

December 31, 2021

VIA ELECTRONIC MAIL

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

**RE: Docket 5208– In re: Forward Capacity Market
Responses to Division 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 responses to the Division of Public Utilities and Carriers’ 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

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.

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 5208
In Re: Forward Capacity Market
Responses to the Division's First Set of Data Requests
Issued on December 16, 2021

Division 1-1

Request:

When did the Company first participate in the Forward Capacity Market (FCM) for energy efficiency resources?

Response:

The Company first participated EE resources in the FCM in the first Forward Capacity Auction (FCA) 1 that occurred in 2008.

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 5208
In Re: Forward Capacity Market
Responses to the Division's First Set of Data Requests
Issued on December 16, 2021

Division 1-2

Request:

Please identify by title (not employee name), all present and former employees that had any responsibility for managing the Company's activities in the FCM for each year since the year identified in DPUC 1-1.

Response:

The table below includes the employees that were responsible for helping to support and manage the Company's activities in the FCM for each year starting in 2008. This response is based on Company records and best recollection at this time. In addition to the Company employees listed, the FCM portfolio management has also been supported by three consultants at CLEAResult since 2020. Moreover, while not supervising the daily FCM activities, the Director of Distributed Energy Resources is also consulted on a case-by-case basis.

| Year | Employee Title |
|-------------|---|
| 2008 | Manager ¹ Lead Analyst, Energy Efficiency Policy and Evaluation |
| 2009 | Manager Lead Analyst, Energy Efficiency Policy and Evaluation Analyst, Energy Efficiency and Product Reporting |
| 2010 | Manager Analyst, Energy Efficiency and Product Reporting Analyst, Energy Efficiency Policy and Evaluation |
| 2011 | Manager, Policy and Evaluation Analyst, Energy Efficiency and Product Reporting Analyst, Program Strategy and Evaluation |
| 2012 | Manager, Policy and Evaluation Analyst, Energy Efficiency and Product Reporting Analyst, Program Strategy and Evaluation |
| 2013 | Manager, Policy and Evaluation Senior Analyst, Energy Efficiency and Product Reporting Analyst, Program Strategy and Evaluation Senior Analyst, Strategic Business Policy and Evaluation |

¹ At this time the Company is waiting for its Human Resources department to confirm the exact title of certain previous FCM employees. The Company will supplement this response if it discovers any material difference between the titles listed and the HR confirmed titles.

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 5208
In Re: Forward Capacity Market
Responses to the Division's First Set of Data Requests
Issued on December 16, 2021

| | |
|------|---|
| 2014 | Manager, Policy and Evaluation Senior Analyst, Energy Efficiency and Product Reporting Senior Analyst, Strategic Business Policy and Evaluation |
| 2015 | Manager, Policy and Evaluation Senior Analyst, Energy Efficiency and Product Reporting Senior Analyst, Strategic Business Policy and Evaluation |
| 2016 | Director, Strategic Business, Policy and Evaluation Senior Analyst, Energy Efficiency and Product Reporting Senior Analyst, Strategic Business Policy and Evaluation |
| 2017 | Director, Strategic Business, Policy and Evaluation Lead Analyst, Energy Efficiency and Product Reporting Senior Analyst, Strategic Business Policy and Evaluation Analyst, Strategic Business Policy and Evaluation |
| 2018 | Manager Manager Lead Analyst, Energy Efficiency and Product Reporting Senior Analyst, Strategic Business Policy and Evaluation Senior Analyst, Strategic Business Policy and Evaluation Analyst |
| 2019 | Manager, Wholesale and Community, Distributed Energy Resources Lead Analyst, Energy Efficiency and Product Reporting Senior Analyst, Wholesale and Community, Distributed Energy Services Senior Analyst, Wholesale and Community, Distributed Energy Services Senior Analyst, Wholesale and Community, Distributed Energy Services |
| 2020 | Manager, Grid Services, Distributed Energy Resources Lead Analyst, Energy Efficiency and Product Reporting Senior Analyst, Grid Services, Distributed Energy Services Senior Analyst, Grid Services, Distributed Energy Services Senior Analyst, Grid Services, Distributed Energy Services |
| 2021 | Manager, Grid Services, Distributed Energy Resources Lead Analyst, Energy Efficiency and Product Reporting Senior Analyst, Grid Services, Distributed Energy Services Senior Analyst, Grid Services, Distributed Energy Services |

Division 1-3

Request:

For the employee titles identified in the Company's answer to DPUC 1-2, please identify what training they undertook to either earn participation status or any ongoing internal trainings offered by the Company.

