

2024 - 2026 Energy Efficiency Three-Year Plan Narrative Draft One

Dear EERMC Councilmembers and Energy Efficiency Technical Working Group Members,

Rhode Island Energy (the Company) is happy to present this initial draft of the 2024-2026 Energy Efficiency Three-Year Plan (this Draft). The Company requests that reviewers provide any written input on the contents of this Draft by June 29, 2023, with an expectation that those comments will inform the subsequent drafts of the 2024-2026 Energy Efficiency Three-Year Plan.

Some information is not available at this stage of the current planning cycle and therefore will be provided later. This Draft does not include 2024-2026 savings goals, benefits, or budgets. A first draft of those numbers will be available by June 30th, 2023.

When reviewing this Draft, please note the following: This Draft should not be considered as a complete list of topics that will be addressed in the final version of the 2024-2026 Energy Efficiency Three-Year Plan, nor is this Draft binding. Subject to further discussions with stakeholders, analysis during the planning process, and the outcome of proposed changes to the Least Cost Procurement (LCP) Standards, content included here may be modified. The Company may refine and consolidate the text and structure to make a more readable and accessible final document.

We look forward to working together to build and deliver on a three-year energy efficiency plan that will continue to keep Rhode Island at the forefront of energy efficiency and deliver Rhode Island consumers innovative, cost-effective energy services.

Table 1. Three-Year Plan (3YP) Timeline for Stakeholder Involvement

Date	Milestone
April 6	3YP outline memo shared with EERMC and EE TWG
April 20	Present 3 Year Plan to EERMC
April 27	3YP outline memo stakeholder comment period ends; Present 3YP outline memo to EE TWG
June 1	Draft 3YP narrative shared with stakeholders
June 29	Draft 3YP narrative stakeholder comment period ends.
June 30	Draft 3YP numbers (BC Model and Tables) shared with stakeholders
July 21	Draft 3YP numbers stakeholder comment period ends
September 7	Second/Final Draft of 3YP due to stakeholders

Contents

Pre-Filed Testimony	3
Executive Summary.....	3
1. Introduction	4
1.1 Plan Summary	4
1.2 The Planning Process	5
1.3 How to Read This Plan	6
1.4 Timeline.....	7
2. Least-Cost Procurement Law and Standards	7
2.1 Cost-Effectiveness	7
2.2 Reliability.....	8
2.3 Prudence	8
2.4 Environmentally Responsible.....	8
2.5 Cost of Annual Plan Compared to the Cost of Energy Supply.....	9
3. Priorities and Programs.....	9
3.1 Strategic Overview of Programs and Priorities.....	9
3.2 Priorities for Three Year Plan	10
3.2.1 Reach more customers: Deliver optimized, tailored programs	11
3.2.2 Help customers find the right measures: Implement a comprehensive approach to the next generation of efficiency measures.....	12
3.2.3 Enable customers to invest in efficiency: Enhance financing options and customer awareness of complementary funding sources.	14
3.2.4 Serve customers equitably: Design programs with a conscious effort to serve low- and moderate-income; gender, racially and ethnically diverse; and non-native English-speaking customers.	15
3.2.5 Ensure Workforce Capacity to Serve Customers	16
3.3 Multiyear Strategies.....	18
4. Goals, Budgets, and Funding Plan.....	18
4.1 Three-Year Goals.....	18
4.2 Historic Savings	19
4.3 Funding Plan and Budgets.....	20

5. Performance Incentive Plan	21
5.1 Proposed Performance Incentive	21
6. Analysis of Total Rhode Island Energy Efficiency	21
7. Conclusion and Requested Rulings	21
Attachment 1: Energy Efficiency Funding	21
Attachment 2: Program Level Benefit Cost Summary	21
Attachment 3: Program List by Sector	21
Attachment 4: Definitions	22

Pre-Filed Testimony

The Company will pre-file testimony with the Plan that addresses the Cost-Effectiveness of the Plan, prudence, reliability, environmental responsibility, and the cost of additional supply compared to the Plan.

Executive Summary

The Three-Year Plan guides annual program planning to secure energy and cost savings for Rhode Island consumers. Energy efficiency supports safe and reliable utility service while at the same time helping to reduce our customer's carbon footprints. The programs outlined in this plan contribute positively to customer satisfaction, a key priority for both Rhode Island Energy and its parent corporation, PPL. As this Three-Year Plan is submitted concurrently with the 2024 Annual Plan, the Company will use the Three-Year Plan as a roadmap. The Company will consider relevant developments between the approval of this Three-Year Plan and the submission of the 2025 and 2026 Annual Plans, when developing the detailed Annual Energy Efficiency Program Plans and associated binding savings goals and budgets for those years.

