

November 29, 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 2**

Dear Ms. Massaro:

I have enclosed eleven copies of National Grid's¹ responses to the Public Utilities Commission's Second Set of Data Requests in the above-referenced matter.

Please note that Company's responses to the following data requests are pending:
PUC 2-1, PUC 2-7, PUC 2-8, PUC 2-9, PUC 2-10, PUC 2-20, PUC 2-21, PUC 2-25, and
PUC 2-26.

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: Dockets 4888/4889 Service Lists
Jon Hagopian, Esq.
John Bell, Division

¹ 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 29, 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 2-2

Request:

Referencing the \$30,000 requested for review of RFP responses related to the South County East NWA projects, please provide a benefit cost analysis (this should include not just 2019 costs and benefits, but all future costs and benefits). Explain any assumptions. For example, see Table 8 on Bates page 43.

Response:

The funding request of \$30,000 is for the evaluation of the responses the Company receives in calendar year 2019 from third-party solution providers for the South County East NWA projects. This amount is allocated as approximately \$10,000 for each of the three potential NWA opportunities.

The Company does not expect any project implementation costs in calendar year 2019. The Company anticipates that it will propose the selected third-party non-wires alternative (NWA) solutions in the 2020 SRP Report. The Company has not yet received any third-party solution project bid responses because the South County East NWA Projects are still in the Request for Proposals (RFP) stage. Therefore, the Company does not have any project or vendor cost information for an approximate benefit-cost analysis (BCA).

The Company will provide BCAs for the South County East NWA Projects in the 2020 SRP Report, with up-to-date project implementation and vendor cost information, following receipt and selection of project bids.

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PUC 2-3

Request:

Referencing Bates page 38 of the SRP Plan, does the Company anticipate developing a peak load reduction pilot program in Phase 2 itself, or hiring a vendor to do so?

Response:

The Company plans to work with vendors in some capacity to develop the peak load reduction pilot program in Phase 2. The level of vendor involvement will be determined based on the results of Phase 1.

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PUC 2-4

Request:

Is Connected Solutions critically linked to the Company's traditional EE program or any other ratepayer funded programs?

Response:

Yes. Connected Solutions is critically linked to the Company's Energy Efficiency and Demand Response programs.

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PUC 2-5

Request:

Please explain why the study referenced on Bates pages 36-37 is needed this year.

Response:

Phase 1 of the Customer-Facing Program Enhancement Study is needed in 2019 because the Company is actively seeking Non-Wires Alternative (NWA) solutions, and significant experience in our New York jurisdiction has shown that it is very difficult to find cost-effective NWA solutions based solely on third-party procurements. With the likelihood of increasing interest from stakeholders for the Company to develop cost-effective NWA solutions, the rapid increase in adoption of connected devices and home automation, and the great potential for customer-facing programs (including those that can leverage connected devices and home automation) to provide cost-effective NWA solutions, the Company believes that it is necessary to start this project in 2019.

PUC 2-6

Request:

Referencing Bates page 43 where it states: “[e]xisting incentives, which are included in the BCA but not in the Program Funding Plan estimate because they are included in the EE budget...” is it the Company’s intention that the funding for Phases 2 and 3 would be split between multiple programs? When and where will the benefits be accounted for and recovered from customers?

Response:

Yes, it is possible that the Company will be able to leverage existing program funding, particularly in Phase 3, which would be split between multiple programs. The Company will seek to leverage aspects of existing customer-facing programs if the Company determines that such programs are cost-effective and capable of addressing distribution level constraints, and if the Company includes such programs the R&SC Customer Peak Load Reduction Pilot Implementation Plan in Phase 2. If the Company makes this determination, then benefits and cost would be accounted for in each of the BCAs conducted for each program using the Company’s accounting principles to avoid double counting of any costs or benefits. The Company will not seek to recover the costs of these benefits from customers; instead, customers will receive the benefits. The Company assumes that costs will be recovered from customers in an existing customer program if that program is leveraged by the Customer-Facing Program Enhancement Study (Enhancement Study). Any additional incremental costs that go beyond the scope of the existing program would be covered by the Enhancement Study or the new program implemented by the Enhancement Study.

PUC 2-11

Request:

Under what statutory/regulatory authority(ies) is the Company considering proposing locational incentives resulting from the SRP Plan?

Response:

The only statutory reference to the Company offering locational incentives at its option is R.I. Gen. Laws Chapter 39-26.6 - The Renewable Energy Growth Program.

