

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

**IN RE: THE NARRAGANSETT ELECTRIC :
COMPANY d/b/a NATIONAL GRID’S 2019 : DOCKET NO. 4889
SYSTEM RELIABILITY PROCUREMENT :
PLAN :**

REPORT AND ORDER

On October 15, 2018, The Narragansett Electric Company d/b/a National Grid (National Grid or Company) filed with the Public Utilities Commission (PUC) the System Reliability Procurement Plan for 2019 (2019 SRP Report).¹ The 2019 SRP Report was jointly submitted as a Stipulation and Settlement between National Grid and the participating members of the Energy Efficiency Subcommittee of the Energy Efficiency Resources Management Council (EERMC).²

After careful review and consideration of the filings, the PUC rejected the proposals put forth in the 2019 SRP Report.

I. System Reliability Procurement Report for 2019

The basis for least cost procurement of system reliability in Rhode Island is the Comprehensive Energy Conservation, Efficiency, and Affordability Act of 2006, R.I. Gen. Laws. § 39-2-1.2, and the System Reliability and Least-Cost Procurement statute (Least Cost

¹ National Grid’s SRP Plan for 2019; [http://www.ripuc.ri.gov/eventsactions/docket/4889-2019-NGrid-SRPReport\(10-15-18\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/4889-2019-NGrid-SRPReport(10-15-18).pdf). All filings in this docket are available at the PUC offices, located at 89 Jefferson Boulevard, Warwick, Rhode Island or at <http://www.ripuc.ri.gov/eventsactions/docket/4889page.html>.

² The EERMC is an independent stakeholder council, which oversees the development and implementation of National Grid’s system reliability plans and programs. The participating members of the Energy Efficiency Subcommittee signing onto the Settlement with National Grid are the Division of Public Utilities and Carriers (Division), the Office of Energy Resources (OER), the EERMC, and Acadia Center. The EERMC reviewed and approved the 2019 SRP Plan, finding that it was cost effective and lower cost than the acquisition of additional supply. See Cost Effectiveness Report: National Grid’s 2019 Energy Efficiency and System Reliability Procurement Plan (Cost Effectiveness Report); [http://www.ripuc.ri.gov/eventsactions/docket/4888-4889-EERMC-CostEffectiveReport\(10-30-18\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/4888-4889-EERMC-CostEffectiveReport(10-30-18).pdf).

Procurement), R.I. Gen. Laws § 39-1-27.7, which provide for Rhode Island to identify and procure cost-effective customer-side resources with a focus on alternative solutions to the traditional supply options. The Least Cost Procurement statute further provides that system reliability resources are intended to include the procurement of energy from diverse sources, distributed generation, and demand response.³ The Least Cost Procurement statute encourages the investment in system reliability and energy efficiency and conservation procurement activities that meet the electrical and natural gas energy needs in Rhode Island, in a manner that is optimally cost-effective, reliable, prudent, and environmentally responsible.

National Grid submitted the 2019 SRP Report pursuant to the Least Cost Procurement Standards (LCP Standards) and the revised System Reliability Procurement Standards (SRP Standards).⁴ These Standards guide the PUC in the exercise of its authority over energy efficiency and system reliability procurement.

National Grid requested approval for eight distinct proposals in the 2019 SRP Plan:

- 1.) Updates to the Rhode Island System Data Portal (Portal). National Grid proposed additions to the Portal including identifying the locations where electric vehicle (EV) level 3 charging stations could be installed without negatively affecting the health or rating of an electric grid feeder, identifying areas where large non-EV public transportation fleets are located to forecast where potential fleet conversion may occur, and including information from area studies on the Portal.⁵
- 2.) Market Engagement with Non-Wire Alternatives (NWA). National Grid proposed a marketing and engagement plan to promote awareness of the Portal and promote incentives available through existing Company and State programs.⁶

³ R.I. Gen. Laws § 39-1-27.7(a)(1)(i)-(iii).

