

March 12, 2020

BY HAND DELIVERY AND ELECTRONIC MAIL

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

**RE: Docket 5015 – Review of Least Cost Procurement Standards (LCPS)
National Grid’s Comments**

Dear Ms. Massaro:

I have enclosed 10 copies of National Grid’s¹ comments to the Least Cost Procurement Standards.

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

Sincerely,



Raquel J. Webster

Enclosures

cc: Jon Hagopian, Esq.
John Bell, Division

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

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

PUBLIC UTILITIES COMMISSION

LEAST-COST PROCUREMENT STANDARDS

Commented [TJ1]: For increased clarity, edits follow the legislative style with the addition of:

National Grid Energy Efficiency and Conservation-focused edits are highlighted in yellow

National Grid SRP-focused edits are highlighted in blue

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CHAPTER 1 – Least-Cost Procurement

1.1. Purpose

- A. Least-Cost Procurement comprises System Reliability Procurement, Energy Efficiency and Conservation Procurement as provided for in R.I. Gen. Laws § 39-1-27.7 and Supply Procurement as provided for in R.I. Gen. Laws § 39-1-27.8.
- B. System Reliability Procurement, Energy Efficiency and Conservation Procurement, and Supply Procurement are distinct activities with the common purpose of meeting electrical and natural gas needs in Rhode Island in a manner that is optimally cost-effective, reliable, prudent, and environmentally responsible.
- C. Pursuant to R.I. Gen. Laws § 39-1-27.7(a), the Public Utilities Commission (PUC) adopts standards and guidelines for System Reliability Procurement and Energy Efficiency and Conservation Procurement. To the extent possible, these standards shall apply to any System Reliability Procurement and Energy Efficiency and Conservation Procurement as defined below, including proposals of such procurement outside of the System Reliability Procurement Plans and Energy Efficiency and Conservation Procurement Plans described below.
- D. Pursuant to R.I. Gen. Laws § 39-1-27.7(c)(2), the PUC adopts standards for System Reliability Procurement Plans and Energy Efficiency and Conservation Procurement Plans. Standards for Plans shall apply to the Plans described in Chapters 3 and 4.
- E. The PUC's guidance on rate design, goals for the electric system, and benefits and costs shall apply to both electric and natural gas System Reliability Procurement and Energy Efficiency and Conservation Procurement, as defined below and to the extent possible.¹

1.2. Definitions

A. Energy Efficiency Procurement

Procurement of a resource that provides ~~electric, or gas~~ energy supply through measures that use less energy to meet demand while providing the same ~~or better~~ end-use performance.

B. Conservation Procurement

Procurement of a resource that avoids ~~of~~ energy use by reducing end-use performance or that avoids energy costs by displacing high-cost energy use with low-cost energy use.

C. System Reliability Procurement

Procurement of a resource that ~~mitigates or solves a distribution system need or optimizes distribution system performance. System reliability may be procured for the electric and/or natural gas distribution systems. meets the reliability needs of, or optimizes the performance of, the electric or natural gas delivery system while~~

Commented [BT(2)]: Recommend we consider inclusion of natural gas

¹ The application would not apply to instances in which realities and conditions in the gas utility are not reasonably analogous to the electric utility. Per the definition of System Reliability Procurement, the application would not apply to all gas system procurement proposals (for example the annual Gas Infrastructure, Safety, and Reliability Plans) or gas supply procurement, but would only apply to portions of those proposals that met the procurement definitions in Section 1.2.

reducing or avoiding procurement of an alternative resources that increases the capacity of the delivery system.

Commented [BT(3)]: Capacity might not be the best word

D. Non-Wires Alternative (NWA)

Any targeted electric grid investment, whether an action, strategy, program, or technology, that is intended to defer or remove the need to construct or upgrade components of an electric distribution and/or transmission system, or “wires investment”. These NWA investments may be procured through a market-competitive process or a company-sourced process, both of which are technology agnostic.

E. Non-Pipes Alternative (NPA)

Any targeted natural gas network investment, whether an action, strategy, program, or technology, that is intended to defer or remove the need to construct or upgrade components of a gas distribution and/or transmission system, or “pipes investment”. These NPA investments may be procured through a market-competitive process or a company-sourced process, both of which are technology agnostic.

F. Electric Distribution System Needs

Electric Distribution system needs shall encompass the electric and gas systems and shall include, but are not limited to: system capacity (normal and emergency), voltage performance, reliability performance, protection coordination, fault current management, reactive power compensation, asset condition assessment, distributed generation constraints, and operational considerations. Note that not all system needs can be addressed by NWAs or NPAs.

Commented [BT(4)]: Placeholder. Comes from definitions in existing SRP standards. Eliminate or consider a definition inclusive of natural gas.

G. Optimization of Grid Distribution System Performance

Optimizing grid performance refers to a Activities undertaken to improve the performance and efficiency of the electric distribution system by the distribution company. Performance improvements can include but are not limited to enhanced reliability, peak load reduction, and increased capacity utilization for more efficient use of assets. More efficient delivery of electricity or natural gas can include optimization of operations and reduced system losses. Costs and data requirements associated with these optimization activities should be considered.

Commented [BT(5)]: Placeholder. Comes from definitions in existing SRP standards. Eliminate or consider a definition inclusive of natural gas.

H. Cost-effectiveness

The measure of a resource’s benefits divided by costs as defined in the Rhode Island Benefit Cost Test.

I. Rhode Island Benefit Cost Test (RI Test)

All rows in the first column of the Rhode Island Benefit Cost Framework (RI Framework) provided in Appendix B of the Stakeholder Working Group Process Report to the Rhode Island Public Utilities Commission in Docket No. 4600² and adopted by the PUC as in Docket No. 4600A Public Utilities Commission’s Guidance on Goals, Principles and Values for Matters Involving The Narragansett

² See http://www.ripuc.ri.gov/eventsactions/docket/4600-WGReport_4-5-17.pdf.

Electric Company d/b/a National Grid.³

J. Cost Test

An assessment practice that compares a set of costs and benefits that are relevant to a defined point of view.

K. Cost of Supply

The cost of electric or natural gas energy supply that includes all rows in the Rhode Island Benefit-Cost RI Framework that are costs caused by or associated with the procurement of energy supply, whether internal or external to the market cost of energy.

L. Cost of Energy Efficiency

The cost of electric or natural gas energy efficiency that includes all rows in the Rhode Island Benefit-Cost RI Framework that are costs caused by or associated with the procurement of energy supply, whether internal or external to the market cost of efficiency.

M. Three-Year Least-Cost Procurement Report

Least-Cost Procurement findings and recommendations of the Office of Energy Resource (OER) and the Energy Efficiency Resource Management Council (Council) filed triennially, either jointly or separately, to the PUC pursuant to R.I. Gen. Laws § 39-1-27.7(c)(1).

N. Three-Year ~~Least-Cost~~ Energy Efficiency and Conservation Procurement Plan

The distribution company's plan document that details three-year goals, budgets, performance incentive opportunity, and planned energy efficiency and conservation program offerings in accordance with Section 3.3.

Commented [CM6]: Specifying to energy efficiency and conservation, in line with having a separate SRP 3YP

Commented [TJ7]: Draft definition following from changes to subsection 3.3 – refers to applicable subsection for majority of the definition

O. Annual Energy Efficiency and Conservation Procurement Plan

The distribution company's plan for annual updates or changes to implementation of energy efficiency and conservation programs that builds on the Three-Year Least-Cost Procurement Plan including updates to the fully reconciling funding mechanism in accordance with Section 3.4.

Commented [TJ8]: Draft definition following from changes to subsection 3.4 – refers to applicable subsection for majority of the definition

P. Three-Year System Reliability Procurement Plan

The distribution company's plan document that details three-year goals, performance incentive opportunity, and planned System Reliability Procurement projects and programs in accordance with Section 4.3.

Commented [CM9]: Draft definition of SRP's 3YP.

Q. Annual System Reliability Procurement Report

The distribution company's report that details annual updates or amendments to implementation of System Reliability Procurement projects or programs that builds on the Three-Year System Reliability Procurement Plan including updates to budgets for existing System Reliability Procurement investments and the fully reconciling funding mechanism in accordance with Section 4.4.

