MEMO

CONSULTANT TEAM

TO: Energy Efficiency Council
FROM: EEC Consultant Team
CC: Office of Energy Resources
DATE: October 2026
RE: 2026 Consultant Team Budget Adjustment Request

PURPOSE AND REQUEST

The approved 2026 Scope of Work (SOW) established a $700,000 time-and-materials, not-to-exceed budget for 3,860 hours of consultant services. The C-Team has monitored spending and updated its budget forecast throughout the year while working to respond to Council's requests and priorities. Based on spending through September 2026, current projections indicate the Consultant Services spending will exceed the approved budget of $700,000 by mid-November. This additional spending is primarily attributable to several work areas that were either not anticipated when the 2026 SOW was developed or required materially greater effort than contemplated. **A detailed review of invoice entries through September identifies approximately 216.75 incremental hours and $43,834 in associated spending.**

This memo documents completed incremental work, describes the essential work remaining in 2026, and presents **three options to support completion of the Council's remaining essential work through year-end**. The total budget associated with each option is included in Table 2 below.

1. Manage to the existing $700,000 budget and prioritize completion of mission-critical tasks including:
    - October, November, and December Council meeting preparation and materials
    - Pre-filed testimony and related technical/regulatory support for the 2027-2029 EE Plan proceedings
    - Participation in evidentiary hearings, technical sessions, and other regulatory proceedings associated with the EE Plan and related filings
    - Pre-filed testimony and related technical/regulatory support for the 2027-2029 SRP Plan proceedings
    - Review and analysis of Rhode Island Energy's first DSM investment proposal and associated filing materials
2. Approve a $44,000 increase to the 2026 Council Consultant budget to adjust for incremental work already completed in 2026 to allow additional time to be spent on planned work remaining in the final months of 2026.
3. Approve a $53,000 increase to the 2026 Council Consultant budget to adjust for incremental work already completed in 2026 and incremental work anticipated in the last quarter of 2026.

2026 SCOPE AND BUDGET CONTEXT

The 2026 SOW was developed with an emphasis on delivering the Council's core statutory, program oversight, planning, regulatory, meeting, and research responsibilities within the approved budget. The SOW also noted that the $700,000 allocation was approximately 5% below the level of consultant spending required to deliver 2025 services.

The 2026 SOW anticipated a particularly active planning year, including development of the 2027-2029 Energy Efficiency Targets, updates to the Least Cost Procurement (LCP) Standards, development of the 2027-2029 Energy Efficiency (EE) and System Reliability Procurement (SRP) Plans, and enhanced regulatory support. It also recognized the possibility of a transition from binding annual EE plans to a binding three-year plan.

While the SOW provided some flexibility to address such evolving issues, several developments during 2026 generated incremental effort beyond the level assumed in the approved work plan and budget. As a result, the C-Team has focused this request on work that can be reasonably distinguished from the baseline level of effort contemplated in the SOW, rather than characterizing every evolving activity as categorically outside the approved scope.

INCREMENTAL WORK COMPLETED TO DATE

The C-Team reviewed invoice entries associated with the unanticipated work areas and estimated the portion of each entry attributable to incremental activity beyond what was included in the SOW. The resulting estimates are summarized below.

Table 1. Estimated Incremental 2026 Hours and Spending

Incremental Work Area	Hours	Spending
Three-Year Plan Transition and Expanded Priorities	122.75	$25,438
Governor's Budget Proposal and Legislative Updates	70.00	$13,626
Councilor Recruitment / Appointments	16.75	$3,253
Entries Including Multiple Incremental Work Areas	7.25	$1,518
TOTAL	**216.75**	**$43,834**

THREE-YEAR PLAN TRANSITION AND EXPANDED PRIORITIES

Estimated incremental effort: 122.75 hours / $25,438

The 2026 SOW anticipated the possibility of a binding three-year EE plan and included review of plan materials and LCP Standard updates. The actual transition, however, required a broader and more intensive body of work than assumed when the SOW and budget were developed including:

- Regional benchmarking and policy research on three-year planning processes and mid-term modification approaches in Massachusetts, Connecticut, and other jurisdictions
- Expanded Council priorities and supporting materials to ensure those priorities were appropriately reflected in the new planning framework
- Detailed review and analysis of planning materials associated with the binding three-year plan
- Additional work associated with LCP Standards revisions and the mechanics of implementing a binding three-year planning framework, including mid-term modification, budget, and collections considerations
- Expanded evaluation planning and benchmarking associated with the 2027-2029 planning cycle

GOVERNOR'S BUDGET PROPOSAL AND LEGISLATIVE DEVELOPMENTS

Estimated incremental effort: 70.0 hours / $13,626

The Governor's budget proposal and subsequent legislative activity required significant analysis and Council support that exceeded prior effort to complete similar work (e.g., Act on Climate review and reporting) and was not specifically anticipated at the time the SOW was developed. This included work related to the proposed $75 million cap on energy efficiency program spending and other legislative developments affecting the Council's responsibilities as well as:

