

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: R.I. ENERGY EFFICIENCY AND RESOURCE  
MANAGEMENT COUNCIL'S PROPOSED  
ELECTRIC AND NATURAL GAS ENERGY  
EFFICIENCY SAVINGS TARGETS (2015-2017)

DOCKET NO. 4443

STATE OF RHODE ISLAND DIVISION OF PUBLIC UTILITIES AND CARRIERS  
RESPONSES TO COMMISSION'S FIRST SET OF DATA REQUESTS  
DIRECTED TO DIVISION  
(February 13, 2014)

- 1-1. Mr. Woolf's memorandum refers to the rate impacts of the "Three-Year Plan" and contains no reference to the EERMC's energy efficiency saving targets. Does Mr. Woolf's memorandum refer to the rate impacts of the Council's energy efficiency savings targets proposed for 2015 through 2017?

Response:

The Synapse rate and bill analysis is essentially based upon the savings targets proposed by the Council. We modified them slightly to reflect some of the preferences of the Division. The table below presents a summary of the Three-Year Plan efficiency savings targets of the Council and those used in the Synapse rate and bill analysis.

	2015	2016	2017
Council Three-Year Plan	2.50%	2.55%	2.60%
Synapse Rate & Bill Analysis	2.43%	2.43%	2.39%

Therefore, the results of the Synapse rate and bill analysis are similar, but not identical, to what would be expected if we had used the savings targets proposed by the Council.

Furthermore, we recommend that the Synapse rate and bill analysis only be used to draw general, high-level conclusions, due to the limitations of the analysis and the data available. Therefore, the differences in the assumptions presented in the table above will have little impact on the general results and conclusions of the rate and bill impact analysis.

Prepared by Tim Woolf of Synapse Energy Economics, Inc. in consultation with Jon G. Hagopian, Esq.

- 1-2. If the proposed energy efficiency savings targets form the basis of National Grid's three year energy efficiency plan, as well as the budgets supporting the 3-year and annual plans, which have yet to be filed, please explain how the division consultant estimated the rate impacts of the savings targets? Stated differently, how did the division consultant estimate rate impacts of the targets without reviewing the energy efficiency plans and budgets on which those targets will be based?

Response:

In order to calculate rate impacts, Synapse estimated budgets and energy savings for each year of the 2015-2017 plan based on forecasted sales, assumed SBC charges, and assumed costs of saved energy.

Synapse estimated the budgets funded by ratepayers in each year by multiplying the forecasted sales by the assumed SBC charges. We assumed some alternative funding from FCM estimated payments and added it to the budgets funded by ratepayers to get total budgets.

Synapse estimated the energy savings by dividing the total budgets by the assumed costs of saved energy.

Prepared by Tim Woolf of Synapse Energy Economics, Inc. in consultation with Jon G. Hagopian, Esq. & RIDPUC Staff.

- 1-3. Does the Division agree with the Council's assertion that the energy efficiency savings targets proposed for 2015 through 2017 are lower cost than supply and cost effective under the TRC test?

Response:

Yes. The Division's position is based upon our review of the *2015-2017 Achievable Potential Assessment*, prepared for the Energy Efficiency and Resource Management Council, on August 5, 2013.

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- 1-4. Does Synapse Energy Economics recommend that the Commission should approve the energy efficiency savings targets proposed by the Council on September 1, 2013?

Response:

Yes. For more information on the Division's position on these targets, please refer to the Division's letter to the Commission, re: Docket 4443 - Electric and Natural Gas Least Cost Procurement Efficiency Savings Targets for Years 2015-2017, dated December 4, 2013.

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- 1-5. Synapse Energy Economics is cited as one of the sources relied upon by the Council in its proposal of the 2015-2017 targets. Specifically, beneath the charts listed on pages 3-4, the Council cites a Synapse study, Avoided Energy Supply Costs in New England, to support representations about the impact of the targets on Rhode Island Gross State Product and job-years created by the targets.
- a) For whom/what entity was the Synapse avoided cost study prepared?
  - b) Please identify all individuals, by name and title, in the Avoided Energy Supply Component Study Group?
  - c) Were Tim Woolf or Jenn Kallay involved in the preparation of the 2009, 2011 or 2013 Avoided Energy Supply Costs in New England studies? If yes, what specific role did he/she play in the preparation of these studies?

Response:

1-5a) This study was prepared for the Avoided Energy Supply Component Study Group.

