Introduction and Summary

Rhode Island Energy circulated its *2024-2026 System Reliability Procurement (SRP) Three-Year Plan* to external stakeholders on July 28, 2023, for comment by August 23, 2023. This document summarizes comments from stakeholders and subsequent annotated revisions by Rhode Island Energy; these revisions are contained within the second draft of the *2024-2026 SRP Three-Year Plan* circulated to stakeholders on September 6, 2023. Rhode Island Energy did not receive any comments on the second draft. Rhode Island Energy discussed the second draft with members of the SRP Technical Working Group on September 20, 2023. Rhode Island Energy submitted its final draft for action to the Energy Efficiency and Resource Management Council on September 21, 2023, in advance of its meeting and vote scheduled for October 19, 2023.

Summary of Stakeholder Circulation and Comments

Organization	First Draft	Comments	Second Draft	Comments	Final
Rhode Island Energy Efficiency and Resource Management Council	Circulated July 28, 2023	Received August 23, 2023	Circulated September 6, 2023	None received	Circulated September 21, 2023
Rhode Island Division of Public Utilities and Carriers		None received		None received	
Rhode Island Office of Energy Resources		Received August 24, 2023		None received	
Rhode Island Office of the Attorney General		None received		None received	
Commerce RI		None received		None received	
Rhode Island Infrastructure Bank		None received		None received	
Acadia Center		Received August 23, 2023		None received	
Conservation Law Foundation		None received		None received	
Green Energy Consumers Alliance		None received		None received	
Northeast Clean Energy Council		None received		None received	

Responses to Comments from Rhode Island Energy Efficiency and Resource Management Council
Thank you for your thoughtful comments and suggestions for the first draft of the *2024-2026 SRP Three-Year Plan*. The following synthesizes the comments provided and Rhode Island Energy's response, including annotation of the specific resulting revisions or an explanation for why no revisions were made. Comments are indexed for ease of reference for future discussions.

EERMC-1
Comment

Regarding the Executive Summary: "These seem like a good starting point. I think the third could be broadened to include how can third-party solution providers engage, and also add some detail about what forms of engagement are? I.e. 'participate in TWG' is a good option, but I think if there are opportunities to identify critical junctures or specific topics where input from particular types of stakeholders would be valuable, that is worth highlighting. Just as an example, I could imagine wanting third-party provider input on the development of the timeline for solicitations - if a critical portion of that timeline is inadvertently set too short, it could significantly hamper responses. In general, I think more active engagement with firms that may actually provide solutions would help us move from the theoretical into the applied (which I think is what you're aiming for here, and I am excited to see that!)"

Response

Thank you for these suggestions! We've built out the executive summary to include additional detail about how third-party solution providers can engage, including possible forms of engagement. Specifically, we discuss (i) engagement in regulatory proceedings, (ii) engagement through the EERMC, (iii) engagement with and following solicitations, and (iv) direct engagement via email.

Please note that we intentionally omit engagement via the SRP Technical Working Group. Rhode Island Energy seeks to limit membership within the SRP Technical Working Group to organizations that represent third-party solution providers, and not individual third-party solution providers. That said, it is not outside the scope of the SRP Technical Working Group to offer open Q&A-type sessions with third-party providers in order to improve the SRP process. We will reserve further discussion of this idea for a future SRP Technical Working Group agenda (and thank you for prompting this idea).

EERMC-2
Comment

Regarding Section 1: "System Reliability Procurement (SRP) encompasses the activities conducted by The Narragansett Electric Company d/b/a Rhode Island Energy to meet or mitigate a gas or electric system need or optimization ~~that provides the need or optimization~~ by employing diverse energy resources, distributed generation, or demand response."

Response

Edit accepted – thank you for helping to make this statement clearer.

EERMC-3
Comment

Regarding Figure 1: "Wouldn't a direct quote from the standards in Figure 1 count as a regulatory citation? JW if it should be yellow..."

Response

Good catch! Edit made.

EERMC-4
Comment

Regarding Figure 2: "Should this figure have a background color? Is it intended to be blue b/c of the checkmarks? Not a big deal, obviously, but figured worth flagging."

Response

Good flag – we've added a blue background to this figure to indicate the content applies to system reliability procurement for both electric and gas systems.

EERMC-5
Comment

Regarding Section 2, Overview: "It would be great to see the outcomes of all of these steps, but particularly 1-3, to understand how many system needs are occurring over time, and how many are making it past each step (as well as why, for those that are falling out)"

Response

It is our intent to report on outcomes of all SRP process steps, including Steps 1-3. Point taken that out intent to report out could have been clearer. We've added a reference in Section 2 to refer readers to Section 7, where we have broadened the initial annual reporting requirement on results of screening criteria to report on the outcomes of all steps on an annual basis. These edits, copied below, also respond to EERMC-13.

> *"With the dual objectives of transparently reporting activities to interested stakeholders and holding the Company accountable, each annual report will include the following information:*
>
> - *Results of each step included in the SRP process described in Section 2;*
> - *Where results of screening for electric and gas system reliability procurement opportunities, with any opportunities added to a comprehensive listing of opportunities with summary information about system needs or optimization and next step/date of next step (akin to the descriptions provided in Sections 3 and 4);*
> - *Results of Steps 4-5 (solicitation and evaluation) include proposals and their evaluation outcomes for internally-sources system reliability procurement solutions that did or did not advance to Step 6 (regulatory review);"*

EERMC-6
Comment

Regarding Section 2, Step 1, Electric System: "I would like to better understand why this type of activity is episodic, rather than continuous. Given data systems like the System Data Portal."

