

February 26, 2021

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

Re: Docket No. 5080 – National Grid – 2021-2023 System Reliability Procurement Plan

Dear Ms. Massaro:

Thank you, on behalf of Acadia Center, for the opportunity to provide comments on the 2021-2023 System Reliability Procurement (SRP) Three-Year Plan in Docket No. 5080. Acadia Center is a non-profit research and advocacy organization committed to advancing the clean energy future and is at the forefront of efforts to build clean, low-carbon, and consumer-friendly economies.

Acadia Center participated extensively in the monthly meetings of the SRP Technical Working Group that advised National Grid (The Company) during the year-long development of the Three-Year Plan. Acadia Center cannot overstate the value of using a robust, collaborative stakeholder process to leverage diverse areas of expertise and incorporate a broad array of priorities on behalf of Rhode Islanders. The development of the Three-Year Plan continued to provide important insights into the Company's planning activities, including deeper insights into the process of evaluating non-wires alternatives (NWA) opportunities.

To build upon the strength of the Three-Year Plan and the SRP TWG work, Acadia Center recommends the Public Utilities Commission approve the Three-Year Plan and incorporate the following improvements into its decision.

### **Accelerate Non-Pipeline Alternatives**

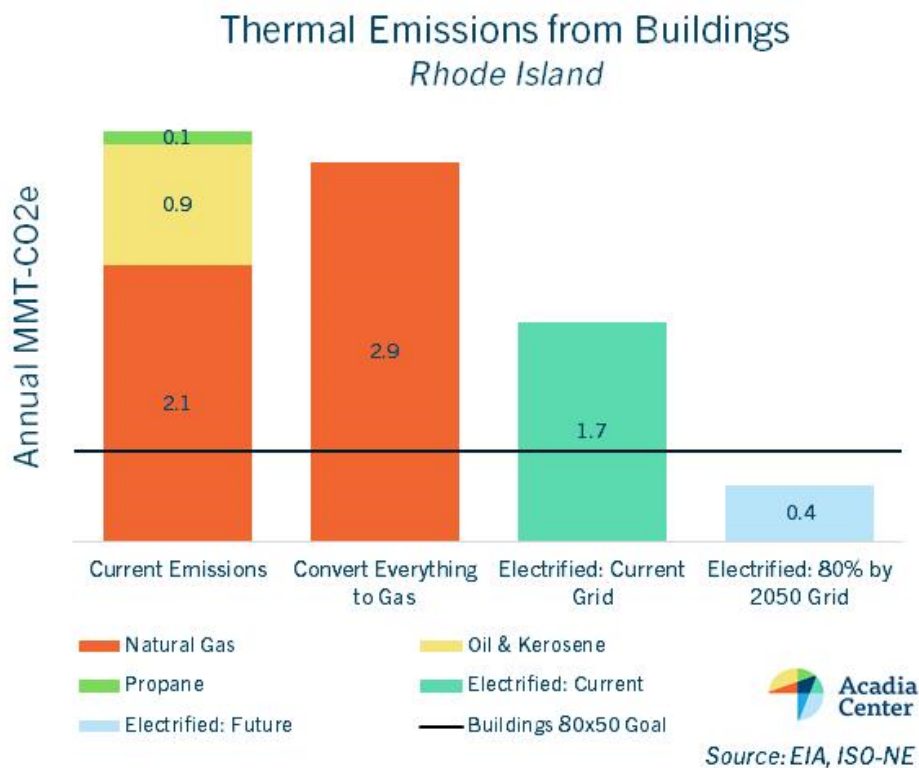
Acadia Center commends the Company for its commitment develop a non-pipeline alternatives (NPA) program. However, Acadia Center urges the Public Utilities Commission to accelerate National Grid's timeline for the development of the NPA program to one year, rather than three.

Acadia Center believes there is significant potential for National Grid and other parties to integrate electric and gas utility planning to focus more holistically on customer energy needs, rather than considering each fuel's distribution system in its own silo. Because the electric distribution system can more efficiently fulfill customer's space and water heating needs, it is appropriate to analyze both distribution networks together. This planning approach would identify opportunities where current electric distribution system capacity and future upgrades can better deliver energy for thermal uses. As electric distribution networks are already planning investments to accommodate vehicle electrification, battery storage, and other distributed energy resources, it is prudent to also integrate heating electrification into those decisions. Additional gas infrastructure expansion would be imprudent from an economic, health, safety, and climate perspective.

Avoiding unnecessary gas infrastructure expansion is vital to protect ratepayers from bearing the costs of stranded gas network assets as Rhode Island and other states in the region set policies to decarbonize. Even if Rhode Island

were to convert all delivered fuels customers to gas, the state would fail to meet its climate goals, as demonstrated in Figure 1 below.

