

August 5, 2020

VIA E-FILING

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

Re: Docket 5039 - 2020 Renewable Energy (RE) Growth Program Factor Filing

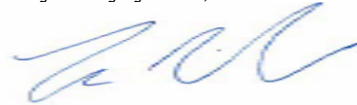
Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a National Grid (the Company), enclosed for filing with the Rhode Island Public Utilities Commission (the Commission) please find the Company's responses to the first set of data requests issued by the Commission.

Consistent with the instructions issued by the Commission on March 16, 2020, this filing is being made electronically. Hard copies will be sent to the Commission and the service list as soon as possible.

If you have any questions, please contact me at: 781-907-2126. Thank you for your time and attention to this matter.

Very truly yours,



Laura C. Bickel
RI Bar # 10055

Enclosures

cc: Docket No. 5039 Service List

**Docket No. 5039 – National Grid 2020 Renewable Energy Growth Reconciliation Filing
Service List updated 7/22/2020**

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PUC 1-1

Request:

Referencing Schedule NG-2, please provide justification for a full new FTE designated as a DG Customer Facilitator for the Renewable Energy Growth (REGrowth) Program.

Response:

The Company had to add an FTE in order to adequately respond to the increased volume of complex interconnection service applications associated with the REGrowth Program. This full-time position involves managing such distributed energy projects as they progress through the interconnection process. Please see the response to PUC 1-2, part (g) for additional discussion regarding this function.

PUC 1-2

Request:

Referencing Schedule NG-2, in Docket No. 4954 (2019 REGrowth Factor) the Company requested funding for two half time Interconnection Consultants. In this docket, Schedule NG-2, the Company is requesting funding for five quarter time Interconnection Consultants.

- a. Please provide the job description.
- b. Please provide justification for the additional personnel allocation.
- c. Please provide justification for more positions with the ability to allocate time to REGrowth.
- d. What are the employees' other 75% of time dedicated to?
- e. Why is the Company not requesting funding for one FTE dedicated to REGrowth?
- f. Why is the Company adding a quarter FTE but funding five employees' partial salary out of REGrowth?
- g. How many of these positions will be new hires?

Response:

- a. The Company's job description stated that "[t]he Energy Integration Consultant will act as the customer's primary point of contact guiding them through regulatory, legislative and technical obligations, obtaining and interpreting technical documentation, Renewable Energy Growth and Net Metering requirements, performing preliminary screenings/feasibility reviews as necessary, drafting contractual agreements, and coordinating complex DG projects with multitude of internal and external stakeholders throughout the construction process. As a DG subject matter expert, the candidate will also be expected to provide outreach and educate others on DG initiatives."
- b. The Company had to add these resources in order to adequately respond to the increased volume of complex interconnection service applications associated with the REGrowth Program.

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- c. The Company's Customer Energy Integration ("CEI") group is responsible for managing all interconnection service applications received in RI through the interconnection process. This includes applications that are associated with REGrowth Program and those associated with the Net Metering Provision. The Company's allocation of part-time work provides for a more accurate reflection of how the work associated with REGrowth is distributed across numerous individual positions within CEI.
- d. The CEI employees' remaining 75% of time is dedicated to other duties, as assigned, consistent with the job description provided in subpart (a), above, and management of other interconnection service application types (e.g., those associated with the Net Metering Provision).
- e. Please see the Company's response to subpart (c), above.
- f. The Company is adding a quarter FTE because this addition accurately reflects the current work associated with the REGrowth Program and how it is accounted for and allocated across the positions within the Company's CEI group.
- g. None of the positions will be new hires, as they are all positions that have been hired over the course of the last year. Upon further investigation the Company has determined that these new incremental functions as well as the incremental DG Customer Facilitator (discussed in the response to PUC 1-2) were based upon positions that were included in base distribution rates as part of the Amended Settlement Agreement in R.I.P.U.C. No. Docket 4770. As such, while the functions are new, the positions are not, and the Company will not be including the costs of these staff members in the REGrowth PYE 3/2021 reconciliation. The estimated cost that the Company has included in this filing for these functions is \$162,267 out of a total projected expense of \$21.6 million. Removing this cost would have negligible impact on the proposed RE Growth factors, as shown in Attachment PUC 1-2. Removing these positions from the forecast would reduce the residential RE Growth factor by \$0.01 per month.