This Three-Year Plan presents an overview of ongoing efficiency programs and strategies, as well as planned program enhancements and innovations. The Plan details the cost-effectiveness of programs and strategies, explains how it achieves prudence and reliability, and offers a funding plan with illustrative budgets, funding sources, and savings goals. The Plan proposes a strategic set of programs and strategies that are both flexible and targeted, geared towards five key approaches across the Company's Commercial and Industrial (C&I), Residential, and Income Eligible Service (IES) sectors:

- **Reach more customers: Deliver optimized, tailored programs.**
- **Help customers find the right measures: Implement a comprehensive approach to the next generation of efficiency measures.**
- **Enable customers to invest in efficiency: Enhance financing options and customer awareness of complementary funding sources.**

- **Serve customers equitably: Design programs with a conscious effort to serve low- and moderate-income; gender, racially and ethnically diverse; and non-native English-speaking customers.**
- **Ensure Workforce Capacity to Serve Customers.**

The Company continues to seek new opportunities to drive deeper savings and transform additional markets. Many of the strategies in this Plan build upon existing customer relationships to incentivize comprehensive measures that accrue greater savings over their lifetime. The Company must also go deeper and broader to secure the next unit of efficiency by encouraging continuous, multi-year engagement that increases opportunities for comprehensive savings through installation of multiple efficiency measures, including new technologies.

1. Introduction

1.1 Plan Summary

Rhode Island Energy (Rhode Island Energy or the Company) submits this 2024-26 Three-Year Energy Efficiency and Conservation Procurement Plan (Three-Year Plan or Plan), alongside the 2024 Annual Energy Efficiency and Conservation Procurement Plan (Annual Plan), in fulfillment of the Comprehensive Energy Conservation, Efficiency and Affordability Act of 2006.¹

This 2024-2026 Three-Year Plan is filed in combination with the Annual Plan. This Three-Year Plan outlines the Company's overall programmatic focus and strategies, including illustrative and provisional budgets and savings goals for the three years of implementation². It lays out a vision for Rhode Island Energy's continued transformation of the energy efficiency sector in Rhode Island, including key themes and areas of focus for 2024-2026. It will guide annual energy efficiency and conservation plans and provide the focus and strategies over the three years of program implementation to deliver energy and cost savings for Rhode Island consumers and operational benefits for Rhode Island's electric and gas systems. The Annual Plan utilizes that vision to detail the plan for 2024, formalizing budgets and savings goals associated with time tested programming, while outlining program enhancements and innovations.

The Company intends for the three-year plan to satisfy the statutory requirements for Least Cost Procurement (LCP) and will be consistent with the concurrently filed 2024 Annual Energy Efficiency Procurement Plan (Annual Plan). The overarching goal of both plans is to enable Rhode Island energy consumers to meet their energy needs through cost-effective, reliable, prudent, and environmentally responsible energy efficiency.

Efficiency programming enables the Company to maintain system reliability and contributes to statewide goals for decarbonizing the economy. Energy efficiency generates a host of non-energy environmental and health benefits for customers and society. The Three-Year Plan proposes illustrative and provisional energy efficiency procurement budgets and savings goals that will help guide annual energy efficiency and conservation plans and provides the strategies for the three years of program

¹ R.I. Gen. Laws §39-1-27.7

² As a reminder, this initial draft narrative does not include any numbers. Those will be provided by July 30, 2023.

implementation that will help Rhode Island Energy consumers meet a portion of their energy needs through energy efficiency.

As this Three-Year Plan is submitted concurrently with the 2024 Annual Plan, the Company will use the Three-Year Plan as a roadmap, while also considering developments between the approval of this Three-Year Plan and the submission of the 2025 and 2026 Annual Plans, in developing the more detailed Annual Energy Efficiency Program Plans and associated binding savings goals and budgets for those years.

1.2 The Planning Process

This Three-Year Plan was developed with entities that have historically joined the Company in providing guidance and feedback. These entities make up the Energy Efficiency Technical Working Group (EE TWG) and include the Rhode Island Division of Public Utilities and Carriers (Division or DPUC), Acadia Center, the Rhode Island Office of Energy Resources (OER), Green Energy Consumer's Alliance, the Energy Efficiency and Resource Management Council (EERMC), the City of Providence, the George Wiley Center, the Center for Justice, and the Rhode Island Infrastructure Bank. The Company hosts the Technical Working Group monthly as a forum for in-depth discussion of energy efficiency topics and engages the EE TWG throughout the planning process to leverage their expertise and seek their feedback. The influx of federal funding allocated to RI by the federal Inflation Reduction Act (IRA) necessitates that the Company continue to work closely with other stakeholders, especially OER, to right size incentive levels and design programs that complement other available incentives throughout the upcoming three-year period.

