Comments of Environmental Defense Fund and Sierra Club
Docket No. 25-45-GE, In the Matter of Rhode Island Energy General Rate Case

Environmental Defense Fund ("EDF") and Sierra Club respectfully submit the following comments in the above-captioned proceeding. These comments address two related subjects.

First, EDF and Sierra Club support the direct testimony of the Conservation Law Foundation ("CLF") regarding gas line extension allowances ("LEAs"). In Part I of these comments, we provide additional information and reasoning in support of the position advanced by CLF, namely, that the Rhode Island Public Utilities Commission ("RI PUC" or the "Commission") should direct Rhode Island Energy ("RIE" or the "Company") to eliminate gas LEAs for all new customer connections, across all customer classes and project types.

Second, EDF and Sierra Club strongly support CLF's heat pump rate proposal and urge the Commission to adopt it. The heat pump rate advanced by CLF represents the most direct and effective mechanism to promote beneficial electrification and align rate design with Rhode Island's climate mandates. However, in Part II of these comments, and only in the event that the Commission declines to adopt CLF's heat pump rate proposal, EDF and Sierra Club offer an alternative: a pilot program utilizing residential heat pumps as distributed energy resources ("DERs"), whereby participating customers would receive a monthly incentive in exchange for allowing the Company to manage heat pump load during peak demand periods. This alternative should be considered only in the circumstance that the Commission does not move forward with the heat pump rate—it is not intended to supplant or diminish that proposal, but rather to ensure that some mechanism exists to advance heat pump integration and grid management should the Commission choose not to act on the rate proposal at this time.

Part I: Gas Line Extension Allowances

EDF and Sierra Club urge the Commission to direct RIE to eliminate gas line extension allowances for all new customer connections. The elimination should apply to all customer classes—residential, commercial, and industrial—and to all project types, including new construction, fuel conversions, and main extensions. As described in detail below, this action is necessary for several reasons. First, the Company's economic test justifying LEAs is flawed and systematically overstates the revenue that new gas connections will generate, causing existing ratepayers to bear disproportionate and increasing financial risk. Further, the LEA policy is inconsistent with Rhode Island's Act on Climate and creates stranded asset risk for ratepayers. Several other states have eliminated or are in the process of eliminating LEAs on grounds that are directly applicable in Rhode Island, and Rhode Island should follow the lead of other jurisdictions to eliminate LEAs.

A. The Company's LEA Policy Creates Substantial Risk for Existing Ratepayers

Existing ratepayers bear the financial risk when a line extension allowance is granted. An LEA functions as a loan from existing ratepayers to new customers, whereby existing ratepayers bear increased costs in the near term with the promise that they will be paid back by the additional revenue from an expanded customer base. However, the promise that existing customers will be better off in the long term requires the Company to make accurate assumptions

about the gas consumption of new customers. Several inaccurate assumptions in the Company's economic test increase the risk to existing ratepayers.

1. The Company's economic test systematically overstates revenue from new customers.

The Company's economic test for calculating line extension allowances and contributions in aid of construction ("CIAC") overstates expected revenue from customer additions. As demonstrated in testimony, RIE's Gas Bill & Margin Calculator ("GBC") and RI-G CIAC model contain several demonstrable errors. Docket No. 25-45-GE, Pre-filed Direct Testimony of M.J. Walsh on behalf of Conservation Law Foundation at 13-14. The GBC overstates gas consumption for new customers across multiple customer classes, which in turn overstates projected revenue, inflates allowances, and reduces or eliminates the customer's CIAC. *Id.* at 32. Further, the Company has confirmed that it has never compared the model's consumption projections to actual post-connection usage. *Id.* at 13. Put simply, the Company's economic test overstates expected revenue from new customers, resulting in increased allowances and lower CIACs than a properly calibrated test would produce. *Id.* at 6. These issues are compounded by a structural vulnerability in the CIAC process: because higher anticipated gas demand produces higher projected revenue, thus reducing or eliminating the CIAC, the test creates an incentive for new customers to overstate anticipated gas usage, which the Company does not verify. *Id.* at 40.

