

Rhode Island Energy

2024-2026 Energy Efficiency Three-Year Plan

Table of Contents

PRE-FILED TESTIMONY.....	3
EXECUTIVE SUMMARY.....	3
SECTION ONE: INTRODUCTION	4
1.1 PLAN SUMMARY	4
1.2 THE PLANNING PROCESS.....	5
1.2.1 Collaboration and Stakeholder Feedback	7
1.3 HOW TO READ THIS PLAN.....	9
1.4 TIMELINE	10
SECTION TWO: LEAST-COST PROCUREMENT LAW AND STANDARDS	10
2.1 COST EFFECTIVENESS	11
2.2 RELIABILITY	12
2.3 PRUDENCY	12
2.4 ENVIRONMENTALLY RESPONSIBLE.....	13
2.5 COST OF ANNUAL PLAN COMPARED TO THE COST OF ENERGY SUPPLY	14
SECTION THREE: THEMES AND PRIORITIES	15
3.1 STRATEGIC OVERVIEW OF PROGRAMS AND PRIORITIES	15
3.2 PRIORITIES FOR THE 2024-2026 PLAN	17
3.2.1 Priority 1: Deliver Optimized, Tailored Programs	18
3.2.2 Priority 2: Understand Customer Needs	20
3.2.3 Priority 3: Enable Customers to Invest in Efficiency.....	24
3.2.4 Priority 4: Serve Customers Equitably.....	26
3.2.5 Priority 5: Ensure Workforce Capacity to Serve Customers	28
3.2.6 2024-2026 Program Updates	32

3.3	MULTIYEAR STRATEGIES	36
3.4	COORDINATION WITH OTHER PROGRAMS AND POLICIES	37
3.4.1	<i>System Reliability Procurement</i>	37
3.4.2	<i>Advanced Metering Functionality and Grid Modernization</i>	37
3.4.3	<i>Act on Climate</i>	38
3.4.4	<i>Future of Gas Docket</i>	39
3.4.5	<i>Office of Energy Resources</i>	39
3.4.6	<i>Federal Funding</i>	39
3.5	EVALUATION PLANS	41
SECTION FOUR: SAVINGS GOALS, BUDGETS, AND FUNDING PLAN		42
4.1	THREE-YEAR GOALS.....	42
4.1.1	<i>Comparison of Goals with Market Potential Study Refresh</i>	49
4.2	HISTORIC SAVINGS.....	52
4.3	FUNDING PLAN AND BUDGETS	53
SECTION FIVE: PERFORMANCE INCENTIVE PLAN		55
5.1	PROPOSED PERFORMANCE INCENTIVE	55
SECTION SIX: ANALYSIS OF TOTAL RHODE ISLAND ENERGY EFFICIENCY.....		56
SECTION SEVEN: CONCLUSION AND REQUESTED RULINGS		59
ATTACHMENT 1: ENERGY EFFICIENCY FUNDING		60
ATTACHMENT 2: PROGRAM LEVEL BENEFIT COST SUMMARY		61
ATTACHMENT 3: PROGRAM LIST BY SECTOR		62
ATTACHMENT 4: DEFINITIONS		63
ATTACHMENT 5: CUSTOMER LISTENING SESSIONS FOR 2024-2026 PLAN		64

Pre-Filed Testimony

Executive Summary

In fulfillment of the [Comprehensive Energy Conservation, Efficiency and Affordability Act of 2006](#), the Narragansett Electric Company d/b/a Rhode Island Energy (RI Energy or the Company) is proud to submit this *2024-2026 Three-Year Energy Efficiency and Procurement Plan* (2024-2026 Plan or Plan). The Plan presents an overview of the Company's approaches, program enhancements and strategic innovations planned for the 2024-2026 term. Within this Plan, the Company provides details regarding the cost effectiveness of energy efficiency programs and strategies, how these efforts achieve prudence and reliability, and offers a funding plan with illustrative budgets, funding sources and savings goals.

The 2024-2026 Plan guides annual program planning to secure energy and cost savings for Rhode Island energy consumers. Energy efficiency supports safe and reliable utility service while at the same time helping to reduce customers' carbon footprints. The efficiency programs outlined in this Plan will contribute positively to overall customer satisfaction, a key priority for both RI Energy and its parent corporation, PPL. Since the 2024-2026 Plan is submitted concurrently with the *2024 Annual Energy Efficiency and Procurement Plan* (2024 Annual Plan), the Company will use this three-year plan document as a roadmap.

The Company will consider relevant developments between the approval of this Plan and the submission of the 2025 and 2026 Annual Plans to determine the associated binding savings goals and budgets for the 2025 and 2026 program years. In this Plan, the Company proposes a strategic set of programs and strategies that are flexible, targeted and geared toward the Commercial and Industrial (C&I), Residential, and Income Eligible sectors. The Company's 2024-2026 key, customer-centric priorities are illustrated below:

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

RI Energy continuously seeks new opportunities to drive deeper savings and transform additional markets, particularly those that are underserved. Many of the Plan's strategies build upon existing customer relationships to incentivize comprehensive measures that accrue greater savings over their lifetime; however, the Company is always looking for new ways to reach new markets. The Company must also go deeper and broader to secure the next unit of efficiency. This increase in energy savings will only be realized by encouraging continuous, multi-year customer engagement that increases opportunities for comprehensive savings through the installation of multiple efficiency measures, including new and emerging technologies.

Section One: Introduction

1.1 Plan Summary

This Plan outlines the Company's overall programmatic focus and strategies, including illustrative and provisional budgets and savings goals for the next three years of efficiency program implementation. The document lays out a vision for the Company's continued transformation of the energy efficiency sector in Rhode Island, including key approaches for the 2024-2026 term, consistent and effective service designs, creative and effective engagement strategies, and accessible and widespread program delivery.

This Plan will serve as a guide for the Company’s annual plans and provides the focus, approaches, and long-term strategies to deliver energy and cost savings for Rhode Island consumers, as well as provide operational benefits for the state’s electric and natural gas systems. The 2024 Annual Plan uses this high-level vision to detail the specific strategies planned for the 2024 program year, including formalizing budgets and savings goals associated with time tested programming, while outlining program enhancements and innovations. The Company will use this 2024-2026 Plan as a roadmap to guide the planning process for the 2025 and 2026 Annual Plans. Additionally, the Company will also consider developments (e.g., new technologies, updated building and/or appliance standards) that may arise between the Plan’s approval and the submission of the 2025 and 2026 Annual Plans in determining if modifications are needed for program designs, savings goals and budgets for those years.

The overarching goal of energy efficiency plans is to enable Rhode Island energy consumers to save money, reduce their energy consumption and protect the environment through cost-effective, reliable, prudent, and environmentally responsible efficiency programs. Efficiency programs enable the Company to maintain system reliability and contribute to the state’s goals for reducing greenhouse gases and decarbonizing the economy. Energy efficiency generates a host of non-energy environmental, health and societal benefits. The Plan proposes illustrative and provisional energy efficiency procurement budgets and savings goals that will help Rhode Island consumers meet their energy needs.

RI Energy’s 2024-2026 Plan satisfies the statutory requirements of Least Cost Procurement (LCP), is consistent with the concurrently filed 2024 Annual Plan, and is fully aligned with priority actions and reducing greenhouse gas emissions per the 2021 *Act on Climate* and 2022 *Update to the 2016 Greenhouse Gas Emissions Reduction Plan* (2022 Climate Update).

1.2 The Planning Process

The Company developed this Plan in collaboration with a number of stakeholders and entities who have historically provided valuable guidance and feedback. The figure below describes the membership of each of three key stakeholder groups. The Energy Efficiency and Resource Management Council (EERMC) provides critical oversight of program design, implementation, and evaluation. Once a month, the Company hosts the Energy Efficiency Technical Working Group (EE TWG) for an in-depth discussion of energy efficiency topics and also engages the EE TWG throughout the planning process to leverage their expertise and seek their feedback. In addition, the Energy Efficiency Equity Working Group (EE EWG) convenes to provide the Company with recommendations on incorporating equity in the planning, design and delivery of its energy efficiency programs.

Robust Stakeholder Input

Energy Efficiency and Resource Management Council (EERMC)

Members represent:

- Small commercial and industrial users
- Expertise in energy design and code
- Expertise in environmental issues
- Small non-profit institutions
- Large commercial and industrial users
- Large non-profit institutions
- Energy regulation and law
- Low-income users
- Municipalities
- Residential users

Energy Efficiency Technical Working Group (EE TWG)

- Rhode Island Division of Public Utilities and Carriers
- Rhode Island Office of Energy Resources
- Rhode Island Infrastructure Bank
- Rhode Island Energy Efficiency and Resource Management Council
- Acadia Center
- Center for Justice
- City of Providence
- George Wiley Center
- Green Energy Consumers Alliance

Energy Efficiency Equity Working Group (EE EWG)

- Green and Healthy Homes Initiative
- Rhode Island Office of Energy Resources
- HousingWorks Rhode Island
- Prospect Health Systems
- Community Action Partnership of Providence County
- RI EERMC
- Rhode Island Builders Association
- Optimal Energy / NV5
- CLEAResult

Throughout the 2024-2026 Plan development process, the Company's staff have collaborated with the EERMC and the Rhode Island Office of Energy Resources (OER) to identify measures and strategies. The Company appreciates the efforts made by both the EERMC and their consulting team to include Company feedback in the development of their priorities. The Company considered EERMC, OER, and other stakeholder priorities in developing this Plan, alongside market assessment and evaluation activities; quality assurance insights; feedback from subcontractors and participants; input from businesses, professional and trade associations, trade allies, and others; and insights from national and regional energy efficiency experiences of peer administrators.

In the 2024-2026 period, the expected influx of federal funding allocated to Rhode Island by the federal *Inflation Reduction Act of 2022* (IRA) will necessitate that the Company continue to work closely with other stakeholders, especially OER, to set incentive levels and make program modifications to support and leverage these additional funding sources throughout the 2024-2026 term. The Company will assess program incentives due to the presence of federal funding or other sources and will continue to work with OER to accelerate the adoption of energy efficiency.

1.2.1 Collaboration and Stakeholder Feedback

Customer Listening Sessions

The Company hosted three listening sessions with customers in June 2023 including one for C&I customers (June 20), one for income-eligible customers (June 22), and one for residential customers (June 27). The Company solicited participants through outreach to EERMC and EE TWG members (e.g., OER and the Rhode Island Center for Justice), as well through communication with community action agencies, chambers of commerce, program contractors, and other local organizations and networks.

Each listening session began with an overview of the Company's energy efficiency programs followed by smaller break-out groups where customers could provide candid feedback on their experience, if any, with the Company's efficiency programs and offer suggestions on how to best increase awareness of the programs. Following the break-out groups, a Company representative presented an overview of the Plan, including proposed changes and enhancements. Participants offered their thoughts on the draft Plan and ideas for the Company to consider. Some of the key takeaways that have informed this Plan include:

- Continued effort at refining and diversifying outreach efforts is necessary. Customers who participated in programs had almost universally positive experiences, but each session offered suggestions for increasing awareness of program offerings.
- Feedback regarding future incentives for gas was split. While some customers asked about incentives for switching from natural gas to electricity, others expressed concern about losing, or the lack of current, access to natural gas.
- Several participants suggested that RI Energy work more closely with community-based organizations to increase awareness of programs.

For further information regarding these listening sessions, please see Attachment 5.

Vendor Input

The Company also engages its program vendors to solicit their input by holding monthly calls with project expeditors, the most-active C&I program vendors. When the Company solicited feedback on the Plan development process, the following statements were made by various program vendors:

- Vendors support the efforts to decarbonize buildings, in an affordable manner for customers.

- Some vendors prefer to continue to allow customers to have choices in the fuel types of equipment they procure, while promoting the most-efficient option possible.
- Some customers, particularly schools, have trouble electrifying their facilities due to cost and resource barriers.

Market Potential Study Refresh

This Plan is informed by the Rhode Island Energy Efficiency Market Potential Study Refresh (MPS Refresh) commissioned by the EERMC and completed by Dunskey Energy Consulting in early 2023. The EERMC managed the study, with input from RI Energy and other stakeholders. The results of this study were used by the EERMC to recommend energy savings targets for the 2024-2026 term.

Engagement with State Climate Planning

To further inform future annual plans, specifically the 2025 and 2026 Annual Plans, the Company will participate in future Executive Climate Change Coordinating Council (EC4) stakeholder sessions. These sessions will help the Company understand policy priorities and actions that should be taken into account in program planning and design for the 2025 and 2026 program years. The EC4's *2022 Update to the 2016 Greenhouse Gas Emissions Reduction Plan* identified energy efficiency as a priority action and directed the state to continue work in this space. Per this guidance, the Company continues to pursue energy savings under the least cost procurement framework and reporting on progress.

