

December 9, 2020

**VIA ELECTRONIC MAIL**

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

**RE: Docket 5076 – 2021-2023 Energy Efficiency Program Plan & 2021 Energy Efficiency Plan Responses to PUC Data Requests – Set 8 (Complete Set)**

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a National Grid (“National Grid” or the “Company”), attached, please find the electronic version of the Company’s responses to the Public Utilities Commission’s (“PUC”s) Eighth Set of Data Requests (“Complete Set 8”) in the above-referenced docket.<sup>1</sup>

Please note that all of the responses to Set 8 were filed on December 4, 2020 except for 8-7 through 8-11, which the Company received an extension to December 9 and are included in the attached.

Thank you for your attention to this filing. If you have any questions or concerns, please do not hesitate to contact me at 401-784-4263.

Sincerely,



Andrew S. Marcaccio

cc: Docket 5076 Service List  
John Bell, Division  
Jon Hagopian, Esq.

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<sup>1</sup> The Company will deliver to the Commission six, three-hole punched hard copies of PUC Set 8 with Bates stamp.

Certificate of Service

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

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



\_\_\_\_\_  
Joanne M. Scanlon

December 9, 2020

Date

**Docket No. 5076 - National Grid – 2021-2023 Energy Efficiency Program  
Plan & 2021 Annual Energy Efficiency Program Plan  
Service list updated 12/3/2020**

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The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 5076  
2021-2023 Energy Efficiency Program Plan &  
2021 Annual Energy Efficiency Program Plan  
Responses to Commission's Eighth Set of Data Requests  
Issued on December 3, 2020

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**PUC Set 8**  
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PUC 8-1

Request:

Please provide the all-in cost of supply for electricity and natural gas used by National Grid in data requests in this docket. Please provide the response in dollars per kwh and dollars per therm and provide the breakdown of the components.

Response:

Please see Attachments PUC 8-1-1 and 8-1-2. Attachment PUC 8-1-1 shows the components of the cost of supply calculation for the electric portfolio overall, as included in the response to PUC 1-22 as Attachment 1-22-14 with the addition of two rows: the lifetime MWh savings from the portfolio and the calculated cost of supply in dollars per lifetime kWh. Similarly, Attachment PUC 8-1-2 shows the components of the cost of supply calculation for the natural gas portfolio overall, as included in the response to PUC 1-22 as Attachment 1-22-1. This table has two additional rows for lifetime natural gas MMBtu savings from the natural gas portfolio and the calculated cost of supply in dollars per lifetime therm.

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 5076  
Attachment PUC 8-1-1  
Electric Portfolio - Cost of Supply Components and Calculation of \$/Lifetime kWh

Ref	a	2021	2022		2023	
		b	Base Case c	High Scenario d	Base Case e	High Scenario f
1	Electric Energy Costs	\$ 79,611,225	\$ 97,727,451	\$ 101,545,724	\$ 114,501,594	\$ 124,568,487
2	Electric Generation Costs	\$ 18,302,897	\$ 19,986,766	\$ 21,197,569	\$ 21,857,196	\$ 24,796,055
3	Electric Transmission Capacity Costs	\$ 27,140,269	\$ 28,942,820	\$ 31,567,721	\$ 30,844,737	\$ 36,313,366
4	Electric Distribution Capacity Cost	\$ 23,568,898	\$ 25,134,252	\$ 27,413,745	\$ 26,785,898	\$ 31,534,913
5	Natural Gas Costs	\$ (7,302,558)	\$ (20,769,721)	\$ (21,074,930)	\$ (39,358,970)	\$ (40,239,831)
6	Fuel Costs	\$ 19,057,521	\$ 21,515,863	\$ 22,591,656	\$ 35,849,366	\$ 38,928,810
7	Income Eligible Rate Discount	\$ 103,823	\$ 116,017	\$ 121,818	\$ 128,826	\$ 144,543
8	Arrearages	\$ 181,719	\$ 186,409	\$ 195,730	\$ 191,568	\$ 214,940
9	Price Effects	\$ 64,488,206	\$ 77,987,150	\$ 86,235,446	\$ 93,026,445	\$ 109,449,591
10	Non-embedded Greenhouse Gas Reduction Costs	\$ 36,204,083	\$ 36,968,858	\$ 38,732,652	\$ 37,451,974	\$ 42,002,697
11	Non-embedded Nitrous Oxide (NOx Costs)	\$ 1,739,435	\$ 1,285,448	\$ 1,375,804	\$ 979,666	\$ 1,217,303
12	Reliability Costs	\$ 624,526	\$ 717,052	\$ 897,603	\$ 817,592	\$ 1,128,819
13	<b>Cost of supply = Sum of Rows 1 through 12</b>	<b>\$ 263,720,046</b>	<b>\$ 289,798,366</b>	<b>\$ 310,800,538</b>	<b>\$ 323,075,891</b>	<b>\$ 370,059,692</b>
14	Electric Energy Savings (Lifetime MWh)	1,306,562	\$ 1,571,295	\$ 1,634,312	\$ 1,800,526	\$ 1,964,585
15	<b>Cost of supply (\$/kWh) = Row 13 / (Row 14 * 1000)</b>	<b>\$ 0.2018</b>	<b>\$ 0.1844</b>	<b>\$ 0.1902</b>	<b>\$ 0.1794</b>	<b>\$ 0.1884</b>