Commented [CM10]: Draft definition of SRP's annual plan.

³ See <http://www.ripuc.ri.gov/eventsactions/docket/4600A-GuidanceDocument-Final-Clean.pdf>.

R. System Reliability Procurement Investment Proposal

The distribution company's plan document that details an investment proposal, including proposed budget and performance incentive plan, for System Reliability Procurement projects or programs for the Company's distribution system in accordance with Section 4.5.

Commented [CM11]: Draft definition for SRP Investment Proposal

1.3. Standards

- A. Least-Cost Procurement shall be cost-effective, reliable, prudent, and environmentally responsible. Least-Cost Procurement that is specifically Energy Efficiency Procurement shall also be lower than the cost of additional energy supply.
- B. When preparing any cost test or resource assessment, including the RI Test, the following principles will be applied:
- i. **Efficiency as a Resource.** ~~EE is one of many resources that can be deployed to meet customers' needs. It should, therefore, be compared with both s~~Supply-side and demand-side alternative energy resources should be compared in a consistent and comprehensive manner.
 - ii. **Energy Policy Goals.** ~~Rhode Island's cost effectiveness~~ Cost tests should be created using the RI Framework and account for ~~its~~ applicable policy goals, as articulated in legislation, PUC orders, regulations, guidelines, and other policy directives. Cost tests should show which RI Framework categories are applicable to the cost test and which are not.
 - iii. **Hard to Quantify Impacts.** ~~Efficiency assessment practices~~ Cost tests should account for all relevant, important impacts, even those that are difficult to quantify and monetize. Where applicable cost or benefit categories cannot be quantified, such categories should be qualitatively assessed.
 - iv. **Symmetry.** ~~Efficiency assessment practices~~ Cost tests should be symmetrical, for example, by including both costs and benefits for each relevant type of impact.
 - v. **Forward Looking.** Analysis of the impacts of ~~efficiency~~ investments should be forward-looking, capturing the difference between costs and benefits that would occur over the life of ~~efficiency measures~~ the investments with those that would occur absent the ~~efficiency~~ investments. Sunk costs and benefits are not relevant to a cost-effectiveness analysis.
 - vi. **Transparency.** ~~Efficiency assessment practices~~ Cost tests should be completely transparent, and should fully document and reveal all relevant inputs, assumptions, methodologies, and results.
- C. Cost-Effective
- i. The PUC shall determine cost-effectiveness in a manner consistent with the PUC's Guidance Document issued in Docket No. 4600A.
 - ii. The distribution company shall assess the cost-effectiveness of measures, programs, and portfolios of Least-Cost Procurement according to the ~~Rhode Island Benefit Cost Test (RI Test) that was approved by the Public Utilities Commission (PUC) in Docket 4600.~~ All categories of the RI Test are applicable, although some

categories may have no or unknown value. The distribution company shall, after consultation with the Council, propose provide the specific benefits and costs from the Rhode Island Benefit Cost Framework to be reported, and benefit- and cost-factors to be included, in determining the RI Test ratio, and include them in Energy Efficiency Plans. These benefits should include resource impacts, non-energy impacts, distribution system impacts, economic development impacts, and the value of greenhouse gas reductions, as described below. The accrual of specific non-energy impacts to only certain programs or technologies, such as income-eligible programs or combined heat and power, may be considered.

Commented [BT(12)]: Redundant since the RI Test already includes this

iii. With respect to the value of greenhouse gas reductions, the RI Test shall include the costs of CO₂ mitigation as they are imposed and are projected to be imposed by the Regional Greenhouse Gas Initiative. The RI Test shall also include any other utility system costs associated with reasonably anticipated future greenhouse gas reduction requirements at the state, regional, or federal level for both electric and gas programs. A comparable benefit for greenhouse gas reduction resulting from natural gas or delivered fuel energy efficiency or displacement may be considered. The RI Test may include the value of greenhouse gas reduction not embedded in any of the above. The RI Test may also include the costs and benefits of other emissions and their generation or reduction through Least-Cost Procurement.

Commented [BT(13)]: Possibly redundant

iv. Benefits and costs that are projected to occur over the term of the Energy Efficiency Plans Least-Cost Procurement investment shall be stated in present value terms in the RI Test calculation using a discount rate that appropriately reflects the risks of the investment of customer funds in Least-Cost Procurement. Energy efficiency, in other words, a discount rate that indicates that energy efficiency is a low-risk resource in terms of cost of capital risk, project risk, and portfolio risk. The discount rate shall be reviewed and updated in the Energy Efficiency Plans, as appropriate, to ensure that the applied discount rate is based on the most recent information available.

D. Reliable

- i. The distribution company shall assess the
 - a. ability of Least-Cost Procurement investments to meet the energy supply or delivery system needs.
 - b. which previous investments, including identical or similar investments, support the conclusion that a new investment is reliable.
 - c. potential for implementation issues including available workforce, market continuity, program scalability; and

- ii. When As applicable, the distribution company shall assess an investment's:
 - a. ability to meet the specific identified system needs;
 - b. review of anticipated reliability as compared to alternatives;
 - c. operational complexity and flexibility; and
 - d. resiliency of the system;
 - e. risks associated with each investment alternative (for example, the ability to obtain licensing and permitting, significant risks of stranded investment, the potential risk reduction of a more incremental approach, sensitivity of alternatives to differences in load forecasts, and emergence of new

Commented [BT(14)]: Moved from "prudent"

- technologies, etc.); and
 - f. risks associated with customers’ behavior, responsiveness, and ability to potentially modify usage at certain times and seasons.
- iii. The distribution company shall supply any other information that the company believes supports a finding that an investment is reliable.

Commented [BT(15)]: Moved from “prudent”

Commented [TJ16R15]: Moved from Section D.i.

Commented [TJ17]: Moved from Section D.i

E. Prudent

- i. The distribution company shall assess:
 - a. how the investment supports the goals of the electric or natural gas system and the purposes of Least-Cost Procurement.
 - b. how the entire investment proposal affects the risks of ratepayers and the distribution company.
 - c. risks associated with each investment alternative (for example, the ability to obtain licensing and permitting, significant risks of stranded investment, the potential risk reduction of a more incremental approach, sensitivity of alternatives to differences in load forecasts, and emergence of new technologies, etc.);
 - d. implementation issues; and
 - e. risks associated with customer behavior, responsiveness and ability to potentially modify usage at certain times and seasons;
- ii. As applicable, the distribution company shall assess an investment’s:
 - a. potential for synergy savings based on alternatives that address multiple needs;
- iii. The distribution company shall provide rate and bill impacts to a range of customer types and usage levels and shall take these impacts into account when considering targets, goals, budgets, and rates associated with an investment under Least-Cost Procurement.
- iv. The distribution company may provide additional cost-tests to support a finding that an investment is prudent.
- v. The distribution company shall supply any other information that the company believes support a finding that an investment is prudent.

Commented [BT(18)]: Moved above to “reliable”

Commented [BT(19)]: Moved to “Reliable”

Commented [TJ20]: Moved from E.i to the new E.ii subsection for ‘as applicable’ to mirror the reliability section above

F. Environmentally Responsible

- i. Environmental responsibility is indicated by the procurement of energy savings; The distribution company shall assess how investment compliance with State environmental policies; and the properly valuation of greenhouse gas reduction environmental costs and benefits.

G. Less than the Cost of Supply

- i. The distribution company shall assess the cost of energy supply and the cost of Energy Efficiency Least-Cost Procurement measures, projects, programs, and portfolios using all applicable costs enumerated in the Rhode Island Benefit-Cost RI Framework approved by the PUC in Docket No. 4600A and the Rhode Island Test, as updated periodically and approved by the PUC. The distribution company shall, after consultation with the Council propose provide specific costs to be included in the cost of energy supply, and energy efficiency, and system reliability, in Energy Efficiency Plans. These costs should include applicable resource

~~impacts, non energy impacts, distribution system impacts, economic development impacts, greenhouse gas impacts, among others. The accrual of applicable specific non energy costs to only certain programs or technologies, such as income eligible programs or combined head and power, may be considered.~~

- ii. The cost of supply shall, **at a minimum**, include costs associated with generation, transmission, and distribution of electricity **and transmission and distribution of gas**. Additional energy supply shall mean supply that would be incremental to marginal energy supply.
- iii. The distribution company shall describe which costs in the **RI Framework cost-effectiveness test** were included in the cost of supply and which costs are included in the cost of energy efficiency. For any **impacts categories** that are not included in either the cost of supply or the cost of energy efficiency, the distribution company shall describe why they are not included.

