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June 16, 2023

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket No. 22-05-EE - 2023 Annual Energy Efficiency Plan
<u>Supplemental Responses to PUC Data Request – Set 3</u>

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a Rhode Island Energy ("Rhode Island Energy" or the "Company"), I have enclosed the Company's supplemental responses to Data Requests PUC 3-3, 3-6 and 3-7 in the Public Utilities Commission's Third Set of Data Requests in the above-referenced docket.

Thank you for your attention to this matter. If you have any questions, please contact me at (401) 709-3359.

Very truly yours,

Steven J. Boyajian

Enclosure

cc: Docket 22-05-EE Service List

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate were electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.

Elaina M. Weir

______________________________ June 16, 2023________

Elaina M. Weir Date

Docket No. 22-05-EE – Rhode Island Energy's Energy Efficiency Plan 2023 - Service list updated 4/6/2023

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PUC 3-3 Supplemental

Request:

Please re-run the customer impact model for an alternative scenario wherein the Company restores the cost of out-of-period invoices to the appropriate period but not the associated savings or benefits. Share all results, including the resulting customer impact in dollars. To illustrate the model run being requested, consider the following hypothetical example: the Company finds an out-of-period invoice for $100,000 that was originally counted towards the 2019 EEP but should have been counted towards the 2018 EEP. The $100,000 invoice was associated with 100,000 kWh of savings, which delivered $200,000 of benefits. In the requested model run, the Company should restore the $100,000 to the 2018 EEP and remove the 100,000 kWh savings and $200,000 of benefits from the 2019 EEP. The performance incentive earnings should be recalculated based on the restoration of the $100,000 of cost to the 2018 EEP with no associated savings benefits in 2018. For purposes of this model run, out-of-period savings and benefits should be removed from the years to which they were originally attributed and not restored to the appropriate years.

Original Response:

National Grid USA ("National Grid") understands the exploratory request to run the customer-impact model for an alternative scenario. As indicated in the question, the alternative scenario would restore the invoiced costs associated with out-of-period invoices to the appropriate period, but not the associated savings, thereby bifurcating the impact of payments and savings. Further, this exploratory request contemplates completely removing the associated savings from the analysis.

National Grid has concerns with this request because the underlying premise of the hypothetical scenario is counterfactual. The hypothetical that this alternative scenario appears to be testing is: what would the customer impact be if the invoices were not subject to the out-of-period invoicing practice and instead remained in their original program year, but the associated savings were treated as if they were non-existent and removed? In other words, if spending and savings are bifurcated, such that out-of-period expenses are moved back into the appropriate period (i.e., the previous year) and savings are not realized, would the savings, and therefore the annual performance incentives, be nullified? This is not a valid hypothetical because it yields an implausible result.

By design, energy savings and program expenses are inextricably linked, such that it would not have been possible to bifurcate energy savings from program expenses and still achieve the primary objective of the energy efficiency programs to efficiently deliver savings. As the two drivers used to calculate the performance incentive, savings and expenses must be counted *in the same year* to produce an accurate result.

By restoring program expenses to a prior period without restoring the associated savings, the alternative scenario disconnects implementation expenses from energy savings, which is not how the energy efficiency programs and performance incentive calculation operate. To efficiently deliver savings through the energy efficiency programs, the calculation must align both activities in a single annual period.

Moreover, the payment of invoices in the year in which the invoices should have been paid should not result in a reduction to earned performance incentives under the energy efficiency programs, because that is counterfactual to the operation of the programs. Specifically, the hypothetical in this request implies that employees would have followed *correct* procedure for the invoices, yet any savings that would follow from that correct procedure are removed from the equation, creating an outcome that is not plausible for the Residential Upstream Lighting program, because the savings are calculated directly from the invoiced amounts and should be processed in the same period.

To the extent that the question may be aimed at creating a range of possible outcomes in order to enable a resolution of this proceeding, National Grid appreciates and supports that purpose. However, taking a counterfactual approach would not produce a reliable result. National Grid would welcome the opportunity to meet with the Public Utilities Commission and the other parties to this proceeding in a technical session to discuss the methodology applied in the Report on Investigation of Out-of-Period Invoicing Within the Rhode Island Energy Efficiency Program (2012-2021) filed on March 10, 2023, or to further explain why the methodology proposed in this request is counterfactual, or to discuss the most efficient process for resolving the outstanding issues in this proceeding.

Prepared by or under the supervision of: Helen A. Burt, Christopher McCusker, and James R. Meehan

Supplemental Response:

Beyond the concerns expressed in the original response above, National Grid is concerned that re-running the customer impact model under the hypothetical posed produces a result that serves no purpose in this proceeding. The hypothetical posed is simply measuring the amount of incentive payments that would be refunded to customers if it were assumed that ***no energy savings*** resulted from any activity in which invoice payments were moved to another period. Because energy savings ***were always achieved*** regardless of the timing of the invoice payments, this hypothetical produces a counter-factual result that is fundamentally flawed.