Response:

No formal training is required to "earn participation status" in the Forward Capacity Market. Further, there are no ongoing internal trainings offered by the Company. As noted in the Company's response to Division 1-4, the Company's FCM team relies on ISO-NE training.

Internally, the FCM team has conducted an informal high-level training on the Company's participation in the ISO-NE FCM to other Company employees, as well as shared the training presentation with other Company employees not in attendance. This internal training was hosted by the FCM team and for the benefit of other employees.

Division 1-4

Request:

How many of the FCM employees have undertaken training by ISO-NE?

Response:

The current Senior Analyst, who has been in this role since 2018, has undertaken the following trainings hosted by ISO-NE:

- Forward Capacity Market 101 (week-long course)
- FCM Show of Interest for New Demand Capacity Resources (annual webinar)
- FCM Show of Interest for New Generation and Imports (annual webinar)
- FCM New Capacity Qualification for Demand Capacity Resources (annual webinar)
- FCM New Capacity Qualification for Generation and Imports (annual webinar)
- Asset Registration and Auditing (full day)
- Wholesale Electricity Markets 101 (week-long course)

The Company's three consultants and former Senior Analysts have undertaken one or more of the trainings listed above. Additionally, the three consultants have also taken the trainings listed below:

- FCM Existing Capacity Qualification Process (annual webinar)
- FCM Delisting (annual webinar)
- Interconnection Process (annual webinar)
- FCM New Capacity Offer Price Development (annual webinar)

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 5208
In Re: Forward Capacity Market
Responses to the Division's First Set of Data Requests
Issued on December 16, 2021

Division 1-5

Request:

For the employees that have undertaken training by ISO-NE, please identify the scope and completion level of that training.

Response:

Please reference the table below for a list of the training completed by FCM employees and consultants.

| Training | Scope | Completion Level |
|--|--|--------------------------|
| Forward Capacity Market 101 | This is a four-day course on New England's Forward Capacity Market (FCM). The instructors are ISO New England subject matter experts. | Course completed |
| FCM Show of Interest for New Demand Capacity Resources | Informs prospective project sponsors and market participants about the requirements and submittal process for the Show of Interest (SOI) for the upcoming Forward Capacity Auction | Annual webinar completed |
| FCM Show of Interest for New Generation and Imports | Informs prospective project sponsors and market participants about the requirements and submittal process for the Show of Interest (SOI) for the upcoming Forward Capacity Auction | Annual webinar completed |
| FCM New Capacity Qualification for Demand Capacity Resources | Reviews requirements associated with the submittal of the new capacity qualification package for demand capacity resource projects requesting participation in the Forward Capacity Auction for the next Capacity Commitment Period | Annual webinar completed |
| FCM New Capacity Qualification for Generation and Imports | Reviews requirements associated with the submittal of the new capacity qualification package for generating and import capacity resource projects requesting participation in the Forward Capacity Auction for the next Capacity Commitment Period | Annual webinar completed |

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 5208
In Re: Forward Capacity Market
Responses to the Division's First Set of Data Requests
Issued on December 16, 2021

| Training | Scope | Completion Level |
|---|---|-----------------------------|
| Asset Registration and Auditing | This was a training made available in about 2009 that went over the registration and auditing of assets. | Full-day training completed |
| Wholesale Electricity Markets 101 | This is a course about the New England wholesale electricity markets including an introduction to the Forward Capacity Market. It is intended for individuals who are new to the New England wholesale electricity markets or who need a refresher. The instructors are ISO New England subject matter experts. | Week-long course completed |
| FCM Existing Capacity Qualification Process | This webinar will inform market participants of the existing capacity qualification process for existing generating, import, and demand capacity resources that are participating in the upcoming Forward Capacity Auction | Annual webinar completed |
| FCM Delisting | Provides market participants with information about the Internal Market Monitoring Department's delist cost review process as well as how to complete the published cost workbooks according to the current market rule. | Annual webinar completed |
| Interconnection Process | Explains to prospective companies the requirements to submit an Interconnection Request for small generating facilities, large generating facilities, and elective transmission upgrades. It will describe the Interconnection Process timeline once assigned a queue position. | Annual webinar completed |
| FCM New Capacity Offer Price Development | Provides market participants with information about formulating a new resource offer floor price and completing the cost workbook to support that price. | Annual webinar completed |