Response

Good question. First, a point of clarification: the system data portal is a static snapshot of a much more complex electrical system modeling software. The intended audience of the system data portal are third-parties; our planners do not use the system data portal but rather rely on much more dynamic and granular data and models of electric system conditions.

The episodic cadence (annual for the electric system) is the best balance of periodic review given changing grid conditions and level of effort. With existing tools and data processing capabilities, reviewing more frequently would result in more work with little probability of different outcomes. (Or, to be more precise, our existing tools and data processing capabilities are insufficient to allow for continuous review; Rhode Island Energy's grid modernization investment strategy and resulting functionalities of grid modernization investments, like ADMS, will allow for more frequent review in future years.) Furthermore, this annual cadence of review has been in place since the Revenue Decoupling Act of 2010 introduced annual *Infrastructure, Safety, and Reliability Plans*, and includes thorough regulatory oversight.

EERMC-7
Comment

Regarding Section 2, Step 2: "More information on this step is needed. Is there an exhaustive list, rather than a representative list, of the types of solutions that are considered? I feel like its implied but not stated that the outcome of this step could be that no possible solutions exist, and therefore proceed with the wires solution. Is that accurate?"

Response

The confusion here may come from our use of the term 'possible solutions' in the Step name "Screen for Possible Solutions." Our intended meaning of 'possible solutions' is utility reliability procurement solutions, system reliability procurement solutions, or both. Our intent is not to screen for specific technologies that can solve the system need or optimization; indeed the SRP process is technology agnostic. We've revised some language within the Plan to clarify; these revisions include removing the list of examples of technologies that may be included in system reliability procurement solutions and explicitly noting the screening criteria are technology agnostic.

It is correct that a system need or optimization may not pass the screening criteria described in Step 2. For example, a system need may be immediate, which would fail the screening criterion that there be adequate time to implement a system reliability procurement solution. In this case, the solution to the system need would indeed be the best alternative utility reliability procurement solution.

EERMC-8
Comment

Regarding Figure 7: "I am not sure I understand the need for an upper threshold on the system need as a share of total area load. I.e. what if a community wanted to become island-able using a microgrid? What if a community wanted to install community solar and storage to achieve net-zero?

I also suspect we have not gone after really large constraints like this with past solicitations, so would be curious what evidence we are using to conclude that larger needs are less likely to result in an NWA project being successful?

I also think specific data on the size of the market for system needs that are below 20% of system load but above $1M would be helpful. While both of these values are plausibly reasonable, it would be better to have data to support the selection of these specific thresholds.

Same goes for gas"

Response

Rhode Island Energy's interest in suggesting a 20% cap of load relief needed relative to total feeder load is the rough relative economics of system reliability procurement solutions relative to utility reliability procurement solutions. In other words, this cap serves to help us focus on pursuing non-wires solutions that have the highest possibility of successfully progressing through the evaluation process (namely, passing the criterion that the cost of the system reliability procurement solution is less than the best alternative utility reliability procurement solution). That said, we are open to revisiting this cap in future years and will add this to the list of discussions to hold with the SRP Technical Working Group.

Eligible gas system needs are not capped at 20% of system load – there is, in fact, no load threshold. The Company set the cost suitability, or market interest, threshold at $0.5M based on the assumption that any system need with a pipes solution less than $0.5M is unlikely to produce an economically viable NPA opportunity. This assumption is based on the Company's experience with the NWA threshold of $1M and the goal of lowering the NPA floor price is to be more inclusive of potential non-pipes opportunities. Once the NPA program is live, we will annually evaluate whether the $0.5M threshold for NPAs is appropriate based on market feedback and propose any modification through the SRP Program Year-End Reports.

EERMC-9
Comment

Regarding Section 2, Step 3: "This is something SRP TWG members would benefit from better understanding, as requested during the recent TWG. For example, I am curious to understand whether these ISR processes typically involve the utility team scoping out both a traditional solution and a non-wires solution for each need, and then determining which technological solution is best.

This step also strikes me as having the potential to be influenced by the specific expertise and institutional capability of current utility business units and staff, insofar as NWA / NPA solutions have historically not represented a significant portion of the utility's business, while traditional solutions have. It seems possible that some price discovery and cost reductions associated with actually delivering NWA type solutions may not have been fully realized, and could lead to a recurring pattern of identifying traditional

infrastructure solutions as the best URP alternative in part due to the utility's differential core competence in this area.

TLDR: would be good to understand how the utility team determines which types of potential solutions to cost out internally during this step, and what results have shown in any instances where both a wires and non-wires solution were costed out internally."

Response

We'd be happy to provide more information about our infrastructure planning processes. For each system need identified by the planning team in Step 1, that system need is screened for the possibility of having a system reliability procurement solution in Step 2. If the system need does not pass the screen in Step 2 (i.e., there is not a compelling possibility of the system need being resolved by a system reliability procurement solution), then the planning team proceeds with the best alternative utility reliability procurement solution. To be clear, the planning team does not scope out a specific system reliability procurement solution (i.e., a specific technology or delivery model); therefore, the planning team does not directly 'determine which technological solution is best.'

We note the concern about the final solution decision possibly being influenced by the specific expertise and institutional capacity of current utility business units and staff; however, we see this risk as being inherent to evaluation in Step 5. We think this risk is mitigated through the following strategies: (1) the evaluation team includes staff experts beyond the planning team; (2) each solicitation will be evaluated using the pre-defined evaluation rubric described in Step 5, with the objective that proposals for system reliability procurement solutions can be specifically responsive to those evaluation criteria; and (3) results of all procurements will be reported out annually and can therefore be interrogated within the regulatory sphere.

At this time, we have not made any edits to the text in response to this comment; we are hopeful the explanation contained herein resolves any confusion, but are open to further revisions if that is not the case.

