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**Albert J. Vitali III, Esq.**  
**Senior Legal Counsel**

February 5, 2021

**SENT VIA ELECTRONIC MAIL ONLY [Luly.Massaro@puc.ri.gov]:**

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

RE: Comments on National Grid's Tariff Advice to Amend AGT Program (Docket No. 5079)

Dear Ms. Massaro:

Enclosed for filing on behalf of the Office of Energy Resources ("OER") is a PDF copy of OER's comments regarding National Grid's Tariff Advice (Docket 5079).

If there are any questions, please feel free to contact me.

Sincerely,

Albert J. Vitali III, Esq.

AJV/njr

Enclosure

c. Docket List: 5079



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

**Comments on Docket 5079**  
**Tariff Advice to Amend AGT Program**  
*February 5, 2021*

The Rhode Island Office of Energy Resources (OER) respectfully submits these comments in Docket 5079, National Grid’s Tariff Advice. In this filing, National Grid seeks to amend the Advanced Gas Technology (AGT) Factor of the Distribution Adjustment Clause of its gas tariff. The amendment would allow the Company to recover prudently incurred costs of studies approved by the Public Utilities Commission (PUC) and the Division of Public Utilities and Carriers on the decarbonization of natural gas to be recovered through the AGT Factor.

The redlines state the tariff may cover costs of “studies on the decarbonization of natural gas with the goal of reduced greenhouse gas emissions,” but do not indicate the type of studies to be conducted. National Grid does not define “study” in the tariff, but does comment on their use: “The insight gained from these kinds of studies can be used to identify and evaluate opportunities for programs and projects that provide or integrate low-carbon energy supply...”<sup>1</sup> It is OER’s understanding that such studies may encompass a variety of focused work related to increasing the knowledge base on a particular topic.<sup>2</sup> Examples of studies may include quantitative analysis of economic feasibility of a particular technology or innovation, engineering analysis to understand the technical limitations of a material or system, qualitative analysis to understand customer perception of decarbonized fuels, what-if analyses to understand the impacts of new policies or laws on gas business and infrastructure, etc. OER assumes that studies proposed through this tariff would *not* include activities conducted through normal course of business to scope and plan for upgrades to gas infrastructure.<sup>3</sup>

OER recommends the tariff include OER in the parties required to review proposed studies. Development of study proposals is a critical opportunity for shaping whether the study is impactful or non-conclusive. Designing the research questions and choosing a methodology are two items that can render a study moot if not done thoughtfully. For example, a bad research question may result in findings that are not easily applied in practice. A poorly chosen methodology may lack the rigor needed to make conclusions or result in limited external validity of the findings. Furthermore, poor study design or lack of specificity in study design can both result in higher-than-necessary study costs and time delays, which would increase costs to ratepayers.

While OER has seen National Grid do its due diligence in shaping studies in other fields,<sup>4</sup> it is appropriate for additional collaboration and oversight between relevant state energy agencies and Rhode Island’s sole

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<sup>1</sup> Page 8 of 10 of Dr. Gresham’s testimony

<sup>2</sup> See also <https://www.merriam-webster.com/dictionary/study>

<sup>3</sup> OER understands such studies would be conducted as part of gas distribution system planning and would be scrutinized through the Gas Infrastructure, Safety, and Reliability process with oversight from the Division of Public Utilities and Carriers, and with review and approval of funding by the Public Utilities Commission.

<sup>4</sup> For example, OER provides oversight to studies related to energy efficiency program evaluation, measurement, and verification (EM&V) from study concept through scope of work, interim deliverables, and final work products.

gas distribution company to ensure the rigor and expected impact of studies related to gas decarbonization.

