

# Memo



**To:** Rhode Island Energy Team  
**From:** EERMC Consultant Team  
**Date:** September 20, 2023  
**Subject:** Remaining Comments to Be Addressed in Final Plan

CONSULTANT TEAM

The EERMC's Consultant Team (C-Team) is appreciative of Rhode Island Energy's (the Company) effort to review and respond to each of the comments we provided on the first drafts of the Three-Year and Annual Energy Efficiency Plans (EE Plans). We look forward to continuing the conversation with the Company after the Plans are filed to work towards addressing any of our outstanding comments in future program planning efforts. In the meantime, we would like to provide the Company with the following set of targeted comments that we hope might be addressed in the time remaining before the Council and other stakeholders consider whether to support the Plans. We have organized our comments into three sections:

- High-Level Overarching Topics
- Program Specific Topics
- BCR Model, TRM, and EM&V Topics

## HIGH-LEVEL OVERARCHING TOPICS

### Equity

- We had asked a question about the percentage of residential and income-eligible budgets that are being dedicated to underserved populations. The response we received pointed us to Figures 1 and 2 in Section 6.3.2 of the Main Text for a breakdown of spending by sector. While helpful, this isn't representative of what we were hoping to see. We would like to see something more comparable to what the program administrators in [Massachusetts report](#). While we understand it is likely too late to put this together in time for the upcoming EE Plans, we would like to see a commitment from the Company to developing something like this. This could be something that is included as a commitment coming out of (or in addition to) the Equity Working Group's recommendations.
- The eligibility threshold for the Small Business Direct Install program was increased from 1 million annual kWh in electric energy consumption to 1.5 million annual kWh in order to fill the participation gap for "mid-sized" businesses. We requested that this expansion of customer eligibility be coupled with a specific goal for energy savings for the smallest businesses (less than 250,000 annual kWh in electric energy consumption). Even though the expansion does not technically impact the ability of the smallest customers to participate, it may lead vendors to divert resources away from the smaller businesses who already have low participation rates.
  - We would like to see a quantification of the number of additional eligible small businesses and a breakout of customer accounts and consumption sorted by consumption category, as presented during the September 14, 2023 EERMC Meeting ([see slide 11](#)).
- Our comment requesting a commitment from the Company to adopt a roadmap over the course of the upcoming Three Year Plan program cycle to gather data to track a set of measurable equity metrics, set goals, and then set a binding SQA in the EE PIM (in 2024, 2025, and 2026 respectively) was not incorporated in the updated Plan draft. At the EERMC meeting on September 14, the Company indicated they had reviewed the PUC's PIM guidance and concluded that such a component of the EE PIM would not be in alignment with that guidance. However, the Company did

not disclose in the EE plan comment response on what basis they drew this conclusion. The C-Team has reviewed the same guidance document and did not see any reason that an SQA based on agreed-upon metrics for tracking equitable program outcomes would contravene the PUC's guidance. We welcome a conversation or written communication explaining the Company's perspective here, as well as an opportunity to respond to that perspective if necessary. Pending that communication, we continue to feel that a commitment to incorporate the development and inclusion of an equity SQA in the Company's PIM would be aligned with a strong theme of stakeholder input emphasizing the importance of equity in Rhode Island's EE programs, and the importance of measuring and tracking performance with respect to equitable program outcomes.

## Workforce Development

- Spending for Workforce Development activities was reduced by roughly half in the latest iteration of the Plan. We understand the intent to leverage existing entities to deliver workforce training, a strategy that has been successfully implemented in places such as Massachusetts. However, the Plan does not include detailed descriptions of the following:
  - How RI Energy will oversee workforce training implemented by other entities to ensure that key areas and technologies are covered comprehensively
  - How much funding will be provided to these entities to provide training
  - What efforts will be conducted to improve workforce diversity, an issue that was identified as a challenge in the Workforce Needs Assessment
- Sufficient detail was provided for trainings related to update state building energy codes, so we would like to see a similar level of detail in other areas

