



State of Rhode Island and Providence Plantations

State House  
Providence, Rhode Island 02903-1196  
401-222-2080

Gina M. Raimondo  
Governor

March 2, 2017

Margaret E. Curran Chairperson Public Utilities Commission 89 Jefferson Boulevard Warwick, RI 02888	Carol J. Grant Commissioner RI Office of Energy Resources One Capitol Hill Providence, RI 02908	Macky McCleary Administrator Division of Public Utilities and Carriers 89 Jefferson Boulevard Warwick, RI 02888
---	---	---

Dear Chairperson Curran, Commissioner Grant, and Administrator McCleary:

Rhode Island has taken great strides towards realizing a cleaner, more sustainable energy future. To continue on this path, we must ensure that our energy system continues to evolve in a manner that benefits all Rhode Island residents and businesses; fosters job growth and innovation; leverages emerging clean energy technologies to reduce system-wide costs; and enables a more flexible, lower-carbon grid.

My recent announcement that Rhode Island will procure an additional 1,000 megawatts of clean energy resources to further diversify and decarbonize our energy supply is another important step forward, but there is more that we must do. Critical to our long-term success is a more nimble electric grid that can strategically integrate clean energy resources and enable Rhode Islanders to take advantage of new clean energy technologies.

With this letter, I am asking your respective agencies to collaborate in the development of a more dynamic regulatory framework that will enable Rhode Island and its utilities to advance a cleaner, more affordable, and reliable energy system for the 21<sup>st</sup> century and beyond. Based on your agencies' work with each other and with stakeholders, I expect the Public Utilities Commission, the Office of Energy Resources and the Division of Public Utilities and Carriers to develop a package of draft regulatory frameworks, proposals or deployment strategies, as appropriate, by November 1<sup>st</sup>, 2017.

In particular, I ask that your agencies, in coordination with stakeholders, address the following questions:

- What functions should the future electric utility perform, and how should it be compensated for those services?

- How can adoption of electric vehicles and electric heating help to optimize our system, while maximizing economic and environmental efficiencies?
- How can the electric utility improve grid planning to enable customers and third parties to participate in the clean energy revolution while prioritizing investments for a reliable and least-cost energy system?

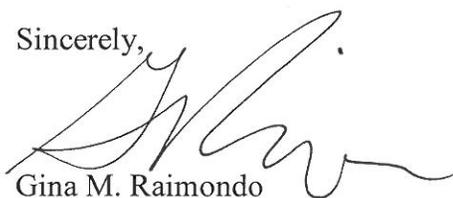
These questions matter now for Rhode Island. The improvements in system efficiency, customer choice, and clean energy integration necessary to achieve our energy goals depend upon our realizing the benefits of rapidly advancing products for information management, communications, power distribution, and behind-the-meter services. Our regulatory system must therefore remove barriers to adoption of these tools and establish incentives for the electric utility to achieve meaningful, performance-driven results.

I ask that you consider, build upon and extend the work achieved to date through the Energy Efficiency and Resource Management Council, the Distributed Generation Board, the Systems Integration Rhode Island Working Group, the Public Utilities Commission's docketed investigation of the changing electric system, and lessons from National Grid's continuing innovation across its service territory as your agencies develop regulatory frameworks and proposals. I encourage you to work with the National Governors Association, the Regulatory Assistance Project and others to draw upon expertise from around the region and the country.

Ocean State residents and businesses seek a new energy compact among our utilities, our regulators and each other. The work that I have charged you with here will sustain that compact for years to come, and ensure that Rhode Islanders can benefit from new clean energy technologies. I look forward to working with you to improve energy affordability across our state, grow jobs and attract new investment, reduce our carbon footprint, and strengthen the quality of life for all Rhode Islanders, now and into the future.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gina M. Raimondo', written over a light blue horizontal line.

Gina M. Raimondo  
Governor