

Future Off Gas Comments
RI PUC Docket No. 22-01-NG
VIA EMAIL
PUC.PublicComments@puc.ri.gov

October 14, 2022

Re. 22-01-NG Future Off Gas

Dear Commission:

We write to comment on the proposed scope of the “Future of Gas” docket. There is no future of gas; the future is off gas, as dictated by the General Assembly. Nor is there any more “gas business enablement” (see RI PUC Docket 4770). We ask that you reconsider and revise your propose scope for this docket to truly reflect and “Act on Climate,” R.I. Gen. Laws § 42.6-2 et seq (the Act).

i. Proposed Focus on Gas System

The notice indicates that “[t]his proceeding will focus on the gas system” because “the electric sector is much further along a feasible emissions-reduction pathway than the gas business. . . because long-term government and private actions have created scalable solutions for directly reducing emissions from electricity use. . . and [s]pecifically, a feasible path for electric-system emissions has emerged with the growth of clean electricity generation in the region.” (p. 2, fn. 9) This is a big leading mistake. First, the PUC must be aware that there are not scalable solutions for renewable energy that come anywhere close to servicing the needs of clean electrification even before the electrification of thermal and transportation required by the Act. In every single legislative session program amendments are proposed to provide for the mechanics that would actually enable scaled development of renewables and it is always opposed by the PUC (see e.g., community net metering expansions, expansion of authorization to remote net meter, incentives for solar carports). Beyond off-shore wind (which has its own hurdles to cross and will not even serve half of our load after electrification) there are no current program mechanics that allow for scaled development of renewable energy in Rhode Island. That is an especially alarming shortcoming when we must plan for electrification of thermal and transportation. There simply cannot be scaled transition away from gas without a viable plan for new, scaled generation of clean electricity in Rhode Island. To purport to plan for the future of gas without planning for its substitutes implicitly creates a feasibility problem with any actual implementation mechanics. Therefore, as noted at the end of your footnote 9, “[t]hat assumption about electricity consumption and its effects may [absolutely must] be explored in this docket as a first-order issue. . . .”

ii. *Proposal to Supersede Attorney General's Settlement*

On page 3, Commission staff indicates that under the Attorney General's settlement with Rhode Island Energy, this docket will supersede RIE's requirement to conduct a stakeholder process and report on meeting the Act and a long-term strategy for the gas distribution system. The provision in question states:

Future Investigation. To the extent that the RIPUC decides to open a docket to assess the future of the gas distribution business in Rhode Island, or any other party makes a request to the RIPUC to open such a docket, PPL will not object to the opening of such docket and, to the extent a report and a stakeholder process is mandated by such a docket, that report and process shall supersede the requirements of Sections 2(a) and 2(b), and any cost recovery for the costs Narragansett may incur in participating in any such docket shall be determined by the PUC.

Section 2(a) required RIE to hire a consultant within 60 days of the settlement (May 20, 2022) to assess RIE's role in meeting the requirements of the Act and section 11 of its stipulation to the DPUC entered as part of the DPUC order approving the sale of Narragansett Electric Company to PPL. Section 11 of that stipulation said:

PPL will submit a report to the Division within twelve (12) months of the Transaction closing on its specific decarbonization goals for Narragansett to support the goals of Rhode Island's 2021 Act on Climate ("Act on Climate") and the long-term strategy for the gas distribution system in light of the Act on Climate.

Report and Order, DPUC Docket D-21-09, p. 256 (Feb 23, 2022) (the "Order"). RIE also committed, as one component of that, to present a long-term strategy for the gas distribution system in light of the Act on Climate. Section 2(a) of the AG's settlement required production of a report to the Executive Climate Change Coordinating Council ("EC4") within 12 months to assist it with its plans for the implementation of the requirements of the Act. Section 2(b) required a well-defined, transparent and thorough stakeholder process to accomplish Section 2(a).

