DIVISION OF PUBLIC UTILITIES & CARRIERS
JOINT PRE-FILED DIRECT TESTIMONY
(PART 1)

DIRECT TESTIMONY OF
JOEL MUNOZ AND JENNIFER KALLAY

On the Topic of the 2022 Annual Energy Efficiency Plan

November 17, 2021

Table of Contents

1. INTRODUCTION

Joel Munoz

Q. Mr. Munoz, please state your name and business address.

A. My name is Joel Munoz. My business address is 89 Jefferson Boulevard, Warwick Rhode Island 02888.

Q. By whom are you employed and in what position?

A. I am employed by the Rhode Island Division of Public Utilities and Carriers (Division). I am a Rate Analyst assigned to energy efficiency-related filings.

Q. Please describe your education and professional background.

A. I received a Bachelor of Arts in History, as well as a Master of History Degree from Providence College. I received a Juris Doctorate from Suffolk University School of Law. Prior to joining the Division of Public Utilities, I worked for the Law Offices of Edward G. Lawson, the City of Pawtucket, Legal Department, and the Rhode Island Attorney General's Office, Civil Division.

Q. Have you previously testified before the Rhode Island Public Utilities Commission?

A. Yes, I have testified before the Rhode Island Public Utilities Commission (Commission) in energy efficiency-related matters. Most recently, I testified before the Commission in the *2021-2023 EE Program Plan* and *2021 Annual EE Program Plan* in Docket 5076.

Jennifer Kallay

Q. Ms. Kallay, please state your name and business address.

A. My name is Jennifer Kallay. My business address is 485 Massachusetts Avenue, Cambridge, Massachusetts, 02139. I am employed by Synapse Energy Economic Inc. (Synapse) as a Senior Associate.

Q. Please describe Synapse Energy Economics.

A. Synapse Energy Economics is a research and consulting firm specializing in electricity and gas industry regulation, planning, and analysis. Our work covers a range of issues, including economic and technical assessments of demand-side and supply-side energy resources; energy efficiency policies and programs; power sector transformation; integrated resource planning; electricity market modeling and assessment; renewable resource technologies and policies; and climate change strategies. Synapse works for a wide range of clients, including state attorneys general, offices of consumer advocates, trade associations, public utility commissions, environmental advocates, the U.S. Environmental Protection Agency, U.S. Department of Energy, U.S. Department of Justice, the Federal Trade Commission, and the National Association of Regulatory Utility Commissioners. Synapse has over 40 professional staff with extensive experience in the electricity industry.

Q. Please describe your education and professional background.

A. I have 14 years of professional experience analyzing the benefits and costs of energy efficiency efforts for jurisdictions in the United States and Canada including

Massachusetts, Rhode Island, Hawaii, Vermont, New Jersey, Arkansas, Minnesota, Virginia, Prince Edward's Island, Ontario, and Nova Scotia. Since 2012, I have supported the Rhode Island Division of Ratepayer Advocate in assessing the impacts of utility energy efficiency plans and delivery strategies on customers. My work entails reviewing different regulatory approaches to spur energy efficiency; assessing the ability of utility energy efficiency plans to tap into cost-effective potential; researching best practice program designs and policies; understanding and accounting for the full benefits of energy efficiency; and conducting rate and bill impact, participant, and cost-effectiveness analyses. I received a Bachelor of Arts in Journalism from the University of Maryland and a Master of Energy and Environmental Analysis Degree from Boston University. My resume is attached as Exhibit JM/JK-1.

Q. Have you previously testified before the Rhode Island Public Utilities Commission?

A. Yes, I have testified before the Commission in energy efficiency-related matters. Most recently, I testified before the PUC in the *2021-2023 EE Program Plan* and *2021 Annual EE Program Plan* in Docket 5076.