Throughout the Three-Year Plan development process, Company staff collaborated with the EERMC consultant team and OER to identify measures and strategies that inform this Three-Year Plan. The Company appreciates the effort 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.

In addition to EE TWG technical experts, the Company solicits feedback from vendors and customers to inform energy efficiency planning and implementation. This includes listening forums, surveys, results of Evaluation, Measurement, and Verification studies, and EERMC public meetings and comment periods. The Company coordinates with internal policy and system planning resources to ensure energy efficiency programs support operational effectiveness and further statewide goals.

Rhode Island Energy hosted three listening sessions with customers in June 2023.³

This Three-Year Plan is informed by the Rhode Island Energy Efficiency Market Potential Study Refresh (Market Potential Study Refresh) commissioned by the EERMC and completed by Dunskey Energy Consulting in early 2023. The EERMC managed the study, with input from Rhode Island Energy and other stakeholders. The results of this study were used by the EERMC to recommend energy savings Targets for the three-year period.

To further inform subsequent annual plans, specifically 2025 and 2026, the Company will participate in the Executive Climate Change Coordinating Council (EC4) stakeholder sessions to understand policy priorities and actions so the Company can account for those actions in program planning and design. By

³ NOTE TO EXTERNAL REVIEWERS: More detail to be provided following completion of listening sessions.

accounting for these policy priorities and actions, we will avoid duplication of efforts, right size program spending, maximize program impacts and ensure plan agreement with the development of the anticipated 2025 Climate Strategy.

The Company participates in several dockets and processes that have the potential to impact energy efficiency planning and strategy. In 2022, Rhode Island Energy filed its Advanced Metering Functionality (AMF) Business Case and its Grid Modernization Plan, and the Public Utilities Commission opened its Future of Gas docket. The Company also revitalized the System Reliability Procurement (SRP) Technical Working Group, an external stakeholder group that advises Rhode Island Energy on matters related to system reliability procurement. Additional detail about Rhode Island Energy'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 Public Utilities Commission on June 1, 2023). The Company staff responsible for energy efficiency planning regularly communicates with colleagues engaged in these 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: Least Cost Procurement (LCP) Standards; Priorities and Programs; Goals, Budget, and Funding Plan; and Analysis of Total Rhode Island Energy Efficiency. The **Least Cost Procurement (LCP) Standards** section explains how the Plan complies with the requirements for Cost-effectiveness, Reliability, Prudence, Environmentally Responsible, and comparison to alternative cost of supply requirements, as set forth in the LCP Standards. 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. **The Goals, Budget, and Funding Plan** detail these elements and discusses the performance incentive plan and performance metrics. **Analysis of Total Rhode Island Energy Efficiency**, a new component of the Three-year plan per the revised Standards adopted in Docket 23-07-EE, contains 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 will be delivered by the Company's EE programs.

There are four attachments to this Three-Year Plan which provide additional detail on specific Plan elements:

- Attachment 1: Energy Efficiency Funding
- Attachment 2: Program Level Benefit Cost Summary
- Attachment 3: Program List by Sector
- Attachment 4: Definitions

This 2024-2026 Three-Year Plan is filed in combination with the Annual Plan. This Three-Year Plan outlines the Company's overall programmatic focus and strategies, including illustrative and provisional budgets and savings goals for the three years of implementation. The Annual Plan focuses on that vision for the year 2024, formalizing budgets and savings goals.

1.4 Timeline

As provided for under the LCP Standards, the Company is opting to combine the filing of the 2024-2026 Three-Year 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 XX, 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. Rhode Island Energy will continue to work with the EERMC and the TWG to meet these timelines.

2. Least-Cost Procurement Law and Standards

This section describes the Company's assessment of the Plan's compliance with Least Cost Procurement Law and the LCP Standards as revised in Docket 23-07-EE.⁴

In general, the Company's interpretation of the Standards is as it was presented in the 2023 Energy Efficiency Plan in Docket 22-33-EE, Section 7, modified for the recent revisions. The interpretations are presented in Section 5 of the 2024 Energy Efficiency Plan which is being filed simultaneously with this Three-year Plan.

Demonstration of consistency with the Standards is also included in Section 5 of the 2024 Energy Efficiency Plan. Compliance during the first year of the Three-year Plan is indicative of compliance over the full term of the Three-year Plan.

In the following subsections, we discuss any key changes in the LCP Standards and how said changes impact the Company's approach to development of the Plan. We also discuss if, for any Standard, the consistency with the Standard is expected to change over the Three-year term.

