

February 5, 2021

VIA ELECTRONIC MAIL

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

RE: Docket 5088 – 2021 Renewable Energy Growth Program Tariff and Rule Changes Responses to PUC Record Requests

Dear Ms. Massaro:

On behalf of National Grid,¹ enclosed please find an electronic version² of the Company's responses to the following Record Requests issued by the Rhode Island Public Utilities Commission in the above-referenced docket: RR-3, RR-5, RR-6, RR-7, RR-8, and RR-9.

Thank you for your attention to this matter. If you have any questions, please contact me at 781-907-2126.

Very truly yours,



Laura C. Bickel

Enclosures

cc: Docket 5088 Service List
Leo Wold, Esq.
Jon Hagopian, Esq.
John Bell, Division

¹ The Narragansett Electric Company d/b/a National Grid (National Grid or the Company).

² Pursuant to the Rhode Island Public Utilities Commission's guidance concerning the COVID-19 emergency period, National Grid is submitting an electronic version of this filing followed by an original and five hard copies filed with the Clerk within 24 hours of the electronic filing. Given this filing is on a Friday, the hard copies will be submitted on Monday, February 8, 2021.

Docket No. 5088– Renewable Energy Growth Program for Year 2021
National Grid & RI Distributed Generation Board
Service List updated 1/4/2021

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The Narragansett Electric Company d/b/a National Grid
RIPUC Docket No. 5088
In RE: 2021 Renewable Energy Growth Program Classes, Ceiling Prices,
and Capacity Targets and 2021 Renewable Energy Growth Program –
Tariffs and Solicitation and Enrollment Process Rules
Responses to Commission’s Record Requests
Issued on January 28, 2021

RR-3

Request:

If the PUC were to approve another year of the carport adder pilot, what parameters should be added to eligibility requirements for participation guided by meeting the stated benefits?

Response:

The Company and the Office of Energy Resources (OER) jointly propose to add a parameter that any project eligible for the Solar Carport adder in the Renewable Energy Growth (REG) Program show that its estimated interconnection costs are equal to or less than the average costs for other projects in its class (based on DC nameplate rating) on a dollars per kilowatt (\$/kW) basis. The Company will develop average costs for the class each year by using the capacity-weighted \$/kW DC interconnection costs estimated for all projects of the same technology and same size in the prior two calendar years, including net metering projects. The Company will post these annual average costs on its interconnection webpage and provide them as an attachment to the REG Program Open Enrollment rules.

This additional parameter should ensure that Solar Carport project interconnection costs are at or below the average interconnection cost of projects in the same technology and size class, and do not cause average interconnection cost to increase. This will also be accounted for in the Benefit-Cost Analysis the Company conducts on the second year of the Solar Carport adder pilot with results from the first two open enrollments considered in that analysis.

Please see Attachment RR-9 for proposed revisions to the Solar Carport Incentive tariff language to add this parameter.

The Narragansett Electric Company d/b/a National Grid
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RR-5

Request:

Provide the marketing budget for which cost recovery was approved during each year of the RE Growth Program and compare that to actuals.

Response:

Please refer to the table below for Solar Marketplace marketing amounts budgeted and amounts actually incurred, as provided in previous cost recovery filings for the Renewable Energy Growth Program, as well as actuals to date for the 2020 Program Year.

Program Year	Budgeted	Actual
2018 (Apr 2018 - March 2019)	\$145,000 ¹	\$3,801 ²
2019 (Apr 2019 – March 2020)	\$90,000 ³	\$60,594 ⁴
2020 (Apr 2020 – March 2021)	\$90,000 ⁵	\$68,412 ⁶

¹ See R.I.P.U.C. Docket No. 4847, Schedule NG-2, Page 6 of 7, Line (4).

² See R.I.P.U.C. Docket No. 4954, Schedule NG-3, Page 3 of 5, Line (18).

³ See R.I.P.U.C. Docket No. 4954, Schedule NG-2, Page 6 of 6, Line (4).

⁴ See R.I.P.U.C. Docket No. 5039, Schedule NG-3, Page 3 of 5, Line (18).

⁵ See R.I.P.U.C. Docket No. 5039, Schedule NG-2, Page 6 of 6, Line (4).

⁶ Amount spent to date for email services, creative work, and targeted online display advertising.

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RR-6

Request:

Explain the underlying assumptions and how the bad debt write-offs are treated in the BCA.

Response:

The Narragansett Electric Company d/b/a National Grid’s (the Company) assumptions on the avoided costs associated with bad debt write-offs are based on the recommendations in the Massachusetts Program Administrators Massachusetts Special and Cross Sector Studies Area, Residential and Low-Income Non-Energy Impacts (NEI) Evaluation (the “Report”). The Company provided a copy of the Report as Attachment PUC 2-4 in response to Data Request PUC 2-4. The Report provides a review of NEI literature and recommends values and approaches as inputs into evaluation of low-income energy efficiency program impacts. The Company believes that the recommended assumptions in the Report for utility-perspective NEIs, which include avoided costs of bad debt write-offs, are appropriate to use in the context of the Low-Income Community Remote Distributed Generation (CRDG) Incentive because they are driven by bill savings. The annual bill savings expected under the Company’s proposal (approximately \$160 per year) falls within the range of the annual bill savings reported by the analyses of utility perspective NEI’s that were considered in the Report.

With respect to bad-debt write off, studies in the NEI literature are intended to estimate the difference in the cost of bad debt write-offs before and after the program. The value recommended in the Report is \$3.74 per year per participant. This value represents the median value (adjusted to 2010 dollars in the Report, and 2020 dollars in the Company’s analysis) from the studies included in the Report (see Attachment PUC 2-4 at Table D-3). It can be interpreted as the average expected avoided bad-debt per low-income customer per year. The benefits associated with reduced or avoided bad debt are applied annually, as recommended by the Report, as the bill savings from the program would be expected to lead to the same average avoided bad-debt for each year that the program exists. Following the end of the program, bill savings attributable to the program would be zero, and this benefit would fall to zero.