<u>Purpose of This Testimony</u>

Q. On whose behalf are you testifying in this case?

A. We are testifying on behalf of the Division of Public Utilities and Carriers.

Q. What is the purpose of your testimony?

A. The Division, as Rhode Island's Ratepayer Advocate, is an indispensable party in all Commission proceedings. The Division serves the Commission, through discovery and evidentiary hearings, by providing the Commission with data-driven analysis. The purpose of this testimony is to provide a review of some key elements of the filed plan for the Commission's deliberations. The Division reviewed the Narragansett Electric Company d/b/a National Grid's (National Grid or the Company) *2022 Annual EE Plan* filed on October 1, 2021 and the Company's *2022 Provisional Annual EE Plan* filed October 8, 2021, referred to herein collectively as the *EE Plan*, to ensure: (1) compliance with R.I. Gen. Laws 39-1-27.1 (Least Cost Procurement Statute); (2) adherence to the PUC's Least Cost Procurement (LCP) Standards; (3) advancement of the State of Rhode Island's energy policies; and (4) promotion of the general interest and welfare of Rhode Island ratepayers. The Division hired Synapse as its expert consultant to assist in its review of National Grid's *EE Plan*.

Q. How was the Division of Public Utilities and Carriers involved in the development of the EE Plan?

A. The Division of Public Utilities and Carriers provided input on plan priorities, participated in technical sessions to discuss specific topics, provided comments on the draft EE Plan, and submitted discovery and provided comments in response to the Company's CHP proposal. Notably, the Division did not support the CHP proposal and the EE Plan reallocates funding for the CHP proposal to other C&I measures. The Division also requested the Company phase out funding for fossil fuel heating system replacements in the Residential Gas HVAC program and Company did adjust the number of planned heating system replacement measures. The Division also provided feedback on the sales forecast which increased the sales forecast to be more in line with historical data and reduced the increase in the electric SBC from 45 percent to 28 percent and the gas SBCs from 50 percent to 40 percent.

Q. Are you providing any other exhibits to support your testimony?

A. Yes. Exhibit JM/JK-2 demonstrates the rate increases on the average National Grid electric customer's bill from 2015 to 2022.

Q. Is the Division sponsoring other witnesses that address issues related to your testimony?

A. Yes. The Division is also sponsoring testimony from Tim Woolf and Ben Havumaki on macroeconomic impacts and their role in assessing cost-effectiveness, with recommendations on how to present macroeconomic benefits in the context of National

Grid's *2022 EE Plan*, as well as a recommendation for metrics of macroeconomic impacts when applying the Rhode Island Test. That testimony is referred to as Part 2 of the Division's Direct Testimony, and our testimony is referred to as Part 1.

2. SUMMARY AND CONCLUSIONS REGARDING THE *2022 EE ANNUAL PLAN*

Q. Please summarize the key elements of the *2022 EE Annual Plan*.

A. The key elements of the *2022 EE Annual Plan* are as follows:

- The *EE Plan* is the second annual plan within the overarching *2021-2023 EE Plan*, and the first year without the Residential Energy Star Lighting program in the electric portfolio. The *EE Plan* year was affected by a surge in demand for weatherization measures in the gas portfolio in 2021 and the recovery of $4.4 million in overspending in 2022. The budgets and system benefits charges (SBC) increase relative to 2021 due to these factors.
- The *EE Plan* proposes budget increases of $5.83 million for electric and $1.75 million for gas, both of which represent 5 percent increases over 2021. The *EE Plan* also proposes an electric SBC of $0.0145 per kilowatt-hour, an increase of approximately 28 percent over 2021, and gas SBCs of $1.221 per dekatherm for the Residential sectors and $0.836 per dekatherm for Commercial & Industrial (C&I) sector, an increase for both of approximately 40 percent over 2021.