If the customer impact model is re-run for an alternative scenario wherein the cost of the out-of-period invoices are restored to the appropriate period, but not the associated savings or benefits, the resulting customer impact to The Narragansett Electric Company ("Narragansett") would be approximately $22.7 million.[1] This hypothetical amount represents ***half*** of the $45,557,925 total actual performance incentive Narragansett earned from 2012 to 2020. Given the proven savings and benefits customers received from Narragansett's operation of the energy efficiency programs, this hypothetical yields an unrealistic customer impact assessment, given that there is no analytical theory or evidentiary basis to support this calculation. For this reason, National Grid and Rhode Island Energy would object to the use or reference to this counterfactual amount in any other manner.

Although still hypothetical, another alternative scenario that would have some basis in fact would be to assume all invoices were out-of-period during the relevant timeframe, and further to use 100% as the out-of-period percentage in the customer impact model from the Report on Investigation for all years from 2012 through 2021, instead of the average out-of-period percentage for the unknown years (2012 through 2015) and the actual out-of-period percentage for the actual years (2016 through 2021) from Table 4 of the Report on Investigation. In other words, this scenario adheres to the customer impact model developed for the investigation to reflect the actual operation of the incentive mechanisms and program parameters, but assumes 100% of sales activity was out-of-period during the relevant timeframe. The resulting customer impact to Narragansett would be approximately $3.8 million. This result is still counterfactual because the percentage of out-of-period invoices never reached 100%. However, this approach stays within the factual application of the customer impact model described in the Report on Investigation, unlike the original hypothetical in this data request.

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[1] This amount is out of line with the net customer impact of the out-of-period invoicing activity of $322,660 based on the extensive investigation and factual analysis summarized in the Report on Investigation of Out-of-Period Invoicing Within Rhode Island Energy Efficiency Programs (2012-2021) (the "Report on Investigation"). To date, Narragansett has credited more than $2.4 million to the Narragansett's electric and gas energy efficiency funds, which exceeds the calculated impact to customers.

Prepared by or under the supervision of: Helen A. Burt, Christopher McCusker,
and James R. Meehan

PUC 3-6 Supplemental

Request:

For program years 2012 – 2021, provide a breakdown of the earned electric efficiency performance incentive by individual program, in tabular form. Omit individual programs that did not generate an earned incentive. For each individual program, express the earned incentive in dollars and as a percentage of the total earned incentive in the given program year. For each individual program, describe whether the Company retains documentation of the necessary invoices or other source material to substantiate in total the calculation of the earned incentives in each program year. Provide your responses in the following format:

	(a) Earned Incentive in Program Year	(b) % of Total Earned Incentive in Program Year	(c) Does the Company possess invoices and/or other source material to substantiate <u>in total</u> the calculation of the earned incentives in column (a) for this program?	(d) Is the Company able to substantiate the earned incentives in column (a) for this program using the invoices and/or other source material from column (c)?
Program Year 2012				
Program 1				
Program 2				
…				
Program Year 2021				
Program 1				
Program 2				

Original Response:

a. & b.

As explained in the response to Data Request PUC 3-2, The Narragansett Electric Company ("Narragansett") and National Grid USA ("National Grid") do not develop, nor maintain, the electric energy efficiency performance incentive earned by individual program. For program years 2012 to 2021, Narragansett earned its performance incentives by sector, and not by program. Accordingly, the calculation of the earned performance incentive occurred at the sector level rather than at the individual program level. The performance incentive mechanism involved a complex calculation, with several variables (e.g., target savings, actual savings, target adjustments, aggregated sector budgets, actual spending, and earning thresholds and caps) that interacted iteratively to determine the earned performance incentive by sector, in any year.

Due to the complexity of the calculation, a straightforward mathematical allocation of the earned performance incentives from the sector-level to the individual programs would not produce an accurate representation of an "earned" incentive for each individual program. Nor would it produce an accurate representation of the percentage of an "earned" incentive for each individual program compared to the sector-level earned performance incentive. For example, the earned performance incentive for a sector was impacted by the 75 percent savings threshold and 125 percent savings cap, whereas each individual program was not impacted by the threshold or cap. Because performance was evaluated by sector, individual programs may go over budget without influencing Narragansett's incentive for the program's sector, so long as the sector as a whole remained under-budget and achieved its benefits targets. Moreover, a sector's savings target was adjusted by a formula if actual spend for the sector was below 95 percent of the planned budget, and achieved savings exceeded the planned target (i.e., 100 percent), which had a corresponding effect on the ability to earn additional performance incentive up to the cap. Individual programs were not subject to the same conditions, which skews the calculation.

