

STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION

THE NARRAGANSETT ELECTRIC CO. D/B/A
NATIONAL GRID'S 2022 ANNUAL
ENERGY EFFICIENCY PLAN

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) DOCKET NO. 5189
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NATIONAL GRID'S
FIRST SET OF DATA REQUESTS DIRECTED TO THE OFFICE OF ENERGY
RESOURCES
(Issued December 15, 2021)

Responses Due January 4, 2022

- 1-1 Based on the Report and Order 24225 in Docket 5076, do you believe the Company's proposed performance incentive in the filed 2022 Annual Energy Efficiency Plan stems from a reasonable and appropriate application of the performance incentive mechanism contained within Order 24225 in Docket 5076? Please explain.

National Grid's proposed PIM for 2022 adheres to the framework outlined in Order 24225

- 1-2 Is the Company's application of the performance incentive mechanism and resulting proposed performance incentive in the filed 2022 Annual Energy Efficiency Plan consistent with your interpretation of how the performance incentive mechanism was to be applied for 2022 based on Order 24225? If not, please explain.

The performance incentive as proposed in 2022 adheres to the framework put forward, and its application is consistent with what was outlined in Order 24225. The proposed 2022 earning opportunity is also in line with recent incentive opportunity targets.

- 1-3 Is there another interpretation of the performance incentive mechanism contained in Order 24225 that would more effectively drive the objectives of Least Cost Procurement to customers compared to the Company's interpretation of the performance incentive mechanism which resulted in the Company's proposed performance incentive? If yes, please explain the pros and cons of the potentially more advantageous interpretation compared to the Company's interpretation.

With the Commission-approved PIM having been established quite recently (April 2021), and with no direct precedent or history to consider in its application, OER has no basis on which to provide alternative "interpretations."

- 1-4 Given your understanding of the calculation of energy efficiency program benefits in Rhode Island, is it possible that a program plan that is identical in terms of program

design, budget, and gross annual savings from one year to the next could nevertheless yield significantly different amounts of benefits between the two years? Please explain your answers.

It would be possible for an otherwise identical plan in terms of program design, budget, and gross savings to yield different benefit amounts from one year to the next. For example, adjustments made to measure inputs from one year to the next, stemming from EM&V results, could lead to an identically costed and delivered measure to yield different benefit amounts in the subsequent year.

- 1-5 Should the absolute dollar amount of earning opportunity in an energy efficiency plan be an input to the performance incentive mechanism or an output as the product of a fixed payout rate and eligible net benefits? If the latter, on what basis should a fixed payout rate be determined and how often should that payout rate be examined and potentially adjusted? Please explain.

An important underlying principle for performance incentive mechanisms is that they are designed in such a way to drive actions which are expected to deliver a set of mutually agreed upon desired outcomes. As long as the performance incentive mechanism is designed and managed in accordance with that goal, then the specifics of whether the absolute dollar amount of the earning opportunity is an input or output of the mechanism shouldn't impact its effectiveness.