

**Cost-Effectiveness Report:
National Grid's System Reliability
Procurement 2021-2023 Three Year Plan**

**An Assessment and Report by
EERMC Consultant Team**

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Working on Behalf of the



STATE OF RHODE ISLAND
**ENERGY EFFICIENCY &
RESOURCE MANAGEMENT COUNCIL**

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Summary of Consultant Team Findings

The Energy Efficiency and Resource Management Council (EERMC) Consultant Team reviewed the *System Reliability Procurement 2021-2023 Three Year Plan* (the “Three Year Plan” or “Plan”), which was also reviewed and approved by the Council on November XX, 2020, and is to be filed November XX, 2020 by National Grid (“the Company”). The Plan proposes \$0 of incremental spending for administration, and the Plan does not contain specific proposed investments which could be assessed for cost-effectiveness. As a result, the Plan itself was not the focus for this cost-effectiveness assessment, as any Plan with no associated costs can be construed to be cost-effective. Instead, a confidential Non-Wires Alternative (NWA) Benefit-Cost Analysis (BCA) Model, and associated NWA Technical Reference Manual (TRM), were assessed for validity and consistency with the RI Test and the proposals contained within the Plan, in anticipation of their use to screen individual proposed NWA investments¹. The EERMC finds that these tools are structured to be consistent with the RI Test, and that individual proposed NWA investments can therefore be appropriately reviewed for cost-effectiveness at the time those investments are proposed.

The EERMC submits these findings in compliance with the Least Cost Procurement (LCP) Standards adopted on July 23, 2020 by the Rhode Island Public Utilities Commission (PUC):

“The Council shall prepare memos on its assessment of the cost effectiveness of the Three-Year SRP Plan, pursuant to R.I. Gen. Laws §39-1-27.7(c)(5), and submit them to the PUC no later than three weeks following the filing of the respective Three-Year SRP Plans with the PUC, or in accordance with the procedural schedule set in the applicable docket.”

These findings and the remainder of this report were distributed to the EERMC on November XX, 2020 and presented to the EERMC by the EERMC Consultant Team at its November 12, 2020 meeting, where they were approved and adopted in a vote of the EERMC.

II. Oversight of Planning and Implementation Activities

The EERMC, consistent with its statutory obligations under the 2006 Comprehensive Energy Act, continues to play an involved and active role with National Grid to guide, facilitate, and support public and independent expert participation in the review, oversight, and evolution of utility SRP program implementation. In the Three Year Plan, this included review of and feedback on a proposed Non-Pipes Alternative (NPA) program development process to take place over the

¹ The Plan includes commitments to develop a BCA model and associated TRM for the NPA program as that program is developed.

course of the Plan, as well as reviewing plans for continued implementation of existing SRP program activities.

The EERMC has met its review and input requirements both at its regularly scheduled meetings with National Grid and through SRP Technical Working Group (TWG) meetings and ad hoc communications as needed. The TWG is comprised of EERMC members; the EERMC Consultant Team; RI Office of Energy Resources (OER); Acadia Center; the Division of Public Utilities and Carriers and support from its consultant group; and Green Energy Consumers Alliance. Other groups have at times participated in SRP TWG meetings as well, and National Grid coordinates and hosts the meetings and has SRP representatives in attendance at all meetings.

For the Three Year Plan, the Consultant Team reviewed and provided detail comments on two drafts prior to receiving and reviewing a final, third draft, upon which the findings of this memo are based.

IV. Cost-Effectiveness Review

The SRP Three Year Plan does not contain specific proposed investments expected to generate quantifiable costs and benefits, nor incremental plan administration costs. Accordingly, the Plan can be considered cost-effective in the sense that there are no associated costs. As a result, the Plan itself was not the primary focus for assessment of cost-effectiveness according to the "Rhode Island Test" (RI Test). Instead, a confidential Non-Wires Alternative (NWA) Benefit-Cost Analysis (BCA) Model, and associated NWA Technical Reference Manual (TRM) were provided to the Consultant team and the Rhode Island Office of Energy Resources (OER) under a non-disclosure agreement (NDA). These documents were assessed for validity and consistency with the RI Test and the Three Year Plan in anticipation of their use to screen individual proposed NWA investments. These tools are structured appropriately to enable screening NWA investments compared to traditional wires alternatives. Cost-effectiveness findings related to individual proposed NWA investments can therefore be reviewed at the time those investments are proposed.

V. Conclusion

For the reasons stated herein, the EERMC and the EERMC's Consultant Team find that National Grid's *System Reliability Procurement 2021-2023 Three Year Plan* appropriately considers cost-effectiveness, and that the accompanying NWA BCA model and TRM are adequately prepared to meet cost-effectiveness screening requirements pursuant to R.I.G.L. § 39-1-27.7 (c)(5).