Andrew Marcaccio
Senior Counsel

November 30, 2021

VIA ELECTRONIC MAIL

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

RE: Docket 5188 – 2022 Annual Energy Efficiency Program Plan
Responses to Acadia Data Requests - Set 1

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a National Grid ("National Grid" or the "Company"), attached please find the electronic version of the Company's complete set of responses to Acadia's First Set of Data Requests in the above referenced docket.[1]

Thank you for your attention to this filing. If you have any questions or concerns, please do not hesitate to contact me at 401-784-4263.

Sincerely,

Andrew S. Marcaccio

Enclosures

cc: Docket 5189 Service List
John Bell, Division
Margaret Hogan, Esq.
Jon Hagopian, Esq.

[1] Per the Commission's request, the Company is providing one copy of this transmittal for the Commission's file in this docket and six (6) copies, 3-hole punched for the Commission.

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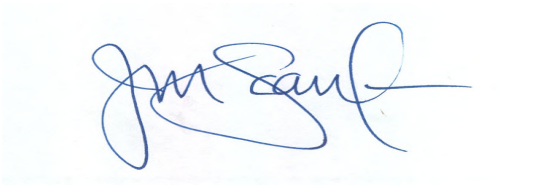
Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



_____ November 30, 2021

Joanne M. Scanlon Date

Docket No. 5189 - National Grid – 2022 Annual Energy Efficiency Program
Service list updated 10/27/2021

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Acadia 1-1

Request:

Referencing the Company's response to PUC 1-2, the Company indicates it anticipates installing weatherization measures for approximately 1,733 gas residential customers between June 2021 and the end of the 2021 at a cost of $9,856,117. What are the approximate per customer gas savings, in terms of peak demand Dth/Day, that will result from the weatherization measures installed during this time period?

Response:

1,733 gas residential weatherization customers would produce 7.24 MMBtu peak-hour gas demand savings using the formula applied in 2021 to estimate peak-hour gas demand savings and shown in the Company's response to Acadia 1-3.

Acadia 1-2

Request:

On Bates 126 of the filing, the Company notes it initiated tracking carbon reductions resulting from investments in energy efficiency measures. Please provide data demonstrating the carbon reductions achieved during the 2021 program to date, including carbon reductions by measure if available.

Response:

Please see Attachment DIV 2-1-4 (Bates Page 5[1]) for data on carbon reductions from National Grid's Third Quarter Report. The data shown is for carbon reductions achieved from January 1, 2021 through September 30, 2021. Carbon reductions by measure are not available at this time.

[1] http://www.ripuc.ri.gov/eventsactions/docket/5189-NGrid-DR-DIV%20Set%202%20(Complete%20Set)(PUC%2011-12-2021).pdf

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Acadia 1-3

Request:

On Bates 127 of the filing, the Company asserts it tracks, as a rough approximation, estimates of peak-hour gas demand savings from efficiency program measures. Please provide data related to this tracking effort, including the referenced Rhode Island portion of the study to measure peak gas demand savings resulting from residential sector energy efficiency measures.

Response:

Please see Attachment DIV 2-1-2 (Bates Page 3) for estimates of peak-hour gas demand savings from National Grid's Third Quarter Report. The data shown is for peak hour gas demand savings achieved from January 1, 2021 through September 30, 2021. Peak Hour Gas Demand Savings is a test metric in 2021 and represents an internal estimation of peak-hour gas demand impacts. The value is calculated as:

> Peak hour gas demand savings (MMBtu) = Annual MMBtu *0.01 *0.05
> Beginning in 2022, results from the National Grid RI Gas End Use Consumption Survey[1] will be used to update this metric. Additionally, please see the 2022 Annual Energy Efficiency Plan (Bates Page 331) for more information on this study.

[1] http://rieermc.ri.gov/wp-content/uploads/2021/07/ri-gas-end-use-consumption-study-final-2021-06-18-final.pdf

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Acadia 1-4

Request:

In the Company's response to PUC 1-4, the Company notes "...continued strong demand for weatherization services even after reductions in incentive levels, and the increased weatherization project throughput enabled by these increases in weatherization contractor capacity have all resulted in greater than anticipated weatherization volumes in 2021, resulting in the planned overspend in the gas program budget." Are these factors that would support increasing weatherization program budgets and savings targets in the FY 2022 Energy Efficiency plan as well as future plans?

Response:

The Company believes that the current incentive levels, based on sustained observed customer response to these levels, will be sufficient to support forecasted residential weatherization services demand levels in 2022. This forecast can be impacted by external factors, such as an extremely cold winter, which generally encourages more participation in weatherization as people look for solutions to reduce heating costs.

Savings targets for every program and measure need to be evaluated in the context of overall budget and benefit levels, and the Company believes that the total savings and budget levels in the proposed plan, aggregated across all sectors, reflect an optimal balance of realizing achievable cost effective savings and benefits while remaining mindful of bill impacts and Commission guidance on annual budget increases.