EERMC-10
Comment

Regarding Section 2, Step 4: "Note: what are the incentives for an internal business functional team to participate in this process? When do internal solutions get scoped relative to the overall RFP process?"

Response

Good questions. Business functional teams are required to participate and therefore there are no incentives per se for an internal business functional team to participate in this process; participation is in the best interest of Rhode Island Energy's mission to serve our customers safe, reliable, affordable, and sustainable energy.

Internal solutions are developed in response to a solicitation for proposals in Step 4. Internal solutions are evaluated alongside third-party proposals in Step 5.

No edits made at this time.

EERMC-11
Comment

Regarding Section 2, Step 4: "Something to consider: are there reasons, given timeline and cost concerns for individual NWA RFPs, to create a pre-approved bidder list and streamline some aspects of the process regarding individual NWA or NPA opportunities?

Just to frame the idea - if some technical screening regarding specific solutions/approaches, as well as clarity on overall qualification, were handled outside of individual RFPs, this could both decrease the total time required to issue and resolve and RFP, as well as reduce the administrative burden of each RFP, perhaps allowing smaller constraints to be considered worthwhile to pursue if the cost of doing so is lower."

Response

A pre-approved bidder list is an interesting idea that could potentially help support long-term third-party solution provider engagement! Perhaps we can discuss this concept more at a future SRP Technical Working Group.

Regarding the impacts of a pre-approved bidder list on the amount of time needed to procure, evaluate, gain regulatory approval, and implement a system reliability procurement solution (steps 4 through 7), we are not convinced that a pre-approved bidder list would materially decrease the lead time required. This is because there are several other factors that impact that timeline, including but not limited to the time required to solicit proposals, the time required to give each proposal its due diligence in evaluation, the time required to assemble and file an SRP investment proposal (which the commission requests – though does not require – is submitted on an annual basis alongside ISR Plans), the time required for appropriate review and approval through the regulatory process (including review by intervenors, stakeholders, and members of the public in that proceeding), and then actually construction or deployment of the solution.

No edits made at this time.

EERMC-12
Comment

Regarding Section 2, Step 4, Notice to Third-Party Bidders: "Is this also true of all potential solutions scoped and considered internally by RIE anywhere along this process?"

Response

Yes, as this notice discusses state statute and regulatory rules governing the provision of information to public entities, this notice applies to internally sourced solutions as well.

No edits made at this time.

EERMC-13
Comment

Regarding Section 2, Step 4, Proposals for Utility-Run Solutions: "Re: my comment above, this seems to cover utility run SRP, but leaves unclear whether possible URP solutions not ultimately pursued (E.g. storage) would be disclosed as well."

Response

It is our intent to report on outcomes of all SRP process steps, including Steps 4-5. Point taken that our intent to report out could have been clearer. We've added a reference in Section 2 to refer readers to Section 7, where we have broadened the initial annual reporting requirement on results of screening criteria to report on the outcomes of all steps on an annual basis. These edits, copied below, also respond to EERMC-5.

> *"With the dual objectives of transparently reporting activities to interested stakeholders and holding the Company accountable, each annual report will include the following information:*
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EERMC-14
Comment

Regarding Section 2, Step 5, Expected Value: "I would suggest a term other than over or under valuing here, as it sort of implies the outcome in question is a good thing, which is not inherent to EV calcs. Perhaps 'over-emphasizing' or 'over-indexing' or something similar."

Response

Interesting – are you thinking that readers will imbue the positive connotation for 'value' as being good into the terms 'over-value' and 'under-value'? I had originally chosen to use 'value' in the financial/economic sense, which is perhaps divorced from any connotation. I could see how this could be confusing to readers. I've edited to 'emphasize' in Section 2 and the Appendix. Thanks for noticing this and for the suggested alternatives.

EERMC-15
Comment

Regarding Section 3, Reducing Supply Costs through Electric Demand Response, System Need or Optimization: "I appreciate the time taken to describe how the value proposition of demand response fits into the SRP structure."

Response

Thank you for this feedback! Glad it's helpful!

EERMC-16
Comment

Regarding Section 3, Reducing Supply Costs through Electric Demand Response, Solicit and Evaluate SRP Proposals: "While I have no issue with this conclusion, the SRP process laid out earlier in this document is being somewhat ignored here. Shouldn't there theoretically be some kind of competitive solicitation?"

Response

There will be! We are developing a competitive request for proposals to solicit (TBD) MW peak reduction for the 2024-2026 period. We've added additional detail to this section to clarify:

> *"In the last quarter of 2023, Rhode Island Energy will solicit proposals for a third-party vendor to work with us to achieve a certain level of peak reduction annually for the 2024-2026 period."*

EERMC-17
Comment

Regarding Section 3, Reducing Supply Costs through Electric Demand Response, Solicit and Evaluation SRP Proposals: "This should be through the SRP process outlined here, in theory, right?"

Response

Absolutely. Do the edits in response to EERMC-17 adequately address this question?

EERMC-18
Comment

Regarding Section 4, Gas Demand Response, System Need or Optimization: "Is this for all potentially constrained areas? Anywhere that the gas team is aware of that has a history of this happening that could be specifically targeted? I like where this is heading but it lacks the specificity of the second NWA suggestion above."

Response

Historically, Aquidneck Island has been a capacity constrained area that is closely evaluated by Rhode Island Energy with respect to gas procurement and system planning. We utilize portable LNG options on Aquidneck Island as a contingency in the event of Company or non-Company upstream gas supply issues and leverage demand-side initiatives such as energy efficiency programs and the gas demand response pilot for large commercial and industrial detailed in the *2024-2026 SRP Three-Year Plan*. The Company plans to retain the current levels of enrollment in the gas demand response pilot for programmatic continuity and system resource availability. However, gas demand response hasn't provided the level of relief anticipated due to lack of performance during called events and low customer interest – i.e., only two customers are currently enrolled – so enhancements are needed to create a more effective program.