In an effort to be responsive to this request, the table prepared by National Grid in Attachment PUC 3-6 provides a simple mathematical allocation of the earned electric performance incentive amounts based on the share of sector-level savings attributed to each program from 2012 through 2020.[1] The information in Attachment PUC 3-6 is subject to the conditions explained above – including that the amounts or percentages do not provide a true and exact representation of the allocation; the amounts do not incorporate the actual spend adjustments; and the total earned performance incentive is subject to the thresholds and caps – in addition to any other conditions that may apply.

[1] As explained in the Report on Investigation of Out-of-Period Invoicing Within the Rhode Island Energy Efficiency Program (the "Report"), Section IV (Quantifying Customer Impact), National Grid recalculated the performance incentives earned by Narragansett for the period 2012 through 2020, based on the work completed in the initial investigation. Therefore, for alignment with the investigation and resulting Report, National Grid is providing the requested information for the equivalent time period in response to this request.

c. & d.

Narragansett and National Grid have a substantial amount of data and documentation for the projects and sales activity that occurred within the energy efficiency programs from 2012 through 2021. However, Narragansett and National Grid no longer have access to invoices or other source material to substantiate, "in total," the calculation of the earned performance incentives in each program year. The requested analysis would require obtaining and reviewing every invoice (and often other source material) for every program, plus conducting the calculation of the voluminous data in InDemand, to translate those invoices to reported claimable savings. The materials would comprise hundreds of thousands of documents (or more) and millions upon millions of rows of data. Despite the substantial volume of available information that could be reviewed, the documentation does not include *all* invoices or other source material from 2012 through 2021 that could substantiate, in total, the earned performance incentives.

In the Report, National Grid provided a comprehensive transaction analysis of all available data and documentation for one program, the Residential Upstream Lighting ("RUL") program, from 2012 through 2021. The data, derived from several different sources, included: (1) Narragansett RUL rebate activity recorded in the InDemand system, by lighting manufacturer and by year from 2012 through 2021; (2) National Grid's RUL demand side management data, which includes payment level details by lighting manufacturer, including a National Grid payment number and rebate number; and (3) data from a third-party invoice processor, which included two distinct source files because the invoice processor transitioned its accounting systems during the relevant time period. This data encompassed approximately six million rows of data and approximately 5,700 invoices (representing a *minimum* of approximately 5,700 distinct electronic files) for the RUL program. In its response to Data Request Division 9-1 Supplemental, National Grid provided the RUL data that it analyzed.

The critical point is that, even this substantial amount of data is not sufficient to substantiate, *in total*, the calculation of the earned incentives in each program year for the RUL program. First, records of underlying sales activity (i.e., actual invoices) are not available earlier than January 1, 2016. Narragansett's incentive payment processor during that time period was contacted for records, but informed Narragansett that the records had not been retained. Thus, it is not possible to examine underlying sales activity for the years 2012 through 2015.

Second, National Grid analyzed all available sales activity (invoices or transaction) in the RUL program from 2016 through 2021. The analysis resulted in analyzing approximately 92 percent of all RUL program sales activity during that time period. The remaining 8 percent of RUL program sales activity is not available to analyze.

Therefore, it is impossible to substantiate, *in total*, the calculation of the earned performance incentives in each program year.

As explained in the Report, National Grid analyzed other energy efficiency programs to determine whether it could perform a transaction analysis for those programs too. In relevant summary, to explore this possibility, National Grid obtained InDemand extracts for the Large Commercial Retrofit ("LCR") program in the Commercial and Industrial Sector. In particular, National Grid selected just one year (2016) to analyze and determine whether it would be feasible to extract data on relevant activity points and whether those data points could be objectively assessed for the presence of out-of-period invoicing conduct and, ultimately, computing the annual results for the program to isolate the impact of out-of-period invoicing on customers.

Through this additional analysis, National Grid learned that the LCR program is tremendously complex, involving vast amounts of data and embedded activity points that cannot be feasibly disaggregated or differentiated for sampling purposes. The LCR program has four unique and distinct subprograms: (1) Electric Applications; (2) Electric Work Packages; (3) Gas Custom; and (4) Gas Work Packages. Each of these subprograms has distinct characteristics in terms of data captured in InDemand, supporting documentation, and milestones to trigger accruals and payments.

Available documents in InDemand to review for the LCR program include invoices, post inspection reports, Minimum Documents Requirements ("MDRs"), and quality assurance and quality control reports, among other documentation. In total, for all four LCR subprograms, InDemand contained approximately 34,000 available documents in 2016 alone, to review to determine whether out-of-period invoicing occurred.