Q. What conclusions has the Division reached on the *2022 EE Plan*?

A. The Division concluded the following regarding the *EE Plan*:

- The *EE Plan* continues to be a nation-leading program that results in substantial benefits to Rhode Island ratepayers and contributes to the goals of the 2021 *Act on Climate* (Climate Act), especially carbon dioxide (CO_2) reductions.
- The Commission's guidance on the incremental annual budget increases of 5 percent for 2022 and 2023 set forth in Order No. 24225 is generally a reasonable way to manage annual increases in program costs without undermining the continuity of the programs, so long as budgets and the need for any budget increases are fully and transparently described and substantiated by the Company. However, it is the Division's position that more work is needed to control and contain costs.
- Rate bill impacts vary for participants and non-participants, with participants generally benefiting from reduced bills and non-participants seeing some bill increases.
- An enhanced focus on equity will help increase participation and minimize the number of non-participants and thus benefit a larger majority of ratepayers.

Q. Overall, does the *EE Plan* comply with the LCP Statute, adhere to the LCP Standards, advance Rhode Island energy policies, and promote the general welfare and interest of Rhode Island ratepayers?

A. Yes, the implementation of the various programs in the *EE Plan* results in substantial benefits to Rhode Island ratepayers by creating savings on their energy bills, while at the same time contributing to the societal and environmental goals of the Climate Act. The Division finds that overall the *EE Plan* approaches the procurement of energy efficiency in a reliable, prudent, environmentally responsible, and cost-effective manner-as required by the LCP Statute and Standards. However, the energy efficiency market continues to change and evolve in ways that require the Company to continually and innovatively incorporate new and inventive measures, approaches, and strategies into its planning to meet the changing market. The Division offers the following testimony providing the Commission and the Company with its ideas, concerns, and suggestions geared towards ultimately striking the proper balance between the long-term benefits of energy efficiency and the short-term burden of increasing electric and gas budgets and SBC charges paid by ratepayers through their energy bills.

3. BUDGETS

Q. Please summarize the *EE Plan* budgets proposed by the Company.

A. The proposed electric budget is increasing from $116.7 million in 2021 to $122.6 million in 2022. The proposed gas budget is increasing from $35.0 million in 2021 to $36.7 million in 2022. The proposed *2022 EE Plan* electric and gas budgets represent a 5 percent increase from the *2021 EE Plan* electric and gas budgets and is in conformance with the Commission's guidance in Order 24225.

The Division recognizes the budgets, rate and bill impacts, and SBCs are intertwined. More specifically, higher budgets lead to higher rate impacts and SBCs. Additionally, program costs are increasing as the Company invests in costlier non-lighting measures, seeks out more comprehensive savings opportunities, and works to engage with customers who have not participated in energy efficiency programs in the past to improve program equity.

Q. What is the Division's position on the budget increases proposed in the *EE Plan*?

A. Although the budgets represent a 5 percent increase from the *2021 EE Plan*, in line with the Commission guidance in Order 24225, the Division still has concerns regarding the ever-growing energy efficiency budgets and the upward cost trajectory of other electric and gas programs that collectively continue to increase the already high cost of energy for Rhode Islanders. The Division recognizes as paramount the immediate economic needs of ratepayers, particularly in this time of continued economic uncertainty brought on by the Covid-19 Pandemic (Pandemic). The Division acknowledges 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, and is fully conscious of the goals of the Climate Act. However, the Division is not in a position to consider energy efficiency costs in a vacuum; rather it must evaluate the increasing costs of energy efficiency to ratepayers in conjunction with increases in other areas of their energy bills, which combined continue to amount to significant and immediate financial burdens. Exhibit JM/JK – 2 illustrates the increases in the Customer, Renewable Energy Growth, Distribution, Renewable Energy Distribution, Transmission, Supply, and Energy Efficiency charges on the bills of the average National Grid electric customer.

4. RATE AND BILL IMPACTS

Q. Please summarize the long-term bill impacts of the *EE Plan* proposed by the Company.

A. On average, electric customers benefit from bill reductions. Non-participants are projected to experience relatively minor bill increases as are participants of Home Energy Reports. Participants in all other programs experience bill decreases of 0.65 to 11.48 percent.

