



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

DIVISION OF PUBLIC UTILITIES & CARRIERS

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June 10, 2020

To: Luly Massaro
Commission Clerk

From: John Bell *JB*,
Chief Accountant

Subject: Docket 4770, National Grid Electric's Performance Incentive Factor Filing re: System Efficiency for Calendar Year 2019

On February 28, 2020, National Grid ("NGrid", or "Company") filed its 2019 Performance Incentive Mechanism (PIM) Annual Report and it also submitted a Performance Incentive Factor (PIF) Filing. The PIF Filing is the first filing submitted under Tariff Provision, RIPUC No. 2211 which is the Company's Performance Incentive Recovery (PIR) Provision, approved in Docket 4770.

The PIM Annual Report was submitted in accordance with the Amended Settlement in Docket 4770 and provides the outcomes related to the System Efficiency: Annual Megawatt Capacity Savings PIM and several Scorecard Metrics. The metric for the System efficiency PIM reflects avoided capacity coincident with the ISO-NE peak hour. In general, the resources for Annual MW Capacity Savings include: (1) Demand Response, (2) incremental net-metered distributed generation in excess of forecasted levels, (3) incremental storage capacity, and (4) other actions the Company can identify. The approved target levels to earn a PIM for 2019 range from a minimum of 14 MW to a maximum of 20 MW, with a maximum incentive of \$362,085. The Annual Report shows that the Company curtailed 33.38 MW of capacity during the ISO-NE peak hour. The majority of the curtailment related to Commercial and Industrial Demand Response. Since the curtailment exceeded the maximum target, the Company is eligible for the maximum incentive of \$362,085.

The PIF Filing supports the calculation of a proposed uniform factor of \$0.00005/kWh which is designed to recover the earned incentive. The factor was calculated by dividing the \$362,085 incentive by forecasted deliveries of 6,995,385,617 kWh's for the recovery period July 1, 2020 – June 30, 2021. The actual amounts collected by the proposed factor will be subject to a true-up in subsequent filings. The impact of the proposed factor on a residential Standard Offer customer using 500 kWh's per month will be an increase of \$0.02.

I reviewed both of the above referenced filings and concluded that the Company met the criteria for the maximum System Efficiency incentive of \$362,085 for calendar year 2019 and correctly calculated the related PIF Factor. I recommend approval of the Company's proposed Performance Incentive Factor of \$0.00005/kWh for effect on July 1, 2020.