hundred installations. In 2025, the Company will continue efforts to upgrade income-eligible customers.

2.6.5 Community-Based Initiatives

The Community Solutions Initiative allows the Company 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 Strategic Energy Management

¹⁴ For more details on the Clean Heat RI Program, see the website [here](#).

Program (SEMP) Initiative. 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 sign additional MOUs with additional cities and apply best practices from these partnerships to program delivery across municipalities regardless of size.

Best Practices

Regular communications are essential to engage in early discussions on potential projects and energy efficiency, as is moving away from transactional interactions to foster more collaborative relationships. Prioritization support aids cities in budget planning while sharing best practices from other municipalities on challenges like procurement processes. Having a dedicated technical assistance vendor offers valuable support for data analysis, scoping studies, and project analysis, providing expertise on facilities and opportunities. Leveraging municipal communication channels such as websites, newsletters, and social media expands outreach to a broader customer base. The Main Street Initiative takes a neighborhood approach to driving energy savings through its Main Street Initiative. Main Street campaigns will be planned in five 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 on this outreach. The Company anticipates that engagement with local community groups can increase participation in the Small Business Program throughout the year. For example, the 2024 Providence Main Street campaign resulted in more than 100 businesses signing up for an audit leads, reflecting the multiple channels of customer outreach conducted by the Company, RISE, and other stakeholders including OER, City of Providence, and local community groups. Similar to 2024, the Company and its vendor RISE will identify 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 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).¹⁵ 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

¹⁵ <https://governor.ri.gov/executive-orders/executive-order-23-06>

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.

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. Since inception, the EBF has supported 22 municipal projects, loaning out over \$69 million dollars to support a variety of energy efficiency projects. These will deliver \$109 million in savings over the lifetime of the installed measures.

All municipalities 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.

Rhode Island Energy's website was overhauled in 2024, which improved navigability, readability, and accessibility. Customers 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 offers language translation through Google Translate to improve accessibility for all customers. The improved website will be available in early 2025.

Rhode Island Energy went 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 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 and launched in 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 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 like energy saving tips and the Home Energy Assessment experience. 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. DEMONSTRATIONS, PILOTS, 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 not pursue any new Demonstrations, Pilots or Assessments in 2025, but will continue two from 2024.

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.

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, when 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.

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 coordinating the 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 Plan¹⁶. 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 of 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, layering 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 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

The Company has numerous recent and active initiatives to explore non-ratepayer funding for its programs.

5.4.1 Inflation Reduction Act

The Company submitted an analysis of Residential measures eligible for the US Department of Energy (DOE) Inflation Reduction Act (IRA) to the PUC in March 2024. This analysis was shared with OER, the EEC, and the TWG.

The Company has ongoing one-on-one dialog with OER with regards to its plans for distributing \$64 million in IRA funding. In addition, the Company provided formal comments¹⁷ in response to a Request for Information issued by OER soliciting feedback regarding the \$32 million IRA Home Electrification and Appliance Rebates (HEAR) program. OER’s final HEAR plan, which has been approved by the DOE,

¹⁶ www.climatechange.ri.gov

¹⁷ <https://energy.ri.gov/sites/g/files/xkgbur741/files/2024-04/HER-HEAR%20RFI%20Responses.pdf>

specifically focuses on measures that are not a part of the Company's programs. It anticipates beginning to distribute HEAR funds in late 2024.

In late July, OER posted its draft plan for its \$32 million IRA Home Efficiency Rebates (HER) program. The intent was to focus on delivered fuels fuel switching to heat pumps for low-income multi-family buildings. The Company attended a public meeting on July 31 where it raised the consideration for HER funds to be used for delivered fuels weatherization projects. The Company also presented at the EEC and TWG during the 2025 planning process and raised this consideration in those venues as well. OER submitted its final HER proposal to DOE in August without any weatherization funding requested. The Company continues to coordinate with OER and in August of this year provided OER with a list of income eligible multifamily buildings that utilize delivered fuels and that have, in the past, received weatherization upgrades through the Company's programs.

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, no formal implementation plan is necessary. The Company will continue to coordinate with OER to assure that our programs are offered to customers in a cohesive manner.

5.4.2 Other State and Federal 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 the Company's efforts to promote efficient heat pump adoption for residential, low-income and small commercial customers through existing weatherization programs.

The Company participated in the RI Department of Environmental Management's (DEM) proposal process for the US Environmental Protection Agency's (EPA) Climate Pollution Reduction Grant. Based on our input, DEM's proposal included \$3 million for pre-weatherization barriers and weatherization support. However, DEM's proposal was not selected by EPA for funding.

The Company will continue to collaborate with CommerceRI and Rhode Island Infrastructure Bank (RIIB) to integrate program incentives with state and federal funding. In 2024, CommerceRI introduced its RI Rebounds Energy Efficiency Program¹⁸ 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.

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 launched in late 2024. The Company has been

¹⁸ <https://commerceri.com/ri-rebounds/energy-efficiency/>

working with RIIB to coordinate this grant funding with program dollars to leverage these outside dollars to encourage greater program participation.

5.4.3 Additional Funding Sources

In addition to the loan and grant programs mentioned above, the Company continuously researches other potential funding sources that could complement ratepayer funds. The Company has identified several different potential sources that include a mix of federal, state, and local programs that offer grants or loans to implement energy conservation measures. The programs have been categorized into three groups:

1. Potentially applicable to Company programs in the near term

- EPA Climate Pollution Reduction Grant
- Energy Efficiency and Conservation Block Grant
- IRA Community Change Grants
- IRA Home Energy Rebates
- Clean Heat RI
- RI Rebounds Energy Efficiency
- Rhode Island Infrastructure Bank Clean Energy Grants (small businesses)
- Providence Home Repair Program

2. Useful only for specific cases or has barriers to approval

- USDA Energy Efficiency and Conservation Loan Program
- IRA Assistance for the Adoption of the Latest and Zero Building Energy Codes
- Rhode Island Fund Strategic Initiative Grants
- DOE Title 17 Clean Energy Financing Program
- Rewiring America Power Forward Communities

3. Unlikely to be relevant, but has been reviewed

- DOE Solutions for Lasting, Viable, Energy Infrastructure Technologies
- DOE Advanced Research Project Agency- Energy

The Company continues to seek opportunities among those programs to support energy efficiency with funds from outside the systems benefit charge (SBC) collection. Many of these programs have limited funding and timelines so applications for funding will not always result in awards.

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.

5.5 New Codes and Standards

In January 2023, the Rhode Island House of Representatives passed legislation, H6101/S0855 Sub A¹⁹, requiring the state to adopt the 2024 International Energy Conservation Code (2024 IECC) within three months of publication. Publication took place on August 14th, 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.

The Company reviewed IECC 2024 upon its publication. The Company adjusted the savings estimates for some measures to reflect new code baselines or to eliminate measures that are now considered to be required equipment. For other code specifications, particularly those involving building performance, and which are not measure-specific, the Company has begun outreach to its vendors and implementation staff to discuss how to incorporate new performance provisions in project modeling for 2025. The Company also intends to update application material as necessary to reflect new baselines or eligibility requirements consistent with the new code.

Additionally, 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.

¹⁹ [H6101/S0855 Sub A](#)

Effective January 1, 2025, the State of Rhode Island has banned the sale or distribution of pin-base type compact fluorescent lamp or a linear fluorescent lamp. The Company has incorporated the impact of this legislation into the 2025 commercial and industrial business retrofit energy efficiency programs. More information is provided in Attachment 2.

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 by Q1 2025 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. The Company will incorporate, as appropriate, any outcomes from this docket that impact program design and delivery in a timely manner.

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 is presented in Section 6.4.2 below

Regarding 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.
- 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 proposing a revision to the rate and bill impact analysis, which are a factor in the standard of prudence, consistent with insights about bill impacts shared by the PUC during the 2024 Plan proceedings. Rate and Bill impacts are currently described in Section 6.4.2 and Tables E-11 and G-11.

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."²⁰

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 (and updated in May 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 1.99, counting all benefits regardless of the jurisdiction to which they accrue, which means that approximately \$1.99 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 1.82 in the presentation of BCR results, which means that \$1.82 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.

²⁰ [LCP Standards](#), section 3.2N.

Attachment 5, Table E-5A shows that the proposed Electric Portfolio is expected to have a benefit-cost ratio of 1.74, counting all benefits and costs which accrue only to RI Energy, which means that approximately \$1.74 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 1.64 in the presentation of BCR results, which means that \$1.64 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 749 FTEs associated with the programs and more than 626 companies involved,²¹ 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

²¹ [Rhode Island Energy "2023 Energy Efficiency Year-End Report"](#)

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 of 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 6.2.2, 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.

