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**Albert J. Vitali III, Esq.**  
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February 23, 2021

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

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

RE: Office of Energy Resources' [OER] Comments on National Grid's Final Draft of the 2021-2023 Three-Year System Reliability Procurement Plan (Issued February 23, 2021) (Docket No. 5080)

Dear Ms. Massaro:

Enclosed for filing on behalf of the Office of Energy Resources ("OER") is a PDF copy of OER's Comments on National Grid's Final Draft of the 2021-2023 Three-Year System Reliability Procurement Plan (Issued February 23, 2021) (Docket No. 5080).

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

Sincerely,

Albert J. Vitali III, Esq.

AJV/njr

Enclosure

c. Docket List: 5080



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

**Comments on National Grid's Final Draft of the  
2021-2023 Three-Year System Reliability Procurement Plan**

*February 23, 2021*

The Rhode Island Office of Energy Resources (OER) would like to thank National Grid for its overall work on the 2021-2023 Three-Year System Reliability Procurement (SRP) Plan. OER remains supportive of SRP as a means to control costs of our distribution infrastructure, while creating opportunities to advance clean energy, economic, and environmental policy goals. The SRP Plan provides regulators, policymakers, third-party solution providers, and other stakeholders with visibility into National Grid's proposed solution pathways for a subset of electric grid and natural gas system needs. In its review, OER considered how the SRP Plan can ensure fair and transparent processes for identifying, soliciting, selecting, and implementing cost-effective alternative solutions to traditional investments that effectively address emerging grid needs.

As written, the SRP Plan contains sufficient detail to convince OER that National Grid will implement fair processes – or otherwise provide a level of transparency that will allow external parties to provide effective oversight – that will lead to opportunities for ratepayer savings and additional benefits in 2021-2023. With a request of \$0 in Systems Benefit Charge funding, implementing the processes and engagement opportunities described in the plan offers opportunity for incremental benefit at no incremental ratepayer cost. While OER reserves the right to re-assess tradeoffs between costs and benefits for each future investment proposal, we encourage the Public Utilities Commission to approve the 2021-2023 SRP Plan.

This letter describes the significant advancements of this SRP Plan, identifies an area where we encourage additional growth and refinement, and suggests a number of next steps for engagement.

## **I. Advancements**

Advancements of this SRP Plan include:

- The SRP Plan is responsive to the updated Least-Cost Procurement Standards and the variety of stakeholder priorities put forward in the SRP Technical Working Group. We appreciate National Grid's efforts to include language that is accessible to a non-technical, interested party.
- Year-over-year, the SRP Plans continue to demonstrate improvement in readability and organization. The tables in the executive summary are particularly helpful. OER appreciates that the authors explicitly connected sections of the Plan with requirements in the Least-Cost Procurement Standards, facilitating meaningful review of the document and subsequent engagement with National Grid.

- The SRP Plan includes a commitment to developing a non-pipeline alternatives program with clear milestones, deliverables, and expectations for stakeholder engagement. Non-pipeline alternatives are an opportunity for potential cost reductions, decarbonization options, and for leveraging the jurisdictional overlap of National Grid’s electric and gas distribution systems to optimize energy delivery for customers.

## II. Area for Growth

OER would like to elaborate on a key area for future growth. National Grid provides a cursory explanation of “preemptive targeted EE/DR”:

*“Additionally, SRP will coordinate with EEP on preemptive targeted EE/DR to address specific feeders and/or substations that are highly loaded or forecasted to be overloaded in future years. This preemptive targeted EE/DR would take place before a system need arises in order to optimally avoid grid investment. Coordination will entail tailored marketing outreach efforts to customers to inform them of the local need and in order to not conflict or confuse with existing EE/DR marketing.”* (2021-2023 SRP Plan Section 11.2: Coordination with Energy Efficiency)

OER views “preemptive targeted EE/DR” as *location-targeted outreach* for the Energy Efficiency Program along feeders that are known and/or likely to need load relief in future years prior to issuing a Request for Proposals for a non-wires solution.

Location-targeted outreach does not mean higher incentive levels, different incentive structures, or different measure mixes, nor does it imply that National Grid should forego its typical jurisdiction-wide outreach. Rather, location-targeted outreach is the idea of National Grid and its vendors doing additional marketing to customers along load-constrained (or soon-to-be load-constrained) feeders. The aim of location-targeted outreach is to increase energy savings along those feeders thereby mitigating the magnitude of load relief and/or delaying the year in which load relief is needed.

At minimum, OER would like to see this strategic, preemptive energy efficiency and demand response outreach for feeders with known load relief needs as currently defined by exceeding 100% summer normal loading in the forecasted timeframe. This location-targeted outreach should also occur for feeders with relatively high but less than 100% projected loading (e.g. prioritizing feeders with greater than 90% forecasted loading; or prioritizing all feeders that appear brown, orange, or red in the RI System Data Portal Heat Map). In light of likely load growth from electrification of heat and transportation, we can expect a non-zero number of these nearly-load-constrained feeders to reach 100% loading. Although additional programmatic outreach without accompanying increased incentives or program design changes is unlikely to drive substantial incremental energy savings on an annual basis, small increases over multiple years is likely to provide benefit to ratepayers with little-to-no additional cost.

