STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION

IN RE: THE NARRAGANSETT	**:**	
ELECTRIC COMPANY 2022 ANNUAL	**:**	**DOCKET NO. 5189**
ENERGY EFFICIENCY PLAN	**:**	

DIVISION OF PUBLIC UTILITIES AND CARRIERS' RESPONSES TO THE PUBLIC UTILITIES COMMISSION'S
SECOND SET OF DATA REQUESTS
(Issued December 23, 2021)
(Responses due January 5, 2022)

2-1. Conceptually, is it possible for a program within the Energy Efficiency Plan that is not cost effective (i.e. has a BCR of less than 1) and is greater than the cost of supply to impact macroeconomics such that every dollar of program spend yields a negative amount of macroeconomic benefits? Please explain your response.

Response: Yes, this is possible. Note that there are three ways that energy efficiency investments can have macroeconomic impacts: they can (a) increase macroeconomic activity as a result of spending on the energy efficiency products and services; (b) reduce macroeconomic activity as a result of avoided supply-side resources; and (c) increase or reduce macroeconomic activity as a result of reduced or increased customer bills (i.e., the customer respending effect). The total macroeconomic impact is the sum of all three effects.

If an EE portfolio cost is greater than the cost of supply, then customer bills will increase on average and the respending effect will result in reduced macroeconomic activity. If this reduced macroeconomic activity plus the reduced macroeconomic activity from the avoided supply-side resources exceed the increased macroeconomic activity from the energy efficiency spending, then the total impact will be reduced macroeconomic activity, i.e., negative macroeconomic benefits.

2-2. In response Division 2-6, the Company explained that the last time it re-ran the REMI model to generate program-specific economic development multipliers was 2019. It is Commission staff's understanding that the first time those economic development multipliers were used to calculate economic development benefits was in the 2020

Energy Efficiency Plan. Across all three customer sectors, the Company's 2020 Energy Efficiency Plan (approved by the Commission in Docket No. 4979) yielded $134.6 million in electric PIM-eligible net benefits and $29.7 million in gas PIM-eligible net benefits (Record Request 9 in Docket No. 5189), at a cost of $111.3 million to electric ratepayers and $34.3 million to gas ratepayers. Across all three customer sectors, the Company's proposed 2022 Provisional Plan is proposed to yield $21.7 million in electric PIM-eligible net benefits and -$582,320 in gas PIM-eligible benefits (Record Request 9, Docket No. 5189), at a cost of $122.6 million to electric ratepayers and $36.7 million to gas ratepayers. Given these changes in eligible net benefits and costs between 2020 and 2022, please explain the Company's position regarding whether or not the economic development multipliers modeled in 2019 (and included on Bates page 391 of the 2022 Energy Efficiency Plan) can be reasonably relied upon to support the proposed 2022 Plan.

Response: In response to Division 2-6, the Company explained that it "intends to follow the Brattle Group's recommendation to update the analysis every three to five years to reflect such changes." The Division believes that this approach is reasonable as long as the EE portfolio does not change significantly over the three to five year time period between updates. However, if the EE portfolio does change significantly from year to year, then the macroeconomic impact analysis should be updated to account for those changes. The Division believes that the EE portfolio changed significantly between the 2020 and 2022 Plans, as indicated by the costs and benefits described in the question, and therefore an updated macroeconomic impact analysis is warranted. For this reason, the Division gives little weight to the macroeconomic results presented in the 2022 EE Plan.