1.4. **Performance Incentive Plan**

- A. Pursuant to R.I. Gen. Laws § 39-1-27.7(e) and § 39-1-27.7.1, the distribution company shall have an opportunity to earn a shareholder incentive that is dependent on its performance in implementing the approved Annual Plan.
 - i. The distribution company, in consultation with the Council, will propose in its Three-Year Plan and subsequent Annual Plans a Performance Incentive (PI) Plan that is designed to promote superior distribution company performance in cost-effectively and efficiently securing for customers all efficiency resources lower cost than supply.
 - ii. The PI should be structured to reward program performance that makes significant progress in securing all cost-effective efficiency resources that are lower cost than supply while, at the same time, ensuring that those resources are secured as efficiently as possible.
 - iii. The distribution company PI model currently in place in Rhode Island should be reviewed by the distribution company and the Council. The distribution company and Council shall also review incentive programs and designs in other jurisdictions, including those with penalties and increasing levels of incentives based on higher levels of performance.
 - iv. The PI may provide incentives for other objectives that are consistent with the goals, including, but not limited to, comprehensiveness; customer equity; lifetime net benefits; increased customer access to capital; and market transformation.
- B. The PI should be sufficient to provide a high level of motivation for excellent distribution company performance annually and over the three-year period of the Three-Year Plan, but structured so that customers receive most of the benefit from energy efficiency implementation.
- C. The PI shall state clearly each specific objective it is designed to direct the distribution company to achieve and the reason it is needed to do so. The design of the PI shall be clear and focused, have clear metrics for determining performance, not duplicate incentives, and not provide multiple or different incentives for attaining the same objective.

Commented [BT(21)]: This is an unedited placeholder. The PUC expects to adopt applicable principles soon.

Commented [TJ22R21]: Unedited in anticipation of additional guidance language to be placed here

CHAPTER 2 – Three-Year Least-Cost Procurement Report

2.1. Intent

- A. This Chapter provides standards and guidelines for System Reliability and Energy Efficiency and Conservation Procurement findings and recommendations filed with the PUC pursuant to R.I. Gen. Laws § 39-1-27.7(c)(1).

2.2. Purpose

- A. The Three-Year Least-Cost Procurement Report (Report) shall serve as guidance for Least-Cost Procurement proposed by the distribution company over the following ~~six~~ three years. This includes proposals within and beyond ~~plans defined in Section 1.2.K and J.~~

2.3. Content

A. Energy Efficiency and Conservation Procurement Targets

- i. The Report shall contain findings and recommendations of savings targets for electric and natural gas through Energy Efficiency and Conservation Procurement over a ~~six-year~~ three-year time period.
- ~~ii. The report shall identify strategies for achieving savings targets over at least a three year period.~~
- iii. The Report shall provide discussion of how the savings targets are cost-effective, reliable, prudent, environmentally responsible and less than the cost of supply.

B. System Reliability Procurement Recommendations

- i. The Report shall contain recommendations for processes, including screening criteria, for identifying System Reliability Procurement investments that potentially meet Least-Cost Procurement Standards.
- ii. The report shall identify strategies and technologies that potentially contribute to System Reliability Procurement.

~~C. Performance Incentive Plans~~

- ~~i. The Report shall identify recommendations for performance incentives that the distribution company is eligible to earn through Least Cost Procurement.~~

D. Least-Cost Procurement Standards

- i. The Report shall identify recommendations for updates to Least-Cost Procurement Standards.

E. Recommended Rulings

- i. The Report shall state any findings OER and the Council recommend the PUC adopt by order.

F. Stakeholder Processes

- i. The Report shall contain, as attachment, minutes of public Council meetings at which the Report was discussed.
- ii. The Report shall contain, as attachment, any visual presentations related to the development of the Report made at public Council meetings.

2.4. Timing

Commented [BT23]: This is built on the existing definition of "Prudent" in existing 1.2.E(i)

Commented [TJ24]: Believe this should now reference the 1.2 N. . Three-Year Least-Cost Energy Efficiency and Conservation Procurement Plan and 1.2 O. . Annual Energy Efficiency and Conservation Procurement Plan

These may move with additional edits to the definitions

A. ~~OER and the Council shall file the Report on or before March 1, 2008 and triennially on or before March 1.~~ OER and the Council shall file the Report on or before March 20, 2020 and triennially thereafter through March 1, 2024.

Commented [TJ25]: Suggested based on planned timing for the 2020 process

B. OER and the Council shall notify the PUC of any good cause for delaying the filing, and with agreement from the distribution company and the Division of Public Utilities and Carriers.

C. Findings and recommendations for System Reliability Procurement may be filed separately from those for Energy Efficiency and Conservation Procurement. Recommendations for Least-Cost Procurement Standards identified pursuant to 2.2.E may be filed separately from System Reliability and Energy Efficiency and Conservation Procurement findings and recommendations.

Commented [BT(26): Move to timing

Commented [CM27R26]: This is good, helps provide clarification between the two filings/programs

2.5. PUC Orders

A. The PUC will order the adoption of three-year targets for Energy Efficiency and Conservation Procurement that are consistent with the Standards herein.

B. The PUC will order adoption of any other recommendations supported by the Report and consistent with Least-Cost Procurement, and all applicable statutes, rules, and policies.

CHAPTER 3 – Energy Efficiency and Conservation Procurement Plans

3.1 Intent

- A. This Chapter provides standards and guidelines for Energy Efficiency and Conservation Procurement Plans filed with the PUC pursuant to R.I. Gen. Laws §§ 39-1-27.7(c)(4) and (5).

Commented [BT(28)]: Subparagraph 5 only discusses annual and related plans for efficiency.

3.2 General Plan Design and Principles

- A. Energy Efficiency Plans⁴ should be designed, where possible, to complement the objectives of Rhode Island’s energy efficiency; renewable energy; and clean energy programs, and describe their interaction with them, including, but not limited to, the System Reliability Procurement Plan; the Renewable Energy Standard; the Renewable Energy Growth Program; the Net Metering Program; and the Long-Term Contracting for Renewable Energy Standard. Energy Efficiency Plans should also be coordinated, where possible, with other applicable energy procurement, planning, and investment programs, including, but not limited to, Standard Offer Supply Procurement.
- B. Innovation. Energy Efficiency Plans should address new and emerging issues as they relate to Least-Cost Procurement (e.g., CHP, strategic electrification, integration of grid modernization, gas service expansion, distributed generation and storage technologies, energy efficiency services for non-regulated fuels, etc.), as appropriate, including how they may meet State policy objectives and provide system, customer, environmental, and societal benefits.
- C. Comprehensiveness. The distribution company should consistently design programs and strategies to ensure that all customers have an opportunity to benefit comprehensively through types of measures or depth of services, realizing both near-term and long-lived savings opportunities where appropriate, from expanded investments in this low-cost resource. The programs should be designed and implemented in a coordinated fashion by the distribution company, in active and ongoing consultation with the Energy Efficiency and Resource Management Council (Council).
- D. Equity. The portfolio of programs proposed by the distribution company should be designed to ensure that different sectors and all customers receive opportunities to participate and secure efficiency resources lower cost than the cost of supply.
- E. Build on prior plans. **Three-Year Energy Efficiency and Conservation Procurement Plans** shall describe the recent energy efficiency programs offered by the distribution company and highlight how the **Three-Year Energy Efficiency and Conservation Procurement Plans** supplement and expand upon these offerings at the appropriate level of detail, including, but not limited to, new measures, implementation strategies, measures specifically intended for demand or load management, and new programs as appropriate.
- F. Build on prior programs. Distribution company program development shall proceed by building upon what has been learned to date in distribution company program

Commented [BT(29)]: Copied from existing definition of “Energy Efficiency”

⁴ Energy Efficiency Plans refers to both the EE Procurement Plan (or Three-Year Plan) and EE Program Plan (or Annual Plan), as applicable.

experience, systematically identifying new opportunities and pursuing comprehensiveness of measure implementation, as appropriate and feasible.

