



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS

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To: Luly Massaro, Commission Clerk
Rhode Island Public Utilities Commission

From: John Bell, Chief Accountant
Division of Public Utilities and Carriers

Date: June 21, 2021

Subject: Docket 4770, National Grid Electric's Performance Incentive Factor Filing re: System Efficiency for Calendar Year 2020

On March 1, 2021, National Grid ("Company") filed its 2020 Performance Incentive Mechanism (PIM) Annual Report and it also submitted a Performance Incentive Factor (PIF) Filing. The PIF Filing was 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 2020 range from a minimum of 17 MW to a maximum of 25 MW, with a maximum incentive of \$622,370. The Annual Report shows that the Company curtailed 32.28 MW of capacity. 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 \$622,370.

The PIF Filing supports the calculation of a proposed uniform factor of \$0.00008/kWh which is designed to recover the earned incentive. The factor was calculated by dividing the \$622,370 incentive by forecasted deliveries of 6,962,842,810 kWh's for the recovery period July 1, 2021 – June 30, 2022. 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 \$0.01.

I reviewed both of the above referenced filings and concluded that the Company met the criteria for the maximum System Efficiency incentive of \$622,370 for calendar year 2020 and correctly calculated the related PIF Factor. I recommend approval of the Company's proposed Performance Incentive Factor of \$0.00008/kWh for effect on July 1, 2021.