## Comparison of Goals to Savings Targets

- As noted during the discussion and C-Team presentation at the September 14<sup>th</sup> EERMC meeting, the current Annual and Three-Year EE Plans represent investments with strongly favorable cost-effectiveness ratios, significant cost savings for customers relative to procuring additional supply, and robust bill savings over the lifetime of the program's investments that will yield real pocketbook benefits for electric, gas, and delivered fuel customers in Rhode Island. Each of these factors together indicate that energy efficiency is a highly attractive, economically sound investment for Rhode Islanders, which has significant potential to grow, per the EERMC's recent MPS Data Refresh. Without losing sight of the sensitivity to near-term rate impacts that may be present for some stakeholders, we feel that the Company's plans could, and should, seek to invest more in EE in 2024 and subsequent years, driving more energy and pocketbook savings for Rhode Island. We further believe the Company's own analysis of the Plan's impacts presents a strong case for doing more based on the numbers, but that this case is not made in the Plan narrative. We strongly encourage the Company to emphasize the importance of EE for meeting Act on Climate goals, delivering long-term value to customers, and request approval to pursue more EE more rapidly than the plans currently contemplate.
- The Main Text was updated to include references to the Market Potential Study (MPS) Data Refresh, but the Plan does not provide sufficient explanations for the gaps between identified potential and planned savings beyond the budgetary implications of assumptions included in the MPS Refresh. The Company previously mapped the MPS to BCR Models to identify specific measures with additional savings opportunities, but did not comment on why the differences exist or how the gaps could be closed, particularly for measures with high savings potential.

- Additionally, if the Company is able to develop a bottom-up assessment of the savings that could be obtained with an incremental budget allocation, that would be a positive step in effectively assessing the tradeoff between further EE budget allocations and the benefits that would accrue to Rhode Islanders from such an incremental allocation.

### **Efficacy in the LCP Standards**

- The Company's response to our comment regarding the Efficacy component of the LCP Standards may have addressed our comment, but we were not certain, so wanted to confirm our shared understanding. Per the Company's response, *"We recognize that in the short term that capacity building might decrease the savings per dollar and are not precluding these investments based on cost efficiency. We also contend that, over the long term, these types of investments in workforce could increase the savings ratio. We believe both cost efficiency and capability are encompassed in the LCP standard language around efficacy."*
  - As long as the comments about cost efficiency and cost per unit of energy savings relate solely to the impact of investments in building or maintaining program capacity, we have no further concerns. Our initial comment was intended to clarify that there is no guidance associated with the Efficacy component of the LCP Standards that relates directly to cost-efficiency as a requirement for the *portfolio as a whole*. We agree cost-efficiency *for capacity building and workforce development investments* is considered by the Efficacy component of the LCP Standards.

## **PROGRAM SPECIFIC TOPICS**

### **Income Eligible Single Family**

- The Company noted that it is already working with CAP agencies on the process for conducting combined audits so that they can be offered as early as possible. This is a positive step forward. That said, it sounds like based off of comment responses that some CAPs may not be able to transition until later in 2024, so we would like the Plan to speak to this and commit to the following:
  - Specific target dates for when this will begin to be offered and when the Company expects it will become standard practice for all CAPs. Without targets, the timing of this transition appears to be too open ended.
  - Collecting and reporting out on the share of audits that are combined versus separate, so we can see how quickly progress is being made on this shift, and to see if some CAP agencies are responding to this shift better than others.

### **Multifamily**

- It was great to see the additional content regarding the Company's plans to continue to use the newly updated participant/nonparticipant dashboard to better understand the customer profiles of nonparticipants to encourage participation in the multifamily programs. We feel that this could be improved if the Plan spoke more specifically about how the Company is using that data.
- We had provided a comment asking for the Company to consider dedicated program strategies for different multifamily building types, perhaps by building on the work the Company has done in the past to develop some multifamily case studies. In a comment response, the Company confirmed that they do have case studies. We would like to see the Plan commit to building on the work it has done with the case studies and work to research and if appropriate develop sub-program strategies for various Multifamily building types.

- The C&I Multifamily Gas program assumes a sharp increase in planned cost-to-achieve relative to both recent actuals and plans. There was a data entry error identified in the First Draft 2024-2026 Plan that impacted incentives for this program, so we suspect that planned spending values still require attention. Please confirm that the increase in implementation cost-to-achieve is attributable to the “Multifamily Participant” measure which has no attributable saving, but \$740,880 in planned incentive spending (program-level data show in tables below). Ultimately, we are looking for better justification of the cost assumptions given the significant increase over recent observed actuals.