The learnings for the pilot program going forward will focus on how to increase program enrollment, participation during call events, and potential expansion of the program beyond large commercial and industrial customers. Aquidneck Island will continue to be a particular focus, but other areas with similar capacity constraints will be evaluated. See edits in response to EERMC-18 identifying Aquidneck Island as a targeted capacity constrained area.

EERMC-19
Comment

Regarding Section 4, Gas Demand Response, Evaluate Possible Solutions: "Same comment as for electric - there should be a step of going out to market here, right?"

Response

This is absolutely being considered, but because the gas demand response program is currently in the pilot stage it is, by nature of its design and goals, necessary for the Company to administer the pilot program at this time. Once the gas demand response program progresses beyond the pilot stage, Rhode Island Energy will evaluate whether to solicit proposals for a third-party vendor to work with us to achieve a certain level of peak reduction during the winter season, like we currently do for the electric demand response program. See edits in response to EERMC-19 clarifying why there is no competitive solicitation for a program administrator for the gas demand response pilot.

EERMC-20
Comment

Regarding Section 5, Engagement for Solicitations: "Is this a list of NWA / NPA vendors, or an existing list of various vendors offering all kinds of services to RIE? How is this list updated/maintained to maximize the likelihood of qualified NWA providers being included?"

Response

Good question. We had written this fairly generically (the list should include third-party non-wires and non-pipes solution providers but may not be limited as such). This flexibility may help us expand the reach of our engagement via word-of-mouth between vendors on our list and vendors not on our list. We'd like to keep this flexibility by not editing the text to specifically limit to third-party non-wires and non-pipes solution providers.

Regarding your question about how our vendor lists are updated and maintained: we hear you loud and clear (and we completely agree) that customers will get the best outcomes if our solicitations are competitive, and that requires awareness by all qualified vendors. We welcome suggestions from SRP Technical Working Group members, stakeholders, vendors, and the public for vendors that should be included in our email list. We also hope that the other avenues of engagement will reach vendors who are not included in our email list.

EERMC-21
Comment

Regarding Section 5, SRP Technical Working Group: "Woohoo!"

Response

We're excited, too! Here's a summary of the topics the SRP Technical Working Group should discuss, stemming from comments to the first draft of the *2024-2026 SRP Three-Year Plan*:

- Should the SRP TWG offer open Q&A-type sessions with third-party providers in order to improve the SRP process? How would this work?
- Discuss 20% load relief as proportion of feeder load rule-of-thumb
- Overview of the ISR Plan process and how stakeholders can engage
- Potential value of a pre-approved bidder list
- Building up a third-party solution provider solicitation engagement list
- Adding 'improve hosting capacity' as an eligible system need for system reliability procurement
- Linkages between demand response, interconnection, and billing

EERMC-22
Comment

Regarding Section 6: "I am hopeful there will be an opportunity to discuss approaches here before this plan is finalized"

Response

Yes, there will be an opportunity to discuss approaches to a performance incentive structure prior to the *2024-2026 SRP Three-Year Plan* being finalized. A proposed performance incentive structure will be included in the second draft of the *2024-2026 SRP Three-Year Plan* circulated to stakeholders on September 6, 2023. At the SRP Technical Working Group meeting on September 20, 2023, member organizations are encouraged to provide further feedback, including a discussion of the proposed performance incentive structure. Anytime prior to filing, stakeholders are invited to reach out to have one-on-one discussions about any aspect of the Plan. The final *2024-2026 SRP Three-Year Plan* will be filed with the Public Utilities Commission by November 21, 2023, and stakeholders may provide additional comment during that proceeding.

EERMC-23
Comment

Regarding Section 7 and Section 8: "No comments"

Response

Thank you for reviewing!

Responses to Comments from Rhode Island Office of Energy Resources

Thank you for your thoughtful comments and suggestions for the first draft of the *2024-2026 SRP Three-Year Plan*. The following synthesizes the comments provided and Rhode Island Energy's response, including annotation of the specific resulting revisions or an explanation for why no revisions were made. Comments are indexed for ease of reference for future discussions.

OER-1
Comment

Regarding the Executive Summary: "One area that might be useful to address in the ES is the coordination and overlap between SRP and other programs - EE planning, AMF and GMP, the Heat Loan program. Understanding any impacts from SRP planning on other programs might be helpful to address in a clear narrative fashion."

Response

Great suggestion! We've added a section on this to the Executive Summary.

OER-2
Comment

Regarding Section 2, Step 5: "It might be helpful to provide some context for the procurement specialists, additional detail on the roles they play or fit within the organization structure to understand how these reviews are performed. While this has likely be addressed elsewhere in proposal filings or at other points in the plan development process, having this unpacked even at a high level here in the plan seems beneficial, in particular given the scope of the criteria required to evaluate these proposals in the given regulatory framework."

Response

We appreciate your consideration of our procurement specialists! Procurement is commonplace within Rhode Island Energy, and the SRP Team has a strong relationship with our procurement specialists. Together, the SRP Team and procurement specialists will determine the appropriate information required from bidders for evaluation and potential regulatory submission. We choose not to include those details here for two reasons. First, keeping our description of this step at a higher-level provides for the flexibility and agility to improve our solicitation and evaluation process over time. Second, we can imagine some of those details may change based on the particular system need or optimization for which we are seeking a system reliability procurement solution. No edits have been made at this time, but we are open to continued discussion.

