



**Comments of the Rhode Island Office of Energy Resources re:
Settlement Agreement Docket Nos. 4770 and 4780**

June 5, 2018

The Rhode Island Office of Energy Resources (OER) respectfully submits these comments to the Rhode Island Public Utilities Commission (the Commission) regarding the Settlement Agreement (the Settlement) dated June 5, 2018 regarding Docket No. 4770: The Narragansett Electric Company d/b/a National Grid's Application to Change Electric and Gas Base Distribution Rates and Docket No. 4780: The Narragansett Electric Company d/b/a National Grid's Proposed Power Sector Transformation (PST) Vision and Implementation Plan. OER finds that the Settlement is reasonable, in the public interest, and in accordance with Rhode Island law and regulatory policy and respectfully urges the Commission to approve the Settlement.

As the lead energy policy agency for Rhode Island, OER works to ensure that the state's energy initiatives align with a long-term vision of a reliable, affordable, and clean energy system. As stated in our previous comments filed in Dockets 4770 and 4780, OER believes that the Company's base distribution rate case is a key moment for Rhode Island to move forward on our collective energy priorities. Over the past fifteen years, Rhode Island has enacted bold goals and energy policies aimed at increasing fuel diversity, reducing costs, and promoting clean energy.¹ Furthermore, today's energy markets are undergoing rapid change, with clean energy technologies such as solar photovoltaics becoming more affordable and appealing to a broader segment of consumers. The rapid pace of market transformation as well as the clear policy direction provided by Rhode Island's statutory framework underscores the pressing need to prepare for a distributed, clean, and resilient energy future. Within the context of Docket 4770 and Docket 4780, we have an important opportunity to firmly integrate the state's public policy objectives into the core mission and financial interests of our state's primary electric distribution utility.

OER is pleased that the June 5, 2018 Settlement represents a favorable outcome for advancing Rhode Island's goals for a clean, affordable, and reliable energy system. The Settlement represents a significant step forward in many key policy areas, including but not limited to:

- Mitigates bill impacts on customers by reducing the Company's initial base rate request by ~73%.
- Helps control the costs of the electric distribution system by improving Company budget discipline through a multi-year rate plan and capital efficiency mechanism.
- Avoids further fragmentation of cost recovery processes by rejecting the Company's proposed PST tracker provision.
- Increases support for the most vulnerable Rhode Islanders through a total bill discount mechanism.
- Creates forward progress on advanced metering functionality (AMF) by funding an AMF study, which will also consider issues of data governance and access.

¹ Among the most prominent energy policies are Least-Cost Procurement, various renewable energy statutes, biodiesel blending, coordinated multi-state energy procurements, the Regional Greenhouse Gas Initiative (RGGI), and the 2014 Resilient Rhode Island Act.

- Supports the continued development of the System Data Portal in order to enable third parties to provide value to the system.
- Initiates the modernization of Rhode Island's grid through base rates (rather than a tracker) and provides for a grid modernization plan to chart the future course of modernization.
- Takes significant steps to develop the electric vehicle market in Rhode Island through off-peak rebates, charging station deployment, DC Fast Charger discounts, and fleet advisory services.
- Bolsters efforts to provide customers with efficient electric heat alternatives, coordinated through existing energy efficiency delivery channels.
- Enables Rhode Island to begin capitalizing on cost-effective energy storage as a flexible resource for addressing grid needs by tying its deployment to distribution system planning, savings-based opportunities, and third-party market engagement.
- Lays the foundation for a new utility revenue model by establishing a range of outcome-based performance incentive mechanisms.

OER is enthusiastic about the opportunity to make meaningful progress on the broad range of issues listed above. Given the state's ambitious goals for greenhouse gas reduction, renewable energy deployment, beneficial electrification, and least-cost procurement, the Settlement represents exactly the suite of activities that Rhode Island must take to make further progress toward a clean energy future, while controlling costs, maintaining reliability, and supporting equity.

OER appreciates the opportunity to weigh in on the Settlement. We believe it helps achieve the high-level principles and priorities we have outlined in our previous comments:

- The Company's base distribution rate case proposals and PST proposals should be properly integrated to ensure that the utility's financial interest is aligned with the public interest.
- This integration should reflect and build on Rhode Island's forward-thinking energy policy and statutory framework by aligning the Company's activities with state objectives.
- Given the pace of technological change and the ambitious policy goals of the state, now is the appropriate time to advance bold regulatory action commensurate with the central role of the regulated utility and the grid in our future clean, distributed energy system.

OER would like to thank the Division, the Company, and the Settlement Parties for collaborative work toward achieving settlement. We appreciate the Commission's consideration of our comments and respectfully urge the Commission to approve the Settlement.

Sincerely,

A handwritten signature in black ink, appearing to read "Carol J. Grant". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Carol J. Grant
Commissioner
Office of Energy Resources