

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: THE NARRAGANSETT ELECTRIC COMPANY :
d/b/a NATIONAL GRID – ELECTRIC AND GAS : **DOCKET NO. 4770**
DISTRIBUTION RATE FILING – DIRECT CURRENT : **DOCKET NO. 4770-A**
FAST CHARGE PILOT TARIFF ADVICE :

ORDER

On August 24, 2018, the Public Utilities Commission (PUC) approved a three-year rate plan (Amended Settlement) applicable to The Narragansett Electric Company d/b/a National Grid's (National Grid or Company) electric and gas distribution rates.¹ The Amended Settlement included a Discount Pilot for Direct Current Fast Charging (DCFC) Station Accounts which was contemplated for enrollments in Rate Years 1, 2, and 3.² The pilot would allow customers taking electric service with a demand rate to receive a time-limited discount on their bills for dedicated fast charging purposes. The Commission, however, only approved a rebate level equal to 100% of the demand charge for enrolled accounts for Rate Year 1, leaving open the level of discount for the subsequent two rate years based on information gathered and reported on in the Electric Transportation Initiative annual report. The Company filed a compliance filing reflecting that

¹ Order No. 23823 (May 5, 2020); [http://www.ripuc.ri.gov/eventsactions/docket/4770-4780-NGrid-Ord23823%20\(5-5-20\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/4770-4780-NGrid-Ord23823%20(5-5-20).pdf).

² "Narragansett Electric will offer a time-limited discount on the electric bills for dedicated DCFC electric accounts. This discount pilot will be available on a first come, first served basis, with the annual value limited to \$300,000 per year. Any existing or new customers with General C&I Rate G-02 or Large Demand Rate G-32 for dedicated DC Fast Charging purposes will be eligible for the discount, provided that twenty five percent (25%) of the stations receiving the discount shall be in stations that enable electric public transit. The monthly bill discount will be based on a per kW credit set at the same rate as the applicable (Rate G-02 or Rate G32) distribution demand charge. The discount for participants who enroll in Rate Year 1 will be equal to one hundred percent (100%) of the distribution demand charge for a period of three years from the start of service. Sixty (60) days prior to enrollment for Rate Year 2 and Rate Year 3, the Company shall make, as part of the Electric Transportation Evaluation and Annual Program Modification Report, with input from the PST Advisory Group, a recommendation for the appropriate level of discount for new participants in such Rate Year based on enrollment data and lessons learned, for approval by the PUC. The results of the pilot and any proposed DCFC demand charges or rebates will be reviewed as part of the next MRP, which may include a phase out over years four, five, and six with the details of such phasing out to be included in the next MRP." Amended Settlement at 58-59; <http://www.ripuc.ri.gov/eventsactions/docket/4770-4780-NGrid-ComplianceFiling-Book%201%20through%207%20-%20August%2016,%202018.pdf>.

decision in 2018. The tariff allowed enrollments by eligible customers in Rate Year 1 only. No updated tariffs were filed following the Rate Year 1 tariff filing.

On July 1, 2021, National Grid filed a tariff advice seeking to extend the pilot and the rebate equal to 100% of the demand rate in Rate Year 3 and beyond. The Company noted that enrollment during the first three rate years had been limited. There was no need to amend the Rate Year 1 tariff due to lack of enrollment in Rate Year 2, but there was interest from a small number of customers to enroll in Rate Year 3. The Company noted that there had been an underspending of the amount allowed to fund the discount. Those funds were being held in a deferral account for the benefit of customers.³

The Commission issued data requests which showed that due to low enrollment, the Company was unable to provide information required by the annual reports on the learnings of the pilot. It also indicated that even with the enrollment of the customers who had expressed interest, the balance in the deferral account would not be eliminated. Finally, the Company noted that there were customers who had installed DCFCs who were not placed on a demand rate and therefore, were ineligible for the discount.⁴ The Company, however, supported continuing the pilot hoping to gather the information initially anticipated and grow enrollment as originally expected.