For Rhode Island's 2025 Climate Strategy, RI Energy stands ready to support work to evaluate economy wide decarbonization scenarios and advocate for an appropriate level of energy efficiency in that context. The Company has submitted comments in response to the EC4's Request for Information for the Strategy's scope of work and anticipates more engagement as the EC4 begins developing the *2025 Climate Strategy* in earnest. By accounting for EC4 policy priorities and actions, the Company will avoid duplication of efforts, maximize program impacts, and ensure Plan alignment with the development of the anticipated 2025 Climate Action Strategy.

Cross-Functional Coordination

RI Energy coordinates across all its business activities, including its infrastructure investment planning, customer programs, and regulatory policy, all of which have the potential to impact energy efficiency planning and strategy. In 2022, the Company filed its Advanced Metering Functionality (AMF) Business Case and its Grid Modernization Plan. Since 2022, the Company has been engaged in the Commission's Future of Gas docket (Docket No. 22-01-NG) and its investigation into energy storage (Docket No. 5000). Throughout the planning process, the Company coordinated with

internal policy and system planning resources to ensure the Plan’s energy efficiency programs support operational effectiveness and further statewide decarbonization goals.

The Company also revitalized its System Reliability Procurement (SRP) Technical Working Group, an external stakeholder group that advises RI Energy on matters related to system reliability procurement.¹ Going forward, per the updated LCP Standards, demand response programs will be presented as part of the system reliability procurement and not addressed in the energy efficiency planning process (i.e., not in the Three-Year Energy Efficiency and Procurement Plans or Annual Plans). The Company’s efficiency team regularly communicates with colleagues engaged in SRP efforts to understand potential interactions and plan accordingly.

1.3 How to Read This Plan

For ease of review, this Plan has been organized to align with the LCP Standards. There are four overarching sections:

- (1) The *LCP Standards* section explains how the Plan complies with the requirements set forth in the LCP Standards: cost effectiveness, reliability, prudence, environmentally responsible, and comparison to alternative cost of supply requirements.
- (2) The *Priorities and Programs* section provides insight into strategic considerations, high-level program descriptions and the Company’s approach to implementing the principles of program design outlined in the LCP Standards. This section also includes a discussion of program coordination with other energy programs. Goals, Budget, and Funding Plan
- (3) The *Goals, Budget, and Funding Plan* section details these elements and discusses the performance incentive plan and performance metrics.
- (4) The *Analysis of Total Rhode Island Energy Efficiency* section, a new component of the Plan per the revised LCP Standards adopted in Docket 23-07-EE, contains an analysis of the total energy expected to be saved in Rhode Island through energy efficiency during the 2024-2026 term, and the portion of those total energy savings that will be delivered by the Company’s energy efficiency programs.

¹ Additional details regarding the Company’s activities in 2022 related to system reliability procurement, including assessment of non-wires solutions and advancements in non-pipes solution program development, can be found in Rhode Island Energy’s *2022 System Reliability Procurement Year-End Report* (filed with the PUC on Jun. 1, 2023).

There are five attachments which provide additional detail regarding specific Plan elements:

- Attachment 1: Energy Efficiency Funding
- Attachment 2: Program Level Benefit Cost Summary
- Attachment 3: Program List by Sector
- Attachment 4: Definitions
- Attachment 5: Customer Listening Sessions for 2024-2026 Plan

1.4 Timeline

As provided for under the LCP Standards, the Company has opted to combine the filing of the 2024-2026 Plan with the first year (2024) of the Annual Plans. The Company submitted the combined filing to the EERMC seeking their endorsement by formal vote on September 30, 2023. As specified in the Standards, the Company will file Annual Plans for 2025 and 2026 with the PUC on October 1, 2024, and October 1, 2025, respectively. It will seek support from the EERMC for each of those plans prior to filing. RI Energy will continue to work with the EERMC and the EE TWG to meet these timelines.

Section Two: Least-Cost Procurement Law and Standards

This section describes the Company's assessment of the 2024-2026 Plan's compliance with Least Cost Procurement Law and the LCP Standards as revised in Docket 23-07-EE. In general, the Company's interpretation of the LCP Standards is as it was presented in the 2023 Annual Plan in Docket 22-33-EE, Section 7, modified for the recent revisions. The Company's interpretations are presented in Section 5 of the 2024 Annual Plan, filed simultaneously with this Plan.

The Company demonstrates its consistency with the LCP Standards in Section 5 of the 2024 Annual Plan. Subsequent annual plans filed during the 2024-2026 term, the 2025 and 2026 Annual Plans, will have the requisite level of detail to assure compliance with LCP Standards. In the following subsections, the Company discusses any key changes in the LCP Standards, and how said changes impacted the Company's approach in its development of the Plan. The Company also discusses if, for any Standard, the consistency with the Standard is expected to change over the 2024-2026 term.

2.1 Cost Effectiveness

The Rhode Island Test (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 LCP 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.”²

In Docket 23-07-EE, changes to the LCP Standards required an additional view of cost effectiveness that, “for categories with value or cost that is shared between Rhode Island Energy and other jurisdictions (both within the state and region), presents only those benefits and costs that will be allocated to Rhode Island Energy.” For this analysis, the Company identified certain categories of benefits that flow outside of Rhode Island. These include a portion of demand reduction induced price effects (DRIPE) and pool transmission facility (PTF) capacity values. Attachment 2 presents the requested additional view that shows that programs are still cost effective absent these benefits. To the best of the knowledge of the Company, no costs accrue outside of Rhode Island.

Additionally, the changes to the LCP Standards in Docket 23-07-EE require that the “RI Test shall 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*.” In consultation with the OER, EERMC, and Division, the Companies developed a value and approach for carbon dioxide mitigation which is used in all cost-effectiveness analyses in this Plan. This approach uses Marginal Abatement Cost (MAC) from the 2021 Avoided Energy Supply Costs (AESC) study in the analysis, while the parties await resolution of the PUC’s Future of Gas docket.

The Plan is consistent with these cost-effectiveness requirements and interpretations as demonstrated in Attachment 2 and demonstrated in the 2024 Annual Plan. The Company does not expect significant variance in compliance between 2024 and subsequent years of the 2024-2026 term. The Company has analyzed the cost effectiveness for the proposed 2024 portfolio and programs using the RI Test as required by Docket 4600 and the LCP Standards. The portfolio and programs proposed for 2024 satisfy these criteria for cost effectiveness. The RI Test includes benefits in the form of primary fuel energy savings (electricity and natural gas), the value of other resources (fuel and water) benefits, price

² RI PUC Docket 5015, LCP Standards, Section 3.2N.

effects, non-embedded greenhouse gas reduction benefits, non-embedded nitrous oxide 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. Notably, cost-effectiveness results do not include economic impacts such as employment and gross state product impacts from energy efficiency investments.

While not required, the Company also reviewed benefit-cost ratios at the measure-level to ensure ratepayers and participants will receive net positive benefits from energy efficiency investments.

2.2 Reliability

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. In addition, as applicable, programs should be scalable and tailored to meet specific system needs. No changes were made to the LCP Standards for reliability in the revisions in Docket 23-07-EE. The Plan is consistent with this interpretation as is demonstrated in the 2024 Annual Plan. The Company does not expect significant variance in compliance between 2024 and subsequent years of the 2024-2026 term.

The Company ensures reliability through the delivery of reliable energy savings. These savings are verified through third-party consulting firms that conduct robust annual EM&V studies to ensure claimed savings are as accurate as possible and to account for spillover, free ridership, and other industry standard factors. This EM&V process also supports the Company's participation in the ISO-New England's Forward Capacity Market (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. Together, these approaches comply with the Standard of Reliability.

2.3 Prudence

In developing this Plan, the Company considered 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 LCP.
- 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.

No changes were made to the Standards for prudence in the revisions in Docket 23-07-EE. The Company's Plan is consistent with this interpretation as is demonstrated in the 2024 Annual Plan. The Company does not expect significant variance in compliance between 2024 and subsequent years of the 2024-2026 term. Details regarding how the Company has considered each of the above components is available in the 2024 Annual Plan.

2.4 Environmentally Responsible

Environmental responsibility includes compliance of the energy efficiency plan with state policies, particularly climate change and the reduction of harmful air pollutants including carbon dioxide, nitrous oxides, sulfur oxides, and chlorofluorocarbons (from refrigerants). Environmental stewardship further requires proper valuation of environmental costs and benefits in the Plan. Modifications to the Standards in Docket 23-07-EE specify demonstration of environmental responsibility includes an assessment of compliance with state climate policies, and proper valuation of climate costs and benefits, in addition to environmental costs and benefits. The Company's interpretation of this addition is that by distinguishing between environmental policies and values and climate policy and values, the PUC intends for the Company to assess the climate impacts of its energy efficiency programs, specifically as they relate to the *Act on Climate's* targets.

The proposed revised LCP Standards require "the distribution company shall assess how investment complies with State environmental and climate policies and shall properly value environmental and climate costs and benefits." For the purposes of compliance with this section of the Standards, the Company has assessed how its 2024-2026 Plan complies, or otherwise advances, the *Act on Climate*. This legislation codified statewide, economy-wide greenhouse gas emissions reduction mandates.³ The proposed Plan investments reduce both electric and gas consumption, and both portfolios will make a meaningful contribution to reduction in emissions by driving reductions in customer energy usage in both the short and long term.

³ See [2021 Act on Climate](#) (Apr. 4, 2021).

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 under the *Act on Climate*. On the gas side, all gas savings will directly support the State in meeting its 2030 greenhouse gas emissions reduction mandate. Indeed, the State’s 2022 *Climate 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 *Act on Climate*’s 2030 mandate. To properly value the environmental and climate costs and benefits associated with the proposed investment in energy efficiency, the Company uses the marginal abatement cost of carbon, as appropriate, to monetize both embedded and non-embedded value of greenhouse gas emissions reductions.

The Plan is consistent with this interpretation as demonstrated in Attachment 2 and is demonstrated in the 2024 Annual Plan. The Company’s 2024-2026 Plan and 2024 Annual Plan demonstrate prioritization of meeting the *Act on Climate* mandates through the reduction of gas and electric consumption, investment in the green workforce, and the prioritization of other decarbonization strategies, such as heat pump deployment and other forms of electrification. The Company does not expect significant variance in compliance between 2024 and subsequent years of the 2024-2026 term.

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

Please see Section 5.5.1 of the 2024 Annual Plan for the Company’s interpretation of the Standard of being lower than the cost of additional supply. RI Energy’s Plan is consistent with this interpretation as demonstrated in Section 5.5.2 and the Company does not expect consistency to vary between 2024 and subsequent years of the 2024-2026 term.

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 Rhode Island Energy and other jurisdictions (both within the state and region), presents only those benefits and costs that will be allocated to Rhode Island Energy.” For this analysis, 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 knowledge of the Company, no costs accrue outside of Rhode Island.

The Company’s Plan is consistent with this interpretation as will be subsequently demonstrated in the 2024 Annual Plan. The Company does not expect significant variance in compliance between 2024 and subsequent years of the 2024-2026 term.

Section Three: Themes and Priorities

3.1 Strategic Overview of Programs and Priorities

Two overarching themes run throughout the design of the Company’s energy efficiency programs for this 2024-2026 Plan:

- 1. Company’s efforts should be customer-centric and focus on customers’ and markets’ needs.**
- 2. Programs need to serve customers equitably.**

In developing this Plan, the Company explored where the pockets of potential efficiency savings reside and how to access them. Through market research, such as the Residential Nonparticipant Market Barriers study, the Company will work to close the awareness gap around programs and dedicate appropriate resources to first make non-participating customer classes aware of efficiency programs and then engage them effectively to move them to participation. Once engaged, customers need to be presented with measures and program approaches that create value for them.