- G. Plan based on potential assessments. The distribution company shall use the Council's Opportunity Report, as issued on July 15, 2008, or other assessments of potential, as resources in developing its Three-Year Plan. The distribution company shall include in its Three-Year Plan an outline of proposed strategies to supplement and build upon these assessments of potential.
- H. Unlocks capital and effectively uses funding sources. **Three-Year Energy Efficiency and Conservation Procurement Plans** ~~Energy Efficiency Plans~~ shall include a section outlining and discussing new strategies to make available the capital needed to effectively overcome barriers to implement projects in addition to direct financial incentives provided in order to cost-effectively achieve the Least-Cost Procurement mandate. Such proposed strategies shall move beyond traditional financing strategies and shall include new capital availability strategies and partnerships that effectively overcome market barriers in each market segment in which it is feasible to do so.
- I. Integration. **Three-Year Energy Efficiency and Conservation Procurement Plans** ~~Energy Efficiency Plans~~ shall address how the distribution company plans to integrate gas and electric energy efficiency programs to optimize customer energy efficiency and provide benefits from synergies between the two energy systems and their respective programs.
- J. Three-Year **Energy Efficiency and Conservation Procurement** Plans shall be developed to propose strategies to achieve the energy efficiency savings targets that shall be proposed by the Council and approved by the PUC for that three-year period. Such strategies shall secure energy, capacity, and system benefits and also be designed to ensure the programs will be delivered successfully, cost-effectively, and cost-efficiently over the long term. In addition to satisfying other provisions of these Standards, the Three-Year **Energy Efficiency and Conservation Procurement** Plan shall contribute to a sustainable energy efficiency economy in Rhode Island, respond to and transform evolving market conditions, strive to increase participation, and provide widespread consumer benefits.
- K. Energy Efficiency investments shall be made on behalf of all customers. This will ensure consistency with existing program structure under which all customers pay for, and benefit from, Rhode Island's efficiency programs.
- L. Efficacy. All efforts to establish and maintain program capability shall be done in a manner that ensures quality delivery and is economical and efficient. The **Utility distribution company** shall include wherever possible and practical partnerships with existing educational and job training entities.
- M. Parity. While it is anticipated that rough parity among sectors can be maintained, as the limits of what is cost-effective are identified, there may be more efficiency opportunities identified in one sector than another. The distribution company should design programs to capture all resources that are cost-effective and lower cost than supply. The distribution company should consult with the Council to address ongoing issues of parity.
- N. Cost-effectiveness. The distribution company shall propose a portfolio of programs

Commented [BT(30)]: Copied from existing definition of "Reliable"

Commented [TJ31]: Suggest to update this language with the final release of the 2019-2020 Dunsky potential study, do not have the firm dates.

Commented [CM32]: Changing to reflect use of "distribution company" throughout rest of document.

Commented [BT(33)]: Copied from existing definition of "Prudent"

Commented [BT(34)]: From existing Section 1.4 D (Annual EE Plan)
This applies it to both plans

in the Annual Plan that is cost-effective. Any program with a benefit-cost ratio greater than 1.0 (i.e., where benefits are greater than costs), should be considered cost-effective. The portfolio must be cost-effective and programs ~~should~~ **must** ~~should~~ be cost-effective, ~~except as noted below.~~

- iii. The distribution company shall be allowed to direct a portion of proposed funding to conduct research and development and pilot program initiatives. These efforts will ~~not be~~ subject to cost-effectiveness considerations **consistent with the PUC's guidance on pilots provided in the Guidance Document issued in Docket No. 4600A.** ~~However, t~~ The costs of these initiatives shall be included in the assessment of portfolio-level cost-effectiveness.
- iv. The distribution company shall allocate funds to the Council and OER as specified in R.I. Gen. Laws § 39-2-1.2. ~~These allocations will not be subject to cost-effectiveness considerations. However, t~~ These costs shall be included in the assessment of portfolio-level cost-effectiveness.

3.3 **Three-Year Energy Efficiency and Conservation Procurement Plan**

A. Purpose

- i. The Three-Year **Energy Efficiency and Conservation Procurement Plan (Three-Year EE Plan)** shall propose overall **Energy Efficiency and Conservation Procurement budgets, and efficiency savings targets goals, and program focus and strategies** for the three years of implementation beginning with January 1 of the following year. These budgets and **targets goals** shall be **binding on a cumulative basis over the three-year term of the plan. illustrative and provisional,⁵ and shall guide Annual Energy Efficiency and Conservation Procurement Plans (Annual EE Plans) over the three year period. Annual Energy Efficiency and Conservation Procurement Plans (Annual EE Plans) shall explain deviations and adjustments to the budgets and programs contained in the Three-Year EE Plan.**
- ii. The Three-Year EE Plan shall identify the strategies and an approach to planning and implementation of programs that will secure all cost-effective energy efficiency and conservation resources that are **lower cost than supply, prudent and reliable, and consistent with the definitions Least-Cost Procurement Standards** provided herein.
- iii. **All aspects related to the design and setting of a shareholder incentive for Energy Efficiency and Conservation Procurement shall be determined in the Three-Year EE Plan.**

B. Content

- i. The Three-Year **EE** Plan shall contain sections that describe the following:
 - a. **Consistency with the requirements of Section 1.3, including cost effectiveness, reliability, prudence, environmental responsibility, cost of supply**
 - b. **Strategies and Approaches to Planning,**
 - c. **Cost Effectiveness**

Commented [BT35]: From existing Section 1.4.C Annual EE Plan

This applies it to both plans.

Note that in the orders sections of the Annual Plan, staff recommends that the PUC makes clear certain measures can be denied if they do not meet the Standards.

Commented [BT36]: Consider setting firm three-year targets and budgets with illustrative six-year targets and budgets.

Commented [TJ37]: Added for clarity. Understand that the intent is to reference to 1.3.

⁵ As the Three-Year Plan is illustrative and provisional, variances between Annual Energy Efficiency Plans and Three-Year Plans due to changes in factors such as, but not limited to, sales forecasts, funding sources, avoided costs, and evaluation results may be acceptable, subject to PUC review of Utility explanation for those variances.

~~d. Prudence and~~

~~e. Reliability~~

~~f. Environmental Responsibility~~

~~g. Cost of Additional Supply~~

h. Funding Plan and ~~Initial Targets Goals~~.

(1) The distribution company shall develop a funding plan using, as necessary, the following sources of funding to meet the budget requirement of the Three-Year ~~EE~~ Plan and fulfill the statutory mandate of Least Cost Procurement. The distribution company shall utilize, as necessary and available, the following sources of funding for the efficiency program investments:

- (i) the existing System Benefits Charge (SBC);
- (ii) revenues resulting from the participation of energy efficiency resources in ISO-New England's forward capacity market (FCM);
- (iii) proceeds from the auction of Regional Greenhouse Gas Initiative (RGGI) allowances pursuant to R.I. Gen. Laws § 23-82-6;
- (iv) funds from any state; federal; or international climate or cap and trade legislation or regulation, including, but not limited to, revenue or allowances allocated to expand energy efficiency programs;
- (v) a fully reconciling funding mechanism, pursuant to R.I. Gen. Laws § 39-1-27.7, which is a funding mechanism to be relied upon after the other sources as needed to fully fund cost-effective electric and gas energy efficiency programs to ensure the legislative mandate to procure all cost effective efficiency that is lower cost than supply is met; and
- (vi) other sources as may be identified by the Council, the Office of Energy Resources (OER), and the distribution company.

