

**IN RE: THE NARRAGANSETT ELECTRIC COMPANY :
d/b/a NATIONAL GRID – ELECTRIC AND GAS : DOCKET NO. 4770
DISTRIBUTION RATE FILING - ELECTRIC :
PERFORMANCE INCENTIVE FACTOR FILING :**

[http://www.ripuc.ri.gov/eventsactions/docket/4770-NGrid-PIM%20Factor%202022%20\(PUC%203-8-22\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/4770-NGrid-PIM%20Factor%202022%20(PUC%203-8-22).pdf).

On March 8, 2022, the Company submitted its 2021 PIM Annual Report and Performance Incentive Factor filing for effect July 1, 2022. The Company reported that it had exceeded the maximum PIM target for 2021. It had delivered 32.2 MW of capacity savings during summer 2021, primarily related to Commercial and Industrial Demand Response.⁷

The Company submitted testimony of Stephanie Briggs, Director of Revenue Requirements for the National Grid USA Service Company, in support of the filing. She explained that National Grid sought approval of a Factor of \$0.00012 per kWh, applicable to all customers. The Factor was designed to recover the calculated earnings of \$944,141 associated with System Efficiency Incentive for Calendar Year 2021 and to recover a prior period under-recovery of \$310.⁸ She calculated the Factor as the amount of earned incentive divided by the forecasted kWh deliveries for the recovery period. The Factor is subject to reconciliation in the event the Factor collects more or less than \$944,441.⁹

On June 10, 2022, the Division of Public Utilities and Carriers (Division) submitted a memorandum from John Bell, Chief Accountant.¹⁰ Mr. Bell summarized the PIM and the Company's calculated Factor. He concluded that the Company met the criteria for the maximum System Efficiency incentive, had calculated the factor properly, and recommended approval.

At an Open Meeting on June 21, 2022, the PUC reviewed the filings and approved the Factor as appropriately calculated.

⁷ Performance Incentive Mechanism Annual Report at 1; [http://www.ripuc.ri.gov/eventsactions/docket/4770-NGrid-PIF%20Annual%20Report%20\(PUC%203-8-2022\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/4770-NGrid-PIF%20Annual%20Report%20(PUC%203-8-2022).pdf).

⁸ Briggs Test. at 2, 5-6.

⁹ *Id.* at 4.

¹⁰ Bell Mem. (June 20, 2022); [http://www.ripuc.ri.gov/eventsactions/docket/4770-DIV-PIF%20re%20System%20Efficiency%202021%20Div%20Memo%20\(6-10-22\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/4770-DIV-PIF%20re%20System%20Efficiency%202021%20Div%20Memo%20(6-10-22).pdf). Mr. Bell's memorandum with respect to the application and calculation of the Factor was accompanied by a memorandum from the Division's engineering consultant, Gregory Booth, further discussing the Division's assessment of the PIM.

Accordingly, it is hereby,

(24454) ORDERED:

The Narragansett Electric Company's Performance Incentive Factor of \$0.00012 per kWh, filed on March 8, 2022, is hereby approved for effect July 1, 2022.

EFFECTIVE AT WARWICK, RHODE ISLAND, ON JULY 1, 2022, PURSUANT TO AN OPEN MEETING DECISION ON JUNE 21, 2022. WRITTEN ORDER ISSUED ON JULY 27, 2022.

PUBLIC UTILITIES COMMISSION



Ronald T. Gerwatowski, Chairman



Abigail Anthony, Commissioner



John C. Revens, 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.

Appendix A

a. *System Efficiency: Annual MW Capacity Savings.* The metric for this performance incentive mechanism will be the mega-watts (MW) of annual peak capacity savings. This metric is intended to reflect avoided capacity coincident with the ISO-NE peak hour. The proposed list of eligible resources for Annual MW Capacity Savings includes: (i) Demand Response, which will not be eligible for an incentive under the existing energy efficiency shareholder incentive; (ii) incremental net-metered behind-the-meter PV distributed generation in excess of Company forecast levels; (iii) incremental installed energy storage capacity; and (iv) any additional actions that the Company can identify to reduce peak demand, including non-wires alternatives expected to influence system peak that are not captured already under this or other metrics, and partnerships with third parties to provide peak reduction solutions. Achievement of the target is not based on any pre-determined mix of qualifying resources, but rather a total count of MW savings across all categories. The table below sets forth the targets and maximum earnings opportunity.

Annual MW Capacity Savings: Targets and Maximum Earnings Opportunity

	2019	2020	2021
Minimum	14	17	21
Target	17	21	24
Maximum	20	25	29
Earnings at Maximum (\$000)	\$362.09	\$622.37	\$944.14

For reporting performance on this metric, Narragansett Electric will submit resource-specific estimated MW savings. For existing eligible resources, Narragansett Electric will base savings on the following assumptions:

- For solar PV, Narragansett Electric will estimate the peak impact as the product of annual incremental installed capacity in excess of forecast levels available at the time of the ISO New England system peak, multiplied by a coincidence factor of 0.21. Narragansett Electric will report the forecast capacity and peak impacts of PV included in its annual peak forecast for the compliance year from the most recent annual forecast.¹¹
- For residential Demand Response under the Company's Connected Solutions program, Narragansett Electric will report the number of participating customers multiplied by a deemed kW savings value per thermostat of 0.46 kW. Should the Company modify the structure of this program or otherwise expand residential demand response offerings, the calculation of savings will be appropriately modified. Any such modifications to the incentive calculation will be presented to the PUC for approval prior to the commencement of the relevant performance year.
- For commercial and industrial Demand Response, Narragansett Electric will report the average observed MW savings over called events.
- For any resources not listed above, Narragansett Electric will report the calculation of resource-specific savings and provide explanation of any underlying assumptions.

¹¹ For example, the Company's 2018 peak forecast projects incremental peak impacts from load-reducing solar PV in 2019 of 7.41 MW (35.3 MW of incremental capacity) in 2019.