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RR-7

Request:

Please provide a copy of the corporate policies and principles on customer equity and renewable energy.

Response:

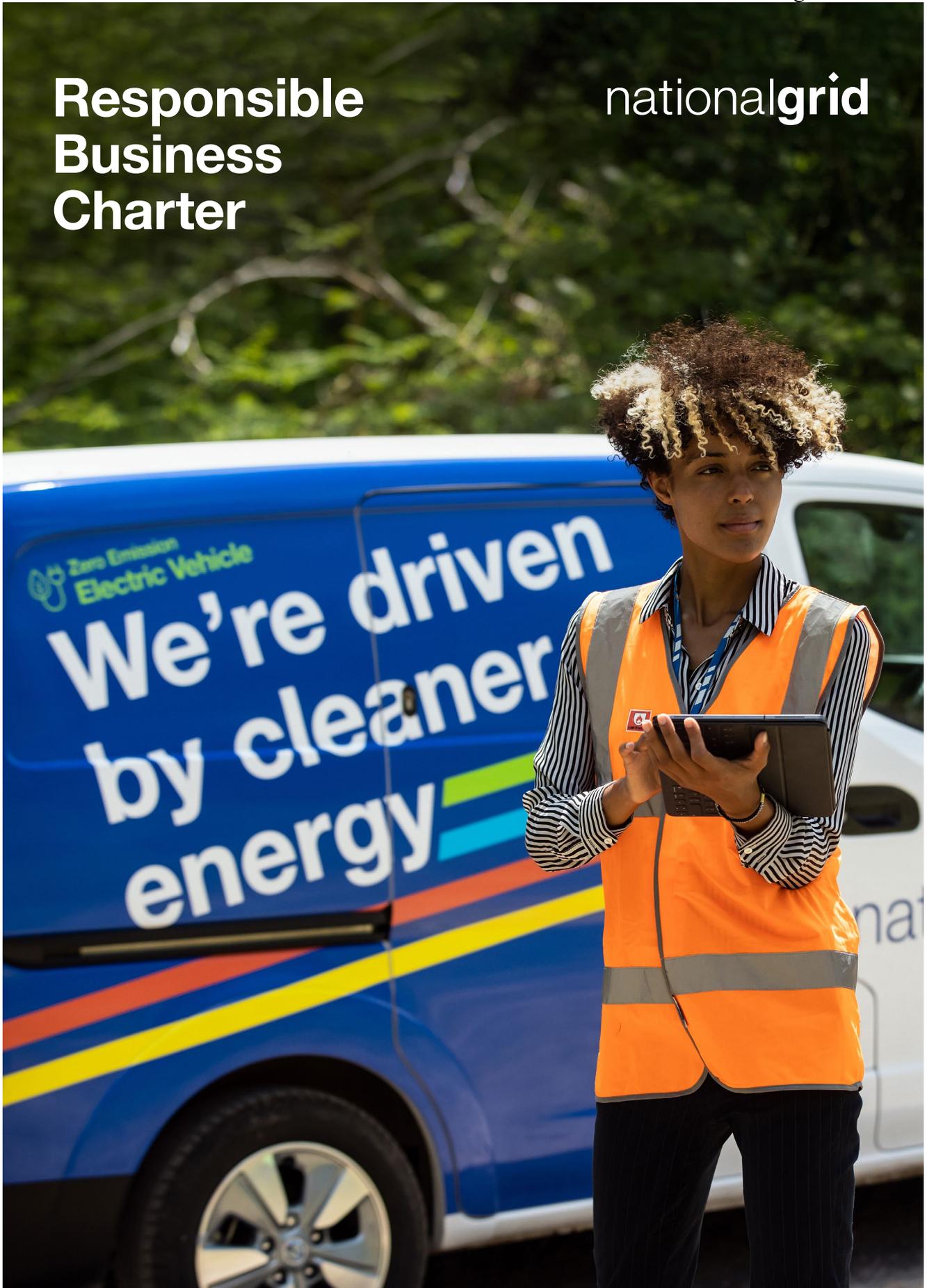
In 2020, National Grid plc (National Grid) developed a Responsible Business Charter (Charter), which outlines the company-wide vision for the delivery of reliable and safe electricity and gas in a fair and affordable way in the transition to a clean energy future. A copy National Grid’s Charter is provided as Attachment RR-7.

Specifically, the Charter lists National Grid’s clean energy commitments, for both internal operations and in the types of technical and commercial solutions National Grid will work to accelerate. Charter at 3, 6, and 7. The Charter also outlines what fairness and affordability means with respect to such commitments. Charter at 8.

With a focus on lower income communities, the Charter states that National Grid will “[p]lay a role in ensuring that no-one is left behind in the transition to clean energy,” and iterates that “[t]he associated benefits should be enjoyed by all.” Charter at 3, 8, and 9.

Responsible Business Charter

nationalgrid



National Grid Responsible Business Charter 2020

Responsibility at National Grid



John Pettigrew
Chief Executive,
National Grid PLC

At National Grid we're committed to being a responsible business in everything we do. It's enshrined in our purpose – to Bring Energy to Life.

We do this by delivering the electricity and gas that our customers and communities rely on. We will always do this reliably, safely, and in a fair and affordable way for all. At National Grid, we apply responsibility as a principle every day, by doing the right thing, finding a better way and making it happen. Society expects it of us, and we know we can make a positive impact in doing so.

We are committed to shaping a sustainable economy for all, in partnership with others in our industry and beyond.