2.1 Cost-Effectiveness

Please see Section 5.1.1 of the Annual Plan for the Company's interpretation of the Standard of cost-effectiveness. The Company's Three-year Plan is consistent with this interpretation as demonstrated in Attachment 2 and Section 5.1.2. The Company does not expect consistency to vary between 2024 and subsequent years of the Three-year term.

In Docket 23-07-EE, changes to the Standards required the following:

- 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." In considering the nature of "other jurisdictions," the Company interpreted this to refer to states other than Rhode Island, and that "Rhode Island Energy" therefore refers, in this case, to Rhode Island. Using this interpretation, the Company identified certain categories of benefits that flow outside of Rhode Island. These include a portion of demand reduction induced price

⁴ NOTE TO EXTERNAL REVIEWERS: Written in anticipation of approval of new LCP standards as proposed.

effects (DRIPE) and pool transmission facility (PTF) capacity values. Attachment 2b⁵ presents the requested additional view that shows that programs are still cost effective absent these benefits.

- The “RI Test shall include the costs of CO2 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, a value and approach for CO2 mitigation was developed which is used in all cost-effectiveness analyses in this Plan.

2.2 Reliability

Please see Section 5.2.1 of the Annual Plan for the Company’s interpretation of the Standard of reliability. The Company’s Three-year Plan is consistent with this interpretation as demonstrated Section 5.2.2. The Company does not expect consistency to vary between 2024 and subsequent years of the Three-year term.

No changes were made to the Standards for reliability in the revisions in Docket 23-07-EE.

2.3 Prudency

Please see Section 5.3.1 of the Annual Plan for the Company’s interpretation of the Standard of prudency. The Company’s Three-year Plan is consistent with this interpretation as demonstrated Section 5.3.2. The Company does not expect consistency to vary between 2024 and subsequent years of the Three-year term.

No changes were made to the Standards for prudency in the revisions in Docket 23-07-EE.

2.4 Environmentally Responsible

Please see Section 5.4.1 of the Annual Plan for the Company’s interpretation of the Standard of environmental responsibility. The Company’s Three-year Plan is consistent with this interpretation as demonstrated Section 5.4.2. The Company does not expect consistency to vary between 2024 and subsequent years of the Three-year term.

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

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 will assess how its 2024-2026 Energy Efficiency Three-Year Plan complies – or otherwise advances – the 2021 Act on Climate, which sets statewide, economy-wide greenhouse gas emissions reduction mandates. The 2021 Act on Climate only contemplates the role of the State, not Rhode Island Energy; therefore, there is no standard against which to assess the extent to which the proposed

⁵NOTE TO EXTERNAL REVIEWERS: To be provided.

investments comply with the 2021 Act on Climate. However, the proposed investments reduce both electric and gas consumption. On the electric side, prior to meeting the 100% Renewable Energy Standard in 2033, any electric savings will directly support the State in meeting its 2030 greenhouse gas emissions reduction mandate. 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 Update* to the *2016 Greenhouse Gas Emissions Reduction Plan* calls out both electric and gas energy efficiency as a priority short-term action to get Rhode Island on the path to meet the 2021 Act on Climate's 2030 mandate. To properly value the environmental and climate costs and benefits associated with the proposed investment in energy efficiency, the Company will use both marginal abatement cost and social cost of carbon, as appropriate, to monetize both embedded and non-embedded value of greenhouse gas emissions reduction.

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

Please see Section 5.5.1 of the Annual Plan for the Company's interpretation of the Standard of being lower than the cost of additional supply. The Company's Three-year Plan is consistent with this interpretation as demonstrated in Section 5.5.2. The Company does not expect consistency to vary between 2024 and subsequent years of the Three-year 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." In considering the nature of "other jurisdictions," the Company interpreted this to refer to states other than Rhode Island, and that "Rhode Island Energy" therefore refers, in this case, to Rhode Island. Using this interpretation, the Company identified certain categories of benefits that flow outside of Rhode Island. These include a portion of demand reduction induced price effects (DRIPE) and pool transmission facility (PTF) capacity values.

The Company's Three-year Plan is consistent with this interpretation as demonstrated in Section 5.5.2. The Company does not expect consistency to vary between 2024 and subsequent years of the Three-year term.

3. Priorities and Programs

3.1 Strategic Overview of Programs and Priorities

Two overarching themes run throughout the design of programs for this next three years:

1. Customers need to be at the center of all our efforts.
2. Programs need to serve customers equitably.

In developing this Three-Year plan, the Company sought to determine where the pockets of potential efficiency savings reside and how we can access them. Utilizing the market research at our disposal, Rhode Island Energy will work to close the awareness gap around programs and dedicate appropriate resources to get more customers in the door. 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 cast a wide net for new products and program approaches that are relevant to Rhode Island. On the Residential side, this will include an emphasis on electric resistance heating conversions as well as pushing zero net energy projects in the residential new construction market. On the Commercial &

Industrial (C&I) side, program 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.