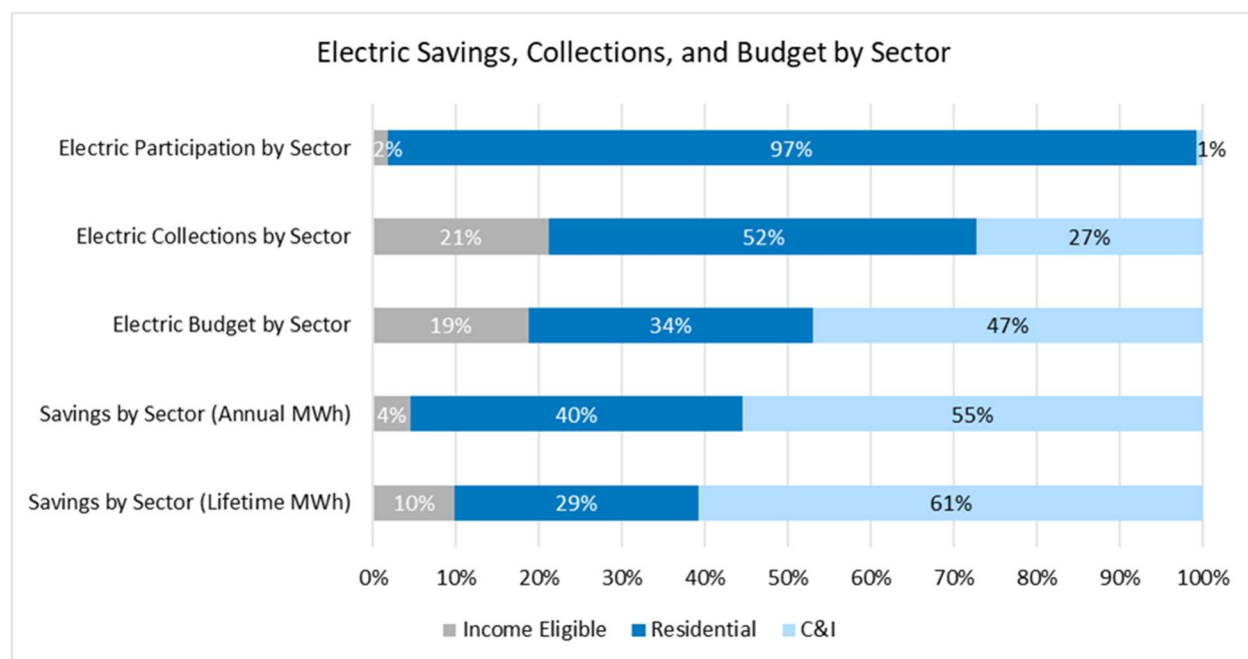
Equitable Allocation of Costs, Benefits, Services and Participation

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.

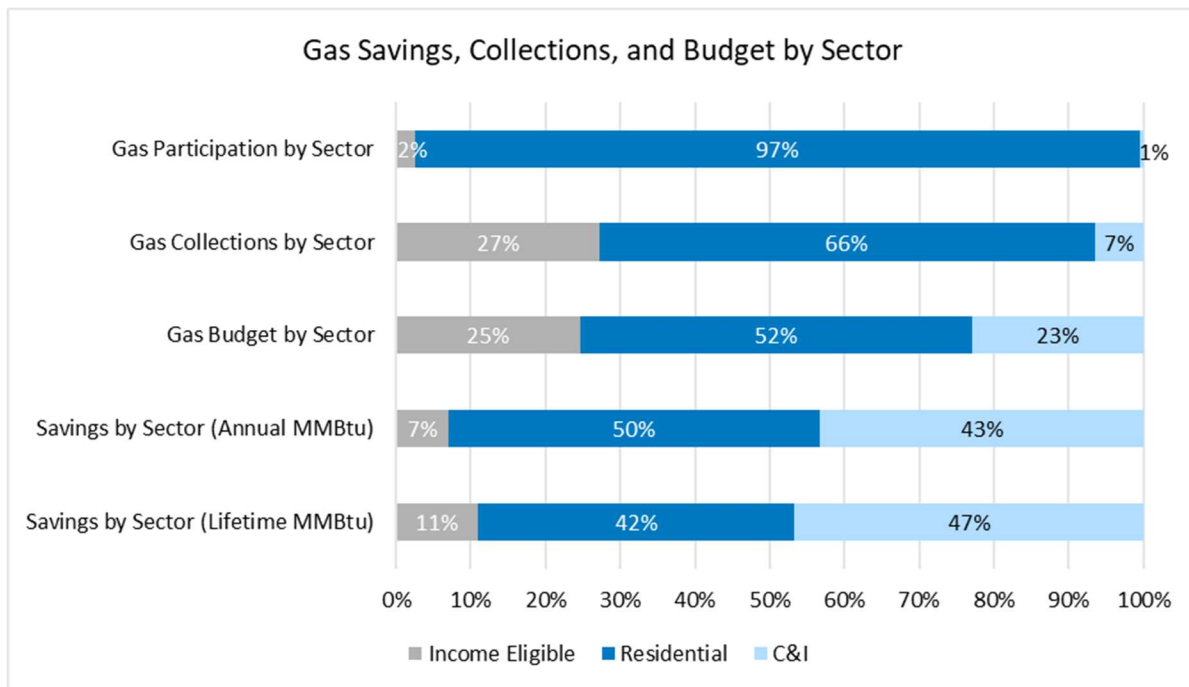
The Income-Eligible budget is higher compared to its savings due to several factors: incentives are 100 percent of the cost, the programs are more expensive because they are delivered in-home (compared to at retail sites or via rebates) which requires more labor and management, and the programs have fewer economies of scale (compared to C&I). \$22.3 million is budgeted for the delivery of the gas and electric income-eligible sector programs, 17.5 percent and 23.0 percent of the total funding for each fuel portfolio respectively in 2025. Taken together, these investments represent 19.1 percent of the overall Electric and Natural Gas portfolio budgets.

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 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.

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.

Bill Impacts

The Company has assessed bill impacts of the proposed Electric and Natural Gas Portfolios. The bill impact analysis has been updated for the 2025 Annual Plan. Previously, bill impacts were calculated by building a bottom-up calculation using yearly sales projections by customer segment as well as rate data and projections broken down by constituent charges and the EE Charge. This calculation was done for the EE case and for the base case to generate a value for the bill change each year, and then averaged over the lifetime of the portfolio. Now, utility system cost-of-supply benefits, excluding non-embedded carbon benefits (which do not impact customers through utility bills), rest-of-pool DRIPE benefits, and delivered fuels benefits are used as an approximation of bill savings. This approach was developed following the 2023 PUC hearings in which the Commission referred to the utility system cost of supply minus the cost of energy efficiency as an approximation of bill savings, because this difference represents whether customers are spending more or less to install energy efficiency measures.

Similar to the previous bill impact models, a year-by-year bill impact schedule is created in which approximated bill savings (cost-of-supply benefits) are spread over the lifetime of the energy efficiency portfolio. The energy efficiency rate is factored into year one of the schedule to account for the cost of delivering energy efficiency. Ultimately, the calculated bill savings and the net present value of long-term bills are compared to produce long-term bill impacts by sector. These steps are carried out for all customers and separately the subset of all customers that are energy efficiency participants. These long-term bill impacts have been included as Tables E-11 and G-11 in Attachments 5 and 6, respectively. This modified bill impacts calculation is the close alignment with the benefit-cost model as well as the analysis of the comparison of the cost of energy efficiency to supply.²²

Additionally, a short-term rate impact has been calculated that examines evaluated the change in rates due to the change in the energy efficiency charge between 2024 and 2025. Specific details can be found at the sector-level on Tables E-11 and G-11 in Attachments 5 and 6, respectively.

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 or markets 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 emissions 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

²² With this new bill impacts methodology, home energy reports is no longer separated out. Additionally, the long-term rate impact analysis has been replaced with a short term rate analysis that examines the difference in the energy efficiency rates between years.

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.

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 61,237 short tons of carbon in 2025.²³ The values of non-embedded avoided carbon are calculated using avoided cost values determined in AESC 2024: the non-embedded values of greenhouse gas benefits generated by the 2025 Plan over the lifetime of the measures is \$78 million. 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

²³ 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.