National Grid undertook an analysis of the supporting documentation for the four LCR subprograms for the first four months of 2016. This review included approximately 1,300 project applications, consisting of a total of 2,400 pieces of supporting documentation. The review determined that, like the RUL program, the available documentation was not complete, and key documents were missing. In addition, complete analysis of the supporting documentation for the LCR program would require obtaining information from numerous individuals from 2012 through 2021 (many of whom are no longer employed by National Grid or Narragansett, or are third parties who are not employed by National Grid or Narragansett) to identify and analyze the supporting documentation for each application and to extract key data points, followed by the need to follow-up on each embedded activity point to understand each milestone trigger to move to the next milestone, and also to understand the natural delays that occurred as a result of exceptions to the process flow, such as (but not limited to) a project failing post-inspection or needing to calibrate equipment to achieve specific measures.

Other energy efficiency programs include the same review and documentation challenges to substantiate, in total, the calculation of the earned incentives in each program year. For these reasons, among others, National Grid selected a reasonable proxy to determine the extent of out-of-period invoicing across the energy efficiency programs. As explained in the Report, National Grid's analysis identified the RUL program as the most complete and reasonable proxy for the other energy efficiency programs because of the unique features of the program, such as the simplicity of linking program savings directly to invoiced lightbulbs, among other reasons.

<u>Supplemental Response</u>:

a. & b.

In addition to the information provided in the original response, above, please see the table prepared by National Grid in Attachment PUC 3-6-Supplemental for a simple mathematical allocation of the earned electric performance incentive amounts based on the share of sector-level savings attributed to each program from 2012 through 2021. The information in Attachment PUC 3-6-Supplemental is subject to the conditions explained above – including that the amounts or percentages do not provide a true and exact representation of the allocation; the amounts do not incorporate actual spend adjustments; and the total earned performance incentive is subject to the threshold and caps – in addition to any other conditions that may apply.

	(a)	(b)	(c)	(d)
	Earned Incentive in Program Year	% of Total Earned Incentive in Program Year	Does the Company possess invoices and/or other source material to substantiate in total the calculation of the earned incentives in column (a) for this program? (1)	Is the Company able to substantiate the earned incentives in column (a) for this program using the invoices and/or other source material from column (c)? (1)
Program Year 2012				
ENERGY STAR ® Lighting	$647,693	26%		
Large Commercial Retrofit	$571,756	23%		
Large Commercial New Construction	$311,184	13%		
Small Business Direct Install	$283,043	11%		
EnergyWise	$240,342	10%		
Single Family Low Income Services	$212,353	9%		
ENERGY STAR ® Appliances	$158,052	6%		
Electric HVAC	$25,713	1%		
Residential New Construction	$19,274	1%		
Total	$2,469,411	100%		
Program Year 2013				
ENERGY STAR® Lighting	$632,555	21%		
Large Commercial Retrofit	$511,955	17%		
Large Commercial New Construction	$438,120	15%		
Small Business Direct Install	$302,979	10%		
Single Family - Income Eligible Services	$286,249	10%		
EnergyWise	$231,818	8%		
Home Energy Reports	$201,921	7%		
Income Eligible Multifamily	$196,987	7%		
ENERGY STAR® Products	$109,064	4%		
ENERGY STAR® HVAC	$35,851	1%		
EnergyWise Multifamily	$34,986	1%		
Residential New Construction	$15,196	1%		
Total	$2,997,681	100%		
Program Year 2014				
Large Commercial Retrofit	$1,501,713	36%		
Home Energy Reports	$579,373	14%		
ENERGY STAR® Lighting	$489,388	12%		
Large Commercial New Construction	$441,464	10%		
Single Family - Income Eligible Services	$352,001	8%		
Income Eligible Multifamily	$234,810	6%		
Small Business Direct Install	$233,258	6%		
EnergyWise	$211,315	5%		
ENERGY STAR® Products	$84,082	2%		
EnergyWise Multifamily	$56,786	1%		
ENERGY STAR® HVAC	$26,155	1%		
Residential New Construction	$12,976	0%		
Total	$4,223,321	100%		
Program Year 2015				
Large Commercial Retrofit	$1,029,481	23%		
ENERGY STAR® Lighting	$733,325	16%		
Large Commercial New Construction	$723,028	16%		
Home Energy Reports	$580,159	13%		
Single Family - Income Eligible Services	$378,407	8%		
EnergyWise	$343,315	8%		
Small Business Direct Install	$327,740	7%		
Income Eligible Multifamily	$232,158	5%		
ENERGY STAR® Products	$74,654	2%		
EnergyWise Multifamily	$66,549	1%		
ENERGY STAR® HVAC	$24,273	1%		
Residential New Construction	$20,270	0%		
Total	$4,533,360	100%		
Program Year 2016				
Large Commercial Retrofit	$1,256,889	30%		
ENERGY STAR® Lighting	$887,116	21%		
Single Family - Income Eligible Services	$464,770	11%		
Home Energy Reports	$440,759	11%		
EnergyWise	$246,080	6%		
Income Eligible Multifamily	$234,443	6%		
Small Business Direct Install	$227,972	6%		
Large Commercial New Construction	$202,770	5%		
Residential Consumer Products	$69,155	2%		
EnergyWise Multifamily	$54,828	1%		
ENERGY STAR® HVAC	$23,527	1%		
Residential New Construction	$19,727	0%		
Total	$4,128,034	100%		
Program Year 2017				
Large Commercial Retrofit	$1,755,336	36%		
ENERGY STAR® Lighting	$1,019,092	21%		
Home Energy Reports	$508,968	11%		
Single Family - Income Eligible Services	$441,199	9%		
Income Eligible Multifamily	$297,381	6%		
Small Business Direct Install	$258,143	5%		
Large Commercial New Construction	$252,785	5%		