Figure 1: Thermal Emissions from Rhode Island Buildings

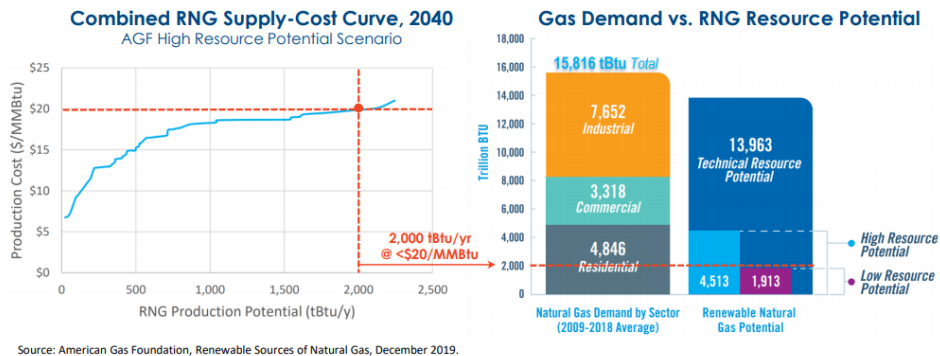


Supplies of decarbonized gases to displace fossil gas will be inadequate to achieve climate goals. According to the American Gas Foundation, the total technical potential to produce renewable gas in their “High Resource Potential Scenario” is 4.5 trillion Btu per year—a fraction of total average annual natural gas consumption across all sectors combined, as demonstrated in Figure 2 below.<sup>i</sup> As the gas industry projects that the price of decarbonized gas will likely increase customer costs eight-fold, to approximately \$20/MMBtu, through 2050<sup>ii</sup>, avoiding a new gas customer connection in 2021 or 2022 will likely yield significant consumer benefits over the decades to come. It is prudent for the PUC to make decisions today that help Rhode Islanders avoid becoming dependent on a resource that is difficult and very expensive to produce, even by the industry’s own accounting.

Figure 2: Renewable Gas Limitations as Presented in RI Heating Sector Transformation Meetings

Low(ish) cost renewable gas is in limited supply; price is likely to be quite high

- American Gas Foundation: up to 4.5 tBtu RNG supply by 2040 (High Resource Scenario)
  - Only 2.0 tBtu of this is below \$20/MMBtu (vs \$2.50 Natural Gas)
  - This is 13% of total gas use; less than half of current Residential use
  - Implies long-run RNG price may be well above \$20/MMBtu



By instead leveraging the existing electric distribution system to also meet thermal energy needs, ratepayers can avoid incurring significant additional monthly charges associated with connecting to the gas distribution system.

The Company and other stakeholders in the SRP TWG can develop a NPA framework more quickly than the three-year timeframe proposed in Docket 5080. National Grid owns the totality of the electric distribution network within its gas distribution territory in Rhode Island and can dedicate employee time on both sides of the business to join with stakeholders to achieve this outcome. The Company can easily leverage existing and proposed new investments on the electric side of its business as one form of non-pipeline alternative to avoid gas infrastructure expansion.

The development of a NPA framework is an urgent priority as National Grid continues to propose significant new, costly, dangerous, and unnecessary investments to the gas distribution network on Aquidneck Island and other locations in Rhode Island. In the case of Aquidneck Island, National Grid’s forward-looking projections about gas customer growth are inconsistent with the Portsmouth Town Council and Newport City Council’s recent unanimous support for weatherization, demand response, and electrification to provide the long-term energy needs on Aquidneck Island. Acadia Center’s Alternatives Analysis for Aquidneck Island finds that addressing the current constraint problems claimed by National Grid can also be solved using the weatherization, demand response, and

electrification strategies, at lower costs than the Company proposes in its Long-Term Gas Capacity Study. National Grid's projected gas growth from new construction and oil-to-gas conversions can also be avoided, cost-effectively, by building all-electric buildings and converting oil customers to electric heat pumps,

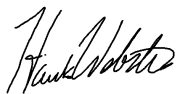
In the past year, National Grid developed a Long-Term Gas Capacity Study and subsequently a new hybrid proposal that anticipates ongoing connection of new gas customers. Neither proposal included the costs of installing new miles of distribution pipelines or connections to new homes. As evidenced in the Docket 5099 Gas Infrastructure, Safety, and Reliability filing, pipeline installation costs can be significant, easily exceeding \$1 million per mile. New gas connections to buildings can add significant infrastructure related costs not borne directly by the individual ratepayer. These costs are comparable or even greater than the costs of instead electrifying a home's space and water heating but receive different regulatory treatment that favors gas connections over heating electrification. When evaluating NPAs, it is critically important to examine the total costs of expanding gas infrastructure, not just the siloed costs that are proposed in individual dockets.

#### **Publish National Grid's Benefit-Cost Data**

Acadia Center respectfully requests the Public Utilities Commission publish, or require National Grid to publish, the Benefit-Cost Ratio (BCR) Models the Company uses for Rhode Island. The BCR models of National Grid and other program administrators are available online<sup>iii</sup> in Massachusetts and should be similarly available in Rhode Island. Gaining insights into National Grid's Rhode Island-specific assumptions and other data could help a variety of stakeholders and vendors better inform utility proposals to invest ratepayer funds.

In conclusion, the SRP process provides significant insights into National Grid's Distribution System Planning. The Company is poised to pursue additional NWA and NPA opportunities in the future and Acadia Center looks forward to continued collaborations. As a settling party, Acadia Center believes the Three-Year Plan meets its obligation under the Least Cost Procurement statute and respectfully urges the Commission to approve it and to consider the above recommendations to improve the process moving forward.

Sincerely,



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<sup>i</sup> Rhode Island Heating Sector Transformation Report. Page 35.

<sup>ii</sup> Ibid.

<sup>iii</sup> Exhibit 5 of <https://ma-eeac.org/plans-updates/>