

## **RI PUC Docket No. 5076 Materials**

**STATE OF RHODE ISLAND  
PUBLIC UTILITIES COMMISSION**

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**In Re: The Narragansett Electric Company  
d/b/a National Grid**

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**Docket No. 5076**

**2021-2023 Energy Efficiency Program Plan &  
2021 Annual Energy Efficiency Program Plan**

**October 15, 2020**



Andrew Marcaccio  
Senior Counsel

October 15, 2020

**BY HAND DELIVERY AND ELECTRONIC MAIL**

Luly E. Massaro, Commission Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

**RE: Docket No. 5076 – The Narragansett Electric Company d/b/a National Grid  
2021-2023 Energy Efficiency Program Plan &  
2021 Annual Energy Efficiency Program Plan**

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a National Grid (“National Grid” or the “Company”), enclosed<sup>1</sup>, please find the Company’s 2021-2023 Energy Efficiency and Conservation Procurement Plan (“Three-Year Plan”) and 2021 Annual Energy Efficiency and Conservation Procurement Program Plan (“Annual Plan”) (the Three-Year Plan and Annual Plan are referred to collectively as the “Combined Plan”).<sup>2</sup> The Combined Plan is being filed with the Public Utilities Commission (“Commission”) in accordance with R.I. Gen. Laws § 39-1-27.7(c) and the Least Cost Procurement Standards as approved and adopted pursuant to Order No. 23890 in Docket No. 5015 (the “LCP Standards”).

The Combined Plan is a settlement between National Grid, the Office of Energy Resources (“OER”), the Division of Public Utilities and Carriers, (“Division”), the Energy Efficiency and Resource Management Council (“EERMC”), Acadia Center, and the Green Energy Consumers Alliance (collectively, the “Settlement Parties”). The Company respectfully requests approval by the Commission of the Combined Plan as specified in Section 13 of the Three-Year Plan and Section 17 of the Annual Plan.

In support of the Combined Plan, the Company has included joint pre-filed direct testimony of Christopher Porter, Matthew Ray, and John Tortorella. Please note that the joint pre-filed direct testimony is being submitted on behalf of the Company and not on behalf of the other Settlement Parties as they have not had an opportunity to review the testimony prior to this filing.

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<sup>1</sup> Per Commission counsel’s update on October 2, 2020, concerning the COVID-19 emergency period, the Company is submitting an electronic version of this filing followed by an original and five hard copies filed with the Clerk within 24 hours of the electronic filing.

<sup>2</sup> The Company exercised the option available through section 3.3 (B)(v) of the LCP Standards, which allows for a combined filing of the Annual Plan (first year) with the Three-Year Plan.

Luly E. Massaro, Commission Clerk  
Docket No. 5076  
October 15, 2020  
Page 2 of 3

In addition to the joint pre-filed direct testimony, the Company is providing the Commission with the benefit cost models in electronic form<sup>3</sup> which were used in the development of the Annual and Three-Year Plans. Specifically, the models contain measure level information such as planned quantities, costs, energy saving impacts, quantifiable customer benefits, and demonstrate the portfolio's cost effectiveness. Under separate cover,<sup>4</sup> the Company will be filing a Technical Reference Manual for Estimating Savings from Energy Efficiency Measures ("TRM") for the 2021 Program Year. The TRM documents the methodologies and assumptions used by Company to estimate the savings, including reductions in energy and demand consumption and other resource and non-energy impacts, attributable to its electric and gas energy efficiency programs.

The Three-Year Plan outlines the Company's overall programmatic focus and strategies, including illustrative and provisional budgets, system benefits charges, and savings goals for the three years of implementation. It lays out a vision for National Grid's continued transformation of the energy efficiency sector in Rhode Island, including key themes and areas of focus for 2021-2023 that will then be further developed in each subsequent annual plan. The Three-Year Plan also defines the structure of a new performance incentive mechanism ("PIM") for the energy efficiency portfolios.

If approved as filed, the Annual Plan is expected to create over \$751 million in benefits over the life of the installed electric, active demand response, and natural gas energy efficiency measures. Specifically, the electric-funded portion of the Annual Plan is anticipated to create electric energy savings of 1,306,562 net lifetime MWhs, 139,478 net annual MWhs, and 22,723 net annual kW from passive energy efficiency. The Annual Plan is anticipated to generate electric energy savings of 39,339 net annual kW from active demand reduction measures. The natural gas-funded portion of the Annual Plan is anticipated to create energy savings of 4,206,444 net lifetime MMBtus and 425,359 net annual MMBtus. In addition, the Company anticipates that investments made in energy efficiency to achieve these energy savings will add \$341.8 million to Rhode Island's state gross domestic product ("GDP").

The Annual Plan proposes total budgets of \$122.3 million and \$38.6 million for electric and gas, respectively. Given the current economic climate and the uncertainty caused by the COVID-19 pandemic, the Annual Plan proposes a fully reconciling funding mechanism that would hold flat current energy efficiency surcharges for all electric and gas customers. Please see Section 11 of the Annual Plan for additional details.

As the Company has done in prior years, it will update the surcharges by submitting revised Tables E-1 and G-1 on or around December 1, 2020.

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<sup>3</sup> The Company is sending two Excel files to the Commission Clerk via Egress Switch

<sup>4</sup> On or by October 22, 2020.

Luly E. Massaro, Commission Clerk  
Docket No. 5076  
October 15, 2020  
Page 3 of 3

Thank you for your attention to this filing. If you have any questions, please contact me at 401-784-4263.

Sincerely,

A handwritten signature in blue ink, appearing to read "Andrew S. Marcaccio".

Andrew S. Marcaccio

cc: John Bell, Division  
Jon Hagopian, Esq.

**The Narragansett Electric Company  
d/b/a National Grid**

# **National Grid 2021-2023 Energy Efficiency Plan**

**October 15, 2020**

**RIPUC Docket No. 5076**

Submitted to:  
Rhode Island Public Utilities Commission

Submitted by:

**nationalgrid**

# TABLE OF CONTENTS

<b>Executive Summary and Introduction .....</b>	<b>1</b>
<b>1 Executive Summary .....</b>	<b>2</b>
<b>2 Introduction .....</b>	<b>4</b>
2.1 Benefits of Energy Efficiency .....	11
2.2 Three-Year Plan Development and Stakeholder Process .....	15
2.3 Timeline .....	16
2.4 How to Read This Plan .....	17
<b>Strategies and Approaches to Planning.....</b>	<b>19</b>
<b>3 Programs and Priorities .....</b>	<b>19</b>
3.1 Strategic Overview of Programs and Priorities.....	19
3.2 Residential & Income Eligible Services Programs .....	23
3.2.1 Deepen Customer Relationships and Increase Participation Across All Customers .....	25
3.2.2 Drive Comprehensive Measure Adoption Through Tailored Program Enhancements.....	27
3.2.3 Drive Comprehensive Measure Adoption with Technology-Based Opportunities .....	30
3.2.4 Expand Active Demand Response .....	30
3.3 Commercial & Industrial Programs.....	30
3.3.1 Deepen Customer Relationships and Increase Participation Across All Customers .....	31
3.3.2 Drive Comprehensive Measure Adoption with Tailored Program Enhancements .....	35
3.3.3 Drive Comprehensive Measure Adoption with Technology-Based Opportunities .....	37
3.3.4 Expand Active Demand Response .....	38
3.3.5 Explore Cutting-Edge Technologies .....	39
3.4 Cross-Cutting Programs .....	40
3.4.1 Community-Based Initiative .....	40
3.4.2 Workforce Development .....	41
3.4.3 Codes and Standards .....	41
<b>4 Pilots, Demonstrations, and Assessments.....</b>	<b>43</b>
4.1 Process to Identify and Develop Potential New Measures, Approaches, and Solutions .....	44
4.2 Regional Collaboration to Assess Potential New Measures, Approaches, and Solutions .....	46
4.3 Ongoing Pilots, Demonstrations, Assessments .....	46
4.4 Anticipated Areas of Exploration for Future Pilots, Demonstrations, Assessments .....	47
4.4.1 Residential, Multifamily, and Income Eligible Areas of Exploration.....	47