EnergyWise	$96,942	2%		
Residential Consumer Products	$85,152	2%		
ENERGY STAR® HVAC	$53,241	1%		
EnergyWise Multifamily	$39,868	1%		
Residential New Construction	$21,740	0%		
Total	$4,829,847	100%		
Program Year 2018				
Large Commercial Retrofit	$1,876,979	38%		
ENERGY STAR® Lighting	$1,108,087	22%		
Home Energy Reports	$485,325	10%		
Single Family - Income Eligible Services	$378,155	8%		
Large Commercial New Construction	$323,987	7%		
Small Business Direct Install	$245,032	5%		
Income Eligible Multifamily	$151,116	3%		
EnergyWise	$118,303	2%		
Residential Consumer Products	$101,598	2%		
ENERGY STAR® HVAC	$80,506	2%		
EnergyWise Multifamily	$53,590	1%		
Residential New Construction	$17,724	0%		
Total	$4,940,402	100%		
Program Year 2019				
ENERGY STAR® Lighting	$1,173,098	36%		
Home Energy Reports	$585,140	18%		
Large Commercial Retrofit	$567,460	17%		
Single Family - Income Eligible Services	$225,851	7%		
EnergyWise	$222,374	7%		
Residential Consumer Products	$136,673	4%		
Large Commercial New Construction	$112,576	3%		
Small Business Direct Install	$102,615	3%		
ENERGY STAR® HVAC	$65,188	2%		
Income Eligible Multifamily	$56,855	2%		
EnergyWise Multifamily	$23,305	1%		
Residential New Construction	$19,103	1%		
Total	$3,290,237	100%		
Program Year 2020				
ENERGY STAR® Lighting	$1,249,022	39%		
Home Energy Reports	$848,231	26%		
Large Commercial Retrofit	$424,332	13%		
EnergyWise	$173,729	5%		
Large Commercial New Construction	$147,229	5%		
Residential Consumer Products	$144,561	4%		
Small Business Direct Install	$88,714	3%		
ENERGY STAR® HVAC	$83,954	3%		
EnergyWise Multifamily	$58,748	2%		
Residential New Construction	$24,155	1%		
Single Family - Income Eligible Services	$0	0%		
Income Eligible Multifamily	$0	0%		
Total	$3,242,675	100%		
Program Year 2021				
Large Commercial Retrofit	$2,297,313	55%		
Large Commercial New Construction	$734,870	18%		
Small Business Direct Install	$522,408	12%		
Home Energy Reports	$319,361	8%		
ENERGY STAR® Lighting	$127,981	3%		
Residential Consumer Products	$55,890	1%		
ENERGY STAR® HVAC	$52,907	1%		
EnergyWise	$44,844	1%		
EnergyWise Multifamily	$15,142	0%		
Residential New Construction	$8,874	0%		
Income Eligible Multifamily	$0	0%		
Single Family - Income Eligible Services	$0	0%		
Total	$4,179,590	100%		

Note:
(1) For parts (c) and (d) of this table, please refer to the accompanying written portion of this response.

PUC 3-7 Supplemental

Request:

For program years 2012 – 2021, provide a breakdown of the earned gas efficiency performance incentive by individual program, in tabular form. Omit individual programs that did not generate an earned incentive. For each individual program, express the earned incentive in dollars and as a percentage of the total earned incentive in the given program year. For each individual program, describe whether the Company retains documentation of the necessary invoices or other source material to substantiate in total the calculation of the earned incentives in each program year. Provide your responses in the same format as PUC 4-6:

	(a) Earned Incentive in Program Year	(b) % of Total Earned Incentive in Program Year	(c) Does the Company possess invoices and/or other source material to substantiate in total the calculation of the earned incentives in column (a) for this program?	(d) Is the Company able to substantiate the earned incentives in column (a) for this program using the invoices and/or other source material from column (c)?
Program Year 2012				
Program 1				
Program 2				
…				
Program Year 2021				
Program 1				
Program 2				

Original Response:

a. & b.