On average, most gas customers experience a slight increase in bills of 0.02 to 0.25 percent, except for low-income customers who benefit from bill reductions. Non-participants and some Home Energy Report participants (non-low-income) are projected to experience relatively minor bill increases. Participants in all other programs experience bill decreases of 0.08 to 23.55 percent.

Table 1. Typical Bill Impacts for Participants, Non-Participants, and Average Customers by Program and Sector

Typical Bill Impacts (% of Total Bill)						
	Participant		**Non-Participant**		**Avg Customer**	
	Electric	**Gas**	**Electric**	**Gas**	**Electric**	**Gas**
RNC	n/a	-9.16%				
EnergyWise	-0.65%	-11.08%				
EnergyWise MF	-4.40%	-1.12%				
EnergyStar HVAC	-11.48%	-5.26%				
HERs	0.19%	0.45%				
Residential (All programs)	**-5.50%**	**0.15%**	**0.30%**	**0.48%**	**-0.02%**	**0.25%**
LI SF	-8.23%	-7.80%				
LI MF	-4.87%	-3.05%				
HERs	0.43%	n/a				
Low Income (All programs)	**-6.74%**	**-4.28%**	**0.59%**	**0.77%**	**-0.97%**	**-0.17%**
Small C&I	**-8.57%**	**-23.55%**	**0.41%**	**0.32%**	**-0.42%**	**0.19%**
Medium C&I	**-5.01%**	**n/a**	**0.28%**	**n/a**	**-0.53%**	**n/a**
NC	n/a	-0.08%				
Retrofit	n/a	-1.12%				
MF	n/a	-0.29%				
Large C&I	**-2.57%**	**-2.61%**	**0.21%**	**0.47%**	**-1.00%**	**0.02%**

Sources:
1. **Gas program level results from Figures 9, 14, and 17 in Attachment 7**
2. **Gas sector-level results from Table 12 in Attachment 7**
3. **Electric program-level results from Outputs, Change in Bills tab of the rate and bill impact models**
4. **Electric program-level results from Tables 2, 5, 8, 9, and 10**

Q. What is the Division's position on the long-term bill impacts of the *EE Plan*?

A. In light of the benefits that these programs offer and the participation rates achieved, the Division submits that the bill increases for non-participants and average gas customers are relatively small. The Division is pleased to see that bill reductions are large for low-income and small business participants in general, for participants in the Residential EnergyStar HVAC program on the electric side, and for participants in the Residential EnergyWise program on the gas side. The Division notes the relatively low bill reductions for the Residential and Low-Income multifamily programs as compared to single-family programs and wants to see improvement especially for low-income participants. The Division also notes the relatively low bill reductions for the Residential EnergyWise program but understands that the other fuel impacts are a component of this program and were not included in this assessment. The Division supports accounting for these impacts in future plans and notes that including these impacts would increase the bill reductions for this and other programs.

5. SYSTEM BENEFIT CHARGES

Q. Please summarize the system benefit charges associated with the *EE Plan* proposed by the Company.

A. The Company proposes increases to all the SBCs associated with the *EE Plan* as compared to 2021. The electric SBC for all ratepayers will increase 28 percent from $0.01113 to $0.01425 per kilowatt-hour. The gas SBC for Residential and Low-Income ratepayers will increase 40 percent from $0.871 to $1.221 per dekatherm. The gas SBC for C&I ratepayers will also increase 40 percent from $0.596 to $0.836 per dekatherm.

It is important to note that the proposed SBC increases are lower when they are compared to 2020. The electric SBC for all ratepayers increases 8 percent from $0.01320 per kilowatt-hour in 2020 to $0.01425 in 2022. The gas SBC for Residential and Low-Income ratepayers increases 21 percent from $1.011 per dekatherm in 2020 to $1.221 in 2022. The gas SBC for C&I ratepayers increases 19 percent from $0.704 per dekatherm in 2020 to $0.836 in 2022.