OER is the state's lead energy policy office responsible for helping lead Rhode Island to a clean, affordable, reliable, and equitable energy future.<sup>5</sup> Of particular relevance, OER's statutory authority includes the following:

§ 42-140-3. Purposes<sup>6</sup>

The purposes of the office shall be to:

- (1) Develop and put into effect plans and programs to promote, encourage, and assist the provision of energy resources for Rhode Island in a manner that enhances economic well-being, social equity, and environmental quality;
- (4) Monitor and report technological developments that may result in new and/or improved sources of energy supply, increased energy efficiency, and reduced environmental impacts from energy supply, transmission and distribution;
- (6) Develop, recommend and, as appropriate, implement integrated and/or comprehensive strategies, including at regional and federal levels, to secure Rhode Island's interest in energy resources, their supply and efficient use, and as necessary to interact with persons, private sector, nonprofit, regional, federal entities and departments and agencies of other states to effectuate this purpose;

In pursuit of these purposes, OER co-managed an in-depth analysis of pathways to decarbonize Rhode Island's thermal sector by 2050.<sup>7</sup> This report was referenced in the testimony of Lee Gresham.<sup>8</sup> Select key insights from the analysis suggest Rhode Island not foreclose any pathway to decarbonization, pursue opportunities to learn about decarbonized fuels like renewable natural gas and blended hydrogen, and engage in contingency planning for how to optimize the pipeline gas delivery system.<sup>9</sup>

As the proposed studies relate to the called out statutory authorities of OER, including developing, planning, promoting, and building strategies around thermal decarbonization, OER should have a seat at the table and a voice in the conversation.

Specifically, OER proposes the following amendment to Schedule A Sheet 4 (red text added):

- (2) actual costs prudently incurred by the Company to conduct or in support of studies on the decarbonization of natural gas with the goal of reduced greenhouse gas emissions, the scope, estimated cost, and purpose of which has been reviewed and supported in writing by the Division **and the Office of Energy Resources**, and formally approved by the PUC

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<sup>5</sup> OER mission statement: [www.energy.ri.gov](http://www.energy.ri.gov)

<sup>6</sup> <http://webserver.rilin.state.ri.us/Statutes/TITLE42/42-140/42-140-3.HTM>

<sup>7</sup> Executive Order 19-06: <http://www.governor.ri.gov/documents/orders/Executive%20Order%2019-06.pdf>

<sup>8</sup> Page 4 of 10 of Dr. Gresham's testimony

<sup>9</sup> *Heating Sector Transformation: Pathways to Decarbonization by 2050*:

<http://www.energy.ri.gov/documents/HST/RI%20HST%20Final%20Pathways%20Report%205-27-20.pdf>

after a description of the study (including the scope, estimated cost, and purpose) has been filed by the Company with the PUC.

OER would also like to comment on expectations for such studies. Study proposals should contain a clear research question or set of research questions, a proposed methodology that is sufficiently robust to have a high likelihood of success in responding to each research question, a discussion of any expected limitations of the study, a description of how the results of the study will and/or will not be used and any contingencies upon which use of results depends, and a transparent proposed timeline that includes procurement of vendor services (if applicable), points of engagement with state agencies and/or other stakeholders, milestones, and interim and final deliverables.

Regarding the funding of gas decarbonization studies, OER supports adding flexibility to the tariff to allow the PUC to consider funding and cost recovery for studies that could enable progress toward gas decarbonization that otherwise would not be conducted. An example of such a study may be related to optimizing the gas distribution system in light of laws requiring the decarbonization of gas supply and the expectation that such policies may exert economic pressures sufficient to change the portfolio of gas customer classes. Another example may relate to long-term planning for strategic electrification to reduce gas use.<sup>10</sup> Both of these examples may be considered necessary and/or beneficial studies to prepare for gas decarbonization but that may not immediately result in changes to the use and usefulness of infrastructure and, therefore, would not necessarily fit within other dockets. OER supports PUC review of study proposals to consider the need to fund studies through this tariff and to ensure Rhode Island customers are not wholly subsidizing learnings that National Grid's entire customer base benefits from. In other words, OER believes that having this tariff to facilitate studies that would not fit elsewhere is a "no regrets" opportunity to encourage progress toward gas decarbonization with appropriate oversight and regulatory safeguards.

Thank you for your consideration.

Sincerely,

Nicholas S. Ucci  
Commissioner

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<sup>10</sup> It is currently not clear to OER whether costs related to studies on strategic electrification may be recovered through this tariff – OER respectfully requests the Commission provide additional guidance.