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PUBLIC UTILITIES COMMISSION

Memorandum

To: L. Massaro

Commission Clerk

From: D. R. Stearns 

Rate Analyst, Division of Public Utilities & Carriers

Date: 5/5/2011

Re: EERMC System Reliability Procurement Standards
Comments of the Division

Docket 4202

On March 1, 2011 the Rhode Island Energy Efficiency and Resource Management Council (“EERMC”) submitted to the Commission certain recommendations with regard to the System Reliability Procurement Standards (“SRP”) as part of the above-referenced docket.

The Division submits the following comments regarding those recommended revisions.

In the Division’s opinion, supported by the Division’s consultant from Synapse Energy Economics, Inc., the proposed revisions to the SRP are reasonable. Generally, the revisions retain the key attributes that are present in the current Standards. They recognize that effective peak-load reducing measures (such as energy efficiency, demand response including direct load control, and distributed generation including combined heat and power and certain sized renewables) can help to defer or eliminate the need for certain distribution or transmission system upgrades. Such deferment or elimination can be a net benefit for ratepayers. The proposed standards address these issues. The standards (current and proposed) also include reference to analytical mechanisms that assess the economic/financial performance of such alternatives.

The proposed revisions do include two specific changes or additions worthy of note, and we suggest modifications to these:

1. Section 2.1 C (d) suggests a criterion of 36 months as the threshold below which a non-wires alternative (NWA) would not be considered. In some - and perhaps several - instances, NWAs can be identified and implemented in less than 36 months. Part of the appeal of NWAs is that they can be less “lumpy” than T and D investments, and can be well-suited to mitigate a relatively small need, or be implemented quickly. We suggest no greater than a 24 month threshold, along with possible “exceptions” that would allow specifically identified NWAs even if the wires alternative is seen to be needed in less than 24 months. As an illustrative example, an “alternative tariff option” (identified as one of the NWAs in this proposed revision) may allow for a small number of large-use customers to implement interruptible load provisions that would very quickly resolve (in the near-term) a peak-period reliability concern that would otherwise need a wires alternative. Such a tariff option, implemented in less than a 24-month timeframe, would then buy more time to consider longer-lasting NWA solutions for the local area in question.
2. Section 2.1 C (b) suggests that NWA solution consideration be limited to those options that would defer or eliminate a wires solution that costs at least one million dollars. This appears reasonable since economies of scale might prevent analysis of much smaller NWA solutions. However, it would be reasonable for the standards to allow an exception to this threshold, so as to not limit alternatives that may prove economically attractive.

The Division recommends approval of the recommendations suggested by the EERMC, modified to include the two changes suggested above by the Division.

Cc: Thomas Ahern,

Administrator, Division of Public Utilities and Carriers