PUC 1-3

Request:

Referencing NG-2, line 9, column (d) please provide the job description for the Billing Implementation Support. Please also explain why the salary increased from \$182,500 in Program Year 2019 to \$278,720 in Program Year 2020.

Response:

The Company's online job description stated:

Job Purpose: Analyze data and activities to provide relevant and up to date information to support decision-making and the effective working of National Grid. At the higher levels this role will also design and implement procedures and policies within their area of work to improve the working of National Grid. Key Accountabilities: Proactively research, produce, monitor and analyze cost, policy or other information to enable analysis of key themes and trends. Manage the day to day relationship with relevant internal parties or employees in order to understand their requirements, deliver appropriate, customized solutions and advice, and build cross-functional working in line with National Grid policies and processes. Develop and maintain effective relationships with key stakeholders in order to share best practice, provide technical advice and build bases of influence. Manage the day to day relationship with contract or external service providers, including negotiation, interpretation and application of established contractual agreements and/or service level agreements to ensure adherence to standards and best outcomes for National Grid. Assist and coordinate work on projects by contributing to developing project standards and processes to improve project delivery within the relevant function. Keep up to date with market/regulatory developments within own profession/discipline in order to ensure the optimization of best practice for National Grid. Develop and maintain analytical systems, models and procedures in order to support design solutions and enhance time/consistency/safety/efficiency and operability. Challenge existing ways of working and continuously seek ways to do things better in order to drive greater efficiencies within assigned area.

Additional Accountabilities for Band D: Band D employees are expected to deliver on the key accountabilities list above as well as those listed below. Develop process and policy specifications and criteria and options and evaluate those options to support senior management decision-making in the relevant field. Research and analyze key themes from a wide range of data sources in order to identify how different scenarios may impact upon the business. Design and implement new processes or policies in order to ensure all working practice (and where relevant, health and safety standards) are compliant with National Grid policies and regulatory requirements. Translate business objectives into clearly defined business cases, annual plans and

objectives in order to support achievement of departmental/operational area. Negotiate and agree contracts with outside vendors including standards of work / levels of service to ensure best value for National Grid. Contribute to the identification and formulation of strategic objectives specific to area of work/business unit, in order to drive change and innovation within National Grid. Lead, motivate and develop a professional team, prioritize work and allocate resources in order to ensure results are delivered in line with expectations and customer/business objectives. Develop and utilize peer group network in order to absorb and apply technical/professional best practice within own area of specialism. Monitor and control allocated human and material resources, maintaining financial and progress forecasting in order to ensure projects are delivered according to schedule and within budget. Manage key external relationships with respect to local unions, regulators and any data provided for business decision making

Knowledge & Experience Requirements: A Bachelor's degree in a related area and up to 5 years of related experience, or equivalent work experience. An advanced degree/credits is preferred. In-depth experience of a field or multiple fields of work processes. Knowledge of relevant industry practice and legislation. Knowledge of current trends within the industry and developments in legislation or regulation. Knowledge of National Grid's business operations, company policies and practices. Proficient in relevant software e.g. Microsoft Office products (Excel, Word, PowerPoint). Experience and proficiency in relevant company related IT systems

Knowledge & Experience Requirements for Band D: Band D employees are expected to have the knowledge & experience listed below. A Bachelor's degree in a related area and up to 7 years of related experience, or equivalent work experience. An advanced degree/credits is preferred. Expert within their field. Extensive and significant knowledge of one field of work or broad technical depth in multiple, related fields sufficient to lead programs or projects. Knowledge of relevant industry practice and legislation. Knowledge of current trends within the industry and developments in legislation or regulation. Knowledge of National Grid's business operations, company policies and practices. Knowledge of division policies, processes and fields of work. Proficient in relevant software e.g. Microsoft Office products (Excel, Word, PowerPoint). Experience of managing project teams and projects independently. Knowledge of budgeting and operational planning.

