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# Memorandum

TO: LULY E. MASSARO, COMMISSION CLERK, RHODE ISLAND PUBLIC UTILITIES COMMISSION

FROM: JENNIFER KALLAY, SYNAPSE ENERGY ECONOMICS (SYNAPSE), ON BEHALF OF THE DIVISION OF PUBLIC UTILITIES AND CARRIERS (DIVISION)

DATE: NOVEMBER 15, 2016

RE: DOCKET 4628 - NATIONAL GRID'S TARIFF ADVICE FILING TO AMEND TARIFFS RIPUC NOS. 2110, 2111, AND 2112 COMPANY-OWNED LED STREETLIGHTING PROPOSAL

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## 1. Background

On July 1, 2016, National Grid (the Company) filed Company-Owned LED Streetlighting Tariffs with the Rhode Island Public Utilities Commission (Commission). The Division reviewed the filing and submitted its first round of discovery on August 3, 2016. On August 12, 2016, the Washington County Regional Planning Council and the Partnership for RI Streetlight Management (PRISM) filed comments on the filing, identifying costs of LED conversions and lack of lighting controls as key areas of concern.

On August 18, 2016, National Grid supplied responses to the Division's first round of discovery. On September 12, 2016, the Division had a conference call with its consultants, Jennifer Kallay and Tim Woolf of Synapse Energy Economics, Division staff, and National Grid staff, to discuss additional questions on the filing. On September 23, 2016, the Division filed a memo recommending that the Commission suspend the tariff filing to allow time for further investigation, noting the absence of complete information on the costs of the LED conversions, the lack of lighting controls, and the coordination between these tariffs and the Company's Energy Efficiency Program Plan (EE Plan). National Grid commented on the Division's recommendation on September 27, 2016. The Commission approved the Division's request to suspend the tariff filing on September 29, 2016.

The Division had calls with National Grid on September 27<sup>th</sup> and 28<sup>th</sup> to continue to discuss the filing. The Division also submitted its second round of discovery on October 3, 2016. National Grid supplied responses to these questions on October 25, 2016.

Concurrently, the Division reviewed the Company's first and second drafts of its 2017 EE Plan, released on August 17, 2016 and September 19, 2016, respectively. The Division provided comments on the language describing the Company's LED streetlighting conversion effort in this Plan. The Division agreed to support the final 2017 EE Plan filed October 17, 2016.

## 2. Findings

The following is a summary of our key areas of review and associated findings:

- The LED conversion offering fits into the 2017 EE Plan and is cost effective. We find that this plan reflects a reasonable starting point for this effort. We also note that customers will receive an incentive for each lamp, paid for out of the annual EE Plan. This incentive is not included in the calculated LED streetlight replacement costs shown in the proposed tariffs. However, this incentive is accounted for in the calculation of the cost effectiveness of the annual EE Plan.
- We find the rate and bill savings calculations, including the source of the inputs into these calculations, to be reasonable and consistent with inputs into other filings, where appropriate.
- The Company explained that the lack of advanced lighting controls in these tariffs is because the metering pilot is not complete. We find this rationale to be reasonable, and that the current structure of the tariffs is acceptable given this rationale.
- We do not oppose the Company’s proposed maximum threshold of a ten percent changeout per year per municipality, because the Company has confirmed that this “cap” is discretionary.

### 3. Recommendations

The Division recommends that the Commission approve the proposed tariffs. The Division supports the addition of tariffs for LEDs to the Company-Owned Streetlighting Tariff Filing for the following reasons:

- they promote fairness in that they allow all municipalities to convert their streetlights to LEDs and experience energy and bill savings,
- they benefit customers in that they lower the taxes customers will pay in municipalities that convert their streetlights to LEDs,
- they respond to various state energy policies, including Least Cost Procurement and Rhode Island State Energy Plans,
- they comply with recent regulations requiring the Company to make conversion of streetlights to LEDs available to all municipalities<sup>1</sup>, and
- they contribute to the Company’s cost-effective achievement of its energy efficiency savings targets.

We also recognize that the Company’s filing includes a selection of LED luminaires that mostly result in bill savings, and maintenance cost savings are accounted for.

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<sup>1</sup> See Rhode Island’s Municipal Streetlight Investment Act at: <http://law.justia.com/codes/rhode-island/2015/title-39/chapter-39-30>.

#### 4. Follow-Up

While we recommend approval of these tariffs, the Division wishes to receive updates and continue to engage in discussions with the Company as this effort is rolled out. Specifically,

- We want to be updated on uptake for both Customer- and Company-Owned LED Streetlight conversions, including the proportion of towns participating and the proportion of streetlights in each town that are converted. We also want to be updated on barriers to implementation if those are encountered.
- We wish to be updated on discussions of the results of the ongoing evaluation of the pilot metering program for Customer-Owned LED Streetlighting, specifically whether this evaluation supports an update to the Company-Owned LED Streetlighting Tariffs to include advanced lighting controls. We understand that the Company can and will update the tariffs if customer needs and technologies change.
- We will notify the Company if we receive complaints from customers regarding the LED streetlight conversion cap and want to be kept informed of proposed solutions.

We look forward to continued communication and discussion as rollout occurs in 2017.