The Company, in discussion, with external stakeholders, has recognized that the use of a locational incentive is a viable way to pay a winning vendor for a specific non-wires alternative (NWA) Request for Proposals (RFP) and, and the Company has been pursuing this option for some time. The NWA RFPs to be issued by the end of 2018 as part of the approved 2018 SRP plan will use a locational incentive in this way.

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PUC 2-12

Request:

Confirm that the Company will only be reporting updates on locational incentives subject to future review and consideration by the Commission and is not seeking approval of funding of locational incentives nor funding of the analysis of locational incentives through the 2019 SRP Plan.

Response:

The Company is neither seeking approval of funding for locational incentives nor funding for the analysis of locational incentives through the 2019 SRP Report. If a bidder is selected, the Company plans to use the locational deferral value as payment for performance. However, the Company would seek approval for funding in a future SRP plan.

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PUC 2-13

Request:

Referencing the formula on Bates page 48, please explain the 1000 in the calculation and its units.

Response:

The 1,000 in the calculation represents a sample Distributed Energy Resource that is rated at 1,000 kW. The units are kW.

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PUC 2-14

Request:

Does reducing the loading on a feeder extend the lifetime of any assets? If yes, please provide any assumptions.

Response:

No, reducing the loading on a feeder does not extend the lifetime of any assets.

PUC 2-15

Request:

Referencing the feeder screening, are these the same feeder screening conditions as NWA screening or is it something different? Please explain how it is different from the distribution project screening and screenings performed for area studies.

Response:

There is no difference in terms of Non-Wires Alternative (NWA) screening conditions between projects identified during an area study or outside of the area study process. All projects are screened against the NWA criteria listed in Section 2.1(D) of the SRP standards. Also, please see the Company's response to PUC 1-5.

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PUC 2-16

Request:

Referencing Bates page 53, is the Company requesting PUC approval, in the 2019 SRP Plan, of an incentive based on 60% of the deferral value on an annualized basis over the term of the deferral need? If so, please provide the basis and rationale.

Response:

Yes, the Company is proposing to use 60% of the deferral value as a locational incentive for the Requests for Proposals (RFPs). There are two main reasons for this: 1) for any non-wires alternative (NWA) to be net beneficial to customers, the Company cannot spend the same amount of money as it would on a traditional utility solution; and 2) the Company has yet to see that an NWA solution actually will defer a traditional utility solution, and therefore, there is a risk premium to employing NWAs. The 60% value was selected as a starting point to determine whether a bidder to an NWA RFP would find this value to be sufficient. It is important not to over-pay initially for NWA solutions for fear of setting future payment expectations.

PUC 2-17

Request:

On Bates page 53, the Company references the decision in Docket No. 4770 regarding the filing of the Grid Modernization Plan. One of the motions for inclusion in the Grid Modernization Plan was that “it is essential that the grid modernization work, in particular the distribution planning components, address the relationship between electrification of heating and transportation and efficiency. The grid has capacity for electrification at the right time and place. Efficiency can reduce peak demand and create space for electrification, but the utility must include energy efficiency and opportunities for DR Management with EVs and electric heating in distribution level planning.”

- a. Is this motion the basis for the inclusion of electric transportation initiatives in the 2019 SRP Plan?

Response:

Yes, to some degree. For any project the Company proposes, the Company seeks to leverage other work needed in the State to best serve the needs of its customers. The inclusion of using the existing Rhode Island System Data Portal to identify areas with large fleet concentrations is meant to supplement the Company's approved work in Docket No. 4770 and to better determine how a future grid modernization filing optimally could accommodate overall electric vehicle (EV) initiatives. No funding has been requested for this work in the 2019 SRP plan, and any incentive earned would be proposed in a future SRP plan.

PUC 2-18

Request:

Referencing Table 14 on Bates page 55, please describe how each action interacts with the system efficiency metric, capital efficiency metric and any other metric (whether tracking-only or for funding) approved by the Commission in Docket No. 4770.