Taken together, these flaws create significant risk that existing ratepayers will not recoup their investment from new ratepayers joining the gas distribution system.

The consequences of this systemic overstatement are significant. The Company's data reveals that approximately 90 percent of new gas connections receive a full CIAC waiver—meaning that existing ratepayers, not the new customer, bear the full cost of the connection. *Id.* at 27. In 2024, total contributions by existing ratepayers to the rate base for service extensions reached $9.6 million; in 2025, they totaled $10.6 million. *Id.* at 26. During those years, total CIACs collected were only $552,000 and $381,000 in comparison. *Id.*

2. The assumptions underlying the economic test fail to reflect updated building codes that materially reduce gas usage.

Further compounding the flaws in the economic test, the GBC uses consumption defaults that predate even the 2018 building code cycle—a period before Rhode Island's adoption of the far more stringent 2024 International Energy Conservation Code ("IECC"). *Id.* at 48. The Company has confirmed that the model's core parameters—including the discount rate, payback period, and operating cost factors—have not been updated since Docket No. 4770 was filed in 2017, despite significant changes in customer technology options, building codes, and state climate policy. *Id.* at 29. Following the adoption of the 2024 IECC, buildings permitted after November 2024 will consume less gas and will be pre-wired for electrification. The 2024 IECC's tightened building envelope requirements will reduce gas consumption in new construction by 15 to 18 percent compared to the prior code cycle. *Id.* at 48. Further, the 2024 IECC includes mandatory electric-ready appendices requiring dedicated 240-volt circuits for induction cooktops, heat pump dryers, and heat pump water heaters in all new residential construction, meaning that every new building is pre-wired to transition away from gas appliances. *Id.* at 49.

Despite these significant changes, the Company has confirmed that it makes no adjustment in its economic test for building code changes, growing heat pump adoption, or any other demand-reducing trend. *Id.* at 13-14.

The result is a policy that requires existing customers to bear increasing risk—risk that new connections will generate far less revenue than projected, or that a customer may depart the gas system before the 15-year payback period concludes—while the Company's investors face no risk because their return is guaranteed through rates regardless of actual performance. *Id.* at 50-51. Elimination of LEAs will protect existing ratepayers from this increased financial risk.

B. The Company's LEA Policy is Inconsistent with Rhode Island's Act on Climate.

Rhode Island's Act on Climate establishes legally binding economy-wide greenhouse gas emissions reduction targets: a 45% reduction below 1990 levels by 2030, an 80% reduction by 2040, and net-zero emissions by 2050. R.I. Gen. Laws § 42-6.2-1 et seq. Critically, the Act requires all state agencies, including the Commission, to consider these mandated emissions reductions in their decision-making. *Id.* LEAs are not consistent with these emissions reduction targets as they promote fossil fuel expansion by lowering the upfront costs of new gas connections, and lock in increased investments to the fossil fuel system that may become stranded assets.

1. LEAs lock in gas infrastructure investment that extends beyond the net-zero deadline.

While the Act on Climate requires net-zero emissions by 2050, new customer service lines have a depreciation rate of 3.05%, implying a depreciation life exceeding 30 years—well past the Act on Climate's net-zero deadline. *Id.* at 55. Each new allowance-funded connection thus adds capital investment to the rate base that must be recovered from ratepayers over decades, even as the Act on Climate requires fundamental transformation of the gas distribution system within that same period. These investments are at risk of becoming stranded as customers move away from the gas system. The E3 Technical Analysis Report prepared for the Future of Gas investigation estimated approximately $2.6 billion in potentially unrecovered rate base by 2050 in the absence of policy changes. *Id.* at 56, citing Docket No. 22-01-NG, E3 Technical Analysis Report, page 6. Each new allowance only serves to inflate this figure and increase the risk to existing ratepayers. The E3 report recognizes the importance of limiting new gas connections as a managed transition strategy, concluding that strategies focused on limiting new capital investment, including avoiding new connections, can reduce the rate impact on existing customers. *Id.* at 45.