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 5208
In Re: Forward Capacity Market
Responses to the Division's First Set of Data Requests
Issued on December 16, 2021

Division 1-6

Request:

In the Company's answer to PUC 1-7, it explained that the financial assurance penalty was calculated, at that time, as \$367,148 but that the final penalty would not be known until mid-December. The Company also stated that the penalty would be reduced if the Company was able to secure commercial status for additional kW from either CSO.

- a) Has the Company been to secure commercial status for additional kW from either CSO? If so, please provide specifics including the kW amounts secured for each CSO.
- b) Please provide the final financial assurance penalty amount.

Response:

- a) The Company was able to secure commercial status for the remaining 1,884 kW of CSO remaining for FCA14 and an additional 374 kW of the CSO of the total 38,624 kW CSO for FCA15.
- b) The Financial Assurance (FA) penalty amount is \$332,781.54. The table below includes the details of the FA obligation as of December 22, 2021.

| Resource ID | Resource Name | FCA | kW Subject to FA | Timeline Factor | Rate (\$/kW) | FA Obligation |
|-------------|--------------------|-------|------------------|-----------------|--------------|---------------|
| 12672 | ngrid_ri_fca1_eodr | FCA14 | 0 | 2X | \$8.187 | \$0.00 |
| 12672 | ngrid_ri_fca1_eodr | FCA15 | 38,220 | 1X | \$8.707 | \$332,781.54 |
| Total | | | | | | \$332,781.54 |

Division 1-7

Request:

In the Company's answer to PUC 1-8 in Docket 5189, the Company referenced new ISO-NE market rules and indicated that the Company updated its strategy on procuring capacity supply obligations in response to the changed market rules.

- a) What specific rule was the company referencing in this answer?
- b) When did this rule change?
- c) What was the substance of the change?
- d) Was the Company provided with any type of advance notification of the new ISO-NE rule

Response:

- a) One specific part of the market rule was being referenced, Section III.13.1.4.1.1.1¹ where new EE resources are required to be created annually, as opposed to incrementally adding on to existing resources as the previous rule provided. Section III.13.1.4.1.1.1 provides: "For each resource that a Project Sponsor seeks to offer in the Forward Capacity Auction as a New Demand Capacity Resource, the Project Sponsor must submit to the ISO a New Demand Capacity Resource Show of Interest Form as described in this Section III.13.1.4.1.1.1 during the New Capacity Show of Interest Submission Window, as described in Section III.13.1.10. A New Demand Capacity Resource Show of Interest Form for a resource composed of Energy Efficiency measures must represent a resource with a new and unique resource identification number. The ISO may waive the submission of any information not required for evaluation of a project." (Emphasis added).
- b) This rule change was effective for FCA16 which qualification process began in April 2021.
- c) Please reference the Company's response to subsection (a).
- d) ISO-NE did not contact the Company directly regarding this rule change. The Company became aware of this change during the ISO-NE stakeholder process at a Markets Committee meeting in October 2020 when it was originally discussed. ISO-NE then drafted language and filed these changes in December 2020. The Company monitored the subsequent processes where FERC approved the changes, which went into effect for the FCA16 qualification process.

¹ https://www.iso-ne.com/static-assets/documents/regulatory/tariff/sect_3/mr1_sec_13_14.pdf

Division 1-8

Request:

In the Company's answer to PUC 1-11 (a) in Docket 5189, the Company indicated that it first learned of the potential for a penalty in March of 2021.

- a) How did the Company first learn of the potential?