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 the upskilling of the green workforce. In providing for these jobs and demonstrating the availability and attractiveness of local, 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, including income eligible and small business customers. 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 and Order 25092 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 are provided below in Section 6.6.3.

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 is \$96.9 million and the total cost of electric supply to meet the same need would be \$142.6 million. This is a total savings of \$45.7 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 \$42.2 million and the total cost of natural gas supply to meet the same need would be \$54.5 million. This is a total savings of \$12.3 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.

Consistent with Commission Order 25092 in Docket 23-35-EE, the Company proposes to use the costs described in

Table 4. 4 to compare the cost of energy efficiency to the cost of energy supply. The primary view includes the forecasted intrastate costs of supply without the cost of supply of delivered fuels.²⁴ Alternative views (total benefits, as well as forecasted intrastate costs of supply with and without the cost of supply of delivered fuels) are found in Attachments 5 and 6, Tables E-12 and G-12, as indicated. 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 4. List of the Costs of Energy Efficiency and Costs of Energy Supply

Costs of Energy Efficiency		
Cost	Included (Y/N)	Explanation
Utility Costs	Yes	These costs are incurred to achieve implementation of energy efficiency measures and programs. Includes all costs in Tables E-2 and G-2.
Participant Costs	No	Customer contribution to the installation cost of the efficient measure. Customer costs are included in Tables E-5 and G-5.

Costs of Energy Supply		
Cost	Included (Y/N)	Explanation
Electric Energy Costs	Yes	Represents the cost of purchasing electric energy supply.
Electric Generation Costs	Yes	Represents cost of generation capacity in ISO-NE.
Electric Transmission Capacity Costs	Yes	Represents Pool and non-pool Transmission Facilities cost.
Electric Distribution Capacity Costs	Yes	Represents the cost of distribution capacity related to increased load.
Natural Gas Costs	Yes	Represents the cost of purchasing natural gas supply.
Fuel Costs	No (Yes, in alternative view in Attachments 5 and 6, Tables E-12 and G-12, columns A and B)	Where included, non-regulated delivered fuels are an energy supply cost to customers that

²⁴ PUC Order 25092 states “the calculation includes the forecasted interstate costs.” The Company has elected to show here the more conservative value, including only the forecasted intrastate costs. The alternative views with interstate costs of supply may be found in Attachments 5 and 6, Tables E-12 and G-12, respectively.

Costs of Energy Supply		
Cost	Included (Y/N)	Explanation
		utilize these fuels for heating. The fuel costs in this category are separate from those embedded in the cost of the electric market. While not a direct cost of electric energy supply, RI Energy includes incentives for delivered fuel energy efficiency measures in its Electric Portfolio. Therefore, to achieve symmetry with costs associated with electric energy efficiency, delivered fuels costs should be included in this comparison.
Water and Sewer Costs	No	While avoided water and sewer costs are a benefit of installing certain energy efficiency measures, they are not a direct cost of energy supply.
Non-Energy Impact Costs • Arrearages • Utility	No, except arrearages and utility Yes	With the exception of the two NEIs listed below, while non-energy impacts are a benefit of installing certain energy efficiency measures, they are not a direct cost of energy supply. - Costs associated with arrearage carrying costs as a result of customers not being able to pay their energy bills. - Costs associated with utility carrying costs as a result of customers encountering issues with utility services or paying their bills.
Price Effects	Yes, intrastate only (Includes interstate DRIPE in alternative view in Attachments 5 and 6, Tables E-12 and G-12, column A)	Represents costs associated with the impact of demand reduction on ISO-NE energy and capacity markets.
Non-embedded Greenhouse Gas Reduction Costs	Yes, from electric and gas only (GHG Reduction Costs from oil and propane included In alternative view in Attachments 5 and 6, Tables E-12 and G-12, columns A and B)	Represents the social cost of carbon. The social cost of carbon is the cost associated with meeting the goals of the Act on Climate. Carbon emissions come from the production of energy and should be considered a cost of supplying that energy.
Economic Development	No	While economic development is a benefit of investment in energy efficiency measures it is not a direct cost of energy supply.
Reliability Costs	Yes	Increased energy demand can lead to declining reserve margins and

Costs of Energy Supply		
Cost	Included (Y/N)	Explanation
		decrease reliability so should be associated with the cost of energy.

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 5, including the additional intrastate assessment required by the LCP Standards.

Table 5. Costs of Energy Efficiency and Costs of Energy Supply, Electric Program Level \$000

Sector / Program	Intrastate w/o Delivered Fuels and w/o Participant Costs
Residential	\$3,101.9
Residential New Construction	\$165.2
Residential HVAC	\$9,124.4
EnergyWise Single Family	-\$8,826.3
EnergyWise Multifamily	-\$165.0
Home Energy Reports	\$1,394.9
Residential Consumer Products	\$1,408.7
Income Eligible Residential	-\$2,139.7
Income Eligible Single Family	-\$1,898.1
Income Eligible Multifamily	-\$241.6
Commercial & Industrial	\$31,135.5
Large C&I New Construction	\$16,163.4
Large C&I Retrofit	\$13,598.4
Small Business Direct Install	\$1,373.7
Grand Total	\$32,097.7

Table 6. Costs of Energy Efficiency and Costs of Energy Supply, Gas, Program Level \$000

Sector / Program	Intrastate w/o Delivered Fuels and w/o Participant Costs
Residential	\$4,894.8
Residential New Construction	\$601.8
Residential HVAC	\$4,355.8
EnergyWise Single Family	-\$1,563.9
EnergyWise Multifamily	\$429.2

Home Energy Reports	\$1,071.9
Income Eligible Residential	-\$2,469.4
Income Eligible Single Family	-\$2,556.0
Income Eligible Multifamily	\$86.6
Commercial & Industrial	\$17,053.6
Large C&I New Construction	\$8,172.1
Large C&I Retrofit	\$7,340.5
Small Business Direct Install	\$1,418.4
C&I Multifamily	\$122.6
Grand Total	\$19,479.1

Based on this analysis, the 2025 Plan at both the electric and gas portfolio levels is compliant with the Standard of Lower Than the Cost of supply.

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

6.6.3. Justification for Support of Programs where the Cost of Efficiency is Greater than the Cost of Supply

As required by RI PUC Order 25092 in Docket 23-35-EE, 'for any program that has a forecasted cost that is greater than the cost of supply in the intrastate calculation which excludes delivered fuels, the filing should provide a justification for why the specific program should nevertheless be approved, even though the program costs exceed the calculated avoided cost of supply.' In the 2025 Annual Plan, there are six proposed programs where the cost of the program is greater than the cost of supply as defined by the Commission. This section provides the requested justification for those programs.

6.6.3.1 Overall Approach

Ratepayer benefits such as those created in the cost of supply analysis described above are a subset of the broader set of benefits included in the Rhode Island Test. The Company acknowledges the importance of creating ratepayer benefits in return for ratepayer contributions, particularly as a response to the magnitude of overall rates and current economic conditions.

In response to PUC guidance during the 2024 Plan hearings, the Company has made adjustments in planning its 2025 proposed programs. In the 2024 Compliance Filing, 11 programs had a cost of efficiency greater than the cost of supply, and the Company has reduced this to six. At the portfolio level, using the PUC's definition of the cost of supply, the net difference between the cost of efficiency and cost of supply has changed from approximately \$36,000,000 in the 2024 compliance filing to approximately \$53 million in the proposed 2025 Annual Plan.

The Company plans to monitor impacts on customer uptake, contractor engagement and resource allocation, and customer awareness and satisfaction as inputs to whether further adjustments are warranted and feasible. This type of exercise may also necessitate a multi-year process, so decisions about program scope should not be based solely on what is proposed in this 2025 plan. There may also be market research that cannot be conducted in time for the 2025 planning process and could provide valuable insights later in the process.

With this general background, the Company offers the following justifications regarding continued support for programs where the Cost of Efficiency is greater than the Cost of Supply, as defined by the PUC. These justifications indicate that the ongoing support for these programs at the levels proposed is consistent with other Least Cost Procurement Standards defined and adopted by the Commission in Docket 23-07-EE.

6.6.3.2 Rationale consistent with LCP Standards

Cost Effectiveness

It is important to note that all of the programs for which justification is being presented are cost-effective based on the Rhode Island Test and capture a wide range of benefits that accrue to ratepayers and citizens in other forms beyond electric and gas bills (societal benefits, non-energy impacts, bills for other types of energy²⁵). Customers value these benefits, which are excluded by the cost of supply view, even though they are not reflected in their electric and gas bill savings or may only be reflected in future bills. These are important non-utility benefits and are a rationale for continuing to support these programs.

