



STATE OF RHODE ISLAND
OFFICE OF THE ATTORNEY GENERAL

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**Re: ATTORNEY GENERAL’S COMMENTS IN RESPONSE TO THE
NARRAGANSETT ELECTRIC COMPANY d/b/a RHODE ISLAND ENERGY’S
GRID MODERNIZATION PLAN AND SUPPLEMENTAL TESTIMONY**

Docket No. 22-56-EL

Dear Public Utilities Commission:

The Attorney General of the State of Rhode Island (“Attorney General”) wishes to provide the following comment with respect to certain aspects of the The Narragansett Electric Company d/b/a Rhode Island Energy’s (“Rhode Island Energy” or the “Company”) filings in the above-referenced docket. These comments are not meant to address each individual aspect of the Grid Modernization Plan (“GMP”), nor does silence in this comment with respect to any particular testimony indicate that the Attorney General is in agreement. Rather, these comments are meant to provide the Attorney General’s position on some of the key issues raised as a result of the Company’s initial filings in this docket.

On December 30, 2022, The Narragansett Electric Company d/b/a Rhode Island Energy (“Rhode Island Energy” or the “Company”) filed its GMP with the Public Utilities Commission (“Commission”). The Company has indicated that its filing is being made pursuant to Article II, Section C.15 of the Amended Settlement Agreement (the “ASA”) approved by the Commission at its Open Meeting on August 24, 2018 in Docket Nos. 4770 and 4780. *See e.g. GMP*, Book I, 8:3-6. Then, on August 11, 2023, the Company provided supplemental testimony clarifying its position on the GMP and, to some extent, how the GMP interrelated with other investments planned by the Company.

It is essential that the Company operate with an eye to the needs of the future, keeping in mind the State’s commitment to advancing clean energy and combatting the devastating impacts of climate change in our coastal state. The Act on Climate states that it is within the “*powers, duties, and obligations* of all state departments, agencies, commissions, councils, and instrumentalities” to address “climate change mitigation, adaptation, and resilience in so far as climate change affects its mission, duties, responsibilities, projects, or programs.” R.I. Gen. Laws § 42-6.2-8 (emphasis added). The Act on Climate also sets enforceable greenhouse gas emission reduction mandates on

the path to net-zero emissions by 2050. R.I. Gen. Laws § 42-6.2-9. While this timeline might seem long in years, it is short in terms of infrastructure and policy planning, and action is needed both now and in the near-future to secure compliance. As a result, and as acknowledged by the Company, the Company must stand ready to facilitate increased solar and wind load, as well as the increased demand for electricity as the heating and transportation sectors continue to electrify. *See e.g. GMP*, Book I, 7:6-15 (noting the importance of the Act on Climate and the need to prepare for a more dynamic and complex electric grid). Accordingly, the GMP must be continually reassessed to carefully coordinate investments to facilitate this advancement while minimizing any economic impacts and continuing to provide safe and reliable service.

The Company has asserted that it: “views the GMP as the validation for evolving its *investment strategy*, which will result in different *investment proposals*, such as in future ISR Plans.” *Supplemental Testimony*, 6: 7-8 (emphasis in original). To that end, the Company has specifically indicated that it “is not proposing any specific investments or cost recovery within the GMP” and that “the Company will submit refined investment proposals in targeted areas to address specific electric distribution system issues through appropriate regulatory avenues for further review and oversight.” *Id.* at 19:6-9. The Company has indicated an intention to “right-size, right-time, and right-locate solutions derived from a grid modernization investment strategy through its annual planning process with appropriate regulatory oversight, such as in each annual [Infrastructure, Safety and Reliability (“ISR”)] Plan.” *Id.* at 40:11-13. The Company’s proposal is consistent with the ISR regulatory framework and historic use of the ISR proceedings to present and consider grid modernization investments. However, to the extent that needed investments are not eligible for recovery through the ISR mechanism, they should nevertheless be undertaken by the Company even when financial recovery may not be possible until the next base rate case. Prudent investments should not be deferred because the next base rate case is disallowed until at least 2025 pursuant to a settlement reached between the Company and the Attorney General’s Office at the time of the Company’s sale in 2022. The Company must carefully consider the Act on Climate when determining how to invest in its system, and the Commission must factor in compliance with the Act on Climate when determining whether Company investments are prudent. Recovery for any investments inconsistent with the State achieving the Act on Climate mandates should be disallowed. Moreover, the Commission should avoid making any decision in this docket that would essentially create a pre-approval of specific investments. This course of action is consistent with the Company’s filing, and helps to ensure appropriate review and due diligence concerning specific investments at specific times in the appropriate future dockets.

At the same time, there is considerable benefit to having the GMP, as it provides insight into the Company’s long-term plans for improving and modernizing its distribution system. However, the plan risks becoming stale if it is not regularly updated to consider evolving statewide policies and programs. For instance, there is considerable overlap between the GMP and the Company’s proposal for Advanced Metering Functionality (“AMF”). The Commission conditionally allowed the Company to move forward with AMF in its very recent decision in Docket 22-49-EL. Given that AMF was clearly integral to the Company’s GMP, it would be helpful to understand how the conditions set around AMF may have impacted the Company’s long-range planning when it comes time to critically review specific spending proposals. Similarly, there may be substantial impacts on the GMP depending on the outcome of the Commission’s pending Future of Gas Docket (22-

01-NG), which is, among other things, considering potential plans for electrifying different portions of the State's heating sector, displacing natural gas use. As policies are shaped by these ongoing efforts, regular updates to the GMP would provide useful information to decisionmakers and interested parties alike. Updates may also provide a natural opportunity to request additional information and clarity outside of the relatively-short review period for the annual ISR Plan and subsequent reconciliation.

Rhode Island must invest in a modernized grid to ensure compliance with the Act on Climate and to facilitate increased generation of clean renewable energy. The GMP provides an opportunity to review the Company's plan to make that a reality, even though individual investments are more appropriately considered as they are proposed in dockets such as the ISR. Additionally, periodic updating of the GMP would allow for greater transparency as the needs of the State and its electric customers evolve.

Sincerely,

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