Society's expectations

Society's expectations of business and the role business plays in the world are changing. We share the belief that business needs to stand for something more than profitability. Now, more than ever, we have a responsibility to demonstrate our contribution to society more broadly – whether that's by making sure young people today become the problem solvers of tomorrow, or in tackling climate change by reducing our own emissions and helping our customers use energy more efficiently.

Our response

Responsibility and transparency have always been important to us at National Grid. In 2019, we looked at where we can create the most positive impact on society. We adapted the way we manage our business responsibly, looking at everything from our strategic investment process to our role in the community and our business processes and policies. We applied this framework to shape our COVID-19 response and showed that it is fit for purpose.

To further our ambition, we are joining the B Team, a movement of global business leaders driving better ways of doing business for the wellbeing of people and the planet. The B Team principles of sustainability, equality and accountability will inform our actions and we will share our approach with others.

We support the United Nations Sustainable Development Goals (SDGs), focusing on the areas where we can make a material difference.

Our charter

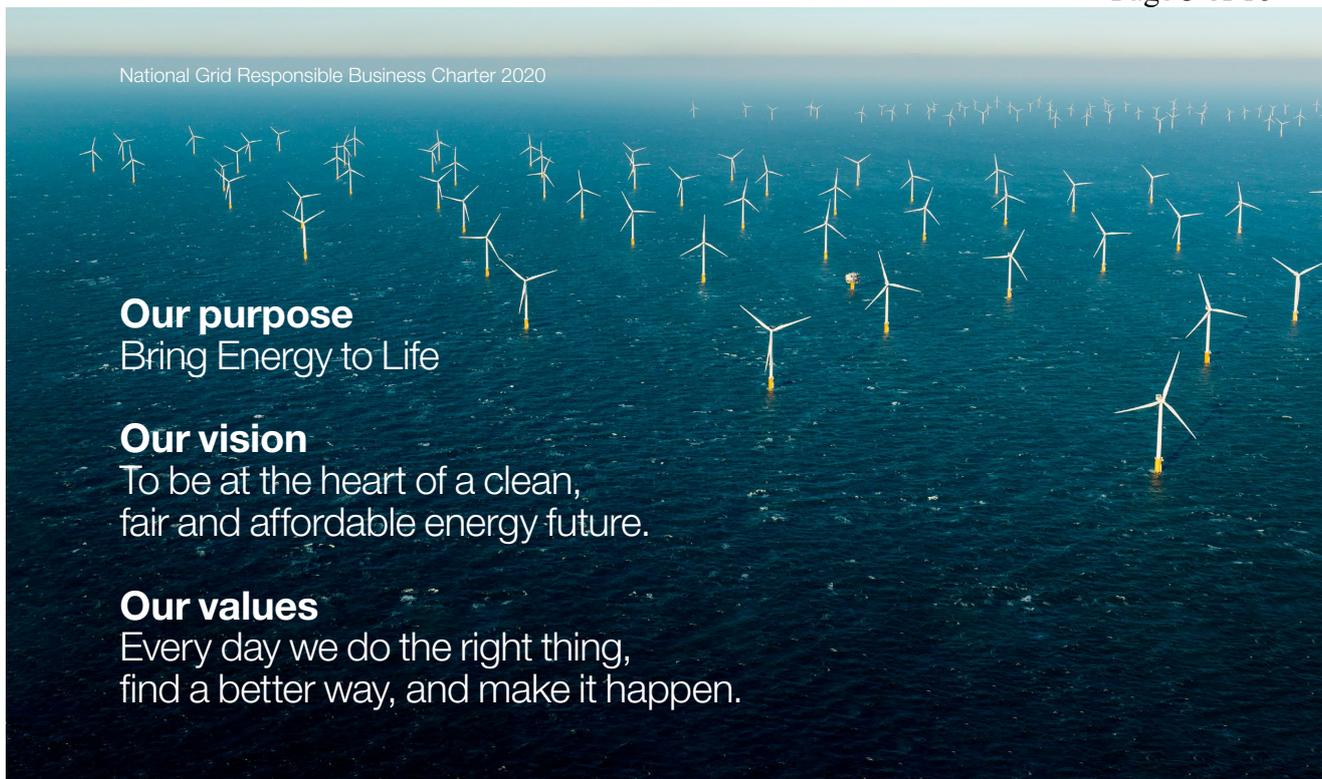
This charter is our articulation of what 'responsibility' means for us at National Grid.

We have identified where we can have the most impact on society: the environment, the communities we serve, our people, the economy, and our governance. For each, we have set out commitments and how we will achieve them.

We will report on our progress in our new annual Responsible Business Report from 2021.*

A handwritten signature in black ink that reads "J. Pettigrew". The signature is written in a cursive, flowing style.

* All commitment dates refer to the end of the calendar year. We will report on progress on a financial year basis.



Our responsible business approach

- 01 The environment**
We will enable a fair and affordable transition to a clean energy economy, and reduce our own emissions. [Read more on page 4](#)

- 02 Our communities**
We will deliver sustainable energy safely, reliably and affordably, ensuring no one gets left behind. [Read more on page 8](#)

- 03 Our people**
We will develop the right skills to enable and accelerate the energy transition, and strive to build a diverse workforce and inclusive culture. [Read more on page 10](#)

- 04 The economy**
We will power and heat society, and partner with regulators, our business partners, suppliers and other key stakeholders. [Read more on page 12](#)

- 05 Our governance**
We will make sure our governance mechanisms reflect our commitments, and that the principles of responsibility guide us in everything we do. [Read more on page 14](#)

National Grid Responsible Business Charter 2020

The environment

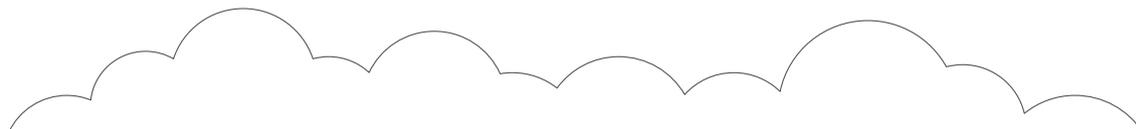
01 Responsible business in the environment

Our journey so far

Climate change is the defining challenge of this generation. The decisions we take now will influence the future of our planet and life on earth. We must make significant changes to curb harmful emissions.