RIE must and ought to meet its commitment under section 11 of its stipulation that was incorporated in the Order, despite any terms of the settlement with the Attorney General. The settlement resolved an appeal of the Order, it did not otherwise refute the required terms of the Order. To the extent the AG's settlement could have compromised RIE's commitment in the context of this docket, it can only do so with regard to RIE's commitment to "present a long-term strategy for the gas distribution system in light of the Act," it could not otherwise compromise on RIE's commitment to report to the Division (and the people of Rhode Island) more generally regarding every element of its strategy to comply with the Act. Moreover, if and to the extent that this proceeding displaces RIE's settlement commitment with regard to getting "a long-term strategy for the gas distribution system in light of the Act," it must only do so subject to the AG's active participation that ensures adequate and balanced representation of and zealous advocacy of all of the people's interests herein. The Commission is mistaken to suggest that it could do so and, therefore, we ask for the Commission's clarifying Order and/or RIE's renewed commitment to plan and report on "its specific decarbonization goals for Narragansett to support the goals of Rhode

Island’s 2021 Act” no later than February 23, 2023.” The people deserve fulfillment on that commitment and the EC4 needs it.

iii. *The Proposed Scope (comments in bold/italic)*

A. Purpose

1. ~~Explore the requirements of the Act that are relevant to the PUC’s jurisdiction;~~ ***Rhetorical. Any dwelling on it overlooks the urgency of “Act on Climate.” Delete.***
2. Identify and analyze the technical and regulatory approaches that enable meeting the goals for the gas system, including enabling the State to meet the emissions reduction mandates in the Act; ***Agreed***
3. ~~Identify goals for the gas system that are consistent with the law, including, but not limited to, the emissions requirements of the Act and the requirements of Title 39;~~ ***Rhetorical. Any dwelling on it overlooks the urgency of “Act on Climate”***
4. ~~Create a framework for implementation of~~ ***Ordering*** necessary or beneficial actions under the PUC jurisdiction over the gas system specifically and/or public utilities generally; and ***Rhetorical. Any dwelling on it overlooks the urgency of “Act on Climate.” Revise as indicated.***
5. ~~Identify~~ ***Recommend*** necessary or beneficial actions that are beyond the PUC’s jurisdiction over the gas system specifically and/or public utilities generally. ***Rhetorical. Any dwelling on it overlooks the urgency of “Act on Climate.” Revise as indicated.***

B. Policy Analysis

Staff recommends the PUC’s scope begin with an initial policy analysis with stakeholders. Rather than arrive at fully formed policy, the policy analysis phase will identify a range of potential answers to first-order questions about the interplay between the Act and gas regulation (or utilities generally). The list of relevant questions, and range of possible answers the stakeholder group enumerates, will allow for a public vetting of what needs to be tested during the Technical Analysis and advanced by the Policy Development phases described below. ***This section allows stakeholder involvement and input on nothing of any substance that is not already evident and addressed.***

1. ~~What are the technical requirements of the Act?~~ ***Rhetorical & self evident. Any dwelling on it overlooks the urgency of “Act on Climate.” Delete.***
 - a) ~~How are emissions accounted for by the EC4 in each sector and for the state?~~
 - b) ~~What emissions and actions are represented in the 1990 GHG inventory and the current GHG inventory?~~
2. ~~What are the emissions policy requirements of the Act?~~ ***Rhetorical & self evident. EC4 has thoroughly addressed as needed. Any dwelling on it overlooks the urgency of “Act on Climate.” Delete.***
 - a) ~~What is the definition and effect of “net zero” emissions?~~

- ~~b) Which point of view of emissions reduction does the Act and EC4 take—e.g., societal emissions, state emissions, and/or consumer emissions?~~
- ~~e) How will decreases in Rhode Island’s emissions that cause increases in other states’ emissions be treated in emissions accounting?~~
- ~~d) How will decreases in gas system emissions that cause increase in emissions from other sectors be treated?~~
- ~~e) Do the cumulative emissions between now and 2050 matter under the Act?~~
- ~~f) What timespans constitute short and long term greenhouse gas emissions reduction strategies, with particular focus on the gas system?~~
- ~~g) What policies, such as cost, equity, reliability, etc. does the Act identify in directing the EC4 and agencies to develop GHG reduction plans?~~

*C. Scoping of the Technical Analysis to Be Performed by RIE **Subject to Stakeholder Process***

As required in the Settlement Agreement, RIE committed to retain a consultant to investigate and prepare an “Act on Climate Report.” This would inevitably have required a comprehensive Technical Analysis. A Technical Analysis is necessary to create information useful to understanding what actions and options for emissions reductions are effective and to identify the potential benefits and costs of these actions and options. The analysis should also, to the extent possible, examine different mechanisms for implementation of solutions and cost recovery, as these options will have distributional impacts as well as the potential for negative and positive effects on achievement.