OER-3
Comment

Regarding Section 2, Step 5: "Same comment here as for the procurement specialist. Unpacking and clarifying this RIE internal role/body within the plan proposal might help with an overall understanding of review and evaluation, and provide a lens with which to understand resulting decisions."

Response

Does our response to OER-2 adequately address your concern?

No edits made.

OER-4
Comment

Regarding Section 2, Step 5: "While this is addressed further on in the draft in regards to the LCP, OER supports the continued refinement of emissions reduction measurement and cost-effectiveness criteria using, but not limited to, carbon accounting methodologies to understand the extent to which project are environmentally responsible, as well as dimensions of prudency which consider equity and the equitable distribution of resources. The breadth and depth of considerations contained within these 4 criteria also reinforce the value of including greater clarity into the roles involved in evaluation which we have highlighted above."

Response

OER's interest in continued refinement in evaluating these standards (i.e., the evaluation criteria) is noted. Rhode Island Energy shares OER's interest in continued refinement with the objective of best meeting the intent of the Commission's Least-Cost Procurement Standards.

We didn't think any edits were needed to address OER-4 (given responses to OER-2 and OER-3, as well), but we are open to continued discussion.

OER-5
Comment

Regarding Figure 10: "Given the recent update of the LCP standard to include the chapter on DSM, does RIE intend to file for regulatory approval of any programs or projects under that criteria in addition to those laid out here?"

Response

Whether we file a DSM Plan is out of scope for the *2024-2026 SRP Three-Year Plan*, which is limited to activities related to system reliability procurement.

Thank you for pointing out potential confusion regarding Figure 10. The intent of Figure 10 "Examples of filings…" is to provide some examples of filing avenues rather than a comprehensive or deterministic list. It is indeed possible we would consider the DSM Plan as a potential regulatory avenue if appropriate. We've added the following statement to clarify:

> *"Please note that Figure 10 is not intended to be comprehensive or deterministic; Rhode Island Energy will consider all appropriate regulatory avenues for each system reliability procurement solution."*

OER-6
Comment

Regarding Section 3, Reducing Supply Costs through Electric Demand Response: "OER has provided priorities for the demand response programming as part of the Annual/Triennial Energy Efficiency planning process. Given the shift of Connected Solutions to an SRP filing, we wanted to reiterate those priorities here:

OER Priority:

- Grow and expand active demand response programming
- Pursue cost-effective opportunities identified in the 2023 market potential study data refresh
- Dedicate staff to managing, promoting, and growing the DR programs
- Plan for long-term development of DR programming with yearly enrollment goals, detailed marketing plans, and engagement with solar installers and other stakeholders to promote the programs
- Integrate DR programming with interconnection processes and ensure awareness of DR programs with the interconnection and billing teams
- Explore options for tiered and increased incentive levels in DR programming for low- and moderate income customers"

Response

Thank you for reiterating OER's priorities here! Rhode Island Energy's draft SRP Investment Proposal for reducing supply costs through electric demand response is included in the second draft of the *2024-2026 SRP Three-Year Plan*. Here's how we think our draft SRP Investment Proposal meets OER's priorities:

Grow and expand active demand response programming

A draft conceptual proposed for ConnectedSolutions is provided in Appendix 4 to the *2024-2026 SRP Three-Year Plan.* Rhode Island Energy is proposing to expand ConnectedSolutions to include electric vehicle charging curtailment and voluntary measures in 2024-2026.

Pursue cost-effective opportunities identified in the 2023 market potential study data refresh

Rhode Island Energy is proposing to grow peak demand reductions via smart thermostats (the MPS refresh identified central AC as the 'top demand response measure') and add electric vehicle charging curtailment. While Rhode Island Energy is continuing to explore the value of adding pool pumps as an eligible technology, we note that we are adding a voluntary peak reduction campaign where customers may opt to switch off their pool pumps during peak periods.

Dedicate staff to managing, promoting, and growing the DR programs

Rhode Island Energy has a team of staff dedicated to managing, promoting, and growing participation in demand response. For 2024-2026, the team is adding Rhode Island Energy's in-house communications team to support education and promote peak demand reduction for all customers.

Plan for long-term development of DR programming with yearly enrollment goals, detailed marketing plans, and engagement with solar installers and other stakeholders to promote the programs

Whereas ConnectedSolutions had been proposed annually in the past, Rhode Island Energy is now submitting a proposal for a full three-year program spanning 2024-2026. The intent is to provide greater certainty to developers about value streams from ConnectedSolutions to further encourage participation. Rhode Island Energy is expanding its outreach and engagement for peak demand reduction by leveraging its in-house communications team, and looks forward to continued engagement with stakeholders as discussed in Section 5 of the *2024-2026 SRP Three-Year Plan*.

Integrate DR programming with interconnection processes and ensure awareness of DR programs with the interconnection and billing teams

We'd like to gain a more thorough understanding of OER's perception of the linkage between demand response and interconnection – let's discuss this during an SRP Technical Working Group meeting.

Explore options for tiered and increased incentive levels in DR programming for low- and moderate income customers

Heard. As program administrator for both energy efficiency and demand response programming, Rhode Island Energy is able to effectively layer demand response performance incentives with enabling incentives for purchasing, installing, or financing equipment (depending on the measure), which offer enhanced incentives for income-eligible customers. We welcome additional suggestions from stakeholders on this topic.

OER-7
Comment

Regarding Section 3, Reducing Supply Costs through Electric Demand Response: "It is terrific to see so much participation in the program. Can you share how many of those customers were able to finance their systems through the Heat Loan?"

