

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: RI ENERGY EFFICIENCY AND RESOURCE
MANAGEMENT COUNCIL'S PROPOSED 2013
ELECTRIC AND NATURAL GAS ENERGY
EFFICIENCY SAVINGS TARGETS (2015-2017)

DOCKET NO. 4443

RESPONSE TO COMMISSION'S FIRST SET OF DATA REQUESTS

DIRECTED TO EERMC

(Requested May 9, 2014)

Reply, May 16, 2014

1. Explain the purpose of the revisions proposed in the following sections:
 - a) Page 5, Section 1.2Bii(e);
 - b) Page 3, Section 1.2(A)(iv)(a)(3);
 - c) Page 12. Include in your response whether this revision allows the Company to propose incentive changes any time during the calendar year, instead of concurrently with the filing of the EE Plan.

Response to Data Request 1

The purpose of the proposed revisions addressed by the PUC is:

- a) Page 5, Section 1.2Bii(e);

The purpose of the proposed change in this section of the Standards is to provide for the opportunity for the three-year EE procurement Plan (or the annual EE Program Plans) to address the issue of overall performance relative to cumulative goals over the three-year period of the EE Procurement Plan. In discussions among the EERMC, OER and National Grid, it was recognized that failure to meet a target in one year does not affect the target level of effort in other years. Thus one or two years of excellent performance could still result in failure to meet cumulative goals for the three-year period. The parties did not arrive at a proposed modification of the Performance Incentive Plan to address this issue, but seeks the authority to do so in either the Procurement or Program filings.

- a) Page 3, Section 1.2(A)(iv)(a)(3);

This proposed change to the language is intended to recognize that the OER is ultimately responsible for designing and proposing the investment of RGGI allowance funds. Portions of these funds have been incorporated into annual EE Program Plans. The issue of just what allocations will be made and for what purposes they will be used requires compliance with RI guidance in statute, but also involves a deliberative process among the EERMC, National Grid, and the OER. The legislative guidance is, in the new language, referenced rather than quoted.

- a) Page 12. Include in your response whether this revision allows the Company to propose incentive changes any time during the calendar year, instead of concurrently with the filing of the EE Plan.

This language replaces a more limited provision addressing “standby rates” for Combined Heat and Power (CHP) projects. It addresses “existing rates and incentive structures” and is intended to include rates and rate structures for customers that might reflect to them more clearly the costs and benefits of using energy at different times of day. It does not speak to a utility performance incentive, as that issue is addressed in 2, Section 1.2, B. It does not address incentive design for EE program measures, as that is addressed in the Program Plans. Instead it is intended to permit the company to propose rate designs and rate incentive structures that would promote the provisions of Section 2, 1.2, i., e, and Chapter 2, Section 2.1, A (as proposed for revision). Any such rate changes might be addressed in Procurement or Program plans, but if they involve actual rate design changes, would require PUC approval under current ratemaking procedures.

2. Do the Standards, as currently drafted, reflect the importance of improving methods of tracking participation levels in all energy efficiency programs? If yes, cite the specific section. If no, would the Council be amenable to including such a provision in the Standards?

Response to Data Request 2

While the Standards highlight in a number of places the importance of planning and the development of strategies that emphasize broad participation (Section 1.2.A.iii.b. “... strive to increase participation”; Section 1.2.A.iii.c. “... investments should be made on behalf of all customers”; and Section 1.3.A.ii. “...design programs and strategies to ensure that all customers have an opportunity...”), a specific requirement regarding tracking of participation is not included.

Section 1.3.E. on Reporting Requirements is generally where the Council is understood to have the ability to work with the Utility in determining “a reporting format that is designed to communicate clearly and effectively the benefits of the efforts planned and implemented...” The Section further indicates a focus should be on energy cost savings.

The Council would be amenable to supplementing this section with language adding “effective tracking of participation levels” as another area of focus to assure that this key metric is transparently represented.

3. On Page 8, Section 1.4(I), should the correct reference to the R.I. Gen. Laws be §39-1-27.7(c)(5)?

Response to Data Request 3

Yes. That is the correct citation.

4. What is the process for updating the Opportunity Report? How is it updated, by whom and how frequently?
 - a) Is the update formally published as a separate edition of the Opportunity Report?
 - b) Do the EERMC consultants plan on issuing a new Opportunity Report in the near future? If so, when?

4. What is the process for updating the Opportunity Report? How is it updated, by whom and how frequently?

Response to Data Request 4:

The Opportunity Report (i.e., the 2010 KEMA study) does not actually get updated. It is a standalone study, required by the original legislation, that assessed the energy efficiency potential in Rhode Island over the ten year period 2011-2020. It served as the basis for setting savings goals in the original 3 year plan (2012-2014), and informed the targets for the upcoming 3 year plan (2015-2017).

Since that study was somewhat dated, the EERMC chose to conduct an additional, but separate, analysis to determine how the findings from that report might change if the inputs and assumptions were updated to reflect the current state of markets, technologies and energy efficiency program designs. That analysis (“Energy Efficiency in Rhode Island: 2015-2017 Achievable Potential Assessment”) was filed as an attachment (“Attachment A”) to the recent proposed targets from the EERMC.

- a) Is the update formally published as a separate edition of the Opportunity Report?

As explained above, there is no official update to the Opportunity Report itself. However, the separate analysis conducted by the EERMC was submitted to the PUC.

- b) Do the EERMC consultants plan on issuing a new Opportunity Report in the near future? If so, when?

The EERMC consultants do not plan on issuing a new Opportunity Report.

To clarify, the 2010 Opportunity Report was not conducted by the EERMC consultants; the study was completed by DNV GL (formally KEMA, Inc.). There are no plans to contract with DNV GL to complete either a new report or an update to the original.

With regard to the Opportunity Report, we believe the following comments will be helpful to the PUC:

1. The Opportunity Report is an energy efficiency “potential study”. These studies are frequently conducted at the state or utility level for the purpose of establishing initial energy savings targets.
2. Potential studies in and of themselves are *estimates* of energy efficiency potential. The methodology for conducting a study and the amount of money available to provide site-specific data on the state or region being assessed can change the outcome considerably. Furthermore, as we noted in Attachment A to the Targets filing, potential studies generally underestimate the true potential.
3. Potential studies are generally quite expensive, and the results somewhat predictable. Given the limited resources available to the EERMC, commissioning a full potential study may not be the best use of ratepayer funds when alternative methods may achieve a comparable result.
4. The Consultant Team has extensive experience with potential studies, technology assessment, program design, implementation, and evaluation studies in surrounding jurisdictions, and this information informs in a very practical, ongoing way the estimation of energy efficiency potential. National Grid, through its assessment, implementation, and evaluation work in Rhode Island, and the other jurisdictions in which it implements EE programs has a similar body of real world experience.
5. In 2012, the EERMC charged the Consultant Team with conducting an “Opportunity Report” that looked at new potential for savings from natural gas (and other fossil fuel) efficiency savings. While not a full Potential Study, this project provided information about new savings opportunities in the natural gas sector.