Given the opening of this docket, and consistent with the Settlement Agreement, this Technical Analysis will now be scoped through a PUC-led stakeholder process. The final product of the Technical Analysis Scoping phase is the identification of the final scenarios, including alternative testing and sensitivity ranges, that should be included in RIE’s scope for the Technical Analysis. Staff envisions subsequently creating a technical working group within the larger stakeholder group that is convened by RIE with the purpose of managing delivery of a report on the Technical Analysis to the larger stakeholder group.

Staff presents the following questions to consider in the Technical Analysis Scoping phase:

1. What infrastructure and non-infrastructure options exist for reducing emissions from the gas system? **Agreed**
 - a) Which have been explored in previous and current studies and which have not?
 - b) What updates to the examinations in previous studies, including key assumptions, should be updated and/or considered for sensitivity testing?
2. What scenarios for (all) sector-level emissions will allow the state to meet the emissions reduction mandates of the Act? **Rhetorical & self evident. All proposals must meet the**

requirements of the Act. Any dwelling on this overlooks the urgency of “Act on Climate.” Delete

- a) ~~What is the appropriate baseline for the economy and for the gas system?~~
 - b) ~~In terms of different timing and extent of emissions reductions, what is the implication of these scenarios on the gas system?~~
 - c) ~~Does the feasibility of options for reducing gas system emissions change between these differences in timing and extent in these scenarios?~~
3. What *scenario is recommended based on all* effects of decarbonization should be tracked between scenarios? For example, benefits, costs, rate impacts, inclusion and participation, reliability factors, impacts on other sectors, etc.
 4. What *new policies must be implemented to achieve the recommended scenario. Who has jurisdiction over any such policies? Propose the specific policy amendments necessary to implement the stakeholder preferred scenario.* outputs of the Technical Analysis will inform the Policy Development phase?
 5. ~~What effects of decarbonization should be tracked between scenarios? For example, benefits, costs, rate impacts, inclusion and participation, reliability factors, impacts on other sectors, etc.~~
 5. *What elements of the recommended scenario can be built and operated by competitive solicitation? What elements must be built and operated by RIE? How will RI ensure competitive pricing of elements controlled by RIE?*
 6. What *are the proposed* mechanisms of cost recovery *for any elements controlled by RIE* should be examined?
 7. ~~Which effects can be directly tracked, and which must be indirectly inferred by tracking related factors or proxies? *Rhetorical & self evident. Any dwelling on it overlooks the urgency of “Act on Climate.” Delete.*~~
 8. ~~From which points of view do we wish to track the effects of decarbonization? For example, the point of view of society, the state, the EC4, residents, utility ratepayers, gas system ratepayers, etc. *Rhetorical & self evident. Any dwelling on it overlooks the urgency of “Act on Climate.” Delete.*~~
 9. ~~How much detail about how changes in the gas system will impact other sectors is necessary to model in order to answer key questions? *Rhetorical. Any dwelling on it overlooks the urgency of “Act on Climate.” Delete.*~~
 10. What assumptions and inputs are critical to the outputs of the Technical Analysis? *Rhetorical. Any dwelling on it overlooks the urgency of “Act on Climate.” Delete.*
 - a) ~~Does current knowledge about these assumptions warrant testing alternative assumptions?~~
 - b) ~~Does current knowledge about these inputs warrant performing sensitivity analyses?~~

11. ~~What final scenarios, including alternative testing and sensitivity ranges, should be included in RIE's scope for the Technical Analysis the company will perform? **Unnecessary distraction from Act on Climate; RIE should present preliminary scenarios and stakeholders should select recommended scenario to develop**~~