Over the next three years, the Company will actively seek out new products and program approaches that could benefit Rhode Island energy consumers. For Residential Programs, this will include an emphasis on electric resistance space and water heating conversions as well as pushing zero net energy projects in the residential new construction market. For C&I Programs, the Company’s offerings will continue to diversify, not only with new measures, but with approaches to strategic energy management through retro-commissioning, remote monitoring, and building energy data analysis.⁴

The Company recognizes the need to provide streamlined, effective financing solutions to customers to facilitate project financing and to leverage other programs that fund efficiency work. On-bill repayment has been a successful tool; however, it is only one of many financing mechanisms to support project implementation. The Company has, and will continue to, work closely with the OER to coordinate their Clean Heat Rhode Island Program (Clean Heat RI Program) and the influx of new federal funding through IRA. During the listening sessions, several participants

⁴ See Attachment 5: 2023 Customer Listening Sessions. The diversification of measures aligns with feedback from the Company’s Listening Sessions where participants suggested more measures and program support for existing buildings.

referenced the need for the Company to integrate the delivery of federal and state energy efficiency programs, such as the Clean Heat RI Program, and to make sure more customers are made aware of the programs and incentives.⁵

Key to program success will be an adequate supply of skilled people to identify and implement projects. The Company will coordinate with the state on these efforts, as we recognize that workforce development requires a holistic, collaborative approach. In terms of the Plan, the Company will target increased capacity to support zero net energy projects, building operator certification, codes and standards compliance training, and developing the weatherization workforce.

For the 2024-2026 term, the Company's programs will be considered through a lens of equity. In this Plan, the Company strives to create a portfolio of programs designed to provide benefits equitably across all demographics. The IES Program will accelerate electric resistance to heat pump conversions for qualifying customers and continue to tackle pre-weatherization barriers. During the 2024-2026 term, the commercial Main Streets Initiative will continue to prioritize Justice 40 focus areas.⁶ The Company will also continue to co-lead the EE EWG. Over the next three years, the Company will work to align equity metrics so they encompass federal Justice 40 regions within Rhode Island and to ensure they are consistent with OER equity metrics reporting.

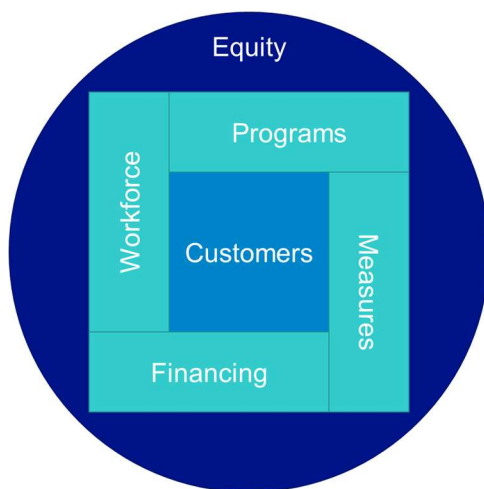
The Company will continue to engage equity focused organizations and educate them about energy efficiency so they can assist with expanding recognition and awareness of the Income Eligible Services (IES) Program and other efficiency programs. This focus aligns once again with feedback from the Listening Sessions where several customers suggested the Company resource community-based organizations to conduct outreach and partner with trusted community leaders who have the same ethnic background and are part of the local community.⁷

Exhibit 1 below presents a visual representation of how the Company has structured priorities for the 2024-2026 Plan.

⁵ See Attachment 5: 2023 Customer Listening Sessions.

⁶ The [Rhode Island Department of Environmental Management](#) defines an Environmental Justice Focus Area" as a census tract that meets one or more of the following criteria: (1) annual median household income is not more than sixty-five percent (65%) of the statewide annual median household income, (2) minority population is equal to or greater than forty percent (40%) of the population, (3) twenty-five percent (25%) or more of the households lack English language proficiency, or (4) minorities comprise twenty-five percent (25%) or more of the population and the annual median household income of the municipality in which the proposed area does not exceed one hundred fifty percent (150%) of the statewide annual median household income.

⁷ See Attachment 5: 2023 Customer Listening Sessions.

Figure 1: Visualization of Three-Year Plan Strategy

3.2 Priorities for the 2024-2026 Plan

(The sections below indicate the priorities as identified by Rhode Island Energy strategy teams at this stage of planning. These priorities may be adjusted during the planning process.)

To achieve its objectives, the Company must confront and overcome several challenges to its energy efficiency programs, both known and emerging. Economic uncertainty, inflation, and higher interest rates impact utility customers' financial calculus, and perhaps their willingness, to implement energy conservation initiatives. The decline in claimable savings associated with high efficiency lighting demonstrates how programs can transform a market and drive the Company in search of new customers and novel opportunities for cost-effective energy savings. The welcome influx of federal support for efficiency may increase demand and meeting this demand will require significant expansion of the current workforce and supply chain.

The Company recognizes that in each challenge exists inherent opportunity and seeks to innovate to enhance and expand energy efficiency support provided to its customers. To do this, the Company plans to focus on the following five priorities aimed at increasing customer participation and enhancing the Company's ability to deliver valuable long-term energy savings.

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

3.2.1 Priority 1: Deliver Optimized, Tailored Programs

Strategic Philosophy

Program constraints, supply chain issues, contractor availability, and other market forces often throw a kink in the progression from customer acquisition to project completion. While these forces impact all customers and programs, the extent of the force exerted by each factor can vary widely between customer segments. A “one-size-fits-all” approach results in “one-size-fits-some” programs. An individual customer approach is cost-prohibitive; therefore, the Company’s strategy will be to identify customer segments representing significant opportunities for expanded program support and will inform the Company’s tactics for targeting these customers.

Cross-Cutting Tactics

The Company will continue to invest resources in collecting more detailed market information to improve outreach to customers. To better serve customers, the Company will add more training for internal and external sales and technical staff to secure a better understanding of customer requirements, allowing staff and vendors to effectively provide solutions that drive value in the areas important to specific customer groups. By expanding the vendor pool and streamlining technical review, the Company can continue to improve on delivering timely service to customers while contributing to improved customer satisfaction.

The Company understands barriers such as lack of understanding/education, difficulty of participating in complicated programs, and lack of access to capital must be addressed at some level. Therefore, the Company will seek to design

programs which address specific market failures and barriers faced by different customer segments. For example, the Residential Non-Participant Study indicated lower awareness of the energy efficiency programs among non-participants. During the 2024-2026 term, a comprehensive marketing campaign will be deployed in English and Spanish to educate customers on the availability of energy efficiency programs. The Company has also engaged with CommerceRI to discuss the coordination of the two entities' commercial and residential incentives and loan programs. While these discussions are in the early stages, the Company will continue coordinating with CommerceRI to provide another avenue to increase the awareness of efficiency program offerings.

The Company's Listening Sessions also revealed how non-participants had lower awareness of energy efficiency programs. Session participants made several recommendations to overcome barriers and increase program participation including outreach to K-12 students, bilingual outreach and education programs, proactive outreach to utility customers in arrears, and hosting educational forums/events in public places such as parks, libraries, and grocery stores.⁸ As appropriate, RI Energy will look to integrate these suggested strategies during the 2024-2026 term.

Residential & Income Eligible Tactics

For the 2024-2026 term, the Company will focus its efforts on expanded outreach to five communities targeted during the 2023 program year with the goal of increasing customer participation in the towns of Central Falls, East Providence, Pawtucket, Providence, and Woonsocket. As the tools are developed to better tailor marketing to targeted subsets within these communities, the Company will look to align with Justice40 Initiative communities so customers living within these communities receive incremental benefits from federal, state, and private initiatives that coordinate and coalesce to make a significant impact.⁹ The Company will look to partner with community-based organizations to engage customers who historically have not participated in the Residential and IES Programs.

Commercial & Industrial Tactics

The Company recognizes that new ways of reaching C&I customers, from those facing economic pressures to those with aggressive carbon reduction strategies, may be necessary. To that end, the Company has expanded its eligibility requirements for the Small Business program from customers who consume less than 1.0 million kWh annually, to

⁸ See Attachment 5: 2023 Customer Listening Sessions.

⁹ See Attachment 5: 2023 Customer Listening Sessions. This aligns with Listening Session participants who suggested the Company coordinate more with state and federal programs.

customers who consume less than 1.5 million kWh annually. This change was made to increase program participation. Over the 2024-2026 term, RI Energy will monitor participation and vendor outreach initiatives to ensure all small business customers have the opportunity to use program resources.

The Company will look to deploy a data-driven approach to increasing customer participation in the C&I sectors. This approach will include analyzing customer consumption data (i.e., kilowatt-hours, peak load, and therms) and past energy efficiency participation to better target customers who have historically not participated at the same rate and pace as their C&I peers. This analysis is likely to provide valuable insights into energy efficiency opportunities, while potentially providing insight into barriers and rationales for non-participances.

RI Energy will also look to expand the reach of its Strategic Energy Management Planning (SEMP) Initiative to support the increasing number of customers who have climate and sustainability goals. As part of the SEMP Initiative's eligibility criteria, the Company often looks for customers with sustainability or corporate environmental goals. Through the SEMP Initiative, RI Energy can help outline strategies to help customers achieve sustainability and environmental goals and memorialize them in a non-binding memorandum of understanding (MOU). Often, a customer's sustainability or environmental goals serve as a jumping off point to initiate an MOU and SEMP agreement.

3.2.2 Priority 2: Understand Customer Needs

Strategic Philosophy

Energy efficiency has evolved far beyond the low-hanging fruit of high efficiency lighting. To continue to reap the benefits of energy efficiency, customers must increasingly turn towards more complex and customized measures such as heating, ventilation, and air conditioning (HVAC) equipment and control systems. Complexity may arise when weighing options, for example, between different HVAC makes, models and configurations. While this is not the case for all measures, it necessitates additional effort from the Company to ensure programs are helping customers identify the measures that make sense for their specific situation, in addition to ensuring their successful installation and operation. The Company is ramping up the recently launched Building Analytics Program, with customers signing up in 2023 and savings expected in 2024. The Energy Management Systems offering has undergone a program revamp that is expected to result in higher non-lighting savings and more participation.

Additionally, with Rhode Island's Act on Climate, the Company must evaluate measures and program design through the additional lens of its contribution to the broader economy-wide efforts towards decarbonization.

Cross-Cutting Tactics

During the 2024-2026 term, the Company will explore innovative strategies and technologies applicable to the Rhode Island customer-base and market situation. To supplement these findings, the Company will learn from other efficiency programs, and to discern if those strategies could be successfully deployed in the Rhode Island market. The Company maintains active memberships in the Northeast Energy Efficiency Partnership (NEEP), the Consortium for Energy Efficiency (CEE), the Association of Energy Service Professionals, ESource, and other groups, both formal and informal, that facilitate knowledge transfer among program administrators. This targeted approach, coupled with learnings from other jurisdictions, and our ability to adjust incentives during the program year allows the Company to adopt successful energy efficiency strategies and technologies and evolve programs to meet customer needs.

In this Plan, the Company took a conscious look at the role of gas incentives, based on market analysis and input from stakeholders. The following criteria were used to assess how gas incentives should be sized:

Cost Effectiveness

While cost effectiveness for the Plan is measured at the program level, measure-level benefit-cost ratios are calculated as well. In this Plan, all programs are cost effective; however, the Company looked at the measure level to analyze which gas efficiency measures were not cost effective. These gas efficiency measures, primarily in the residential sector, were reduced or removed entirely from the Plan where prudent. The funds from these gas efficiency measures were shifted to more cost-effective gas measures within the residential sector or to the C&I sector.

Shift from Gas Equipment

Within the cost-effectiveness framework, the Company undertook an effort to shift funds from gas-consuming equipment to measures that help use gas more efficiently such as weatherization.

Market Forces

External market forces of supply and demand played a major role in determining incentive levels. On the supply side, the Company wanted to be sure that viable electric alternatives exist for customers for any gas efficiency measures that got reduced budgets or were discontinued. The Company did not reduce or discontinue any gas efficiency measures for which there was no viable electric alternative.

On the demand side, some members of the EERMC expressed opinions for both residential and C&I customers that customer choice is important and gas efficiency incentives should continue to encourage gas customers to get the most efficient equipment possible. Indeed, the Company retained many gas efficiency measures.

For multifamily gas furnaces specifically, the Company decided to keep the multifamily heating measures within the IES Multifamily and C&I Multifamily Programs so there would be comprehensive offerings to building owners. The heating system is of utmost concern to building owners and if the opportunity for incentives does not exist, they may not even be willing to meet with the team. Once in the door, the sales team can work on education which also includes electrification. There are also limited alternatives in the short term. Since these are both custom measures, the Company can work to ensure that there is an up-to-date custom screening tool being used and only cost-effective projects progress. Both the IES Multifamily and C&I Multifamily Programs have strong benefit-cost ratios. With the added focus on the screening tool, the team feels that these heating measures will be cost effective in practice. Anticipating success in electric heating conversions, the Company plans for furnaces to trend downwards over the 2024-2026 term.