4.4.2	Commercial & Industrial Areas of Exploration .....	48
<b>5</b>	<b>Evaluation Measurement and Verification.....</b>	<b>49</b>
5.1	EM&V Process and Outlook for the Next Three Years .....	49
5.2	EM&V Studies Influencing Savings and Programs in the Three-Year Plan .....	50
<b>6</b>	<b>Coordination with Other Energy Policies, Programs, and Dockets.....</b>	<b>55</b>
6.1	System Reliability Procurement and Infrastructure, Safety and Reliability .....	55
6.2	Heating Sector Transformation and National Grid’s Northeast 80x50 Pathway .....	56
6.3	Heat Pump and Delivered Fuel Policy and Objectives.....	56
6.3.1	Heat Pump Implementation, and Education .....	57
6.3.2	Delivered Fuels .....	57
6.4	Power Sector Transformation.....	57
6.4.1	Advanced Metering Functionality and Grid Modernization.....	58
6.5	Rate Cases.....	58
6.6	Integration with Renewables.....	59
6.7	Codes and Standards Program and Accounting for New Codes and Standards .....	59
	<b>Multi-Year Strategies .....</b>	<b>60</b>
<b>7</b>	<b>Multi-Year Strategies .....</b>	<b>60</b>
7.1	Combined Heat and Power .....	60
7.2	Rhode Island Infrastructure Bank (RIIB) .....	62
	<b>Consistency with Standards.....</b>	<b>65</b>
<b>8</b>	<b>Least-Cost Procurement Law and Standards .....</b>	<b>65</b>
8.1	Prudency .....	66
8.1.1	General Considerations of Prudency.....	66
8.1.2	Equity .....	67
8.1.3	Rate and Bill Impacts .....	67
8.2	Reliability .....	73
8.3	Environmentally Responsible .....	74
8.3.1	Emissions Reductions .....	74
8.3.2	Support for an Environmentally Responsible Local Jobs Infrastructure .....	74
8.3.3	Raised customer awareness of environmental issues and the impacts of their choices....	75
8.4	Cost Effectiveness.....	75
8.4.1	RI Test .....	75
8.4.2	Comparison of TRC Test to RI Test .....	76



8.5	Cost of Supply .....	77
	<b>Funding Plan, Budget and Goals .....</b>	<b>81</b>
<b>9</b>	<b>Savings Goals and Potential .....</b>	<b>81</b>
9.1	EERMC Three-Year Savings Targets .....	83
9.1.1	How the Savings Targets Were Developed .....	83
9.2	National Grid’s Three-Year Savings Goals .....	85
9.2.1	How the Proposed Savings Goals Were Developed .....	87
9.3	Savings Targets as Compared to Goals .....	88
9.4	Evaluating and Addressing Barriers to “Max” Savings Targets .....	90
9.4.1	Case Study: Pre-Weatherization Barriers within EnergyWise .....	91
9.5	Continued Evaluation of Savings Goals in Annual Plans.....	94
<b>10</b>	<b>Funding Plan .....</b>	<b>95</b>
<b>11</b>	<b>Performance Incentive Plan.....</b>	<b>97</b>
11.1	Background and Process.....	97
11.1.1	History of PIM .....	97
11.1.2	Modifications to Performance Incentive Mechanism in 2020 .....	99
11.1.3	Process for 2021 – 2023 Three-Year Plan and 2021 Annual Plan .....	100
11.2	New PIM Proposal .....	102
11.2.1	Net Benefits Framework.....	102
11.2.2	Costs to be Netted from Total Benefits .....	103
11.2.3	Sector Earning Thresholds and Caps .....	104
11.2.4	Equity Metric .....	104
11.2.5	Performance Incentive Payout Rates .....	105
	<b>Conclusion .....</b>	<b>106</b>
<b>12</b>	<b>Conclusion and Requested Rulings .....</b>	<b>106</b>
	<b>Attachments.....</b>	<b>107</b>
	<b>Three-Year Plan Attachment 1. Energy Efficiency Funding Plans .....</b>	<b>107</b>
	<b>Three-Year Plan Attachment 2. Program Level Benefit Cost Summary .....</b>	<b>115</b>
	<b>Three-Year Plan Attachment 3. Definitions .....</b>	<b>125</b>

# ATTACHMENTS

## Three-Year Plan Attachment 1. Energy Efficiency Funding Plans

Attachment 1 Table 1. 2021 – 2023 Electric Funding Plan - Base Case

2021-2023 Energy Efficiency Plan: Electric Funding Plan Base Case						
PART A: TOTAL FUNDING AND GOALS						
		2020	2021	2022	2023	Three Year Total
1)	Projected kWh Sales:	7,113,299,305	6,606,545,391	6,774,853,822	6,960,791,359	
2)	2019 Effective EE Charge	\$0.01121	\$0.01121	\$0.01121	\$0.01121	
3)	Projected DSM Revenues from DSM Charge = (1) x (2)	\$79,740,085	\$74,059,374	\$75,946,111	\$78,030,471	\$228,035,956
4)	Other Sources of DSM Funding					
4a)	Projected Commitments from prior year	\$-	\$-	\$-	\$-	\$-
4b)	Projected Entering Fund Balance and Interest:	\$1,699,941	\$19,961,695	\$-	\$-	\$19,961,695
4c)	Projected Capacity FCM Payments from ISO-NE:	\$17,481,764	\$16,017,995	\$14,547,606	\$10,082,947	\$40,648,549
4d)	Projected RGGI Proceeds					
4)	Subtotal Other Sources of DSM Funding	\$19,181,704	\$35,979,691	\$14,547,606	\$10,082,947	\$60,610,244
5)	Projected Funding Available from Traditional Sources = (3) + (4)	\$98,921,790	\$110,039,064	\$90,493,718	\$88,113,418	\$288,646,200
6)	Implementation Budget	\$104,242,086	\$115,114,909	\$127,991,046	\$140,193,625	\$383,299,580
7)	Other Expenses					
7a)	Estimated Commitments to Future Years	\$-	\$-	\$-	\$-	\$-
7b)	Target Incentive	\$5,054,448	\$5,500,000	\$5,500,000	\$5,500,000	\$16,500,000
7c)	EERMC Expenses	\$893,686	\$845,559	\$1,188,445	\$1,355,447	\$3,389,450
7d)	OER Expenses	\$893,686	\$845,559	\$1,188,445	\$1,355,447	\$3,389,450
7)	Subtotal Additions to Program Expenses	\$6,841,821	\$7,191,117	\$7,876,890	\$8,210,894	\$23,278,901
8)	Other Budget Requests	\$-	\$-	\$-	\$-	\$-
9)	Total Funding Required = (6) + (7) + (8)	\$111,083,907	\$122,306,026	\$135,867,936	\$148,404,519	\$406,578,481
Line	Notes:					
1	Sales from Company sales forecast (Fall 2020) and includes Streetlights.					
2	2019 EE Charge includes uncollectable recovery and System Reliability factor. See Line 13, Table E-1, December 23, 2019 Compliance Filing in Docket 4979 (2020 EE Plan). <a href="http://www.ripuc.ri.gov/eventsactions/docket/4979-NGrid-Compliance-RevElecTables(12-20-19).pdf">http://www.ripuc.ri.gov/eventsactions/docket/4979-NGrid-Compliance-RevElecTables(12-20-19).pdf</a> . An additional \$0.00030/kwh for the Renewable Energy Fund charge is combined with the EE and SRP charge that appears on customers' bills.					
4a	There are no commitments planned at this time.					
4b	Projected Entering Fund Balance source is the projected 2019 Year-End Fund Balance as included in the 2020 Annual Plan. Year 2021 Fund Balance source is the projected 2020 Year-End Balance as included in the 2021 Annual Plan. 2022 and 2023 assume no Year-End Fund Balance.					
4c	FCM Payments based on internal estimates.					
6	Program expenses include implementation and evaluation expenses and RIIB funding. They do not include OER, EERMC, or target performance incentives.					
7b	2020 Target incentive is equal to 5% of eligible spending budget, which excludes OER, EERMC, Commercial ConnectedSolutions, Residential ConnectedSolutions, Assessments, and Pilots. Refer to 2020 EE Plan Tables E-2, E-3, and E-9. 2021 performance incentive is based on the proposed value for the 2021 Annual Plan, Tables E-2, E-3, and E-9. The Company anticipates that future performance incentive values will be established in the context of setting binding budgets and energy savings goals for the 2022 and 2023 Annual Plans.					
7c	EERMC Expenses equal to 2% of total collections from customers' Energy Efficiency Program Charge, reduced by 1%.					
7d	OER Expenses equal to 2% of total collections from customers' Energy Efficiency Program Charge, reduced by 1%.					