⁴ The LCP Standards were approved by the PUC in Docket No. 4684 and the SRP Standards were approved in Docket No. 4443.

⁵ 2019 SRP Plan at 18-19.

⁶ *Id.* at 19-20.

- 3.) Tiverton Non-Wire Alternative Pilot. National Grid proposed closing out the Tiverton Non-Wire Alternative (NWA) Pilot and conducting a final evaluation. The purpose of the Tiverton NWA Pilot was to utilize demand response efforts to curtail load in the towns of Tiverton and Little Compton.⁷
- 4.) Tiverton-Little Compton NWA Project. National Grid proposed to reissue a Request for Proposal (RFP) for a potential NWA opportunity to provide load relief for Tiverton and Little Compton.⁸
- 5.) South County East NWA Projects. National Grid proposed issuing RFPs to address electrical distribution system needs in the South County East area (towns of Exeter, Narragansett, and South Kingstown).⁹
- 6.) Customer Facing Program Enhancement Study. National Grid proposed a study to evaluate and test new approaches to incentivize customer behavior to address distribution level constraints.¹⁰
- 7.) Rhode Island Locational Incentives. National Grid proposed a mechanism to provide financial incentives based on location to the solution provider of the winning project bid of an NWA RFP.¹¹
- 8.) Incentive Mechanism Proposal. National Grid proposed a mechanism to provide incentive to the Company for completion of action-based and savings-based metrics for work completed through the 2019 SRP Plan.¹²

National Grid requested a budget for the 2019 SRP Plan in the amount of \$439,300 of which \$124,800 was for Market Engagement with NWAs; \$109,500 was for the Tiverton-Little Compton NWA Project; \$30,000 was for the South County East Non-Wire Alternative Projects; and \$175,000 was for the Customer Facing Enhancement Study. In addition, pursuant to the Incentive Mechanism Proposal, Nation Grid would earn an incentive of up to 6% of the 2019

⁷ *Id.* at 23-27.

⁸ *Id.* at 30.

⁹ *Id.* at 33.

¹⁰ *Id.* at 35-45.

¹¹ *Id.* at 46-54.

¹² *Id.* at 55-58.

SRP budget for implementing updates to the Portal and completing certain milestones regarding the South County East NWA Projects according to timelines proposed in the Plan.¹³

II. Testimony and Hearing

National Grid submitted the Joint Pre-filed Testimony of Matthew Chase, Ryan Constable, Stephen Lasher, and Timothy Roughan.¹⁴ The witnesses jointly explained that the 2019 SRP Report was designed to meet system performance objectives and customer service requirements, which National Grid must address as part of its public service obligation. The witnesses provided further background and explanation of the categories of investment National Grid planned to undertake and detailed the specific projects that would be undertaken pursuant to the 2019 SRP Report. The witnesses also explained National Grid's decision to remove the Tiverton-Little Compton NWA Project from the 2019 SRP Report. National Grid re-evaluated the loading concern in early December of 2018, which is the basis of this project, and concluded that the loading concern has been mitigated through distributed generation development.¹⁵

The PUC conducted a hearing on December 10, 2018, to further examine National Grid and witnesses for the Division, OER, and the EERMC.¹⁶ Witnesses for the Division, OER, and the EERMC all testified in support of the proposals contained in the 2019 SRP Report.¹⁷ Mr.

¹³ *Id.*

¹⁴ Matthew Chase is employed by National Grid USA Service Company, Inc. (Service Company) as an Engineer, Customer Reliability Analytics and NWA Solutions. Ryan Constable is employed by the Service Company as a Consulting Engineer in Grid Modernization Solution. Stephen Lasher is employed by the Service Company as a Principal Engineer in the Grid Modernization Solutions Group under the US Electric Business Unit. Timothy Roughan is employed by the Service Company as the Director of Regulatory Strategy for Rhode Island. *See Joint Pre-filed Testimony*, submitted on December 4, 2018, available at the PUC offices, located at 89 Jefferson Boulevard, Warwick R.I. or at [http://www.ripuc.ri.gov/eventsactions/docket/4889-NGrid-2019-SRP-Joint-Testimony-\(PUC-12-4-18\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/4889-NGrid-2019-SRP-Joint-Testimony-(PUC-12-4-18).pdf).