Some of these benefits included in the cost-effectiveness analysis accrue to ratepayers out of state. This is the nature of the interconnected New England energy grid and markets for energy and carbon reduction. Similarly, RI ratepayers benefit from efficiency actions taken outside of the state's boundaries. Just as Rhode Island creates rest-of-pool DRIPE benefits and contributes to market price reductions in other states, other New England states contribute to market price reductions in Rhode

²⁵ Examples are mitigating the impacts of climate change, sustainable employment trends, health improvement, resiliency, and property value appreciation.

Island; DRIPE benefits from other states flow into Rhode Island and reduce RIE customer bills. These benefits are not included in the benefit-cost analysis, nor are they included in the cost of supply analysis, but it is worth noting that the intrastate cost of supply analysis does not capture all of the bill impacts from energy efficiency that comes from Rhode Island being part of a region that supports energy efficiency.

Furthermore, some of the individual measures that cause the cost of energy efficiency to be greater than the cost of supply have high RI Test benefit cost ratios because of these benefits. The more cost-effective a measure, the more it increases overall program cost-effectiveness and enables funding of other measures that are marginally cost-effective. For example, in the electric EnergyWise Single Family program, the robust Rhode Island Test cost effectiveness of the delivered fuels weatherization measures enables the program as a whole to be cost-effective. Reducing or losing these benefits further will affect the ability to deliver some other measures and overall delivery of energy efficiency. A similar influence on overall program cost-effectiveness is observed in the Income Eligible Single Family program among selected measures with high costs of efficiency relative to the cost of supply.

Prudency

Maintaining support for these programs is justified on several points that are consistent with the Standard of Prudency:

- Continuity of program delivery infrastructure is important for achieving long term efficiency objectives. Program implementation vendors anticipate potential adverse economic and employment impacts of cutting programs quickly. Removing certain measures and categories entirely creates confusion in the marketplace and challenges to ramping those services back up, depending on changing conditions. It cannot be assumed that programs can ramp back up immediately if funding is removed and then restored.
- Prudency also encompasses the riskiness of the investment to ratepayers. Weatherization is a low-risk investment because it is a passive measure and does not rely on operation of equipment, it has measured savings, and – as mentioned above – savings and benefits from weatherization installed in 2025 will exist for many years regardless of the customer’s current or future heating fuel type. If a customer electrifies in the future, the benefits of that upgrade would likely become electricity system benefits within the life of the measure and research has shown that residential customers who heat with delivered fuels are more likely to electrify their heat than the average customer.²⁶ This same rationale applies to measures such as hot water-saving measures or heating system thermostats in buildings that currently use delivered fuels for heating. The Company has a long track record of delivering these programs successfully.
- Given that state programs such as OER’s Clean Heat Rhode Island do not require weatherization for market-rate customers, it is valuable to weatherize as many customers as possible to prepare them for the adoption of heat pumps and other efficient HVAC options. Weatherization prior to heat pump installation allows for HVAC systems to be right-sized (i.e., sized smaller because heating loads are reduced by weatherization) thereby reducing future system costs to programs and customers downstream from the weatherization. This, in turn, allows heat pump program costs to be used more efficiently and reach more customers. By weatherizing delivered

²⁶ Research by E Source (2024 Residential Electrification Survey, available upon request) indicates a higher propensity to electrify heating among customers who have delivered fuel heat than the average customer.

fuels homes that may switch to heat pumps in the future, the heat pumps can be right-sized (not oversized), which can help optimize future company grid investments and not spend more on grid upgrades than necessary.

- These programs contribute to the equitable delivery of services and benefits. Income eligible programs are among the programs with the largest negative difference between the cost of efficiency and the cost of supply. Historically, a larger portion of the benefits for residential and income-eligible programs (compared to C&I) have come from non-energy impacts and delivered fuels.²⁷ This is consistent with findings from evaluation studies which have identified value perceived and realized by customers in those segments. Eliminating those benefits and/or scaling back those programs would be inequitable due to a disproportional reduction in benefits overall for the residential and income-eligible programs that this would cause. Residential and income eligible customers will receive less value for their contributions. Even reallocation of programmatic funds to other measures in the sector would not resolve this inequity.
- Funding delivered fuels measures enables more effective program delivery, as it enables weatherization to be bundled with additional measures, minimizing the number of customer touchpoints and therefore, minimizing implementation costs and enhancing the customer experience.
- Bill Impacts: The long-term bill impacts in Tables E-11 and G-11 for the sectors in which these programs reside show reductions for all participants and that any bill increases for any customers are minimal (less than half a percentage point)

Environmental Responsibility

Programs that provide greenhouse gas reductions align with the Act on Climate, the Executive Climate Change Coordinating Council (EC4) Act on Climate 2022 Update²⁸, the RI State Energy Plan²⁹ and other state policies to reduce emissions. Emissions reductions are reduced if programs are scaled back; this affects the portfolio's contribution to meeting Act on Climate targets and there will be lost carbon reduction and savings opportunities with further cuts. Efficiency measures for delivered fuels provide some of the highest levels of GHG mitigation per dollar spent across all measures and programs.

It cannot be assumed that weatherization would occur without the incentive from the Company to delivered fuel heated customers. In Rhode Island's climate, more weatherization benefits occur during the heating season than the cooling season; relatively fewer electric cooling benefits from weatherization of homes that with delivered fuels by themselves are not enough to enable weatherization to be justified in the Cost of Supply view. Furthermore, given the OER's lack of current funding for non-income eligible home weatherization, a lost opportunity is created today if some level of delivered fuel weatherization is not supported, even as customers switch to electric heating from heat pumps. Ultimately, this will hamper state's abilities to meet GHG reduction targets. Finally, it is important to note that weatherization provides GHG reduction benefits regardless of what the heating

²⁷ Based on 2024 Plan data, the C&I sector receives a much smaller percentage (~20%) of benefits from non-electric factors compared to close to 60% for residential and income eligible programs.

²⁸ [EC4 Act on Climate 2022 Update](#)

²⁹ [State Energy Plan](#)

(and cooling) fuel is, and savings are long-lasting so that if the customer ultimately converts to electric heat, the weatherization benefits would be counted in a Cost of Supply view.

Reliability

Continued support for these programs is justified because they meet the standard of reliability. Energy efficiency savings are reliable because they are based on independent third-party evaluations; the most recent evaluation of the EnergyWise Single Family program was completed in 2023 and showed an increase in savings over the prior study. Additionally, weatherization, hot water, and thermostat savings are reliable and will accrue to bill payers no matter what fuels are used for heating and cooling or whether the fuel is switched over the life of the measure. Finally, reliable and dependable savings contribute to overall customer satisfaction.

6.6.3.3 Other non-LCP Standard justifications

There are several other reasons, not within the framework of the Standards, that support justification of continuation of these programs at the levels proposed.

- The Company is actively pursuing non-ratepayer funding sources to supplement existing funding. These efforts are detailed in Section 5.4 of this plan. If other funding sources come to fruition, ratepayer funds will be adjusted as appropriate which could have a favorable impact on the cost of efficiency relative to the cost of supply. However, if federal and/or state funds do not get allocated to these programs in a timely manner for the 2025 planning process, additional time will be required to address the longer-term budget implications.
- Not being able to provide the level of energy efficiency or offer measures that have been offered in the past may have an adverse effect on customer satisfaction, as energy efficiency is an input to JD Power scores.
 - Research has indicated that high bills are the biggest driver of customer satisfaction.³⁰ While customer satisfaction is not explicitly tied to the presence or absence of energy efficiency programs, when weatherization or other bill-reducing programs are reduced, it could affect customer satisfaction.
 - Furthermore, when customers are not able to receive efficiency services that have been available in the past, it creates a sense of reduced value from energy efficiency, even while other measures are still being offered.
 - Customer satisfaction is a qualitative factor in how investors view a utility's performance/leadership. A negative change in customer satisfaction could impact the perception of the financial markets toward the Company.
 - Lower customer satisfaction may also lead to more customer complaints and calls to the call center and regulators/legislators, which may increase the Company's customer service costs and hinder regulatory or legislative processes.
- Customer engagement through energy audits advances understanding and interest in energy efficiency, and if weatherization is not an option, then there's less value to the audit, and less overall interest in energy efficiency measures and practices.