Notes:

- (1) Table E-6, sum of Energy columns "Winter Peak", "Winter Off-Peak", "Summer Peak" and "Summer Off-Peak.", and Table E-6B Energy columns "Summer Peak" and "Summer Off-Peak"
- (2) Table E-6 and E-6B, Capacity column "Summer Generation."
- (3) Table E-6 and E-6B, Capacity column "Trans."
- (4) Table E-6 and E-6B, Capacity column "Dist."
- (5) Table E-6, Non-electric column "Natural Gas." less Gas DRIPE included in that column
- (6) Table E-6, sum of Non-electric columns "Natural Gas," "Oil", "Other Resource."
- (7) Calculations from Electric Benefit-Cost Model, 2021-2023 Plan
- (8) Calculations from Electric Benefit-Cost Model, 2021-2023 Plan
- (9) Table E-6 and E-6B, sum of Capacity column "Capacity DRIPE" and Energy column "Energy DRIPE." and calculation from Electric Benefit-Cost Model, 2021-2023 Plan for "Gas DRIPE"
- (10) Table E-6 and E-6B, Societal column "Carbon."
- (11) Table E-6, Societal column "NOx."
- (12) Table E-6 and E-6B, Capacity column "Reliability."
- (14) Table 1, 2021-2023 Plan

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 5076  
Attachment PUC 8-1-2

Natural Gas Portfolio - Cost of Supply Components and Calculation of \$/Lifetime Therm

Ref	a	2021	2022		2023	
		b	Base Case	High Scenario	Base Case	High Scenario
			c	d	e	f
1	Electric Energy Costs	\$ 339,731	\$ 367,312	\$ 422,409	\$ 450,611	\$ 564,967
2	Electric Generation Costs	\$ 188,214	\$ 217,552	\$ 250,185	\$ 277,625	\$ 348,081
3	Electric Transmission Capacity Costs	\$ 210,473	\$ 227,310	\$ 261,407	\$ 270,422	\$ 339,050
4	Electric Distribution Capacity Cost	\$ 182,777	\$ 197,398	\$ 227,008	\$ 234,838	\$ 294,435
5	Natural Gas Costs	\$ 38,050,536	\$ 42,093,169	\$ 48,279,348	\$ 51,202,434	\$ 63,980,228
6	Fuel Costs	\$ -	\$ -	\$ -	\$ -	\$ -
7	Income Eligible Rate Discount	\$ 77,525	\$ 80,563	\$ 92,648	\$ 83,930	\$ 105,229
8	Arrearages	\$ 20,319	\$ 21,434	\$ 24,650	\$ 22,674	\$ 28,428
9	Price Effects	\$ 1,094,083	\$ 1,179,229	\$ 1,349,781	\$ 1,421,605	\$ 1,771,665
10	Non-embedded Greenhouse Gas Reduction Costs	\$ 17,238,325	\$ 18,985,924	\$ 21,775,128	\$ 23,037,992	\$ 28,785,280
11	Non-embedded Nitrous Oxide (NOx Costs)	\$ 2,453,474	\$ 2,702,807	\$ 3,100,119	\$ 3,286,456	\$ 4,106,772
12	Reliability Costs	\$ 10,200	\$ 11,155	\$ 12,828	\$ 13,231	\$ 16,589
13	<b>Cost of supply = Sum of Rows 1 through 12</b>	<b>\$ 59,865,656</b>	<b>\$ 66,083,854</b>	<b>\$ 75,795,508</b>	<b>\$ 80,301,818</b>	<b>\$ 100,340,724</b>
14	Gas Energy Savings (Lifetime MMBtu)	4,206,444	4,635,880	5,317,230	5,626,011	7,030,038
15	<b>Cost of supply (\$/therm)= = Row 13 / (Row 14 * 10)</b>	<b>\$ 1.4232</b>	<b>\$ 1.4255</b>	<b>\$ 1.4255</b>	<b>\$ 1.4273</b>	<b>\$ 1.4273</b>