\$/LIFETIME MMBtu	ACTUAL VALUES				PLAN VALUES			
	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Plan	2024 Three-Year Plan (Second Draft)	2025 Three-Year Plan (Second Draft)	2026 Three-Year Plan (Second Draft)
Program								
Large C&I New Construction	\$3.70	\$3.38	\$3.71	\$4.60	\$3.93	\$3.23	\$3.14	\$3.08
Large C&I Retrofit	\$3.73	\$4.55	\$4.57	\$3.58	\$4.56	\$4.16	\$3.96	\$3.81
Small Business Direct Install	\$2.82	\$4.29	\$2.46	\$5.31	\$5.30	\$6.38	\$6.43	\$6.63
C&I Multifamily	\$5.90	\$13.17	\$16.46	\$8.29	\$13.79	\$24.84	\$25.66	\$26.66
<b>C&amp;I Total</b>	<b>\$3.89</b>	<b>\$4.46</b>	<b>\$4.61</b>	<b>\$4.09</b>	<b>\$5.40</b>	<b>\$5.36</b>	<b>\$5.09</b>	<b>\$4.87</b>

## HVAC

- We understand from a comment response that the HVAC program plans to use 2024 as a transition year for moving Heat Pump Standards to ENERGY STAR 6.1. We recommend including information about the transition in the Plan itself would be helpful for signaling the Company’s intent, and to (hopefully) confirm its plans to be fully transitioned for 2025.

## Residential New Construction

- The second draft did not provide additional clarity on the Company’s planned transition to all-electric new construction programs. There are no specifics on timing, which leaves the transition too open ended from our perspective. We understand from a comment response that there won’t be incentives in 2025 for gas new construction, and we would recommend that be noted explicitly in the Plan itself.

## Pre-Weatherization Barriers

- We continue to strongly recommend a commitment towards finding solutions to addressing Pre-Weatherization barriers. We did not see any new detail in the Plan about how the Company might be looking into leveraging EE funds to address these barriers as it stated in the EnergyWise Single Family program description. We did receive comments from the Company citing low program BCRs as a potential hurdle for incorporating support for barrier remediation.
  - While we hear that concern, we would note that actuals BCRs, historically, almost always end up significantly higher than planned, and in the 2020-2022 period, both EW Electric and Gas programs averaged an actual BCR that was about 15% higher than planned.
  - We conducted an analysis, which we can share with and review with the Company, that we believe demonstrates that there is room to offer incremental, dedicated funds for addressing barriers within the program, and we’ve provided some details on this analysis in the appendix of our presentation to the Council at its September 14<sup>th</sup> meeting ([see slides 40-42](#)).

- We understand the Company’s hesitation to potentially put pressure on the cost-effectiveness of individual programs, so we recommend the Company include funding for a pilot or demonstration to explore the efficacy of a dedicated barrier remediation initiative for potential integration into future program offerings.

## BCR MODEL, TRM, AND EM&V TOPICS

### EM&V

- The Code Compliance Enhancement initiative was last evaluated in 2020, so we would like to see a commitment to conducting an impact evaluation in the next Three-Year Plan, especially considering Rhode Island’s updated state building energy codes.

### Consumer Products

- Plan narrative addressed some of our comments regarding high market shares for certain ENERGY STAR measures, but some of the narrative changes are not fully aligned with Table 3 list of measures and the updated electric BC Models.
  - Clothes Dryers, Dehumidifiers, and Room Acs are now “Most Efficient” in narrative, but Table 3 doesn’t reflect this, nor do measures in BC Models or TRM. We would expect updated names and measure assumptions. Presumably moving to the most-efficient versions of these measures would provide a bump to claimable savings per unit.

### HVAC

- Plan narrative removed Central Air Conditioners, and comment response indicated the Company is no longer planning to incentivize Central ACs. However, these changes are not fully aligned with Table 3 and Electric BC Models.
  - Both Table 3 and BC Model still show 125 CAC in 2024, along with a number of CoolSmart AC QIV. Small amount, but these should show as 0 and the incentives that were allocated toward these measures reallocated towards others (e.g. central HPs). There also appear to be planned values for 2025.

### Gas Incentives

- Pleased to see a significant decrease in incentives for gas heating equipment in HVAC program. We would like to better understand where those funds have been reallocated and what their incremental impact on those areas is expected to be. The Company’s presentation at the September 14<sup>th</sup> Council meeting seemed to indicate that these funds were being shifted to weatherization, however, the BC Models show no changes in planned quantities of gas weatherization.
- Response to data related question #46 indicated that incentives had been reduced for IE MF Custom Heating measure in the Gas BC model, though planned quantities and total incentives appear to remain unchanged.

### BCR Model Program Cost Assumptions

- Due to the way the Participant Cost formulas are set, we flagged instances of negative participant costs. The Company’s response was to adjust TRC in some cases, but we believe this may artificially inflate TRC and thereby impact BCRs. We recommend that the Company revert to the TRC

assumptions (assuming they were correct previously) and adjust per quantity incentive levels so that they never exceed TRC except where that is the company's intent.