2021-2023 Energy Efficiency Plan: <b>Electric Funding Plan Base Case</b> (continued)						
<b>PART B: FULLY RECONCILING FUNDING</b>		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Three Year Total</b>
10)	Projected Funding Available = (5)	\$98,921,790	\$110,039,064	\$90,493,718	\$ 88,113,418	\$288,646,200
11)	Fully Reconciling funding needed from additional source = (8) - (9)	\$12,162,118	\$12,266,962	\$45,374,218	\$ 60,291,101	\$117,932,281
12)	Fully Reconciling funding charge per kWh = (11) / (1)	\$0.00170	\$0.00185	\$0.00669	\$0.00866	\$ -
13)	Currently Effective EE Charge = (2)	\$0.01121	\$0.01121	\$0.01121	\$0.01121	\$ -
14)	Proposed Adjustment to Reflect Fully Reconciling Funding Mechanism = (12) + (13)	\$0.01291	\$0.01306	\$0.01790	\$0.01987	\$ -
15)	Proposed SRP Opex Factor per kWh, excluding uncollectible recovery:	\$0.00015	\$ -	\$ -	\$ -	\$ -
16)	Currently Effective Uncollectible Rate	1.30%	1.30%	1.30%	1.30%	\$ -
17)	<b>Proposed Energy Efficiency Program charge per kWh, including uncollectible recovery = (14)+(15) / (1-(16))</b>	<b>\$0.01323</b>	<b>\$0.01323</b>	<b>\$0.01813</b>	<b>\$0.02013</b>	
<b>PART C: Plan TARGETS AND COST/LIFETIME kWh</b>						
18)	Plan Goal, Annual Net MWh	178,423	139,478	143,872	158,726	442,076
19)	Plan Goal, Net Lifetime MWh	1,527,817	1,306,562	1,571,295	1,800,526	4,678,382
20a)	Plan Goal, Annual Net Peak kW Savings (passive)	29,793	22,723	21,866	22,776	67,364
20b)	Plan Goal, Annual Net Peak kW Savings (active)	50,672	39,339	46,452	53,656	139,447
	<b>RI Test</b>	-	-	-	-	-
21a)	Total benefits	\$598,696,281	\$606,490,655	\$653,356,839	\$726,732,762	\$1,986,580,256
22a)	Net benefits = (21a) - (9)	\$487,612,373	\$484,184,629	\$517,488,903	\$578,328,243	\$1,580,001,775
23)	Customer Costs	\$17,398,102	\$18,435,780	\$26,524,977	\$ 27,736,953	\$72,697,710
24a)	Cost/lifetime kWh = ((9) + (23) - (7b)) / (19)*1000	\$0.081	\$0.104	\$ 0.100	\$ 0.095	\$0.099
25a)	Benefit Cost Ratio = (21a) / ((9) + (23))	4.66	4.31	4.02	4.13	4.14
26a)	Utility Spending per lifetime kWh = ((6)+(7b)) / (19)) / 1000	\$0.072	\$0.092	\$ 0.085	\$ 0.081	\$0.085
	<b>TRC Test</b>	\$ -	\$ -	\$ -	\$ -	\$ -
21b)	Total benefits	\$318,877,305	\$274,105,039	\$293,152,375	\$328,112,171	\$895,369,585
22b)	Net benefits = (21b) - (9)	\$207,793,398	\$151,799,013	\$157,284,440	\$179,707,652	\$488,791,104
23)	Customer Costs	\$17,398,102	\$18,435,780	\$26,524,977	\$ 27,736,953	\$72,697,710
24b)	Cost/lifetime kWh = ((9) + (23) - (7b)) / (19)*1000	\$0.081	\$0.104	\$ 0.100	\$ 0.095	\$0.099
25b)	Benefit Cost Ratio = (21b) / ((9) + (23))	2.48	1.95	1.81	1.86	1.87
26b)	Utility Spending per lifetime kWh = ((6)+(7b)) / (19)) / 1000	\$0.072	\$0.092	\$ 0.085	\$ 0.081	\$0.085
<b>Line</b>	<b>Notes:</b>					
21-26	21-26a reflects benefit/cost using the RI Test and 21-26b reflects benefit/cost using the TRC Test. Benefits and Costs are Inclusive of savings from the ConnectedSolutions active demand response program.					