Notes:  
All values are from the Gas Benefit-Cost Model, 2021-2023 Plan. For 2021, Row (5) is equivalent to the column "Natural Gas" in table G-6. Rows (1)-(4), and rows (6)-(12) are components of the Column "Other Non-Gas Benefit" in table G-6.  
(14) Table 2, 2021-2023 Plan.

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 5076  
2021-2023 Energy Efficiency Program Plan &  
2021 Annual Energy Efficiency Program Plan  
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Issued on December 3, 2020

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PUC 8-2

Request:

Please review the attached Table labeled "Comparative Summary of Monthly Deliveries." Please confirm that the numbers are accurate and update the values on line 11 in columns (b) and (c) to reflect November Weather-normalized actual and November 2020 actual, respectively; and recalculate the totals on line 13 for columns (b) and (c).

Response:

Please see Attachment PUC 8-2.



**Comparative Summary of Monthly Deliveries**

*(PUC 5-4, 2-11, & 2-13)*

		ACTUALS							
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
		2021 Forecast	2020 Weather-Normalized	2020	2019	2018	2017	2016	2015
1	January	593,178.691	568,153.547	552,545.065	638,448.709	708,163.581	639,393.242	627,908.914	655,506.915
2	February	544,253.804	608,314.427	587,066.082	607,568.994	602,778.237	599,492.804	610,620.415	678,974.887
3	March	529,725.921	596,182.219	577,133.879	592,067.747	573,845.005	585,071.905	607,900.537	637,534.005
4	April	520,730.962	566,279.899	562,982.274	551,871.685	566,899.560	580,340.354	571,246.332	593,946.687
5	May	449,411.420	523,745.152	532,243.383	532,544.596	553,355.445	519,394.949	506,909.704	534,093.842
6	June	510,346.489	543,600.694	550,076.296	547,498.568	570,623.085	592,736.279	611,411.485	589,211.789
7	July	650,338.728	687,500.203	704,150.227	680,901.154	703,904.306	706,081.383	691,827.405	658,325.578
8	August	672,095.210	738,887.313	807,396.652	805,445.779	764,799.759	711,934.043	786,340.285	754,570.442
9	September	616,095.712	636,699.275	637,447.481	665,085.875	773,207.271	644,958.190	742,937.344	758,028.784
10	October	495,113.634	561,004.393	555,815.426	533,083.945	581,676.218	584,164.842	584,243.705	585,595.502
11	November	478,187.794	520,863.739	513,180.971	519,997.481	538,637.244	567,904.456	539,157.189	530,079.576
12	December	547,127.026	592,192.885	592,192.885	582,220.676	606,302.059	571,210.045	583,323.573	624,329.558
13	Totals	6,606,605.391	7,143,423.746	7,172,230.621	7,256,735.209	7,544,191.770	7,302,682.492	7,463,826.888	7,600,197.565

Note: The December 2020 "actual" values are forecasts.

Note: 2021 Forecast from Attachment PUC 2-11

Note: Actuals from PUC 5-4

Note: Weather Normalized 2020 from PUC 2-13, column M.

PUC 8-3

Request:

Please update Attachment PUC 2-13, to provide the weather normalized actuals for 2020, updated for November actuals. Please provide similar tables for 2018 and 2019.