We know that the Energy Efficiency Program as designed is cost-effective. We can assume that incremental costs of location-targeted outreach are small due to the relatively few load-constrained or soon-to-be load-constrained feeders (44 of 368 feeders shown in the Heat Map are loaded to at least 90% based on 2019 loads). Furthermore, to the extent that incremental energy savings from location-targeted outreach for energy efficiency results in decreasing the magnitude of load relief needed or delaying the year in which load relief is needed, there are added benefits of avoided distribution costs.

Strategically targeting outreach for energy efficiency to feeders that need load relief the most is a no-regrets solution to one aspect of distribution grid management that requires very little incremental cost, yet may avoid significant distribution system investments while delivering customer, environmental, societal, and economic benefits. OER encourages the Public Utilities Commission to seek clarity from National Grid on their strategy for implementing location-targeted outreach for EE/DR.

### III. Next Steps for Engagement


The SRP Plan indicates a number of areas for engagement with National Grid. OER reiterates those below and provides some additional commentary.

- Non-wires alternative screening criteria and opportunity identification (Section 7) – OER appreciates the detail provided and the willingness of National Grid to be transparent about selection or non-selection of a solution once a non-wires opportunity is identified. Two potential risks include incorrectly not identifying a feasible non-wires opportunity and incorrectly not selecting a viable non-wires alternative. National Grid has addressed the latter risk by committing to submitting a justification for non-selection for all non-wires opportunities. However, how the risk of the former is mitigated is less obvious. To be clear, OER does not doubt the rigor with which National Grid’s engineers conduct system assessment, nor does OER question the review of Commission and Division engineers and consultants during docketed proceedings. However, the market may be able to provide innovative cost-effective solutions if given additional transparency and forum for meaningful engagement in distribution system planning. Acknowledgement here is not intended to weaken support for the 2021-2023 SRP Plan, but rather to raise awareness of the potential risk of incorrectly not identifying a feasible non-wires opportunity in hopes stakeholders and National Grid can continue to work toward mitigation.
- Development of the non-pipeline alternatives program (Section 8) – OER is eager to engage with National Grid and other stakeholders on this topic. OER strongly encourages National Grid to coordinate between the SRP Team, the Gas Business Unit, the Energy Efficiency Team, and the team supporting reliability on Aquidneck Island.
- Benefit-cost assessment (Section 3.2) – National Grid notes cost-benefit categories that “require further analysis to determine the appropriate methodology and magnitude of quantitative or qualitative impacts.” OER is particularly eager to engage in discussions about how to appropriately account for option value in both the benefit-cost assessment as well as in distribution system planning and asset management. The concept of optionality can internalize uncertainty that is inherent in load forecasts, distributed energy resources integration, and behavioral changes. Consider the Tiverton-Little Compton NWA Pilot, which ran from 2012-2017 with a goal of reducing 1MW of load in order to delay a costly substation upgrade. Planning for this NWA assumed a 10-year deferral of the costly infrastructure upgrade. While the NWA reached only a third of its load reduction goal, the forecasted load failed to materialize and there is no longer a need for the substation upgrade. The NWA effectively cashed in on the option value of deferring the decision about whether to make a more costly and permanent investment. Failing to recognize this value – and inherent uncertainty in grid planning – will result in sub-optimal investment and additional costs to ratepayers. OER would like to see a clearer schedule for National Grid’s stakeholder engagement with key decision points and timing.

- Forecasting (Section 11.2) – National Grid commits to a holding a single “annual stakeholder meeting at the beginning of each calendar year to review the electric forecast released in Q4 of the previous calendar year and to discuss the forecast and details for the next forecast release.” This does not adequately satisfy the Power Sector Transformation recommendation to improve forecasting, nor does it provide sufficient opportunity for meaningful engagement with stakeholders. Forecasting methods and forecasting inputs are two critical areas ripe for development on which OER is keen to engage. Key questions include:
  - How can/should National Grid incorporate local knowledge of load growth, such as from municipal planning boards and permit applications?
  - How should uncertainty in load forecasting be presented and operationalized in grid planning?
  - How should current methodology based on time-trend regression models be updated to account for new trends in solar, storage, electric heat, and electric transportation adoption and use behavior?
  - To what extent should DER forecasting methodology include spatial correlation models for solar adoption?
  - What is the value of hosting capacity forecasting (e.g. to anticipate DER-driven developer-financed upgrades to the distribution system)?
  
- System Data Portal (Section 9) – OER would like additional clarity on the cadence of refreshed data/maps for each map layer in the system data portal.

OER expresses its gratitude to National Grid and to all stakeholders who have participated in the SRP Plan development process. While we push for continual improvement and innovation, we view the filed SRP Plan to be a significant step forward with a solid foundation for enabling market solutions to grid problems that provide clean energy, economic, and environmental benefits to local ratepayers.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Carrie A. Gill', with a stylized flourish at the end.

Carrie A. Gill, Ph.D.  
Administrator, Grid Modernization and Systems Integration