2. LEAs create a price distortion that promotes gas system expansion against state policy.

LEAs create a price distortion by reducing or eliminating the upfront cost of connecting to gas, often to zero, while competing technologies, such as heat pumps, require customers to pay full upfront costs. *Id.* at 53. Thus, LEAs create a price signal that systematically favors gas over electric alternatives, in direct contradiction of state decarbonization policies which require a reduction in fossil fuel use. *Id.* at 53-54. Correcting this price distortion ensures that ratepayer funds are not actively used to work against the state's emissions reduction goals.

3. Other states have recognized the incompatibility of LEAs with the energy transition and have taken steps to eliminate them.

Rhode Island should follow the lead of other states that have recognized that LEAs no longer serve state policy goals. Multiple states including California, Colorado, Maryland, Massachusetts, Minnesota, New York, Oregon, and Washington have taken action to reform or eliminate gas line extension allowances in recent years, reflecting growing recognition that these policies are inconsistent with climate mandates and impose unacceptable risks on existing ratepayers. See id at 21. The pending reforms in Massachusetts are particularly instructive, as Massachusetts and Rhode Island share comparable building stock, heating fuel mix, climate, regulatory structures, and statutory climate mandates. *Id.* at 21-22. The Massachusetts Department of Public Utilities, following its own Future of Gas investigation and review of stakeholder input, has proposed to eliminate LEAs. *Id.* at 22.

C. Conclusion on LEAs

The Company's economic test is structurally deficient, has never been validated against actual outcomes, and systematically transfers risk from new customers to existing ratepayers. That risk is increasing as building codes, heat pump markets, and state climate policy all converge to reduce the likelihood that new gas customers will consume gas at levels the economic test assumes. Further, the LEA policy actively promotes gas system expansion at precisely the moment when Rhode Island's Act on Climate demands a managed transition away from gas, and it does so using ratepayer funds. The Commission has both the authority and the obligation to act. For the reasons set forth above, EDF and Sierra Club respectfully urge the Commission to direct RIE to eliminate gas LEAs.

Part II: Support for CLF's Heat Pump Rate Proposal and Alternative Heat Pump DER Pilot Program

A. Introduction and Summary of Proposal

EDF and Sierra Club strongly support CLF's testimony and proposal for a heat pump rate and urge the Commission to adopt it in full. A heat pump rate is the most effective tool available to the Commission to promote beneficial electrification, reduce delivery costs for all ratepayers, and align the Company's rate structure with the Act on Climate. Only in the alternative—and only if the Commission declines to adopt CLF's heat pump rate proposal—do EDF and Sierra Club offer the following proposal as a secondary measure: that the Commission direct Rhode Island Energy to implement a pilot program to utilize residential heat pumps as distributed energy resources (DERs). Under this proposal, participating customers would receive a monthly incentive (e.g., $35) in exchange for allowing the Company to manage heat pump load during peak demand periods. This approach would provide bill relief to customers while giving the Company a flexible, controllable resource to reduce peak demand without costly infrastructure investments.

The proposal aligns with Rhode Island's Act on Climate mandates, leverages the Company's existing demand response infrastructure, and follows the Company's own stated principle of gradualism by starting with a pilot before broader implementation.RIE-11 at 21:16-18. Similar

programs have been successfully implemented or proposed in other states, including Vermont, Massachusetts, California, and New York, providing proven models for Rhode Island to follow.

B. Alignment with the Act on Climate and State Policy

1. The proposal is consistent with the State's mandatory emissions reduction requirements.

The Act on Climate establishes "a statewide, economy-wide, mandatory, enforceable reduction in greenhouse gas emissions culminating in net zero emissions by 2050." RIE-7 at 37:11-12. Electrification of buildings, which includes the adoption of heat pumps for space heating, is a central strategy within the State's decarbonization policy.