Response:

Please see Attachment PUC 8-3.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
	Year	Month	A16 (kWh)	A60 (kWh)	C06 (kWh)	C08 (kWh)	G02 (kWh)	G32 (kWh)	B32 (kWh)	X01 (kWh)	SL (kWh)	TOTAL (kWh)	Weather Normalized TOTAL (kWh)	Forecasted TOTAL (kWh)
1														
2	2020	1	262,621,108	19,548,182	61,235,143	403,726	114,468,573	84,830,332	811,350	2,170,306	6,456,345	552,545,065	568,153,547	652,135,716
3	2020	2	206,990,897	16,158,098	53,600,403	402,430	98,574,412	204,374,695	568,806	2,181,537	4,214,804	587,066,082	608,314,427	603,859,489
4	2020	3	202,833,422	16,532,919	55,345,043	383,578	97,883,566	197,985,464	535,701	2,344,364	3,289,822	577,133,879	596,182,219	576,707,614
5	2020	4	205,593,477	16,772,048	50,004,677	660,268	90,268,378	192,609,707	545,943	1,382,797	5,144,979	562,982,274	566,279,899	562,146,739
6	2020	5	201,017,972	16,426,855	47,210,698	472,542	80,854,270	182,242,996	832,633	473,155	2,712,262	532,243,383	523,745,152	502,216,544
7	2020	6	210,449,344	16,372,553	48,291,223	422,815	87,178,918	183,452,142	745,792	476,935	2,686,574	550,076,296	543,600,694	536,819,891
8	2020	7	316,255,757	23,097,520	58,887,811	395,779	107,114,514	193,762,962	1,505,548	909,345	2,220,991	704,150,227	687,500,203	688,720,001
9	2020	8	382,027,719	29,029,896	65,781,779	399,653	124,902,250	200,899,832	1,241,182	871,016	2,243,325	807,396,652	738,887,313	684,296,108
10	2020	9	266,952,054	19,862,580	56,027,379	309,735	103,537,158	187,228,982	663,320	862,206	2,004,067	637,447,481	636,699,275	639,049,133
11	2020	10	206,584,212	14,626,519	53,113,834	285,137	98,229,432	177,818,359	1,866,971	1,122,182	2,168,780	555,815,426	561,004,393	544,900,650
12	2020	11	198,500,947	14,668,071	45,027,900	295,472	84,875,228	164,658,697	1,696,601	1,176,896	2,281,159	513,180,971	520,863,739	530,254,534
13	2020	12	224,979,138	17,146,522	52,867,777	553,146	103,161,135	184,887,217	1,223,663	1,893,718	5,480,569	592,192,885	592,192,885	592,192,885
14														
15														
16	Note: December values are forecasts													

The Narragansett Electric Company  
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PUC 8-4

Request:

Referring to the tables on pages 2 and 3 of the response to PUC 1-51, for each of the values shown in each box on each table, please state the value to the Company in basis points on the Company's return on equity for each of the applicable distribution businesses, as applicable in each of the given years.

Response:

Please refer to Attachment PUC 8-4. The basis point value of the earned performance incentives on the Company's return on equity for the Electric and Gas distribution businesses are shown on Page 1 and Page 2 of the Attachment, respectively, on Lines 11 through 15.

**2015 – 2019 Performance Incentive Analysis under Existing and Newly-Proposed Mechanism: Electric Energy Efficiency Portfolio**

Line No.	Calendar Year	Earned Incentive, with actual performance	Earned Incentive, if target met (Design Level Performance)	Earned Incentive, with 2021 Proposed Mechanism and actual performance	Earned Incentive, if target met (Design Level Performance Incentive), with 2021 Proposed Mechanism
		(a)	(b)	(c)	(d)
1	<b>2015</b>	\$4,533,360	\$3,867,352	\$13,266,969	\$10,948,005
2	<b>2016</b>	\$4,128,034	\$3,878,087	\$7,576,453	\$6,229,628
3	<b>2017</b>	\$4,829,847	\$4,425,528	\$8,241,725	\$8,711,719
4	<b>2018</b>	\$4,940,402	\$4,346,672	\$10,481,986	\$9,023,642
5	<b>2019</b>	\$3,290,237	\$4,892,346	\$15,537,627	\$15,366,640
	<b>Source</b>	Annual Report Table E-4, for each year. See sources table for links to each Annual Report.	Annual Plan Table E-9 and Annual Report Table E-4, for each year. See sources table for links to each Annual Plan.	Calculation based on 2021 proposed earning rate and planned and achieved 2015-2019 benefits and expenditures.	Calculation based on 2021 proposed earning rate and planned and achieved 2015-2019 benefits and expenditures.