Q. Why are all the system benefit charges increasing?

A. The increase in the electric SBCs is due to the 5 percent budget increase and decreases in other sources of funding such as the fund balance and forward capacity market revenues. This increase was somewhat mitigated by a 7 percent increase in projected electricity sales.

The increase in the gas SBCs is due to the 5 percent budget increase and the overspend in the residential gas budgets in 2021 which carries over into 2022 as a negative fund balance. The increase was somewhat mitigated by a 7 percent increase in projected gas sales.

Q. What is the Division's position on the system benefit charge increases associated with the *EE Plan*?

A. These SBC increases are relatively high as compared to previous years. The Division developed Table 2 below based on the Company's response to EERMC 1-19. All SBCs for 2022 are updated to reflect the values in the *EE Plan*. We then calculated the annual percent change in the SBCs and recalculated the cumulative annual growth rate or CAGR.

Table 2. Annual Percent Change and Cumulative Annual Growth Rate in SBCs, 2012-2022

	Electric ($/kWh)	% Change	Residential Gas ($/therm)	% Change	C&I Gas ($/therm)	% Change
2012	0.0059		0.0384		0.0384	
2013	0.0088	49%	0.0417	9%	0.0417	9%
2014	0.0091	3%	0.0600	44%	0.0492	18%
2015	0.0095	4%	0.0781	30%	0.0637	29%
2016	0.0108	14%	0.0748	-4%	0.0487	-24%
2017	0.0112	4%	0.0888	19%	0.0726	49%
2018	0.0097	-13%	0.0869	-2%	0.0671	-8%
2019	0.0112	15%	0.0715	-18%	0.0420	-37%
2020	0.0132	18%	0.1011	41%	0.0704	68%
2021	0.0111	-16%	0.0871	-14%	0.0596	-15%
2022	0.0143	28%	0.1221	40%	0.0836	40%
2012-2022 CAGR	**9%**		**12%**		**8%**	

Sources:

1. **Electric, residential gas, and C&I gas SBCs for 2012 through 2021 from EERMC 1-19**
2. **Electric, residential gas, and C&I gas SBCs for 2022 from EE Plan**
3. **Annual percent change and 2012-2022 CAGR for electric, residential gas, and C&I gas SBCs are calculated.**

6. EQUITY

Q. Is the *EE Plan* equitable?

A. The journey to a more equitable distribution of customer benefits from energy efficiency is in its nascent stages. Attachment DPUC 2-1-1 and 2-1-2 demonstrates that low-income households remain woefully underserved, particularly when compared to non-income-eligible households. Preliminary third-quarter electric results show that for single-family income-eligible customers, only 40.9 percent of the goal has been met. The figures are worse for the electric income-eligible multi-family program, with third-quarter achievement at 18 percent. The performance for non-income-eligible is startlingly different, with 86.1 percent third-quarter achievement for EnergyWise, and a projected year-end result of 134.8 percent. The EnergyWise Multi-family results for the third quarter is 29.2 percent, with a projected year-end completion of 95 percent.

On the gas side, the overspend appears to benefit only non-income-eligible customers. The income-eligible single-family program shows a tentative 40.8 percent achievement of the goal at the end of third quarter while the multi-family program turns out a dismal 9.4 percent goal achievement at the end of third quarter. Comparatively, the non-income-eligible EnergyWise program shows a 120.9 percent goal achievement rate at the end of third quarter, with a projected year-end completion of 198.1 percent. The non-income-eligible Energywise multifamily program shows a third-quarter goal achievement rate at 46.5 percent, with a projected year-end completion rate of 115.0 percent.