As explained in the response to Data Request PUC 3-2, The Narragansett Electric Company ("Narragansett") and National Grid USA ("National Grid") do not develop, nor maintain, the gas energy efficiency performance incentive earned by individual program. For program years 2012 to 2021, Narragansett earned its performance incentives by sector, and not by program. Accordingly, the calculation of the earned performance incentive occurred at the sector level rather than at the individual program level. The performance incentive mechanism involved a complex calculation, with several variables (e.g., target savings, actual savings, target adjustments, aggregated sector budgets, actual spending, and earning thresholds and caps) that interacted iteratively to determine the earned performance incentive by sector, in any year.

Due to the complexity of the calculation, a straightforward mathematical allocation of the earned performance incentives from the sector-level to the individual programs would not produce an accurate representation of an "earned" incentive for each individual program. Nor would it produce an accurate representation of the percentage of an "earned" incentive for each individual program compared to the sector-level earned performance incentive. For example, the earned performance incentive for a sector was impacted by the 75 percent savings threshold and 125 percent savings cap, whereas each individual program was not impacted by the threshold or cap. Because performance was evaluated by sector, individual programs may go over budget without influencing Narragansett's incentive for the program's sector, so long as the sector as a whole remained under-budget and achieved its benefits targets. Moreover, a sector's savings target was adjusted by a formula if actual spend for the sector was below 95 percent of the planned budget, and achieved savings exceeded the planned target (i.e., 100 percent), which had a corresponding effect on the ability to earn additional performance incentive up to the cap. Individual programs were not subject to the same conditions, which skews the calculation.

In an effort to be responsive to this request, the table prepared by National Grid in Attachment PUC 3-7 provides a simple mathematical allocation of the earned gas performance incentive amounts based on the share of sector-level savings attributed to each program from 2012 through 2020.[1] The information in Attachment PUC 3-7 is subject to the conditions explained above – including that the amounts or percentages do not provide a true and exact representation of the allocation; the amounts do not incorporate the actual spend adjustments; and the total earned performance incentive is subject to the thresholds and caps – in addition to any other conditions that may apply.

[1] As explained in the Report on Investigation of Out-of-Period Invoicing Within the Rhode Island Energy Efficiency Program (the "Report"), Section IV (Quantifying Customer Impact), National Grid recalculated the performance incentives earned by Narragansett for the period 2012 through 2020, based on the work completed in the initial investigation. Therefore, for alignment with the investigation and resulting Report, National Grid is providing the requested information for the equivalent time period in response to this request.

c. & d.

As explained in the response to Data Request PUC 3-6, Narragansett and National Grid have a substantial amount of data and documentation for the projects and sales activity that occurred within the energy efficiency programs from 2012 through 2021. However, Narragansett and National Grid no longer have access to invoices or other source material to substantiate, "in total," the calculation of the earned performance incentives in each program year. The requested analysis would require obtaining and reviewing every invoice (and often other source material) for every program, plus conducting the calculation of the voluminous data in InDemand, to translate those invoices to reported claimable savings. The materials would comprise hundreds of thousands of documents (or more) and millions upon millions of rows of data. Despite the substantial volume of available information that could be reviewed, the documentation does not include *all* invoices or other source material from 2012 through 2021 that could substantiate, in total, the earned performance incentives.

In the Report, National Grid provided a comprehensive transaction analysis of all available data and documentation for one program, the Residential Upstream Lighting ("RUL") program, from 2012 through 2021. The data, derived from several different sources, included: (1) Narragansett RUL rebate activity recorded in the InDemand system, by lighting manufacturer and by year from 2012 through 2021; (2) National Grid's RUL demand side management data, which includes payment level details by lighting manufacturer, including a National Grid payment number and rebate number; and (3) data from a third-party invoice processor, which included two distinct source files because the invoice processor transitioned its accounting systems during the relevant time period. This data encompassed approximately six million rows of data and approximately 5,700 invoices (representing a *minimum* of approximately 5,700 distinct electronic files) for the RUL program. In its response to Data Request Division 9-1 Supplemental, National Grid provided the RUL data that it analyzed.

The critical point is that, even this substantial amount of data is not sufficient to substantiate, *in total*, the calculation of the earned incentives in each program year for the RUL program. First, records of underlying sales activity (i.e., actual invoices) are not available earlier than January 1, 2016. Narragansett's incentive payment processor during that time period was contacted for records, but informed Narragansett that the records had not been retained. Thus, it is not possible to examine underlying sales activity for the years 2012 through 2015.

Second, National Grid analyzed all available sales activity (invoices or transaction) in the RUL program from 2016 through 2021. The analysis resulted in analyzing approximately 92 percent of all RUL program sales activity during that time period. The remaining 8 percent of RUL program sales activity is not available to analyze.