**2015 – 2019 Equity Rate Base**

	Average Rate Base	Allowed Equity Share of Rate Base	Average Equity Rate Base
6	<b>2015</b>	\$654,762,082	49.14%
7	<b>2016</b>	\$681,283,839	49.14%
8	<b>2017</b>	\$698,889,355	49.14%
9	<b>2018</b>	\$747,835,132	50.95%
10	<b>2019</b>	\$850,893,253	50.95%

**2015 – 2019 Basis Point Value**

Calendar Year	Earned Incentive, with actual performance	Earned Incentive, if target met (Design Level Performance)	Earned Incentive, with 2021 Proposed Mechanism and actual performance	Earned Incentive, if target met (Design Level Performance Incentive), with 2021 Proposed Mechanism
11	<b>2015</b>	140.90	120.20	412.34
12	<b>2016</b>	123.30	115.84	226.31
13	<b>2017</b>	140.63	128.86	239.98
14	<b>2018</b>	129.66	114.08	275.10
15	<b>2019</b>	75.89	112.85	358.40

Line Notes:

Lines 1 - 5 per the Company's response to PUC 1-51 in this docket.  
Lines 6-10 per the Company's respective annual calendar year earnings reports to the PUC  
Line 11 Line 1 / Line 6 (c) \*10,000 Line 13 Line 3 / Line 8 (c) \*10,000  
Line 12 Line 2 / Line 7 (c) \*10,000 Line 14 Line 4 / Line 9 (c) \*10,000  
Line 15 Line 5 / Line 10 (c) \*10,000

Basis Point Value: 100 basis points = 1% return on equity

**2015 – 2019 Performance Incentive Analysis under Existing and Newly-Proposed Mechanism: Gas Energy Efficiency Portfolio**

Line No.	Calendar Year	Earned Incentive, with actual performance	Earned Incentive, if target met (Design Level Performance)	Earned Incentive, with 2021 Proposed Mechanism and actual performance	Earned Incentive, if target met (Design Level Performance Incentive), with 2021 Proposed Mechanism
		(a)	(b)	(c)	(d)
1	<b>2015</b>	\$1,387,079	\$1,119,839	\$1,510,999	\$1,213,198
2	<b>2016</b>	\$1,496,869	\$1,251,654	\$996,382	\$1,033,332
3	<b>2017</b>	\$1,633,531	\$1,387,550	\$1,202,748	\$1,160,732
4	<b>2018</b>	\$1,541,255	\$1,286,647	\$1,934,925	\$1,663,986
5	<b>2019</b>	\$1,580,119	\$1,460,570	\$1,940,704	\$1,931,726
	<b>Source</b>	Annual Report Table E-4, for each year. See sources table for links to each Annual Report.	Annual Plan Table E-9 and Annual Report Table E-4, for each year. See sources table for links to each Annual Plan.	Calculation based on 2021 proposed earning rate and planned and achieved 2015-2019 benefits and expenditures.	Calculation based on 2021 proposed earning rate and planned and achieved 2015-2019 benefits and expenditures.

**2015 – 2019 ROE Reports**

	Average Rate Base	Allowed Equity Share of Rate Base	Average Equity Rate Base
6	<b>FY 2016</b>	\$565,987,807	49.14%
7	<b>FY 2017</b>	\$617,312,160	49.14%
8	<b>FY 2018</b>	\$690,602,807	49.14%
9	<b>CY 2018</b>	\$776,357,063	50.95%
10	<b>CY 2019</b>	\$865,035,866	50.95%

**2015 – 2019 Basis Point Value**

Calendar Year	Earned Incentive, with actual performance	Earned Incentive, if target met (Design Level Performance)	Earned Incentive, with 2021 Proposed Mechanism and actual performance	Earned Incentive, if target met (Design Level Performance Incentive), with 2021 Proposed Mechanism
11	<b>2015</b>	49.87	40.26	54.33
12	<b>2016</b>	49.35	41.26	32.85
13	<b>2017</b>	48.14	40.89	35.44
14	<b>2018</b>	38.96	32.53	48.92
15	<b>2019</b>	35.85	33.14	44.03

Line/Column Notes:

Lines 1 - 5 per the Company's response to PUC 1-51 in this docket.  
Lines 6-10 per the Company's respective annual fiscal/calendar year earnings reports to the PUC  
Line 11 Line 1 / Line 6 (c) \*10,000  
Line 12 Line 2 / Line 7 (c) \*10,000  
Line 13 Line 3 / Line 8 (c) \*10,000  
Line 14 Line 4 / Line 9 (c) \*10,000  
Line 15 Line 5 / Line 10 (c) \*10,000

Basis Point Value: 100 basis points = 1% return on equity

PUC 8-5

Request:

For each of the target and maximum electric and gas incentives that were approved for the current 2020 program, please state the value to the Company in basis points on the Company's return on equity for each of the applicable distribution businesses.

