

Via Electronic Mail

March 21, 2024

Luly E. Massaro
Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, Rhode Island 02886

RE: Docket No. 24-06-EE - The Narragansett Electric Company's d/b/a Rhode Island Energy's System Reliability Procurement Investment Proposal for Electric Demand Response 2024-2026 - ConnectedSolutions

Dear Ms. Massaro,

The Northeast Clean Energy Council (“NECEC” or “Council”) appreciates the opportunity to submit comments to the Rhode Island Public Utilities Commission (“Commission”) in the ConnectedSolutions (“Program”) docket.

NECEC leads the just, equitable, and rapid transition to a clean energy future and a diverse climate economy. NECEC is the only organization in the Northeast that covers all of the clean energy market segments, representing the business perspectives of investors and clean energy companies across every stage of development. NECEC members span the broad spectrum of the clean energy industry, including clean transportation, energy efficiency, wind, solar, energy storage, microgrids, fuel cells, and advanced and “smart” technologies.

The Council is dedicated to growing the clean energy economy in Rhode Island and across the region, in pursuit of our mission to create a world-class and equitable clean energy hub in the Northeast. The Council’s 250+ members include companies based in Rhode Island, doing business or hoping to make future investments in the state.

The ConnectedSolutions Program administered by Rhode Island Energy (“The Program Administrator” or “The Company”) offers significant potential to reduce regional coincident peak demand through discharge of privately owned battery storage systems. NECEC appreciates the Program Administrator’s willingness to consider feedback from stakeholders on its proposed plan. Unfortunately, the Company made only a few of the changes suggested by stakeholders. The remaining modifications proposed by the Program Administrator do not improve the Program and will only serve to undercut the Program’s ability to ease transition to a clean energy supply.

The proposed \$1 million incentive cap will restrict battery development in Rhode Island.

Batteries qualify as a Least Cost Procurement demand response option under R.I. Gen. Laws § 39-1.27.7 (b)(1)(iii). However, they are uneconomic to develop without an incentive which supports their full capacity value. As noted on page two of CPower’s comments, the Program’s proposed \$1 million cap will limit development of batteries to those 3.6 MW or smaller¹. This limitation reduces the number

¹ See CPower’s February 14, 2024 public comments to the RI Energy Efficiency and Resource Management Council (EERMC)

of interested customers to those whose peak load is less than 3.6 MW and thus significantly reduces the potential of the Program to reduce peak demand. The Council supports CPower's recommendation of an increase in the cap. This would attract customers willing to install batteries in the 4 MW to 5 MW range, which are able to achieve economies of scale.

The incentive cap should be applied per measure, rather than per customer. ConnectedSolutions customers may participate in both the Targeted Dispatch and Daily Dispatch program options with different load reduction measures (e.g. they can participate in the Targeted option with load curtailment and Daily Dispatch with a battery). Payment of the incentive on a per customer basis, however, means that a customer who is already in the Targeted Program and wishes to add a battery would be capped at less than \$1 million for the battery incentive unless they discontinue participation in Targeted Dispatch. The result would be a decrease in load curtailment potential to the detriment of ratepayers. NECEC supports the payment of incentives based on a per measure rather than on a per customer basis.

The proposed 50 percent reduction in residential and small business incentives will significantly reduce this group's participation in ConnectedSolutions. The current Program incentives have encouraged Rhode Island residents and small business owners to install energy storage on their premises and participate in the Program's load curtailment activity. Battery installation costs for this customer group remain significant, however. For many potential participants in this customer group, a 50 percent reduction in the current incentive of \$400/kW/discharged/season will make participation in the Program uneconomic.

Existing state incentives for energy storage will not compensate for the reduced incentive, since they are restricted to the limited group of residents who choose to install solar and storage simultaneously, a costly undertaking which few customers can afford. Moreover, since the proposed incentive reduction will be fixed for the next three years, there is likely to be a sharp decline in participation and loss of potential curtailment resources during this period.

The Commission should direct the Program Administrator to provide a five-year rate lock to batteries that enter the Program during the 2024-2026 Triennial Period. The Program Administrator intends to offer a five-year rate lock to batteries in its proposal but notes that the Commitment Letter documenting the rate lock is not a guarantee of incentive levels because rates are subject to change. (See page 93 of the SRP Investment Proposal). Batteries will not be developed without certainty on incentive rates for at least a five-year period. The Commission should provide this certainty in its Order on the Proposal by directing the Program Administrator to provide this rate lock, without caveat.

NECEC appreciates the opportunity to provide these comments in support of ConnectedSolutions continued success in Rhode Island.

Sincerely,



Alycia Lyons Goody
Senior Policy Counsel
Northeast Clean Energy Council
agoody@necec.org

cc: Service List as of 3/21/2024