Attachment 1 Table 2. 2021 – 2023 Electric Funding Plan - High Scenario

2021-2023 Energy Efficiency Plan: Electric Funding Plan High Scenario						
PART A: TOTAL FUNDING AND GOALS		2020	2021	2022	2023	Three Year Total
1)	Projected kWh Sales:	7,113,299,305	6,606,545,391	6,774,853,822	6,960,791,359	
2)	2019 Effective EE Charge	\$0.01121	\$0.01121	\$0.01121	\$0.01121	
3)	<b>Projected DSM Revenues from DSM Charge = (1) x (2)</b>	<b>\$79,740,085</b>	<b>\$74,059,374</b>	<b>\$75,946,111</b>	<b>\$ 78,030,471</b>	<b>\$228,035,956</b>
						\$ -
4)	<u>Other Sources of DSM Funding</u>	-				\$ -
4a)	Projected Commitments from prior year	\$ -	\$ -	\$ -	\$ -	\$ -
4b)	Projected Entering Fund Balance and Interest:	\$1,699,941	\$19,961,695	\$ -	\$ -	\$19,961,695
4c)	Projected Capacity FCM Payments from ISO-NE:	\$17,481,764	\$16,017,995	\$14,547,606	\$ 10,082,947	\$40,648,549
4d)	Projected RGGI Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
4)	<b>Subtotal Other Sources of DSM Funding</b>	<b>\$19,181,704</b>	<b>\$35,979,691</b>	<b>\$14,547,606</b>	<b>\$ 10,082,947</b>	<b>\$60,610,244</b>
5)	<b>Projected Funding Available from Traditional Sources = (3) + (4)</b>					\$ -
		<b>\$98,921,790</b>	<b>\$110,039,064</b>	<b>\$90,493,718</b>	<b>\$ 88,113,418</b>	<b>\$288,646,200</b>
6)	<b>Implementation Budget</b>					\$ -
		<b>\$104,242,086</b>	<b>\$115,114,909</b>	<b>\$135,193,341</b>	<b>\$158,306,651</b>	<b>\$408,614,901</b>
7)	<u>Other Expenses</u>					\$ -
7a)	Estimated Commitments to Future Years	-	\$ -	\$ -	\$ -	\$ -
7b)	Target Incentive	\$ -	\$ -	\$ -	\$ -	\$ -
7c)	EERMC Expenses	\$5,054,448	\$5,500,000	\$ 5,500,000	\$ 5,500,000	\$16,500,000
7d)	OER Expenses	\$893,686	\$845,559	\$1,247,867	\$1,520,812	<b>\$3,614,238</b>
7)	<b>Subtotal Additions to Program Expenses</b>	<b>\$893,686</b>	<b>\$845,559</b>	<b>\$1,247,867</b>	<b>\$1,520,812</b>	<b>\$3,614,238</b>
		<b>\$6,841,821</b>	<b>\$7,191,117</b>	<b>\$ 7,995,734</b>	<b>\$ 8,541,624</b>	<b>\$23,728,475</b>
8)	Other Budget Requests	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -
9)	<b>Total Funding Required = (6) + (7) + (8)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Line Notes:</b>						
1	Sales from Company sales forecast (Fall 2020) and includes Streetlights.					
2	2019 EE Charge includes uncollectable recovery and System Reliability factor. See Line 13, Table E-1, December 23, 2019 Compliance Filing in Docket 4979 (2020 EE Plan). <a href="http://www.ripuc.ri.gov/eventsactions/docket/4979-NGrid-Compliance-RevElecTables(12-20-19).pdf">http://www.ripuc.ri.gov/eventsactions/docket/4979-NGrid-Compliance-RevElecTables(12-20-19).pdf</a> . An additional \$0.00030/kwh for the Renewable Energy Fund charge is combined with the EE and SRP charge that appears on customers' bills.					
4a	There are no commitments planned at this time.					
4b	Projected Entering Fund Balance source is the projected 2019 Year-End Fund Balance as included in the 2020 Annual Plan. Year 2021 Fund Balance source is the projected 2020 Year-End Balance as included in the 2021 Annual Plan. 2022 and 2023 assume no Year-End Fund Balance.					
4c	FCM Payments based on internal estimates.					
6	Program expenses include implementation and evaluation expenses and RIIB funding. They do not include OER, EERMC, or target performance incentives.					
7b	2020 Target incentive is equal to 5% of eligible spending budget, which excludes OER, EERMC, Commercial ConnectedSolutions, Residential ConnectedSolutions, Assessments, and Pilots. Refer to 2020 EE Plan Tables E-2, E-3, and E-9. 2021 performance incentive is based on the proposed value for the 2021 Annual Plan, Tables E-2, E-3, and E-9. The Company anticipates that future performance incentive values will be established in the context of setting binding budgets and energy savings goals for the 2022 and 2023 Annual Plans.					
7c	EERMC Expenses equal to 2% of total collections from customers' Energy Efficiency Program Charge, reduced by 1%.					
7d	OER Expenses equal to 2% of total collections from customers' Energy Efficiency Program Charge, reduced by 1%.					

2021-2023 Energy Efficiency Plan: <b>Electric Funding Plan High Scenario</b> (continued)						
<b>PART B: FULLY RECONCILING FUNDING</b>		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Three Year Total</b>
10)	Projected Funding Available = (5)	\$98,921,790	\$110,039,064	\$90,493,718	\$ 88,113,418	\$288,646,200
11)	Fully Reconciling funding needed from additional source = (8) - (9)	\$12,162,118	\$12,266,962	\$52,695,357	\$ 78,734,857	\$143,697,176
12)	Fully Reconciling funding charge per kWh = (11) / (1)	\$0.00170	\$0.00185	\$0.00777	\$0.01131	\$ -
13)	Currently Effective EE Charge = (2)	\$0.01121	\$0.01121	\$0.01121	\$0.01121	\$ -
14)	Proposed Adjustment to Reflect Fully Reconciling Funding Mechanism = (12) + (13)	\$0.01291	\$0.01306	\$0.01898	\$0.02252	\$ -
15)	Proposed SRP Opex Factor per kWh, excluding uncollectible recovery:	\$0.00015	\$ -	\$ -	\$ -	\$ -
16)	Currently Effective Uncollectible Rate	1.30%	1.30%	1.30%	1.30%	\$ -
17)	<b>Proposed Energy Efficiency Program charge per kWh, including uncollectible recovery = (14)+(15) / (1-(16))</b>	<b>\$0.01323</b>	<b>\$0.01323</b>	<b>\$0.01922</b>	<b>\$0.02281</b>	
		\$ -				
<b>PART C: Plan TARGETS AND COST/LIFETIME kWh</b>						
18)	Plan Goal, Annual Net MWh	178,423	139,478	149,013	172,198	460,689
19)	Plan Goal, Net Lifetime MWh	1,527,817	1,306,562	1,634,312	1,964,585	4,905,459
20a)	Plan Goal, Annual Net Peak kW Savings (passive)	29,793	22,723	22,774	25,104	70,601
20b)	Plan Goal, Annual Net Peak kW Savings (active)	50,672	39,339	59,682	76,181	175,202
	<b>RI Test</b>	-	-	-	-	-
21a)	Total benefits	\$598,696,281	\$606,490,655	\$696,592,377	\$830,726,438	\$2,133,809,471
22a)	Net benefits = (21a) - (9)	\$487,612,373	\$484,184,629	\$553,403,303	\$663,878,163	\$1,701,466,095
23)	Customer Costs	\$17,398,102	\$18,435,780	\$27,724,189	\$ 30,810,899	\$76,970,869
24a)	Cost/lifetime kWh = ((9) + (23) - (7b)) / (19)*1000	\$0.081	\$0.104	\$ 0.101	\$ 0.098	\$0.100
25a)	Benefit Cost Ratio = (21a) / ((9) + (23))	4.66	4.31	4.08	4.20	4.19
26a)	Utility Spending per lifetime kWh = ((6)+(7b)) / (19)) / 1000	\$0.072	\$0.092	\$ 0.086	\$ 0.083	\$0.087
	<b>TRC Test</b>	\$ -	\$ -	\$ -	\$ -	\$ -
21b)	Total benefits	\$318,877,305	\$274,105,039	\$314,653,840	\$376,616,521	\$965,375,400
22b)	Net benefits = (21b) - (9)	\$207,793,398	\$151,799,013	\$171,464,765	\$209,768,246	\$533,032,024
23)	Customer Costs	\$17,398,102	\$18,435,780	\$27,724,189	\$ 30,810,899	\$76,970,869
24b)	Cost/lifetime kWh = ((9) + (23) - (7b)) / (19)*1000	\$0.081	\$0.104	\$ 0.101	\$ 0.098	\$0.100
25b)	Benefit Cost Ratio = (21b) / ((9) + (23))	2.48	1.95	1.84	1.91	1.90
26b)	Utility Spending per lifetime kWh = ((6)+(7b)) / (19)) / 1000	\$0.072	\$0.092	\$ 0.086	\$ 0.083	\$0.087
<b>Line</b>	<b>Notes:</b>					
21-26	21-26a reflects benefit/cost using the RI Test and 21-26b reflects benefit/cost using the TRC Test. Benefits and Costs are Inclusive of savings from the ConnectedSolutions active demand response program.					