1-5b) The Avoided Energy Supply Component Study group consists of individuals from the following entities: Berkshire Gas Company; Cape Light Compact; Liberty Utilities; National Grid USA; New England Gas Company; New Hampshire Electric Co-Op; Columbia Gas of Massachusetts; Northeast Utilities (Connecticut Light and Power, NSTAR Electric & Gas Company, Western Massachusetts Electric Company, Public Service Company of New Hampshire, and Yankee Gas); Until (Fitchburg Gas and Electric Light Company, Until Energy Systems, Inc., and Northern Utilities); United Illuminating; Southern Connecticut Gas and Connecticut Natural Gas; Efficiency Maine; and the State of Vermont. The non-sponsoring parties represented in the Study Group include: Connecticut Energy Conservation Management Board; Conservation Law Foundation; Massachusetts Department of Public Utilities; Massachusetts Department of Energy Resources; Massachusetts Department of Environmental Protection; Massachusetts Attorney General; Massachusetts Low-Income Energy Affordability Network (“LEAN”); Massachusetts Energy Efficiency Advisory Council; New Hampshire Public Utilities Commission; Vermont Gas Systems, Inc.; and Rhode Island Division of Public Utilities and Carriers. Various individuals from each of these entities participated in the process with varying levels of involvement.

1-5c) Neither Tim Woolf nor Jenn Kallay were involved in the preparation of these studies.

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- 1-6. Is it appropriate for the Council to base the natural gas efficiency savings targets on estimates from regional studies combined with past and projected performance of Rhode Island's and neighboring states' efficiency programs?

Response:

Yes.

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- 1-7. Does the Division find the natural gas savings targets proposed by the Council to be reasonable given that the Council has not estimated any state specific level of achievable gas potential for Rhode Island? If yes, why?

Response:

Yes. The Division's position is based upon our review of the *2015-2017 Achievable Potential Assessment*, prepared for the Energy Efficiency and Resource Management Council, on August 5, 2013. The Division believes that it is reasonable to develop natural gas savings targets, even without a state-specific level of achievable potential. Rhode Island has some experience with gas efficiency programs to build off of, and other state's experience may be relevant to Rhode Island.

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- 1-8. Referring to page 12 of Mr. Woolf's memorandum, please explain how the definition of low income is more stringent for the discounted rate than for energy efficiency programs.

Response:

Eligibility for the low income discounted rate is defined as family gross income that is 0%-60% of the state median income, which was \$56,102 on average between 2008 and 2012 (<http://quickfacts.census.gov/qfd/states/44000.html>). Using this eligibility threshold, families with a gross income of \$33,661 or lower are eligible for the discounted rate.

Eligibility for the low income energy efficiency programs is defined as 200% of the federal poverty level, which was \$23,283 in 2012 for a family of 4 including two children (<http://www.census.gov/hhes/www/poverty/data/threshld/index.html>). Using this eligibility threshold, families with a gross income of \$46,566 or lower are eligible to participate in low income energy efficiency programs.

Fewer residents are eligible for the low income discounted rate than can participate in the low income energy efficiency programs, meaning the definition of eligibility for the low income discounted rate is more stringent.

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- 1-9. Page 3 of Mr. Woolf's memorandum states that participation rates are preliminary and approximate due to information that is limited, particularly regarding double participation. Does this mean that actual participated rates are likely higher or lower than estimated?

Response:

In general, actual participation rates can be higher or lower than estimated for any given year. For programs with cumulative participation rates greater than 100% in any given year, actual participation rates will be lower than estimated, as cumulative participation rates cannot exceed 100%.

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- 1-10. What is the amount of and basis for the energy efficiency charge for the years 2015, 2016 and 2017 as presented in Figures 2, 3, 4 and 5?

Response:

The Synapse rate and bill analysis is essentially based upon the savings targets proposed by the Council. We modified them slightly to reflect some of the preferences of the Division. In particular, we assumed essentially flat efficiency charges. The charge in 2015 was set to equal a potential charge for 2014, which was estimated to be 0.98 c/kWh at the time the rate and bill impact analysis was prepared. (The 2014 efficiency charge has since been reduced from this level.) The charges in 2016 and 2017 increase slightly above this amount to account for sales reduced by cumulative efficiency savings.

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- 1-11. Please explain the derivation of the Long Term Rate Impacts presented on Figures 9, 10, 11 & 12.
- a. Figure 9 – 1.5%
  - b. Figure 10 – 1.6%
  - c. Figure 11 – 1.1%
  - d. Figure 12 – 0.7%
  - e.

Response:

The long term rate impacts represent the average percent difference in rates across the study period for the Base EE Case as compared to a case in which no new energy efficiency is implemented (the No EE Case). This is calculated as a simple average of percent change calculations for each year with rate impacts.

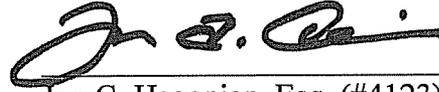
For the residential sector, this is equivalent to the average line indicated in Figure 3.

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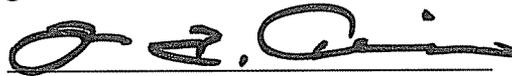


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Dated: March 6, 2014

**CERTIFICATE OF SERVICE**

I hereby certify that on the 6th day of March, 2014, that I transmitted an electronic copy of the within Data Responses to the attached service list and to Luly Massaro, Commission Clerk via electronic mail and regular mail.



**Docket No. 4443 – RI Energy Efficiency and Resource Management Council  
("EERMC") – Energy Savings Target for Period 2015 - 2017  
Service List updated on 12/4/13**

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