

2019 System Reliability Procurement Plan

Final Draft

RI EERMC
September 20, 2018

2019 System Reliability Procurement Plan

- Overview – What is SRP?
- Overview – What are NWAs?
- Feedback from Collaborative
- Revisions since SRP 2019 Plan First Draft
- SRP 2019 Proposed Budget and Funding Request
- Conclusion

Overview – What is SRP?

- System Reliability Procurement (SRP) identifies customer-side opportunities beyond energy efficiency that are cost-effective and provide the path to lower supply and delivery costs to ratepayers in Rhode Island.
- SRP adheres to R.I.G.L. § 39-1-27.7. System reliability and least-cost procurement.
- SRP must be *cost-effective, reliable, prudent and environmentally responsible*.
- SRP includes Non-Wire Alternatives, and can include other efforts that fall within Least-Cost Procurement goals.

Overview – What are NWAs?

- NWA is the acronym for “Non-Wires Alternatives.”
- NWA is the inclusive term for any electrical grid investment that is intended to defer or remove the need for traditional equipment upgrades or construction, also referred to as a “wires investment”, to distribution and/or transmission systems.
- NWAs can be installed fully or partially in place of wires investments.

Feedback from Collaborative

- The final draft incorporates feedback from:
 - ◆ OER
 - ◆ The Division
 - ◆ EERMC C-Team
 - ◆ Acadia Center

- The 2019 SRP Report second draft advances Power Sector Transformation goals, aligns with Docket 4600 principles, and adheres to the Least-Cost Procurement law.

Revisions since SRP 2019 Plan First Draft

- New Sections
 - ◆ Executive Summary
 - ◆ Coordination with Power Sector Transformation
 - ◆ Advancing Docket 4600 Principles and Goals
- Report now in numbered outline format
- Reworded most sections for clarity
- Changed reference shorthand for projects
 - ◆ Tiverton NWA Pilot is now “Tiverton Pilot”
 - ◆ Little Compton Battery Storage Project is now “LCBS Project”
 - ◆ Customer-Facing Program Enhancement Study is now “Enhancement Study”

Revisions to Summary of the Company's Proposal

- Reworked to provide clarity and concise summary on new, continued, and closing proposals and efforts
- Added descriptions for
 - ◆ Power Sector Transformation advancement, Docket 4600 alignment, South County East NWA Projects, and SRP Incentive Mechanism
- Verbiage on how sections and proposals link to the overall goals of SRP
 - ◆ How they advance Power Sector Transformation goals, align with Docket 4600 principles, and adhere to the Least-Cost Procurement law

Revisions to Consideration of NWAs in System Planning

- Added higher res image for Distribution Planning Study Process Flowchart
- Clarified the language outlining how Distribution Planning screens projects for NWAs
- Appendix 4 NWA Projects Table revised to include additional information as to why certain reliability projects were not suitable for NWAs.

Revisions to Rhode Island System Data Portal

- Added reference web link to Portal landing page
- Added a revised incentive item
 - ◆ Further enhancement of the Portal is proposed to account for optimal level 3 EV charging locations, by July 1, 2019
- The Company is proposing to move discussions of future Portal updates/information to the planned quarterly NWA discussions.

Revisions to Market Engagement with NWAs

- Added Market Engagement Activities to Date, detailing year-to-date engagement progress
- Included wording on how the marketing plan remains flexible to support new, other projects proposed in 2019
- Added Appendix 8: 2018 Market and Engagement Plan
- Added Appendix 9: 2018 Market and Engagement Plan Year-to-Date Results
 - ◆ To be submitted following compilation in October 2018

Revisions to Forecasted Load Growth for NWA Opportunities

- Added “Forecasted Load Growth in Washington County”
- Appendix 1: Now includes RI 2018 Electric Peak Forecast report
 - ◆ Page 13 of the Peak Forecast report is blank:
 - No missing data, simply a clerical error, confirmed by Data Analytics

Revisions to Tiverton NWA Pilot

- Removed restated wording for the 2017 Summary, now only includes relevant information updates
- Detailed reason for Tiverton Pilot costs in 2018
- Described difference between Evaluation value of 316 kW and Table S-7 value of 735 kW
 - ◆ Evaluation uses actual values
 - ◆ Table S-7 intended to present theoretical DR capacity of thermostats installed
- Added Appendix 10: Tiverton Pilot BCA with RI Test Applied

