

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

Date: 1/7/2021

Memorandum Reflecting Motions Made and Votes Taken on National Grid's 2021-2023 Energy Efficiency Program Plan and 2021 Energy Efficiency Plan Annual Energy Efficiency Plan (Docket No. 5076)

On October 15, 2020, The Narragansett Electric Company d/b/a National Grid's (National Grid or Company) filed with the Public Utilities Commission (PUC or Commission) its proposed National Grid's 2021-2023 Energy Efficiency Program Plan and 2021 Energy Efficiency Plan Annual Energy Efficiency Plan (collectively, the "Combined Plan"). The Combined Plan is submitted pursuant to R.I. Gen. Laws 39-1-27.7(c) and the Least Cost Procurement Standards as approved by the PUC in Docket No. 5015. The Combined Plan is a joint proposal submitted by National Grid, the Office of Energy Resources (OER), the Division of Public Utilities and Carriers, (Division), the Energy Efficiency and Resource Management Council (EERMC), Acadia Center, and the Green Energy Consumers Alliance (collectively, the Settlement Parties).

The Combined Plan proposes budgets to implement electric and natural gas energy efficiency programs to Rhode Island energy consumers. The 2021-2023 Energy Efficiency Program Plan provides an implementation plan that includes illustrative and provisional ranges of budgets, associated potential resulting system benefits charges, and savings goals for the three years of implementation. It will guide the development of subsequent annual plans.

The proposed 2021 Annual Energy Efficiency Plan contained a projected budget for the electric programs of approximately \$122.3 million. National Grid proposed an Energy Efficiency Program (EEP) charge of \$0.01323 per kWh for all customers receiving Last Resort Service for effect January 1, 2021. The proposed 2021 Annual Energy Efficiency Plan contained a proposed budget for the gas programs of approximately \$38.6 million. National Grid proposed an Energy Efficiency Program (EEP) charge of \$1.011 per dekatherm for residential gas customers and \$0.704 per dekatherm for commercial and industrial gas customers for effect January 1, 2021. The proposed EEP charge for electric and gas, which is collected through a fully reconciling funding mechanism, represented no change from the EEP charge in effect for 2020, resulting in no rate impact on customers.

On December 7, 9, and 11, 2020, the PUC conducted three days of evidentiary hearings. Thereafter, at Open Meetings on December 22, 28, and 30, 2020, the PUC considered the evidence and ruled on substantial portions of the Combined Plans. The Commission deferred decision on portions of the Combined Plans until it had the opportunity to conduct further discovery and proceedings. (Below are the specific motions and votes that were made during the Open Meetings.)

As a result of the decisions made, the Commission approved a budget of \$116.7 million for the electric program, an increase of \$5.6 million over the 2020 budget. Similarly, the Commission approved a budget of \$34.9 million for the gas program, an increase of \$0.6 million over the 2020 budget. The Commission disallowed funding or funding increases for several

proposals that were not sufficiently supported. The Commission, due in part to the continuing effects of Covid-19, maintained the budget amounts for some programs where the Company significantly underspent in 2020 at the same levels.

The Company reported that it expected to have fund balances, or unspent funds from its 2020 budget, of \$25.3 million from the electric program and \$6.9 million from the gas program, primarily due to the effects of Covid-19 on the operations of the energy efficiency program. A significant portion of this surplus of unspent funds was applied to substantially reduce the energy efficiency program electric and gas rates, providing rate decreases for electric and gas distribution ratepayers. As a result, the Commission was able to reduce the proposed EEP charges at the same time that the program budgets increased. The proposed EEP charge for electric customers was reduced from the proposed \$.01323 per kWh to \$.01113 per kWh. The proposed EEP charge for residential gas customers was reduced from the proposed \$1.011 per Dth to \$.871 per Dth. The proposed EEP charge for commercial and industrial gas customers was reduced from the proposed \$.704 per Dth to \$.596 per Dth.