Response:

- a) The Company first learned of the potential for a penalty in March 2021. The team conducted a thorough assessment of FA obligations in February 2021 in the context of trying to identify when different resources would become commercial. This was done to start the planning process for the FCA16 Shows of Interests due in April 2021. It was not until March 3, 2021, when the FCM team met to review the FCM forecast tool more carefully when we realized that if the resources would not fully commercialize, it needed to calculate how much FA was at risk. The team continued to analyze performance throughout April 2021, including identifying the months when peak performance would occur and that after those dates, expirations would exceed new installs leading to the inability for new capacity to be audited as commercial. After correspondence with ISO-NE to fully understand the audit process, the Company met with ISO-NE on May 11, 2021 to verify the calculations and its understanding of the market rule and to confirm that the resources would likely not commercialize, resulting in the FA penalty.

Division 1-9

Request:

In the Company's revised answer to PUC 1-11 (a) and (b) in Docket 5189, the Company indicated that it began reviewing and evaluating performance projections and implemented a modified approach after it "accessed" ISO-NE Financial Assurance Management Reports, which enhanced the Company's ability to track and eliminate potential differences between forecasts and delivered MW. In the Company's answer to PUC 3-14 in Docket 5189, it indicated that the Company obtained access to the Financial Assurance Management Reports on June 3, 2019.

- a) How did the Company "access" the Financial Assurance Management Reports?
- b) When did the Company access the reports?
- c) Was the Company eligible to access these reports at an earlier date?
- d) If so, when was the Company eligible?
- e) Why was the Company not aware of the Financial Assurance Management Reports prior to this date?

Response:

- a) A National Grid Security Administrator gave the FCM employee permission to access the Financial Assurance Management (FAM) system by certificate. "Access" means enabling the FAM system in the FCM employee's ISO-NE online profile.
- b) The Company started accessing the FAM reports in June 2020. By March 2021, the Company began to access the reports routinely on a monthly basis and incorporated this step as part of its monthly processes including review of monthly performance, audit values, and commercial status of resources.
- c) Yes, the Company was eligible to access these reports since the inception of the FCM.
- d) According to ISO-NE, the Company would have been eligible at the time the FAM system became a module in ISO-NE's system at the inception of the FCM.
- e) The current Senior Analyst was generally aware of the existence of the Financial Assurance Management Report. Based on the Company's practice, which had been historically beneficial to customers, the FCM team did not utilize the reports as part of its management of the FCM portfolio. However, going forward, the Company has formally incorporated a review of the FAM report as a part of its monthly planning process as noted in subsection (b).

Division 1-10

Request:

In the Company's answer DIV 4-3 in Docket 5189, the Company indicated that it did not foresee the magnitude of the expiring measures would impact the Company's ability to meet its supply obligations because it was not aware of how ISO-NE marked new capacity supply obligations as commercial. This statement seems to contradict the answers in PUC 1-8 in Docket 5189 which stated there was a rule change, and PUC 1-11 in Docket 5189 which states that the company changed strategy after accessing financial assurance management reports. Please explain.

Response:

In its analysis and review to both understand what occurred and to be able to respond to the several data requests in Docket No. 5189, the Company identified factors that contributed to the anticipated financial assurance penalty. At this time, the Company can identify the following factors as having contributed to the FA penalty:

- 1- Increase in expiring measures and consequential claimable savings;
- 2- Plateauing of program growth and consequential claimable savings;
- 3- Misunderstanding of how ISO-NE marked new energy efficiency capacity supply obligations as commercial.

The Company's response to PUC 1-8, whereby it stated it expects that this penalty will be a one-time occurrence due to market rule changes and consequential strategy changes, did not intend to identify the market rule change as a cause of the financial assurance penalty. Instead, the market rule change required the Company to adjust its strategy at the same time the anticipated FA penalty also required a re-evaluation of its existing strategy. Coincidentally, the strategy changes as a result of the new market rule also provided a solution to mitigate the likelihood of future FA penalties.

Division 1-11

Request:

Referring to Attachment Div 2-35-1 in Docket 5189 please explain the reference to \$1.5 million in forfeited FA.

Response:

The reference to \$1.5 million in the Docket 5189's Attachment DIV 2-35-1 was one of the Company's initial estimates on its total FA penalty across Rhode Island as well as Massachusetts.