The Division acknowledges that equitable delivery of customer benefits is a particularly challenging endeavor and we do not highlight the metrics as criticism. Rather, the Division notes that substantially more work must be done to overcome the various barriers to deliver services and benefits more equitably, as compared to the delivery of benefits to the non-income-eligible residential customers. The Company reports that quarterly best practices meetings are held with the Company, Lead Vendor, the Community Action Programs (CAP), and the Department of Human Services (DHS) program vendors. The Company further identified that in 2021, the Income Eligible Sector (IES) program implemented a process to provide CAP agencies with access to an experienced third-party weatherization vendor to expand the CAPs' capacity to complete weatherization jobs. The Company reports that lessons learned from 2021 and 2022 under this model will be used to develop an RFP for these services in 2023.

Q. What opportunities should the Company be pursuing to improve equity in this *EE Plan*?

A. The Division submits that one of the most important opportunities to equitably and comprehensively serve income-eligible customers is during a heating system failure. The Division was an active participant in focused discussions with the Company in 2021 about how to improve the IES emergency system replacement service. These discussions identified that the Company was offering a like-for-like heating system replacement, with no fuel conversion options. The Division recognizes that the Commission is generally opposed to utilizing ratepayer funding for fuel switching. However, the Division suggests that limited conversions could be funded through energy efficiency funds as an effort to equitably allocate funding to income-eligible customers and not miss opportunities to reduce energy costs further for these customers. The Division acknowledges that in 2022, the IES program will develop a list of oil/propane systems encountered during energy assessments and that the Company plans to work with Office of Energy Resources, DHS, Department of Energy, and others to identify alternative funding sources for fuel switching to high efficiency heat pumps. These discussions also identified opportunities to encourage customers to replace systems early, lengthen the window of time to work on the home when equipment fails, and provide dedicated contractors to ensure solutions to address equipment failure can be provided promptly. Bates Pages 171 and 173 of the *EE Plan* recognizes and reflects the discussion and commitments.

Q. What steps should the Company take to advance these opportunities in future *EE Plans*?

A. Emergency replacements of space and water heating systems are a significant opportunity for long-term energy efficiency. While the early replacement efforts are necessary to steer customers to avoid emergencies, some proportion of low-income customers and non-low-income customers will always suffer from emergencies. It seems likely that underserved customers may continue to suffer from more frequent emergencies than other types of customers. As a result, the Company should work with the state, local partners, and other stakeholders to ensure that there is an offering that addresses emergency situations and avoids missing the opportunity to significantly reduce energy consumption and costs for all customers, and especially more vulnerable customers.

7. RECOVERY OF PROJECTED 2021 GAS BUDGET OVERSPEND

Q. Please summarize the 2021 overspend in the gas budget.

A. Bates Page 36, rows 14-17, in the section titled *Recovery of Projected 2021 Gas Budget Overspend* of the *EE Plan*, states: "…In the gas portfolio the Company is projecting to exceed the approved implementation budget. The approved 2021 EE implementation budget for the gas portfolio was $33,275,200, the Company's projected actual spend is $37,722,432, which is 13% percent above the total gas portfolio implementation budget."

The Company currently projects an overspend of $4,447,232 for the 2021 gas portfolio implementation budget, for residential weatherization measures implemented under the EnergyWise program.

Q. Did the Division object to the Company's overspend in of the gas budget in 2021?

A. In July, the Company provided the Division, the Office of Energy Resources, and the Energy Efficiency Resource Management Council with notification of its projected overspend on the energy efficiency gas fund side. The Division did not object because it recognized the unique opportunity that resulted from the Pandemic. The combination of ratepayers being home more often than before and deciding to make improvements to their homes, plus the backlog from last year of customers in the queue to weatherize their homes, resulted in a dramatic increase in the demand for weatherization. The Division also took into consideration the proactive and remedial actions of the Company to deal with the increase in demand, including lowering the incentive amounts from 100 percent to 75 percent and then to 50 percent, lowering the incentive cap from $15,000 to $4,000, ceasing active marketing of the program, and reallocating sector funds. The Division wanted to avoid permanently alienating customers who would otherwise obtain substantial benefits from the program. The Division was also conscious of and concerned with sending adverse signals of program instability to the vendor pipeline.