Experience and proficiency in relevant company related IT systems **Capability Requirements:**

Analytical Thinking (3): Sees multiple relationships between different sources of data, identifying several likely causes or consequences of a situation

Conceptual Thinking (2): Sees patterns or trends in data or situations, notices when something is similar to a past situation.

Impact and Influence (1): Uses direct persuasion to influence others, using basic data, logic or a solid business case.

Customer Orientation (2): Takes personal responsibility for correcting problems promptly and un-defensively and communicates customer expectations to monitor delivery and satisfaction.

Attention to Detail (3): Monitors quality of others work, checks to ensure procedures are followed.

Capability Requirements for Band D: Band D employees should be evaluated against the capabilities listed below.

Analytical Thinking (3): After analyzing data, has ability to see multiple relationships, identifying several likely causes or consequences of a situation.

Conceptual Thinking (2): Sees patterns or trends in data or situations, notices when something is similar to a past situation.

Information Seeking (3): Establishes the facts by digging deeper, asking probing questions and challenging initial responses from different sources

Impact and Influence (1): Uses direct persuasion to influence others, using basic data, logic or a solid business case.

Team Leadership (2): Promotes team effectiveness by soliciting input from team members, communicating expectations of the team and delegating responsibilities while providing support and structure.

With regard to salary costs, because National Grid has automated all distributed generation programs except for Community RE Growth, it is using a different resource for Billing Implementation Support. The associated salary expenses are more costly, but the person is spending less time on the RE Growth Program.

Please see the tables below, which illustrate the changes in planned Billing Implementation Support expenses from FY20 to FY21. Because the Company does not currently anticipate additional implementation for FY21, it expects that the amount of time spent on the RE Growth Program will be reduced. In addition, the Company has added a third employee from the billing operations group to handle day-to-day operation of the process. The FY20 filing estimated expenses of \$188,060.50. The FY21 estimated expenses included in the filing is \$59,027.

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Position 1:

Billing Implementation Support	FY2020 filing	FY2021 Filing
Full Time Employees:	1	1
Average Salary	\$182,500	\$278,720
Percentage Dedicated to RE Growth	83%	10%

Position 2:

Billing Implementation Support	FY2020 filing	FY2021 Filing
Full Time Employees:	1	1
Average Salary	\$73,171	\$90,675
Percentage Dedicated to RE Growth	50%	10%

Position 3:

Billing Implementation Support	FY2020 filing	FY2021 Filing
Full Time Employees:	0	1
Average Salary	0	\$147,250
Percentage Dedicated to RE Growth	0	15%

PUC 1-4

Request:

Referencing NG-2, column (e), please provide the job description for the Billing Implementation Support.

Response:

The Company's online job description stated:

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Additional Accountabilities for Band D: Band D employees are expected to deliver on the key accountabilities list above as well as those listed below. Develop process and policy specifications and criteria and options and evaluate those options to support senior management decision-making in the relevant field. Research and analyze key themes from a wide range of data sources in order to identify how different scenarios may impact upon the business. Design and implement new processes or policies in order to ensure all working practice (and where relevant, health and safety standards) are compliant with National Grid policies and regulatory requirements. Translate business objectives into clearly defined business cases, annual plans and objectives in order to support achievement of departmental/operational area. Negotiate and agree contracts with outside vendors including standards of work / levels of service to ensure best value for National Grid.

Contribute to the identification and formulation of strategic objectives specific to area of work/business unit, in order to drive change and innovation within National Grid. Lead, motivate and develop a professional team, prioritize work and allocate resources in order to ensure results are delivered in line with expectations and customer/business objectives. Develop and utilize peer group network in order to absorb and apply technical/professional best practice within own area of specialism. Monitor and control allocated human and material resources, maintaining financial and progress forecasting in order to ensure projects are delivered according to schedule and within budget. Manage key external relationships with respect to local unions, regulators and any data provided for business decision making

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Experience and proficiency in relevant company related IT systems **Capability Requirements:**

Analytical Thinking (3): Sees multiple relationships between different sources of data, identifying several likely causes or consequences of a situation

Conceptual Thinking (2): Sees patterns or trends in data or situations, notices when something is similar to a past situation.

