

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: NARRAGANSETT ELECTRIC
COMPANY d/b/a NATIONAL GRID'S
2015-2017 ENERGY EFFICIENCY and
SYSTEM RELIABILITY PROCUREMENT
PLAN

DOCKET NO. 4522

ORDER

I. Introduction

Every 3 years, since 2008, the Narragansett Electric Company d/b/a National Grid (National Grid or Company) is required by law to file a 3-year plan for system reliability and energy efficiency and conservation procurement.¹ On September 2, 2014, National Grid filed the 2015-2017 Energy Efficiency and System Reliability Procurement Plan (Plan). The Plan is required to include overall budgets and efficiency targets for the 3 years of implementation beginning January 1 of the following year.² It should contain measurable goals and target percentages for each energy resource pursuant to the Least Cost Procurement Standards, including efficiency, distributed generation, demand response, combined heat and power, and renewables.³ The purpose of the Plan is to guide the development of the Company's annual Energy Efficiency Program Plan and System Reliability Procurement Report filed each year on November 1:

II. National Grid's 2015-2017 Energy Efficiency and System Reliability Procurement Plan

Similar to previous 3-year filings, the Company's 2015-2017 Energy Efficiency and System Reliability Plan is consistent with the recently approved Least Cost Procurement Standards and Energy Efficiency Savings Targets. The Plan incorporates

¹ R.I. Gen. Laws §39-1-27.7(c)(4).

² See Least Cost Procurement Standards for 2015-2017, approved by the Public Utilities Commission on June 10, 2014 in Docket No. 4443.

³ R.I. Gen. Laws §39-1-27.7(c)(4).

recent revisions to the Standards, most notably the provision which includes reasonably anticipated future greenhouse gas reduction requirements in the Total Resource Cost (TRC) Test.⁴ In order to achieve the recently approved Energy Efficiency Savings Targets, the Company has projected energy efficiency budgets and energy efficiency program (EEP) charges (shown below) that gradually increase over the next 3 years. The Company noted, however, that the annual Energy Efficiency Program Plan, filed on November 1, may contain budgets and EEP charges that vary from those contained in the 3-year plan. The Plan is supported by the Collaborative.⁵

- Projected Energy Efficiency Budgets

	<u>Electric</u>	<u>Gas</u>
2015	\$86.7 Million	\$24.4 Million
2016	\$86.1 Million	\$25.8 Million
2017	\$90.8 Million	\$27.4 Million

- Projected Energy Efficiency Program Charges⁶

	<u>Electric (per KWh)</u>	<u>Gas (per Dth)</u>
2015	\$0.00966	\$0.750 (Residential)/\$0.615 (Commercial/Industrial)
2016	\$0.00997	\$0.726 (Residential)/\$0.595 (Commercial/Industrial)
2017	\$0.00941	\$0.768 (Residential)/\$0.629 (Commercial/Industrial)

During the next 3 years, the Company will attempt to focus on reducing peak demand to address winter price volatility.⁷ The Company will consider implementing

⁴ 2015-2017 Energy Efficiency and System Reliability Procurement Plan at 38-39.

⁵ The Collaborative is a stakeholder group formed in the early nineties to inform and assist in the development of National Grid's energy efficiency procurement. Members of the Collaborative include the Rhode Island Office of Energy Resources (OER), the Rhode Island Energy Efficiency and Resource Management Council (EERMC), Acadia Center, Energy Council of Rhode Island (TEC-RI), Peoples Power and Light, National Grid, and the Rhode Island Division of Public Utilities and Carriers.

⁶ Electric charges are per-kWh. Gas charges are per-Dth.

⁷ 2015-2017 Energy Efficiency and System Reliability Procurement Plan at 11, 14.

measures such as floor, ceiling, and wall insulation, as well as high efficiency hot water heaters, in order to accomplish this. The Company will also focus on system integration as another means of addressing winter price volatility. Focusing on system integration, the Company reported that it will likely experiment with piloting demand response and time of use rates.⁸ The Company will participate in a system integration working group, a Collaborative subcommittee, to develop strategies to achieve these goals.⁹ Finally, the Company will address peak demand savings through the shareholder incentive. In an effort to promote demand based savings, the Company proposes to slightly modify the current incentive program for electric energy efficiency. The proposal would not increase the incentive rate. It only distributes the current rate across energy and demand savings.¹⁰ The target incentive will remain at 5% of the spending budget. Whereas the entire 5% is currently tied to energy savings, the Company's proposal would set aside 3.5% of the target incentive for energy savings and 1.5% for demand savings. The proposal does not change the target incentive for gas efficiency savings which is 5% with no demand component.