Response

In 2022, there were 76 battery projects that used the HEAT Loan, with associated program costs of $252,092 allowing for $1,462,044 of financing.

OER-8
Comment

Regarding Section 5, System Data Portal: "These improvements are encouraging. Streamlining the access point for this information and reducing the level of effort required for developers who might be interested. Efforts that can lead to an increase in the available pool of applicants, and hopefully help expand access to projects submitted by firms run by individuals or groups which are from and/or represent historically disadvantaged communities."

Response

Fantastic! We are glad OER is supportive and welcome continued suggestions for improvements to our System Data Portal that will provide downstream value to our customers.

Responses to Comments from Acadia Center

Thank you for your thoughtful comments and suggestions for the first draft of the *2024-2026 SRP Three-Year Plan*. The following synthesizes the comments provided and Rhode Island Energy's response, including annotation of the specific resulting revisions or an explanation for why no revisions were made. Comments are indexed for ease of reference for future discussions.

Acadia-1
Comment

> Acadia Center believes there is significant potential for Rhode Island Energy and other parties to integrate electric and gas utility planning to focus more holistically on customer energy needs, rather than considering each fuel's distribution system in its own silo. As we seek to decarbonize our energy system, it is increasingly necessary to analyze both the gas and electric distribution networks together while identifying potential solutions to meet grid needs. Acadia Center strongly supports the use of non-wires alternatives (NWA) and non-pipes alternatives (NPA) as tools to lower customer and utility costs, lower emissions, and to help facilitate the deployment of clean energy resources. We greatly appreciate Rhode Island Energy's efforts to develop a robust System Reliability Procurement (SRP) Three-Year Plan for 2024-2026.

Response

Rhode Island Energy agrees. When performing system planning, it is important for the Company to identify areas on the electric and gas networks where one system's need has the potential to be mitigated by the other's capacity. For example, if there is a neighborhood or cluster of customers in a capacity constrained area on the gas network and the electric network has sufficient capacity to support the conversion of those customers to heat pumps and non-gas appliances, electrification might be a feasible non-pipe solution.

Acadia-2
Comment

Benefits of Non-Wires and Non-Pipes Alternatives

Non-wires alternatives (NWA) and non-pipes alternatives (NPA) include technologies and energy services that can delay or defer traditional transmission and distribution infrastructure investments. NWA and NPA can include energy efficiency, demand flexibility, managed charging, battery storage, dynamic and time-varying pricing, solar PV, microgrids, and other distributed energy resources (DERs). NWA and NPA can consist of individual technologies or a portfolio of resources that meet a grid need in a more cost-effective way than traditional wires and pipes solutions.

NWA and NPA have the potential to provide significant benefits to ratepayers and grid operators in Rhode Island. By avoiding the need to pay for large infrastructure investments that may become unnecessary in the future, NWA and NPA can save ratepayers significant amounts of money. As Rhode Island seeks to meet its climate and energy targets, it is critical to avoid wasting ratepayer funds on infrastructure that may become financially stranded, in which case the infrastructure is no longer needed but still needs to be paid for.

Rhode Island's electricity grid will likely change considerably in the coming decades as the state reconfigures the infrastructure required to bring unprecedented amounts of utility-scale and distributed energy resources online to meet Rhode Island's climate and energy goals. By deploying NWA and NPA rather than more expensive traditional infrastructure that locks in solutions for many years, grid operators in Rhode Island will benefit from much greater flexibility. NWA and NPA can allow grid operators to quickly adapt and modify resources as grid conditions change over time.

To successfully reap the benefits that NWA and NPA offer, screening and solicitation for alternative solutions must become a business-as-usual practice within utility planning, rather than consisting of one-off projects that are separate to normal utility operations. We applaud the integration of the system reliability procurement process into the overall electric and gas system planning and offer the following recommendations in service of evaluating all possible NWA and NPA solutions on a level playing field.

Response

We appreciate Acadia's support for non-wires and non-pipes solutions!

On the electric side, we agree that the next few decades will result in significant changes to our electricity use and delivery paradigm. For this reason, we are shifting from a traditional investment strategy to a grid modernization investment strategy; our analysis shows that our new business-as-usual investment strategy is more cost-effective for customers because it allows for our grid operators to have more visibility and control of the electric distribution system (for more information, we refer you to our supplemental testimony in Docket 22-56-EL). Non-wires solutions – and system reliability procurement, more generally – will continue to be one of several tools in our toolbelt to derive the most value for customers.

We want to set expectations, though. Given our anticipation of increased electricity demand and distributed generation, it is likely that electric infrastructure will continue to be the most cost-effective solution to many system needs. Rhode Island Energy's goal is *process*-related, not *outcome*-related: we want to make sure we are evaluating both utility reliability procurement and system reliability procurement on a level playing field and in accordance with the Least-Cost Procurement statute and the Commission's Least-Cost Procurement Standards. To see how we evaluate system needs for the

possibility of a system reliability procurement solution as a matter of business-as-usual process rather an one-offs, we encourage Acadia Center to review our Area Studies linked to from the System Data Portal.

On the gas side, we recognize the 2021 Act on Climate (Act) and the PUC-initiated "Future of Gas" docket (Docket 22-01-NG) will significantly influence strategies employed to decarbonize the Company's gas distribution business over the next several decades, presenting material implications for gas load and supply. As with the electric side, to set expectations, at least in the near-term, our most recent *Gas Long-Range Resource and Requirements Plan (Gas LRP)* for the period 2023/24 to 2027/28 expects gas demand to increase over the 5-year forecast horizon (see Docket No. 22-06-NG). The *Gas LRP* is designed to meet the Company's obligation to ensure natural gas customers can safely, reliably, and cost-effectively heat their homes when severe whether events occur. Meeting these objectives is largely accomplished through traditional supply-side and infrastructure investments. Even so, the Company's business-as-usual supply (i.e., the *Gas LRP*) and system planning processes incorporate non-pipes and non-supply measures like demand-side management, specifically the gas demand response pilot. As we move forward, Rhode Island Energy will continue to look for opportunities to leverage system reliability procurement solutions as a matter of business-as-usual processes.