The Company itself acknowledges this reality; in its testimony, the Company states that it "supports electrification as a central strategic component of the State's decarbonization policy." RIE-5 at 169-170:20-1. However, the Company also recognizes that "the electrification of transportation and buildings increases the cost and complexity of operations for utilities," which encourages utilities to develop "data-based strategies, such as the implementation of TVR, to manage the transition." RIE-11 at 65:10-13.

Implementing the heat pump rate proposed by Conservation Law Foundation in this case would support the goals of Rhode Island's 2025 Climate Action Strategy. The Strategy makes clear that the heating sector must undergo significant changes to meet the State's climate targets. In some modeled scenarios, meeting those targets would require about 70,000 total heat pump installations by 2030—less than five years away. (Act on Climate Scenario at p. 17).

2. Heat pump DERs would also serve as an effective grid management tool.

The same logic that supports time-varying rates (TVR), to deliver load flexibility, applies equally to using heat pumps as controllable DERs. As heat pump adoption accelerates to meet climate mandates, winter peak demand will likely increase—presenting both a challenge and an opportunity. EDF and Sierra Club propose that treating heat pumps as controllable DERs would transform this potential grid management challenge into a flexible resource. Rather than simply adding load to the system, heat pumps enrolled in a DER program become dispatchable assets that could help the Company manage peak demand while advancing decarbonization goals.

The Company's testimony explicitly states that relying on outdated technology would make it "difficult, and perhaps impossible, to manage the electric grid... in a manner that will allow the integration of distributed energy resources and electric end uses at the scale needed for the State to meet the Act on Climate mandates." RIE-11 at 38:5-9. A heat pump DER pilot directly addresses this integration challenge.

3. Beneficial electrification offers a path to lower delivery costs for all ratepayers.

Beyond climate mandates, there is a compelling economic case for promoting heat pump adoption as a means to reduce per-kWh delivery costs for all ratepayers. Rhode Island's electricity delivery system is designed to handle peak summer load and, on average, operates at approximately 50% of design capacity. Delivery charges account for roughly 40% of a typical residential bill, or approximately 12¢/kWh.

If beneficial electrification—including widespread adoption of heat pumps and electric vehicles—could increase the annual capacity utilization factor from approximately 0.5 to 0.8 without requiring investment in additional delivery system capacity, the price of delivering a kWh could be reduced by approximately 37.5%, or roughly 4¢/kWh. Electrifying all transportation and heating could potentially double total kWh consumption, and both EV and heating loads are amenable to load management. Because there is generally sufficient spare capacity in most parts of the delivery system, beneficial electrification is unlikely to cause significant increases in delivery system costs until New England transitions to a winter-peaking system.

This reframes beneficial electrification not as a cost burden to the grid but as a path to lower delivery rates system-wide. Accordingly, the Company should be actively promoting beneficial electrification, and reducing the delivery rate for heat pump customers would be one effective way to accelerate heat pump adoption while advancing system-wide cost reductions.

C. Integration with Existing Company Programs and Infrastructure

1. The Company's existing Connected Solutions Program provides the foundation for this proposal.

The Company currently operates the Connected Solutions residential demand response program, which provides incentives based on participating customers and a deemed kW savings value per thermostat of 0.46 kW. RIE-17, R.I.P.I.C No. 2211, Sheet 3, Appendix A, at 150. This program demonstrates that the Company already has the infrastructure and experience to operate residential demand response programs.

Critically, the Company's tariff language already contemplates program expansion: "Should the Company modify the structure of this program or otherwise expand residential demand response offerings, the calculation of savings will be appropriately modified. Any such modifications to the incentive calculation will be presented to the Commission for review and approval prior to the commencement of the relevant performance year." *Id*.

We propose integrating heat pumps into the Connected Solutions framework with heat pump-specific deemed savings values. Heat pumps have significantly larger load profiles than smart thermostats; if a thermostat yields 0.46 kW savings, a heat pump could yield substantially greater kW reduction per participant, making this an attractive expansion of the existing program.