(2) The distribution company shall include a ~~preliminary~~ budget for the Three-Year ~~EE~~ Plan, covering the three-year period, that identifies the projected costs, benefits, and initial energy saving ~~targets~~ ~~goals~~ of the portfolio for each year. The budget shall identify, at the portfolio level, the projected cost of efficiency resources in cents/lifetime kilowatt- hours (kWh) or cents/lifetime million British thermal units (MMBtu). The ~~preliminary~~ ~~Three-Year EE Plan~~ budget and ~~initial energy saving targets~~ may be updated, as necessary, in the distribution company's Annual ~~Energy Efficiency EE Plan~~.

Commented [BT(38)]: Moved to testimony

ii. Multi-year strategies

a. The distribution company will identify investment strategies for which implementation and budget requests (or revenue collection) are expected to span multiple years.

Commented [BT(39)]: Consider firming the effect of this and extending illustrative targets to six years.

- b. In addition to the budgets and targets required in Section 3.2.A.viii.b, the distribution company will separately provide budgets and targets for multi-year strategies.
- iii. Performance Incentive Plan Structure, pursuant to Section 1.5.
 - a. The distribution company may propose an incentive structure specific to the energy efficiency and conservation strategies in the Three-Year Plan.
- iv. Testimony
 - a. The distribution company will prefile testimony on the following:
 - (3) Cost-Effectiveness of measures, programs, and portfolios
 - (4) Prudence and
 - (5) Reliability
 - (6) Environmental Responsibility
 - (7) Cost of Additional Supply compared to the proposed measures, programs, and portfolios
 - b. Prefiled testimony will also state what approvals for Energy Efficiency and Conservation Procurement the distribution company requesting from the PUC.
- v. Program Descriptions
 - a. The distribution company shall, as part of its Annual Three-Year EE Plan, describe each program, how it will reach its target market, and how it will be implemented. In these descriptions, the distribution company shall demonstrate, as appropriate, how the program is consistent with the principles of program design described above.
 - b. In addition to these basic requirements, the Annual Three-Year EE Plan shall address, where appropriate, the following elements:
 - (1) comprehensiveness of opportunities addressed at customer facilities;
 - (2) integration of electric and natural gas energy efficiency implementation and delivery (while still tracking the cost-effectiveness of programs by fuel); energy efficiency opportunities for delivered fuels customers should be addressed to the extent possible;
 - (3) integration of energy efficiency programs with renewables and other System Reliability Procurement Plan elements;
 - (4) promotion of the effectiveness and efficiency levels of codes, standards, and other market transforming strategies; if the distribution company takes a proactive role in researching, developing and implementing such strategies, it may, after consultation with the Council, propose a mechanism to claim credit for a portion of the resulting savings;
 - (5) implementation, where cost-effective, of demand response and load management measures or other programs that are integrated into the electric and natural gas efficiency program offerings; such measures/programs will be designed to supplement cost-effective

Commented [BT(40)]: Recommend the PI be set in the Three-Year Plan

Commented [BT(41)]: To be consistent with the statute

Commented [BT(42)]: Moved from above

Commented [BT(43)]: To be consistent with the statute

Commented [BT(44)]: Copied the entirety of existing Section 1.4.F

procurement of long-term energy and capacity savings from efficiency measures; and

- (6) integration with non-wires alternatives.

C. PUC Orders

- i. The PUC will approve cumulative three-year savings targets goals and strategies for Energy Efficiency and Conservation Procurement programs and portfolios that meet the Standards herein.
- ii. The PUC will approve three-year budgets for Energy Efficiency and Conservation Procurement.
- iii. The PUC will approve a three-year performance incentive plan for Energy Efficiency and Conservation Procurement.
- iv. The PUC will order adoption of any other recommendations supported by the Plan and consistent with Least-Cost Procurement, and all applicable statutes, rules, and policies.
- v. The PUC may deny approval of measures that do not meet the standards herein and that are not critically linked to the cost-effectiveness of other investments that are otherwise consistent with the standards herein.

D. Timing

~~i. PLACEHOLDER FOR FILING DEADLINES~~

- ii. The distribution company will file the Three-Year EE Plan on or before November 1, 2020 and triennially on or before October 15 thereafter.

Commented [TJ45]: Moved from the annual plan to the three-year plan

Commented [BT46]: Since this is happening, we need to address it.

Commented [TJ47]: Suggestion to align the current 2020 schedule to the annual plan filing date and then align with current annual plan deadline in future years.

3.4 Annual Energy Efficiency and Conservation Procurement Plans

A. Purpose

- i. Annual EE Plans will, if necessary set provide any requested deviations from annual budgets set in the Three-Year EE Plans to a detailed budget for the Annual Plan meeting the savings targets goals set in Three-Year EE Plans, covering the annual period beginning the following January 1, that identifies the projected costs; benefits; and energy saving goals of the portfolio and of each program. The budget shall identify, at the portfolio level, the projected total resource cost of efficiency resources in cents/lifetime kWh or cents/lifetime MMBtu.
- ii. The annual detailed budget update shall include the projected costs, benefits, and energy saving goals of each program, as well as the total resource cost of efficiency resources in cents/lifetime kWh or cents/lifetime MMBtu.
- iii. Annual EE Plans may will include proposals for system benefit charge rate changes reflecting the funding requirements given actual spend and sales relative to forecasts in the Three-Year EE Plan.
- iv. The Annual Plan shall identify the energy cost savings and bill impacts that Rhode Island ratepayers will realize through its implementation.
- v. The Annual Plan filings shall also provide for adjustment, as necessary, to the remaining years of the Three Year EE Plan based on experience, ramp up, and assessment of the resources available.

Commented [BT48]: Could be that the annual plan is more of an implementation report, and the 3-year plan is what sets the actual targets

Commented [TJ49]: Addressed in 3Yr plan

B. Content

- vi. Principles of Program Design. The Annual EE Plan shall identify and contain

programs proposed for implementation by the distribution company pursuant to the Three-Year EE Plan and which demonstrate consistency with the principles of program design described above in Section 1.23.2.

~~vii. The Three Annual Year EE Plan shall contain sections that describing consistency with the requirements of Section 1.3.~~

~~viii. The distribution company shall include a detailed budget for the Annual EE Plan, covering the annual period beginning the following January 1, that identifies the projected costs; benefits; and energy saving goals of the portfolio and of each program. The budget shall identify, at the portfolio level, the projected total resource cost of efficiency resources in cents/lifetime kWh or cents/lifetime MMBtu.~~

~~ix. The Annual EE Plans filed October 15 or November 1 will reflect program implementation experience and anticipated changes, shifts in customer demand, changing market costs, and other factors, including a discussion of market transformation impacts as noted above in Section 1. The annual detailed budget update shall include the projected costs, benefits, and energy saving goals of each program, as well as the total resource cost of efficiency resources in cents/lifetime kWh or cents/lifetime MMBtu.~~

~~x. The Annual Plan shall identify the energy cost savings and bill impacts that Rhode Island ratepayers will realize through its implementation.~~

~~xi. Program Descriptions~~

~~a. The distribution company shall, as part of its Annual Plan, describe each program, how it will reach its target market, and how it will be implemented. In these descriptions, the distribution company shall demonstrate, as appropriate, how the program is consistent with the principles of program design described above.~~

~~b. In addition to these basic requirements, the Annual Plan shall address, where appropriate, the following elements:~~

~~(7) comprehensiveness of opportunities addressed at customer facilities;~~

~~(8) integration of electric and natural gas energy efficiency implementation and delivery (while still tracking the cost-effectiveness of programs by fuel); energy efficiency opportunities for delivered fuels customers should be addressed to the extent possible;~~

~~(9) integration of energy efficiency programs with renewables and other System Reliability Procurement Plan elements;~~

~~(10) promotion of the effectiveness and efficiency levels of codes, standards, and other market transforming strategies; if the distribution company takes a proactive role in researching, developing and implementing such strategies, it may, after consultation with the Council, propose a mechanism to claim credit for a portion of the resulting savings;~~

~~(11) implementation, where cost-effective, of demand response and load management measures or other programs that are integrated into the~~

Commented [BT(50)]: Redundant. Already required because of Section 1.3

Commented [BT(51)]: Copied the entirety of existing Section 1.4.F

~~electric and natural gas efficiency program offerings; such measures/programs will be designed to supplement cost effective procurement of long term energy and capacity savings from efficiency measures; and~~