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Customer Orientation (2): Takes personal responsibility for correcting problems promptly and un-defensively and communicates customer expectations to monitor delivery and satisfaction.

Attention to Detail (3): Monitors quality of others work, checks to ensure procedures are followed.

Capability Requirements for Band D: Band D employees should be evaluated against the capabilities listed below.

Analytical Thinking (3): After analyzing data, has ability to see multiple relationships, identifying several likely causes or consequences of a situation.

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PUC 1-5

Request:

Please provide a comparison to the REC price projected in Docket No. 4954 and the actual average trading price.

Response:

In Docket No. 4954, the Company projected a REC price for solar units of \$19.64 per REC and for wind units of \$20.04 per REC, for a weighted average of \$19.77 per REC. The quarterly actual transfer prices for RECs for the period April 2019 through March 2020 were \$8.54, \$24.03, \$37.99 and \$36.13, with a weighted average of \$30.70 per REC over the year.

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PUC 1-6

Request:

Referencing Schedule NG-3, the reconciliation includes a credit of \$265,900 for forfeited performance guarantees.

- a. What period (Program Year(s)) is covered by this credit?
- b. How many projects does the credit result from?
- c. What class was each project in?
- d. What enrollment period was each project in?
- e. What milestone did each miss?

Response:

During the 2019 Program Year period, April 1, 2019 through March 31, 2020, there were seven projects that either cancelled or terminated. The total forfeited Performance Guarantee Deposits amounted to \$265,900, as summarized below:

Technology Class	Nameplate Capacity (kW)	Open Enrollment Issued COE	Performance Guarantee Deposit	COE Termination Date	Reason for Termination
Commercial-Scale Solar	964	2018-2	\$27,500.00	3/31/2019	Customer is not moving forward with this project.
CRDG Commercial Solar	859	2019-1	\$27,125.00	8/14/2019	Project withdrew.
Commercial-Scale Solar	999	2019-1	\$32,700.00	8/21/2019	Project withdrew.
Small Wind	1,500	2016-3	\$37,500.00	10/1/2019	Project did not request a 2nd 6-month extension or provide the additional PGD required.
Large-Scale Solar	1,549	2018-1	\$43,575.00	12/18/2019	Project withdrew.
Large-Scale Solar	2,391	2019-1	\$75,000.00	1/8/2020	Site constraints impacted feasibility of project.
Commercial-Scale Solar	750	2017-1	\$22,500.00	1/27/2020	Project did not request a 2nd 6-month extension or provide the additional PGD required.

\$265,900.00

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PUC 1-7

Request:

Please provide the total aggregation expense incurred by the Company relative to small projects for each year since 2015.

Response:

The time spent aggregating small RE Growth units' generation for the purpose of recording RECs is not tracked by the Company and therefore the cost incurred is not known.

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PUC 1-8

Request:

Where is the aggregation expense recovered?

Response:

The cost of aggregation expense is recovered through base distribution rates and not through the RE Growth program, as it is an activity not performed by incremental personnel whose labor costs are recovered through the RE Growth factors, but rather by personnel whose labor costs are recovered through base distribution rates.

PUC 1-9

Request:

What are the functionalities the Company gained through the \$1.34 million to support shared solar? Please include the following, at a minimum:

- a. What is the functionality required to support shared solar in the RE Growth program?
- b. What was the functionality prior to the upgrade?
- c. Will there need to be additional functionalities added in the future to support shared solar? If so, please explain.
- d. Are any of the billing system upgrades for shared solar transferrable to other customer programs? If so, please explain.
- e. What were the alternatives examined to achieve the needed functionality?
- f. Please provide a description and cost estimates of those alternatives.
- g. How is the company addressing the risk of obsolescence?