27 [J.D. Power's 2023 Electric Utility Residential Customer Satisfaction Study](#)

6.6.3.4 Program-specific Justifications

In addition to the justification rationale presented in the prior sections, there are additional program-specific reasoning:

Direct install programs

All programs requiring justification here are direct install programs, where the Company's implementation teams perform the measure installation in customers' homes and businesses, rather than the customer needing to arrange installation and maintain quality. Direct install programs are by their nature expensive, because of the site-specific conditions of audits and weatherization work. Because it is foundational to an efficient building, weatherization is the most important measure and costs more on a per Btu basis than other measures. Furthermore, direct install programs provide education and engagement to customers to adopt other energy-efficiency measures more than any other type of program. Finally, it is often the case that customers do not know what type of heating equipment they have in place. Direct install programs enable Company implementation staff to identify the heating equipment the customer has in their dwelling and tailor efficiency offerings accordingly.

EnergyWise Single Family

For this program, delivered fuels measures contribute the greatest amount of GHG reduction of any category in electric portfolio. From a workforce perspective, 40% of weatherization work done by the vendor is delivered fuels, 10% is electric, and 50% is gas. Therefore, eliminating audits / weatherization for delivered fuels customers would reduce the vendor's workforce and its weatherization contractor workforce by nearly half. Beyond that, it would cause confusion in the marketplace because neither customers nor vendors would know what they could expect from Rhode Island Energy's programs. The vendor and customers are accustomed to undertaking measures comprehensively, and stripping out offerings would change the business model and may cause exits from the contractor community.

Income Eligible Single Family and Multifamily

The Income Eligible Single-Family program creates a non-energy benefit from reduction in participant arrearages that is captured in the benefit-cost analysis. This benefit has positive downstream impacts on the Company's customer service and billing operations. These programs are also an integral part of the Company's broader portfolio of bill assistance for customers, including discount rates, payment plans, forgiveness programs, and the Home Energy Assistance Program. Reducing the size of this program will lose the opportunity to create these positive impacts.

Furthermore, it would be difficult to attain or come close to attaining an equitable distribution of resources with the elimination of a number of measures from these programs to reduce the cost of efficiency relative to the cost of supply. The Company suspects that there would be disproportionate impacts to elderly, underserved populations, housing authorities, and in health equity zones. The Company cannot ascertain that quantitatively at this point in time, but prudence suggests moving cautiously in this area to minimize impact on these vulnerable populations.

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 table below shows the changes to program year 2025 planned values from the illustrative savings, benefits, and costs as shown for 2025 in the Company's 2024-2026 Three-Year Plan (3YP). Program areas of focus are described in Section 2 and in Attachments 1 and 2, and describe modifications proposed for the 2025 Annual Plan.

Table 7. Comparison of 2025 Electric Portfolio in Three-Year Plan Compliance Filing and 2025 Annual Plan

Electric Portfolio	2025 in 3YP	2025 Annual Plan	% Change
Annual Savings (MWh)	94,561	82,400	-13%
Lifetime Savings (MWh)	761,575	586,220	-23%
Total Benefits (RI Test)	\$212,232	\$193,022	-9%
Total Spending	\$98,331	\$79,066	-20%
Benefit Cost Ratio (RI Test)	1.84	1.99	8%
Cost/Lifetime kWh	¢14.74	¢16.5	12%
EE Program Charge per kWh	\$0.0120	\$0.0090	-25%

Table 8. Comparison of 2025 Gas Portfolio in Three-Year Plan Compliance Filing and 2025 Annual Plan

Gas Portfolio	2025 in 3YP	2025 Annual Plan	% Change
Annual Savings (MMBtu)	312,846	274,817	-12%
Lifetime Savings (MMBtu)	3,300,644	2,941,697	-11%
Cost/Lifetime MMBtu	\$12.14	\$14.35	18%
Total Benefits (RI Test)	\$83,856	\$76,661	-9%
Total Spending	\$34,083	\$34,445	1%
Benefit Cost Ratio (RI Test)	2.05	1.82	-11%
C&I EE Program Charge per Dth	\$0.91	\$0.45	-51%
Residential EE Program Charge per Dth	\$0.90	\$1.11	23%

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 9 shows a summary comparison by sector of lifetime savings.

Table 9. Comparison of Goals with EERMC Proposed Targets_

	Planned Values		EEC Proposed Targets	
	Lifetime MMBtu (Gas Programs)	Lifetime MWh (Electric Programs)	Lifetime MMBtu (Gas Programs)	Lifetime MWh (Electric Programs)
Residential				
2025	1,244,913	172,562	3,238,316	535,582
Income Eligible Residential				
2025	323,382	57,868	292,957	61,685
C&I				
2025	1,373,402	355,790	3,559,417	804,343
Total Savings				
2025	2,941,697	586,220	7,090,690	1,401,610

EEC explicitly provides Lifetime MMBtu (gas programs) and Lifetime MWh (electric program) portfolio-level targets in the “Recommended Targets for Energy Efficiency and Active Peak Demand Reduction Savings for 2024-2026” report. To perform the sector-level 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.

7.4 Analysis of Total Rhode Island Energy Efficiency

The LCP Standards adopted in Docket 23-07-EE specify that the Annual Plan contain an update of the analysis provided in the Three-Year Plan³¹ "of total energy likely to be saved in Rhode Island through energy efficiency over the three years, and the portion of those total energy savings that are likely to be delivered by the distribution company's energy efficiency programs."

The Standards further specify that, in the Annual Plan update, the Company use "the best-available information and shall adjust its proposed annual savings goals and budgets to be consistent with the update. Where adjustments are made, the distribution company shall identify and justify the specific adjustments for purpose of this analysis."

The Company has updated the analysis using the most recent information available and consistent with other information used in creating the 2025 Annual Plan: instead of using 2024-26 planning assumptions, the Company used updated 2025 planning assumptions. Table 10 shows the results of the savings analysis and Table 11 shows the results of the emissions analysis.

Table 10. State of Rhode Island, Energy Savings

		Electricity (MWh)	% Savings	Natural Gas (MMBtu)	% Savings	Delivered Fuel (MMBtu)	% Savings	Total Energy Saved (MMBtu)	% Savings	Total Associated Budget 3YR (\$)	% Budget
Annual	RIE	261,603	68%	864,034	79%	132,408	81%	4,496,000	70%	\$ 403,096,400	85%
	Non Programmatic Adoption	88,580	23%	169,152	15%	23,253	14%	1,377,366	22%	\$ -	0%
	State	26,851	7%	64,454	6%	8,141	5%	431,796	7%	\$ 61,702,207	13%
	Other RI Utilities (Pascoag + Block Island)	7,045	2%	-	0%	-	0%	94,242	1%	\$ 10,855,278	2%
	Total	384,079	100%	1,097,640	100%	163,802	100%	6,399,403	100%	\$ 475,653,886	100%
Lifetime	RIE	1,971,172	67%	9,030,429	70%	2,602,949	81%	38,002,452	68%	NA	NA
	Non Programmatic Adoption	765,555	26%	2,644,744	21%	454,959	14%	13,340,810	24%	NA	NA
	State	159,823	5%	1,143,208	9%	145,913	5%	3,427,133	6%	NA	NA
	Other RI Utilities (Pascoag + Block Island)	56,500	2%	-	0%	-	0%	755,822	1%	NA	NA
	Total	2,953,051	100%	12,818,381	100%	3,203,821	100%	55,526,218	100%	NA	NA

³¹ This analysis was presented in Section 6 of the 2024-26 Three-Year Plan.

Table 11. State of Rhode Island, Emission Savings

		Electricity (metric tons CO2)	% Savings	Natural Gas (metric tons CO2)	% Savings	Delivered Fuel (metric tons CO2)	% Savings	Total Avoided Emissions (metric tons CO2)	% Savings
Annual	RIE	185,477	68%	45,794	79%	7,018	81%	238,288	70%
	Non Programmatic Adoption	62,803	23%	8,965	15%	1,232	14%	73,000	22%
	State	19,038	7%	3,416	6%	431	5%	22,885	7%
	Other RI Utilities (Pascoag + Block Island)	4,995	2%	-	0%	-	0%	4,995	1%
	Total	272,312	100%	58,175	100%	8,682	100%	339,168	100%
Lifetime	RIE	1,397,561	67%	478,613	70%	137,956	81%	2,014,130	68%
	Non Programmatic Adoption	542,779	26%	140,171	21%	24,113	14%	707,063	24%
	State	113,315	5%	60,590	9%	7,733	5%	181,638	6%
	Other RI Utilities (Pascoag + Block Island)	40,059	2%	-	0%	-	0%	40,059	1%
	Total	2,093,713	100%	679,374	100%	169,802	100%	2,942,890	100%

To perform the analysis, the Company made several assumptions:

- 2024 estimates are based on the 2024 Compliance Filing; 2025 values are from this plan, and 2026 values are unchanged from the 2024-2026 Three –Year Plan.
- Non-Programmatic Adoption estimates used respective plan free-ridership rates.
- Unless state savings were called out, the Company utilized savings per dollar values from its 2024-2026 benefit-cost model to convert dollar spend from state programs to state savings.
 - Programs that were integrated in this analysis included the Clean Heat RI Program, HOMES, HEEHRA, RIIB, RGGI, and WAP funding.
- Other RI Energy estimates utilized savings data from the ACEEE 2022 Annual Score Card²⁷ and converted the savings to budget spend by calculating the ratio of MWh per dollar spent from the Company’s 2024-2026 benefit-cost model and applying that ratio to energy saved from other utilities.

