Memo

STATE OF RHODE ISLAND
ENERGY EFFICIENCY & RESOURCE MANAGEMENT COUNCIL

To: Rhode Island Public Utilities Commission
From: Energy Efficiency & Resource Management Council
Date: February 18, 2021
Subject: EERMC Comments on National Grid's System Reliability Procurement 2021-2023 Three-Year Plan filed on 11/20/2020 as Docket #5080

I. INTRODUCTION

The Rhode Island Public Utility Commission has asked intervenors to provide comments on National Grid's 2021-2023 System Reliability Procurement (SRP) Three-Year Plan (the Plan).[1] This memo includes comments drawn from the Energy Efficiency & Resource Management Council's (EERMC or Council) council meeting presentations and discussion, engagement in the Plan development process, as well as on detailed review of the Plan as filed, which was necessary to inform the findings contained in the SRP 2021-2023 Cost-Effectiveness Report submitted by the Council.[2]

Overall, the EERMC finds the Plan as filed is an improvement from prior SRP planning documents, and a strong first installment as a standalone SRP Plan. The organization and level of detail in the Plan are notable enhancements, and the clear association of specific plan elements with requirements related to SRP in the Least Cost Procurement Standards[3] enhances stakeholders' ability to provide substantive review.

Beyond the general statement of support for the Plan, it is important to note that section II below is not intended, and should not be interpreted, as recommending changes to the Plan as filed. Rather, section II emphasizes areas of importance for the Council within the filed Plan, and recommends ways for National Grid to built upon Plan commitments during Plan implementation. Note that in some cases, National Grid has already indicated their intention to work on the areas highlighted below, and as such these comments reinforce for the PUC areas the Council deems important for successful Plan implementation.

II. COUNCIL PRIORITIES IN SRP IMPLEMENTATION

1) Prioritize location-targeted outreach for energy efficiency (EE) and demand response (DR)

Location-targeted outreach is the Council's preferred term for the concept of *preemptive targeted EE/DR* briefly referred to in the Plan[4]. There are several important factors that support location-targeted outreach as a low-risk, high-reward avenue for National Grid to proactively explore. First, the potential savings from location-targeted outreach are comparable to those from non-wires and non-pipes alternatives because location-targeted outreach pursues the same goal – deferring or avoiding specific infrastructure investments.

[1] Available at: http://www.ripuc.ri.gov/eventsactions/docket/5080-NGrid-SRP%202021-2023%20Three-Year%20Plan(11-20-2020)V1.pdf
[2] Available at: http://www.ripuc.ri.gov/eventsactions/docket/5080-EERMC-Report%202021-2023%20SRP%203YP%20(12-1-20).pdf
[3] Available at: http://rieermc.ri.gov/wp-content/uploads/2020/08/5015-lcpstandards-final_8-25-20.pdf
[4] National Grid 2021-2023 System Reliability Procurement Three-Year Plan, page 46.

Additionally, location-targeted outreach seeks to achieve this by leveraging longer lead times than traditional non-wires alternatives (NWAs) in combination with existing savings opportunities presented by well-established energy efficiency and demand response programs. Location-targeted outreach uses targeted marketing to drive small annual incremental energy efficiency and/or demand response savings in specific, load-constrained areas over several years, above and beyond what would have occurred through energy efficiency and demand response programs without this targeted marketing. Because these small changes accumulate over several years, they have the potential to alleviate load constraints or reduce forecasted load growth and avoid expensive infrastructure investments.

Importantly, the only marginal activity needed to pursue location-targeted outreach is marketing activity – that means program design, incentive levels, delivery pathways, and other elements of energy efficiency program planning that have already been put through rigorous review processes and stakeholder input do not need to be modified. This also means that the costs associated with location-targeted outreach are minimal, especially compared to the substantial potential benefits of avoided infrastructure investments.

2) Broaden opportunities for methodological review and input from stakeholders

During the Plan development process, the EERMC's Consultant Team was given the opportunity to review a copy of National Grid's NWA Benefit Cost Analysis model (the NWA BCA model). This was a tangible step toward increased opportunity to comment on methodologies and inputs to key quantitative elements of system reliability procurement. There are several additional areas where this type of review opportunity, paired with stakeholder discussions, would further enhance the SRP planning process. For these comments, two such opportunities are highlighted. Both of these examples would be most valuable if pursued outside the context of specific system reliability procurement processes, to appropriately focus on identifying and implementing best practice methods and utilizing the best available research and data.

