

November 27, 2018

**BY HAND DELIVERY AND ELECTRONIC MAIL**

Luly E. Massaro, Commission Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

**RE: Docket 4889 - The Narragansett Electric Company, d/b/a National Grid  
2019 System Reliability Procurement Report  
Responses to PUC Data Requests – Set 1**

Dear Ms. Massaro:

I have enclosed eleven copies of National Grid's<sup>1</sup> responses to: PUC 1-21, PUC 1-22, and PUC 1-27.

This transmittal completes the Company's responses to the PUC's First Set of Data Requests in the above-referenced docket.

Thank you for your attention to this filing. If you have any questions, please contact me at 781-907-2121.

Very truly yours,



Raquel Webster

Enclosures

cc: Docket 4888/4889 Service List  
Jon Hagopian, Esq.  
John Bell, Division

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<sup>1</sup> The Narragansett Electric Company d/b/a National Grid (National Grid or Company).

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



\_\_\_\_\_  
Joanne M. Scanlon

November 27, 2018  
Date

**Docket No. 4888 - National Grid – 2019 Energy Efficiency Plan (EEP)**  
**Docket No. 4889 - National Grid – 2019 System Reliability Procurement Report (SRP)**  
**Service list updated 10/18/18**

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PUC 1-21

Request:

Referencing Bates page 30, please explain and provide a timeline of the delays during implementation and project scope creep.

Response:

Please see below for a timeline and explanation of delays with the Little Compton Battery Storage Project:

Late 2016, December 2016: The Company proposes a Request for Proposals (RFP) solicitation in the 2017 SRP Report (Docket 4655) for a market-based, integrated non-wires alternative (NWA) solution for the Tiverton/Little Compton area. The Rhode Island Public Utilities Commission (PUC) approves the 2017 SRP Report.

Early 2017: The Company completes the RFP process, which results in a battery storage project as the winning bid to provide 250 kW of load relief for up to four hours per day (a 1 MWh system).

Summer 2017: Battery storage implementation is delayed because the initial size proposed (1 MW, 1 hour battery) requires additional distribution system upgrades than the expected 250 kW, four-hour battery would need. Not enough time to implement project solution following the bid award.

Late 2017, December 2017: The Company proposes the Little Compton Battery Storage Project in the 2018 SRP Report (Docket 4756). The PUC approves the 2018 SRP Report.

Early 2018: Vendor states that the project is not as financially effective as they first estimated at the original proposed location because it would require re-conductoring of the feeder in the area to prevent flicker (due to the 1 MW battery size). Vendor requests to re-study project at a location closer to the Tiverton Substation. The Company performs an engineering re-study on the area and substation for the project. Engineering re-study is finalized and the vendor states that relocating installation closer to Tiverton Substation makes the project financially feasible.

Summer 2018: Battery storage implementation is delayed. Vendor states that the reason for the delay is equipment delays.

PUC 1-21, page 2

August 2018: Vendor states that project is no longer financially viable for them. Vendor wants to use a different import/export rate structure than the currently approved distribution delivery rates for a project of this size. The rate structure to be used was discussed after the initial awarding of the bid in 2017. The Company responds that this would not be possible because the Company had previously discussed the applicable rate with the vendor, and the Company could not use a different rate than that which was approved for a project of this size. Vendor suggests providing a modified project proposal.

September/October 2018: Vendor provides a modified project proposal to pair the battery system with an existing 250 kW renewable energy growth (RE Growth) solar project. Since the RE Growth tariff does not discuss whether energy storage is allowed, the Company interpreted the RE Growth tariff as not allowing energy storage. The Company suggested that, at a minimum, the Company would need to submit a filing with the PUC for review and approval of the proposal to pair a battery system with an existing RE Growth Project. However, due to the timing that would be required for a PUC filing and review, the Company could not proceed with the vendor's proposal to pair the battery system with an existing RE Growth project. In addition, the vendor requested a significant increase in funding to complete the project. The Company decides to reissue the RFP because, as described above, the vendor's modified project proposal and additional funding request was outside the original scope of the project.

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 4889  
In Re: 2019 System Reliability Procurement Report  
Responses to Commission's First Set of Data Requests  
Issued on November 13, 2018

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PUC 1-22

Request:

Please provide an itemized list of expenditures to date related to the Tiverton-Little Compton Battery Storage Project.

Response:

The expenditures to date related to the Little Compton Battery Storage Project total \$12,987 for program planning and administration. No other costs were incurred.

PUC 1-27

Request:

Referencing the Little Compton Battery Storage Project budget in Table 6 on Bates page 32, please indicate whether any inflationary or discount number was used.

Response:

For the former Little Compton Battery Storage Project deferral calculation, an inflationary factor of 1.6% was applied to both the capital costs of the traditional wires solution and the associated property tax rate applied to that investment for each year that the traditional wires solution is deferred. These values factor into the revenue requirements calculation, which provides the net present value to use in the Benefit-Cost Analysis (BCA). The Company's pre-tax weighted average cost of capital (WACC) was used as the discount rate in the net present value calculation. In preparing this response, the Company discovered that the pre-tax WACC used in its net present value calculation was incorrect. Therefore, a revised Little Compton Battery Storage Project Table 6 is provided below. This revised table incorporates a pre-tax WACC of 8.23%, as approved in RIPUC Docket No. 4770. This table also reflects an updated four-year deferral value totaling \$799,823.

Table 6: Tiverton-Little Compton NWA Project Benefit-Cost Summary

<b>Tiverton-Little Compton NWA Project</b>	
Total Cost	\$438,000
Total Benefits	\$899,533
Net Benefits	\$461,533
BC Ratio	2.05