For system reliability procurement, the Company will continue incorporating non-wires alternatives into its transmission and distribution planning process, taking into consideration new technologies. For instance, the Company may in the next 3 years begin replacing central or window air conditioners with heat pumps, and it may begin replacing traditional units with heat pump water heaters. The Company will focus on incorporating distributed generation, energy storage, and utility-side control technologies,

⁸ *Id.* at 28.

⁹ *Id.* at 30.

¹⁰ *Id.* at 35.

such as volt VAR optimization, into non-wires alternatives analyses.¹¹ Once the demonstration projects show sustained load relief, the Company will propose non-wires alternative projects on a regular basis in the annual System Reliability Plans and Reports.¹² Consistent with the recently amended Least Cost Procurement Standards, the Company will seek to integrate system reliability procurement with energy efficiency procurement to manage demand and optimize grid performance whenever feasible.¹³

The Company did not include illustrative budgets in the 2015-2017 System Reliability Procurement Plan, claiming that non-wires alternatives are identified as the preferred solution to a system need on a rolling basis.¹⁴ Non-wires alternative solutions cannot be predicted over a 3- year period because “the components and structure of any given non-wires alternative solution, as well as its duration, are highly dependent on the situational characteristics of the system need for which it is being designed.”¹⁵

III. Energy Efficiency and Resources Management Council

The Energy Efficiency and Resources Management Council filed a report authored by the Vermont Energy Investment Corporation (VEIC) finding National Grid’s 2015-2017 Energy Efficiency and System Reliability Procurement Plan to be cost-effective according to the TRC Test. The VEIC report states that the cost-effectiveness analysis of the Company’s 3-year Plan is, by necessity, at a higher level than the analysis provided with respect to the annual Energy Efficiency Procurement Plan.¹⁶

¹¹ *Id.* at 44-45.

¹² *Id.* at 43.

¹³ *Id.* at 42.

¹⁴ *Id.* at 46.

¹⁵ *Id.*

¹⁶ Cost-Effectiveness Report on National Grid’s 2015-2017 Energy Efficiency and System Reliability Procurement Plan at 8 (09/02/14).

IV. Division of Public Utilities and Carriers

The Division filed a letter in support of the Plan noting that the Plan achieves the energy efficiency savings targets with reasonable EEP charges. It is important to note that as a longstanding member of the Collaborative, the Division has considerable input in the development of the Company's 2015 Energy Efficiency Program Plan and System Reliability Procurement Report which are required to be filed on November 1, 2014. As previously noted, the 2015-2017 Energy Efficiency and System Reliability Procurement Plan provides the framework for the more detailed, annual plans, including the 2015 Energy Efficiency Program Plan and System Reliability Procurement Report, which are filed each year on November 1.

V. Hearing

A technical session was held in this docket on October 15, 2014. National Grid presented its proposed 2015-2017 Energy Efficiency and System Reliability Procurement Plan and responded to questions from the Commission. Scudder Parker, consultant for the Rhode Island Energy Efficiency and Resources Management Council, testified in support of the Plan. Timothy Woolf appeared on behalf of the Division of Public Utilities and Carriers.

VI. Decision

On October 30, 2014, the Commission voted unanimously to approve National Grid's 2015-2017 Energy Efficiency and System Reliability Procurement Plan.

Accordingly, it is

(21781) ORDERED:

The Narragansett Electric Company, d/b/a National Grid's 2015-2017 Energy Efficiency and System Reliability Procurement Plan is hereby approved as filed on September 2, 2014.

EFFECTIVE AT WARWICK, RHODE ISLAND ON OCTOBER 30, 2014 PURSUANT TO AN OPEN MEETING DECISION. WRITTEN ORDER ISSUED DECEMBER 19, 2014.

PUBLIC UTILITIES COMMISSION




Margaret E. Curran, Chairperson


Paul J. Roberti, Commissioner


Herbert F. DeSimone, Commissioner

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws §39-5-1, any person aggrieved by a decision or order of the PUC may, within seven (7) days from the date of the order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.