~~(12) integration with non-wires alternatives,~~

xii. ~~Monitoring and Evaluation (M&E) Plan~~

- a. The distribution company shall include an M&E Plan in its Annual Plan
- b. This M&E Plan shall address at least the following:
 - (1) savings verification, including, where appropriate, analysis of customer usage; such savings verification should also facilitate participation in ISO-NE's forward capacity market;
 - (2) issues of ongoing program design and effectiveness;
 - (3) any other issues, for example, efforts related to market assessment and methodologies to claim savings from market effects, among others;
 - (4) a discussion of regional and other cooperative M&E efforts the distribution company is participating in, or plans to participate in; and
 - (5) longer-term studies, as appropriate, to assess programs over time.
- c. The distribution company shall include in its M&E Plan any changes it proposes to the frequency and level of detail of distribution company program plan filing and subsequent reporting of results.

xiii. ~~Reporting Requirements~~

- a. The distribution company, in consultation with the Council, will propose the content to be reported and a reporting format that is designed to communicate clearly and effectively the benefits of the efforts planned and implemented, with particular focus on energy cost savings and program participation levels across all sectors, to secure all EE resources that are lower cost than supply.

~~xiv. Multi-year strategies~~

- ~~a. The distribution company will identify investment strategies for which implementation and budget requests (or revenue collection) are expected to span multiple years.~~
- ~~b. In addition to the budgets and targets required in Section 3.2.A.viii.b, the distribution company will separately provide budgets and targets for multi-year strategies.~~

xv. ~~Performance Incentive Plan Structure, pursuant to Section 1.5.~~

xvi. ~~Testimony~~

- a. The distribution company will prefile testimony on the following:
 - ~~(1) Cost Effectiveness of measures, programs, and portfolios~~
 - ~~(2) Prudence and~~
 - ~~(3) Reliability~~
 - ~~(4) Environmental Responsibility~~
 - ~~(5) Cost of Additional Supply compared to measures, programs, and~~

Commented [TJ52]: This section moved to the 3Yr Plan section

Commented [BT(53): Copied entirety of 1.4.G

Commented [BT(54): Copied entirety of 1.4.H

Commented [BT(55): More of a placeholder.

Commented [BT(56): To be consistent with the statute

Commented [BT(57): Moved from above

portfolios

(6) Changes in programs from the Three-Year EE Plan

(7) Adjustments to the fully-reconciling funding mechanism

- b. Prefiled testimony will also state what approvals for Energy Efficiency and Conservation Procurement the distribution company requesting from the PUC.

C. PUC Orders

xvii. The PUC will approve annual targets and rates for Energy Efficiency and Conservation Procurement programs and portfolios that meet the Standards herein.

~~xviii. The PUC may deny approval of measures that do not meet the standards herein and that are not critically linked to the cost effectiveness of other investments that are otherwise consistent with the standards herein.~~

xix. The PUC will order adoption of any other proposals supported by the Plan and consistent with Least-Cost Procurement, and all applicable statutes, rules, and policies.

D. Timing

xx. ~~PLACEHOLDER FOR FILING DEADLINE~~ The annual plan filed in 2020, addressing the 2021 program year will be filed on November 1, 2020. Annual EE Plans will thereafter be filed annually on or before October 15 except for in years in which a Three-Year EE Plan is filed. In such years the annual plan will be filed concurrently with the Three-Year EE Plan.

Commented [BT58]: To be consistent with the statute

Commented [BT59]: Not including budgets here.

Commented [BT60]: Since this is happening, we need to address it.

Commented [TJ61]: Draft language and dates for discussion. Intent is to have the first year of an annual plan coincide with the 3Yr plan filing if the 3Yr plan is the primary plan filing.

CHAPTER 4 – ~~Three-Year~~ System Reliability Procurement Plans

4.1 Intent

- A. This Chapter provides standards and guidelines for ~~Energy Efficiency and Conservation System Reliability~~ Procurement Plans filed with the PUC pursuant to R.I. Gen. Laws §§ 39-1-27.7(c)(4).

4.2 General Plan Design and Principles

A. In order to adhere to the principles set forth in R.I. Gen. Laws §39-1-27.7, and to meet Rhode Island’s energy system needs in a least-cost, prudent, and reliable and environmentally responsible manner, the SRP Standards set forth guidelines for the incorporation of ~~NWAs and NPAs energy efficiency, distributed generation, demand response, and other energy technologies (collectively referred to as “non-wires alternatives” or NWA)~~ into ~~distribution company~~ the utility’s distribution planning. These guidelines seek to enable the deployment of cost-effective NWAs and NPAs to achieve state policy goals, optimize ~~grid system~~ performance, enhance reliability and resiliency, and encourage optimal investment by the distribution company.

B. ~~SRP System Reliability Procurement~~ should be integrated with the distribution company’s distribution planning process and be designed, where possible, to complement the objectives of Rhode Island’s energy efficiency; renewable energy; and clean energy programs, and describe its interaction with them, including, but not limited to, the programs described in Section ~~1.2.A.ii~~ 4.2.B. ~~SRP System Reliability Procurement~~ should also be coordinated, where possible, with other applicable energy procurement, planning, and investment programs, including, but not limited to, Standard Offer Supply Procurement and the Infrastructure, Safety, and Reliability Plans.

4.3 Three-Year System Reliability Procurement Plan Purpose

A. Purpose

- a. The Three-Year System Reliability Procurement Plan (Three-Year SRP Plan) shall describe general planning principles ~~as applicable to NWAs and NPAs~~ and potential areas of focus for SRP for the three years of implementation, beginning with January 1 of the following year. ~~Such SRP Plans shall include, but are not limited to~~
- b. The Three-Year SRP Plan shall provide screening criteria for ~~non-wires alternatives~~ NWAs, NPAs, and other alternative investments and a proposal for how such screening criteria will be included in system planning.
- c. The Three-Year SRP Plan will provide ~~NWA, NPA, alternative investment strategies and technologies~~ the distribution company intends to employ or consider employing over the next three years pursuant to R.I. Gen. Laws § 39-1-27.7 and these standards.
- d. The Three-Year SRP Plan will explain in summary how ~~identical, similar, and related~~ NWAs, NPAs, or alternative investments ~~across programs~~ contributed incrementally to the state energy policies and goals for the natural gas and electric systems.
- e. The Three-Year SRP Plan will describe the procurement process for market-

Commented [BT(62)]: This Chapter now only addresses the Three-Year SRP Plan.

Commented [CM63R62]: Modified to capture the planned SRP framework of Three-Year Plans, Annual Plans (for annual updates to the 3YP and project statuses), and standalone proposals (for NWA, etc.). These edits also integrated Chapter 6.

Commented [CM64]: These are defined in 1.2; the definition covers the diversity of technology

Commented [BT(65)]: From existing Std. 2.1.B

Commented [BT(66)]: From existing Std. 2.1.C

Commented [CM67]: Moved this section up to mirror EE Chapter 3 section and in line with “SRP framework” edits

Commented [CM68]: Significant formatting edits here onward to mirror EE Chapter 3 layout

sourced solutions.

- f. The Three Year SRP Plan will describe the evaluation process for NWAs, NPAs, and other alternative investments.

4.4 General Plan Design and Principles

B. In order to adhere to the principles set forth in R.I. Gen. Laws §39-1-27.7, and to meet Rhode Island's energy system needs in a least cost manner, the SRP Standards set forth guidelines for the incorporation of energy efficiency, distributed generation, demand response, and other energy technologies (collectively referred to as "non-wires alternatives" or NWA) into distribution company distribution planning. These guidelines seek to enable the deployment of cost-effective NWAs to achieve state policy goals, optimize grid performance, enhance reliability and resiliency, and encourage optimal investment by the distribution company.

C. SRP should be integrated with the distribution company's distribution planning process and be designed, where possible, to complement the objectives of Rhode Island's energy efficiency, renewable energy, and clean energy programs, and describe its interaction with them, including, but not limited to, the programs described in Section 1.2.A.ii. SRP should also be coordinated, where possible, with other applicable energy procurement, planning, and investment programs, including, but not limited to, Standard Offer Supply Procurement and the Infrastructure, Safety, and Reliability Plan.