Response:

- a. The main functionality required to support shared solar in the RE Growth ("REG") program is automation for the billing of both "host" customers and "satellite" customers. Specifically, this involves the automation of transfers of bill credits from the host account to the satellite accounts. In addition, another needed functionality is the automation of the calculation of the performance-based incentive ("PBI") amount, which is paid out at the end of each month.
- b. Prior to the upgrade, the Company billed its shared solar REG customers manually. In addition, the Company created bill images, transfers, and payments for REG customers manually.
- c. At this time, the Company does not plan to add more functionality to support shared solar.

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- d. Yes, some of the new functionality from shared solar in the REG program benefits other facilities and programs. Specifically, the Company's automation of shared solar host/satellite relationship and automated transfers benefits other programs, such as Community Remote Distributed Generation and Community Remote Net Metering.
- e. The only other alternative to the needed functionality that the Company examined was to continue billing all REG shared solar customers manually.
- f. The Company's cost to manually generate a host customer's bill and image was approximately \$50 per month, per host. The Company's cost to manually generate a bill and image for a satellite was approximately \$0.29 per month, per satellite. Also, these cost estimates do not include the cost of postage to render the bills and payments, or the labor needed to calculate and prepare the information to be contained on the bill. At present, the Company has a total of 29 shared solar hosts and a total of 64 shared solar satellites.
- g. National Grid has implemented the "agile" software development methodology. While obsolescence and "horizon scanning" remain of general concern to the Company, these specific upgrades were necessitated by the statute and tariffs that govern the Company's REG program. Thus, while the Company continues to evaluate developing technology, this investment in its existing billing system was needed in the short term.

PUC 1-10

Request:

In Docket No. 4954, the Company provided cost estimates related to the billing system upgrades to support community remote net metering (reproduced below). Please update the prior response.

PUC 2-5 Request: Testimony at page 14 of 28 discusses billing system capitalized costs of \$1.48 million associated with Community RE Growth that will be placed in service May 2020. Please itemize and explain the capitalized costs. Also please explain any alternatives that are or were considered.

Response: The forecasted \$1.48 million of capital costs associated with the Community RE Growth workstream is as follows:

External Vendor costs:	(1) IBM \$0.54M
	(2) Other Contractors \$0.78M
	(3) Subtotal \$1.32M
Internal costs:	(4) Labor and Overheads \$0.06M
	(5) AFUDC \$0.08M
	(6) Other \$0.02M
	(7) Subtotal \$0.16M
	(8) Total Capital Costs \$1.48M

IBM was to be responsible for all project delivery tasks, including project management, documentation, coding, testing and delivery.

“Other contractors” represents individuals to perform standard day-to-day activities associated with Renewable Energy Growth Program-related billing operations as well as subcontractors to assist both IBM and National Grid with their aforementioned tasks.

There are currently no customers enrolled in operational Community Remote DG systems. Therefore, after submitting the 2019 Renewable Energy Growth Program Factor Filing on June 28, 2019, the Company decided to defer work on the Community DG workstream, allowing National Grid's IT resources to focus on billing system enhancements needed to support its New York affiliate's Value of Distributed Energy Resources Program and its Massachusetts affiliate's Solar Massachusetts Renewable Target Program, both of which have a regulator-required implementation date and are forecasted to support hundreds of thousands of customers while by comparison Community RE Growth is forecasted to support hundreds of customers. The Company plans to resume work on the Community

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RE Growth workstream at a future date, but in the interim it will rely on manual billing for the relatively small number of enrollees in this program.

The Community RE Growth workstream was scheduled to be placed in service in May 2020; therefore, no recovery of revenue requirement on this \$1.48 million of investment was included in the currently proposed factor, which encompasses costs to be incurred through March 2020. Until such time as the Company determines it will begin programming work to automate Community RE Growth, the Company will exclude the capital investment from the revenue requirement calculation in future Renewable Energy Growth Program filings.

Response:

The Company does not have any update to this prior response, at this time. All of the cost estimates provided above remain valid. The Company will continue to rely on manual billing for any Community Remote DG customers within the RE Growth program, for now.