Regarding new construction, RI Energy realizes there are some progressive home builders promoting all-electric new construction, and the Company supports them. However, based on the Company's interaction with the broader market, the majority of builders still plan for gas in new construction design. While RI Energy does not explicitly encourage new gas connections and will continue to educate the market on electric alternatives, the Company still feels it is valuable to offer customer choice and promote the most efficient gas equipment possible, rather than have that lost opportunity. Furthermore, the Company stays abreast of new energy code adoption and will continue to adjust incentives as codes dictate.

The Future of Gas docket (as discussed in section 3.4.4 of this Plan) also needs to be considered in this analysis. Answers to the larger policy questions being addressed in the Future of Gas docket, and which are beyond the scope of the Company's net benefits analysis, should be aligned with the findings and recommendations made by the PUC at the conclusion of the proceeding. The range of decarbonization scenarios being contemplated in the Future of Gas docket include analysis of various levels of energy efficiency investments, which will be valuable to inform this process. As such, RI Energy's strategy to continue, yet refine, gas efficiency incentives during the 2024-2026 term is both consistent with ongoing policy conversations about thermal decarbonization and flexible to accommodate policy changes as they arise.

Residential & Income Eligible Tactics

For the Residential and IES Programs, in addition to a continued emphasis on the core weatherization programs, the Company will prioritize electric resistance heat to air source heat pump conversions. The Company's goals for this conversion effort necessitate a comprehensive approach that includes weatherization agencies, HVAC installers, and the various stakeholders who own and rent housing throughout Rhode Island. The Company will coordinate and collaborate with the OER on its Clean Heat RI Program to support supplemental measures, such as the aforementioned weatherization services.

Another area for potential program redesign is the Residential New Construction Program. A recent evaluation indicates energy savings between recent new construction participants and non-participants has narrowed. This finding provides the Company with an opportunity to focus on higher savings building approaches. To do so, the Company plans to revisit which measures and/or market segments should be included in the Residential New Construction Program. In addition, the Company will explore options for promoting zero-energy ready homes and Passive House for the multifamily sector. New residential construction has been very slow in Rhode Island compared to other states based on a recent study of residential building permit data.¹⁰ Based on the data, Rhode Island was last in the country in new building permits in 2021. However, the Rhode Island General Assembly passed several new bills in the most recent legislative session aimed to spur housing development. RI Energy will continue to monitor and evaluate how these bills will impact the demand for energy efficiency programs and how energy efficiency can be incorporated in their implementation.

Commercial & Industrial Tactics

As high efficiency lighting opportunities decline, the Company will expand its existing C&I programs to deliver an increasingly diverse portfolio of savings. High-performance HVAC offerings will be augmented by services supporting more advanced system controls, energy management systems and building analytics. These energy efficiency technologies will be offered through multiple pathways, including but not limited to retro-commissioning, monitoring-based commissioning, equipment right-sizing and the Upstream Program.

¹⁰ See Boutique Home Plans, [The State of Residential New Construction in America](#).

Additionally, the Company will look to provide enhanced incentives to customers who commit to implementing comprehensive energy efficiency measures within a specified timeframe. To qualify for the enhanced incentives, the customer will need to commit to installing three or more energy efficiency measures with different end-uses within a program year. The objective is to accelerate deeper, more comprehensive measure adoption by reducing the payback period for customers.

Further, the Company will develop a host of prescriptive and custom offerings to promote commercial weatherization and greenhouse gas emission reductions. These offerings include prescriptive weatherization and air sealing, gas and refrigeration leak reduction, upstream heat pumps, and energy recovery ventilators and dedicated outdoor air systems with energy recovery ventilators. The Company will also work with OER to better understand electrification efforts being funded through state and federal programs, and to determine if synergistic measures could be deployed through the Company's Energy Efficiency Programs to advance electrification efforts. The Company anticipates these synergies would likely occur on projects relating to weatherization, ventilation, and controls.

3.2.3 Priority 3: Enable Customers to Invest in Efficiency

Strategic Philosophy

One of the fundamental pillars of energy efficiency investment is the idea that a greater upfront investment will yield greater lifetime savings, given the decrease in ongoing consumption and costs. However, the decision is often not as simple as comparing net present values or finding a favorable payback period. While one-time rebate incentives help mitigate the first cost of efficiency measures, access to capital can still inhibit customers' ability to invest in efficiency. Straightforward, readily available financing increases project implementation and extends program dollars to serve a greater number of customers. Therefore, the Company's strategy will be to explore ways to enhance and expand the suite of financing offerings available to customers to enable more customers to make affordable, impactful multi-year investments in efficiency.

Cross-Cutting Tactics

The Company offers several financing vehicles to customers (e.g., On-Bill Repayment, Third-Party C&I Financing, HEAT Loan, Efficient Buildings Fund), and will investigate ways in which these offerings can be expanded to serve more customers. Over the course of the Plan, the Company will evaluate revising the HEAT Loan to ensure optimal use of ratepayer funds. To make financing more useful in moving projects across the finish line, the Company will provide additional training on available financing mechanisms and how to position them effectively to internal sales staff and

trade allies. At the same time, RI Energy recognizes gaps in current its financing offerings, such as a lack of options for landlords in the Multifamily Program, and the Company plans to work to find effective ways to address these gaps.

In addition to financing, the Company will collaborate with OER to integrate program incentives with state and federal funding. OER will administer \$64 million in funding designated for a variety of home improvements from the federal IRA, in addition to the \$25 million from the American Rescue Plan Act (ARPA) for its Clean Heat RI Program. The IRA also offers several enhanced tax credits to encourage homeowners to pursue efficiency and electrification measures. The Rhode Island Infrastructure Bank, in addition to their \$5 million annual allocation of program dollars, received an additional \$5 million from a 2022 state bond issue to support a small business energy efficiency fund.

Residential & Income Eligible Tactics

The Company intends to explore both financing strategies and leveraged funding for customers. As part of this effort, the Company plans to re-examine the structure of its HEAT Loan. One concern with the current HEAT Loan model is that the zero percent interest buy down may restrict the overall number of customers that the loan can reach, given its limited funds combined with the recent increase in interest rates. The Company is working to restructure the HEAT Loan to a flat 5% interest rate buy down. Additional information on this effort can be found in the Company's 2024 Annual Plan, Attachment 1.

Commercial & Industrial Tactics

The Company will continue to promote its On Bill Repayment offering to all C&I natural gas accounts and to large C&I electric accounts that consume more than 1,500 MWh per year. The On Bill Repayment offering provides rapid approval, zero interest loans for qualified energy efficiency projects. The loan size available for natural gas customers ranges from \$1,000 to \$100,000 (the loan size may be larger for SEMP or special projects), with a maximum tenor of three years for commercial accounts, and five years for state facilities. For electric customers who consume over 1,500 MWh annually, the loan size can range from \$1,000 to \$100,000 (the loan size may be larger for SEMP customers or special projects), with a maximum tenor of 5 years for commercial accounts, and 7-10 years for state facilities. Small Business accounts that consume less than 1,500 MWh per year are eligible to receive loans that range from \$500 to \$50,000, with a maximum tenor of 5 years. Please note that the Company's On Bill Repayment offering cannot be used to support energy efficiency projects that have a benefit cost ratio less than 1.0.

3.2.4 Priority 4: Serve Customers Equitably

Strategic Philosophy

Over the years, the Company's energy efficiency programs have served thousands of customers. Even with this success, the Company continues to strive to reach all its customers, especially those who have not yet participated in the wide range of energy efficiency programs. In particular, the Company seeks to continue to expand its programs' reach to those who are historically underserved, and those who bear the heaviest energy burdens (and thus have the most to benefit from energy efficiency). As the energy and program provider for all customers in its service territory, across all income levels, gender and race categories, and languages spoken, it is the Company's responsibility to ensure that ample benefits are provided to the most vulnerable populations. Therefore, the Company's strategy will be to strive to create a portfolio of programs that are designed to deliver affordable efficiency measures to the historically underserved, and equitably provide benefits to customers across all demographics to improve satisfaction for all customers.

Cross-Cutting Tactics

The Company will continue portfolio-wide efforts to ensure programs are accessible to diverse populations (e.g., creating program forms and collateral in multiple languages). The Company will continue to focus on recommendations from the EE EWG and refine metrics to measure progress on the equity front. The Company is open to discussions with stakeholders on mechanisms for including an equity component in the performance incentive mechanism (PIM).

Residential & Income Eligible Tactics

The Company's income eligible air-source heat pump plan specifies that at least 25 percent of the target 750 annual conversions take place at low-income customers' residences. The Company is implementing that plan with trusted vendor relationships in the income eligible community including HVAC and weatherization contractors as well as high performing Community Action Program (CAP) agencies.

The Company will continue to improve its outreach and engagement with community-based organizations and multifamily landlords. One potential component of the Company's outreach strategy would involve using data on deed-restricted housing, to ensure that efficiency work for income-eligible customers remains with income-eligible customers (as required in the property deed) as opposed to inadvertently playing a role in converting the property to market-rate housing through efficiency-related capital upgrades. During the listening sessions, customers recommended the Company resource community-based organizations to reach diverse populations. One suggestion

was to partner with local leaders and organizations who have similar ethnic backgrounds and are a part of the community.¹¹ This aligns with the Company’s intent to engage with the historically underserved, and equitably provide benefits to customers across all demographics.

In another effort to equitably deliver programs this Plan will look to address the deferrals and pre-weatherization barriers that stand in the way of many low-and-moderate income customers receiving weatherization services. The Company intends to expand on and refine recent initiatives regarding data tracking of deferrals and pre-weatherization barriers across all Residential Home Services Programs. The Company plans to collaborate with stakeholders and other groups to assess best practices and new strategies when it comes to addressing pre-weatherization barriers so that the crucial work of weatherizing homes may continue. The Company also intends to identify and compile resources for leveraging funding to address pre-weatherization barriers. While RI Energy cannot guarantee that additional outside resources for pre-weatherization barriers will be secured, the Company will continue to engage with potential funders in pursuit of these resources, including engaging with OER to understand if any IRA funds might be eligible for this kind of remediation.

Commercial & Industrial Tactics

For the 2024-2026 term, the Company will look to deploy additional bilingual auditors who speak Spanish or Portuguese (the two most widely spoken languages besides English in Rhode Island). The Company will also continue to translate marketing material into Spanish and Portuguese to improve outreach and provide more equitable services. Additionally, the Company will look to continue its commercial Main Streets Initiative. This initiative aims to accelerate the adoption of direct-install efficiency measures for small businesses within a targeted community. Outreach for this initiative includes direct mail and/or social media engagement¹², followed by a door-to-door effort that lasts between three-to-seven days, depending on the number of small businesses or microbusinesses and the size of the target community. In selecting the Main Streets Initiative locations, the Company will prioritize Environmental Justice focus areas.

¹¹ See Attachment 5: 2023 Customer Listening Sessions.

¹² See Attachment 5: 2023 Customer Listening Sessions. Suggestions included an increase in the Company’s social media engagement and presence. Some noted how customers receive utility bills electronically, so sending a text promoting energy efficiency programs would be a better way to communicate programs and their benefits to customers.

3.2.5 Priority 5: Ensure Workforce Capacity to Serve Customers

Strategic Philosophy

The ability of customers to invest in energy efficiency relies on the existence of a robust, well-trained workforce that can deliver high-quality service. For decades, the Company's programs have helped nurture the energy efficiency workforce in Rhode Island. Even still, the state of the current program delivery workforce (e.g., trade allies, vendors, and project expeditors) is sometimes strained in its ability to deliver services in a manner that meets program goals and satisfies customer expectations. The Company knows, for example, that the undersupply of qualified energy auditors, which is seen throughout construction-based fields, results in long wait times for customers, eroding program participation and customer satisfaction.

Boosting capacity alleviates the bottleneck of available labor and affords the Company s the opportunity to address equity issues by expanding the number of minority-owned and women-owned business enterprises that work as primary contractors and subcontractors in program delivery. While development of Rhode Island's workforce is a multi-faceted, statewide effort that extends beyond the borders of the Company, RI Energy plays an important role as a key leader in this effort. The Company recognizes, also, that increased workforce capacity will be critical in meeting the goals set out in the *Act on Climate*. Therefore, the Company's strategy is to continue taking an active role to help its partners develop the skills and capacity necessary to maximize the impact of program dollars.

Cross-Cutting Tactics

The Company's specific role in developing Rhode Island's workforce includes:

- Define how large a workforce is needed to successfully deliver programs in the short and long term.
- Identify gaps in the current workforce (e.g., minority-owned business enterprise contractors who serve customers in their preferred language).
- Support programs financially and with subject matter expertise that are an effective pipeline for the energy efficiency workforce (e.g., the Residential Construction Workforce Partnership).

