



State of Rhode Island
Division of Public
Utilities & Carriers

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October 11, 2019

Maggie Hogan, Esq.
Deputy Chief of Legal Services, PUC
89 Jefferson Blvd.
Warwick, RI 02888

Re: Docket Nos. 4816 and 4963

Dear Ms. Hogan,

Enclosed please find the Division's Responses to the First Set of Data Requests propounded to the Division by the Commission in Docket Nos. 4816 and 4963. The Division writes briefly to provide the Commission with a summary of some of the work the Division and National Grid have undertaken in connection with the LRP and GCR filings since the conclusion of last year's GCR (Docket No. 4872). The Division hopes this summary will provide greater context to the responses in view of the Commission's inquiries.

Since the hearing in Docket No. 4872 concluded last October, the Division and National Grid have worked together in mutually cooperative manner to address many of the concerns raised by Mr. Oliver in that docket. After several months of discussions, on February 20, 2019, the Division and National Grid filed a Joint Memorandum with the Commission in Docket No. 4816. Among other things, the Joint Memorandum synchronizes the timing of the Company's LRP and GCR submissions/filings, requires the submission/filing of the LRP with the Division and Commission on an annual basis, and identifies types of cost data and information the Company should include in its LRP submission/filing. The Joint Memorandum also establishes a process for the Commission to review long-term commitments that meet certain triggering criteria. Although the Joint Memorandum was not approved through a formal administrative proceeding, the Division and the Company have agreed to adhere to the terms of the Joint Memorandum as much as possible.

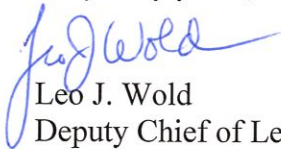
On July 2, 2019, National Grid submitted a Gas Long-Range Resource and Requirements Plan for the Forecast Period 2019/20 to 2023/24 (“2019 Annual LRP”) to the Division pursuant to the Joint Memorandum. The 2019 Annual LRP provides much greater transparency than past LRPs, providing the Division with information and data in a format that facilitates the Division’s assessment of the Company’s overall gas planning and its GCR filing.

Additionally, pursuant to the Joint Memorandum, by correspondence dated September 13, 2019, National Grid requested the Division to review and approve certain long-term agreements by October 31, 2019. The Division’s review of the agreements is ongoing. In performing its review, where appropriate, the Division will work with the Company to assess the information relating to the cost of alternatives for each proposed long-term agreement that has been submitted to the Division. The Division will provide the Company with an appropriate response by the requested deadline.

The Division hopes this correspondence provides the Commission with an explanation of the work the Division and the Company have undertaken since the conclusion of Docket No. 4872 and gives greater context to the responses enclosed with this correspondence.

Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Leo J. Wold".

Leo J. Wold
Deputy Chief of Legal Services, DPUC

e) Adequate information concerning peak load requirements and both the fixed and variable costs to serve peak load requirements?

RESPONSE

The Annual LRP dated July 2, 2019 that was submitted to the Division substantially provides cost information and data required by the Joint Memorandum filed in Docket No. 4816. The Division and NGrid continue to work cooperatively to refine what additional information and data should be reflected in future LRP's. In particular, the Division is working with NGrid so that next year's LRP also provides data and information that reflects one effective annual fixed cost per path/resource plus estimated all-in-cost for each path/resource and how the costs for each path is assigned to FT-1, FT-2 and GCR.

PUC 1-2

In the 2018 GCR, Docket No. 4872, (at page 157-158 of the October 25, 2018 transcript), the Division expressed its concerns about the Company's application of its rule curve.

a) Does the June 2019 Long Range Plan adequately address this concern over the Company's assessment of peak requirements? Please explain.

RESPONSE

The Annual LRP dated July 2, 2019 that was submitted to the Division substantially provides information and data regarding NGrid's assessment of its peak requirements as required by the Joint Memorandum filed in Docket No. 4816.

