



**STATE OF RHODE ISLAND**

**DIVISION OF PUBLIC UTILITIES & CARRIERS**

89 Jefferson Boulevard  
Warwick, Rhode Island 02888  
(401) 941-4500  
(401) 941-9207 - Fax

June 10, 2022

*Via Electronic Mail*

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

**RE:** Docket 4770 – Narragansett Electric’s Performance Incentive Factor Filing  
re: System Efficiency for Calendar Year 2021

Dear Ms. Massaro:

On behalf of the Division of Public Utilities and Carriers (“Division”), please accept for filing the attached memorandum from the Division’s Chief Accountant John Bell that provides the agency’s analysis and recommendations regarding Docket 4770 as reference above.

Thank you for your attention to this submission.

Very truly yours,

*/s/ Christy Hetherington*

Christy Hetherington, Esq.  
Chief of Legal Services  
Division of Public Utilities and Carriers

Enclosure

cc: Service List

# Memorandum

To: Linda George, Esq., Administrator  
Division of Public Utilities and Carriers

From: John Bell, Chief Accountant  
Division of Public Utilities and Carriers

CC: John Spirito, Esq., Deputy Administrator  
Paul Roberti, Esq., Chief Economic & Policy Advisor  
Christy Hetherington, Esq., Chief Legal Counsel  
Division of Public Utilities and Carriers

Date: June 10, 2022

Subject: Docket 4770, Narragansett Electric's Performance Incentive Factor Filing re: System Efficiency for Calendar Year 2021

---

On March 8, 2022, Narragansett Electric ("Company"), now known as Rhode Island Energy, filed its 2021 Performance Incentive Mechanism (PIM) Annual Report and it also submitted a Performance Incentive Factor (PIF) Filing. The PIF Filing was submitted under Tariff Provision, RIPUC No. 2211 which is the Company's Performance Incentive Recovery (PIR) Provision, approved in Docket 4770.

The PIM Annual Report was submitted in accordance with the Amended Settlement in Docket 4770 and provides the outcomes related to the System Efficiency: Annual Megawatt Capacity Savings PIM and several Scorecard Metrics. The metric for the System Efficiency PIM reflects avoided capacity coincident with the ISO-NE peak hour. In general, the resources for Annual MW Capacity Savings include: (1) Demand Response, (2) incremental net-metered distributed generation in excess of forecasted levels, (3) incremental storage capacity, and (4) other actions the Company can identify. To earn a PIM for 2021, the approved target levels range from a minimum of 21 MW to a maximum of 29 MW, with a maximum incentive of \$944,141. The Annual Report shows that the Company curtailed 32.3 MW of capacity. The majority of the curtailment related to Commercial and Industrial Demand Response. The Division, along with our expert Consultant, Gregory Booth, PE, met with the Company on May 20, 2022 to obtain a further understanding of how the 32.3 MW savings was determined. Attached is a memo from Gregory Booth, PE, which summarizes our meeting and explains that the majority of the savings was derived from actual meter information. Mr. Booth further concluded that the "Company's calculations follow a reasonable methodology and an accuracy level in which the Division should have confidence". Based on our meeting and the feedback the Division received from Mr. Booth, we concluded that the Company achieved the 32.3 MW's of claimed savings and as a result is eligible for the maximum incentive of \$944,141.

PIF Filing supports the calculation of a proposed uniform factor of \$0.00012/kWh, which is designed to recover the earned incentive and a prior period under recovery of \$310 and is based on forecasted deliveries of 7,384,435,372 kWh's for the recovery period July 1, 2022 – June 30, 2023. The impact of the proposed factor on a residential Last Resort Service customer using 500 kWh's per month will be an increase of \$0.02.

I reviewed both of the above referenced filings and concluded that the Company met the criteria for the maximum System Efficiency incentive of \$944,141 for calendar year 2021 and correctly calculated the related PIF Factor. I recommend approval of the Company's proposed Performance Incentive Factor of \$0.00012/kWh for effect on July 1, 2022.

June 6, 2022

Mr. John Bell  
Chief Accountant  
Rhode Island Division of Public Utilities and Carriers  
89 Jefferson Boulevard  
Warwick, Rhode Island 02888

Subject: RIPUC Docket No. 4770; Performance-Based Incentive Mechanism and  
Scorecard Metrics

Dear Mr. Bell:

This letter outlines the recent assessment of the Rhode Island Energy (formerly National Grid/Narragansett Electric Company) Performance-Based Incentive Mechanism and the Company's calculations. The Company, on page 1 of 5 of its 2021 Annual Report for the period January 2021 through December 2021 in Section II, computed an annual savings of 32.3 MW.

During a conference call with the Company on May 20, 2022, we discussed the three sets of calculations accounting for the total of 32.3 MW.

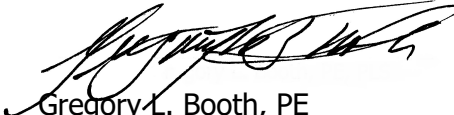
- The C&I demand response of 27.0 MW was based on actual metered data. The Company modeled its analysis after the ISO-NE baseline methodology. During the conference, the Company showed its load curves and explained the methodology. The methodology and use of actual metered data assures that the 27.0 MW is a conservative representation of the C&I demand response capacity curtailment.
- The Residential Battery capacity curtailment of 0.7 MW is based on directly metered data and represents a precise curtailment.
- The Residential Thermostat demand response is somewhat less precise. The Company capacity curtailment is a calculation based on a series of assumptions. The Company uses the on/off information and assumes an air conditioner size of 3.25 kW per thermostat. This assumption relies on a Guidehouse evaluation. The Company has provided that data. The Company knows if a customer opts out of the control and those thermostats which opt out are not included in the claimed curtailment. The Company described its program which includes a pre-cool by 3°F for 3 hours prior to the control, and then increasing the thermostat temperature by 4°F from the original thermostat setting and holding that level for 3 hours. There remains the questions of natural air conditioning diversity and true level of curtailment gained. While the Company described a 3.25 kW per thermostat assumption, the final calculations yield 4.6 MW for 3,933 customers enrolled, or 1.17 kW per enrolled customer. While the Company's curtailment level for this category is an estimate, it is a reasonable representation of the program's capacity curtailment level. Other approaches could be used to develop this number, which would also include assumptions and result in an estimate. Upon implementation of an AMF system, the accuracy of this program curtailment can be developed using metered data, thus providing a higher level of confidence.

Mr. John Bell  
June 6, 2022

The Company indicated that all three categories resulted in a BCA above 1. The Company's present calculations follow a reasonable methodology and an accuracy level in which the Division should have confidence. I recommend the Division accept the 2021 Annual Report PIM System Efficiency calculation.

If you have any questions or would like additional clarification, please contact me.

Sincerely,



Gregory L. Booth, PE  
President

glb/sk