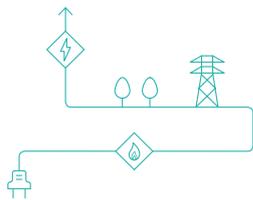
Since 1990, we've reduced our direct (Scope 1 and 2) emissions by 70% (as at March 2020). That's well in excess of our interim target, which was 45% by 2020. But there is much more we can do.

Most of the markets in which we operate have announced net zero carbon reduction targets, and we anticipate further legislation. We embrace the opportunity to play our role in helping achieve these challenging goals.



Understanding our greenhouse gas emissions

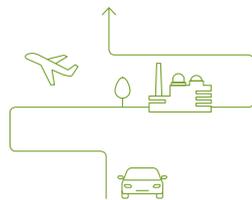
Scope 2: Indirect¹



Upstream

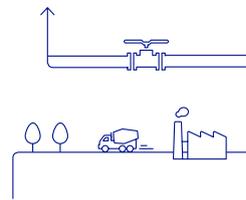
- Line losses from our electricity transmission and distribution lines
- Energy purchased for use at our facilities
- Use of electric drive compressors in our gas business

Scope 3: Indirect



- Purchased goods and services
- Business travel
- Employee commuting

Scope 1: Direct¹



Our operations

- Long Island Power Authority electricity generation
- Leaks and venting from our gas transmission and distribution systems
- SF6 leaks from our electric equipment
- Fleet vehicle use
- Gas-fired compressor use

Scope 3: Indirect



Downstream

- Use of 'sold product' or emissions from our customers' use of the gas and electricity we purchase on their behalf
- Waste management

¹ Included in our net zero target.

What we will do

Our commitments

This charter represents the next stage of our environmental commitments, setting out a significant change in what we will achieve.

- **Achieve net zero by 2050.** We will reduce Scope 1 and 2 greenhouse gas (GHG) emissions 80% by 2030, 90% by 2040, and to net zero by 2050 from a 1990 baseline.²

Our Scope 1 and 2 target aligns to a well-below two degrees pathway consistent with the ambition requirements of the Paris Agreement and Science Based Targets initiative (SBTi).

- **Reduce Scope 3 GHG emissions for the electricity and gas we sell to our customers (making up 80% of our Scope 3 emissions) by 20% by 2030 from a 2016 baseline.**

Our Scope 3 target aligns to SBTi's two degrees pathway. With SBTi moving to only recognise targets aligned to well-below two degrees and 1.5 degrees, we will continue to work closely with the team on this higher level of ambition, and work to have the Scope 1, 2 and 3 targets officially validated by the SBTi.

- **Reduce SF6 emissions from our operations 50% by 2030,** from a 2019 baseline.
- **Move to a 100% electric fleet by 2030 for our light-duty vehicles,** and pursue the replacement of our medium- and heavy-duty vehicles with zero carbon alternatives.
- **Reduce energy consumption in our offices 20% by 2030,** from a 2019 baseline.
- **Improve the natural environment by 10% on the land we own by 2030.**
- **Achieve zero carbon emissions from business air travel.** From this year (2020) onwards, we will reduce our annual air miles travelled by at least 50% from a 2019 baseline on an enduring basis, and we will offset any remaining emissions responsibly.

Our ambitions

- **Accelerate our net zero target wherever possible.** We will work to achieve net zero in each part of our business as fast as we can. Where we need to pursue carbon offsetting we will seek offsetting options that deliver multiple benefits.
- **Eliminate all SF6 gas from our assets by 2050.** Technology and solutions are not yet available to achieve this. Therefore, we will work with partners from across the sector to identify, develop and implement SF6-free solutions at the earliest opportunity.
- **Further reduce our Scope 3 emissions** from selling gas to our customers beyond 2030 to be consistent with the targets set by the markets in which we operate (e.g. net zero by 2050).
- **In the UK, the National Grid ESO (Electricity System Operator) will be able to operate a zero-carbon system by 2025.**



² Our interim 2030 target is science-based (80% by 2030 is the equivalent to 50% from a 2016 baseline).

We will enable a fair and affordable transition to a clean energy economy, and reduce our own emissions.

We will play a leading role in enabling and accelerating the transition to a clean energy system. The energy system will look very different in a net zero world, and we will work to accelerate the transition, while balancing decarbonisation, affordability and reliability.

Our aim is to be a leading utility globally in demonstrating the technical and commercial solutions that will help achieve net zero for the energy sector. Over 2020-21 we will work closely with the UK Government, Scotland and Wales, US partners and partners around the world to demonstrate these solutions as part of work for COP26³.

Electricity

A fully decarbonised electricity grid. We expect demand for electricity to rise as transport and some heat becomes electrified. To meet this demand, we will connect renewables as quickly and efficiently as possible, and invest in grid modernisation. We will also make good use of demand-side management through our energy efficiency and demand-side response programmes in the US and UK.

We will continue to build interconnectors to bring low carbon energy to the UK, and we will grow our renewables business in the US. Our acquisition of Geronimo Energy, a leading developer of wind and solar generation assets, creates a solid foundation on which to develop and grow a large-scale renewable business.

Transport

The decarbonisation of transport. In a net zero world, almost all road transport will be decarbonised. We have a role to play here, making sure the right charging infrastructure is in place in the UK and US to enable an increase in electric vehicles.