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Therefore, it is impossible to substantiate, *in total*, the calculation of the earned performance incentives in each program year.

As explained in the Report, National Grid analyzed other energy efficiency programs to determine whether it could perform a transaction analysis for those programs too. In relevant summary, to explore this possibility, National Grid obtained InDemand extracts for the Large Commercial Retrofit ("LCR") program in the Commercial and Industrial Sector. In particular, National Grid selected just one year (2016) to analyze and determine whether it would be feasible to extract data on relevant activity points and whether those data points could be objectively assessed for the presence of out-of-period invoicing conduct and, ultimately, computing the annual results for the program to isolate the impact of out-of-period invoicing on customers.

Through this additional analysis, National Grid learned that the LCR program is tremendously complex, involving vast amounts of data and embedded activity points that cannot be feasibly disaggregated or differentiated for sampling purposes. The LCR program has four unique and distinct subprograms: (1) Electric Applications; (2) Electric Work Packages; (3) Gas Custom; and (4) Gas Work Packages. Each of these subprograms has distinct characteristics in terms of data captured in InDemand, supporting documentation, and milestones to trigger accruals and payments.

Available documents in InDemand to review for the LCR program include invoices, post inspection reports, Minimum Documents Requirements ("MDRs"), and quality assurance and quality control reports, among other documentation. In total, for all four LCR subprograms, InDemand contained approximately 34,000 available documents in 2016 alone, to review to determine whether out-of-period invoicing occurred.

National Grid undertook an analysis of the supporting documentation for the four LCR subprograms for the first four months of 2016. This review included approximately 1,300 project applications, consisting of a total of 2,400 pieces of supporting documentation. The review determined that, like the RUL program, the available documentation was not complete, and key documents were missing. In addition, complete analysis of the supporting documentation for the LCR program would require obtaining information from numerous individuals from 2012 through 2021 (many of whom are no longer employed by National Grid or Narragansett, or are third parties who are not employed by National Grid or Narragansett) to identify and analyze the supporting documentation for each application and to extract key data points, followed by the need to follow-up on each embedded activity point to understand each milestone trigger to move to the next milestone, and also to understand the natural delays that occurred as a result of exceptions to the process flow, such as (but not limited to) a project failing post-inspection or needing to calibrate equipment to achieve specific measures.

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Other energy efficiency programs include the same review and documentation challenges to substantiate, in total, the calculation of the earned incentives in each program year. For these reasons, among others, National Grid selected a reasonable proxy to determine the extent of out-of-period invoicing across the energy efficiency programs. As explained in the Report, National Grid's analysis identified the RUL program as the most complete and reasonable proxy for the other energy efficiency programs because of the unique features of the program, such as the simplicity of linking program savings directly to invoiced lightbulbs, among other reasons.

Supplemental Response:

a. & b.

In addition to the information provided in the original response, above, please see the table prepared by National Grid in Attachment PUC 3-7-Supplemental for a simple mathematical allocation of the earned gas performance incentive amounts based on the share of sector-level savings attributed to each program from 2012 through 2021. The information in Attachment PUC 3-7-Supplemental is subject to the conditions explained above – including that the amounts or percentages do not provide a true and exact representation of the allocation; the amounts do not incorporate actual spend adjustments; and the total earned performance incentive is subject to the threshold and caps – in addition to any other conditions that may apply.