Commented [CM69]: Moved above to mirror EE Chapter 3 format

Commented [BT(70)]: From existing Std. 2.1.B

Commented [BT(71)]: From existing Std. 2.1.C

4.5 Content

B. Content

- a. The Three-Year Plan shall contain descriptions that are responsive to Section 4.3, including but not limited to:

- i. Proposed screening criteria for NWAs and NPAs and a proposal for how such screening criteria will be included in system planning;
- ii. Once screened and as applicable, a description of distribution system needs that can be addressed or mitigated through NWAs, NPAs, or other alternative investments, including how those distribution system needs were identified in the system planning process;
- iii. Proposed strategies that can help the Company pursue NWAs, NPAs, or other alternative investments, such as activities that animate the market or reduce market barriers to participation;
- iv. Proposed procurement process used by the Company to procure market-sourced NWAs, NPAs, or other alternative investments;
- v. Proposed evaluation process used by the Company to select a distribution system need solution at any time during the solution path;
- vi. Where possible, the Company should include specific references to dockets, filings, and other relevant public resources.

- b. The Three-Year Plan shall contain sections that describe the following:
 - i. Proposed screening criteria for non-wires alternatives and a proposal

- ~~for how such screening criteria will be included in system planning;~~
- ~~ii. Proposed evolutions to definitions, identification, and assessment of non-wires alternatives, which may include, but are not limited to:~~
- ~~1. observations and lessons learned from the most recent three-year period;~~
 - ~~a. trends in distributed energy resource technology and analytics, either grid-side or customer side, that may influence NWA planning over the three-year period;~~
 - ~~xvii. anticipated scope of NWA deployment in the coming three-year period:~~
 - ~~a. in-progress NWA projects projected to continue and a high-level timeline;~~
 - ~~b. projected areas of focus⁶ for distribution planning review that may result in the identification of new NWA projects;~~
 - ~~xviii. description of how the SRP Plan complements the objectives of Rhode Island's energy efficiency, renewable energy, and clean energy programs listed in 2.1.C; and~~
 - ~~i. An annual reporting plan on the implementation of the Three-Year SRP Plan and investments made under System Reliability Procurement during the Three-Year SRP Plan period, and:~~
 - c. The Three-Year plan will include a discussion of how the Plan is consistent with the requirements of Section 1.3.
 - d. Performance Incentive Plan Structure, ~~pursuant to Section 1.5.~~
 - i. The distribution company may propose incentive structures for System Reliability Procurement for effect during the Three-Year SRP Plan.
 - e. Testimony
 - i. To the extent applicable, the distribution company will pre-file testimony on the following:
 1. Cost-Effectiveness of measures, programs, and portfolios
 2. Prudence~~y~~~~and~~
 3. Reliability
 4. Environmental Responsibility
 - ii. Pre-filed testimony will also state what approvals for the Three-Year SRP Plan the distribution company requests ~~ing~~ from the PUC.

Commented [BT(72)]: This is intended to entirely replace the Annual Report Section.

Commented [BT(73)]: To be consistent with the statute

4.6 PUC Orders

C. PUC Orders

- a. The PUC will approve screening requirements and implementation into system planning that meet the Standards herein.
- b. The PUC will approve annual reporting requirements that meet the standards

⁶ It is not anticipated that this will include project specifics, which are dependent on needs and screening; those are expected in SRP Investment Proposals. In the absence of project specifics or budgets, this section is intended to give a picture of the expected size and scope of NWA or NPA efforts during the three-year period and a sense of whether it is expected to grow relative to current activities.

herein.

- c. The PUC will approve a three-year performance incentive plan for Energy Efficiency and Conservation System Reliability Procurement.
- d. The PUC will order adoption of any other proposals supported by the Plan and consistent with Least-Cost Procurement, and all applicable statutes, rules, and policies.

4.7 Timing

D. Timing

- a. PLACEHOLDER FOR FILING DEADLINE The distribution company shall submit a Three-Year System Reliability Procurement Plan (Three-Year SRP Plan) to the Commission triennially on December 1.

4.4 Annual System Reliability Procurement Report

A. Purpose

- a. Annual SRP Report detail any amendments to the Three-Year SRP Plans within which the respective Annual SRP Report is encapsulated.
- b. Annual SRP Reports detail any updates regarding any existing SRP Investment Proposal projects and programs and Three-Year SRP Plan initiatives or programs, as applicable.

B. Content

- a. The Annual SRP Report shall contain sections that describe consistency with the requirements of Section 1.3, as applicable for System Reliability Procurement.
- b. The proposed amendments may include but are not limited to:
 - i. Changes regarding Three-Year SRP Plan content as detailed in Section 4.3.B.
 - ii. Any additional amendments that fall within the purview of System Reliability Procurement in accordance with R.I. Gen. Laws §39-1-27.7 and the Standards herein.
- c. The updates may include but are not limited to:
 - i. Progress or status updates regarding SRP Investment Proposal projects and programs, such as:
 1. NWAs, NPAs, or other alternative investments and projects
 2. Monitoring and Evaluation of SRP projects and programs
 3. The Rhode Island System Data Portal
 4. The SRP Market Engagement Plan
 - ii. Three-Year SRP Plan initiatives or programs, such as:
 1. Screening Criteria
 2. Procurement strategies for NWAs, NPAs, or other alternative

investments

3. Evaluation process for NWAs, NPAs, or other alternative investments

iii. Any additional updates that fall within the purview of System Reliability Procurement in accordance with R.I. Gen. Laws §39-1-27.7 and the Standards herein.

C. PUC Orders

a. The PUC will approve annual proposed amendments to the Three-Year SRP Plan and/or updated budgets for existing System Reliability Procurement investments, as applicable, that meet the Standards herein.

b. The PUC may deny approval of proposed amendments to the Three-Year SRP Plan and/or updated budgets for existing System Reliability Procurement investments, as applicable, that do not meet the standards herein and that are not critically linked to the cost-effectiveness of other investments that are otherwise consistent with Least-Cost Procurement and the standards herein.

c. The PUC will order adoption of any other proposed amendments and/or updated budgets, as applicable, supported by the Plan and consistent with Least-Cost Procurement, and all applicable statutes, rules, and policies.

D. Timing

a. The Annual SRP Report shall be filed on December 1, except in years in which a Three-Year Plan is filed.

4.5 System Reliability Procurement Investment Proposals

A. Purpose

a. The distribution company shall prepare and file supplemental proposals, to be submitted as needed, that contain a proposal for, and details of, NWAs, NPAs, or other alternative investments.

b. These NWAs, NPAs, or other alternative investments will address targeted distribution system needs.

B. Content

a. Such reports will include, but are not limited to:

i. identification of distribution system needs where an NWA, NPA, or other alternative investment project was selected as a solution including:

1. a summary of the comparative analysis following the screening criteria as outlined in the respective Three-Year SRP Plans, and

2. characterization of the distribution system need including:

a. the magnitude (daily and annual load shape curves, load requirement, etc.); if applicable, the projected year and season by which a solution is needed; and other

- relevant timing issues;
 - b. description of the traditional solution and how it is impacted by the NWA, NPA, or other alternative investment;
 - c. description of the sensitivity of the need and T&D investment to load forecast assumptions;
 - ii. description of how the NWAs, NPAs, or other alternative investment projects complement the objectives of Rhode Island's energy programs and policies;
 - iii. implementation plans for the proposed NWAs, NPAs, or other alternative investment projects, which should include:
 - 1. a description of the solution, including technology; customer engagement; cost (capital and operations and maintenance), net present value and revenue requirements, and timeline for the solution,
 - 2. the ability of affected customers to participate in the proposed project, as applicable based on solution methodology,
 - 3. a description and results of any competitive bid (request for proposals) processes that were conducted to inform the description in 4.5.iv.1,
 - 4. the proposed NWA, NPA, or other alternative investment scenario(s),
 - 5. the proposed technology ownership and contracting considerations or options,
 - 6. the proposed evaluation plans;
 - iv. funding plans for the selected NWAs, NPAs, or other alternative investment projects; the distribution company may propose to utilize funding from the following sources for system reliability investments:
 - 1. capital funds, where the costs for the NWAs, NPAs, or other alternative investments are properly capitalized under generally accepted accounting principles and can be properly placed in rate base for recovery in rates along with other ordinary infrastructure investments,
 - 2. existing distribution company energy efficiency and conservation investments,
 - 3. additional energy efficiency funds to the extent that the energy efficiency-related NWAs, NPAs, or other alternative investments can be shown to pass the cost-benefit test, as outlined in Chapter 1 of these Standards, and such additional funding is approved,
 - 4. distribution company operating expenses, to the extent that

- recovery of such funding is explicitly allowed.
- 5. identification of customer contribution or third-party investment that may be part of an NWA, NPA, or other alternative investment based on benefits that are expected to accrue to the specific customers or third parties,
- 6. any other funding sources that might be required and available to complete the NWA, NPA, or other alternative investment;
- v. identification of any methodological or analytical tools to be developed in the year;
- vi. total SRP investment proposal budget, including administrative and evaluation costs;
- vii. proposed shareholder incentive.