On July 22, 2021, the Division of Public Utilities and Carriers' (Division) attorney submitted a letter indicating that the Division supported approval of the tariff advice.⁵ Also, on July 22, 2021, the Office of Energy Resources (OER) submitted a memorandum supporting the tariff advice, albeit with additional comments about demand rebates generally.⁶

³ Tariff Advice Filing (July 1, 2021); [http://www.ripuc.ri.gov/eventsactions/docket/4770-NGrid-TariffAdvice-%20DCFC%20Discount%20Pilot%20\(7-1-21\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/4770-NGrid-TariffAdvice-%20DCFC%20Discount%20Pilot%20(7-1-21).pdf).

⁴ National Grid Response to PUC's First Set of Data Requests; [http://www.ripuc.ri.gov/eventsactions/docket/4770-NGrid-DR-PUC1%20\(DCFC\)%20\(7-19-21\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/4770-NGrid-DR-PUC1%20(DCFC)%20(7-19-21).pdf).

⁵ Wold Letter (July 22, 2021); <http://www.ripuc.ri.gov/eventsactions/docket/4770-DIV-Recommendation%20re%20NGrid%20Tariff%20Advice%20Filing.pdf>.

⁶ OER Mem. (July 22, 2021); <http://www.ripuc.ri.gov/eventsactions/docket/4770->

On July 27, 2021, after considering the filings, the Commission held an Open Meeting and voted unanimously to suspend the tariff advice as to the effective date beyond August 31, 2021, the end of Rate Year 3.⁷ The Commission noted that in its comments, OER had identified the equity and economic considerations of a demand charge discount that should be explored before making any decisions on the long-term future of the pilot. The Commission, however, found that a revision to the DCFC tariff to allow enrollment by eligible customers prior to the end of Rate Year 3 would be consistent with the Amended Settlement. Therefore, the Commission ordered National Grid to file a compliance tariff which it did on July 30, 2021. On August 11, 2021, at an Open Meeting, the compliance tariff was approved for effect July 27, 2021. Regarding the requested extension beyond Rate Year 3, National Grid was directed to file testimony supporting the request.

Docket No. 4770-B Review of Deferral Balance Related to Special Sector Programs (Amended Settlement Agreement Section 20)

At the Open Meeting, the Commission also discussed the lack of participation in the pilot and the accrual of unspent funds. This raised questions about the reasonableness of continuing to allow the Company to over-collect. Unlike most other rate allowances in base distribution rates that were approved in the Amended Settlement, the funding of the DCFC discount program was subject to a deferral mechanism in Section 17 of the Amended Settlement. The terms of the deferral in the Amended Settlement state in pertinent part:

“To the extent the deferral was caused by a cost reduction or funds not spent for reasons other than a reasonable delay, the deferral shall be held for the benefit of customers and the PUC shall determine how it shall be applied against other programs or costs that otherwise might have been borne by customers.” Section 20(d)

[OER's%20Position%20on%20DCFC%20Discount%20Pilot%20Provision%20\(07-22-2021\).pdf](#).

⁷ Continued review of the DCFC Tariff Advice for the period beyond Rate Year 3 was assigned Docket No. 4770-A.

Further, the 3-year term of the Amended Settlement Agreement has expired. While the terms of the agreement allow its provisions to remain in effect after expiration, the terms also recognize that the Commission has the discretion to change or modify such terms as appropriate after the expiration and may “modify rates to protect the public against improper and unreasonable rates that cannot be precluded by a settlement.”⁸

The Amended Settlement Agreement provided an annual rate allowance for the Pilot program which ramped up each year, starting at approximately \$103,000 in year 1, growing to \$170,000 in year 2, and increasing further to over \$264,000 in year three – for a total collection from ratepayers equal to approximately \$538,000 over three years. If left unchanged, the Company will continue to collect \$264,000 per year.

After receiving the filing, the Commission asked data requests, including several that related to the amounts expended and amounts received from ratepayers to fund the program, along with other programs relating to other electric transportation initiatives. Actual total expenditures from Year 1 through the end of Year 3 are forecasted to be only \$58,000. As a result, there is projected balance in the deferral account related to the DCFC program of \$480,000, as of the end of next month.⁹

Given the continued over-collections, the Commission found it appropriate to establish a procedural schedule to address the reasons why there has been such a significant underspending in the electric transportation programs which resulted in a significant balance in the deferral

⁸ Sections 23(e)&(g). The Commission also notes that the Company filed an earnings report in this Docket showing that the Company earned substantially above its allowed return on equity during calendar year 2020.