D. Policy Development

After scoping the Technical Analysis, consistent with the purposes of the docket, the Policy Development Phase should begin with a review of gas regulation, proceed to identify stakeholders' goals and principles, apply stakeholders' goals and principles to the results of the Technical Analysis, and conclude with stakeholders' recommendations to create a framework for implementation. **No, above at C(4) is adequate**

1. The following are questions to review gas regulation: **Rhetorical. Any dwelling on it now/here overlooks the urgency of "Act on Climate." Delete.**
 - ~~1. What are the goals of the gas system absent the Act and how were they developed?~~
 - ~~2. What is the current business-as-usual status of the gas system?
 - ~~a) What are the basic statistics of customers and usage relied on in regulation, planning, and operation of the system?~~
 - ~~b) What are the characteristics of customers that define rate classes?~~~~
 - ~~3. What processes affect procurement of gas?
 - ~~a) How is gas procured, delivered, and from whom?~~
 - ~~b) Who has profit motive in the sale of the gas commodity?~~
 - ~~c) How is gas usage forecasted and gas procurement planned?~~
 - ~~d) What requirements or norms exist around reliability of gas supply and who bears the responsibility of reliability?~~~~
 - ~~4. What processes affect investment in the gas system and spending on operation and maintenance?
 - ~~a) How is spending for safety and reliability planned?~~
 - ~~b) How is spending for growth planned?~~
 - ~~c) What profit motives drive investments in the system?~~
 - ~~d) How is the gas system paid for?
 - ~~(1) How is the revenue requirement set?~~~~~~

~~(2) How are costs allocated?~~

~~(3) How are rates set?~~

~~e) What are the economic risks associated with investment in the gas system and who bears those risks?~~

~~5. What principles and policy does the PUC (and regulatory commissions generally) use in making decisions on procuring gas and spending on the system (including investment and O&M). *Rhetorical. Any dwelling on it overlooks the urgency of “Act on Climate.” Delete.*~~

~~a) What are the requirements of gas service in Rhode Island?~~

~~b) What are the rights and obligations of RIE in providing gas service?~~

~~c) How does least-cost procurement affect gas regulation?~~

~~d) How does the leak-prone pipe replacement program affect future value propositions?~~

~~e) How do revenue decoupling and other reconciliations affect RIE’s business model?~~

~~f) What are customers’ rights, obligations, and expectations?~~

The following questions are intended to identify stakeholders’ goals and principles: *Rhetorical. Any dwelling on it overlooks the urgency of “Act on Climate.” Delete.*

~~6. What values are not considered in the current regulation of RIE’s gas business that should be considered in light of the Act?~~

~~7. What goals for the gas system are consistent with the law, including, but not limited to the Act and Title 39?~~

~~8. What ratemaking principles support or hinder achieving goals?~~

~~9. What existing mechanisms for gas system spending (including investment, O&M, and commodity procurement) are consistent or inconsistent with the purposes of the Act, or present a barrier to meeting the goals of the Act?~~

10. What mechanisms could be created that would enable decreased emissions from the gas system that are consistent with the Act? *How is this any different than scenario planning above?*

~~a) What programs can the PUC create to meet the emissions targets?~~

~~b) What is RIE’s duty to serve?~~

~~(1) *When and how will* Can the PUC implement a moratorium on new gas connections and infrastructure? *Rhetorical. It must per statute. Any dwelling on it overlooks the urgency of “Act on Climate.” Revise.*~~

(2) ~~When and how will Can the PUC implement a cap on gas sales?~~ **Rhetorical. It must per statute. Any dwelling on it overlooks the urgency of “Act on Climate.” Revise.**

(3) ~~When and how will the PUC implement a cap on gas emissions?~~ **Rhetorical. It must per statute. Any dwelling on it overlooks the urgency of “Act on Climate.” Revise.**

~~e) Can the PUC approve alternative technologies, commodities, or business practices and include cost recovery in regulated rates?~~ **Rhetorical. Any dwelling on it overlooks the urgency of “Act on Climate.” Delete.**

~~d) Can the PUC authorize RIE to construct, own, and operate district geothermal systems as an alternative to natural gas infrastructure as a distribution service to customers, regulated by the PUC?~~ **Unnecessary – see section C above re scenario and policy development and C(5) negating this presumption of RIE ownership and control.**

~~e) What Can the PUC employ alternative ratemaking~~ **is required** to align RIE’s business model with the Act?

