

July 7, 2025

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Comments on First Draft of 2026 Annual Energy Efficiency Plan

To Whom It May Concern:

Thank you for the opportunity to submit comments and feedback on the first draft of Rhode Island Energy (“the Company”)’s 2026 Annual Energy Efficiency Plan (“2026 EE Plan”). On behalf of Acadia Center, I appreciate the continued dialogue through the Energy Efficiency Technical Working Group (TWG) and Energy Efficiency Equity Working Group (EWG) meetings, and during public comment opportunities before the Energy Efficiency Council (EEC).

Energy Efficiency Key Defense to Rising Energy Costs

Acadia Center is deeply concerned by the pervasive narrative that cutting energy efficiency will lower Rhode Islanders’ energy bills. Now more than ever, energy efficiency is the most potent tool Rhode Island has to empower consumers and insulate families and businesses from rising energy costs. This downward trend in budget is shortsighted and to the detriment of Rhode Island homes and businesses.

As the 2026 EE Plan highlights, reducing demand offers protection from the market and price volatility of energy supply. Rhode Island’s 2024 electric usage was 5 percent lower than it was in 2005, instead of 15 percent higher without efficiency improvements, according to the forthcoming annual report from the EEC. Simply put, we don’t pay for the electricity, gas, and home heating fuels we never had to use in the first place. By lowering demand for energy, energy efficiency also reduces the need to build more substations, lines, and poles by using the existing system more effectively.

While we understand that the reduction in budgets is a response to political and regulatory guidance, as the administrator of energy efficiency programs, the Company must be the primary advocate of the expansion of cost-effective energy efficiency. Throughout the 2026 EE Plan, Acadia Center urges the Company to dispel the myth, rather than feed the narrative, that energy efficiency budgets drive rising energy costs.

Center Support for Income Eligible Customers

The federal landscape threatens to dismantle the Low-Income Home Energy Assistance Program (LIHEAP) and to stop the flow of funding from the Inflation Reduction Act and a wide range of Department of Energy programs and other federal sources. Amid these threats, it is critical that the Company centers its support for the lowest income Rhode Islanders who face the highest energy burden. Acadia Center supports the Company’s continued effort to serve a larger proportion of the income eligible sector with no customer cost. We invite (and suggest prioritizing) a range of cost control strategies such as exploring energy benchmarking for housing authorities and leveraging the RI landlord database.

Customer Tools to Reduce Energy Usage

Acadia Center agrees that it is important to provide customers across all sectors with ways to reduce their energy consumption, and thus lower their bills. As such, we appreciate the wide range of energy management tools and services offered by the Company, both as part of and supplemental to the energy efficiency programs. We would seek to learn more about the distinction between these tools and education for specific audiences to reap financial benefits from them, including the C&I Building Analytics Program, the Strategic Energy Management Program, the Community Solutions Initiative and the RI Building Data Portal. Acadia Center agrees that the Company's continued support of building owners in benchmarking energy usage will accelerate energy efficiency for Rhode Island businesses, industries, institutions and government agencies.

The Company proposes pausing the Home Energy Reports program in the 2026 EE Plan, pointing to the deployment of Advanced Meter Functionality (AMF) tools. Acadia Center has concerns with prematurely pausing a behavioral program prior to seeing more specific plans for education and outreach around the home energy usage tools of advanced meters. The behavioral insights of the existing Home Energy Reports program may be leveraged to inform the design of AMF behavioral programs. Further, behavioral programs centered on lowering energy consumption should also consider communicating the benefits of electrification.

Acadia Center also urges the Company to pilot time varying rates (TVR) in the 2026 EE Plan. With the staggered rollout of advanced meters (through the end of 2025 and at least the first half of 2026), Rhode Islanders deserve to yield the benefits of advanced meters as soon as possible, and the Company would benefit from piloting approaches to customer benefits prior to 2027. While there are a wide array of successful TVR approaches to borrow from across the country, a small-scale pilot will help create local data and feedback to inform program design once all meters have been deployed. TVR is a critical tool for both electrification and bill savings.

Ultimately, families and businesses need to be able to not only have visibility and support in understanding their energy usage, they also need to be able to share in the financial benefits of advanced meters. To date, ratepayer funded AMF deployment is primarily yielding efficiencies and cost savings for the utility, with tangible benefits to ratepayers not immediately apparent. TVR offers the opportunity for cost savings for customers, while also unlocking significant demand flexibility during times of extreme demand. To not even begin planning for TVR in 2026, with the substantial portion of customers that will already have their meters deployed, further delays and defers the benefits of AMF for ratepayers.

Efficiency Must Expand to Act on Climate

The Act on Climate requires statewide emissions reductions of 45% below 1990 levels by 2030, 80% by 2040, and net-zero emissions by 2050. Buildings in Rhode Island, solely accounting for residential and commercial heating, are responsible for nearly 30% of our state's greenhouse gas emissions. Thus, the energy efficiency of buildings is a fundamental component of meeting the state's emissions targets. In addition to Least Cost Procurement, the Act on Climate, as the most recent statute, should be a guiding principle for the Company's energy efficiency programs. The installation of new gas equipment is not aligned with the Act on Climate.

The 2022 Climate Update emphasizes the need for the energy efficiency program administrator to not only continue but to expand programs in order to capture additional energy savings; we expect the 2025 Climate Plan to continue to rely on significant energy efficiency to reduce emissions from buildings. In the technical analysis produced as part of Rhode Island's Investigation into the Future of Gas, the reference scenario and all decarbonization pathways incorporate aggressive assumptions around weatherization adoption. Unfortunately, the scaled back budgets and

programming of the 2026 EE Plan does not align with the growth of energy efficiency and associated reduction in energy demand assumed by the state's climate planning.

We were glad to see the PUC-directed target of 750 annual electric resistance to heat pump conversions and would invite similarly robust targets for cost-effective non-fossil fuel measures in the 2026 EE Plan. One good example is the Company's heat pump water heater goal, which touts an 800% increase. However, an 800% increase that only achieves a target of 35 appears to highlight the underwhelming previous year's target of ~4 water heaters – and we would urge the Company to set a target more robust than 35 water heaters in 2026. We also encourage the Company to place these targets (of efficient electric appliances) in the context of E3's modeling for the state's 2025 climate action strategy.

Thank you for your consideration.

Sincerely,

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