⁹ In addition to the \$480,000, however, there are more funds that have built up in the deferral account from other electric transportation programs in which National Grid has underspent. As of the end of Rate Year 3, the total amount of the Electric Transportation deferral is \$1.5 million, \$480,000 of which is the DCFC Pilot. Forecasting the total Electric Transportation deferral through the end of Year 4, the total balance of unspent ratepayer funds would be nearly \$2 million.

account and address the question of how and when the balance in the deferral account should be credited to customers. The matter was subsequently assigned Docket No. 4770-B.

Conclusion of Docket No. 4770-A – DCFC Tariff Advice

Following the Open Meeting, a procedural schedule was set for investigation into the suspended tariff for the period following the end of Rate Year 3 (August 31, 2021). A technical session was held on September 22, 2021, to discuss OER's comments, while supportive of continuing the pilot, nonetheless cautioned that it is important to consider all incentives across all programs to ensure they do not send conflicting policy and ratemaking messages. For example, OER suggested that a demand rebate could send improper price signals and could, in some instances, conflict with the policy goals of Connected Solutions.

On November 3, 2021, National Grid filed testimony about the DCFC rebate, noting that the Commission had directed the Company to file testimony supporting its request for an extension of the pilot. National Grid witnesses Anthony Carloni and Melissa Little stated,

[T]he Company has since determined that the potential costs of the pilot to distribution customers appear to outweigh the benefits to continuing the pilot beyond August 31, 2021. Accordingly, subject to feedback from the Docket 4770 Power Sector Transformation Advisory Group, the Company acknowledges the potential benefit to distribution customers of not extending the pilot to new applicants as of September 1, 2021. Moreover, the Company does not object to crediting ratepayers the balance of the deferral account for the pilot as forecasted through RY 4.¹⁰

On November 29, 2021, the Commission reviewed the Company's testimony at an Open Meeting and voted unanimously not to extend the pilot and to close the docket without prejudice. Where National Grid had not filed testimony affirmatively supporting continuation with evidence, the Commission determined that there was no longer a matter before the Commission which it was being asked to approve.

¹⁰ Carloni and Little Test. at 4.

Accordingly, it is hereby,

(24284) ORDERED:

1. The Narragansett Electric Company d/b/a National Grid's Tariff Advice Filing made on July 1, 2021 is hereby suspended for further investigation.
2. The Narragansett Electric Company d/b/a National Grid's Tariff RIPUC No. 2247, filed on July 30, 2021 is hereby approved.
3. The Narragansett Electric Company d/b/a National Grid is directed, in accordance with a procedural schedule to be established by the Commission, to file testimony (i) supporting the request for the extension of the DCFC pilot, (ii) explaining why there has been such a significant underspending in the electric transportation programs which resulted in a significant balance in the deferral account, and (iii) addressing why the Commission should or should not credit ratepayers for the balance in the deferral account now, as forecasted through Rate Year 4, rather than waiting for the time when the Company files its next rate case is filed.
4. Consideration of the DCFC Rebate Tariff Filing was assigned Docket No. 4770-A.
5. Consideration of the underspending in the electric transportation programs and the question of the timing of crediting customers of the deferral balance was assigned Docket No. 4770-B.
6. The Narragansett Electric Company d/b/a National Grid's request to extend the DCFC pilot beyond Rate Year 3 is moot. The DCFC pilot will not extended beyond Rate Year 3 and Docket 4770-A is closed without prejudice.

EFFECTIVE AT WARWICK, RHODE ISLAND, ON JULY 27, 2021, PURSUANT TO
OPEN MEETING DECISIONS ON JULY 27, 2021, AUGUST 11, 2021, AND NOVEMBER
29, 2021. WRITTEN ORDER ISSUED ON DECEMBER 28, 2021.

PUBLIC UTILITIES COMMISSION



Ronald T. Gerwatowski, Chairman



Abigail Anthony, Commissioner



John C. Revers, Jr., Commissioner

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws §39-5-1, any person aggrieved by a decision or order of the PUC may, within seven (7) days from the date of the order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.