8. FUNDING PLAN AND BUDGETS

8.1 Budgets

The Company is proposing Energy Efficiency Portfolio budgets for 2025 that are ten percent 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 \$81.5 million for electric programs and \$35.0 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.

The sources of funding for the 2025 electric programs are shown in Attachment 5: Electric EE Program Tables, Table E-1. To collect these funding sources for the 2025 cost-effective programs, the Company proposes: (1) one line on the customers' bill labeled "Energy Efficiency Charge" at \$0.00911 per kWh, as calculated in Attachment 5, Table E-1 (composed of the existing energy efficiency program charge of \$0.01139 per kWh plus a fully reconciling funding mechanism charge of -\$0.00228 per kWh in accordance with the requirements of R.I. Gen. Laws § 39-1-27.7); (2) projected Large C&I commitments from 2024, if any; (3) projected carryover of the year-end 2024 fund balance, as applicable, including interest at the rate in effect for customer deposits; (4) forecast revenue generated by ISO-NE's Forward Capacity Market (FCM); and (5) other potential outside revenue sources, including but not limited to those generated through RGGI permit auctions. Funding sources do not include revolving loan funds.

The sources of funding for the 2025 natural gas programs are shown in Attachment 6 Gas EE Program Tables, Table G-1. The Company proposes that the 2025 budget should be funded from the following sources: (1) one line on the customers' bill labeled "Energy Efficiency Charge" at \$1.131 per dekatherm for residential customers and \$0.455 per dekatherm for non-residential customers as calculated in Attachment 6, Table G-1 (composed of the existing energy efficiency program charge of \$0.998 per dekatherm plus a fully reconciling funding mechanism of \$0.133 per dekatherm for residential

customers and the existing energy efficiency program charge of \$0.680 per dekatherm plus a fully reconciling funding mechanism of -\$0.225 per dekatherm for non-residential customers in accordance with the requirements of R.I. Gen. Laws § 39-1-27.7); (2) projected carryovers or under-recoveries of the year-end 2024 fund balance, including interest at the rate in effect for customer deposits. Funding sources do not include revolving loan funds.

The decrease in the proposed EE Program Charge per kWh is driven primarily by budget reductions in the portfolio for 2025. The decrease in the C&I Program Charge per Dth is driven by the same factor; the increase in the Residential Program Charge per Dth is driven by the decrease in the 2022 year-end gas fund balance forecast compared to the 2023 year-end gas fund balance and increased budget.

The Company forecasts electric energy deliveries and gas loads for a variety of filings. In the context of the Annual Plan, the forecasts primarily factor into the calculation of the per-unit energy charges that fund the Natural Gas and Electric Energy Efficiency Portfolios. At the time of the preparation of this Annual Plan, the Company used a gas forecast based on the June 2024 release and an electric forecast based on the September 2023 release. The sections below provide an overview of the forecasting processes for the electric energy delivery and gas load forecasts.

Electric Forecast Summary

The electric energy deliveries forecast is developed in several steps. The first step was to “reconstitute,” that is add-back or subtract, as applicable, the impacts of energy efficiency (EE), solar-photovoltaics (PV), electric vehicles (EV), and electric heat pumps (EH) to the historical monthly energy dataset. This set of programs and technologies is termed Distributed Energy Resources (DERs), and the reconstituted data is termed “gross” to reflect the fact that it represents data prior to the impacts of DERs.

The second step is to develop an econometric forecast of gross energy deliveries based on Rhode Island economic conditions, normal weather, and days billed, as appropriate, using this reconstituted dataset. The economic conditions are from Moody’s economy outlook. The weather variables considered are cooling degree days (CDDs) and heating degree days (HDDs). Normal weather is defined by the average CDDs and HDDs of the most recent ten years. Due to the unavailability and / or great uncertainties of long-term weather forecasts, it is a common practice to use normal weather for long-term load forecasting.

The third step is to create the “net” forecast by adjusting the gross forecast by the projections for future DERs. Impacts for EE and PV (reflecting decreased electric load on the system) are subtracted from the gross forecast, impacts of EV (reflecting increased electric load on the system) are added to the gross forecast, and impacts of EH are added to or subtracted from the gross forecast depending on the season to create the net forecasts. These forecasts were first developed in terms of revenue classes – residential, commercial, and industrial. They were then allocated to the various rate classes using the current revenue to rate class percentages from the Company’s billing system.

Natural Gas Forecast Summary

The Company's gas load forecast is based on a comprehensive methodology for forecasting retail customer load requirements using a series of econometric models to determine the changes expected for Residential Heating, Residential Non-Heating, Commercial, and Industrial classes. To determine total gas demand and projected growth over the forecast period, the econometric models use historical economic, demographic, and energy price data, and weather data.

The product of the Company's retail demand forecast is a forecast of meter counts, use-per-customer, and volume by month by internal rate code under normal weather conditions. The Company's retail demand forecast is then converted to wholesale supply requirements at the Company's city gates based on the daily relationship between city gate volumes (including supplementals) and weather. The product of the Company's wholesale customer requirements forecast is a forecast of daily volumes under normal and design weather conditions."

8.2.2 Fund Balances

The Company estimates that the electric projected fund balance at year-end 2024 will be \$5.5 million, as shown in Line 3, Attachment 5, Table E-1; the gas fund balance at year-end 2024 is estimated to be 5.4 million, as shown in Line 2 Attachment 6, Table G-1. The Company has included 2024 year-end fund balance forecasts (electric and gas) on line 3 of the E-1 and on line 2 of the G-1 tables in Attachment 5 and Attachment 6, respectively. The fund balance forecasts include estimated implementation expenses and estimated earned-performance incentives.

Adjustments for 2023 Year-End Fund Balance

The 2024 year-end fund balance will be a function of actual implementation expenses and Company earned performance incentive through year-end 2024. Consistent with recent practice, by November 15, 2024, the Company will provide updated year-end fund balance forecasts, reflecting updated sales, collection, and program expenditure forecasts through year-end and revised Tables E-1 and G-1 to provide the PUC with time to review the Company's proposed charges in advance of the Annual Plan hearing. This would allow the charges, if approved, to have an effective date of January 1, 2025. This will allow the Company to begin collecting the most accurate charge possible at the start of the program year and avoid any market confusion surrounding the status and implementation of the 2025 energy efficiency programs. If the actual year-end 2024 fund balance as filed in the Year-End Report is higher or lower than that amount projected in the November 115, 2024, revised Tables E-1 and G-1, any deviation will be fully reconciled in the next program year in accordance with the requirements of R.I. Gen. Laws § 39-1-27.7.

The fund balance does not currently include credits from shareholder funds, with interest, to the fund balance based on the Company's involvement in Docket 22-05-EE. All credits identified thus far in that process were accounted for in the 2024 Annual Plan.

8.2.3 ISO-NE Capacity Market Revenue

Consistent with the LCP Standards, Annual Plan, and PUC decisions regarding annual plans since 2008, the kW-demand savings achieved via the electric energy efficiency and Combined Heat and Power programs continue to participate in the FCM as Passive On-Peak Demand Resources. The Company will manage and direct the revenues by bidding the demand savings attributed to energy efficiency measures and Combined Heat and Power facilities in the FCM and managing the associated capacity resources to maximize the resulting FCM revenue. The revenues from measures installed through this Annual Plan, as well as all previous plans, will continue to be reinvested in energy savings for the life of the measure.

The Company is to recover all prudently incurred FCM expenses from ISO-NE capacity-payment revenue generated by the demand savings from efficiency programs represented by the Company. The Company expects that capacity payments received from the ISO-NE will exceed its administrative and EM&V compliance costs of participation in the FCM and will result in additional funds being made available to fund efficiency programs for customers. If these participation costs exceed the capacity payments, the Company may recover its prudently incurred costs from the energy efficiency program fund. Only prudently incurred expenses are deducted from ISO-NE capacity payments or the energy efficiency program fund.