Savings targets and budgets in future plans will need to be evaluated against existing data and guidance at those times, including updated potential studies, avoided costs and evaluation studies that will determine the level of claimable savings associated with those activities, and overall direction from the Commission on prudent levels of budget and surcharge increases and associated rate and bill impacts.

Acadia 1-5

Request:

Referencing the Company's response to PUC 1-5, please provide an updated chart to include measures installed for the EnergyWise Single Family program for the months of January and February of 2021.

Response:

January and February of 2021 installed measures are captured in the March 2021 chart in PUC 1-5. Due to administrative updates to the EnergyWise purchase order, there was a delay in billing for January and February of 2021.

Prepared by or under the supervision of: Angela Li

Acadia 1-6

Request:

Please describe what changes to the plan's Performance Incentive Mechanism could yield an effective tool to generate improved outcomes in income-eligible and multi-family customer segments?

Response:

In responding to this question, the Company notes the following:

- The Company believes that the question of the design of the Performance Incentive Mechanism over the term of the current Three-Year Plan (i.e. through calendar year 2023) to be a settled matter, having been ruled on by the Commission in Order 24225 in Docket 5076.
- The Company believes that the current Performance Incentive Mechanism does provide a strong incentive for achieving planned outcomes in these program areas, through the foregone earning opportunity achieved through the residential market rate and income eligible segment service quality adjustment mechanisms as included in the current mechanism

As a general matter, creating greater absolute dollars of earning opportunity (or putting greater absolute dollars of earning potential at risk) via performance incentive mechanisms could be expected to drive greater Company focus, management attention and resource allocation to achieving specific desired programmatic outcomes. As highlighted in the Company's rebuttal testimony, however, the Company does not believe that recent underperformance in the income-eligible or multi-family programs are a result of a lack of any of these conditions, but instead a function of exogenous variables over which the Company has limited control.

With respect to the design of the current Performance Incentive Mechanism, depending upon how Acadia Center would define 'improved outcomes', an incentive mechanism that focused more on achievement of planned savings and benefits, independent of cost to achieve those savings and benefits, or that contained a more achievable path to positive earnings (as opposed to the current service quality adjustment mechanism's focus on reducing earnings otherwise achieved through the commercial and industrial sector) would be expected to lead to greater Company focus, management attention and resource allocation towards achieving planned savings and benefits from within those programs. The Company views future three-year plan proceedings as the appropriate time to examine these questions.

Prepared by or under the supervision of: Christopher Porter

Acadia 1-7

Request:

On Bates 105, in Table 14, the Company presents its Summary of Changes in the SBC from 2021-2022. Please also present the rates of change in the SBC as a comparison between 2020 and 2022.

Response:

Please see the Company's response to data request EERMC 1-19.

Acadia 1-8

Request:

On Bates 120, the Company states it has "considered areas for potential growth but must balance this with the prudency requirements of the Standards." For the FY 2022 Plan, how much larger could the energy efficiency program grow while still only pursuing cost-effective measures that would be lower than the cost of procuring additional energy supply?

Response:

As noted in the Company's response to Acadia 1-9, the cost to procure an equivalent amount of supply is in all cases greater than the cost of the energy efficiency programs and, therefore, under the question's framing, program sizes would continue ratcheting up in budget and magnitude.

In Docket 5076, the Company proposed Base and High Case Scenarios based on analyses provided in the 2020 "Rhode Island Energy Efficiency Market Potential Study." The PUC reviewed and provided its guidance on these scenarios in its Order No. 24225, issued September 21, 2021. Programs of such large size as contemplated by the question are likely to have intolerably and imprudently large bill and rate impacts, not comply with the Commission's guidance, and, as noted in the Company's rebuttal testimony (Bates Page 8), also pose challenges for implementation businesses.

Acadia 1-9

Request:

What value does the Company use for the cost of procuring additional energy supply?

Response:

The Cost of Supply methodology and value for the 2022 Energy Efficiency Plan is provided in Section 7.5 of the Plan (beginning on Bates page 111).

For the gas portfolio, the total cost of natural gas supply to meet the amount of MMBtu provided by the Plan would be $64.2 million, or $1.58/lifetime therm.

The Cost of Supply for the electric portfolio has been recalculated for the Provisional Plan. The total cost of electric supply to meet the amount of kWh provided by the Plan would be $202.8 million, or $226.98 / lifetime MWh.

Acadia 1-10

Request:

What are the approximate costs and energy savings values of the next "increment" or "traunche" of energy efficiency measures if the Company were to go beyond its proposed limitation of a 5% budget increase? How does it compare to the cost of procuring the equivalent amount of energy supply?

Response:

For this response, the Company calculates the incremental cost of energy efficiency using the difference between the Provisional Plan values and the values provided in the response to EERMC 1-2, which specified a hypothetical 10% increase in spending. It compares these to costs per unit developed using the Cost of Supply values provided in the response to Acadia 1-9.