**STATE OF RHODE ISLAND**

**PUBLIC UTILITIES COMMISSION**

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**In Re: The Narragansett Electric Company**

**d/b/a National Grid**

**Annual Energy Efficiency Plan for 2021**

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**Docket No. 5076**

## **ANNUAL ENERGY EFFICIENCY PLAN FOR 2021**

**October 15, 2020**

## TABLE OF CONTENTS

<b>Executive Summary and Introduction .....</b>	<b>1</b>
<b>1. Executive Summary .....</b>	<b>2</b>
<b>2. Introduction .....</b>	<b>3</b>
<b>Strategies and Approaches to Planning.....</b>	<b>12</b>
<b>3. Programs and Priorities .....</b>	<b>12</b>
3.1 Strategic Overview of Programs and Priorities.....	12
3.1.1 Principles of Program Design.....	12
3.2 Residential and Income Eligible Programs .....	19
3.2.1 Residential Programs .....	21
3.2.2 Income Eligible Programs .....	27
3.3 Commercial and Industrial Programs .....	30
3.4 Cross-Cutting Programs .....	37
3.4.1 Community-Based Initiative .....	37
3.4.2 Codes and Standards Support .....	39
3.4.3 Workforce Development .....	42
3.5 Participation.....	45
<b>4. Pilots, Demonstrations and Assessments.....</b>	<b>48</b>
<b>5. Evaluation Measurement and Verification Plan .....</b>	<b>49</b>
<b>6. Coordination with Other Energy Policies and Programs .....</b>	<b>50</b>
6.1 System Reliability Procurement.....	50
6.2 Heating Sector Transformation and National Grid’s Northeast 80x50 Pathway .....	51
6.3 Heat Pump and Delivered Fuel Policy and Objectives.....	52
6.3.1 Heat Pump Implementation and Education .....	52
6.3.2 Delivered Fuels .....	52
6.4 Power Sector Transformation.....	53
6.4.1 Advanced Metering Functionality and Grid Modernization.....	53
6.5 Rate Cases.....	54
6.6 Integration with Renewables.....	54

6.7	Codes and Standards Program and Accounting for New Codes and Standards .....	54
<b>7.</b>	<b>Multi-Year Strategies .....</b>	<b>55</b>
7.1	Combined Heat and Power .....	55
7.2	Rhode Island Infrastructure Bank (RIIB) .....	56
	<b>Consistency with Standards .....</b>	<b>59</b>
<b>8.</b>	<b>Least Cost Procurement Law and Standards .....</b>	<b>59</b>
8.1	Prudency .....	59
8.1.1	General Considerations of Prudency .....	60
8.1.2	Equity .....	60
8.1.3	Parity Among Sectors .....	62
8.1.4	Rate and Bill Impacts .....	64
8.2	Reliability .....	67
8.3	Environmentally Responsible .....	68
8.3.1	Emissions Reductions .....	68
8.3.2	Support for an Environmentally Responsible Local Jobs Infrastructure .....	69
8.3.3	Raised Customer Awareness of Environmental Issues and the Impacts of their Choices ..	69
8.4	Cost Effectiveness .....	69
8.5	Cost of Annual Plan Compared to the Cost of Energy Supply .....	72
	<b>Funding Plan, Budget and Goals .....</b>	<b>75</b>
<b>9.</b>	<b>Savings Goals.....</b>	<b>75</b>
9.1	Electric Portfolio Savings Goals.....	75
9.2	Natural Gas Portfolio Savings Goals .....	76
<b>10.</b>	<b>Annual Plan Compared to the Three-Year Plan.....</b>	<b>76</b>
<b>11.</b>	<b>Funding Plan and Budgets .....</b>	<b>76</b>
11.1	ISO-NE Capacity Market Revenue.....	79
11.2	Exceptions to the Natural Gas Energy Efficiency Program Charge.....	80
11.3	Budgets .....	80
11.4	Transferring Funds .....	81
11.5	Budget Management .....	82



11.6	Notification of large customer incentives .....	83
<b>12.</b>	<b>Performance Incentive Plan.....</b>	<b>83</b>
12.1	Background .....	83
12.2	Performance Incentive Structure .....	83
12.2.1	Total Performance Incentive Pool .....	83
12.2.2	Sector Allocations .....	83
12.2.3	Sector Thresholds and Caps.....	84
12.2.4	Performance Incentive Earning Rates .....	84
<b>13.</b>	<b>Future Performance Metrics.....</b>	<b>85</b>
13.1	Testing Performance Metrics .....	85
13.1.1	Carbon and Carbon Dioxide Equivalent (CO <sub>2</sub> e) Reductions.....	86
13.1.2	Lifetime and Annual All-Fuels MMBtu Savings.....	87
13.1.3	Program Costs Per Energy Savings .....	87
13.1.4	Customer Satisfaction .....	87
13.1.5	Peak Hour Gas Demand Savings .....	88
13.2	Forward Looking Performance Metrics .....	88
13.2.1	Renter and Rental Unit Tracking.....	88
<b>14.</b>	<b>Advancing Docket 4600 Principles and Goals .....</b>	<b>89</b>
	<b>Conclusion .....</b>	<b>91</b>
<b>15.</b>	<b>Miscellaneous Provisions .....</b>	<b>91</b>
<b>16.</b>	<b>Reporting Requirements .....</b>	<b>91</b>
<b>17.</b>	<b>Requested Rulings .....</b>	<b>92</b>
	<b>Attachments .....</b>	<b>93</b>
	<b>Annual Plan Attachment 1. Residential and Income Eligible Energy Efficiency Solutions and Programs .....</b>	<b>93</b>
	<b>Annual Plan Attachment 2. Commercial and Industrial Energy Efficiency Solutions and Programs .....</b>	<b>93</b>
	<b>Annual Plan Attachment 3. Evaluation, Measurement &amp; Verification Plan .....</b>	<b>93</b>
	<b>Annual Plan Attachment 4. Rhode Island Benefit Cost Test Description .....</b>	<b>93</b>
	<b>Annual Plan Attachment 5. Electric Energy Efficiency Program Tables.....</b>	<b>93</b>
	<b>Annual Plan Attachment 6. Gas Energy Efficiency Program Tables .....</b>	<b>93</b>

<b>Annual Plan Attachment 7. Rate and Bill Impacts .....</b>	<b>93</b>
<b>Annual Plan Attachment 8. Pilots, Demonstrations &amp; Assessments .....</b>	<b>93</b>
<b>Annual Plan Attachment 9. Cross-Program Summary .....</b>	<b>93</b>

**Table E-1**  
**National Grid**  
**Electric DSM Funding Sources in 2021 by Sector**  
**\$(000)**

	<b>Income Eligible Residential</b>	<b>Projections by Sector Non-Income Eligible Residential</b>	<b>Commercial &amp; Industrial</b>	<b>Total</b>
(1) <b>Projected Budget (from E-2):</b>	<b>\$19,855.68</b>	<b>\$41,146.51</b>	<b>\$61,303.84</b>	<b>\$122,306.03</b>
<b>Sources of Other Funding:</b>				
(2) Projected DSM Commitments at Year-End 2020:	\$0.00	\$0.00	\$0.00	\$0.00
(3) Projected Year-End 2020 Fund Balance and Interest:	\$0.00	\$352.71	\$19,608.97	\$19,961.68
(4) Projected FCM Payments from ISO-NE:	\$486.50	\$6,234.50	\$9,297.00	\$16,018.00
(5) <b>Total Other Funding:</b>	<b>\$486.50</b>	<b>\$6,587.21</b>	<b>\$28,905.97</b>	<b>\$35,979.68</b>
(6) <b>Customer Funding Required:</b>	<b>\$19,369.18</b>	<b>\$34,559.29</b>	<b>\$32,397.87</b>	<b>\$86,326.35</b>
(7) <b>Forecasted kWh Sales:</b>	<b>200,673,797</b>	<b>2,571,376,629</b>	<b>3,834,494,965</b>	<b>6,606,545,391</b>
(8) Energy Efficiency Program charge per kWh, excluding uncollectible recovery:				<b>\$0.01306</b>
(9) Proposed SRP Opex Factor per kWh, excluding uncollectible recovery:				<b>\$0.00000</b>
(10) Total Proposed Energy Efficiency Charge per kWh, excluding uncollectible recovery:				\$0.01306
(11) Currently Effective Uncollectible Rate				1.30%
<b>(12) Proposed Energy Efficiency Program Charge per kWh, including Uncollectible Recovery:</b>				<b>\$0.01323</b>
<b>(13) Currently Effective Energy Efficiency Program Charge per kwh</b>				<b>\$0.01323</b>
(14) Proposed Adjustment to Reflect Fully Reconciling Funding Mechanism				\$0.00000