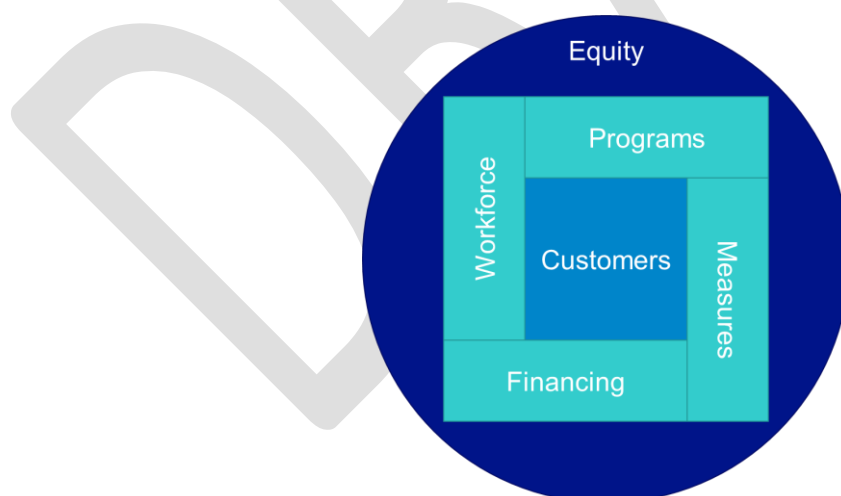
The Company recognizes that providing solutions to customers includes facilitating project financing and leveraging other programs that fund efficiency work. On-bill repayment has been a successful tool but is only one of many mechanisms to support project implementation. The Company has, and will continue to, work closely with the Office of Energy Resources (OER) to coordinate with its high-efficiency heat pump offering and the influx of new federal funding it will administer via the Inflation Reduction Act (IRA).

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 Three-Year 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.

As mentioned, EE programs will be considered through a lens of equity. In this Three-Year plan the Company strives to create a portfolio of programs that are designed to provide benefits equitably across all demographics. Income Eligible Services will accelerate electric resistance to heat pump conversions for qualifying customers and continue to tackle pre-weatherization barriers. The commercial Main Streets initiative will prioritize Environmental Justice Communities. The Company will also continue actively participating in the Equity Working Group and other state and local equity initiatives.

Exhibit 1 below presents a visual representation of how the Company structured priorities for the 2024-2026 Energy Efficiency Three-Year Plan. All programs center on the customer and are viewed through a lens of equity.

Exhibit 1: Visualization of Three-Year Plan Strategy



3.2 Priorities for Three Year 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 our 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 the demands that must be met by the current workforce and supply chain. The Company also acknowledges that the future of gas efficiency programs is a subject of serious consideration for this upcoming planning cycle considering the state's decarbonization targets. Though unlikely to heavily impact the 2024 annual plan, the Public Utility Commission (Docket 22-01-NG Investigation into the Future of the Regulated Gas Distribution Business in Rhode Island in Light of the Act on Climate) and its subsequent rulings could impact the latter years of this Plan. Following this docket, the Company expects to have better visibility into the PUC's preferred decarbonization pathways and how those will impact natural gas incentives. The Company is open to discussions with stakeholders during this planning process to discuss how gas incentives could start to be adjusted during this three-year period.

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

- **Reach more customers: Deliver optimized, tailored programs.**
- **Help customers find the right measures: Implement a comprehensive approach to the next generation of efficiency measures.**
- **Enable customers to invest in efficiency: Enhance financing options and customer awareness of complementary funding sources.**
- **Serve customers equitably: Design programs with a conscious effort to serve low- and moderate-income; gender, racially and ethnically diverse; and non-native English-speaking customers.**
- **Ensure Workforce Capacity to Serve Customers.**

3.2.1 Reach more customers: 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. On the other hand, it is cost-prohibitive to tailor programs to each individual customer. Therefore, the Company's strategy will be to identify customer segments that represent significant, yet relatively untapped savings potential and design program support targeted to these segments.

Cross-Cutting Tactics

The Company will continue to invest resources in collecting more detailed market information to improve outreach to customers. This market research will identify customer segments that represent significant opportunities for expanded program support and participation and will inform the Company's tactics for targeting these customers. To serve these 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 knows that 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, and the Company will seek to design programs which address specific market failures and barriers faced by different customer segments.

