

March 19, 2021

Luly E. Massaro, Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Re: Docket No. 5076: National Grid 2021 Energy Efficiency Program and 2021-2023 Three-Year Plan – Public Utility Commission Performance Incentive Mechanism Proposal

Dear Ms. Massaro:

Thank you for the opportunity to provide comments on the Public Utility Commission's Performance Incentive Mechanism (PIM) proposal in Docket No. 5076. Acadia Center is a non-profit research and advocacy organization committed to advancing the clean energy future and is at the forefront of efforts to build clean, low-carbon, and consumer-friendly economies. Acadia Center participated in the development of the 2021 and 2021-2023 Plans through the Energy Efficiency Technical Working Group, which includes a variety of stakeholders and advocates.

Energy efficiency can improve comfort, reduce exposure to pollutants, and save consumers money. Energy efficiency is the most cost-effective way to reduce greenhouse gas emissions and has played a major role in helping Rhode Island lower carbon pollution. Rhode Island is a national leader in energy efficiency policy. Thousands of homes and businesses have received efficiency services, which have reduced energy bills, generated billions of dollars in lifetime benefits, and improved public health. Still, despite these broad successes, the energy efficiency programs have historically underserved income-eligible customers in overburdened communities. Emissions from appliances and heating and cooling systems negatively impact indoor air quality, exposing residents, especially in poorly ventilated buildings, to toxic pollutants. The Company, following Commission directives, can do a better job reaching low- and moderate-income households, renters, and non-English speakers, which are all significantly less likely to participate in and receive benefits from efficiency programs.

As the programs reach an inflection point due to lighting efficiency saturation, Acadia Center recommends the Company and Commission steer the programs in a direction that better serves these historically underserved customers, including through innovative programs that address challenges like pre-weatherization barriers and split landlord-tenant incentives, and delivers whole-home electrification savings. These customers often lack the access to other sources of capital to make energy efficiency improvements, whereas Commercial and Industrial (C&I) customers can leverage business assets and future earnings to adopt measures that provide savings over time.

The Commission's PIM proposal instead places a higher emphasis on energy savings in the C&I sector than it does on savings in the Residential and Income Eligible sectors. This incentive will likely result in the Company focusing on C&I efficiency measures, where total efficiency savings may be greater and easier to quantify, rather than on savings in Residential and Income Eligible sectors, where savings and benefits are achievable but may be more difficult to quantify in energy metrics alone. Energy efficiency programs have a role to play in whole-house electrification efforts as we seek to drive down greenhouse gas emissions while improving comfort. In its current form, the Commission

PIM proposal is a missed opportunity for Rhode Island to prioritize overburdened communities who have not been able to equitably access efficiency services.

Acadia Center urges the Commission to develop performance incentives that seek to deliver benefits to Residential and Income Eligible sectors, especially those communities that have been underserved by efficiency programs to date. The Commission should design incentives that enable the use of energy efficiency as a tool to deliver health and equity benefits in communities that face disproportionate energy burdens.

Acadia Center urges the Commission to elevate energy efficiency as a key tool for addressing health and equity challenges related to sub-standard housing quality; reducing greenhouse gas emissions; and facilitating clean heating and whole-building electrification.

Recommendations for strengthening Rhode Island's energy efficiency programs

Acadia Center's Next Generation Energy Efficiency initiative seeks to tackle these challenges through a new approach – one that focuses on energy savings as a core consumer and energy system resource, but is also centered around meeting climate, environmental justice, and electrification goals.

Rhode Island's energy efficiency programs should take climate and equity into account. Acadia Center urges the Commission to better prioritize climate and equity on par with other core responsibilities in order to ensure that its decisions, including those that guide the state's energy efficiency programs, pursue all opportunities to reduce greenhouse gases in the fastest and most equitable way possible.

Benefit-cost methodologies should incorporate new values for climate and retrofits. Today, cost-effectiveness testing prioritizes energy efficiency investments that deliver nearer-term savings, limiting treatment of older buildings that are more expensive to retrofit. However, the most underserved populations tend to live in poorer quality housing with pre-weatherization barriers or absentee landlords, preventing them from being treated by efficiency programs. Energy efficiency can and should be at the center of addressing Rhode Island's old housing stock. But first, current benefit-cost test methodologies must evolve in order to address deep building retrofits and to fully account for benefits including thermal comfort, health, safety, and emissions, in addition to bill savings. By doing so, efficiency programs can better address buildings in communities that pay into programs but have been underserved to date. In addition, benefit-cost tests should include avoided carbon emissions as an efficiency metric, rather than energy savings alone, in order to better align energy efficiency with climate change mitigation and other beneficial outcomes that are directly connected to regulatory decisions governing energy systems.

Rhode Island's energy efficiency programs should embrace whole-house electrification and sustain investments in energy efficiency as a leading energy resource. If deployed together, energy efficiency and electrification can deliver greater emissions reductions while improving indoor air quality. To better align efficiency programs and electrification, the Commission should instruct Rhode Island's utility companies to offer greater incentives for clean heating retrofits and weatherization measures. The Commission should also consider changes in how efficiency programs are administered and incentivized to ensure co-delivery of building upgrades that are currently delivered in silos.

Sincerely,

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