The Company plans to enhance its workforce development efforts based on the recommendations from the Rhode Island Workforce Needs Assessment Study (Workforce Study).¹³ The Workforce Study had four objectives:

1. Quantify the current energy efficiency workforce in Rhode Island.
2. Uncover the needs of and opportunities for energy efficiency businesses and workers as well as potential energy efficiency workers.
3. Highlight workforce development gaps and potential solutions in the state.
4. Identify potential roles for RI Energy in supporting energy efficiency workforce development in the state.

The Workforce Study resulted in the following key findings:

- The Rhode Island energy efficiency workforce is diversified by technology but not by demography, and employment levels are recovering from COVID-19 impacts but stabilizing at 2016 levels.
- Energy efficiency businesses in Rhode Island have been hiring and expect to hire more workers with different skills sets to grow their businesses.
- Employers expect hiring to be difficult, at least in the near term, as it is taking place in a tight labor market with high competition for these workers.
- At present, there is not significant interest among future workers in filling energy efficiency job openings.
- Rhode Island may struggle to meet its energy efficiency workforce needs due to a lack of focus from key stakeholders and a need for greater coordination across the state's energy efficiency workforce ecosystem.
- The state has positive attributes that will be helpful in creating well-functioning energy efficiency workforce development programs.

Based on the findings of the Workforce Study, the following recommendations for advocates and practitioners operating at the intersection of energy efficiency and workforce issues were made:

¹³ [bw] Research, [Rhode Island Workforce Needs Assessment Study](#), 2023.

1. Prioritize increasing the pipeline of future energy efficiency workers through education, communications, and information sharing.
2. Pursue a comprehensive approach that balances education, training, and certifications, while getting new workers the foundational, in-the-field experience they lack.
3. Actively support efforts to secure initial energy efficiency employment, working with employers and educators.
4. Strengthen educational institutions' emphasis on energy efficiency.
5. Embark on equity-related actions to further increase the pipeline of workers and bring higher-quality job opportunities to underserved communities through expanded alternative pathways, language and wraparound support, and community partnerships.
6. Encourage leadership and collaboration across the Rhode Island energy efficiency workforce development ecosystem.
7. Leverage and scale programs and success stories that already exist in the state.

RI Energy will need to address the following near-term actions identified in the Workforce Study to meet energy efficiency workforce needs:

1. **Encourage workforce ecosystem coordination and leadership** by advocating for increased emphasis on energy efficiency and workforce development within relevant state-wide entities and supporting emerging leadership efforts in the state around energy efficiency workforce development.¹⁴
2. **Support marketing efforts and pipeline building** by further leveraging RI Energy's marketing and communications capacity with credible information resources and campaigns and by partnering with groups, especially those serving underserved communities, to raise awareness about the value and opportunities of energy efficiency jobs.

¹⁴ See Attachment 5: 2023 Customer Listening Sessions. Customers suggested collaboration across the workforce development ecosystem.

3. ***Champion energy efficiency-related programs at all levels of education*** by increasing support for specific programs in high schools and vocational-technical schools, including curriculum development, instructor recruitment, internships, and equipment needs.¹⁵
4. ***Partner with contractors*** to expand worker recruitment by communicating the benefits of energy efficiency careers, funding career navigators and wraparound supports, and educating contractors about the opportunities in energy efficiency.

The Company is currently working on improving training for vendors and project expeditors, and the Company has the capacity to increase its focus on code compliance. Known areas of focus will be zero net energy projects, building operator certification, codes and standards compliance training, weatherization, HVAC system optimization and controls, and general energy efficiency skills, such as auditing and the Association of Energy Engineers' Certified Energy Manager (CEM) certification. Multilingual trainings are currently available and will be expanded to reach more potential members of the workforce.

The Company is currently engaged in discussions with a third-party consultant to develop weatherization and heat pump training for contractors.¹⁶ This third-party consultant is a leading industry voice in the transformation of the HVAC market and is a proponent of educating the contractor workforce to effectively engage customers. The training curriculum is still under development, so the exact timing and pricing are unknown, but RI Energy will explore where it can integrate these offerings into its existing curriculum at the proper time.

The Rhode Island General Assembly's recent legislation (H6101/S0855 Sub A) requires the Rhode Island's adoption of the 2024 International Energy Conservation Code (2024 IECC) within three months of publication (expected to be January of 2024). 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. Recently, the Company's Codes & Standards program team met with the RI Code Commissioner to begin the process of scheduling mandatory trainings

¹⁵ See Attachment 5: 2023 Customer Listening Sessions. Participants recommended workforce strategies to increase program participation including partnering with career offices at the Community College of Rhode Island, and local high schools, colleges, and universities to leverage and access younger adults with internship opportunities.

¹⁶ See Attachment 5: 2023 Customer Listening Sessions. Customers suggested more training and guidance for contractors to promote decarbonization strategies such as weatherization and heat pumps.

for building officials. The Company and its third-party code support contractor will augment code update trainings for all industry professionals, details of which can be found in the 2024 Annual Plan.

Depending on the timing of code adoption, enhanced training activity will occur in 2024 and 2025 to the extent necessary, and then return to a baseline level in 2026. The change in the residential code will likely result in the industry shifting away from prescriptive pathways to a performance-based pathway for compliance, which involves an energy rating. More Home Energy Rating System (HERS) Raters will be needed to meet this demand and will be a focus of workforce development efforts over the 2024-2026 term. The IRA has allocated funding to assist states in adopting the current energy code (or a zero-energy code) and implementing a compliance plan. OER will administer this funding and the Company will work with the agency to collaborate on this workforce development effort.¹⁷

The Company is also coordinating closely with the Rhode Island Builders' Association (RIBA) to promote code awareness and training to its members and partners, such as the lumber yard industry that is critical to the building supply chain. 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 includes initiatives in workforce development in this Plan including:

- Providing training to the residential efficiency workforce and technical students. Enhancing continuing education for building managers and facilities operators.
- Educating current vocational students about opportunities in the energy efficiency field.
- Increasing the supply of HERS Raters.

These efforts will be coordinated across the Company's C&I and Residential teams, along with the appropriate state and local authorities, to maximize the impact of the incremental initiatives that will be undertaken.

3.2.6 2024-2026 Program Updates

The Company anticipates making the following enhancements and changes to the programs for the 2024-2026 Plan.

¹⁷ See Attachment 5: 2023 Customer Listening Sessions. More collaboration across the workforce development ecosystem was encouraged by customers.

Residential Programs

EnergyWise Single Family (Electric and Gas)

- Coordinate with OER’s Clean Heat RI Program.
- Coordinate with OER to leverage additional federal funding opportunities (e.g., ARPA, IRA).¹⁸
- Leverage the high-cost effectiveness of weatherization measures and heat pump installations by offering additional funding to remediate pre-weatherization barriers (up to the point of cost effectiveness for both measures).
- Improve data collection efforts around pre-weatherization barriers, to better understand their impact on energy efficiency progress.
- Collaborate with stakeholders and other groups to assess best practices and new strategies to address pre-weatherization barriers (also applicable to the IES Program).

Multifamily (Electric and Gas)

- Use the Heat Pump Market research study results, including landlord interviews, to target landlords for heat pump upgrades and other applicable energy efficiency measures (also applicable to C&I Multifamily Program).¹⁹
- Work to establish a pilot program around one or more new financing options for multifamily buildings (also applicable to the C&I Multifamily Program).

Income Eligible Services (Electric and Gas)

- Ensure the IES Program is delivered equitably, with the input and guidance of the EE EWG.
- Address the deferrals and pre-weatherization barriers that stand in the way of many low-and-moderate income customers receiving IES program services.

¹⁸ See, Attachment 5: 2023 Customer Listening Sessions. Several participants talked about how the integrated delivery of federal and state programs, “sometimes the combined programs makes it more worthy,” and ensures customers are aware of all incentives.

¹⁹ See, Attachment 5: 2023 Customer Listening Sessions. Several participants talked about the need for more landlord education regarding the programs to help tenants get access to the energy efficiency programs.

- Expand on and refine recent initiatives regarding data tracking of deferrals and pre-weatherization barriers across all Residential Home Services programs.
- Collaborate with stakeholders and other groups to assess best practices and new strategies to address pre-weatherization barriers.
- Identify and compile resources for leveraging funding to address pre-weatherization barriers.

Residential New Construction

- Revise the RNC program guidelines to reflect changing baseline assumptions.
- Increase the number of projects achieving advanced and sustainable building standards and certifications such as Zero Net Energy and Passive House.
- Determine needed implementation changes based on an ongoing User Defined Reference Home (UDRH) study.

Home Energy Reports (Electric and Gas)

- Explore tailoring HER program to target specific audiences (e.g., high users).
- Explore increasing messaging to Automated Metering Frequency (AMF) customers.

Residential Consumer Products (Electric)

- No major changes planned.

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

- Target electric heat resistance customers for heat pump upgrades as outlined in the Company's *Electric Resistance Heating to Air Source Heat Pumps: Implementation Plan for the Income Eligible Sector* (also applicable to Income Eligible Services program).
- Coordinate with OER's Clean Heat RI Program.
- Research opportunity to implement right-sizing incentives for fossil fuel equipment and options for optimizing electric versus gas.
- Coordinate with OER to leverage additional federal funding opportunities (e.g., ARRA, IRA).
- Coordinate with OER on HVAC workforce development in 2024.

Commercial and Industrial Offerings

New Construction

- Redesign C&I New Construction program to simplify the pathways for participation. The Company is anticipating those changes will result in additional program activity during the 2024-2026 term.
- Revise the Large Commercial New Construction program guidelines to reflect changing baseline assumptions, moving from IECC 2018 to IECC 2024 as it is adopted.
- Change Upstream New Construction baseline assumptions for commercial food services HVAC equipment based on federal standards.

Retrofit

- The Company will look to deploy a data-driven approach to increasing customer participation in the C&I sector.
- Analyze customer consumption data (kWh, peak load, and therms) and past energy efficiency participation to better target customers, especially non-participants.
- Expand the reach of its SEMP initiative to support the increasing number of customers with climate and sustainability goals.
- Expand services supporting more advanced system controls, energy management systems, and building analytics.
- Enhanced incentives to customers that commit to implementing comprehensive energy efficiency measures.
- Enhance continuing education for building managers and facilities operators.²⁰
- Work with OER to better understand electrification efforts being funded through state and federal programs.
- Promote prescriptive and custom offerings to promote commercial weatherization and greenhouse gas emissions reduction.

²⁰ See Attachment 5: 2023 Customer Listening Sessions. Customers suggested the Company offer Building Operator Certification training.

Small Business Direct Install

- Promote prescriptive and custom offerings to promote commercial weatherization and greenhouse gas emissions reduction including the development of prescriptive weatherization and air sealing offerings.
 - RI Energy is currently working on a custom express tool for Rhode Island similar to that used in Massachusetts. The Company is currently running an assessment to develop this tool which will launch in 2024. While launching this tool, the Company will leverage lessons learned from previous commercial weatherization offerings through RGGI funds to ensure a successful launch and implementation. These lessons include understanding the importance of staying ahead of market shifts by being proactive with relevant trainings and education material for those completing weatherization related projects.
- Complete three Main Streets initiatives in Environmental Justice Focus Areas.
- Deploy multilingual marketing materials and program materials.
 - Spanish and Portuguese are the two most widely spoken languages, aside from English in Rhode Island. Marketing and program materials will be translated into these languages.²¹
- Work with OER to better understand electrification efforts being funded through state and federal programs.

3.3 Multi-year Strategies

The PUC has directed the Company to identify investment strategies for which implementation and budget requests (or revenue collection) are expected to span multiple years. There is no such multi-year commitment envisioned for the 2024-2026 term. Several of the initiatives outlined in the Plan will continue throughout the three years of the plan, including efforts to address pre-weatherization barriers, integration and coordination with OER regarding IRA programs, and many others, but per the Standards, multiyear strategies are specifically tied to budget requests that span several years. No current requests span more than the parameters of an annual program plan.

²¹ See Attachment 5: 2023 Customer Listening Sessions. Participants suggested translating marketing and program materials would increase participation as well as bilingual education and outreach at events to reach more diverse communities.

3.4 Coordination with Other Programs and Policies

Continuing to provide the best value to Rhode Island customers necessitates that the Company coordinate with other parts of the energy system. For the 2024-2026 Plan, RI Energy will continue to implement the energy efficiency portfolio of programs in coordination with other Company filings and activities, as described below. Efforts have also been taken to ensure the Plan is aligned with relevant state policies and objectives and specific coordination opportunities are identified below.

