



STATE OF RHODE ISLAND

OFFICE OF ENERGY RESOURCES

June 19, 2020

Chairperson Margaret E. Curran
Commissioner Marion Gold
Commissioner Abigail Anthony
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, Rhode Island 02888

Re: Docket #5015 –Review of Least Cost Procurement Standards

Dear Commissioners:

The Rhode Island Office of Energy Resources (OER) submits these comments regarding the updated version of the Least-Cost Procurement (LCP) Standards released by the Commission for public comment on May 29, 2020.

OER appreciates the Commission’s technical sessions and thorough review of substantial stakeholder comments and redlines. We believe that the LCP Standards offered for consideration are better formatted, clearer, and more useful to stakeholders than the previous version. Also, we value the explicit inclusion of location-specific investments/programs and of the natural gas system in System Reliability Procurement (SRP).

Although the latest version of the LCP Standards is much improved, additional changes to the document are necessary to further clarify and support the implementation of the Least-Cost Procurement law in-line with state policy goals such as greenhouse gas emission reductions, clean energy job growth, heating sector transformation, and energy affordability for all Rhode Islanders. Specifically, OER recommends the following:

1. In section 3.2.N, OER recommends the following edit: “The portfolio must be cost-effective and programs ~~must~~ should be cost-effective.” The term “should” is the language currently included in the adopted LCP Standards. To OER’s knowledge, under this language there has never been a program that has not been cost-effective in energy efficiency and conservation plans. OER believes that the term “should” requires that any non-cost-effective programs proposed would need to be justified and defended. However, the term also provides a small level of flexibility to allow energy efficiency and conservation programs to consider equity concerns and adapt to rapidly changing market conditions when and where appropriate and justifiable. If the utility believes it can make a convincing case for a program that is not cost-effective, OER would like to allow the Company to present that argument.



2. OER appreciates the inclusion of equity under the description of “Prudent” within this latest version of the LCP Standards. We believe the proposed language is a large improvement from the current Standards. However, we also believe that the language can be further strengthened with the inclusion of the following sentence at the end of section 1.3.E.i.e: “This shall be done by, at minimum, assessing which groups have historically received disproportionately lower benefits from LCP investments and by presenting other appropriate, quantifiable metrics that describe how an investment is equitable.” Without tying equitability to disproportionately underrepresented groups and quantifiable metrics, there is the potential for future program and policy implementers to misinterpret section 1.3.E.i.e. to mean “equal” rather than “equitable.” Furthermore, OER believes there is a tendency for equity to only be addressed qualitatively even when there are simple and effective means of quantitatively documenting equity. Therefore, an explicit requirement for presenting quantifiable data, where appropriate, is encouraged.
3. In section 33.B.ii, the revised version of the LCP Standards requires that several components of a Performance Incentive Mechanism (PIM) be determined within a three-year plan (versus an annual plan). OER recommends that all components of a performance incentive mechanism be changeable at either a three-year plan or annual plan level. OER agrees that a PIM structure is ideally not adjusted annually. However, unforeseeable circumstances or new ideas should not have to wait up to three-years to be addressed.
4. In section 2.3.A.iii, OER recommends adding the language shown underlined and italicized that follows: “The Report shall provide discussion of how the savings targets are cost-effective and are supported by one or more relevant market potential assessments.” As currently written, OER does not believe it is clear that savings targets should be based on relevant market potential studies. It is a priority for OER to ensure that potential studies are used to inform recommended savings targets as these studies provide highly relevant, quantitative information.
5. In section 1.3.E.ii, OER recommends changing the word “may” to “shall” in the following sentence: “The distribution company shall provide rate impacts to a range of customer types and usage levels, and ~~may~~shall provide bill impacts...”. OER believes that bill impact analyses are equally as important as rate impacts and are a critical datapoint for reviewing LCP investments.
6. In section 1.2.C, footnote 2, the current version of the Standards suggest that vendor services are not to be included in SRP. OER does not agree that vendor services should be excluded from SRP. In fact, OER believes that the majority of SRP proposals will consist of third-party provided solutions such as a vendor-provided battery storage project. Therefore, OER recommends the following change to the footnote: “A utility proposal to own and operate non-traditional investment or new operations and maintenance services, such as new voltage-



STATE OF RHODE ISLAND
**OFFICE OF
ENERGY RESOURCES**

regulation equipment, battery storage, or vegetation management, ~~and any vendor services associated with such investment or service~~, shall not be considered System Reliability Procurement per this definition...”

7. In section 1.4.A.iii, OER recommends changing the word “shall” to “may” in the following sentence: “The PI ~~shall~~ *may* be consistent with the PUC’s Guidance on Principles for the Development and Review of Performance Incentive Mechanisms adopted in Docket No. 4943.” The term “shall” suggests that the Guidance document in Docket No. 4943 should be treated as required rather than guidance. OER continues to have substantial concerns with the Guidance document as adopted in Docket No. 4943¹ and, therefore, would encourage the Commission to continue to treat the guidance as non-binding when applying it to LCP investments.
8. In section 4.4.B, OER recommends the following change: “The Three-Year SRP Plan will include an annual reporting plan on the implementation of the Three-Year SRP Plan *including any updates to specific grid needs and proposed solution pathways*, and investments made under System Reliability Procurement during the Three-Year SRP Plan period.” Without this additional language, OER believes that annual reports could lack the detail needed by stakeholders to understand how SRP investments are or are not moving forward.
9. In section 3.4.D.ii OER believes there is a typo in the date for annual EE filings. Currently the Standards say October 1st, OER believes the intention and stakeholder-supported date is October 15th. Other typos were also identified in the document but were not considered substantive. OER simply recommends a thorough review for typos and term consistency, especially with defined terms in section 1.2, prior to finalization.

If the Commission has any questions on the above recommendations, please reach out to OER.

Thank you for your consideration.

Sincerely,

Nicholas S. Ucci
Commissioner

¹ <http://www.ripuc.ri.gov/eventsactions/docket/4943-OER-Comments%203-2-20.pdf>