In addition, as part of the FCM, all qualified auction participants are required to post Financial Assurance to provide security that the promised resource will deliver the promised MW at the promised time. If, as a result of circumstances beyond the Company's control³², the Company is unable to provide all or a portion of the MW of capacity proposed in its qualification packages and capacity auction bids, some or all the financial assurance monies would be forfeited.

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 Regional Greenhouse Gas Initiative (RGGI) Funding

RGGI funding is allocated to the State of Rhode Island based on quarterly auctions for emissions allowances. The OER develops a plan for the allocation of auction proceeds. The Company does not expect any revenue from RGGI for the 2025 plan year.

³² Such circumstances may include legislative action to alter the EE Program Charge or discontinue the Company's authority to implement the energy efficiency programs underlying the Qualifications Package or a PUC decision limiting the Company's role in bidding the demand savings acquired through program efforts into the FCM.

8.2.5 Exceptions to the Natural Gas Energy Efficiency Program Charge

All gas used for distributed generation projects approved since 2014 will be subject to the natural gas energy efficiency surcharge.³³

The 2006 Act allows the PUC to exempt natural gas used for manufacturing processes from the energy efficiency surcharge where the customer has established a self-directed program to invest in and achieve best effective energy efficiency in accordance with a PUC-approved plan and subject to periodic review and approval by the PUC. Consistent with prior PUC decisions, the Company has developed recommendations for a process under which a manufacturer may submit its self-directed program and the required annual reports for approval. The Company recognizes that this process may need to be reviewed and modified after the PUC has accumulated sufficient experience with these programs. Any customer that receives this exemption from the natural gas energy efficiency program charge will not be eligible to receive natural gas energy efficiency program services.

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

³³ Natural gas used for distributed generation (excluding natural gas used by emergency generators) for distributed generation projects approved under the energy efficiency programs in 2013 and prior years - independent of the date those facilities become commercially operable – are not subject to the energy efficiency surcharge when natural gas used for that purpose can be clearly identified through uniquely metered use and when so requested in writing by the customer.

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

The Company shall inform the PUC, DPUC, OER, and EERMC in writing of any energy efficiency incentive annual offer in excess of \$3 million per measure. The Company shall inform the DPUC, OER, and EERMC in writing of any Combined Heat and Power project with a net output of 1 MW or greater (where net is the nameplate MW output minus Combined Heat and Power auxiliary kW). The process for notification of Combined Heat and Power projects is described in Attachment 2: C&I Programs. To prevent customer delays and to facilitate the Company's ability to meet customer expectation and annual energy savings goals, the OER, EERMC and Division agree to ask questions and provide comments on any non-Combined Heat and Power energy efficiency incentive annual offer in excess of \$3 million within 30 days. The Company, through its own discretion, may proceed with an incentive offer. The incentive, and any other related proposals will be authorized to proceed after 30 days from the date on which the Company notified the PUC, OER, Division, and EERMC of the incentive unless the PUC suspends the filing and/or issues an order within such 30-day period to extend the time for purposes of further review.

9. PERFORMANCE INCENTIVE PLAN

The Performance Incentive Mechanism (PIM), as approved in Docket 5076, established the measurement of performance as a net benefits framework based on a set of prioritized benefit categories. This prioritizes utility system impacts over resource benefits generated by the programs and omits the societal benefits. The "netting" calculation incentivizes budget controls so that the benefits are achieved in line with the portfolio budgets as proposed in the Annual Plan.

Equation 1. Illustrative Calculation of Net Benefits for Performance Incentive Mechanism

Total Benefits = (100% of Utility System Benefits+35% of Resource Benefits)

Net Benefits = (100% of Utility System Benefits+35% of Resource Benefits) – (Programmatic Costs+Regulatory Costs)

The PIM measures performance at the sector and fuel level:

- Non-Income Eligible Residential Electric
- Income Eligible Residential Electric
- Commercial and Industrial Electric
- Non-Income Eligible Residential Gas
- Income Eligible Residential Gas
- Commercial and Industrial Gas

PIM calculations include a set of potential adjustments that are intended to further incent the company to maintain budget controls in the delivery of savings, and therefore prioritized benefits, by adjusting earnings under this mechanism based on cost relative to budget. The Company is not proposing structural changes to the PIM for 2025. Attachment 5, Table E-8A and Attachment 6, G-8A show the categories of benefits that are included in the PIM calculations, categories omitted from the PIM, and the weighting assigned to those benefits in the calculation. The categories of benefits are also summarized in Table 12. Electric Energy Efficiency Portfolio Benefits Alignment for PIM Calculations for electric and **Error! Reference source not found.** for gas below. The monetized benefits included in the PIM are calculated from a subset of benefit categories included in the RI Test, calculated using the same methods and inputs as the RI Test.

Table 12. Electric Energy Efficiency Portfolio Benefits Alignment for PIM Calculations

Benefit	PIM Categorization	Percent Allocation in PIM Calculation
Summer Generation	Electric Utility System Benefits	100%
Capacity DRIPE		
Transmission		
Distribution		
Reliability		
Winter Peak Electric Energy		
Winter Off Peak Electric Energy		
Summer Peak Electric Energy		
Summer Off Peak Electric Energy		
Electric Energy DRIPE		
Utility Non-Energy Impacts (NEIs)		
Non-Embedded Carbon		
Natural Gas and Natural Gas DRIPE	Resource Benefits	35%
Oil and Oil DRIPE		

Benefit	PIM Categorization	Percent Allocation in PIM Calculation
Propane		
Water		
Non-Resource (NEIs)	Other Not Included Benefits	0%
Non-Embedded NOx		
Economic		

Table 13. Gas Energy Efficiency Portfolio Benefits Alignment for PIM Calculations

Benefit	PIM Categorization	Percent Allocation in PIM Calculation
Natural Gas	Gas Utility System Benefits	100%
Natural Gas DRIPE		
Utility Non-Energy Impacts (NEIs)		
Summer Generation	Resource Benefits	35%
Capacity DRIPE		
Transmission		
Distribution		
Reliability		
Winter Peak Electric Energy		
Winter Off Peak Electric Energy		
Summer Peak Electric Energy		
Summer Off Peak Electric Energy		
Electric Energy DRIPE		
Oil and Oil DRIPE		
Propane		
Water		
Non-Resource (NEIs)	Other Not Included Benefits	0%
Non-Embedded Carbon		
Non-Embedded NOx		
Economic		

Tables E-8B and G-8B show the costs that are used in the “netting” calculations in the PIM, and that are incorporated in the SQAs in the sectors to which they apply. The core of the costs included in the PIM is the “Eligible PIM Budget” derived from Attachment 5, Table E-3 and Attachment 6, Table G-3. The Eligible PIM budget is calculated based on the total budget from Tables E-2 and G-2 with regulatory costs equally distributed and commitments, OER costs, RIIB transfers, pilot costs, assessment costs, and performance incentive value removed.

Electric

In 2025, two electric sectors (non-income eligible Residential and C&I) are eligible to receive performance incentives. The combined eligible net benefits of these sectors have decreased from 2024 to 2025. In 2025, the Company proposes a payout rate of 7% of 2025 planned PIM-eligible net benefits, which the same rate used to calculate the 2024 compliance filing payout pool. Because of the smaller amount of PIM-eligible benefits, this payout rate yields a target incentive pool of \$2,483,751, which is \$591,317 less in electric performance incentives than in 2024.

For 2025, the Company has proposed raising the maximum income eligible electric SQA from \$352,674 to \$483,062. This adjustment is directly scaled to the increase in total income eligible benefits between 2024 and 2025. The non-income eligible Residential and C&I sectors are not eligible for SQAs in 2025.

Natural Gas

As in 2024, in 2025, the gas performance incentive is entirely allocated to the C&I sector (the only sector with positive eligible net benefits). The Company’s proposed 2025 gas incentive was calculated by keeping the 2024 compliance filing gas C&I payout rate of 10% constant for 2025. In 2025, the Company is seeking a payout pool of \$605,171 which is \$153,481 less in gas performance incentives than in 2024. This decrease aligns with the decrease in natural gas eligible net benefits.

In 2022/2025, the Company has proposed raising the maximum non-income eligible gas SQA from \$302,823 to \$359,687 and raising the maximum income eligible gas SQA from \$109,114 to \$144,369. The adjustments are directly scaled to the changes in total sector-specific eligible benefits between 2024 and 2025. The C&I sector is not eligible for an SQA in 2025.