C. PUC Orders

- a. The PUC will approve the SRP Investment Proposals that meet the Standards herein.
- b. The PUC may deny approval of investment proposals that do not meet the standards herein and that are not critically linked to the cost-effectiveness of other investments that are otherwise consistent with Least-Cost Procurement and the standards herein.
- c. The PUC will order adoption of any other proposals supported by the SRP Investment Proposal and consistent with Least-Cost Procurement, and all applicable statutes, rules, and policies.

D. Timing

- a. The distribution company shall prepare and file SRP Investment Proposals as needed, in accordance with the timeframe of the identified distribution system need and the implementation timeframe of the SRP investment.

CHAPTER 5 – Role of the Council in Efficiency-Plan Development and Approval

5.1 Intent

- A. This Chapter provides guidelines for the Council’s role in development and approval of Least-Cost Procurement Plans described in Chapters 3 and 4.

5.2 Guidelines for Energy Efficiency and Conservation Procurement Plans

- A. The Council shall take a leadership role in ensuring that Rhode Island ratepayers receive excellent value from the Three-Year EE Plan being implemented on their behalf. The Council shall do this by collaborating closely with the distribution company on design and implementation of the M&E efforts presented by the distribution company under the terms of Section 1.4.D and, if necessary, provide recommendations for modification that will strengthen the assessment of distribution company programs.
- B. In addition to the other roles for the Council indicated in this filing, the distribution company shall seek ongoing input from, and collaboration with, the Council on development of the Three-Year EE Plan and to the extent necessary updates in the Annual EE Plans, and on development of annual updates, if any, to the Three Year Plan. The distribution company shall seek to receive the endorsement of the Three-Year EE Energy Efficiency Plan by the Council prior to submission to the PUC.
- C. The distribution company and the Council shall report to the PUC a process for Council input and review of its 2008 EE Procurement Plan and EE Program Plan by July 15, 2008, and triennially thereafter.
- D. The Council shall vote whether to endorse the Three-Year EE Plan by August 15, 2008, and triennially thereafter. If the Council does not endorse the Three-Year EE Plan, then the Council shall document the reasons and submit comments on the Three-Year EE Plan to the PUC for their consideration in final review of the Three-Year EE Plan.
- E. The distribution company shall, in consultation with the Council, propose a process for Council input and review of its Three-Year EE Plan and updates to the Three-Year Plan as reflected in the Annual EE Plan, as needed. This process is intended to build on the mutual expertise and interests of the Council and the distribution company, as well as meet the oversight responsibilities of the Council.
- F. To the extent necessary for changes to the Three-Year EE Plan, the distribution company shall submit a draft Annual EE Plan to the Council and the Division of Public Utilities and Carriers for their review and comment annually, at least one week before the Council’s scheduled meeting prior to the filing date that year.
- G. To the extent necessary for changes to the Three-Year EE Plan, the Council shall vote whether to endorse the Annual EE Plan prior to the prescribed filing date. If the Council does not endorse the Annual EE Plan, the Council shall document its reasons and submit comments on the Annual EE Plan to the PUC for its consideration in final review of the Annual EE Plan.
- H. The Council shall prepare memos on its assessment of the cost-effectiveness of the Three-Year EE Plans and Annual Plans, pursuant to R.I. Gen. Laws §39-1-27.7(c)(5), and submit them to the PUC no later than three weeks following the filing of the

Commented [BT(74): Copied entirety of existing Section 1.6. Should be edited to capture the Council’s role in SRP.

respective Energy Efficiency Plans with the PUC.

5.3 Guidelines for System Reliability Procurement Plans

- A. The Council shall review Three-Year System Reliability Procurement Plans and Annual System Reliability Procurement Reports and support Rhode Island ratepayer participation in the review of these Plans and Reports. The review of the Council shall be focused on, provided technical rigor, the following:
- a. Determining if the NWAs, NPAs, or other alternative investments are aligned with the Least-Cost Procurement law;
 - b. Reviewing the proposed screening criteria for NWAs, NPAs, or other alternative investments;
 - c. Ensuring each solution path is clearly detailed and appropriately linked to relevant resources that contain more information;
 - d. Assessing if proposed strategies for pursuing NWAs, NPAs, or other alternative investments are reasonable;
 - e. Reviewing the procurement process, as aligned with the distribution company's strategic sourcing process, and assessing if the process will result in a market-competitive solution to address the distribution system need;
 - f. Reviewing the evaluation process; and
 - g. Ensuring the budget, if proposed, is cost-effective.
- B. The distribution company shall seek ongoing input from, and collaboration with, the Council on development of the Three-Year SRP Plan and Annual SRP Report, and on development of annual updates, if any, to the Three-Year SRP Plan. The distribution company shall seek to receive the endorsement of the Three-Year SRP Plan and Annual SRP Report by the Council prior to submission to the PUC.
- C. The Council shall vote whether to endorse the Three-Year SRP Plan or Annual SRP Report by December 1st of each year. In years with a Three-Year SRP Plan, no Annual SRP Plan will be filed. If the Council does not endorse the Plans or Reports, then the Council shall document the reasons and submit comments on the Plans or Reports to the PUC for their consideration in final review of the Plans or Reports.
- D. The distribution company shall, in consultation with the Council, propose a process for Council input and review of its Three-Year SRP Plans and Annual SRP Reports. This process is intended to build on the mutual expertise and interests of the Council and the distribution company, as well as meet the oversight responsibilities of the Council.
- E. The distribution company shall submit draft Plans and Reports to the Council and the Division of Public Utilities and Carriers for their review and comment, at least one week before the Council's scheduled vote.
- F. The Council shall prepare a memo on its assessment of the Three-Year SRP Plan for SRP activities, as applicable, pursuant to R.I. Gen. Laws §39-1-27.7(c)(5). The Council shall submit the memo to the PUC no later than three weeks following the filing of the respective System Reliability Procurement Plan with the PUC.

Commented [CM75]: Largely in alignment with EE guidelines, tweaked to SRP and refined. Made term ref changes in line with footnote #6 (Three-Year SRP Plan and Annual SRP Plan)

CHAPTER 6—Additional Standards for System Reliability Procurement Investment Proposals

6.1 Placeholder.

~~A. This is the placeholder for a generic SRP filing, which would replace requests for approval and funding in annual SRP Plans.~~

~~B. This is where to put any other information the PUC or parties want to include in an SRP filing that are in addition to what would be filed to meet the standards in Section 1.3. For example, some of the sections in the existing 2.5.A(i) through (ix) or 2.5.B may be useful to specifically require.~~

~~C. If the requirements in 1.3 are enough, then we can eliminate this placeholder chapter.~~

Commented [CM76]: Created a section 4.5 that details the (standalone) SRP Investment Proposal filings

Commented [CM77]: Carried over and tweaked the existing 2.5.A and 2.5.B text, inserted under the Content sub-header in section 4.5.B.

Commented [CM78]: Given the other section 6-related edits, the reqs in Section 1.3 should be enough