2. The System Efficiency Performance Incentive Mechanism provides a clear regulatory pathway for this proposal.

The System Efficiency Performance Incentive Mechanism (PIM) provides a clear pathway for this proposal. RIE-17, R.I.P.U.C No. 2211, Sheet 1, at 148. The PIM allows the Company to earn performance incentives based on Annual MW Capacity Savings from:

1. The installation of incremental behind-the-meter solar PV DG in excess of forecasts;
2. The Company's residential and commercial and industrial demand response programs;
3. Incremental installed energy storage capacity; and

4. **Any additional actions that the Company can identify to reduce peak demand**, including non-wires alternatives expected to influence system peak that are not captured already under this or other metrics, and partnerships with third parties to provide peak reduction solutions.

Id.

Heat pump load management clearly qualifies as an "additional action" under the fourth category. For resources not specifically listed, "the Company will report the calculation of resource-specific savings and provide explanation of any underlying assumptions." RIE-17, R.I.P.U.C No. 2211, Sheet 3, Appendix A, at 150. This framework provides the Company with a financial incentive to implement the pilot, as heat pump demand reductions would count toward its Annual MW Capacity Savings target.

3. The Company's advanced metering infrastructure supplies the data foundation for a heat pump DER pilot.

The Company has installed more than 100,000 AMI meters, representing roughly 21 percent of the customer population. RIE-11 at 66:15-17. Beginning in early 2027, the Company will have a full year of interval data for these customers and will begin designing rate options utilizing the GridX solution and customer interval data. *Id*. at 66-67.

This data infrastructure provides the foundation for a heat pump DER pilot. The interval data can be used to identify heat pump customers (based on load profiles showing elevated winter consumption), model their load-shifting potential, and design appropriate incentive levels. We propose targeting the pilot at customers within this AMI-metered population.

It should be noted that current AMI meters and most heat pump equipment cannot isolate heat pump-specific kWh consumption at the circuit level. For the purposes of the proposed pilot, a deemed savings approach—similar to Connected Solutions' current use of 0.46 kW per thermostat—provides a practical and established workaround. More precise measurement capabilities can be developed over time as metering technology and program design evolve.

Independent efforts to deploy circuit-level monitoring at Rhode Island homes with heat pumps are expected to produce real-world data on the cost and feasibility of measuring heat pump loads with reasonable precision (approximately 5–10%), which could inform future program refinements. The Rhode Island chapter of Citizens Climate Lobby (CCL-RI) is planning to deploy circuit-level power monitoring devices at 12 or more homes with heat pumps and electric vehicles beginning in May/June 2026. By early January 2027, CCL-RI expects to produce Rhode Island-specific data on heat pump load profiles, peak-shaving potential, and the cost of measuring heat pump loads at scale.

This timeline aligns with when the Company will have its first full year of AMI interval data for 100,000+ customers, creating an opportunity for independent third-party validation of load profiles and pilot design assumptions. We recommend that the Commission consider this data as a valuable supplement to the Company's own analytics and that coordination between CCL-RI's data collection and the Company's pilot design efforts be encouraged.

4. The Company's GridX rate design tool can further support pilot design and implementation.

The Company is requesting approval for GridX's "Analyze" rate design and analysis software to support TVR implementation. This tool can perform "full-population and sub-population analyses to understand how new rates and tariffs will impact customer bills" and "identify structural benefiters and non-benefiters to inform design and implementation." RIE-11 at 71.

We recommend that the Company use this same tool to model heat pump customer impacts and design the pilot program. If GridX is suitable for TVR rate design, it is equally suitable for analyzing a heat pump demand response incentive structure.