Response:

Please refer to Attachment PUC 8-5. The value to the Company in basis points on the Company's return on equity of the target and maximum incentives that were approved for the current 2020 program are shown on Page 1 of the Attachment for Electric and Page 2 of the Attachment for Gas in Columns d and e.

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 5076  
Attachment PUC 8-5  
Page 1

**RI Electric Distribution**

(a) Page 1

1	Average Rate Base as of December 31, 2019	\$000s
		\$850,893
2	Equity share of rate base	50.95%
3	Equity Rate Base	\$433,530

2020 Performance Incentives by Sector:

	(b) Target \$	(c) Maximum \$	(d) Target bps	(e) Maximum bps
<u>Energy Incentive Rate</u>				
4 Income Eligible Residential	\$574	\$717	13.24	16.54
5 Non-Income Eligible Residential	\$1,500	\$1,875	34.59	43.25
6 Commercial & Industrial	\$1,465	\$1,831	33.78	42.23
7 Sub Total	\$3,538	\$4,423	81.61	102.02

Demand Incentive Rate

8 Income Eligible Residential	\$246	\$307	5.67	7.08
9 Non-Income Eligible Residential	\$643	\$803	14.82	18.52
10 Commercial & Industrial	\$628	\$785	14.48	18.11
11 Sub Total	\$1,516	\$1,895	34.98	43.71

12 Total	\$5,054	\$6,318	116.59	145.73
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Column (a) - per Revised CY 2019 Annual Electric Earnings Report, Page 1  
Columns (b) and (c) - per RIPUC Docket No. 4979, Attachment 5, Page 10, Table E-9  
Column (d) = Column (b) divided by Line 3 times 10,000  
Column (e) = Column (c) divided by Line 3 times 10,000

bps = basis points, where 100 bps = 1% return on equity



The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 5076  
Attachment PUC 8-5  
Page 2

**RI Gas Distribution**

1 Average Rate Base as of December 31, 2019

(a)  
\$000s  
\$865,036

2 Equity share of rate base

50.95%

3 Equity Rate Base

\$440,736

2020 Performance Incentives by Sector:

	(b) Target \$	(c) Maximum \$	(d) Target bps	(e) Maximum bps
4 Income Eligible Residential	\$448.10	\$560.11	10.17	12.71
5 Non-Income Eligible Residential	\$677.70	\$847.10	15.38	19.22
6 Commercial & Industrial	\$452.80	\$566.04	10.27	12.84
7 Total	\$1,578.60	\$1,973.25	35.82	44.77

Column (a) - per Second Revised CY 2019 Annual Gas Earnings Report, Page 1

Columns (b) and (c) - per RIPUC Docket No. 4979, Attachment 6 (Revised), Page 11, Table G-9

Column (d) = Column (b) divided by Line 3 times 10,000

Column (e) = Column (c) divided by Line 3 times 10,000

bps = basis points, where 100 bps = 1% return on equity

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 5076  
2021-2023 Energy Efficiency Program Plan &  
2021 Annual Energy Efficiency Program Plan  
Responses to Commission's Eighth Set of Data Requests  
Issued on December 3, 2020

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PUC 8-6

Request:

For the each of the proposed target and maximum electric and gas incentives for the proposed 2021 programs, please state the value to the Company in basis points on the Company's return on equity for each of the applicable distribution businesses.

Response:

Please refer to Attachment PUC 8-6. The value to the Company in basis points on the Company's return on equity of the target and maximum incentives proposed for the 2021 programs are shown on Page 1 of the Attachment for Electric and Page 2 of the Attachment for Gas in Columns d and e.