~~f) Can the PUC alter other underlying revenue requirement factors, like capital structure and depreciation schedules and rules, in light of the Act?~~ **Rhetorical. Any dwelling on it overlooks the urgency of “Act on Climate.” Delete.**

~~g) When and how will Can the PUC create a gas abandonment program?~~

~~11. What principles can be used to support decision making that is consistent with the Act and other existing laws?~~ **Rhetorical. Any dwelling on it overlooks the urgency of “Act on Climate.” Delete.**

The following questions apply stakeholders’ goals and principles to the Technical Analysis.

~~12. Which scenarios allow for emissions reductions consistent with the suggested goals for the gas system?~~ **Addressed above (technical scenarios).**

~~13. What are the weaknesses and strengths of the different scenarios?~~ **Addressed above (technical scenarios).**

~~a) Do any of the results of the Technical Analysis foreclose an option or scenario?~~

~~b) What are the quantifiable weaknesses and strengths, such as cost and effectiveness?~~

~~c) What are hard to quantify weaknesses and strengths, such as equity, inclusion, fairness, and socio-economic effect?~~

~~d) Can weaknesses be mitigated (or strengths enhanced) through program design, cost allocation, or rate design?~~

~~e) Which results are reliable, and which should be viewed with less confidence?~~

The following questions are intended to identify stakeholders' recommendations for an implementation framework. *Redundant. Delete.*

~~14. What updates to regulatory policy, rate design, and cost recovery mechanisms are required to support stakeholders' preferences?~~

~~15. What changes to support stakeholders' preferences are not within the PUC's jurisdiction?~~

~~16. What updates to statute are required to support stakeholders' preferences?~~

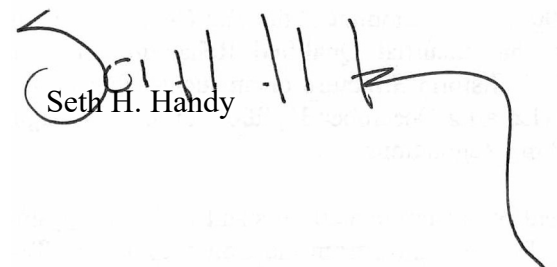
E. Proposed Orders

The PUC additionally proposes the following orders it deems necessary and appropriate to Act on Climate.

- 1. A moratorium on new gas infrastructure.*
- 2. A moratorium on gas connections except only as required and necessary for public safety.*
- 3. Within 12 months, promulgate and implement time of use rates as needed and prudent to shave peak loads, and reduce infrastructure investment, costs and greenhouse gas emissions.*
- 4. If advanced meters cannot be installed within 12 months, install advanced meters within 18 months and promulgate any related amendments needed and prudent to improve time of use rates.*
- 5. Within 12 months, begin executing on the plan that is compliant with the Act to take all of our thermal load off gas including, in part, centralized plants that can repurpose existing gas infrastructure in a safe, reliable and cost-effective manner.*
- 6. Within 12 months, begin executing on a plan that is compliant with the Act to take all of our transportation load off gas including, in part, the capital incentives to accomplish that and the charging infrastructure and charging rates needed to make it happen.*
- 7. Propose and promulgate new renewable energy programs that provide the mechanics that will actually and truly enable us to generate the renewable energy needed to meet realistic load projections per the Act after reasonably accounting for demand side management, efficiency and prudent and preferred imports.*
- 8. Immediately map and provide for cost effective interconnection of the amount of renewable energy needed to meet realistic load projections per the Act after reasonably accounting for demand side management, efficiency and prudent imports.*

Thank you for this opportunity to comment and for your consideration of our response.

Sincerely,


Seth H. Handy

cc. Terrence Gray, RIDEM, Chair EC4
Nicholas Vaz, Office of the Rhode Island Attorney General