Notes:

- (1) Projected Budget from E-2 includes OER and EERMC costs allocated to each sector based on forecasted sales.
- (2) DSM Commitments are projects that are under construction with anticipated completion in 2021.
- (3) Fund balance projections include projected revenue and spend through year end with Income Eligible sector set to \$0 through projected subsidization from other sectors, minus commitments which are illustrated separately on line (2). The Company proposes to refile this table with updated Fund Balance projections on December 1, 2020 as proposed in Section 12.1 of the Plan's Main Text.
- (3a) The Fund balance projection includes a credit and interest in the amount of \$469,641.16 pursuant to the PUC Open Meeting on September 1, 2020 in relation to Docket No. 4755 and the Navy CHP Settlement Agreement.
- (4) The total projection of FCM revenue is allocated by kWh sales to each sector.
- (5) Line (2) + Line (3) + Line (4)
- (6) Line (1) - Line (5)
- (7) Per Company Forecast
- (8) Line (6) ÷ Line (7), truncated to 5 decimal places
- (9) Truncated to 5 decimal places
- (11) Proposed SRP Opex Factor is \$0.00000.
- (10) Line (8) + Line (9)
- (11) Uncollectible rate approved in Docket No 4770.
- (12) Line (10) ÷ (1-Line (11)), truncated to 5 decimal places
- (13) Currently Effective EE Charge includes System Reliability Factor and uncollectible recovery.
- (14) Line (13) - Line (12)

**Table E-10**  
**National Grid**  
**Rhode Island Electric Energy Efficiency 2003 - 2021**  
**\$(000)**

Electric	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 <sup>(4)</sup>	2014	2015	2016	2017	2018	2019	2020 <sup>(5)</sup>	2021 <sup>(6)</sup>
Energy Efficiency Budget (\$Million) <sup>(1)</sup>	\$23.1	\$22.6	\$23.1	\$22.4	\$22.5	\$21.0	\$32.4	\$37.6	\$59.2	\$61.4	\$77.5	\$87.0	\$86.6	\$87.5	\$94.6	\$94.6	\$107.5	\$111.1	\$122.3
Spending Budget (\$Million) <sup>(2)</sup>	\$16.3	\$15.8	\$17.6	\$16.5	\$16.4	\$14.7	\$23.5	\$28.8	\$45.3	\$55.3	\$64.8	\$80.6	\$77.3	\$77.6	\$88.5	\$88.7	\$98.1	\$101.1	\$110.1
Actual Expenditures (\$Million) <sup>(3)</sup>	\$22.8	\$19.5	\$23.4	\$23.7	\$21.9	\$19.2	\$31.7	\$29.7	\$40.0	\$50.7	\$72.9	\$85.3	\$87.4	\$78.4	\$94.8	\$93.0	\$100.7		
Incentive Percentage <sup>(10)</sup>	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	N/A
Target Incentive <sup>(11)</sup>	\$712,557	\$781,959	\$774,689	\$726,627	\$723,000	\$647,689	\$1,035,943	\$1,267,043	\$1,992,513	\$2,434,131	\$3,240,747	\$4,032,000	\$3,867,400	\$3,878,087	\$4,425,528	\$4,436,022	\$4,905,009	\$5,054,448	\$5,500,000
Earned Incentive	\$712,557	\$604,876	\$795,648	\$760,623	\$716,075	\$675,282	\$1,085,888	\$1,333,996	\$1,929,273	\$2,469,411	\$2,997,681	\$4,223,321	\$4,533,360	\$4,128,034	\$4,829,847	\$4,940,402	\$3,290,237		
Annual Summer Demand kW Savings Goal Achieved (%)				106%	106%	113%	142%	78%	71%	83%	114%	78%	112%	101%	103%	116%	98%		
Annual MWh Energy Savings Goal Achieved (%)				111%	102%	111%	115%	107%	94%	93%	99%	105%	115%	107%	115%	110%	98%		
Energy Efficiency Program Charge (\$/kWh) <sup>(9)</sup>	\$0.00200	\$0.00200	\$0.00200	\$0.00200	\$0.00200	\$0.00200	\$0.00320	\$0.00320	\$0.00526	\$0.00592	\$0.00876	\$0.00911	\$0.00953	\$0.01077	\$0.01124	\$0.00972	\$0.01121	\$0.01323	\$0.01323
Annual Cost to 500 kWh/month Residential Customer w/o tax <sup>(8)</sup>	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$19.20	\$19.20	\$31.56	\$35.52	\$52.56	\$54.66	\$57.18	\$64.62	\$67.44	\$58.32	\$67.26	\$79.38	\$79.38
Annual Cost to 500 kWh/month Residential Customer w/ tax <sup>(9)</sup>	\$12.50	\$12.50	\$12.50	\$12.50	\$12.50	\$12.50	\$20.00	\$20.00	\$32.88	\$37.00	\$54.75	\$56.94	\$59.56	\$67.31	\$70.25	\$60.75	\$70.06	\$82.69	\$82.69

**Notes:**

- (1) Energy Efficiency Budget includes total expenditures and commitments. Includes all demand side management program-related expenses, including rebates, administration and general expenses, evaluation, commitments for future years and Company incentive.
- (2) Prior to 2017, Spending Budget Eligible for Shareholder Incentive includes: Implementation, Administration, General, and Evaluation Expenses; excludes EERMC and OER Costs, Commitments, Copays, and Outside Finance Costs. Beginning in 2017, Outside Finance Costs were also included. Beginning in 2018 Pilot expenses were also excluded. Beginning in 2019 ConnectedSolutions expenses and assessments were also excluded.
- (3) Actual Expenditures is actual spend during calendar year. Includes expenditures and commitments. Includes all demand side management program-related expenses, including rebates, administration and general expenses, evaluation, commitments for future years and Company incentive.
- (4) In the Company's gas and electric rate cases in docket 4323, the PUC approved the uncollectibles gross-up in the electric EE Program Charge effective February 1, 2013, and a new rate applicable to the gross-up of the gas EE Program Charge, effective February 1, 2013.
- (5) 2020 values are planned.
- (6) 2021 values are proposed.
- (7) Beginning in 2012, the EE Program Charge includes the System Reliability Factor. It does not include the \$0.0003 renewables per RI General Laws §39-2-1.2 and Order #19608, which appears on customer bills.
- (8) Reflects the annual cost excluding Gross Earnings Tax.
- (9) Reflects the annual cost including Gross Earnings Tax.
- (10) Incentive percentage not applicable for 2021 due to new performance incentive mechanism developed for the 2021 Annual Plan. See Section 12 of the Main Text of the 2021 Annual Plan for additional details.
- (11) Target incentive is calculated in the same way as in 2020 in order to provide a more accurate estimate of the energy efficiency surcharge.



## STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

### DIVISION OF PUBLIC UTILITIES & CARRIERS

Accounting Section  
89 Jefferson Boulevard  
Warwick, Rhode Island 02888  
(401) 941-4500  
(401) 941-9248 - Fax

November 12, 2020

Luly Massaro  
Commission Clerk  
Rhode Island Public Utilities  
Commission  
89 Jefferson Blvd  
Warwick, R.I. 02888

### **In Re: National Grid's 2021-2023 Energy Efficiency Program Plan & 2021 Annual Energy Efficiency Program Plan**

Dear Luly,

Please find the Rhode Island Division of Public Utilities and Carriers, (Division) Comments with respect to National Grid's 2021 Annual Energy Efficiency Program Plan for filing with the Rhode Island Public Utilities Commission, (Commission).