Response:

The action-based incentives identified in Table 14 are intended to promote the availability of distribution grid information for distributed energy resource solution providers, customers, and other stakeholders. This objective is quite different from metrics approved in Docket No. 4770, which target specific outcomes. This response considers interactions with the following metrics approved in Docket No. 4770:

- System Efficiency: Annual MW Capacity Savings (Performance Incentive Mechanism)
- Distributed Energy Resources: Installed Energy Storage Capacity (Tracking)
- Distributed Energy Resources, CO2: Electric Vehicles (Tracking subject to further review at end of year 1)
- Distributed Energy Resources: Light Duty Government and Commercial Fleet Electrification (Tracking subject to further review at end of year 1)
- PST Enablement: Awarded Low-income and Multi-unit EVSE Sites (Tracking)
- DG Interconnections (Tracking)
- DG-Friendly Substation Transformers (Tracking)
- Utilization of EVSE in Low-income Areas (Tracking)
- Reduction of Uncollectable Debt (Tracking)
- Increased Stability of Service through Increased Enrollment in the Low-Income Discount (Tracking)
- NPP Residential Customer Demand Response Participation (Tracking)

The capital efficiency metric was not approved in Docket No. 4770, but instead, will be considered in Docket No. 4857. Given that additional modifications to the metric may occur through Docket No. 4857, it is premature to speculate on any relationship between the action identified in Table 14 and any eventual capital efficiency metric. Because the actions are discrete steps that must be completed in 2019 and are not tied directly to the system impacts of specific NWA projects, interaction with a capital efficiency metric such as that being considered in Docket No. 4857 would be unlikely.

PUC 2-18, page 2

The relationship between each of the three actions identified in Table 14 for the purposes of awarding action-based incentives, and the metrics approved in Docket No. 4770 are discussed below.

1. ***RI System Data Portal: Identify areas where large non-EV public transportation fleets are located.*** This action would be completed by July 1, 2019, and help to support forecasting of potential fleet electrification in Rhode Island. The one potentially connected metric from Docket No. 4770 is Distributed Energy Resources: Light Duty Government and Commercial Fleet Electrification. Because this action in and of itself does not impact directly the likelihood of fleet conversion during the MRP, however, there is no interaction between the action and the fleet electrification metric from Docket No. 4770. The action will not interact with any of the other metrics identified above.
2. ***RI System Data Portal: Identify locations where EV level 3 charging stations can potentially be implemented or installed.*** This action is geared specifically toward identifying locations where the health or rating of an electric grid feeder would not be affected negatively by the additional load associated with an EV level 3 charging station. This action ultimately would help third parties identify potential sites for level 3 charging stations would benefit customers by limiting system cost impacts. It is unclear at this time, however, what impact on the system, if any, will result from the availability of this information. Identification of these locations does not have any direct implications for ISO-NE coincident peak load and, therefore, would not interact with the system efficiency metric. Similarly, identification of these locations does not have any clear implication for EV adoption. Therefore, there would be no interaction with Distributed Energy Resources, CO2: Electric Vehicles and Distributed Energy Resources: Light Duty Government and Commercial Fleet Electrification. Because the action is focused on level 3 charging stations, it would not have any relationship to PST Enablement: Awarded Low-income and Multi-unit EVSE Sites as those site categories have been designated for level 2 charging infrastructure. Finally, this action would not have any direct implication for Utilization of EVSE in Low-income Areas. The action does not have any connection to the other tracking metrics identified above.
3. ***South County East NWA Projects: Awarded and completion of first vendor milestones for all 3 projects.*** This action represents a meaningful step in the advancement of these projects, and the associated incentive under the SRP is intended to provide a modest reward to the Company for this advancement. Although the vendor milestones have not been articulated yet, these actions taken alone are unlikely to have any direct bearing on the Company's performance under the system efficiency metric or any of the tracking only metrics listed above.

PUC 2-18

Request:

Referencing Table 14 on Bates page 55, please describe how each action interacts with the system efficiency metric, capital efficiency metric and any other metric (whether tracking-only or for funding) approved by the Commission in Docket No. 4770.

Response:

The action-based incentives identified in Table 14 are intended to promote the availability of distribution grid information for distributed energy resource solution providers, customers, and other stakeholders. This objective is quite different from metrics approved in Docket No. 4770, which target specific outcomes. This response considers interactions with the following metrics approved in Docket No. 4770:

- System Efficiency: Annual MW Capacity Savings (Performance Incentive Mechanism)
- Distributed Energy Resources: Installed Energy Storage Capacity (Tracking)
- Distributed Energy Resources, CO2: Electric Vehicles (Tracking subject to further review at end of year 1)
- Distributed Energy Resources: Light Duty Government and Commercial Fleet Electrification (Tracking subject to further review at end of year 1)
- PST Enablement: Awarded Low-income and Multi-unit EVSE Sites (Tracking)
- DG Interconnections (Tracking)
- DG-Friendly Substation Transformers (Tracking)
- Utilization of EVSE in Low-income Areas (Tracking)
- Reduction of Uncollectable Debt (Tracking)
- Increased Stability of Service through Increased Enrollment in the Low-Income Discount (Tracking)
- NPP Residential Customer Demand Response Participation (Tracking)