8. RECOVERY OF FINANCIAL ASSURANCE PENALTY

Q. What is the Division's position on the Company recovering the Financial Assurance Penalty for not being able to meet its Capacity Supply Obligation (CSO) in the Forward Capacity Market (FCM)?

A. At this time, the Division takes no position and leaves the Company to its proof that the penalty was a prudently incurred expense. National Grid's response to PUC 1-7 states that the penalty is currently at $367,148 but could increase to a larger final amount by mid-December. The Company states that the "useful life" of hundreds of 10-year projects are coming to an end and cites the claimable savings due to the lighting program going away as the primary reason for not being able to meet its CSO. The Division regards these events as foreseeable.

Also, the Company states in its response to PUC 1-12 that it has a strategy to mitigate the risk of having to pay a penalty in the future. This raises questions for the Division of whether the Company should have anticipated this scenario sooner prior to continuing to aggressively bid into the FCM and whether the Company could have implemented a mitigating strategy sooner, prior to facing a penalty. The Division is mindful that Rhode Island ratepayers benefited from the Company's continued aggressive bidding into the market but has some questions about whether the Company benefits directly or indirectly from its decision to continue to aggressively bid into the FCM. The Division plans on issuing more data requests on this topic.

9. SALES FORECASTING

Q. Please summarize the Company's sales forecast.

A. The Company's electric sales forecast is 7,339 million kilowatt-hours for 2022 as compared to 6,857 million kilowatt-hours in 2021. This represents a 7 percent increase in sales. The Company's gas sales forecast is 41.4 million dekatherms for 2022 as compared to 38.6 million dekatherms in 2021, also representing a 7 percent increase in sales.

Q. Please summarize the Division's involvement in the development of the Company's sales forecast for the *EE Plan*.

A. In September, the Division, via the Technical Working Group, expressed its concerns that National Grid's projected forecasting of sales, especially on the electric side, were too low when analyzed against the 2021 actuals. National Grid responded to the Division's analysis and updated its forecasted numbers to be more reflective of the 2021 actuals. At the time of the filing of the *EE Plan*, the Division concluded that the Company's updated sales forecast was more reasonable. However, the significant delta between what was originally forecasted in last year's plan and this year's actuals illustrated in the Company's response to PUC 1-35 has again given the Division cause for concern that the projected forecasting of sales may still be low.

10. RECOMMENDATIONS

Q. Please summarize your recommendations.

A. We recommend the Commission approve the *2022 EE Plan* and provides the following comments.

- The Division recognizes that factors other than or in addition to budgets can drive changes to the SBCs each year. Minimizing or eliminating changes to the SBC without consideration for budget needs should not be encouraged because significant changes to the budgets can have a profound effect on program delivery and continuity. However, continued increases in the SBCs and fluctuations to the SBCs are detrimental to customers and should be mitigated. Continued work is needed to control and contain changes to the SBCs.
- A heightened focus on increasing residential customers participation will minimize the number of non-participants and improve equity for historically underserved customers.
- The Division is concerned about the relatively low long-term bill reductions for the Low-Income multifamily program as compared to single family program and wants to understand these differences better and see improvement. The Division also notes the relatively low bill reductions for the Residential EnergyWise program and supports accounting for other fuel impacts in future EE plans which would more fully account for the long-term bill reductions in this program and others.

- The Division looks forward to seeing future EE plans continue to evolve to more fully and efficiently capture non-lighting opportunities and provide an appropriate contribution to the goals in the Act on Climate as defined by data and analysis. With the Act on Climate in place, the future of the gas portfolio likely merits further discussion and evolution.

Q. Does this conclude Part 1 of the Division's Direct Testimony?

A. Yes, it does.