If you should have any questions, please do not hesitate to contact me.

I

Sincerely,

/s/ Jon G. Hagopian

Jon G. Hagopian  
Deputy Chief Legal Counsel

# Memo

**To:** Luly Massaro, Commission Clerk  
Rhode Island Public Utilities Commission

**From:** Joel Munoz, Division Rate Analyst  
Tim Woolf, Synapse Energy Economics  
Jennifer Kallay, Synapse Energy Economics

**Date:** November 12, 2020

**Re:** Docket No.: 5076 – The Narragansett Electric Company d/b/a National Grid  
2021-2023 Energy Efficiency Program Plan & 2021 Annual Energy Efficiency  
Program Plan

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The Division of Public Utilities and Carriers (“Division”) respectfully offers the following comments on The Narragansett Electric Company’s (“National Grid” or the “Company”) 2021-2023 Energy Efficiency and Conservation Plan (“Three-Year Plan”) and the 2021 Annual Energy Efficiency and Conservation Plan (“2021 Annual Plan”), collectively referred to as the “Combined Plan”.

After careful review of the Combined Plan in its entirety, in-depth examination of selected aspects of the Plan, and in light of several concessions adopted by National Grid over the course of the planning and negotiations process, the Division is pleased to support the Combined Plan as adopted by the Energy Efficiency and Resource Management Council on October 8, 2020.

## Background

This Combined Plan was crafted at an extraordinary time due to the COVID-19 pandemic, a shift away from the previous focus on lighting measures, and a renewed emphasis on equity as a critical element of successful program delivery.

The planning effort was disrupted by the onset of the COVID-19 pandemic. In the immediate term, vendor delivery and customer demand for energy efficiency audits and measures slowed. The Company is applying positive electric and gas fund balances to the 2021 Annual Plan due to lower program uptake in 2020. The social, economic, and environmental impacts of this pandemic will materialize over the longer term, but the timing, magnitude and duration of these impacts are uncertain.

This is the first Three-Year Plan that demonstrates a substantial shift away from lighting measures. The electric savings targets over the Three-Year Plan are lower than the previous Three-Year Plan as some, but not all, of the savings opportunities formerly afforded by lighting are able to be replaced by other savings opportunities without increasing spending levels.

Improving access to energy efficiency program benefits, including economic and employment stability was an especially high priority for stakeholders in this Three-Year Plan. In addition to maintaining funding levels and incentives for low and moderate-income customers in the 2021 Annual Plan, the Company committed to several research efforts to drive change over the next three years.

This Combined Plan is appreciably different than past Energy Efficiency plans due to these defining elements.

## Division Comments

National Grid's Combined Plan integrates and balances the many needs and perspectives of the key stakeholders during this unique and challenging time. The Division was actively involved in the process that led to the development of the Combined Plan with particular focus in the following areas:

- A continued commitment to the principles of Least Cost Procurement;
- Consideration of the economic implications of energy efficiency charge increases amid the COVID-19 pandemic;
- An evolution of performance incentive mechanisms; and,
- The integration and advancement of state objectives.

We provide additional detail on each of these areas of interest in the sections below.

### Principles of Least Cost Procurement

Revised Least Cost Procurement Standards drove development of new content and new organization of this content in the Three-Year and Annual Plans. Importantly, the Standards were expanded and clarified. Sections in the Three-Year and Annual Plans titled *Consistency with Standards* provide clear documentation for how the Combined Plans meet the Least Cost Procurement Standards. The Division finds that these sections provide evidence that the Combined Plans procure energy efficiency for Rhode Island ratepayers in a reliable, prudent, environmentally responsible, and cost-effective manner.

### Economic Implications of EE Charge Increases Amid the COVID-19 Pandemic

Due to the COVID-19 pandemic energy efficiency, delivery partners, workforce, and customers are experiencing economic uncertainties. Unlike the 2021 Annual Plan, the Three-Year Plan goals and budgets are not binding but rather illustrative, which provides the flexibility necessary to balance the current and prevailing economic conditions and the significant benefits to ratepayers and contributions towards the economy that investment in energy efficiency affords. The Division supports the range of illustrative savings goals and budgets for 2022 and 2023 in the Three-Year Plan from the baseline scenario to the high scenario (the Market Potential Study Mid-Scenario) as a creative measure to offer a clearer picture while remaining receptive and open to more information on the development of the pandemic and its impacts on

Rhode Island. The opportunity to update goals and budgets in both the coming 2022 and 2023 Annual Plans will remain available to all the stakeholders.

Paramount among the Division's most important legislatively mandated roles is that of Ratepayer Advocate. Therefore, **the Division has, from the beginning of discussions and negotiations, consistently advocated for a level energy efficiency charge. The 2021 Annual Plan maintains the same energy efficiency charge per kilowatt hour as in the 2020 Annual Plan.**

The Division recognizes the immediate economic needs of our ratepayers, particularly in time of economic uncertainty, while never losing sight of the long-term benefits of energy efficiency including avoiding more costly investments in transmission and distribution infrastructure, lowering future customer bills and protecting ratepayers from volatile energy and capacity markets. The Division supports the 2021 Annual Plan investments geared towards those customers that are hardest hit by the economic impact of the pandemic: low and moderate-income customers and small business.

### Performance Incentive Mechanisms

The Division finds that the Performance Incentive Mechanism (PIM) structure of the Combined Plan properly reflects the fruits of extensive stakeholder negotiations that took place from April to September 2020. The Division's primary goal was to break the explicit link between National Grid's earning opportunity and plan budgets. Overall, the PIM structure strikes a reasonable balance between protecting ratepayers and motivating the Company to plan for and implement efficient and successful programs. Some of the key provisions include:

- A total incentive pool established through annual negotiations with the Company and stakeholders. This helps to break the explicit link between earning opportunity and plan budgets.
- Incentives designed and applied separately for the residential, income-eligible, and commercial and industrial programs. This helps to ensure that each sector is given sufficient attention by utility management.
- Incentives earned based on net benefits (exclusive of macroeconomic benefits), instead of energy savings. This helps provide incentive for the Company to both reduce costs and increase benefits.
- A lower PIM earning threshold of 65% of achieved benefits, rather than the 75% that has been used in the past. This was deemed to be appropriate given the uncertainty that remains regarding the impact of COVID-19 on the Rhode Island economy and customers' willingness to participate in energy efficiency programs.

### Integration and Advancement of State Objectives

The Division supports the Combined Plan's integration and advancement of state objectives, including: (1) increased, equitable access to energy efficiency services to all ratepayers, especially low and moderate income customers; (2) continued market penetration for the commercial and industrial sector; (3) reduced greenhouse-gas emissions; and (4) economic development. The *Coordination with Other Energy Policies, Programs, and Dockets* section in



the Three-Year Plan and the *Coordination with Other Energy Policies and Programs* section in the Annual Plan provide documentation of these objectives how the Company's energy efficiency efforts align with and support other Company and non-Company initiatives to achieve these objectives.

Regarding equity, the Division supports National Grid's commitment to several research initiatives to further support equity efforts in future years. In 2021, the Company will convene an Equity Working Group to identify areas of importance and focus. As part of the role of this working group, the stakeholders will explore and addresses non-participation in certain customer segments by: (1) reviewing previously conducted non-participant studies; (2) conducting new non-participant studies to identify barriers such as: geography, income, homeownership status, and primary language; and (3) using learnings from these studies to update programs and tailor marketing to improve engagement by non-participants. One customer segment the Company has committed to address through this effort is multifamily housing.

In addition to the efforts of the Equity Working Group, the Company will:

- continue to identify customers who are eligible for a discounted electric rate, move them onto the low-income rate, and provide low-income energy efficiency services and incentives; and,
- allocate roughly one percent of the 2021 Annual Plan portfolio expenditures to support economic recovery and expand job access through workforce development. Employment equity is an important component of these efforts and there will be a specific focus on expanding employment opportunities for women and minorities from environmental justice communities.