### BCR Model – Non-Energy Impacts

- We noted several instances in our first draft review where there were inconsistencies with application of NEIs. The Company's response to these was that they were addressed by adding NEIs to those that should have an NEI, but weren't allocated an NEI in the first draft. However, upon review of the 9-7-23 version of the BC Models, it appears that in many cases this is still an issue. Table of outstanding issues below.

Fuel	Program	Question	Resolution	Assessment of Response
Electric	EnergyWise MF	Aerator - Other measure has no NEI associated with it, but Aerator - Oil and Aerator - Elec measures have NEI_18, Residential MF Aerator NEI. Is there a reason this measure wouldn't have the same NEI?	NEI added	9-7-23 version of Electric BC Model does not reflect that the NEI has been added.
Electric	Income Eligible MF	Air Sealing - Other measure has no NEI associated with it, but other Air Sealing measures in this program have NEI_46, IE MF Air Sealing. Is there a reason this measure wouldn't have the same NEI?	NEI added	9-7-23 version of Electric BC Model does not reflect that the NEI has been added.
Electric	EnergyWise MF	Insulation - Other measure has no NEI associated with it, but other Insulation measures in this program have NEI_12, Residential MF Insulation. Is there a reason this measure wouldn't have the same NEI?	NEI added	9-7-23 version of Electric BC Model does not reflect that the NEI has been added.
Electric	Income Eligible MF	Insulation - Other measure has no NEI associated with it, but other Insulation measures in this program have NEI_47, IE MF Insulation. Is there a reason this measure wouldn't have the same NEI?	NEI added	9-7-23 version of Electric BC Model does not reflect that the NEI has been added.
Electric	EnergyWise MF	Programmable Thermostat - Elec w/AC measure has no NEI associated with it, but other Programmable Thermostat measure in this program has NEI_19, Residential MF Thermostat. Is there a reason this measure wouldn't have the same NEI?	NEI added	9-7-23 version of Electric BC Model does not reflect that the NEI has been added.
Electric	Income Eligible MF	Showerhead - Other measure has no NEI associated with it, but Showerhead - Elec in this program has NEI_52, IE MF Showerhead. Is there a reason this measure wouldn't have the same NEI?	NEI added	9-7-23 version of Electric BC Model does not reflect that the NEI has been added.
Electric	Income Eligible MF	Showerhead - Oil has NEI_50 for IE ME Pipe Wrap assigned to it. Shouldn't this be NEI_52 for IE MF Showerhead?	NEI added	9-7-23 version of Electric BC Model still assigns IE MF Pipe Wrap.

Electric	Income Eligible MF	TSV Showerhead - Other measure has no NEI associated with it, but other TSV Showerhead measures in this program have NEI_52, IE MF Showerhead. Is there a reason this measure wouldn't have the same NEI?	NEI added	9-7-23 version of Electric BC Model does not reflect that the NEI has been added.
Electric	Income Eligible SF	Is there a reason that the Weatherization Other measures doesn't have an NEI, but the Electric and Del Fuel versions (NEI_32) in the electric program and the Gas version (NEI_G25) do?	NEI added	Appears this was added for the measures in 2024 and 2025, but curiously not 2026.
Gas	EnergyWise SF	Are there no NEI's that can be claimed for this measure in the gas program? Note that there are NEIs for the electric, oil, and other version of the measure in the Electric Program.	NEI added	Appears this was added for the gas measures in 2024 and 2026, but curiously not 2025.

### BCR Model – Measure Lives

- We noted a couple instances of measure life inconsistencies that appear to have not been addressed/and or had responses that were unresolved. See table below.

Fuel	Program	Question	Resolution	Assessment of Response
Both	RNC	Why are there different measure lives in the electric (11) and gas (12) programs for the same measure?	Historically those have been the measure lives. We will look into to it to see if an adjustment is needed.	No update provided so question remains open. Did they look into this? Any findings?
Electric	RNC	Measure life is 25, but is 15 for all other DHW measures in this program. Suspect measure life for this measure is incorrect.	Measure life for DHW measures are all consistently 15 all other RR measures are 25.	Response is confusing. 9-7-23 version of BC Model shows 15 for all DHW measures in NC program except the RR CP ones. Response seems to indicate that the other RR DHW measures (i.e. Tier 1, 2, 3) should also have 25 yr measure life, but they show up as 15. I'll note that the 9-7-23 version of the TRM indicates a 15 year measure life for all of these measures, so not sure why any of them would have 25 in the BC Model.