3.4.1 System Reliability Procurement

Based on the latest changes to the Standards, demand response programs will fall under SRP starting in 2024. RI Energy will continue to coordinate across energy efficiency programs and SRP. For the 2024-2026 term, 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.

3.4.2 Advanced Metering Functionality and Grid Modernization

The deployment of AMF in the Company's service territory will enable the near real-time collection of granular customer energy usage data. The availability of this data in turn enables enhancements to energy efficiency program design and implementation. AMF data can be used to target programs, identifying customers who are likely to benefit the most from program participation (and the converse, customers who are least likely to benefit). The analysis of AMF data can provide the Company with real-time views of program performance, enabling enhanced program management (adjusting program approaches during the year based on observed performance), faster and more immediately actionable EM&V. The availability of real-time program performance data also creates the potential for expanded pay-for-performance programs.

Currently, the Company's plan for AMF meter deployment begins in Q4 2024, with continual deployment expected to go through Q1 of 2026. Therefore, in the 2024 Annual Plan, the Company will not plan for activities that rely on AMF, but rather plan activities which lay the groundwork for implementing the program enhancements listed above in future years. As AMF is gradually deployed throughout 2025 and 2026, in the development of the 2025 and 2026 Annual Plans, the Company plans to explore ways to pilot AMF-enabled offerings with customers who have received AMF meters. Based on learnings from these pilots, the Company will identify potential full-scale programs to launch in the

2027-2029 planning cycle. These plans are contingent on the progression of the Company’s AMF deployment and so are subject to change.

3.4.3 Act on Climate

The *Act on Climate* sets mandatory, enforceable, statewide, economy-wide greenhouse gas emissions reduction targets of 10 percent below 1990 levels by 2020, 45 percent below 1990 levels by 2030, 80 percent below 1990 levels by 2040, and net-zero emissions by 2050. The Company is actively participating in the ramp up to the *2025 Climate Strategy*, having submitted comments to the State’s Request for Information to Support the Development of a Scope of Work for the Climate Action Strategy. The energy savings achieved by RI Energy’s efficiency programs directly advance priority actions identified by the EC4 in their *2022 Climate Update* to the *2016 Greenhouse Gas Emissions Reduction Plan*.

The *2022 Climate Update* included several priority actions that inform the initiatives outlined in the Plan, specifically:

- **Priority Action for the Electric Sector: Continue Energy Efficiency Work**
 - This Plan addresses key items highlighted in this action item and will lower energy bills, reduce greenhouse gas emissions, and support local and state economies.
- **Priority Action for the Thermal Sector: Continue Energy Efficiency Programs and Weatherization**
 - Weatherization programs remain a focus of both Residential and IES programs. The Company collaborates with weatherization contractors and Community Action Agencies to continually refine the delivery mechanisms for weatherization services to both expand their reach and reduce barriers to participation.
- **Priority Action for the Thermal Sector: Target 15% Penetration of Energy Efficient Electric Heating by 2030**
 - This Plan continues the Company efforts to support the adoption of electric heating, with a particular emphasis on electric resistance heating customers.
- **Priority Action for the Thermal Sector: Efficient Heat Pump Incentives**
 - Several programs outlined in this Plan offer incentives for efficient heat pumps, both for space and water heating.
 - The Company has collaborated with OER on their Clean Heat RI Program and will continue the collaboration to align program incentives for heat pump technologies with IRA incentives.

3.4.4 Future of Gas Docket

The Company does not anticipate that the PUC’s Docket 22-01-NG Investigation into the Future of the Regulated Gas Distribution Business in Rhode Island as it pertains to the *Act on Climate* will impact the 2024 Annual Plan. It is uncertain whether the docket and/or subsequent rulings could impact the latter years of this 2024-2026 Plan. It is, however, worth highlighting that the Company is adjusting gas incentives, including substantial decreases, driven by an evaluation of which efficiency measures deliver net benefits. Answers to the larger policy questions being addressed in the Future of Gas docket, and which are beyond the scope of the Company’s net benefits analysis, should be aligned with the findings and recommendations made by the PUC at the conclusion of the proceeding. In fact, the range of decarbonization scenarios being contemplated in the Future of Gas docket may include the continued need for efficient gas furnaces. As such, it is prudent to defer the decision to phase out gas energy efficiency incentives in their entirety until the Company has clear visibility into the PUC’s preferred decarbonization pathways and how those might impact customer gas demand and use of the natural gas system.

3.4.5 Office of Energy Resources

The OER has been allocated \$25 million in ARPA funding to develop and implement their Clean Heat RI Program. The Company and OER have communicated throughout the development of this program to coordinate, to the extent possible, the Company’s efficiency program offerings with those of the Clean Heat RI Program. The goal is to simplify the process for customers interested in this technology. During the initial stages of this program, OER will focus their incentives on heat pump replacement projects that are not eligible for Company incentives, specifically those customers currently using natural gas heating. The parties will continue to collaborate on technical specifications for equipment, cross-marketing programs and coordinating application processes.

3.4.6 Federal Funding

RI Energy will continue to collaborate with OER as they develop programs to spend federal funding provided through IRA. Most of that funding, nearly \$64 million, will go towards rebates for residential energy efficiency and electrification measures. The Company will prioritize clarity for customers and participants as to the best pathways for them to access the appropriate incentives and rebates for their projects.²² OER has committed to help cross promote programs. For

²² See Attachment 5: 2023 Customer Listening Sessions. Suggestions for the Company to coordinate its energy efficiency programs more with state and federal programs.

example, if a customer is ineligible for any state or federal programs but may be eligible for a Company program, OER will help steer them to the applicable RI Energy program (and vice versa).

The Company will prepare a preliminary plan document by the end of Q2 2024 that outlines an approach and timeline for coordination with OER regarding IRA incentives. This plan will include a customer outreach strategy, identify resources for contractor education, propose customer pathways for accessing IRA funds (both in addition and in lieu of Company incentives), initial projections for IRA incentive uptake, financial implications for Company incentives for measures eligible for both IRA and program incentives, preliminary financing options, income verification pathways, and a methodology for savings attribution.

The Company will use resources from industry groups and through direct contact to keep abreast of what other states and utilities are planning for IRA implementation, in order to discern best practices and lessons learned. The Company will also participate in NEEP's IRA attribution working group to focus on that issue and determine the best path forward.

Regarding Demand Side Management (DSM) proposals, at this time the Company is not planning on submitting a DSM proposal for 2024. RI Energy intends to maximize the contributions from IRA funds in conjunction with its Energy Efficiency Programs first and will revisit the additional value of a DSM proposal as the Company learns about the effectiveness of IRA implementation.

The Company has a history of collaboration with OER and has administered a Heat Pump Program for delivered fuel customers, funded by RGGI dollars allocated to the Company by OER, for several years. The Company and OER regularly communicate with regards to IRA plans and will schedule a regular cadence of touchpoints as more details are unveiled. There remain several unknowns about the ultimate design of the IRA incentive programs, but as OER moves toward launch, answers to the questions outlined above will help ensure Company programs and IRA funds complement each other in providing energy savings for customers.

One IRA-related action that RI Energy and OER have already begun collaborating on is working with Rewiring America to develop a customized online calculator, which will provide Rhode Island residents with an estimate of IRA and utility program incentives they may be eligible for when considering projects. Rhode Island will be the first state to publish such a tool with Rewiring America. The team will devise a mechanism to update the tool as changes to program incentives occur to assure that users get accurate, current information.

In addition to IRA funding, the Bipartisan Infrastructure Law has allocated \$550 million to expand DOE’s existing Industrial Assessment Center (IAC) program.²³ The Company has been in discussions with both Community College of RI and Worcester Polytechnic Institute with regards to their applications to DOE to establish IACs at their institutions.²⁴ These programs 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. RI Energy has committed to working with both schools, should their applications be accepted, by connecting them with enterprises that would be good candidates for energy assessments and providing funding to support energy assessment activity. These IACs would adhere to Justice40 guidelines, and each school has a diverse student body that would benefit from expanded opportunities in the field of building science. If awarded, these IACs would conduct energy assessments and provide additional workforce capacity, especially for evaluating the energy performance of smaller enterprises.

3.5 Evaluation Plans

As program offerings continue to evolve, RI Energy intends to deploy EM&V studies to support that evolution while, at the same time, using the studies to verify reliable program savings. Among the themes that the Company expects to address over the course of the 2024-2026 term in evaluation are:

- Future of incentives for efficient lighting and claimable savings from lighting.
- Support for the adoption of heat pumps.
- Options for gas energy efficiency program evaluation under the *Act on Climate*.
- How effective is the coordination and interaction between federally funded energy efficiency and RI Energy’s programs; if programs are well coordinated, there will be minimal overlap of effort and free ridership impact. The Company will also ensure that its EM&V activities conform to relevant requirements of federal programs.
- Leverage AMF in EM&V activities where feasible and practical, noting that a sufficient number of meters will need to be in place before AMF can be used for evaluation.
- Aspects related to the adoption of the 2024 IECC.

²³ Department of Energy, “[Industrial Assessment Centers](#)” webpage.

²⁴ See Attachment 5: 2023 Customer Listening Sessions. Participants recommended workforce strategies to increase program participation including partnering with career offices at the Community College of Rhode Island, and local high schools, colleges, and universities to leverage and access younger adults with internship opportunities.

Plans for specific EM&V studies will be included in each Annual Plan.

Section Four: Savings Goals, Budgets, and Funding Plan

This section provides the numerical energy and demand savings goals for the 2024-2026 term. Goals are presented in units of lifetime savings (MWh for electric and MMBtu for gas), annual savings, and all-fuels MMBtu savings. Carbon reductions are calculated and reported as a secondary goal consistent with the Standards and the *Act on Climate*. This section describes the Company’s development of its savings goals.

4.1 Three-Year Goals

The Company developed its projected savings goals for the 2024-2026 term by considering recent program achievements, market dynamics shaping energy efficiency adoption, recent evaluation results, and proposed program design changes. RI Energy also factored input from stakeholders and the public, as described above. Finally, the MPS Refresh offered insights into potential areas of savings growth. Using this information, the Company developed measure and program level estimates of savings and aggregated these up to sector and portfolio levels.

The Company similarly calculated spending required for customer incentives to achieve the savings goals and developed budgets for program administration, marketing, and evaluation, building on recent program experience. In developing budgets and the savings that could be achieved within those budgets, RI Energy also gave considerable weight to recent PUC guidance about limiting year-over-year growth in program budgets. While most focus in detailed planning is given to the 2024 program year, the Company adjusted savings estimates for the 2025 and 2026 program years to reflect program changes over the term. Table 1 below summarizes the Three-Year Electric Portfolio Savings and [Table 2](#) summarizes the gas portfolio savings for the 2024-2026 term.

Table 1. 2024 – 2026 Electric Portfolio Savings Summary

Electric Programs	2024	2025	2026
Savings and Benefits			
Annual Electric Savings (MWh)	95,193	96,644	97,326
Lifetime Electric Savings (MWh)	733,832	771,753	803,378
Net Annual Summer Demand Savings (kW)	15,303	15,666	15,717
Net Annual Winter Demand Savings (kW)	12,971	13,099	13,005
Total Benefits (RI Test)	\$195,697,124	\$205,676,016	\$213,803,119
Annual Carbon Reduction (Short Tons)	39,868	41,132	41,820
Lifetime Carbon Reduction (Short Tons)	347,928	369,100	387,098
Costs			
Total Funding Required	\$96,645,723	\$100,100,797	\$104,045,348

Electric Programs	2024	2025	2026
Cost per Lifetime kWh	\$0.151	\$0.147	\$0.146
EE Program Charge per kWh	\$0.01051	\$0.01243	\$0.01348
Benefit Cost Ratio (RI Test)	1.70	1.74	1.75

Table 2. 2024-2026 Natural Gas Portfolio Savings Summary

Natural Gas Programs	2024	2025	2026
Savings and Benefits			
Annual Natural Gas Savings (MMBtu)	312,846	325,816	338,595
Lifetime Natural Gas Savings (MMBtu)	3,289,038	3,434,447	3,571,470
Total Benefits (RI Test)	\$80,106,139	\$82,102,984	\$83,906,980
Annual Carbon Reduction (Short Tons)	18,392	19,151	19,902
Lifetime Carbon Reduction (Short Tons)	194,181	202,686	210,800
Costs			
Total Funding Required	\$34,873,768	\$35,551,730	\$35,640,019
Cost per Lifetime MMBtu	\$0.012	\$0.012	\$0.012
Residential Energy Efficiency Program Charge per Dth	\$1.095	\$0.921	\$0.910
C&I Energy Efficiency Program Charge per Dth	\$0.821	\$0.970	\$0.976
Benefit Cost Ratio (RI Test)	1.92	1.91	1.95

Below please find an explanation of some of the considerations used in preparing the savings, budgets, and benefits in Tables 2 and 3.