	(a)	(b)	(c)	(d)
	Earned Incentive in Program Year	% of Total Earned Incentive in Program Year	Does the Company possess invoices and/or other source material to substantiate in total the calculation of the earned incentives in column (a) for this program? (1)	Is the Company able to substantiate the earned incentives in column (a) for this program using the invoices and/or other source material from column (c)? (1)
Program Year 2012				
Large Commercial Retrofit	$212,971	36%		
Energy Star® HVAC	$144,003	25%		
EnergyWise	$100,848	17%		
Large Commercial New Construction	$61,710	11%		
Single Family Low Income Services	$55,680	10%		
Small Business Direct Install	$10,824	2%		
Total	**$586,036**	**100%**		
Program Year 2013				
EnergyWise	$206,243	21%		
Large Commercial Retrofit	$185,922	19%		
Income Eligible Multifamily	$185,834	19%		
Energy Star® HVAC	$156,791	16%		
Single Family - Income Eligible Services	$59,586	6%		
Home Energy Reports	$54,998	6%		
Large Commercial New Construction	$53,183	5%		
EnergyWise Multifamily	$28,498	3%		
Residential New Construction	$20,607	2%		
Commercial & Industrial Multifamily	$9,183	1%		
Small Business Direct Install	$7,383	1%		
Total	**$968,229**	**100%**		
Program Year 2014				
Large Commercial Retrofit	$313,372	23%		
EnergyWise	$227,164	17%		
Income Eligible Multifamily	$208,424	15%		
Home Energy Reports	$185,750	14%		
Large Commercial New Construction	$125,794	9%		
Energy Star® HVAC	$111,271	8%		
Single Family - Income Eligible Services	$77,809	6%		
EnergyWise Multifamily	$54,611	4%		
Residential New Construction	$23,312	2%		
Small Business Direct Install	$19,782	1%		
Commercial & Industrial Multifamily	$14,820	1%		
Total	**$1,362,108**	**100%**		
Program Year 2015				
Large Commercial Retrofit	$300,807	22%		
EnergyWise	$224,953	16%		
Home Energy Reports	$221,612	16%		
Income Eligible Multifamily	$206,375	15%		
Single Family - Income Eligible Services	$107,691	8%		
Energy Star® HVAC	$102,795	7%		
Large Commercial New Construction	$80,317	6%		
EnergyWise Multifamily	$61,491	4%		
Residential New Construction	$42,186	3%		
Commercial & Industrial Multifamily	$28,370	2%		
Small Business Direct Install	$10,482	1%		
Total	**$1,387,079**	**100%**		
Program Year 2016				
Large Commercial Retrofit	$324,739	22%		
Home Energy Reports	$284,096	19%		
EnergyWise	$257,593	17%		
Income Eligible Multifamily	$160,197	11%		
Single Family - Income Eligible Services	$154,495	10%		
Large Commercial New Construction	$118,389	8%		
Energy Star® HVAC	$67,571	5%		
EnergyWise Multifamily	$50,306	3%		
Residential New Construction	$40,948	3%		
Commercial & Industrial Multifamily	$27,853	2%		
Small Business Direct Install	$10,682	1%		
Total	**$1,496,869**	**100%**		
Program Year 2017				
Home Energy Reports	$426,857	26%		
Large Commercial Retrofit	$411,500	25%		
Income Eligible Multifamily	$192,035	12%		
Single Family - Income Eligible Services	$159,739	10%		
Energy Star® HVAC	$122,896	8%		
EnergyWise	$116,039	7%		
Large Commercial New Construction	$73,661	5%		
EnergyWise Multifamily	$54,423	3%		
Residential New Construction	$48,265	3%		
Commercial & Industrial Multifamily	$19,356	1%		
Small Business Direct Install	$8,759	1%		
Total	**$1,633,531**	**100%**		
Program Year 2018				
Home Energy Reports	$497,734	32%		
Income Eligible Multifamily	$255,980	17%		
Large Commercial Retrofit	$255,787	17%		
Single Family - Income Eligible Services	$142,893	9%		
Energy Star® HVAC	$108,707	7%		
EnergyWise	$98,670	6%		
Large Commercial New Construction	$79,695	5%		
EnergyWise Multifamily	$42,104	3%		
Residential New Construction	$33,858	2%		
Commercial & Industrial Multifamily	$21,332	1%		
Small Business Direct Install	$4,495	0%		
Total	**$1,541,255**	**100%**		
Program Year 2019				
Home Energy Reports	$393,596	25%		
Income Eligible Multifamily	$364,718	23%		
Large Commercial Retrofit	$293,718	19%		
Energy Star® HVAC	$124,014	8%		
EnergyWise	$117,706	7%		
Single Family - Income Eligible Services	$110,901	7%		
Large Commercial New Construction	$85,786	5%		
EnergyWise Multifamily	$52,025	3%		

Commercial & Industrial Multifamily	$19,929	1%		
Residential New Construction	$12,394	1%		
Small Business Direct Install	$5,333	0%		
Total	**$1,580,119**	**100%**		
Program Year 2020				
Home Energy Reports	$225,417	65%		
Energy Star® HVAC	$52,386	15%		
EnergyWise	$51,595	15%		
EnergyWise Multifamily	$11,611	3%		
Residential New Construction	$6,723	2%		
Large Commercial New Construction	$0	0%		
Large Commercial Retrofit	$0	0%		
Small Business Direct Install	$0	0%		
Commercial & Industrial Multifamily	$0	0%		
Single Family - Income Eligible Services	$0	0%		
Income Eligible Multifamily	$0	0%		
Total	**$347,732**	**100%**		
Program Year 2021				
Large Commercial Retrofit	$557,951	56%		
Large Commercial New Construction	$366,491	37%		
Small Business Direct Install	$43,580	4%		
Commercial & Industrial Multifamily	$28,101	3%		
Single Family - Income Eligible Services	$0	0%		
Income Eligible Multifamily	$0	0%		
Energy Star® HVAC	$0	0%		
EnergyWise	$0	0%		
EnergyWise Multifamily	$0	0%		
Home Energy Reports	$0	0%		
Residential New Construction	$0	0%		
Total	**$996,123**	**100%**		

Note:
(1) For parts (c) and (d) of this table, please refer to the accompanying written portion of this response.