PUC 1-11

Request:

What additional functionalities does the Company need to be able to support community remote distributed generation (the \$1.48 million expected to be put into service in 2021)?

- a. What is the functionality required to support community remote distributed generation in the RE Growth program?
- b. What is the current functionality (or the functionality prior to the upgrade)?
- c. What is the functionality required to support community remote net metering?
- d. What is the functionality provided by the billing system that currently supports community remote net metering (or that already supported community remote net metering prior to any upgrade)?
- e. What were the alternatives examined to achieve the needed functionality?
- f. Please provide a description and cost estimates of those alternatives?
- g. How is the company addressing the risk of obsolescence?

Response:

- a. Community Remote Distributed Generation ("CRDG") within the RE Growth program, or Community RE Growth, requires the Company to manage a more complex billing relationship between "host" customers and "satellite" customers than shared solar. Specifically, CRDG allows for satellites to be in a different bill group (i.e., billing schedule) than their host, which requires more complex payment and credit transfer functionality.
- b. Until the upgrade is complete, the Company will bill CRDG or Community RE Growth customers manually, a process that includes the manual creation of bill images, manual transfers of bill credits, and manual provision of payments to hosts.
- c. The Company assumes that this question pertains to Community Remote Net Metering ("CRNM") and the future expense contemplated for 2021, above. If so, no part of the future upgrade is expected to benefit CRNM customers. The functionality that the

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Company currently requires to support CRNM is already fully automated and being recovered through base distribution rates.

- d. Please see the response to part (c), above.
- e. The other alternative that the Company examined was to continue billing all customers manually and not automate billing for the CRDG program.
- f. The Company's cost to manually generate a CRDG host customer's bill and image is approximately \$50 per month, per host. The Company's cost to manually generate a bill and image for a satellite customer is approximately \$0.29 per month, per satellite. These cost estimates do not include postage to send the bill, or the labor needed to calculate and prepare the information to be contained on the bill. At present, the Company has a total of two CRDG hosts and a total of more than 60 CRDG satellites, which are expected to increase.
- g. National Grid has implemented the "agile" software development methodology. While obsolescence and "horizon scanning" remain of general concern to the Company, these specific upgrades were necessitated by the statute and tariff that govern the Company's REG program. Thus, while the Company continues to evaluate developing technology, this investment in its existing billing system was needed in the short term.

PUC 1-12

Request:

Referencing PUC 1-6 in Docket No. 4983 (reproduced here):

PUC 1-6 Request: Will any billing software upgrades associated with the Renewable Energy Growth program be transferrable to community remote net metering projects? Why or why not?

Response: Billing software upgrades associated with the Renewable Energy Growth program are directly transferrable to community remote net metering projects. The functionality to support the host/satellite allocation relationship is directly transferrable from Renewable Energy Growth to community remote net metering projects. The functionality for incentive payment/volumetric transfer disbursement and bill calculation was developed as part of Renewable Energy Growth and is directly transferrable to community remote net metering projects.

AND

Referencing PUC 2-7 in Docket No. 4954 (reproduced here):

PUC 2-7 Request: Will the billing system upgrades for either Community Remote Distributed Generation (CRDG) or Shared Solar customers also serve remote or off-site net metering customers? If so, will any of the costs of the upgrades be recovered outside of the REG Factor?

Response: The Company's billing system already contains functionality which automates the transfer of net metering credits from a Community Remote Net Metering System to an Eligible Credit Recipient. The cost of these billing system changes would not be eligible for recovery through the RE Growth Program's cost recovery provisions but rather are recovered through base distribution rates. System upgrades needed for the RE Growth Program's CRDG and Shared Solar programs will build upon the platform implemented to automate Community Remote Net Metering, and the cost of these changes would be eligible for recovery through the RE Growth Program's cost recovery provisions.

a. What were the total costs expended for each upgrade?

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- b. How were the costs allocated between base rates and REGrowth?
c. Were any of the costs allocated to only one budget (base rates or REGrowth)? If so, why?

Response:

The Company's responses to parts a and b are provided in the table below.

