



State of Rhode Island
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Public Utilities Commission Approves Power Sector Transformation Settlement in National Grid Rate Case

The Rhode Island Public Utilities Commission (PUC) today gave its final approval to a settlement agreement that resolves National Grid’s electric and gas distribution rate case and establishes a new framework for Rhode Island’s power sector transformation. In its order approving the agreement, the PUC set in motion a suite of grid modernization programs that will further Rhode Island’s ability to benefit from clean energy resources.

The agreement reflects significant reductions of nearly \$54 million from the original request submitted by National Grid in November 2017 and doubles the discount currently offered to Rhode Island’s income eligible customers. Residential gas customers will see a rate decrease. The settlement also authorizes investment in electric transportation, energy storage and a range of information systems that will enable the electric grid to be more responsive to customer needs.

Negotiated among the Division of Public Utilities and Carriers, National Grid, the Office of Energy Resources and twelve stakeholder intervenors, the settlement establishes an ongoing framework for stakeholders to develop additional measures over the next three years.

“Today’s PUC order is another significant step in Rhode Island’s journey to modernize the electric grid so our residents, businesses, and communities can benefit from cleaner, lower-cost energy resources’, said DPUC Administrator Macky McCleary.

“Building on the Governor’s vision outlined in the Power Sector Transformation initiative and the hard work of all the stakeholders and the Division, the PUC’s order continues Rhode Island’s momentum toward a cleaner, more reliable and affordable energy system,” said State Energy Commissioner Carol Grant.

Highlights of the agreement include:

- Reduces National Grid's original one-year base rate request by 75%.
- Lowers the company's allowed return-on-equity from the current 9.5% to 9.275%
- Returns 100% of the benefits of the lower federal corporate tax rate over the three year rate plan to ratepayers as a direct offset to rates.
- Doubles the current discount offered to income-eligible electric and gas customers to 25% of the total bill, with an additional tier of a 5% discount for those electric and gas customers who qualify for the income-eligible rate through one of three more income restrictive federal assistance programs.
- Establishes a new three-year rate period that will set a revenue cap and guide planning.
- Overall, the settlement results in a modest increase of 4.31 % for National Grid's electric distribution business and 2.74% for its gas business.

The agreement also marks a significant advance in the modernization of Rhode Island's electric system. The Power Sector Transformation components of the agreement comprise four kinds of measures:

- Invests in grid modernization to make the electric grid more secure, transparent, and controllable.
- Initiates electric vehicle and energy storage programs.
- Creates a new performance incentive mechanism to encourage system efficiency and to measure a broad range of additional metrics.
- Establishes an ongoing stakeholder process to continue development of proposals, particularly around advanced meter infrastructure.

The agreement was unanimously agreed upon by all intervening stakeholders. Statements of support for the settlement included:

Acadia Center

"Approval of the revised National Grid settlement will greatly benefit ratepayers and the state by putting Rhode Island firmly on a path toward expanding local clean energy resources and bolstering energy system reliability," said Daniel Sosland, Acadia Center President. "Rhode Island has jumped into a leadership role among New England states seeking to reform utility

regulations. Embracing the changes needed to modernize the energy system will deliver large economic, public health, consumer and environmental benefits to all Rhode Islanders.”

George Wiley Center

"The George Wiley Center appreciates the hard work of the PUC and its staff, the DPUC, and the various stakeholders in reaching this settlement. It represents a strong step forward for low-income utility consumers, most of whom should see a significant reduction in their overall rates under this settlement. We look forward to continuing to move toward a sustainable, affordable energy system that works for all Rhode Islanders," said Jennifer L. Wood, E.D of RI Center for Justice who represented the George Wiley Center in the Dockets.

Northeast Clean Energy Council (NECEC)

“This is an exciting step for the Ocean State,” said NECEC Executive Vice President Janet Gail Besser who led the organization’s involvement in the proceeding. “The move to a multi-year rate plan that starts to measure utility performance in key areas such as system efficiency, energy storage and enabling infrastructure for electric vehicle charging recognizes that the regulatory framework and utility business model need to evolve together. We look forward to working with all stakeholders to achieve Rhode Island’s goals for clean energy, reduced costs and enhanced resiliency.”