No edits made.

Acadia-3
Comment

System Needs Data Should Be Comprehensive, Transparent, and Made Available in a Timely Manner

Acadia Center appreciates the information provided by RI Energy on the SRP process overall, as well as the summary of categories included in electric and gas system needs assessments.[1] Acadia Center respectfully requests more detail from RI Energy on the data that will be included in system needs assessments and recommends looking to Connecticut's recently approved Non-Wires Solutions program as a helpful example of comprehensive system needs data.

Connecticut's Public Utilities Regulatory Authority (PURA) requires annual grid needs data filings from its electric distribution companies (EDCs) as part of its Non-Wires Solutions program. The annual filings must include detailed distribution system, financial, and distributed energy resource deployment information. (See Attachment A for a copy of the "Requirements for Annual EDC Data Filing" as part of Connecticut's Non-Wires Solutions Process Design Document.[2]) While that program is specifically focused on non-wires solutions, a similarly detailed list of requirements for gas system needs would also be appropriate. By providing detailed grid needs data in a timely manner, which may be mandated by the regulatory authority or voluntarily provided by the utility, third-party providers will be better positioned to provide targeted solutions that meet both location- and time-dependent distribution system needs.

Grid needs data provided by RI Energy should incorporate DER forecasts that are spatially granular, e.g. at both the substation and feeder levels. In addition, grid needs analysis should endeavor to disaggregate load forecasts to assess individual end uses and better understand the impacts of DERs on load profiles, including the role that measures like energy efficiency and demand flexibility can play in improving hosting capacity.

Acadia Center would also appreciate more detail on RI Energy's timeline for providing grid needs assessment data to the Public Utilities Commission and to potential third-party providers. How long would third-party providers have to respond to any Request for Proposal? Acadia Center urges RI Energy to structure RFPs and competitive solicitations in a sufficiently accessible way that enables third-party providers to put forward robust solutions. RFPs should be actionable and focused on solving a particular problem, not seeking a particular technology. They must allow for sufficient time for third-party providers to assess the opportunity and develop a coherent proposal in response to grid needs data. Third-party providers should have transparent access to data about performance needs, capacity constraints and hosting capacity, granular load profiles, estimated costs for traditional solutions, customer demographics, among other grid needs categories.

Section 7 outlining RI Energy's Annual Reporting requirements to the Rhode Island Public Utilities Commission (PUC) is an essential process for ensuring that RI Energy has taken appropriate steps to fully compare NWA, NPA, and traditional investments. As part of the results of screening for electric and gas system reliability procurement opportunities, RI Energy's annual SRP reports should provide specific detail on why a particular solution was chosen or not chosen.

Response

Rhode Island Energy hears several interests within this comment from Acadia – we address each below.

"Acadia Center respectfully requests more detail from RI Energy on the data that will be included in system needs assessments…" and "By providing detailed grid needs data in a timely manner, which may be mandated by the regulatory authority or voluntarily provided by the utility, third-party providers will be better positioned to provide targeted solutions that meet both location- and time-dependent distribution system needs."

- We understand the desire for data in order to (i) hold Rhode Island Energy accountable to a level playing field and fair process, and (ii) ensure potential third-party solution providers have adequate information to submit compelling proposals to resolve system needs. We absolutely agree with and support these two objectives. Applying the solution of data reporting adopted in Connecticut is one solution of many. Indeed, this solution is specific to Connecticut utilities because it was developed based on the experiences of Connecticut regulators, utilities, stakeholders, and third-party solution providers within the context Connecticut's regulatory paradigm.
- We argue that the solution we recommend for Rhode Island is appropriate for Rhode Island because of our history (e.g., dating back to the beginning of the Tiverton-Little Compton Non-Wires Alternative Pilot in 2012), our statutory and regulatory context (e.g., Least-Cost Procurement of 2006 establishing the framework of system reliability procurement, Revenue Decoupling of 2010 establishing the annual Infrastructure, Safety, and Reliability Plans), and our robust distribution planning regulatory oversight process (e.g., the process and reporting requirements contained within the *2024-2026 SRP Three-Year Plan*, each annual Infrastructure, Safety, and Reliability Plan). Rhode Island Energy is open to considering additional data that would benefit each of the two objectives above, but we suggest specific requests from third-party solution providers that materially help them develop more responsive and competitive proposals would be most

appropriate. Wholesale adoption of data reporting schemes from other states would be both duplicative and sub-optimally effective here in Rhode Island.

"Grid needs data provided by RI Energy should incorporate DER forecasts that are spatially granular…"

- Rhode Island Energy does incorporate DER forecasts into its annual electric load forecast. We agree that insight into adoption of DER by substation or feeder or feeder segment could indeed be useful for planning and are not opposed to include such data in system planning. There are a few ways in which we incorporate spatial data at this time: accounting for DER development that is in our interconnection queue, etc. In an ideal world, we would have additional insight into electric vehicle charging station deployment, adoption of electric vehicles, and adoption of electric heating. We are in the process of working to integrate vehicle electrification into our forecast in a more granular manner, including accounting for federal incentives and state programs. We would like to collaborate with state entities to further understand and integrate adoption of electric heating, and we'd be eager to collaborate with stakeholders to build out spatially granular DER forecasting methods or intake pre-developed spatially granular DER forecasts. We look forward to more conversations about this! However, we also note that additional visibility into the electric system, like what is envisioned in our Grid Modernization Plan, is needed to really make the most of spatially granular DER forecasting.