The capital efficiency metric was not approved in Docket No. 4770, but instead, will be considered in Docket No. 4857. Given that additional modifications to the metric may occur through Docket No. 4857, it is premature to speculate on any relationship between the action identified in Table 14 and any eventual capital efficiency metric. Because the actions are discrete steps that must be completed in 2019 and are not tied directly to the system impacts of specific NWA projects, interaction with a capital efficiency metric such as that being considered in Docket No. 4857 would be unlikely.

PUC 2-19

Request:

Referencing Table 14 on Bates page 55, please provide the benefits and net benefits for each of the three action-based incentives.

Response:

Referencing Table 14 on Bates page 55, the two Rhode Island System Data Portal (Portal) action items in the SRP Incentive Mechanism provide qualitative benefits to the Portal web tool. Completing these two action items will allow for greater availability of information regarding potential installation locations for electric vehicle (EV) charging stations and potential areas where non-EVs may be converted to EVs.

Currently, there are no identified quantitative benefits for completing these action items because this additional work provides information-only forecasting.

Please see the Company's response to PUC 2-2 for an explanation of benefits of the third item regarding the South County East NWA Projects.

PUC 2-22

Request:

Referencing Table 16, please explain what “On Track, Not Yet” means and whether the Company expects to earn an incentive on these categories in the future.

Response:

Regarding Table 16 on page 62 of the 2019 SRP Report, the terminology “On Track, Not Yet” in the “Action Completed?” column refers to the status of the specific SRP Incentive Item. Specifically, the term “On Track, Not Yet” is used to indicate that, at the time, the action item had not yet been completed but was on track for completion by the target due date. Additionally, Table 16 and the corresponding Section 13.2 is a preliminary informational snapshot regarding the potential incentive earnings to date for the 2018 calendar year. The proposal for incentive earnings will be in the 2020 SRP Report because the full calendar year 2018 will have passed by the time the Company develops and files the 2020 SRP Report.

The Company does expect to earn an incentive on the two SRP Incentive Items categorized as “On Track, Not Yet” in the 2019 SRP Report. These items are labeled as “Complete DG-Focused Map” and “Issue at least two new RFPs for NWA Resources”.

PUC 2-22

Request:

Referencing Table 16, please explain what “On Track, Not Yet” means and whether the Company expects to earn an incentive on these categories in the future.

Response:

Regarding Table 16 on page 62 of the 2019 SRP Report, the terminology “On Track, Not Yet” in the “Action Completed?” column refers to the indicated SRP Incentive Item status, specifically, that the action item at the time was on track for completion, but not yet completed. Additionally, Table 16 and the corresponding Section 13.2 is a preliminary informational snapshot regarding the potential incentive earnings to date for the 2018 calendar year. The proposal for incentive earnings will be in the 2020 SRP Report because the full calendar year 2018 will have passed by the time the Company develops and files the 2020 SRP Report.

The Company does expect to earn an incentive on the two SRP Incentive Items categorized as “On Track, Not Yet” in the 2019 SRP Report. These items are labeled as “Complete DG-Focused Map” and “Issue at least two new RFPs for NWA Resources”.

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PUC 2-23

Request:

Please check footnote 41 for accuracy.

Response:

Footnote 41 should state "From page 37 of this Report."

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PUC 2-24

Request:

Referencing Bates page 58 and the Tiverton-Little Compton Project, is the Company's proposal to earn an incentive of \$113,363 (20%) in 2020 or is it apportioned over the life of the project. Please explain.

Response:

The Company's proposal to earn an incentive of \$113,363 (20% of Tiverton-Little Compton NWA Project Net Benefits, as detailed in Section 9.5 of the 2019 SRP Report) in 2020 will be apportioned over the life of the project. The life of the project is four years, from 2019 to 2022.

The reason for apportioning the incentive payment over the life of the project is so that the Company only earns savings-based incentive earnings for years during which it successfully implements and operates the project. For example, if there is a year during which the DER solution does not successfully address the specified need or its implementation fails (vendor company dissolved, equipment failure, etc.), then the Company would not earn the apportioned incentive earning for that year.