First, the opportunity to provide feedback on the specific categories of benefits and costs considered in, and other critical inputs to, the NWA BCA model would be of significant value. Note that during development of the 2021-2023 Plan, the model was primarily reviewed for completeness and lack of errors, as this review occurred near the end of the planning cycle. For instance, the Plan indicates that several impact areas, which are eligible for inclusion in the NWA BCA model based on the RI Test framework, require further analysis to determine whether and how they might be included in the assessment of future non-wires alternative proposals. Stakeholders may be able to provide valuable input regarding the importance of specific impact areas, as well as suggestions for how to include them in the NWA BCA model, such as methods for quantifying particular impact areas.

Second, National Grid's load forecasting methodology and data inputs have been highlighted as central elements to the NWA process by multiple Technical Working Group (TWG) members. While the Plan states that the "Company intends to implement robust stakeholder engagement and discussion on the electric forecasting process"[5] the proposal to "discuss the electric forecasting process with stakeholders on an annual basis"[6] falls short of this mark. The Council encourages the Company to provide sufficient opportunities for substantive stakeholder engagement on electric forecasting methodology and data inputs.

[5] National Grid 2021-2023 System Reliability Procurement Three-Year Plan, page 43-44.
[6] National Grid 2021-2023 System Reliability Procurement Three-Year Plan, page 44.

3) *Continued transparency and stakeholder engagement in non-pipes alternatives (NPA) program development*

The Plan clearly commits to building out a NPA program over the course of the next three years. While there is a high-level timeline with broad annual goals that is a sufficient commitment in the Plan, it is expected National Grid will provide a more granular schedule with key deliverable dates and review opportunities, which will meaningfully enhance stakeholders' ability to support development of a strong NPA program as part of Plan implementation.

4) *Enhanced transparency and stakeholder engagement in non-wires alternative project selection methodology and process*

The Plan provides a good overview of the non-wires alternative project selection process, and National Grid provided the EERMC's Consultant Team with an opportunity to review an unpopulated copy of their NWA BCA model during Plan development. While these resources are appreciated, the Council encourages National Grid to provide enhanced transparency on the evaluation process for specific NWA proposals. An example of how this could be fulfilled during Plan implementation would be the opportunity to review assessment rubrics at the time NWA RFPs are proposed, including point allocations to different factors in that rubric. This would help clarify stakeholders' understanding of the prioritization among the factors listed in Table 7 in the Plan[7].

5) *Build & share concrete timelines with specific deliverables*

As described for the NPA program development process earlier, the Council encourages National Grid to continue the trend toward providing concrete, time-bound commitments related to discrete components of system reliability procurement planning and implementation. Other examples might include commitments to further forecasting conversations with specific dates and topics that will be discussed, and a forward-looking schedule for SRP TWG meeting topics to give stakeholders time to prepare for those meetings and ensure discussions are as productive as possible. In all cases, the Council encourages National Grid to distribute meeting materials at least one week in advance so stakeholders can adequately prepare for scheduled meetings.

6) *Continued responsiveness to stakeholder priorities*

The Council recognizes the importance of continued opportunity for stakeholders to engage in, and provide input to, system reliability procurement planning and implementation. The SRP Technical Working Group is a critical tool to ensure interested parties have opportunity to contribute ideas, raise issues for discussion, and provide review and feedback. The Council encourages National Grid to maintain this responsiveness and supports additional engagement opportunities on specific stakeholder priorities on an as-needed basis.

[7] National Grid 2021-2023 System Reliability Procurement Three-Year Plan, page 28.

III. RECOMMENDATION TO THE COMMISSION

To conclude, the Council acknowledges and appreciates the improvements reflected in National Grid's 2021-2023 System Reliability Procurement Three-Year Plan and encourages Commission approval of the Plan as filed. While a range of remaining opportunities for continued improvement during the implementation process are highlighted above, the Council is encouraged by National Grid's track record of responsiveness to this type of feedback. The Council further recognizes that system reliability procurement is an important part of the least-cost solution to providing reliable energy services to Rhode Island ratepayers, as well as to supporting Rhode Island's overarching energy and environmental goals.