We will also build electricity network flexibility and support low carbon alternatives, such as hydrogen, for heavy transport.

Heat

The decarbonisation of heat is uniquely challenging; we'll need to deploy cost-effective solutions for consumers and businesses, while minimising disruption to people's daily lives.

While we don't yet have the answers, we are sure there is no one-size-fits-all solution. We will work with our customers and regulators to enable a range of potential solutions, including heat pumps, and renewable natural gas and hydrogen in our networks. In the US, we will continue leading on energy efficiency and helping residential, commercial and industrial customers switch away from the most polluting heating fuels, such as oil.

Natural gas

Natural gas makes up a large proportion of our own emissions. We'll continue to reduce fugitive emissions from our gas networks. In addition, our Long Island generation fleet, which has already cut emissions substantially⁴, will transition to cleaner sources of generation and storage, in line with New York's climate goals⁵. We'll also continue our role in helping develop and deploy new technologies that have the potential to help us decarbonise at scale in the years ahead – such as hydrogen networks and carbon sequestration.

³ The UK is hosting the 26th UN Climate Change Conference in November 2021 in Glasgow.

⁴ Our generation business has reduced emissions by over 80% since 1990.

⁵ New York has a goal of 100% clean generation by 2040.

Reducing our own emissions

We'll continue reducing our own direct emissions, replacing leak-prone gas pipelines with plastic ones, and by using robots traveling through our pipelines to detect and reduce leakage. We are committed to replacing SF6 with cleaner alternatives, reducing SF6 emissions by 50% by 2030, and have set ourselves an ambition to eliminate its use in our operations completely by 2050.

We will also reduce our business travel emissions by changing to alternative fuel vehicles and reducing business flights. We will encourage more flexible ways of working and use technology to reduce business travel, and incentivise our people to buy electric vehicles. We will reduce the energy consumed in our buildings and procure green energy where possible.

We will achieve net zero emissions from our Scope 3 construction activities in the UK by 2026. In the US, we need to do more work to understand our construction carbon intensity, but we will aim to develop a target for reduction by 2022.

To make sure we are making the right decisions, we're implementing carbon pricing on all major investment decisions by the end of 2020.

Waste

Adopting the principles of the circular economy, we'll design assets that can be recycled, refurbished and reused. We are committed to reducing the use of single use plastics and sending zero waste to landfill, where possible, in our main offices.

Natural environment

We must also address the challenge of restoring the natural environment. Using our own land and working with partners, we have an opportunity to cut carbon and restore nature at the same time. We will improve the natural environment on our own land; for example, by protecting habitats and increasing biodiversity. We'll do this by using best practice methods, such as natural capital evaluation, so we can make sure we create the most benefit. We'll also build on the work we've already done to increase the environmental value of more than 50 of our sites in the US and UK.

Improved air quality

We will reduce NOx and SOx emissions by improving the efficiency of our plant and equipment. Our initiatives to facilitate the electrification of transport and reduce our own travel emissions will also improve air quality in the areas we work.

Our contribution to the UN SDGs

We support the United Nations Sustainable Development Goals (SDGs), which are a universal call to action to end poverty, protect the planet and ensure all people enjoy peace and prosperity.

Relevant UN SDGs for our environments focused programmes and actions:



National Grid Responsible Business Charter 2020

Our communities

02 Responsible business and our communities

Our journey so far

As National Grid has evolved and grown in scale in the UK and US, we have become part of the fabric of the communities we serve. We keep the lights on, we keep them warm, we help economies thrive. We are an operator, an employer and a supplier. We support our communities with the time and expertise of our people, and through corporate giving programmes.

Our approach to responsibility in our communities has been to go beyond safely maintaining the resilient energy systems society expects. It's been about making sure our economic and social role in the community has the greatest possible positive impact.

That involves developing infrastructure and helping customers use energy more efficiently. It also includes partnering with charity organisations, encouraging our people to support social, economic and environmental development.

Helping our communities recover from the COVID-19 crisis is a key part of this. We will contribute to a clean and just recovery that will build a sustainable future for our communities.



What we will do

Our commitments

We will strive for affordability and fairness, and we will develop skills for the future, with a focus on lower income communities.

- **Deliver energy in a fair and affordable way to the communities we serve.**
- **Play our role in ensuring no-one is left behind in the transition to clean energy.**
The associated benefits should be enjoyed by all.
- **Continue to reinvest in energy infrastructure at approximately £5 billion each year.**
- **Report transparently on energy costs throughout the energy transition** - on average costs per household for our UK transmission network and for our US electric and gas business.
- **Develop skills for the future, with a focus on lower income communities, providing access to skills development for 45,000 people by 2030.** Through upskilling young people with STEM⁶ skills, we will positively impact lives and help to grow the future energy workforce needed to enable the energy transition.
- **Achieve 500,000 employee volunteering hours by 2030.** Through volunteering, our people will help equip the next and future generations to participate in the clean energy transition.

Our ambitions

- **Play a meaningful role in the COVID-19 recovery and enable people in our communities to gain employment in the clean and just recovery.**
- **Help customers reduce their energy usage through energy efficiency programmes and education.**

⁶ Science, technology, engineering and mathematics.

We will deliver sustainable energy safely, reliably and affordably, ensuring no one gets left behind.

We believe a strong community is good for the people who live there, good for our business and good for the wider economy.

As we look ahead, we know our communities need and expect more from us. That's why we are committed to upgrading our networks to provide cleaner, greener and more affordable energy over the long term.

We will serve society fairly and affordably

We want to make sure that the technological and environmental benefits the clean energy transition will bring are felt by all. Protecting vulnerable customers will remain a priority for us as we aim to make sure that no community is left behind – the energy transition represents a shared challenge and opportunity for us all.

