



STATE OF RHODE ISLAND

OFFICE OF ENERGY RESOURCES

February 25, 2020

Chairperson Margaret E. Curran
Commissioner Marion Gold
Commissioner Abigail Anthony
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, Rhode Island 02888

**Re: National Grid's Motion for Clarification and/or Relief of Order
Docket # 4979 – 2020 Energy Efficiency Program Plan**

Dear Commissioners,

On December 17, 2019, the Public Utilities Commission (Commission) deliberated on the proposed 2020 Energy Efficiency Program Plan (Plan) filed by National Grid under Docket 4979. By a 2-1 decision, the Commission ruled to remove the Air Source Heat Pump (ASHP) Delivered Fuels Displacement Program for the 2020 Program Year.

While perhaps not by intent, the Commission's decision has impacted Rhode Island's nascent heat pump market and workforce development pipeline.¹ Several hundred ASHP delivered fuel displacement rebates were expected to partially or fully convert oil- or propane-heated buildings to heat pumps in 2020. Now, with much smaller program incentives being offered, these jobs are less likely to move forward. The Commission's shift has created an unanticipated barrier to continued market momentum – for consumers and industry alike – in the state's efforts to decarbonize the heating sector and deliver alternative heating solutions for Rhode Island homes and businesses.

For these reasons, OER has proposed a [Regional Greenhouse Gas Initiative \(RGGI\) Proceeds Allocation Plan](#)² that commits \$2.75 million to support heat pump incentives and financing support. This Allocation Plan is now subject to public review; upon approval, these funds would become available in late-March 2020. OER aims to work with National Grid and the Division of Public Utilities & Carriers to establish a process for delivering incremental, RGGI-funded heat pump incentives and financing support through the existing energy efficiency programs without significantly impacting other program services and costs. Please note that these funds are forward-looking and will not be available to support existing industry and/or customer commitments made in anticipation of uninterrupted availability of ASHP incentives.

¹ For example, the following public comment from a local HVAC contractor was submitted to the Energy Efficiency and Resource Management Council (EERMC) following the Commission's ruling: <http://rieermc.ri.gov/wp-content/uploads/2020/02/public-comment--fuel-optimization-program.pdf>.

² <http://www.energy.ri.gov/documents/rggi/2020%20Plan%20Items/2020-A%20Regional%20Greenhouse%20Gas%20Initiative%20Proposed%20Allocation%20Plan.pdf>



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Furthermore, these funds are not expected to be a sustainable solution for the market. They are intended to provide temporary support while a long-term strategy is developed in alignment with the state's Heating Sector Transformation (HST) Initiative.³

OER urges the Commission to approve National Grid's February 14, 2020 Motion for Clarification and/or Relief. Your approval would help reduce market volatility and industry uncertainty now facing the Rhode Island ASHP market, while enabling a reasonable transition from ratepayer funded incentives to RGGI supported incentives for this program year.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "NSU", written over a light blue horizontal line.

Nicholas S. Ucci
Acting Commissioner

³ For more information on HST, please visit: <http://www.energy.ri.gov/HST/>.