D. Heat Pump DER Programs in Other States

Several states have begun to address the grid and cost implications of rapid electric heat pump adoption by pairing building electrification with targeted rate design, demand response, and load flexibility programs. While program structures vary, these efforts share a common objective: managing winter peak demand and mitigating customer bill impacts while supporting state climate mandates. The experiences of Massachusetts, Vermont, California, and New York provide useful reference points for Rhode Island, demonstrating that regulators have already authorized pilot-scale or programmatic approaches that treat electric heating loads as manageable system resources rather than passive load growth.

1. Massachusetts – Seasonal Heat Pump Rates

Massachusetts implemented seasonal electric rates for residential customers who heat their homes with electric heat pumps. These rates significantly reduce winter distribution (and in some cases transmission) charges during the heating season (Nov. 1–Apr. 30). Over 100,000 heat pump customers who previously received Mass Save incentives were automatically enrolled, with opt-out provisions, and customers can save approximately $540 per heating season. Order Approving Seasonal Heat Pump Rate, D.P.U. 25-55, at 7-8; 18-21 (July 29,2025). Importantly, the Massachusetts Department of Public Utilities approved these rates on a revenue-neutral basis, explicitly finding that non-participating customers do not bear increased costs.[1] The DPU is continuing the evaluate refinements to the rate structure in an active docket. Investigation into Seasonal Heat Pump Rates, D.P.U. 25-08 (Mass).

Massachusetts demonstrates that regulators in cold-climate systems are willing to proactively manage electric space-heating load through targeted rate design. By identifying and tracking heat pump customers, Massachusetts has also laid the regulatory and data foundation necessary for future heat pump demand response or DER programs, supporting the reasonableness of a Rhode Island heat pump DER pilot as a next step.

2. Vermont – PowerShift Flexible Load Management Pilot

Vermont's PowerShift pilot is relevant to Rhode Island as a cold-climate demonstration of flexible load control for electrified heating equipment. Washington Electric Cooperative, in

[1] Mass. Dep't of Pub. Utils., Order Approving Seasonal Heat Pump Electric Rates, D.P.U. 25-55 (July 29, 2025) (authorizing seasonal residential electric rates for customers with qualifying heat pump space heating systems across Eversource, National Grid, and Unitil service territories); Mass. Dep't of Pub. Utils., Residential Electric Seasonal Heat Pump Rates, https://www.mass.gov/info-details/residential-electric-seasonal-heat-pump-rates (describing statewide implementation of seasonal heat pump rates beginning Nov. 1, 2025).

partnership with Efficiency Vermont, implemented the PowerShift Flexible Load Management Pilot, testing wi-fi-enabled control of electrified loads using third-party software platforms.

While the pilot focused primarily on water heating rather than space heating, it demonstrated the technical feasibility, customer acceptance, and peak-cost value of flexible load management in winter-peaking conditions.[2]

Vermont shows that cold-climate electrified loads can be dispatched for grid benefit and that relatively simple communications platforms can support load flexibility, directly informing Rhode Island's pilot design and winter peak strategy.

3. California – Conditioning Heat Pump Incentives on Demand Response

California's TECH Clean California program illustrates a different but instructive model: conditioning heat pump incentives on enrollment in demand response or time-of-use rates.[3] Customers receiving incentives for heat pump water heaters—and, in some cases, heat pump HVAC systems—must enroll in qualifying demand response programs for multiple years.[4]

Although California's climate differs substantially from Rhode Island's, regulators have explicitly linked electrification policy with grid responsiveness, ensuring utilities gain visibility into and influence over new electric heating loads as they scale.[5] California demonstrates that it is administratively and regulatorily feasible to tie heat pump incentives to load flexibility participation.

4. New York – Market Transformation and Data Collection

Through the NYS Clean Heat Program administered by New York State Energy Research and Development Authority, New York has aggressively supported heat pump deployment statewide.[6].

Separately, Consolidated Edison Company of New York conducted a Heat Pump Demand Pilot focused on collecting near-real-time usage data and testing whether customers respond to detailed demand information.[7] The pilot did not include utility dispatch of heat pump load but was designed to improve understanding of load shapes and customer behavior. *Id*.