Throughout the transition, we have a role to play in helping customers better understand and manage their energy use – whether through energy efficiency, flexible load management or adopting clean solutions like electric vehicles. Our aim is to help them reduce their carbon emissions and total energy costs.

National Grid has been repeatedly acknowledged as the number one utility for energy efficiency in the US, and we will make sure lower income customers and communities get the benefit from more efficient energy consumption.

We will maintain reliability

Reliability and resilience of our networks are part of our regulatory duty, but also our social contract. As we transition to an increasingly complex electricity system, managing intermittent renewables and two-way power flows, we will maintain customers' expectations for reliable energy.

And, because of the effects of climate change, our networks will need to be more prepared to recover from extreme weather events. We're committed to making sure our systems are resilient and can play a leading role in disaster recovery.

Education, employment and infrastructure

We will continue to apply a responsible business framework to our investments in the communities we serve. This links our energy projects to local infrastructure development, including affordable housing. It will make sure the associated benefit of more accessible and affordable energy is enjoyed by those who need it most. We also place great importance on supporting communities through education and employment.

We will focus on the lower income communities we serve. We will aim to increase workforce diversity, and make sure the people most in need benefit from our investment.

We will listen and respond

We will continue to engage widely with the communities and customers we serve, responding to their needs, minimising disruption from our operations, and providing a service that satisfies them. Our overarching goal is to enhance the communities we serve.

Our contribution to the UN SDGs

Relevant UN SDGs for our communities focused programmes and actions:



National Grid Responsible Business Charter 2020

Our people

03 Responsible business and our people

Our journey so far

The 23,000 people we employ in the UK and US are the lifeblood of our company. Their safety and wellbeing is a top priority for every one of us at National Grid – it underpins everything we do.

Our vision is to build and develop an inclusive culture and a diverse workforce that is fully representative of the communities we serve. We treat everyone fairly and equally, without discrimination on the grounds of race, age, role, gender, gender identity, colour, religion, country of origin, sexual orientation, marital status, dependents, disability, social class or political views.

This includes consideration for recruitment, redundancy, promotion, reward and benefits, training or retirement, all of which must be based on merit.



What we will do

Our commitments

- **Be as transparent as possible internally and externally on gender and ethnicity/race.** This will include reporting on recruitment, promotion, progression and leaver rates by diverse groups. We will use this to spot trends and react accordingly.

In order to increase the overall proportion of our workforce from diverse backgrounds, we will set annual targets to increase new hires and promotions from diverse backgrounds.

- **Maintain fairness across the organisation for pay and make sure our pay practices do not show bias. We will work until pay equity is achieved for our people.**
- **Achieve 50% diversity in our Senior Leadership group by 2025.**
- **Achieve 50% diversity in all our new talent programmes by 2025.** We will work with charities, diverse colleges and universities, and organisations in the community to attract those from under-represented backgrounds.
- **Provide unconscious bias training to all our people over the next year.** We will continue our programme of training to build awareness of cultural differences and understanding of the importance of diversity, and necessity of achieving equity and inclusion.

Our ambitions

- **Eradicate discrimination of any kind, and create a culture where our people feel confident to speak out safely.**
- **Among our people, reflect the diversity of the communities we serve.**
- **Develop the skills needed for the net zero workforce of the future by investing in developing our people,** so they can enable the clean energy transition.

We will develop the skills to enable and accelerate the energy transition, and strive to build a diverse workforce and inclusive culture.

An inclusive and diverse workforce for the energy industry

We believe that National Grid, and the wider energy industry, should be more representative of, and reflect, all aspects of diversity in the communities we serve.

Through industry-wide initiatives such as POWERful Women, we are committed to the professional development of women and gender diversity action plans to help us make possible the energy systems of tomorrow.

A diverse workforce and inclusive culture brings huge value to our business. We have many initiatives to encourage and promote diversity and inclusion, as well as dedicated employee resource groups. We are committed to building an inclusive company where everybody can achieve their potential.

We will build the net zero workforce

We are continually working within National Grid, as well as with our partners, suppliers and other stakeholders, to identify the jobs needed to help society achieve a clean energy future. We need forward-thinking, creative minds to help meet the challenges ahead. We anticipate a greater need for people skilled in data analytics and artificial intelligence to manage more complex grid flows, manage customer interactions needed to leverage demand-side management, and support piloting and scaling of new technologies such as transporting and using hydrogen for heat.

We'll develop the skills necessary to enable the clean energy future by investing in and developing our people and people across our communities. STEM education plays an important role in our skills development plan. It will help make sure that future employees of National Grid – and those joining our partners, suppliers and other organisations participating in the cleaner energy future – have the skills needed to make a real and positive difference.

Our contribution to the UN SDGs

Relevant UN SDGs for our people focused programmes and actions:



National Grid Responsible Business Charter 2020

The economy

04 Responsible business and the economy

Our journey so far

Our economic contribution to society comes primarily through delivering safe and reliable energy. We make sure energy reaches homes and businesses safely, reliably and efficiently. But our contribution as a responsible, purpose-led business goes further – as an employer, a tax contributor, a business partner, a community partner and a B Team member.

We help national and regional governments formulate and deliver their energy policies and commitments. The taxes we pay help fund essential services.

Our geographic footprint means that our economic contribution is felt in lower-income communities. They can truly benefit from the ripple effect of our local presence, from rural communities in New England and New York to the UK, where most of our economic contributions are made outside London.



What we will do

Our commitments

- **Maintain reinvestment in our infrastructure and demonstrate the social benefits of our capital delivery programmes.**
- **Continue to invest in developing technologies and innovations that benefit our customers and wider society.**

As part of our research and development activities, we established National Grid Partners (NGP), the utility industry's first Silicon Valley-based venture capital innovation firm. Through NGP, we have already committed to \$250 million of investment, which is being allocated towards defining a smarter, more renewable energy future.