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 5076  
Attachment PUC 8-6  
Page 1

**RI Electric Distribution**

- 1 Average Rate Base as of December 31, 2019
- 2 Equity share of rate base
- 3 Equity Rate Base

(a)		(b)	(c)	(d)	(e)
	<u>\$000s</u>	Target \$	Maximum \$	Target bps	Maximum bps
	\$850,893	\$1,925	\$2,406	44.40	55.50
	50.95%	\$1,100	\$1,375	25.37	31.72
	\$433,530	\$2,475	\$3,094	57.09	71.37
		\$5,500	\$6,875	126.87	158.58

Proposed 2021 Performance Incentives by Sector:

4	Income Eligible Residential				
5	Non-Income Eligible Residential				
6	Commercial & Industrial				
7	Total				

Column (a) - per Revised CY 2019 Annual Electric Earnings Report, Page 1  
Columns (b) and (c) - per RIPUC Docket No. 5076, Attachment 5, Page 11, Table E-8  
Column (d) = Column (b) divided by Line 3 times 10,000  
Column (e) = Column (c) divided by Line 3 times 10,000

bps = basis points, where 100 bps = 1% return on equity

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 5076  
Attachment PUC 8-6  
Page 2

**RI Gas Distribution**

1 Average Rate Base as of December 31, 2019

(a)  
\$000s  
\$865,036

2 Equity share of rate base

50.95%

3 Equity Rate Base

\$440,736

Proposed 2021 Performance Incentives by Sector:

4 Income Eligible Residential

(b)	(c)	(d)	(e)
Target \$	Maximum \$	Target bps	Maximum bps
\$595.00	\$744.00	13.50	16.88

5 Non-Income Eligible Residential

\$425.00	\$531.00	9.64	12.05
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6 Commercial & Industrial

\$680.00	\$850.00	15.43	19.29
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7 Total

\$1,700.00	\$2,125.00	38.57	48.21
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Column (a) - per Second Revised CY 2019 Annual Gas Earnings Report, Page 1  
Columns (b) and (c) - per RIPUC Docket No. 5076, Attachment 6, Page 10, Table G-8  
Column (d) = Column (b) divided by Line 3 times 10,000  
Column (e) = Column (c) divided by Line 3 times 10,000

bps = basis points, where 100 bps = 1% return on equity

PUC 8-7

Request:

Referencing the responses to PUC 4-24, particularly the email from Matthew Ray dated September 10, 2020 (page 67 of PDF of response) and attachment 4-24-3, please explain how energy savings (for both gas and electric) were calculated.

Response:

The calculations for energy savings for the projects listed in Attachment 4-24-3 are listed as footnotes in that Attachment. These are the same calculations referenced in the Company's answer to PUC 4-21, part b, the text of which is included below for the convenience of the Commission.

"Lifetime electricity savings estimates were calculated using a value of 17 cents of electric financing per kWh saved and rounded to the nearest 1,000 MWh. Lifetime gas savings estimates were calculated using a value of \$1 of gas financing per therm saved. These calculations were provided to RIIB by the Company. Savings from historical street light projects were used in this estimation and were based on estimated numbers of lights in various communities and compared to projects that had gone through a technical review. This process begins with an OER application with scoping studies conducted by the Company. As this is an estimation, costs and savings may be off by +/- 25 percent. Actual scope, including firm costs from contractors after competitive bidding and actual incentives/rebates are finalized after applications are submitted and approved. This process can take two years from the original OER application.

In all cases, the Company is held to account for realization of these estimated savings through the Company's accountability for achievement of all C&I sector savings and through associated performance incentive mechanisms. Additionally, even with approved transfer budget, any Company transfers to RIIB of SBC-funded amounts are predicated upon RIIB's demonstration of need for these funds and the successful completion of Company due diligence requirements as outlined in the Company's response to PUC 4-25."

Mr. Ray's email from September 10, 2020 references 525 MWh gross allocated to RIIB with a medium level of confidence. This amount of savings is also noted in the 2021 EBF pipeline provided in Attachment 4-24-4. This 525 MWh gross savings estimate predated the estimates in Attachment 4-24-3 and was developed between National Grid and the Bank through a process similar to that which is noted in the paragraphs above.

PUC 8-8

Request:

Referencing attachment 4-23-9, please explain National Grid's understanding of "LCP Eligible" and "All Energy Eligible." Please include National Grid's understanding as to: the differences between these two categories, the components of each category, and whether National Grid categorized these differently than OER.

Response:

It is National Grid's understanding that the "LCP Eligible" column shows the total estimated amount of money that a municipality will need to purchase and install electric and gas energy efficiency measures/projects that have passed the RI OER's cost benefit screening test and that may, in the informed opinion of OER, pass the RI Test and receive an incentive from the Company. Examples of investments that are likely to be found in this category are HVAC upgrades, streetlight conversions to LED technology, and variable speed drives.