Residential and Income Eligible Services

EnergyWise Single Family

Starting in 2024, the program will no longer offer LED lighting resulting in the decrease in MWh savings seen in 2024. Over the 2024-2026 term, the program anticipates growth of heat pump adoption through a concierge service administered by a third party to assist customers with heat pumps. In addition, the Company expects growth through emphasis on weatherization of electrically heated homes to help mitigate some of the losses associated with the sunseting of the program's lighting offering. Gas savings are estimated to grow modestly as some of the inflationary economic pressures that have suppressed participation across the programs begin to ease and strategies to overcome pre-weatherization barriers are implemented, expanding the pool of potential participants.

EnergyWise Multifamily

Starting in 2024, the EnergyWise Multifamily Market Rate and IES Programs will no longer offer lighting measures. The Company anticipates that the decline in electric savings due to the elimination of lighting will be balanced by the

increased uptake of heat pump replacements resulting from a more focused and strategic approach to targeting multifamily property owners for heat pump upgrades. Gas savings are estimated to grow modestly as some of the inflationary economic pressures that have prevented multifamily property owners from undertaking capital improvements begin to ease. The Company is also optimistic about the potential for new financing options for the multifamily sector.

Income Eligible Services

The Single-Family IES Program will no longer offer lighting measures in 2024. The decline in anticipated electric savings is tempered by the addition of more electric resistance to electric heat pump replacements. Gas savings are forecasted to decline as customers transition gas heated residences to electrically heated homes and there are fewer heating system replacements and potentially lower weatherization opportunities.

Residential New Construction

The Residential New Construction Program is currently projecting an increase in electric savings and a decrease in gas savings as the Company anticipates the continuing trend of phasing out gas incentives. The higher electric savings in 2024 relative to 2025 and 2026 are based on the Company's projections from its existing pipeline of work. One thing to note is that current 2024-2026 numbers may be revised as the Company continues to evaluate the impact of updated UDRH baselines on the program.

Home Energy Reports

The Home Energy Reports Program has been offered in Rhode Island for 10 years. As the program continues, the degree of savings declines as customers move or opt out of the offering. There is a natural decline in year-over-year savings until enough new customers are available to create a new cohort of customers.

Residential Consumer Products

The primary reason for the decrease in 2024 is based on the Company's evaluation of the program in 2023, as well as decreased consumer spending due to the current economic environment. The Company anticipates a slight rebound in the 2025 and 2026 program years.

Residential High-Efficiency Heating, Cooling, and Hot Water

The Company anticipates a large increase in 2024 due to ambitious heat pump targets. Additionally, RI Energy is raising its goal in general as the HVAC program has been outperforming its goals in recent years. The Company also anticipates additional savings from OER’s Clean Heat RI Program. On the gas side, the Company anticipates decreased savings as it shifts away from gas appliances towards electric units.

Commercial and Industrial (Electric)

Code Impacts

Listed below are the anticipated per unit percent savings reduction that are likely to occur after the adoption of a new code standard. For the purposes of this forecast, the Company is assuming these changes will be implemented as of January 1, 2024.

Electric Measures	Per Unit % Savings Reduction
2023 Fryer	32%
2023 Convection Oven	46%
2023 Combination Oven	73%
2023 Steamer	89%
2023 1/2 Size HFHC	45%
2023 3/4 Size HFHC	25%
2023 Full Size HFHC	81%

Dishwasher Measures	Per Unit % Savings Reduction
Low Temp Under Counter	35%
Low Temp Stationary Single Tank Door	91%
Low Temp Single Tank Conveyor	67%
Low Temp Multi Tank Conveyor	66%
High Temp Under Counter	37%
High Temp Stationary Single Tank Door	82%
High Temp Single Tank Conveyor	59%
High Temp Multi Tank Conveyor	76%
High Temp Pot, Pan, and Utensil	58%

HVAC	Per Unit % Savings Reduction
Unitary Air Conditioning Units	~40%
Heat Pumps	

Retrofit

The C&I Electric Retrofit Three Year Plan represents a significant increase in savings derived from HVAC and Motor and Drives end-uses. The increased HVAC savings can be attributed to the ramping up of the Building Analytics Program and deployment of the Energy Management System prescriptive tool, coupled with increased incentives. Additionally, the Company expects the Industrial initiative to perform more energy conservation measures related to Motors and Drives as the lighting market continues to saturate.

- The 2024 Retrofit Plan represents a 1,191,227 increase in gross annually kWh above the 2023 Retrofit Planned values.
 - The 2025 Retrofit Plan accounts for a 1,783,336 increase in gross annual kWh above the 2023 Retrofit Planned values.
 - The 2026 C&I Electric Retrofit Plan includes a 3,564,847 annual gross kWh increase above the 2023 Retrofit Planned Values.
- The 2026 Retrofit Plan accounts for an approximately 66 percent gross annual kWh increase in HVAC related savings above the 2023 Planned values.
 - The 2024 Planned HVAC savings represent a 15% increase above 2023 Planned values.
 - The Company has planned a 44% increase in HVAC related savings from 2024 to 2026.
- The 2026 Retrofit Plan includes a 63 percent gross annual kWh increase in Motors and Drives related savings above 2023 Planned values. This includes a 44 percent increase in planned Motors and Drives savings from 2024 to 2026.

New Construction

The Electric New Construction 2024-2026 Plan assumes a roughly 40 percent decrease in savings for unitary air conditioners and heat pumps due to code. The Company has factored in several claimable savings reductions linked to food service equipment due to advances in code (see table above for impacts). To account for these savings reductions,

the Company has planned for significant increases within the New Construction Plan related to HVAC and Custom projects. The Company anticipates these savings levels will be achieved in part through the new streamlined C&I New Construction Program design and through incremental process improvements and outreach strategies.

- The 2024 Electric New Construction Plan accounts for a 1,935,683 gross annually kWh increase above 2023 Retrofit Planned values.
 - The 2025 Electric New Construction Plan accounts for a 2,583,828 gross annual kWh increase above 2023 New Construction Planned values.
 - The 2026 Electric New Construction Plan includes a 3,446,843 annual gross kWh increase above the 2023 Electric New Construction Planned values.
- The 2026 Electric New Construction Plan includes an 18 percent gross annual kWh increase in HVAC related savings above 2024 planned values.
 - The 2025 Electric New Construction Plan includes an 8 percent increase in gross kWh savings from HVAC end-uses above 2024 Planned values.
 - The 2026 Electric New Construction Plan includes an above 9 percent increase in gross kWh savings from HVAC end-uses above the 2025 Planned values.
- Please note that this accounts for an expected 40 percent decrease in claimable savings due to updates to Code standards beginning in 2024.
- The 2024 Electric New Construction Plan includes a 20 percent increase in gross annual kWh savings attributed to Custom projects above 2023 Planned values.
 - The 2026 Electric New Construction Plan accounts for an approximately 49 percent increase in gross annual kWh savings from Custom projects above the 2023 Planned values.

Commercial & Industrial (Gas)

Code Impacts

The Company has listed the anticipated per unit percent savings reductions below that are likely to occur after the adoption of a new code standard. For the purposes of this forecast, RI Energy is assuming these changes will be implemented as of January 1, 2024.

Gas Measures	Per Unit % Savings Reduction
2023 Fryer	80%
2023 Convection Oven	46%
2023 Combination Oven	92%
2023 Steamer	91%

Retrofit

The plan for the C&I Gas Retrofit Program includes an 11 percent increase in Planned savings above 2023 Planned values. The increase in Planned savings can be attributed to a ramping-up of savings related to HVAC and Custom projects. More specifically, the Company has planned a 30 percent increase in Custom HVAC Energy Management Systems/Controls in large part due to the increased focus on EMS, particularly those buildings that are too large to participate through the prescriptive EMS Tool pathway. Additionally, the Company has increased a host of Custom HVAC measures, including a 20 percent increase in Planned savings from Custom HVAC retrofit equipment.

- The 2024 C&I Gas Retrofit Plan includes an 11% increase in Planned savings above 2023 Planned values. The 2026 Retrofit plan includes a 34 percent increase in Planned savings above the 2023 Planned values.
- The 2024 Annual Plan accounts for an approximately 12 percent increase in HVAC related savings above the 2023 planned values. The 2026 Annual Plan will contain a 35 percent increase in HVAC related savings above 2023 planned values.
- The 2024 Annual Plan accounts for a 20 percent increase in Custom savings above the 2023 planned values. The 2026 Annual Plan represents a 46 percent increase in Custom savings above the 2023 planned values.

New Construction

The C&I Gas New Construction Three-Year Plan accounts for significant reductions in per unit claimable savings from Food Service Equipment due to Code Standards (see table above). To account for the decrease in Food Service claimable savings, the Company will look to ramp-up savings associated with HVAC and Custom projects. The 2026 Plan includes a 35 percent increase in HVAC related savings above 2024 Planned values. Likewise, the 2026 Plan accounts for a 21 percent increase in savings from Custom projects above 2024 Planned values. The Company anticipates these values will be achieved because of the newly streamlined New Construction Program and as a result of process improvements and increased outreach.

- The 2026 C&I Gas New Construction Plan represents a 21 percent increase above 2024 Planned values.
- The 2026 Annual Plan accounts for a 54 percent increase in HVAC related savings above 2023 Planned values. HVAC related savings increase by 35 percent from 2024 Planned values to 2026 Planned values.
- The 2024 Annual Plan represents an 18 percent increase in Custom savings above 2023 Planned values, and a 21 percent increase custom savings from the 2024 Annual Plan to the 2026 Annual Plan.

Please note that the 2024-2026 C&I Gas New Construction Plan takes into account the savings reductions per unit described in the table listed above.

Small Business Direct Install (Electric and Gas)

For the Electric Small Business Direct Install Program, the Company is projecting a steady transition from a lighting dominated base of 2023 (almost 90 percent of savings) to about 50 percent by 2026. The difference is largely made up in custom HVAC, drives/motors, and custom water heaters (heat pump water heaters). For the Gas Small Business Direct Install Program, the Company increased savings for building shells. Over the 2024-2026 term, there will be a continued push to diversify the Company's measure mix and move away from lighting and bring in more HVAC and weatherization opportunities.

4.1.1 Comparison of Goals with Market Potential Study Refresh

An analysis was performed to compare the MPS Refresh²⁵, prepared by Dunskey Energy and Climate Advisors for the EERMC, with the 2023 BCR model. The comparison is shown in

²⁵ For additional information on the Market Refresh, please visit the [EERMC website](#).

Table 3 below.

Table 3. Comparison of Goals with MPS Refresh

	Planned Values		MPS Values	
	Lifetime MMBtu (Gas Programs)	Lifetime MWh (Electric Programs)	Lifetime MMBtu (Gas Programs)	Lifetime MWh (Electric Programs)
Residential				
2024	1,097,009	194,614	3,225,203	524,767
2025	1,105,676	203,802	3,238,316	535,582
2026	1,078,396	212,525	3,248,486	541,630
Income Eligible Residential				
2024	293,446	52,348	291,786	60,900
2025	303,154	64,487	292,957	61,685
2026	304,838	70,343	293,891	62,272
Commercial and Industrial				
2024	2,031,148	489,569	3,541,850	811,977
2025	2,215,286	504,090	3,559,417	804,343
2026	2,414,017	525,060	3,577,207	810,052
Total Savings	10,842,969	2,316,836	21,269,114	4,213,208

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

- **Planned quantities.** 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.

- **Measure 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 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 EERMC. 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.

4.2 Historic Savings

To put the savings goals in context, Table 4 and Table 5 show a summary of historic electric and natural gas energy efficiency achievements and spending since 2009.