Table 1: Electric Portfolio

		Units	**Source**
Budget (10% Increase)	$133,838,000		Attachment EERMC 1-2-1
Savings (10% Increase)	980,117	Lifetime MWh	Attachment EERMC 1-2-1
Budget	$122,625,500		Provisional Plan, Table E-2
Savings	893,474	Lifetime MWh	Provisional Plan, Table E-5
Incremental Budget	$11,212,500		(1) - (3)
Incremental Savings	86,643	Lifetime MWh	(2) - (4)
Incremental Cost of Savings	$129.41	$/ Lifetime MWh	(5)/(6)
Cost of Supply	$202,802,777		Use CoS for provisional plan
Cost of Supply / Lifetime MWh	$226.98	$/ Lifetime MWh	(8)/(4)

The incremental cost of savings is $97.57 less than the cost of supply per lifetime MWh.

Table 2: Natural Gas Portfolio

		Units	**Source**
Budget (10% Increase)	$40,225,701		Attachment EERMC 1-2-2
Savings (10% Increase)	4,454,297	Lifetime MMBtu	Attachment EERMC 1-2-2
Budget	$36,723,364		Provisional Plan, Table G-2
Savings	4,059,902	Lifetime MMBtu	Provisional Plan, Table G-5
Incremental Budget	$3,502,336		(1) - (3)
Incremental Savings	394,395	Lifetime MMBtu	(2) - (4)
Incremental Cost of Savings	$8.88	$/ Lifetime MMBtu	(5)/(6)
Cost of Supply	$64,222,020		CoS for provisional plan
Cost of Supply / Lifetime MMBtu	$15.82	$/ Lifetime MMBtu	(8)/(4)

The incremental cost of savings is $6.94 less than the cost of supply per lifetime MMBtu.

Prepared by or under the supervision of: John Richards and Jessica Darling

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Acadia 1-11

Request:

Given the Company's stated approach regarding limiting year-over-year changes to the SBC, what is the Company's expected timeline to procure all cost-effective efficiency measures identified in the maximum potential that are less than the cost of additional supply?

Response:

The Company has no timeline to procure all cost-effective efficiency measures identified in the maximum potential that are less than the cost of additional supply for several reasons.

First, there are too many variables and unknowns that could influence the development of this timeline; implementation costs, changing baselines and codes, changing avoided costs, emergence of new technologies, evaluation results, and evolving regulatory guidance are examples of some variables that will change and which could impact any attempt to predict a "timeline to procure all cost-effective efficiency measures." Indeed, all of these – except for emergence of new technologies – are factors that have changed in less than two years since the development of the Potential Study maximum case scenario and materially impact the level of potential savings identified in that scenario.

Second, as noted in the Company's rebuttal testimony, there are practical implementation considerations that would affect the timeline. The Company would need to work closely with its implementation partners to develop a realistic timeline that worked for them.

Finally, as noted in the Company's rebuttal testimony, the requirement of the procurement of all cost-effective energy efficiency may be interpreted differently than the question implies. Also, in developing such a timeline, "[c]onsistent with R.I. Gen. Laws §39-1-27.7 ("LCP Statute") and the LCP Standards, it is necessary to be mindful of bill and rate impacts and associated prudency requirements when pursuing cost-effective energy efficiency."

Acadia 1-12

Request:

On Bates 120, the Company further states, "More specifically, the Company must account for the anticipated significant increase in the Systems Benefit Charge and its impact on ratepayers." Please explain:

a) The expected increase as a rate.
b) The expected bill impacts for participants.
c) The expected bill impacts for non-participants.

Response:

a) The expected system benefit charge increase over 2021's level as a rate for the electric portfolio is 28.1%. The expected system benefit charge increases over 2021 levels as rates for the gas portfolios are 40.2% for Residential and 40.3% for C&I.

b) Please see Bates 105 in the filed 2022 Annual Plan.
   a. For a more detailed analysis, please see the Company's response to data request Division 1-2.

c) Please see Bates 105 in the filed 2022 Annual Plan.
   a. For a more detailed analysis, please see the Company's response to data request Division 1-2.

Prepared by or under the supervision of: John Richards

Acadia 1-13

Request:

All of the Company's witnesses submitting pre-filed testimony and rebuttal testimony have listed National Grid's Massachusetts address as their place of employment. Which, if any, of the witnesses submitting testimony in this docket are expected to transition to PPL Rhode Island to continue administering the state's energy efficiency programs in the event the proposed sale in Division Docket D-21-09 is approved?

Response:

Among the current National Grid Service Company employees who sponsored either pre-filed or rebuttal testimony in Docket 5189, the following individuals have received and accepted offers of employment from PPL, with start dates anticipated to coincide with the closing of the sale of the Rhode Island business to PPL: Angela Li, Jessica Darling, John Richards, and Joshua Kessler.