



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Rhode Island Division of  
Public Utilities and Carriers  
89 Jefferson Blvd.  
Warwick RI 02888  
(401) 941-4500

November 15, 2019

Luly Massaro, Commission Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Blvd.  
Warwick, R.I. 02888

**In Re: Docket No. 4980-- The Narragansett Electric Company dba National Grid 2020  
System Reliability Procurement Report**

Dear Luly,

Please find for filing with the Commission, an original and nine (9) copies the State of Rhode Island Division of Public Utilities & Carriers (DPUC) Comments in support of the 2020 System Reliability Procurement Plans (the "Plan") filed by National Grid on October 16, 2019. The Division urges the Rhode Island Public Utilities Commission to approve the Plan filed in Docket 4980.

I appreciate your anticipated cooperation in this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jon G. Hagopian".

Jon G. Hagopian, Esq.  
Deputy Chief Legal Counsel



State of Rhode Island  
Division of Public  
Utilities & Carriers

November 15, 2019

Chairperson Margaret E. Curran  
Commissioner Marion Gold  
Commissioner Abigail Anthony  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, Rhode Island 02888

**Re: Docket #4980 – 2020 System Reliability Procurement Plan Comments**

This letter provides the Division's comments on National Grid's System Reliability Procurement (SRP) filing. The Division supports the proposed Plan and offers the following additional considerations.

First, the Division believes that Non-Wires Alternatives (NWAs) are an established and reliable tool that National Grid should integrate into its capital planning process to provide safe and reliable service at the least cost to ratepayers. The SRP program has been the impetus for the Company to consider NWAs in place of conventional capital investments in its distribution system. The SRP process has served the purpose of focusing attention on the Company's distribution planning processes. To date, there have been very few NWA proposals that have arisen, which has resulted in the Division evaluating more closely the way the Company engages in its capital planning processes. The Division has convened quarterly meetings with the Company and the Office of Energy Resources to assess these structural aspects of how NWAs are integrated into the capital planning process. This is particularly significant in the context of the Company's annual capital spending plan that is filed through the annual Infrastructure, Safety, and Reliability (ISR) process. In the future, the Division believes it will become increasingly important for the evaluation of NWA's to be better integrated into the ISR planning processes. Today, regulatory consideration of NWAs largely occurs through the SRP review process as a separate undertaking. The Division believes it is imperative that the two processes (consideration of NWAs and ISR planning) be more directly linked together for distribution planning purposes. Rather than a retreat from use of NWAs, the Division's perspective that NWAs should be integrated with the existing ISR process is based on an awareness that energy efficiency, demand response and distributed generation have become more widely accepted and deployed in the years since the SRP process was first established. The Division will be pursuing opportunities for this closer coordination with the Company and stakeholders in the next calendar year.

Second, the Division remains a strong supporter of the intent of the System Data Portal to provide information to market participants to optimize the location, size and operation of distributed energy resources and to integrate projects with the distribution system planning



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process. The Division remains open to opportunities to update, revise or alter the delivery of that information.

Third, the Company's filing identifies an "accounting error" on page 8 of the filed testimony which the Company states resulted in an "over-apportioning" of funds to the SRP programs over a period of years. The Company then made a retroactive adjustment to the annual Energy Efficiency and SRP account balances which, in turn, resulted in a large under-collection and negative balance for the SRP for 2020. The Division has been engaged in discussions with the Company to obtain a clearer understanding about what occurred, especially given this counter-intuitive result. The Division is now evaluating how the Company has been tracking expenditures and allocating revenues in the process of calculating the annual Energy Efficiency and SRP factors. The Company owes the Division more information on this inquiry. Based on the incidence of this accounting error, the Division is recommending enhanced financial reporting requirements for the Energy Efficiency and SRP programs. The Division expects to receive more data and information prior to the scheduled hearing date of December 10. After the review is complete, the Division will file any necessary supplemental comments summarizing the outcome of the Division's review, including any recommendations that may result from the evaluation of the Company's current SRP accounting practices. Since the size of the SRP program is extremely small this year, the resolution of this matter should not be an obstacle to the Commission approving the substantive proposals contained in the filing.

Respectfully,

Jonathan E. Schrag