Table 4. Summary of 2009-2021 Electric Energy Efficiency Year End Reports

Year	Annual MWh Savings	Lifetime MWh Savings	Total Benefits (\$000)	Total Spending (\$000)	TRC BC Ratio	RI Test BC Ratio	EE Program Charge/ kWh	\$ / lifetime kwh	Participants
2009	81,543	899,331	\$123,045	\$29,536	3.02		\$0.00320	\$0.027	106,525
2010	81,275	929,242	\$128,864	\$29,712	3.73		\$0.00320	\$0.027	153,611
2011	96,009	1,076,778	\$151,542	\$39,308	3.35		\$0.00526	\$0.031	254,747
2012	119,666	1,288,325	\$140,104	\$50,719	2.24		\$0.00589	\$0.036	201,351
2013	159,035	1,612,371	\$192,418	\$72,875	2.24		\$0.00862	\$0.039	470,245
2014	268,468	3,278,088	\$314,673	\$80,321	2.69		\$0.00911	\$0.041	551,882
2015	222,822	2,287,785	\$312,000	\$82,897	2.38		\$0.00942	\$0.036	622,822
2016	214,329	2,034,220	\$234,234	\$74,274	2.16		\$0.01077	\$0.034	758,284
2017	232,023	2,327,916	\$249,986	\$90,012	1.91		\$0.01124	\$0.039	687,141
2018	206,209	1,848,845	\$369,835	\$88,123	1.88	2.99	\$0.00972	\$0.048	688,471
2019	190,159	1,624,417	\$489,299	\$104,620	2.49	3.43	\$0.01121	\$0.064	668,420
2020	157,346	1,299,159	\$533,494	\$88,224		4.76	\$0.01323	\$0.068	637,349
2021	131,365	1,046,790	\$477,423	\$94,564		3.88	\$0.01113	\$0.090	418,432
2022	105,036	712,989	\$188,289	\$80,852		1.99	\$0.00960	\$0.113	297,957

Table 5. Summary of 2009-2021 Natural Gas Energy Efficiency Year End Reports

Year	Annual MMBtu Savings	Lifetime MMBtu Savings	Total Benefits (\$000)	Total Spending (\$000)	TRC BC Ratio	RI Test BC Ratio	EE Program Charge/Dth	\$ per lifetime MMBtu	Participants
2009	195,200	2,553,828	\$26,071	\$6,552	2.83		\$0.150	\$2.44	8,339
2010	140,097	2,155,112	\$26,309	\$5,496	2.31		\$0.150	\$2.33	5,670
2011	119,613	1,623,922	\$18,196	\$4,868	2.21		\$0.150	\$2.73	3,080
2012	229,811	3,300,583	\$36,237	\$13,310	1.68		\$0.384	\$3.72	11,681
2013	311,585	4,377,672	\$44,747	\$19,501	1.78		\$0.414	\$4.21	135,646
2014	409,029	5,958,381	\$50,417	\$20,034	2.41		\$0.600 (Res) \$0.492 (C&I)	\$3.84	143,655
2015	419,778	5,249,170	\$54,762	\$20,129	2.60		\$0.781 (Res) \$0.637 (C&I)	\$3.47	146,098
2016	417,820	5,282,221	\$51,103	\$23,135	1.93		\$0.748 (Res) \$0.487 (C&I)	\$4.78	150,160
2017	468,211	4,615,034	\$70,972	\$27,513	1.86		\$0.888 (Res) \$0.726 (C&I)	\$5.96	112,202
2018	497,119	5,513,499	\$113,117	\$27,231	2.62	3.11	\$0.869 (Res) \$0.671 (C&I)	\$4.94	101,423
2019	451,466	4,527,147	\$115,736	\$30,142	2.17	2.66	\$0.715 (Res) \$0.420 (C&I)	\$6.66	151,655
2020	318,845	2,960,120	\$96,717	\$24,598		3.08	\$1.011 (Res) \$0.777 (C&I)	\$8.31	164,410
2021	316,424	3,454,006	\$120,325	\$35,680		2.79	\$0.871(Res) \$0.596 (C&I)	\$10.33	165,233
2022	383,562	3,642,284	\$110,274	\$31,393		2.77	\$1.136 (Res) \$0.620 (C&I)	\$8.62	152,624

4.3 Funding Plan and Budgets

Over the 2024-2026 term, the following funding sources may be used each year and the amounts from each source will be detailed in Annual Plans. The Electric and Natural Gas Energy Efficiency Programs are funded by the following sources:

1. A charge on the customer's bill currently labeled "Energy Efficiency Programs" comprised of the existing energy efficiency program charge of \$0.0096 per kWh, and \$1.136 per Dth for Residential and Income Eligible Customers and \$0.620 per Dth for Commercial and Industrial customer, plus an annual fully reconciling funding mechanism charge in accordance with RI Gen. Laws § 39-1-27.7.
2. Revenue resulting from the participation of the Company's energy efficiency resources in ISO-New England's Forward Capacity Market (FCM); these are applied toward the electric plans only.
3. Funds from any state, federal, or international climate or cap and trade legislation or regulation including, but not limited to, revenue or allowances allocated to expand RI Energy's energy efficiency programs. (Waiting for word on finalizing RGGI funding).
4. Other sources may be identified by the Company with input from other stakeholders such as the EERMC.

The uncertainties associated with these funding sources include company sales, customer co-payments, commitments made for future years, the settlement price for future FCM auctions, identification of additional outside sources of funding, and the Company's success in minimizing costs to maximize customer benefit. Due to these uncertainties, the Company estimates the amount of funding it expects to need in each year of the 2024-2026 Plan and asks for provisional approval of these amounts to guide the development of future Annual Plans.

The Company intends to continue to work with various market actors (e.g., program vendors, distributors, designers, and builders) to obtain the best pricing for services to achieve program savings goals while controlling costs. The Annual Plans, including the attached filing of the 2024 Annual Plan, will reflect progress made in leveraging other sources of funding, if applicable. The Company will also coordinate with OER to leverage, when possible, the incentives made available through IRA.

Section Five: Performance Incentive Plan

5.1 Proposed Performance Incentive

The PUC approved a PIM for the 2021-2023 Plan in Docket 5076 that changed the way that the Company measures and earns a performance incentive.²⁶ The 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 incents budget controls so that the benefits are achieved in line with the portfolio budgets as proposed in the Plan.

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

$$\text{Total Benefits} = (100\% \text{ of Utility System Benefits} + 50\% \text{ of Resource Benefits})$$

$$\text{Net Benefits} = (100\% \text{ of Utility System Benefits} + 50\% \text{ of Resource Benefits}) -$$

$$(\text{Programmatic Costs} + \text{Regulatory Costs})$$

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

The earning opportunity for each portfolio is allocated to the sectors with positive net benefits. The PIM also includes Service Quality Adjustments (SQAs) for those sectors with planned negative net benefits, as calculated above, which

²⁶ Refer to [Appendix A of PUC Report and Order No. 24225](#); written order issued on September 21, 2021 for final guidance on the PIM as approved in PUC Docket 5076.

require the Company to achieve defined levels of performance equal to the sum of prioritized total benefits. If the defined levels of service (total benefits) are not achieved in the identified sectors, the SQAs apply reductions to any realized earnings in the sectors with earnings opportunities. The SQAs also include a cost component that adjusts the realized performance, and consequently any reduction of earnings, based on how the realized expenditures in the non-earning sectors compare to planned budgets. The SQAs therefore provide a similar incentive signal as the “netting” calculation in the core of the PIM and provide the Company with signals that savings and benefits should be pursued and prioritized in each sector, rather than exclusively the sector(s) where the earning opportunity resides.

In addition, the 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 proposing to retain the structure of the PIM adopted by the PUC in Order 24225 in Docket 5076 for the 2024-2026 term. This structure is aligned with the PUC’s PIM principles and was used by the Company in its 2022 and 2023 Annual Plans. While retaining the structure, the Company may propose changes to the inputs in the PIM calculation in the Annual Plans over the three-year term. Furthermore, the Company may revisit the PIM structure in the 2025 or 2026 Annual Plans as program strategy evolves to accommodate regulatory or policy changes.

Section Six: Analysis of Total Rhode Island Energy Efficiency

The LCP Standards adopted in Docket 23-07-EE specify that the Three-Year Plan contain “an analysis 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. For purpose of this analysis, total energy savings should be presented in two different ways: the cumulative annual energy savings to be delivered during the three years, and the cumulative lifetime energy savings to be delivered during the three years. At a minimum, this analysis should include:

- (1) An estimate of the total energy likely to be saved and emissions likely to be avoided in Rhode Island through energy efficiency over the three years, for the following fuel types: electricity, natural gas, and delivered fuels.
- (2) For each of the fuel types, an estimate of the portion of total energy savings and avoided emissions that are likely to be delivered by the distribution company’s energy efficiency programs and the associated budget.

- (3) For each of the fuel types, an estimate of the portion of total energy savings and avoided emissions that are likely to be delivered by state and local programs beyond the distribution company’s EE programs, and the associated budget.
- (4) For each of the fuel types, an analysis of what entities or programs will likely deliver the remaining portion of total energy savings and avoided emissions that will not be delivered by the distribution company’s EE programs or other state and local programs.

Table 6 shows the results of the savings analysis and Table 7 shows the results of the emissions analysis.

Table 6. State of Rhode Island, Energy Savings

		Electricity (MWh)	% Savings	Natural Gas (MMBtu)	% Savings	Delivered (Gallons)	% Savings	Total Energy Saved (MMBtu)	% Savings	Total Associated Budget 3YR (\$)	% Budget
Annual	RIE	277,445	68%	919,057	81%	-	0%	4,630,543	70%	\$ 406,716,000	78%
	Non Programmatic Adoption	96,537	24%	193,562	17%	-	0%	1,484,977	22%	\$ -	0%
	State	26,851	7%	22,463	2%	58,572	100%	392,875	6%	\$ 106,237,791	20%
	Other RI Utilities (Pascoag + Block Island)	7,045	2%	-	0%	-	0%	94,242	1%	\$ 10,327,344	2%
	Total	407,879	100%	1,135,082	100%	58,572	100%	6,602,638	100%	\$ 523,281,135	100%
Lifetime	RIE	2,224,608	67%	9,847,421	74%	-	0%	39,606,801	68%	NA	NA
	Non Programmatic Adoption	880,824	27%	3,118,614	23%	-	0%	14,901,716	26%	NA	NA
	State	159,823	5%	390,640	3%	1,049,737	100%	2,729,592	5%	NA	NA
	Other RI Utilities (Pascoag + Block Island)	56,500	2%	-	0%	-	0%	755,822	1%	NA	NA
	Total	3,321,756	100%	13,356,675	100%	1,049,737	100%	57,993,931	100%	NA	NA

Table 7. State of Rhode Island, Emission Savings

		Electricity (metric tons CO ₂)	% Savings	Natural Gas (metric tons CO ₂)	% Savings	Delivered Fuel (metric tons CO ₂)	% Savings	Total Avoided Emissions (metric tons CO ₂)	% Savings
Annual	RIE	196,709	68%	48,710	81%	-	0%	245,419	70%
	Non Programmatic Adoption	68,445	24%	10,259	17%	-	0%	78,704	22%
	State	19,038	7%	1,191	2%	594	100%	20,822	6%
	Other RI Utilities (Pascoag + Block Island)	4,995	2%	-	0%	-	0%	4,995	1%
	Total	289,186	100%	60,159	100%	594	100%	349,940	100%
Lifetime	RIE	1,577,247	67%	521,913	74%	-	0%	2,099,160	68%
	Non Programmatic Adoption	624,504	27%	165,287	23%	-	0%	789,791	26%
	State	113,315	5%	20,704	3%	10,650	100%	144,668	5%
	Other RI Utilities (Pascoag + Block Island)	40,059	2%	-	0%	-	0%	40,059	1%
	Total	2,355,125	100%	707,904	100%	10,650	100%	3,073,678	100%

To perform the analysis, the Company made several assumptions:

- For the Company’s 2024-2026 budget estimates, the 2024 Annual Plan budget was assumed for all three years with an inflation rate of 3 percent from year to year.
- Non-Programmatic Adoption estimates used the Company’s 2024-2026 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.

²⁷ American Council for an Energy-Efficient Economy, [ACEEE 2022 Annual Scorecard](#), (Dec. 6, 2022).

Section Seven: Conclusion and Requested Rulings

In accordance with the LCP Standards adopted by the PUC in Docket 23-21-EE, the Company requests that the PUC approve the following:

- Initial three-year energy savings goals and strategies for Energy Efficiency and Conservation Procurement programs and portfolio, provided that such goals may be updated annually.
- Initial three-year budget plan for Energy Efficiency and Conservation Procurement programs and portfolio; provided that specific budgets will be proposed, and approval sought through the annual plans.
- The structure of the performance incentive mechanism proposed herein, with specific goals, earning rates, and provided that the specific earning opportunity is determined in subsequent binding annual plans.

Attachment 1: Energy Efficiency Funding

Attachment 2: Program Level Benefit Cost Summary

Attachment 3: Program List by Sector

Attachment 4: Definitions

Attachment 5: Customer Listening Sessions for 2024-2026 Plan