PUC 1-3

In the 2018 GCR, Docket No. 4872, (at page 176-177 of the October 25, 2018 transcript), the Division expressed its concerns about the Company's assessment of peak requirements. Mr. Oliver indicated more explicit cost information is necessary. He also stated that more information about the cost of alternatives is needed.

a) Does the June 2019 Long Range Plan adequately address this concern over the Company's assessment of peak requirements? Please explain.

b) Does the June 2019 Long Range Plan provide sufficient information concerning the costs of alternatives? Please explain.

c) Does the June 2019 plan adequately address Mr. Oliver's concerns regarding capacity exempt customers and capacity eligible customers?

RESPONSE

a) See Division Response to PUC 1-2.

b) Pursuant to the Joint Memorandum, on September 13, 2019, NGrid forwarded the Division correspondence requesting agency "review and approval" of certain long-term agreements. The Memorandum (rather than the Annual LRP dated July 2, 2019) provides that NGrid should, among other things, identify "what alternatives have or have not been studied and why, prior to commitment." The Division is currently undertaking a review of NGrid's request and will work with the Company to assess the sufficiency of the information relating to the cost of alternatives for each proposed long-term agreement that has been submitted to the Division.

c) The Annual LRP dated July 2, 2019 that was submitted to the Division provides much more transparency regarding the requirements of capacity exempt customers and capacity eligible customers.

PUC 1-4

Is the Division satisfied that the June 2019 Long Range Plan adequately examined Mr. Oliver's concerns regarding planning alternatives (See page 180 of the October 25, 2018 transcript) such as:

- a) Contracting for more pipeline capacity?
- b) Expansion of LNG capabilities?
- c) Changes to parameters of the GPIP and NGPMP?
- d) Greater access to liquid markets for spot gas alternatives?

RESPONSE

The Annual LRP dated July 2, 2019 that was submitted to the Division provides much more transparency regarding the Company's subjects designated in a), b), c) and d) above. The Division continues to work with the Company to discuss the above subjects with the Company on an ongoing basis in a number of related matters.

PUC 1-5

In the 2018 GCR, Docket No. 4872, (at page 184 of the October 25, 2018 transcript), Mr. Oliver opined that the "whole record needs to be developed much better."

- a) Is the Division satisfied that the June 2019 Long Range Plan provides sufficient development of the record going into this year's GCR?
- b) Does the Plan adequately address weather uncertainties?

RESPONSE

a) Although the Division's review of the NGrid's 2019 GCR filing is ongoing, at this time the Division believes that the greater transparency afforded by the July 2, 2019 LRP will assist in furthering development of the record in this year's GCR proceeding. As set forth herein and its GCR direct testimony the Division is recommending further improvements to the LRP, which in turn, will assist in developing the record in next year's GCR.

b) The Annual LRP dated July 2, 2019 that was submitted to the Division provides design year and design day planning standards that "address weather uncertainties". The Division's assessment of the reasonableness of these standards is ongoing.

PUC 1-6

At page 5 of Mr. Oliver's February 22, 2018 memo to the Commission on behalf of the Division in Docket 4719, he discusses the need for "examination of alternatives for further insulating gas sales customers from exposure to large interim rate adjustments." He identified four regulatory policy options:

- (1) encouragement of greater use of gas demand side management options;
- (2) greater penalties for marketers whose customers use gas in excess of the marketer's deliveries on high send-out days;
- (3) encouragement for customers to utilize interruptible gas services; and
- (4) development of curtailment plans under which non-essential gas uses could be curtailed during extremely high-priced periods for incremental market area gas purchases.

Is the Division satisfied that the June 2019 Long Range Plan addresses each of these policy options?

RESPONSE

Subject to the Division's comments set forth herein, the Annual LRP dated July 2, 2019 that was submitted to the Division substantially satisfies the requirements of the Memorandum. Neither the Memorandum nor the Annual LRP dated July 2, 2019 directly address policy options (1)-(4) above. The Division continues to consider the adoption of policy options (1)-(4) on an ongoing basis and will work with NGrid to consider their adoption in other matters as appropriate.