Sierra Club

“Today's settlement represents a solid step forward in Rhode Island’s efforts to promote clean, electric vehicles, a critical component of the state’s greenhouse gas reduction strategy,” said Josh Berman, Senior Attorney with the Sierra Club. “The state's leaders and its major utility are showing a commendable interest in ensuring that all Rhode Islanders receive the benefits of electrified transportation options as exemplified by today's settlement and the state’s recent proposal to use its VW settlement funds to support the transition to electric buses and the buildout of electric vehicle charging infrastructure.”

People’s Power & Light

“The Public Utilities Commission has taken a big step towards a new way of managing the electric utility system in Rhode Island,” said Larry Chretien, Executive Director of People’s Power & Light. “We are especially pleased to see that there will many charging stations built to accommodate electric cars and residential EV owners will have an opportunity to earn a discount on their bill for charging during off-peak periods. When EVs are charged off-peak, all ratepayers win and we all benefit from reduced emissions. There will also be a study of how to modernize the grid in order to maximize benefits for Rhode Island. We look forward to working with the PUC, National Grid and others to really transform the power sector.”

Natural Resources Defense Council

"This is a critical step in fulfilling Rhode Island's vision for a clean energy future," said Noah Garcia, Transportation Policy Analyst at the Natural Resources Defense Council. "It will lower energy bills, clean the air, and strengthen the electric grid. With Northeastern states also recognizing that powering our cars, trucks, and buses with clean electricity is vital for reducing pollution, it's great to see Rhode Island putting them on a faster track."

ChargePoint

"Today's vote at the Rhode Island Public Utilities Commission (PUC) is a milestone moment for electric mobility in Rhode Island and the Northeast" said Kevin George Miller, Director of Public Policy, ChargePoint, "and is an important step in advancing Governor Raimondo's initiatives to ensure that Rhode Islanders can benefit from new clean energy technologies. National Grid's program will support the deployment of hundreds of new electric vehicle (EV) charging stations in areas where Rhode Island drivers and riders need them most -- at multifamily buildings, at workplaces and transit locations, as well as fast charging for fleets and the public in communities and along highway corridors. Utilities have a critically important role in the transition to electric mobility, and this program is a necessary part of a regional solution to advance clean transportation. ChargePoint applauds National Grid, the PUC, the Division of Public Utilities and Carriers, and Governor Raimondo for their leadership in accelerating EV charging in the state and the region."

New Energy Rhode Island

"New Energy Rhode Island is an advocacy coalition made up of the Rhode Island League of Cities and Towns, Partnership for Rhode Island Streetlight Management, the Washington County Regional Planning Council, Green Energy Development, Heartwood Group, Inc., Newport Solar, Clean Economy Development, LLC, and ISM Solar Development, LLC, noted NERI's Seth Handy. "NERI remains eager to implement the outcomes of Commission proceedings in Docket 4600 and Power Sector Transformation. We see the action steps in this settlement as overall positive and preliminary steps on what will be an iterative path to realization of a truly transformational policy and market vision. With great interest in actively participating in that future, NERI resolved to support the settlement. "

Additional Material

Bill Impact by Rate Class

Electric		
Avg Residential	3.5% increase	\$3.67 per month for an average 500 kWh customer
Avg Residential Low Income	16.2% decrease	(\$15.06) per month for an average 500 kWh customer
C-06 Small Commercial & Industrial	4% increase	
G-02 Medium Industrial	1.-3% increase	
G-32 Large Industrial	0.8-3% increase	
Gas		
Avg Residential	0.9% decrease	(\$10.78) per year savings for an average gas customer
Avg Residential Low Income	22.8% decrease	(\$267) per year savings for an average gas customer
Small Commercial and Industrial	4.6% decrease	
Medium Commercial and Industrial	1% increase	
Large Commercial and Industrial	0-1% increase	
Ex. Large Commercial and Industrial	1% increase	

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