Additionally, within the EnergyWise program, the Company is extending the 100 percent incentives for weatherization for moderate income customers offered in 2020 into 2021.

## **Closing**

The Combined Plan provides a clear path forward. The Division recognizes the significant work of all stakeholders in development of the Combined Plan and looks forward to working with the stakeholders to further benefit Rhode Island electric and gas customers. Implementation of the 2021 Annual Plan will provide valuable insights on cost, savings opportunities, and delivery options. The Division commits to reviewing and leveraging this information to refine the 2022 and 2023 Annual Plans.



November 11, 2020

Chairperson Ronald Gerwatowski  
Commissioner Marion Gold  
Commissioner Abigail Anthony  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, Rhode Island 02888

**Re: Docket #5076 – 2021-2023 Energy Efficiency Program Plan (Three-Year Plan) & 2021 Annual Energy Efficiency Program Plan (Annual Plan) Comments**

Dear Commissioners:

The Rhode Island Office of Energy Resources (OER) submits these comments regarding National Grid's proposed 2021 Energy Efficiency Program Plan (Annual Plan) and 2021-2023 Energy Efficiency Program Plan (Three-Year Plan) (together, the Plans), as filed on October 15, 2020.

OER supports both Plans as submitted by National Grid and encourages the Commission to approve the Plans as filed. The record demonstrates that the Plans meet the requirements of Rhode Island's Least-Cost Procurement law and will provide substantial benefits to ratepayers. Based on the Rhode Island Test, the energy efficiency (EE) programs planned for delivery in 2021 will support \$751.4 million in benefits over the lifetime of the installed measures – benefits that include, but not limited to, energy cost savings, greenhouse gas emission reductions, and economic growth opportunities. This represents a 4.31 benefit-cost (BC) ratio for the electric programs, a 3.99 BC ratio for the natural gas portfolio, and an 8.38 BC ratio for the demand response programs.

In making a recommendation for approval, OER has considered alignment with the State Energy Plan, the Rhode Island Greenhouse Gas Emissions Reduction Plan, Governor Raimondo's Heating Sector Transformation Executive Order (EO 19-06) and 100% Renewable Electricity Executive Order (EO 20-01), broader state energy policy goals, anticipated customer bill impacts, and customer equity and access. The aggressive pursuit of all cost-effective energy efficiency is critical to achieving the state's decarbonization goals, ensuring long-term energy security and affordability, and growing Rhode Island's local clean energy economy.

Balancing the need to achieve these important, long-term benefits with current economic constraints stemming from the global COVID pandemic, the 2021 Annual Plan proposes holding the system benefit charge flat at the 2020 level. We recognize that this approach is a departure from precedent, but these are unprecedented times for Rhode Island families and businesses. In light of the significant economic uncertainty facing our state, OER supports the proposed 2021 system benefit charge as it avoids short-term, direct utility bill increases for ratepayers, while



## OFFICE OF ENERGY RESOURCES

maintaining momentum toward achieving long-term decarbonization and clean energy economy goals. OER will reassess the balancing of these factors as public health improves and our economy strengthens in the year ahead. We also acknowledge that cost-effective achievement of our state's clean energy and environmental goals will necessitate robust energy efficiency investments. National Grid's Three-Year Plan provides a near-term roadmap to ramp these efforts as the current public health crisis abates.

In addition to reducing long-term energy costs and greenhouse gas emissions, these Plans also support several critical Docket 4600 goals and principles, including, but not limited to:

- Providing reliable, safe, clean and affordable energy to Rhode Island customers;
- Strengthening the Rhode Island economy;
- Addressing climate change;
- Supporting energy investments with clear net benefits;
- Appropriately compensating the distribution utility for the services provided; and
- Aligning stakeholder interests through the regulatory framework.

Substantial progress toward aligning National Grid's EE shareholder earnings with a shared-benefits framework has also been made. Starting in 2021, if approved, the Company earnings would be based on net benefits achieved by sector. The focus on net benefits is intended to promote cost-efficiency while also encouraging the accurate quantification of all achieved benefits. Maintaining a focus on sector-level achievement – versus portfolio or program-level achievement – is intended to provide the Company with reasonable program-level flexibility while still ensuring accountability in serving all customer classes. Furthermore, a higher earning rate was proposed for net benefits achieved in the income eligible sector, which OER believes will ensure sustained Company effort in serving Rhode Island's most economically vulnerable customers. Beyond 2021, OER is also supportive of the proposed renter metric that would be incorporated into National Grid's performance incentive mechanism. Although details of this proposal will need to be further developed for the 2022 Annual Plan, OER recognizes that renters often represent a variety of historically underserved and marginalized groups such as People of Color, immigrants, those who speak a language other than English, and income eligible ratepayers. Therefore, establishing a baseline for renters served in 2021 is a critical step to improving long-term program equity.

Likewise, the establishment of an equity working group, as well as the completion of a non-participant study in 2021 to determine which customers have not participated in EE previously and why, are essential to improving access to and participation in energy efficiency programs. To equitably serve all customers, National Grid must hear from underserved and marginalized groups about their needs and challenges, and collaborate with them on solutions. OER looks forward to the programmatic innovations expected to be identified through these efforts.

Lastly, OER applauds the following commitments in the 2021 Annual Plan, which support critical State policy goals such as workforce development, greenhouse gas emission reductions, and equity:



STATE OF RHODE ISLAND

## OFFICE OF ENERGY RESOURCES

- On-going equal incentives for natural gas, electric, and delivered fuels weatherization to ensure that all buildings are equally incentivized to improve their envelopes.
- Coordination with other programs to overcome pre-weatherization barriers such as lead, knob & tube wiring, and mold, which have been identified as the main barriers.
- On-going 100% landlord incentives to help overcome the tenant-landlord barrier while further research is conducted to determine the best solution(s) for this likely underserved renter market.
- A clear recognition of the need to find other sources of energy savings beyond lighting and to establish long-term relationships with customers to support energy efficiency upgrades whenever the time is right for a customer. Commitments here include tracking the age of customer equipment to allow for timely communication and increased focus on HVAC and hot water equipment upgrades.
- Continued delivery of virtual assessments to ensure customer and vendor safety during COVID and beyond.
- Continued expansion of demand response programs to increase grid flexibility.
- Further exploration of building energy labels to determine if a cost-effective means of incorporating them into program delivery is possible.
- Support for CHP projects that use biofuel blends as a means of improving greenhouse gas emission impacts.
- The continued use of a need-based transfer process for the Efficient Buildings Fund to ensure efficient use of ratepayer dollars.
- Dedicated funds to workforce development efforts supporting the long-term sustainability and capability of Rhode Island's EE programs.
- Incorporation of a Zero Energy Building tier into the new construction program to drive building practices to the highest cost-effective energy-efficiency levels.
- Support for advancing the state's energy code through the 2021 review and adoption process.



STATE OF RHODE ISLAND

## OFFICE OF ENERGY RESOURCES

The Plans, as filed, represent a significant amount of work by the utility, state agencies, and valued stakeholders in a time of significant uncertainty. They reflect the results of data-driven decision making – and also compromise – as parties sought to advance effective energy efficiency initiatives and investments, critical state policy goals, continued support of our clean energy economy, and an acknowledgement of kitchen table economic realities. We are confident that these Plans strike an appropriate balance across these factors without compromising on Rhode Island’s ability to achieve aggressive and meaningful cost-effective energy savings over the next three years. For this reason, OER urges the Commission to approve both the 2021 Annual and 2021-2023 Three-Year Energy Efficiency Plans.

Sincerely,

Nicholas S. Ucci  
Commissioner