Residential & Income Eligible Tactics

Rhode Island Energy will be focusing efforts that began in 2023 with expanded outreach to five target communities 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. The Company looks to partner with Community Based Organizations in reaching customers that historically have not participated in the residential 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 that consume less than 1,000,000 kWh annually, to customers that consume less than 1,500,000 kWh annually. The Company will also look to deploy a data-driven approach to increasing customer participation in the commercial and industrial sectors. This approach will include analyzing customer consumption data (kWh, peak load, and therms) and past energy efficiency participation to better target customers that have historically not participated at the same rate and pace as their commercial or industrial peers. This analysis is likely to provide valuable insights into energy efficiency opportunities, while potentially providing insight into barriers and rationales for non-participances. Lastly, the Company will look to expand the reach of its Strategic Energy Management Planning (SEMP) initiative to support the increasing number of customers with climate and sustainability goals.

3.2.2 Help customers find the right measures: Implement a comprehensive approach to the next generation of efficiency measures.

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, more customized, higher commitment measures such as HVAC systems and control systems. The higher complexity of these measures necessitates additional effort from the Company to ensure that programs

are helping customers identify the measures that make sense for their specific situation, in addition to ensuring their successful installation and operation. Additionally, with Rhode Island's Act on Climate, the Company must evaluate measures and program design through the additional lens of our contribution to the broader economy-wide efforts towards decarbonization. Therefore, the Company's strategy will be to invest in research to identify the next generation of impactful efficiency measures, and to redesign programs to effectively support these measures.

Cross-Cutting Tactics

In the 2024-2026 Three-Year Plan, the Company will explore innovative strategies and technologies that are unique to the Rhode Island customer-base and market situation. To supplement these findings, the Company will look to learn from demonstrations, pilots, and assessments conducted both regionally and nationally, and to discern if those strategies could be successfully deployed in the Rhode Island market. This targeted approach, coupled with learnings from other jurisdictions, should permit Rhode Island to be an early adopter of successful energy efficiency strategies and technologies without having to fund the costs associated with launching and evaluating demonstrations, pilots, and assessments that are being conducted in other jurisdictions.

In this three-year plan, the Company will explore the possibility of right-sizing incentives for fossil fuel equipment and options for optimizing electric versus gas to promote the state's decarbonization agenda and meet stakeholders' desires for aligning the energy efficiency programs with the Act on Climate. The PUC has initiated a docket (Docket 22-01-NG) to explore the future of natural gas for the state. Rhode Island Energy plans to track the orders and other relevant findings from this docket to inform energy efficiency design for this three-year plan.

Rhode Island Energy has also proposed a business case for the expansion of Advanced Metering Functionality (AMF) across its electric service territory. As described in the Company's proposal, the expansion of AMF creates several opportunities for behavior programs through both the ConnectedSolutions and Home Energy Reports programs.

The ConnectedSolutions program will look to expand opportunities for both residential and C&I customer segments. We will investigate ways to meet the demand for battery storage that is incoming from customers and program vendors. Electric school bus fleets are also emerging as a new grid resource that can be incorporated into the program.

Residential & Income Eligible Tactics

For residential and income eligible programs, electric resistance heat to air source heat pump conversions will be prioritized. The Company's goals for this conversion effort necessitate a comprehensive approach that includes weatherization agencies, HVAC installers, and the various stakeholders that own and rent housing throughout Rhode Island. The Company will coordinate and collaborate with the RI Office of Energy Resources (OER) on its heat pump program to support supplemental measures, such as the aforementioned weatherization services. The Company will provide further detail on that in future drafts as the OER works to finalize its program.

Another area for potential program redesign is residential new construction. The most recent evaluation indicates that energy savings between recent new construction participants and non-participants has narrowed. This 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 program. In addition, the Company intends to explore options for promoting zero-energy ready homes within the residential new construction program.

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 heating, ventilation, and air conditioning (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.

Additionally, the Company will look to provide enhanced incentives to customers that 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 emissions reduction. These offerings include prescriptive weatherization and air sealing, energy recovery ventilators, gas and refrigeration leak reduction, and upstream heat pumps. 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 energy efficiency program to advance electrification efforts. At this current time, the Company anticipates these synergies would likely occur on projects relating to weatherization, ventilation, and controls.

3.2.3 Enable customers to invest in efficiency: Enhance financing options and customer awareness of complementary funding sources.

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 has several financing vehicles currently on offer to customers (e.g., On-Bill Refinancing, 3rd Party C&I Financing, HEAT Loan, Efficient Buildings Fund), and will investigate ways in which these offerings can be expanded to serve more customers. 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, the

Company recognizes gaps in current finance offerings, such as a lack of options for landlords in the multifamily program, and we plan 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 from the federal IRA in addition to \$25 million from the American Rescue Plan Act (ARPA) for a high efficiency heat pump program. The IRA also offers several enhanced tax credits to encourage homeowners to pursue efficiency and electrification measures. Rhode Island Infrastructure Bank (RIIB), 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. The Company intends to capitalize on these outside dollars to encourage greater program participation.

