Memorandum

TO: JOEL MUNOZ, MARGARET HOGAN, JOHN HARRINGTON, AND KYLE LYNCH, RHODE ISLAND DIVISION OF PUBLIC UTILITIES AND CARRIERS

FROM: JENNIFER KALLAY, ELISE ASHLEY, AND TIM WOOLF, SYNAPSE ENERGY ECONOMICS

DATE: JULY 10, 2026

RE: SYNAPSE COMMENTS ON DRAFT 2027-2029 EE PLAN

Introduction

Rhode Island Energy provided a draft 2027-2029 Energy Efficiency Plan on June 26, 2026 and requested comments by July 10th. The purpose of this memo is to provide Synapse's comments on this draft plan. We discuss the following topics: 1) new gas equipment offerings, 2) the window heat pump offering, 3) mid-term modifications, 4) use of Advanced Metering Infrastructure (AMI) for targeting, 5) investments in income eligible programs and customers, and 6) references to annual plans as part of requested rulings.

New Gas Equipment Offerings

Page 5 of Attachment 1 states, "In 2027-2029 Rhode Island will streamline its offerings by reducing the number of available incentives for new gas equipment gradually over the triennium. This reduction primarily impacts the Residential High Efficiency HVAC and Hot Water program and the Residential New Construction program. The Company has observed decreasing demand for new gas equipment over the past five years and anticipates that demand will continue to weaken as state policy evolves and electrification continues. This reduction supports Rhode Island Energy's program-wide affordability efforts while still retaining options for customers who choose to install efficient new gas equipment." We would like to better understand the Company's proposed investments in gas equipment as part of the filed plan.

Commented [SM1]: @Feldman, Brett Steven

hi Brett, do you want to see a similar reduction in the number of incentives for new gas equipment for C&I?

Commented [FB1R2]: only if the market and/or budget constraints dictate it

Window Heat Pump Offering

Pages 4 and 5 of Attachment 1 state, "The Company is exploring the opportunity to add window heat pumps to its offerings in various programs, with a primary focus on the multifamily programs. At the time of this draft, the Company is still researching performance of this technology and assessing implementation feasibility within its programs." We are interested in the application of window heat pump offerings in more than just multifamily programs, given the relative ease of installation of window units as compared to central and ductless systems. We request more information on the results of the Company's exploration, when available, including whether the Company is focusing on cold climate models. Also, we wonder if the Company, some of its installers, and/or OER could have some of these types of units on hand to provide short-term heating support for existing systems that fail during particularly cold weather. This could buy additional time for these customers to convert to heat pumps.

Use of AMI for Targeting

Pages 22 and 23 of Attachment 1 discuss Heat Pump Eligibility Expansion to Electric Appliance Customers and state, " In 2026, Rhode Island Energy worked on creating a set of criteria and a verification system to identify electric appliance customers that may benefit from the Company's heat pump offerings. RIE plans to begin offering the enhanced heat pump incentive to customers who use space heaters or another electric appliance as their primary source of heat just like for customers who have electric resistance heat in their homes. This offering will allow a greater number of electrically heated homes to convert to heat pumps. The company will have a set of criteria that will help verify that a customer is dependent on electric appliances for heating their home regardless of what other heating system is nominally in the home by assessing the home's historical electrical usage and verifying that any other heating system present is not functional. The Company continues to collaborate with stakeholders to fine tune eligibility and verification criteria and will have it finalized for the 2027-2029 program cycle." We are interested in the eligibility and verification criteria and look forward to learning more about it in the upcoming filing.

The Three-Year AMI Roadmap on page 30 of the Main Text states that the Company will be "developing analytics to better understand customer load patterns, usage variability, and other potential indicators of energy efficiency opportunities" in 2027. We wonder if the Company can use AMI to identify customers using electric heating appliances to supplement failing heating systems, in advance of system failure.

Mid-Term Modifications

The Company details its proposal for triggers for mid-term modifications on page 54 of the Main Text which include:

a. "Any modification to the three-year plan that results in an increase to the three-year portfolio budget for a fuel of 10% or more,

b. The addition of an Energy Efficiency program, and

c. The termination of an existing Energy Efficiency Program."

We are concerned about the application of the 10 percent threshold from previous annual plans to a three-year plan period. 10 percent of the draft three-year portfolio budget is $17 million for electric and $10 million for gas. These are relatively large amounts. Also, we are concerned that the Company can shift budget from underspent sectors without triggering the need for a mid-term modification. Lastly, we are concerned that the application of the threshold is one-directional as it only applies to budget increases. In other words, if the budgets were to decrease by this amount or more, the Company would not be required to file a mid-term modification with the Commission. A mid-term modification is required to be filed by the Massachusetts energy efficiency program administrators if certain criteria are met, such as if a more than 10 percent increase or decrease in three-year plan budgets at the sector level is anticipated.[1] The Massachusetts threshold may be a better model for Rhode Island.

Investments in Income Eligible Programs and Customers

Investments in income eligible programs are declining over the three-year period, both in absolute dollars and as a percentage of electric and gas portfolio investments. We are concerned about this decline and would like to better understand the reasons for this decline.

References to Annual Plans as part of Requested Rulings

There are several references to subsequent Annual Plans in the requested rulings section towards the end of the Main Text (italicized in the text below, from "Section Eleven: Conclusion and Requested Rulings on page 63). As Annual Plans are not anticipated, this language feels misaligned with the three-year plan process.

"In accordance with the LCP Standards adopted by the PUC in Docket, 26-15-EE Rhode Island Energy 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*.

1 Massachusetts Department of Public Utilities, Case 20-150-A, *Investigation by the Department of Public Utilities on its own Motion into Updating its Energy Efficiency Guidelines, Guidelines for the Methods and Procedures for the Evaluation and Approval of Energy Efficiency Plans and Energy Efficiency Reports*, May 3, 2021, pg. 14-15. https://www.mass.gov/order/investigation-by-the-dpu-into-updating-its-ee-guidelines