New York underscores the importance of data collection and load characterization as a foundation for future DER programs. Rhode Island Energy's existing AMI meters and analytics tools place it in a position to move more quickly from data to operational pilots.

E. Heat Pump Pilot Proposal Requested Actions

A heat pump DER pilot program represents a strategic opportunity for Rhode Island to advance its Act on Climate mandates while providing tangible benefits to customers and the grid.

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[2] Efficiency Vermont, *Interim Report for PowerShift*, https://www.efficiencyvermont.com/news-blog/whitepapers/interim-report-for-powershift.
[3] Cal. Climate Invs., TECH Clean California Program Overview, https://www.caclimateinvestments.ca.gov/tech-clean-california.
[4] TECH Clean California, *Demand Response Requirements*, https://www.switchison.org/techcleanca/demand-response.
[5] Cal. Climate Invs., TECH Clean California Program Overview, https://www.caclimateinvestments.ca.gov/tech-clean-california.
[6] NYSERDA, *NYS Clean Heat Implementation Plan,* https://cleanheat.ny.gov/assets/pdf/Clean%20Heat%20Implementation%20Plan%202026-2030.pdf.
[7] Consol. Edison Co. of N.Y., *Heat Pump Demand Pilot Implementation Plan*, N.Y. Pub. Serv. Comm'n Case No. 19-E-0065 (July 1, 2020).

The proposal leverages existing Company infrastructure (Connected Solutions, AMI meters, GridX), aligns with the Company's stated principles (gradualism, data-driven design), and follows proven models from other states.

Across jurisdictions, regulators are converging on a consistent principle: electric heat pump adoption must be paired with tools to manage peak demand. Massachusetts shows this can be done immediately through rates; Vermont confirms cold-climate feasibility; California demonstrates incentive-based enrollment; and New York highlights the value of early data collection. Together, these examples support the conclusion that a limited, pilot-scale heat pump DER program in Rhode Island is reasonable, prudent, and aligned with regional regulatory practice.

The core proposition is straightforward: customers receive monthly bill credits in exchange for allowing the Company to manage their heat pumps during peak periods. The Company gains a flexible resource to manage peak demand and can potentially earn capacity market revenues. Rhode Island advances its decarbonization goals by making electrification more manageable for the grid.

EDF and Sierra Club respectfully request that the Commission direct Rhode Island Energy to implement the following actions:

1. Include Heat Pump Load Management in the System Efficiency PIM Framework: The pilot should be counted toward the Company's Annual MW Capacity Savings target, providing a financial incentive for the Company to implement the program.

2. Use GridX to Model Heat Pump Customer Impacts: Since the Company is implementing GridX for TVR development, it could also use the tool to analyze heat pump customer load profiles and design an appropriate incentive structure.

3. Develop a Pilot Targeting Customers with AMI Meters: Start with the approximately 100,000 customers who already have AMI meters installed. The Company will have interval data for these customers, enabling identification of heat pump owners and analysis of their load profiles.

4. Integrate Heat Pumps into Connected Solutions: Expand the existing Connected Solutions program to include heat pumps with device-specific deemed savings values that reflect their higher kW reduction potential compared to smart thermostats.

5. Design the Pilot with Affordability Protections: Include enhanced incentives for low-income customers to ensure that the benefits of heat pump electrification are accessible to all Rhode Islanders.

6. Establish Clear Metrics for Pilot Evaluation: Define success metrics including enrollment rates, measured kW reduction during events, customer satisfaction, and cost-effectiveness, to inform decisions about broader program implementation.

III. Conclusion

For the foregoing reasons, EDF and Sierra Club respectfully urge the Commission to (1) direct RIE to eliminate gas line extension allowances, (2) adopt CLF's heat pump rate proposal, and (3) in the alternative, should the Commission decline to adopt the heat pump rate, direct RIE to implement a heat pump DER pilot program as described herein.

Respectfully submitted,

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