9.1 FUTURE PERFORMANCE METRICS

The Company does not propose any additional performance metrics for the 2025 Program Year.

10. ADVANCING DOCKET 4600 PRINCIPLES AND GOALS

Along with the quantitative benefits detailed in this Annual Plan, as measured by the RI Test, the energy efficiency investments and innovation planned for 2025 also advance the Docket 4600 principles and goals.³⁴ The Docket 4600-A Guidance Document directed that “the proposing party must provide accompanying evidence that addresses how the proposal advances, detracts from, or is neutral to each of the stated goals of the electric system.”³⁵ To meet this directive, the Company describes how the Annual Plan either advances, detracts, or remains neutral on achieving the Docket 4600 goals for the electric system in Table 14. Docket 4600 Goals for the Electric System.

Table 14. Docket 4600 Goals for the Electric System

4600 Goals for Electric System	Advances/Detracts/Neutral
Provide reliable, safe, clean, and affordable energy to Rhode Island customers over the long term.	Advances: The Annual Plan gives customers tools to reduce their energy consumption. The safest, most reliable, most affordable energy is energy that is never used. Lowering energy consumption avoids investments in the installation, upgrade, or replacement of transmission and distribution infrastructure, and reduces strain on the system.

³⁴ PUC Report and Order No. 22851 accepting the Stakeholder Report. Written Order issued Jul. 31, 2017.

³⁵ Approved final clean version of Guidance Document (Oct. 27, 2017).

4600 Goals for Electric System	Advances/Detracts/Neutral
Strengthen the Rhode Island economy, support economic competitiveness, retain, and create jobs by optimizing the benefits of a modern grid and attaining appropriate rate design structures.	Advances: The Annual Plan will create significant economic benefits in Rhode Island. The Company expects that investments made in energy efficiency under this Annual Plan will add \$269.7 million to Rhode Island's Gross State Product (GSP), equivalent to 2,087 job-years.
Address the challenge of climate change and other forms of pollution.	Advances: The Annual Plan will help reduce 61,237 short tons of carbon emissions in 2025 from the installed measures as well as reduce other pollutants associated with the generation and combustion of electricity, natural gas, and delivered fuels.
Prioritize and facilitate increasing customer investment in their facilities (efficiency, distributed generation, storage, responsive demand, and the electrification of vehicles and heating) where that investment provides recognizable net benefits.	Advances: The Annual Plan provides incentives for customers to invest in cost-effective energy efficiency measures in their facilities and participate in demand response programs and provides handoffs to other programs including EV charging programs.
Appropriately compensate distributed energy resources for the value they provide to the electricity system, customers, and society.	Neutral: This is not applicable; distributed energy resources, such as generators, are not participants in the energy efficiency programs.
Appropriately charge customers for the cost they impose on the grid.	Neutral: This is not applicable; energy efficiency projects do not impose a cost on the grid.
Appropriately compensate the distribution utility for the services it provides.	Advances: The performance incentive contained in this Annual Plan compensates the Company for achieving the energy savings goals through delivering cost-effective energy efficiency programs to customers while aligning with the PUC's PIM principles.
Align distribution utility, customer, and policy objectives and interests through the regulatory framework, including rate design, cost recovery, and incentive.	Advances: The Annual Plan aligns Company, customer, and policy objectives and interests by incentivizing energy savings measures that enable customers to manage and reduce their energy consumption, which in turn contributes to the greenhouse gas reduction goals of the Act on Climate, Power Sector Transformation goals, Heating Sector Transformation goals, and the 100 percent Renewable Electricity goal while allowing the Company to earn a performance incentive.

11. CONCLUSION

This Plan attempts to address the changing landscape of energy efficiency in Rhode Island. 2025 brings with it considerable changes from the environment of late 2023 in which the last annual and three-year plans were created. The Company has endeavored to address this new context while continuing to provide viable, effective efficiency options for energy consumers in Rhode Island.

2025 will bring a new statewide energy code: the 2024 International Energy Conservation Code (IECC). The Company anticipates that the Inflation Reduction Act (IRA) and other state and local programs aimed at funding energy initiatives will heighten the demand for energy efficiency, and consequentially,

the demand for the skilled professionals responsible for implementing the Company's programs. Additionally, the Rhode Island Public Utilities Commission (PUC), in RI PUC Order 25092 within Docket 23-35-EE, set forth that any program with a projected cost that exceeds the cost of supply—excluding delivered fuels in the intrastate calculation—must provide a justification for its approval. In the 2025 Annual Plan, the costs of six proposed programs surpass the Commission's established cost of supply, requiring justifications based on the Least Cost Procurement (LCP) Standards. In response to these changes, the Company's workforce development initiatives will encompass a variety of capacity-building activities. With regards to the implementation of IECC 2024, the Company has already initiated training for contractors, town officials, program implementers, and other relevant stakeholders regarding the new energy code's implications for designing and installing energy efficiency measures in both existing buildings and new construction projects. To meet this growing demand anticipated with the influx of IRA funding, the Company plans to expand its current workforce development efforts and utilize the knowledge and training resources available through trade allies and industry experts.

The Company has made significant efforts to present justifications—both quantitative and qualitative—for the continued support of programs where the Cost of Efficiency exceeds the Cost of Supply as defined by the PUC. The Company has revised its strategy for planning the 2025 programs, specifically by reducing funding for delivered fuels efficiency measures in an effort to minimize program costs that exceed the cost of supply. Throughout 2025, the Company will evaluate the effects of these adjustments on program participation, contractor engagement, resource allocation, and customer satisfaction to determine if further modifications are needed. The Company considers this a multi-year process, and therefore, decisions regarding program continuation should not be based solely on the 2025 plan but should also take into account long-term impacts. There may be market and program effects that cannot be evaluated in time for the 2025 planning cycle but could provide valuable insights for future plans.

12. MISCELLANEOUS PROVISIONS

- Other than as expressly stated herein, this Annual Plan establishes no principles and shall not be deemed to foreclose any party from making any contention in any future proceeding or investigation before the PUC.
- Other than as expressly stated herein, the approval of this Annual Plan by the PUC shall not in any way constitute a determination as to the merits of any issue in any other PUC proceeding.
- RI Energy will convene the EE TWG no less than six times in 2025 to review the status and performance of the Company's 2025 energy efficiency programs and advise the Company on potential programs for the 2026 program year.

13. REPORTING REQUIREMENTS

In 2025, the Company will provide reports, including a report for the first three quarters of 2025 and an annual 2025 report. These reports will be sent to the EEC, the Division, OER, the EE TWG, and the PUC and will include the most currently available program performance for both natural gas and electric efficiency programs. These reports will include a comparison of budgets and goals by program to actual expenses and savings on a year-to-date basis, and a status report on revolving loan funds. The Company reports will also include a summary of program and equity progress and will highlight issues by sector for EEC, Division, OER, and EE TWG attention. Within the C&I sector, there will be separate highlighting of large and small customer program progress and issues. Beginning in the second quarter, the quarterly reports also include a forecast of expected results.

- Beginning with the 2019 Year End Report, the Company provided detailed costs schedules that were developed in collaboration with the PUC. The Company proposes to submit detailed cost schedules in the 2025 Year End Report. In addition, the Company also proposes to submit confidential vendor schedules to the PUC, with a motion for protective treatment. These confidential vendor schedules detail costs to individual vendors and other external entities.
- Per the Standards adopted in Docket 23-07-EE, the Company will provide to the EE TWG, and file with the PUC its 2024 Year-End Report no later than May 1, 2025. This report will include achieved natural gas and electric energy savings in 2024 and earned incentives for 2024. The report will also include a discussion of deviations from planned quantities as specified in the Standards.
- The Company will provide the EE TWG with a summary of evaluation results that have been incorporated into this 2025 Plan, including a description of the impact of those results in planning the Company's 2026 programs, in the 2026 Plan to be filed by October 1, 2025.

14. REQUESTED RULINGS

The Company respectfully requests that the PUC approve the 2025 Plan as presented in this document and the supporting attachments in its entirety. The Annual Plan has been developed with careful consideration of the linkages between all parts. The specific components of this 2025 Plan for which the Company requests approval include:

- The savings goals, programs, measures, budgets, and associated customer collections required to fund the 2025 energy efficiency programs.
- The PIM and associated earning opportunity provided by the Company in this Annual Plan.

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

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. (Reserved for future use)

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