Program	\$	\$ Recovered in Base Rates	\$ Recovered in RE Growth	Notes
Community Net Metering	\$707,534	\$700,448	\$0	
CAPEX	\$661,718	\$661,718	\$0	
OPEX	\$45,816	\$38,730	\$0	/1
Shared Solar	\$1,392,417	\$0	\$1,399,503	
CAPEX	\$1,336,355	\$0	\$1,336,355	
OPEX	\$56,062	\$0	\$63,148	/1
Community RE Growth	\$99,728	\$1,355	\$82,750	
CAPEX	\$15,623	\$0	\$0	/2
OPEX	\$84,105	\$1,355	\$82,750	/3

/1 The Company determined that \$7,086 associated with Community Net Metering opex was inadvertently added to Shared Solar opex and included for recovery through the RE Growth filing. The Company will reduce the amount to be recovered through the RE Growth reconciling factors by \$7,086 plus associated interest.

/2 Community RE Growth capital billing modifications have not been placed into service and are therefore not recovered through any mechanism.

/3 The \$1,355 recovered through base rates reflects non-incremental RE Growth costs charged to the Community RE Growth work order.

- c. Yes, the costs for Community Remote Net Metering were applied directly to base rates because it is not part of the RE Growth program. Incremental Shared Solar and Community RE Growth costs are applied directly to the RE Growth budget because both are RE Growth programs. Any non-incremental Shared Solar and Community RE Growth costs would be applied to base distribution rates.

PUC 1-13

Request:

Referencing PUC 1-7 in Docket No. 4978 ([http://www.ripuc.ri.gov/eventsactions/docket/4978-NGrid-DR-PUC1%20\(5-7-2020\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/4978-NGrid-DR-PUC1%20(5-7-2020).pdf)), can the Company estimate the value of lower line losses and compare that to the value of the power being supplied by competitive suppliers to REGrowth customers sized 25kW? If so, please estimate the value for the most recent twelve months available. Please provide the methodology, including, at a minimum, the basic inputs.

Response:

No, Docket No. 4978, PUC 1-7 contains initial estimates of lines losses so that energy suppliers have an approximate value to use in estimating their settlement requirements at the ISO-NE. As detailed in further responses, these losses are trued up to actual differences between retail sales and wholesale tie lines into Rhode Island, which vary by time of day and location. Losses are not calculated for individual customers and, for settlement at ISO-NE, they do not vary between a standard offer customer and one that has a non-regulated power producer.

A very rough estimate can be developed by looking at total energy consumption state-wide and comparing it to the generation of all REG customers with projects of 25 kilowatts (kW) or less.

During calendar year 2019, non-regulated power producers sold 3,430,665 megawatt-hours (MWh) of energy in Rhode Island, and standard offer customers used 4,170,969 MWh for total delivered energy between standard offer and competitive supply of 7,601,634 MWh. For the same time period, the Company aggregated 24,280 renewable energy certificates (RECs) from projects of 25 kW or less in size. Because a REC is equivalent to one (1) MWh, by determining the ratio between RECs for 25 kW and under and non-regulated power producers' loads, the Company can compare the percentage of REG projects 25 kW and less to non-regulated power producer sales to develop a percentage.

$$24,280 \div 7,601,634 = 0.0032 \text{ (rounded) or } 0.32\%$$

This 0.32% could be an approximate reduction in losses for both standard offer and competitive supply customers in Rhode Island. If we use the 6.9% losses (assuming that all customers are secondary voltage customers to maximize loss savings) used for energy calculations, and this is reduced by 0.32%, then a rough estimate would be that losses might be reduced by 6.9% * 0.32%, or 0.022%. Using the total of 7,601,634 MWh of delivered energy, this would equate to a reduction of 1,675 MWh of line losses to all customers in Rhode Island. Assuming a blended supply cost of \$0.09 per kWh, the value in dollars might be \$150,000. Nonetheless, this estimate assumes that all of the generation for projects 25 kW or less actually reduces line losses, when

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there will be times that, due to light load on the distribution system, line losses could actually be higher.