- **Work across our supply chains to ensure that, together, we reflect the diversity of the communities we serve and respond to the economic needs of those communities.**
- **Continue to influence our supply chain to operate as responsible businesses.**
 - We are fair to our suppliers and committed to paying them promptly.
 - We require our UK suppliers to pay the real living wage to their employees (as defined by the Living Wage Foundation).
 - We are engaging with our supply chain to set carbon reduction targets through the Carbon Disclosure Project supply chain programme.
 - We promote equal opportunities among our suppliers. Our expectations of them are in our Supplier Code of Conduct and Global Supplier Diversity Policy.
 - We encourage suppliers to sign up to industry standards, such as the FIR (fairness, inclusion and respect) commitment.
- **Meet or exceed the B Team Responsible Tax Principles⁷.**

Our ambitions

- **Build partnerships with small and local businesses, and all suppliers who set clear ambitions related to environment, diversity, economic wellbeing and recovery, and governance.**
- **Help the economy and supply chain recover from the COVID-19 crisis,** looking for opportunities for investment together with suppliers in the lower income communities most in need.

⁷ <https://bteam.org/assets/reports/A-New-Bar-for-Responsible-Tax.pdf>

National Grid Responsible Business Charter 2020

The economy

We will power and heat society, and partner with regulators, our business partners, suppliers and other key stakeholders.

We'll make sure our working practices continue to support our role as a responsible employer, tax contributor, business partner and community partner.

We'll continue providing energy systems that help economies grow in a sustainable, reliable and affordable way. And we'll continue contributing significantly to the economies of the countries in which we operate through our people, our supply chains and our operations.

Working with key stakeholders

We work with our regulators and other key stakeholders to make sure the risks associated with the distribution and transmission of gas and electricity are matched by fair returns.

Our approach to regulatory consultation is to seek a framework that puts consumers at the centre of price controls and rate plans, while enabling the clean energy transition. Evolving that partnership to enable the clean energy transition and slow the pace of climate change before it can be reversed will be key in protecting future economic growth, and safety and wellbeing in society.

Working with our suppliers

We've set out in our commitments how we'll continue to work with our suppliers. We'll be fair to them and pay them promptly. We also recognise that the relationship we have with our suppliers can influence how they improve their own societal impact.

We require all businesses in our supply chain to share our commitment to respecting, protecting and promoting human rights. This includes alignment to the principles of the United Nations Global Compact, the International Labour Organization (ILO) minimum standards, the Ethical Trading Initiative (ETI) Base Code, the UK Modern Slavery Act 2015, the US Trafficking and Violence Protection Act 2000 and, for our UK suppliers, the requirements of the Living Wage Foundation.

We also engage with relevant industry initiatives to promote inclusion and diversity across our sector.

Tax

Our approach to tax is part of our commitment to being a responsible business, and is guided by our values.

We are committed to a coherent and transparent tax policy - meeting or going beyond the B Team Responsible Tax Principles, as part of our commitment to the B Team movement.

When making decisions on tax matters, we follow the CBI's Statement of Tax Principles. We do not enter into artificial arrangements or structures, or conduct operations in tax havens or low tax jurisdictions, where the sole purpose is to achieve tax savings. We'll also continue taking legislative and regulatory requirements into account, as well as their tax consequences, when we're considering business developments.

Sustainable financing

We published our green financing framework in 2019, and since then have issued bonds out of our UK and US electricity businesses, funding projects to enable the transition to clean energy. We've also issued the first green export credit agreement loans to fund the construction of our Viking interconnector.

We will continue to use the framework and are considering other forms of sustainable financing to support our strategy going forward.

Our contribution to the UN SDGs

Relevant UN SDGs for our economy focused programmes and actions:



National Grid Responsible Business Charter 2020

Our governance

05 Responsible business and our governance

Our journey so far

From transparency and culture, to making sure we have a diverse leadership team, we are committed to the highest standards of corporate governance and making sure we continually apply best practices.

The National Grid Board is collectively responsible for the effective oversight of the Company and its businesses. It determines the Company's strategic direction and objectives, business plan, viability and governance structure to help achieve long-term success and deliver sustainable shareholder value.



What we will do

Our commitments

- **Continue to review and adapt our governance policies to reflect and support our responsible business commitments and ambitions.** We will apply a corporate governance model that supports all our responsible business commitments and ambitions and applies our responsible business framework to everything we do.
- **Continually review the company culture to ensure it is inclusive.** The Board will continue to monitor progress throughout the Group by using a culture scorecard standard, including the FIR (fairness, inclusion and respect) commitment and via direct employee engagement.
- **Listen to our people and ensure their voices are heard at Group Executive and Board level.**
- **Ensure the voices of all our stakeholders are heard and understood by the National Grid Board.**
- **Achieve 50% diversity in our Group Executive Committee.**

Our ambitions

- **Aim for our responsible business actions and impact to differentiate us from our peer group, and to make us a clear choice for ESG⁸-minded investors.**
- **Meet and ultimately exceed the Hampton-Alexander and Parker diversity review standards and achieve 50% diversity in our Board.**
- **Build a company where everybody can achieve their potential.**

⁸ Environment, social and corporate governance

We will make sure our governance mechanisms reflect our commitments, and that the principles of responsibility guide us in everything we do.

Our approach to corporate governance plays an important role in helping us develop our culture – one that embraces diversity and inclusion and creates an environment where everybody can fulfil their potential. Our Board will continue to play a vital role in setting the tone from the top.

Company culture

The Board has been on a journey to create the right culture throughout our company. This means making sure our people are embracing positive and inclusive behaviours and values in everything we do. A culture scorecard helps the Board monitor progress.

Getting input directly from our people is an important part of tracking progress. The Board hears their views through the employee engagement survey, employee participation in Board events and through internal communication channels. It engages with employees on a broad array of issues such as gender pay, culture and putting responsibility into action.