Residential & Income Eligible Tactics

The Company intends to explore both financing strategies and leveraged funding for customers. As part of this effort, we plan to re-examine the structure of the current Heat Loan. One concern with the current Heat Loan model is that the 0% 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. One potential alteration would be to offer tiered Heat Loan incentives based on income level or energy efficiency measures financed and reserving the 0% heat loan for income eligible customers, as well as potentially increasing the Heat Loan cap. This potential redesign of the Heat Loan would require significant thought on how to provide income verification without overcomplicating the process.

Commercial & Industrial Tactics

The Company will continue to offer On Bill Repayment to all C&I gas accounts and to large C&I electric accounts that consume more than 1,000 MWh per year. The On Bill Repayment offers rapid approval, zero interest loans for qualified energy efficiency projects. The loan size available for 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 3 years for commercial accounts, and 5 years for State facilities. For electric customers that consume over 1,000MWh 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 1,000MWh per year are eligible to receive loans that range from \$500 to \$50,000, with a maximum tenor of 5 years. Please note that On Bill Repayment cannot be used to support energy efficiency upgrades that have a benefit cost ratio less than 1.0.

3.2.4 Serve customers equitably: Design programs with a conscious effort to serve low- and moderate-income; gender, racially and ethnically diverse; and non-native English-speaking customers.

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 that have not yet participated in our 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 our territory, across all income levels, gender and race categories, and languages

spoken, it is our 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 that programs are accessible to diverse populations (e.g., creating program forms and collateral in multiple languages). The Company will continue to focus on the recommendations from the Equity Working Group 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 PIM.

Residential & Income Eligible Tactics

The Company's income eligible air-source heat pump specifies that at least 25% 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 include HVAC and weatherization contractors as well as high performing CAP agencies.

More generally, the Company will continue to improve its outreach and engagement with community-based organizations. One potential component of our 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.

In another effort to equitably deliver program dollars, this three-year plan will look to address the deferrals and pre-weatherization barriers (PWBs) that stand in the way of many LMI customers receiving weatherization services. We intend to expand on and refine recent initiatives regarding data tracking of deferrals and PWBs across all home services programs. We plan to collaborate with stakeholders and other groups to assess best practices and new strategies when it comes to addressing PWBs so that the crucial work of weatherizing homes may continue. We also intend to identify and compile resources for leveraging funding to address PWBs.

Commercial & Industrial Tactics

For the 2024-2026 Three-Year Plan, 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 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 engagement, followed by a door-to-door effort that lasts between 3 to 7 days, depending on the number of small/microbusiness and the size of the target community. In selecting the Main Street locations, the Company will prioritize Environmental Justice areas.

3.2.5 Ensure Workforce Capacity to Serve Customers

Strategic Philosophy

The ability of customers to invest in energy efficiency relies on the existence of an ample, well-trained workforce that can deliver high-quality service. The Company's programs have helped nurture the energy efficiency workforce in Rhode Island. Even still, the state of the current program delivery workforce (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. We know, 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 us the opportunity to address equity issues by expanding the number of MBE/WBE enterprises that work as prime 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, we know that we play an important role as a key partner in this effort. The Company recognizes, also, that increased workforce capacity will be critical in meeting the goals set out in Act on Climate.

Therefore, the Company's strategy will be to take an active role to help our 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:

- Defining how large a workforce is needed to successfully deliver programs.
- Expressing gaps in the current workforce (e.g., MBE contractors who serve customers in their preferred language).
- Supporting programs that are an effective pipeline for our workforce (e.g., the Residential Construction Workforce Partnership).

Workforce development efforts will be enhanced based on the recommendations from the Rhode Island Workforce Needs Assessment Study, which is expected to be released in the first half of 2023. 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, and general energy efficiency skills, such as auditing and the Association of Energy Engineers' Certified Energy Manager (CEM) certification.

The Company anticipates making investments in workforce development in this three-year 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.

These efforts will be coordinated across both the C&I and residential teams, along with the appropriate state and local authorities, to reduce or eliminate duplication of effort and expenditures.

3.3 Multiyear Strategies

None planned at this time.

4. Goals, Budgets, and Funding Plan

This section will provide the numerical energy and demand savings goals for the three years addressed by the plan. Goals will be presented in units of lifetime savings (MWh for electric and MMBtu for gas), annual savings, and all-fuels MMBtu savings. Carbon and NOx Reductions will be calculated and reported as secondary goals consistent with the Standards and the Act on Climate. Savings estimates will be determined, in part, based on the most recent results from evaluation studies.