It is National Grid's understanding that "All Energy Eligible" refers to investments that fit within the statute governing EBF and are needed to bring energy efficiency, electric vehicle, or renewable energy measures projects to completion, but that are unlikely to pass the RI Test or are outside of the purview of National Grid's energy efficiency programs. These investments may include the removal of asbestos, ductwork upgrades for HVAC, or extensive wiring or panel upgrades.

The Company is not aware of major differences in the way that OER and National Grid view/define these two terms.

PUC 8-9

Request:

Can National Grid confirm that all measures and investments supported by the transfer to RIIB are measures in an approved Energy Efficiency Program? If so, please explain how National Grid confirms this information and provide evidence that this has been done to-date in the 2020 program year

Response:

National Grid can confirm that all measures for which the Company pays an incentive are approved measures included in approved Energy Efficiency Programs. Programs can include a broad array of custom and prescriptive measures.

National Grid cannot confirm that all measures and investments made with transferred funds are in an approved Energy Efficiency Program.

The rules and regulations governing EBF take a broader and more holistic view of energy efficient interventions at a site than a narrow requirement that all EBF funded measures are individually Energy Efficiency program approved measures. They allow the RIIB to provide transferred funds to cover costs for measures such as window replacements that pass the EBF cost effectiveness test at the project level but cannot be supported by funds under the Company's control.

The Company's system of record only contains information regarding applications (made up of one or more measures) for which National Grid has paid an incentive. These applications would have passed the RI Test and would have been part of an approved Energy Efficiency Program as of the time that the incentive was granted and paid.

PUC 8-10

Request:

Can National Grid confirm that all measures and investments supported by the transfer to RIIB pass the cost effectiveness screening (RI Test)? If so, please explain how National Grid confirms this information and provide evidence that this has been done to-date in the 2020 program year.

Response:

The Company cannot confirm that all measures and investments supported by the transfer to RIIB pass the RI Test.

It is the Company's policy to only pay incentives on energy efficiency applications (made up of one or more measures) that pass the RI Test. This includes measures in all EBF projects.

The rules and regulations governing EBF take a broader and more holistic view of energy efficient interventions at a site. They allow the RIIB, with OER's approval, to provide transferred funds to cover costs for measures such as windows and insulated garage doors that pass the EBF cost effectiveness test at the project level but may not pass the RI Test at a measure or application level.

The most recent LCP standards require that programs, not individual measures, be cost effective. The Company has presented evidence that all Large Commercial and Industrial programs are cost effective.



PUC 8-11

Request:

Referencing the August 31 email from Ben Rivers (Page 31 of 47 of PUC 4-23-1), does this email indicate that as of August 31, 2020, National Grid was unsure if a project on the PPL list had passed the cost-effectiveness requirements as defined by OER? At the time of this email was National Grid aware of how cost-effectiveness is defined by OER? If so, when did National Grid become aware of this information. Please also provide an explanation of any differences between OER's definition of cost-effectiveness and the definition under the LCP Standards.

Response:

Mr. Rivers was nearly certain that if a project was on the PPL that it was cost effective according to OER's cost effectiveness test. Out of an abundance of caution during the due diligence process associated with the transfer, he reached out to his counterpart at OER, as part of a broader set of questions to OER and RIIB, in order to be absolutely certain. Mr. Rivers was and is aware that there is a difference between OER's definition of cost effectiveness for purposes of including a project on the PPL list and the RI Benefit Cost Test (the "RI Test"). Mr. Rivers has been aware of the difference between OER's cost effectiveness test and the RI Test since the genesis of the Efficient Buildings Fund.

The OER definition of cost effectiveness focuses on whether the energy savings plus operations savings plus maintenance savings from a group of measures are greater than the total financing costs for the customer. If the financial savings from the three aforementioned areas exceed total financing costs for the customer, the project is considered to be cost effective by OER. This test focuses on a simpler set of costs and benefits than the RI Test, and as a result is easier for customers to understand intuitively.

The RI Test compares the net present value of a stream of benefits associated with the net claimable savings of an energy efficiency measure or program over the life of that measure or program to the total costs to implement the measure or program. If the present value of the benefits to be realized exceed the cost expended, then the measure or program is considered to be cost effective. Relative to the OER cost effectiveness test, the RI Test considers a different, broader, and more sophisticated set of benefits and costs, including economic development, environmental and other societal benefits.