Inclusion and diversity

Board diversity is important in tackling today's challenges and setting the right direction for the company. Leadership diversity, in the Board, the Group Executive Committee and our Senior Leadership group, is a priority for us.

The Board and its committees will continue to evolve to ensure the right balance of skills, experience, independence and incentives to reach our responsible business goals.

Stakeholder engagement

We prioritise our responsibilities to our different but interrelated stakeholder groups and wider society. We endeavour to understand the interests of our stakeholders and reflect them in the decisions we make.

We recognise that in balancing those different perspectives, it isn't always possible to achieve each stakeholder's preferred outcome. Stakeholder engagement will continue to play an important role in how our Board ensures responsibility in governance. This includes listening to our stakeholders' views, inviting external guests to meetings, and using independent research to bring the voice of the customer and other stakeholders into the boardroom.

Managing risk

The Board oversees our risk management and internal control systems. As part of this, the Board conducts an annual strategic review of corporate social responsibility to map relevant issues to the company's risk register.

We have rigorous policies in place that support our approach to corporate responsibility, and we report on a number of non-financial performance measures.

We have committed to implementing the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures in full, following on from our initial disclosure in 2017/18. We were awarded the Carbon Disclosure Project A list for the fourth year running in 2019 for our performance in reporting and mitigating the impact of climate change.

Our contribution to the UN SDGs

Relevant UN SDGs for our governance focused programmes and actions:





The Narragansett Electric Company d/b/a National Grid
RIPUC Docket No. 5088
In RE: 2021 Renewable Energy Growth Program Classes, Ceiling Prices,
and Capacity Targets and 2021 Renewable Energy Growth Program –
Tariffs and Solicitation and Enrollment Process Rules
Responses to Commission’s Record Requests
Issued on January 28, 2021

RR-8

Request:

Referencing PUC 2-12, are customers getting minimum bill credits?

Response:

Within Community Remote Distributed Generation, solar developers have enrolled customers as satellite accounts to receive bill credits based on a \$0.01500 per kWh credit rate applied to the allocated kWh from the Host account in a given month. Based on the lesser of the “available kWh” per the allocation schedule or the satellite customer’s usage in the applicable month, below is an example of the determination of a bill credit scenario.

Host allocation kWh: 100 kWh

Satellite account monthly usage: 500 kWh

Bill credit rate: \$0.01500 per kWh x 100 kWh to be allocated from Host account = \$1.50

Thus, the satellite account would receive a \$1.50 bill credit for the month.

The bill credit rates were selected by the project owner at the time satellite customers are first enrolled, and may be changed, as appropriate, over time.

The Narragansett Electric Company d/b/a National Grid
RIPUC Docket No. 5088
In RE: 2021 Renewable Energy Growth Program Classes, Ceiling Prices,
and Capacity Targets and 2021 Renewable Energy Growth Program –
Tariffs and Solicitation and Enrollment Process Rules
Responses to Commission’s Record Requests
Issued on January 28, 2021

RR-9

Request:

Provide proposed tariff language to require projects selected into a carport pilot, if approved for an additional year, to provide actual financial information.

Response:

Based on the discussion at the evidentiary hearing in this proceeding, the Company proposes to add language to its “Renewable Energy Growth Tariff for Non-Residential Customers,” RIPUC No. 2152-G, section 8.b., as shown in redline, in Attachment RR-9.

Attachment RR-9

Redline of excerpt from the Renewable Energy Growth Tariff for Non-Residential Customers, section 8.b.:

Solar Carport Incentive: A Customer whose DG Project includes nameplate capacity that meets the definition as a Solar Carport, and whose estimated interconnection cost on a \$/kW-DC basis as shown in a valid Distributed Generation Impact Study from National Grid is below the average cost for other projects in its technology and size class, as quoted in the Average Interconnection Cost Guideline,¹ will be eligible for the Solar Carport Incentive specified in the applicable Tariff supplement and will be included in the Performance Based Incentive amount for the specific DG Project. The Solar Carport Incentive amount will be calculated as follows:

$$SCI_{SCP} = SCCN_{SCP} \div PCN_{SCP} \times SCIR_{YEAR}$$

$$PBI_{SCP} = PBIB_{SCP} + SCI_{SCP}$$

Where:

$$SCI_{SCP} = \text{Solar Carport PBI Adder}$$

$$SCCN_{SCP} = \text{Solar Carport Capacity Nameplate (kW DC)}$$

$$PCN_{SCP} = \text{Project Capacity Nameplate (kW DC)}$$

$$SCIR_{YEAR} = \text{Program Year Solar Carport Incentive Rate}$$

$$SCP = \text{Solar Carport Project}$$

$$PBI_{SCP} = \text{Solar Carport Project PBI}$$

$$PBIB_{SCP} = \text{Solar Carport Competitive Bid PBI}$$

¹ The Average Interconnection Cost Guideline will be posted in the RE Growth section of the Company's interconnection web pages (Cite here once included), and provided as an attachment to the Open Enrollment application package for solar projects greater than 25 kW DC.

The SCI will be added to the competitively bid PBI of the specific project upon acceptance, and the total amount will be paid on all generation of the total DG Project and will be provided on the Customer's Certificate of Eligibility. Any change in the DC nameplate rating of a Solar Carport portion of a project as built must be provided to the Company prior to Authority to Interconnect, and adjustments to the SCA will be reflected in the final Certificate of Eligibility provided to the Customer. Additionally, the project owner shall provide final cost data, with documentation to verify costs (invoices, contracts, etc.) for the carport's canopy structure and mounting system at the time of approval of final Certificate of Eligibility as a condition for receiving payment of the PBI and Carport Adder. No changes to the Solar Carport portion of the project are permitted after the project is operational.