4.1 Three-Year Goals

This subsection will detail how the three-year goals for energy efficiency (electric and gas) and demand response were developed and what those goals are. This subsection will additionally describe how the recently completed market potential study refresh was used to inform the goal setting process, and why and how the goals differ from the Targets from PUC Docket 5023, should they deviate from the PUC's approved Targets.

Table 2. 2024 – 2026 Electric Portfolio Savings Summary

Electric Programs	2024	2025	2026
Savings and Benefits			
Annual Electric Savings (MWh)			
Annual Electric Savings (MMBtu)			
Annual Delivered Fuel Savings (MMBtu)			
Annual Total Savings (MMBtu)			
Lifetime Electric Savings (MWh)			
Lifetime Electric Savings (MMBtu)			
Lifetime Delivered Fuel Savings (MMBtu)			
Lifetime Total Savings (MMBtu)			
Annual Passive Peak Demand Savings (kW)			
Winter Passive Peak Demand Savings (kW)			
Total Benefits (RI Test)			
Costs			
Total Funding Required			
Cost per lifetime kWh			
EE Program Charge per kWh			
Benefit Cost Ratio (RI Test)			

Table 3. 2021 – 2023 Natural Gas Portfolio Savings Summary

Gas Programs	2024	2025	2026
Savings and Benefits			
Annual Natural Gas Savings (MMBtu)			
Lifetime Natural Gas Savings (MMBtu)			
Total Benefits (RI Test)			
Costs			
Total Funding Required			
Cost per lifetime MMBtu			
Residential EE Program Charge per Dth			
C&I EE Program Charge per Dth			
Benefit Cost Ratio (RI Test)			
Participation			

4.2 Historic Savings

As in prior three-year plans, there will be summary tables of historic electric and 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

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	TRC BC Ratio	RI Test BC Ratio	EE Program Charge/Dth	\$ per lifetime MMBtu	Participants
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				(\$000)					
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 (Resi) \$0.492 (C&I)	\$3.84	143,655
2015	419,778	5,249,170	\$54,762	\$20,129	2.60		\$0.781 (Resi) \$0.637 (C&I)	\$3.47	146,098
2016	417,820	5,282,221	\$51,103	\$23,135	1.93		\$0.748 (Resi) \$0.487 (C&I)	\$4.78	150,160
2017	468,211	4,615,034	\$70,972	\$27,513	1.86		\$0.888 (Resi) \$0.726 (C&I)	\$5.96	112,202
2018	497,119	5,513,499	\$113,117	\$27,231	2.62	3.11	\$0.869 (Resi) \$0.671 (C&I)	\$4.94	101,423
2019	451,466	4,527,147	\$115,736	\$30,142	2.17	2.66	\$0.715 (Resi) \$0.420 (C&I)	\$6.66	151,655
2020	318,845	2,960,120	\$96,717	\$24,598		3.08	\$1.011 (Resi) \$0.777 (C&I)	\$8.31	164,410
2021	316,424	3,454,006	\$120,325	\$35,680		2.79	\$0.871 (Resi) \$0.596 (C&I)	\$10.33	165,233

4.3 Funding Plan and Budgets

The following funding sources may be used each year. The amounts from each source will be detailed in the Annual Plans. The electric and gas plans are funded by:

1. One line on the customers' bills currently labeled "Energy Efficiency Programs" comprised of the existing energy efficiency program charge of \$XXXX per kWh and \$XXXX per Dth, plus a fully reconciling funding mechanism charge in accordance with RI Gen. Laws § 39-1-27.7.
2. Revenue resulting from the participation of energy efficiency resources in ISO-New England's forward capacity market (FCM).
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 energy efficiency programs.
4. Other sources may be identified by the EERMC and the Company.

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 Three-Year 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 (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 the Inflation Reduction Act.

5. Performance Incentive Plan

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5.1 Proposed Performance Incentive

The Company is proposing to retain the structure of the Performance Incentive Mechanism (PIM) adopted by the Commission in Order 24225 in Docket 5076 for the Three-Year 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.

6. Analysis of Total Rhode Island Energy Efficiency

To be updated per the revised LCP standards.

7. Conclusion and Requested Rulings

In accordance with the LCP Standards adopted by the PUC in Docket 5015, 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

To be provided in subsequent drafts.

Attachment 2: Program Level Benefit Cost Summary

To be provided in subsequent drafts.

Attachment 3: Program List by Sector

To be provided in subsequent drafts.

Attachment 4: Definitions

To be provided in subsequent drafts.

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