¹⁵ *Joint Pre-filed Testimony* at 18-20.

¹⁶ Jonathan Schrag testified for the Division. Dr. Carrie Gill testified for the OER. Jeffrey Loiter testified for the EERMC.

¹⁷ SRP Hr'g Tr. at 191-200 (Dec. 12, 2018)

Loiter reiterated that the EERMC believed that the proposed activities in the 2019 SRP Report benefitted ratepayers.¹⁸

III. Commission Findings

At an Open Meeting on December 20, 2018, the PUC, after careful review and consideration of the filings and testimony, voted unanimously to reject all of the proposals put forth in the 2019 SRP Report.

Specifically, the PUC rejected the proposed updates to the Portal as the Company failed to demonstrate that there were benefits for adding the new information to the Portal. Without a demonstration of benefits, the PUC could not compare the costs of adding the updates to the potential benefits. In addition, the PUC found that the Company already had sufficient funding and staff to make the updates and noted that it had recently approved increased funding and staff in Docket 4770, the Company's distribution rate case. The PUC similarly rejected the additional funding for the South County East NWA Projects, and again noted that the Company failed to demonstrate that it did not already have funding for the resources to engage in this project.

In rejecting the Market Engagement with Non-Wire Alternatives proposal, the PUC again found that the Company already receives funding in other programs to engage in these activities. The PUC stated that National Grid should submit a new budget for this proposal, removing the portion of the marketing budget involving the Renewable Growth Program and the Energy Efficiency Program.

¹⁸ Mr. Loiter further explained that the cost-effectiveness conclusion contained in the EERMC's Cost Effectiveness Report was no longer applicable due to National Grid's withdrawal of the Tiverton-Little Compton NWA Project. SRP Hr'g Tr. at 199-200.

The PUC rejected the Customer Facing Program Enhancement Study and found the proposal duplicative of efforts that National Grid was undertaking in other jurisdictions. The PUC further noted that the Company had not demonstrated why this project could not have been undertaken with proportionate cost-sharing between those jurisdictions and Rhode Island. The PUC rejected the Rhode Island Locational Incentives and noted that, while the Company was not requesting funding for this proposal, the proposal was premature. The PUC explained that it would review methodologies, deferral value, and cost sharing when it received a benefit-cost analysis for specific proposals and a request for funding.

Finally, the PUC moved to approve an SRP credit factor of \$0.00005, which took into account the rejection of the funding requests for \$30,000 for the South County East NWA proposal and \$175,000 for the Customer Facing Enhancement Study. The PUC also discussed the timing and content of the SRP Report filing and stated that it would study whether more time should be allowed for the EERMC and other stakeholders to review the annual filing and whether the SRP Report should be more closely aligned with other filings, in particular the annual Infrastructure, Safety, and Reliability Plan.

Accordingly, it is hereby

(23776) ORDERED:

1. The proposals put forth in the System Reliability Procurement Plan for 2019 are rejected.
2. National Grid's System Reliability Procurement credit factor of \$0.0005 per kWh is hereby approved for effect on and after January 1, 2019.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JANUARY 1, 2019
PURSUANT TO AN OPEN MEETING DECISION ON DECEMBER 20, 2018.
WRITTEN ORDER ISSUED APRIL 16, 2020.

PUBLIC UTILITIES COMMISSION



Margaret E. Curran

Margaret E. Curran, Chairperson

Marion S. Gold

Marion S. Gold, Commissioner

Abigail Anthony

Abigail Anthony, Commissioner

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws § 39-5-1, any person aggrieved by a decision or order of the PUC may, within 7 days from the date of the Order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or Order.