The following motions and votes were made on December 22, 2020:

1. Chairman Gerwatowski moved that National Grid use the forecast from the Response to Record Request 12-5, consisting of the electric sales forecast using the average of 2020 weather normalized actuals and the 2021 forecast as submitted in the October 15, 2020 filing, to calculate the Energy Efficiency Program charge per kWh and for National Grid to provide the Commission with an update on actual electric sales no later than June 15, 2021. Commissioner Anthony seconded the motion and the motion was unanimously passed. Vote 3-0.
2. Commissioner Anthony moved to disallow funding for the Energy Management Framework Platform software system. Chairman Gerwatowski seconded the motion and the motion was unanimously passed. Vote 3-0.
3. Commissioner Anthony moved to disallow the \$1.05 million in incremental spending for workforce development. Chairman Gerwatowski seconded the motion and the motion was unanimously passed. Vote 3-0.
4. Commissioner Gold moved to disallow funding of \$40,000 for the EV Demand Response Demonstration. Commissioner Anthony seconded the motion and the motion was unanimously passed. Vote 3-0.
5. Chairman Gerwatowski moved to maintain the 2020 funding level for the following programs for both electric and gas:
 1. Non-Income Eligible Residential Energy*Wise*
 2. Non-Income Eligible Residential Energy*Wise* Multifamily
 3. Income Eligible Residential Single family
 4. Income Eligible Residential Multifamily

Commissioner Gold seconded the motion and the motion was unanimously passed. Vote 3-0.

6. Chairman Gerwatowski moved to direct National Grid that when a description and plan for moderate income has been developed, the Company file a description with the Commission, prior to implementation, for the Commission's consideration. Commissioner Anthony seconded the motion and the motion was unanimously passed. Vote 3-0.
7. Chairman Gerwatowski moved to allow the collection of \$5 million for the transfer to the Rhode Island Infrastructure Bank but disallow the transfer until the Commission conducts further discovery. Commissioner Anthony seconded the motion and the motion was unanimously passed. Vote 3-0.
8. Chairman Gerwatowski moved to approve illustrative budgets for both electric and gas of 5% annual increases for the years 2022 and 2023. Commissioner Gold seconded the motion and the motion was unanimously passed. Vote 3-0.

The following motions were made on December 28, 2020:

9. Chairman Gerwatowski moved to approve the final budget and annual goals as shown in National Grid's December 23, 2020 compliance filing subject to design level incentives being provided as placeholders for purpose of calculating the rate. Commissioner Anthony seconded the motion and the motion was unanimously passed. Vote 3-0.
10. Chairman Gerwatowski moved to approve the programs and portfolios and annual plan as modified by PUC's previous motions in this docket. Commissioner Anthony seconded the motion and the motion was unanimously passed. Vote 3-0.
11. Chairman Gerwatowski moved to defer any decision on any performance incentive mechanism (PIM) and its associated components for both electric and gas as originally proposed in Section 11 of the Three-Year Plan and Section 12 of the 2021 Annual Plan or any alternatives under consideration by the PUC. Commissioner Gold seconded the motion and the motion was unanimously passed. Vote 3-0.
12. Chairman Gerwatowski moved to defer consideration of the proposals contained in Section 11.4 and Section 11.5 of the Annual Plan. Commissioner Gold seconded the motion and the motion was unanimously passed. Vote 3-0.
13. Chairman Gerwatowski moved to approve the rate factors, which include a nonbinding placeholder for the applicable design level incentives, as such rates shown in Table E-1 and Table G-1 of the December 23, 2020 compliance filing. Commissioner Gold seconded the motion and the motion was unanimously passed. Vote 3-0.

14. Chairman Gerwatowski moved to restrict the Company from allocating \$5.5 million and \$1.7 million to the line item, shareholder incentive, until such time as the PUC approves a performance incentive mechanism. Commissioner Anthony seconded the motion and the motion was unanimously passed. Vote 3-0.
15. Chairman Gerwatowski moved to defer approval of the savings, goals, and strategies for years 2022-2023 until after a review of the Company's additional compliance filing, to be submitted. Commissioner Gold seconded the motion and the motion was unanimously passed. Vote 3-0.

The following motion and vote were made on December 22, 2020:

16. Chairman Gerwatowski moved that in the event there is an approved legislative budget transfer the Commission will reopen the docket to examine its effects on the energy efficiency budget and programs. Commissioner Gold seconded the motion and the motion was unanimously passed. Vote 3-0.

The Commission deferred consideration and decision on the transfer to the Rhode Island Infrastructure Bank, Sections 11.4 and 11.5 of the Annual Plan, approval of the savings, goals, and strategies for years 2022-2023, and the performance incentive mechanism (PIM) and its associated components for both electric and gas, including restricting National Grid from allocating \$5.5 million and \$1.7 million to the electric and gas shareholder incentive, until further discovery.

This Memorandum reflects the motions made and the votes taken at Open Meeting. A written order, to which an appeal may be taken pursuant to R.I. Gen. Laws § 39-5-1, will be issued by the Commission at a later date.