- Review and interpretation of the Governor's budget proposal and relevant House and Senate legislation
- Analysis of claims and potential impacts associated with proposed energy efficiency budget reductions, including review of legislative hearing materials and program benefits data
- Development of, and repeated iteration on, legislative updates memos, Council presentations, policy materials, and stakeholder communications as proposals evolved during the session
- Support for the Council and stakeholders in understanding legislative developments and their implications for EE planning and implementation

COUNCILOR RECRUITMENT AND APPOINTMENT SUPPORT

Estimated incremental effort: 16.75 hours / $3,253

At the request of Council leadership, the C-Team provided significant support in identifying and vetting potential candidates for vacant or expiring Council seats. These activities went beyond the type of orientation and education of new Councilors envisioned in the original SOW, and included:

- Review of Council terms, appointments, and expiring seats and development of tracking resources
- Candidate research, outreach support, and coordination with Council leadership regarding potential nominees and reappointments
- Development and maintenance of Council membership and candidate tracking materials

REMAINING ESSENTIAL 2026 WORK

The C-Team anticipates several essential deliverables and proceedings remaining in 2026. Much of this work is expressly included in the approved SOW and remains necessary to fulfill the Council's statutory and planning responsibilities. Key remaining activities include:

- October, November, and December Council meeting preparation and materials, including support for the Fall Learning, Education and Advancement (LEAD) Session
- Development of pre-filed testimony and related technical support for the 2027-2029 EE Plan proceedings
- Participation in evidentiary hearings, technical sessions, open meetings, and other regulatory proceedings associated with the EE Plan and related filings
- Development of pre-filed testimony and related technical support for the 2027-2029 SRP Plan proceedings
- Review and analysis of Rhode Island Energy's first DSM investment proposal and associated filing materials

Two of these areas are also expected to require incremental effort relative to the assumptions underlying the SOW. First, the initial DSM investment proposal requires review of a new filing and

supporting materials as they are developed. Second, SRP pre-filed testimony is expected to include substantive Council input regarding the non-wires alternative (NWA) process and potential process improvements, which has not historically been the case in the Council's testimony.

Based on past work related to pre-filed testimony, recent review and development of SRP and DSM-related materials, we anticipate spending up to 45 incremental hours or $9,000 to complete this work in 2026. RIE anticipates filing both the SRP Plan and DSM Proposal for a heat pump credit in November. The updated LCP Standards require that the Council vote on both SRP Plans and DSM Proposals, following detailed review of draft Plans/DSM Proposals and other technical materials. The Council and RIE first engaged in conceptual review of RIE's first DSM Proposal for a heat-pump bill credit in the September 24, 2026 EEC Meeting, with the first substantive technical review occurring during the October 5, 2026 LEAD Session.

As the time of this memo, RIE has not shared a full narrative or benefit-cost analysis associated with the DSM Proposal, review of which constitute much of this incremental work. This review includes vetting the qualitative and quantitative elements of the DSM Proposal, potential working sessions with RIE and other stakeholders, and development of related technical materials to inform the Council's votes. The remainder of the additional work is associated with fulfilling the Council's responsibilities as an intervenor in these upcoming dockets, namely development of pre-filed testimony in support or opposition to the Company's SRP Plan and DSM Proposal.

BUDGET OPTIONS AND REQUEST

The approximate amount of $44,000 quantified above represents spending already incurred on identifiable, incremental work through September. Those funds would otherwise have been available to support the substantial body of planned work remaining in the final months of 2026. Further activities related to DSM and SRP filings may require up to $9,000 in additional spending. As a result, completing the remaining SOW as designed—while also addressing the incremental DSM and SRP needs described above—is expected to require funding above the existing not-to-exceed amount of $700,000.

If the Council elects to maintain the existing $700,000 budget, the C-Team proposes prioritizing the highest-value and essential remaining 2026 activities characterized above. To maximize budgetary efficiency, the C-Team would recommend avoiding development of detailed presentations and instead capturing its comments and input within Council meeting minutes or Briefing Documents where possible.

To support completion of the Council's essential work for the remainder of the year, the C-Team requests a $44,000 increase to the 2026 Council Consultant budget to adjust for incremental effort in 2026. An additional $9,000 would allow us to fully support incremental tasks related to more detailed SRP testimony and review of the first-ever DSM Proposal. The final budget requested will reflect the updated year-end forecast, including expected costs for the remaining Council meetings, pre-filed testimony, DSM proposal review, and regulatory proceedings. Additional budget authorization would allow the C-Team to complete the remaining essential work without requiring tradeoffs (i.e., reduced planned work and activities).

Table 2. Budget Options for Council Consideration

Budget Option	Incremental Budget	Total Consultant Services Budget
Option 1: Manage to Original Budget	$0	$700,000
Option 2: Funds for Completed Incremental Work	$44,000	$744,000
Option 3: Funds for Completed and Pending Incremental Work	$53,000	$753,000