Revisions to Little Compton Battery Storage Project

- The Company will examine the development of a risk mitigation strategy for NWAs
- Clarification around LCBS Project evaluation
 - ◆ Demand savings (kW) instead of energy savings (kWh; \$)
 - ◆ Company planning on engaging third-party vendor for evaluation
- Clarity provided in BCA section regarding the comparison of LCBS Project BCA with Tiverton Pilot BCA
- Potential for issuance of new RFP

Revisions to South County East NWA Projects

- Added background on Exeter, Narragansett, and South Kingstown projects
- Included relevant info from South County East Area Study
- Specified what the Company proposal is:
 - ◆ Identify NWA solutions through the RFP bid process to solve need for specified, individual areas
 - ◆ All 3 projects must have a signed contract and completed first vendor milestone by December 31, 2019.
- Funding request adjusted down to \$30,000 total (\$10,000 per project)

Customer-Facing Program Enhancement Study

- The proposed Study will develop and test novel customer engagement approaches that are designed to increase enrollment, participation, and retention in Residential and Small Commercial (R&SC) customer programs
- Results of the Study will be used to develop a new customer **peak load reduction** program to specifically address distribution-level constraints in Rhode Island
- The Company will share an initial version of the *R&SC Customer Peak Load Reduction Program Enhancement Plan* by December 31, 2019

Revisions to Customer-Facing Program Enhancement Study

- Changed Enhancement Study proposal's schedule
 - ◆ 2019 Plan proposal is now for Phase 1 only
 - ◆ Now incorporates bid for solicitation instead of URI partnership; solicitation is part of Phase 1
 - ◆ Added Go/No-Go decision points to the Schedule
- Now implements RI Test for BCA
 - ◆ Updated BCR calculation using benefits from RI Test for the Company's DR program, including incentive costs, and showing multi-year and 14-year NPV BCR
 - ◆ Provided additional details in Project Proposal and Benefit-Cost Analysis sections

Revisions to Rhode Island Locational Incentives

- Overhauled section for better clarity and statement of information
- Changed “Proposal for Locational Incentives in Rhode Island” (section 13.5) to propose working collaboratively with stakeholders with NWA/Locational Incentive discussion meetings
- Added Appendix 5, Presentation on Locational Incentives
- Added Appendix 6, moved info on New York Locational Value of DERs to Appendix
- Moved Docket 4600 discussion into the main section

Revisions to SRP Incentive Mechanism

- Revised the proposed action-based SRP Incentives
 - ◆ Incentive items are more actionable and progressive
- Comparison with 2018 SRP Report incentive items
- Discussion and calculation of earned incentives from 2018 SRP Report

Section	Action	% of 2019 SRP Budget
Rhode Island System Data Portal	Further Enhancement of Portal for Optimal Level 3 EV Charging Locations	2%
South County East NWA Projects	Awarded and Completion of First Milestone for All 3 Projects	2%
Customer-Facing Program Enhancement Study	Issue Bid and Completion of Phase 1 Deliverable	2%

Revisions to SRP 2019 Proposed Budget

- Updated Table S-1 and Budget Table with latest figures
 - ◆ Reflects change in South County East budget
 - ◆ SRP charge value updated
- Explanation on Projected Year-End Fund Balance and Interest value

SRP Initiative	Cost
Marketing & Engagement Plan	\$124,800
Little Compton Battery Storage	\$109,500
Customer-Facing Program Enhancement Study	\$175,000
South County East RFP Evaluation	\$30,000
Total	\$439,300

SRP 2019 Funding Request

**Table S-1
National Grid
System Reliability Procurement
Funding Sources
\$(000)**

	2019
(1) 2019 SRP Budget	\$439.3
(2) Projected Year-End Fund Balance and Interest:	\$574.6
(3) Customer Funding Required:	-\$135.3
(4) Forecasted kWh Sales:	7,262,269,856
(5) Additional SRP Funding Needed per kWh:	-\$0.00001
(6) Proposed Energy Efficiency Program charge in EEPP	\$0.01141
(7) Proposed Total Energy Efficiency Program charge in EEPP	\$0.01140
(8) Proposed Total Energy Efficiency Program charge w/ Uncollectible Recovery	\$0.01155

Conclusion

- SRP is the path to provide lower supply and delivery costs and enhanced forms of energy to Rhode Island customers.
- The 2019 SRP Report:
 - ◆ Complies with Least-Cost Procurement and the Standards.
 - ◆ Proposes NWA opportunities that are cost-effective, reliable, prudent and environmentally responsible
 - ◆ Benefits the citizens of Rhode Island, the environment, and the economy.