"Grid needs analysis should endeavor to disaggregate load forecasts to assess individual end uses and better understand the impacts of DERs on load profiles, including the role that measures like energy efficiency and demand flexibility can play in improving hosting capacity."

- We hear Acadia's interest in adding 'improve hosting capacity' as an eligible system need for system reliability procurement. Let's add this for discussion at an SRP Technical Working Group.
- Regarding disaggregating load forecasts to assess individual end uses, Rhode Island Energy does not have this functionality with its current metering but we hope to install advanced meters which could then disaggregate load data into end uses to support distribution system planning.

"Acadia Center would also appreciate more detail on RI Energy's timeline for providing grid needs assessment data to the Public Utilities Commission and to potential third-party providers."

- Rhode Island Energy assesses system needs on an annual basis in accordance with the Revenue Decoupling Act's establishment of Infrastructure, Safety, and Reliability Plans. Accordingly, data is provided to the Division in advance of filing with the Public Utilities Commission for their regulatory review and oversight. Third-party providers are able to participate in annual proceedings. For system reliability procurement, Rhode Island Energy's objective is to offer a level playing field and fair process; as such, data about system needs related to system reliability procurement (i.e., contained within Requests for Proposals) will be available as opportunities for system reliability procurement arise.

"Acadia Center urges RI Energy to structure RFPs and competitive solicitations in a sufficiently accessible way that enables third-party providers to put forward robust solutions."

- We hear you and we absolutely agree. Can we provide you with past solicitations for your review and recommendations for improvement? Based on our experience, we are improving the procurement process for 2024-2026 by simplifying the evaluation criteria, providing transparency about the weighting of each evaluation criterion, broadening avenues of engagement to build awareness of solicitations, providing more up-front detail about expectations for data/information publication from vendors, and attempting to open up a more robust channel for feedback and recommendations for improvement from potential bidders. We completely agree that bidders need enough time to submit cohesive and compelling proposals. In each RFP, we provide specific data about the system need. We also have a period during which potential bidders can ask questions. We completely agree that potential bidders should have transparent access to data relevant to their solution proposals.

"RI Energy's annual SRP reports should provide specific detail on why a particular solution was chosen or not chosen."

- We agree and that is our intent – we've updated the language in Section 7 on Annual Reporting to be more clear that we will report on the outcomes of all proposals, even those not chosen for regulatory review and implementation (revised language excerpted below). Rhode Island Energy will provide specific detail on why a particular solution was chosen in its SRP Investment Proposal for that solution.

  "With the dual objectives of transparently reporting activities to interested stakeholders and holding the Company accountable, each annual report will include the following information:

  - *Results of each step included in the SRP process described in Section 2;*
    - *Where results of screening for electric and gas system reliability procurement opportunities, with any opportunities added to a comprehensive listing of opportunities with summary information about system needs or optimization and next step/date of next step (akin to the descriptions provided in Sections 3 and 4);*
    - *Results of Steps 4-5 (solicitation and evaluation) include proposals and their evaluation outcomes for internally-sources system reliability procurement solutions that did or did not advance to Step 6 (regulatory review);"*

Acadia-4
Comment

Engage an Independent Process Monitor and Evaluator

While Rhode Island Energy has unique insight into the electric and gas distribution systems, there may be potential risks to the success of the SRP process if RI Energy is the sole entity that makes the final recommendations for approval by the PUC. A strong, independent process monitor and/or program administrator may be necessary to help avoid conflicts of interest in the utility's recommendations to the PUC. Given the financial and regulatory incentives that inform investor-owned utility investment decisions in general, it is possible that a utility, when considering NWA and NPA, could be biased towards recommending its own investment bid as the best solution to meet a grid need, potentially overlooking and omitting competitive NWA and NPA bids from third-party developers in its recommendations to the PUC. An independent process monitor can play an important role as watchdog and can help ensure that the process is competitive and does not result in unintended consequences or biases within the evaluation process. A neutral process monitor may also be able to settle potential disputes over the application of certain solution evaluation criteria. For example, there may be disagreements over Rhode Island Energy's evaluation of whether a third-party proposal is "environmentally responsible" or not compared to a traditional utility solution, and a process monitor could help address potential conflicts of interest. An independent process monitor may also offer a mechanism of accountability for ensuring that systems needs data made available to third parties is sufficiently comprehensive and timely.

Connecticut's Non-Wires Solutions (NWS) program may offer useful lessons for the SRP process. When designing the NWS program in Connecticut, PURA considered potential conflicts of interest on the part of its investor owned utilities (IOUs) to be strong enough that it chose to establish a neutral NWS process monitor that was "fully independent of the [electric distribution companies] and other stakeholders."[3] As structured within Connecticut's NWS program, the process monitor provides oversight over the solicitation process, and the utilities and the process monitor receive third-party bids to review at the same time. As part of the annual NWS process, the process monitor assesses the RFP process, submits its own independent evaluation of the electric distribution companies' (EDC) recommendation for each NWS solicitation, and comments on any real or perceived conflicts of interest. PURA then reviews both recommendations and allows for public comment before making a final decision. The NWS program includes four categories of allowed projects: 1) the traditional EDC investment that would have been made without the NWS program; 2) an alternative EDC investment bid for a project that the utility would own; 3) a non-EDC, third-party developer bid made in response to competitive RFP; and 4) EDC-third party partnership bids where the EDC and a third-party solution provider work together to develop a proposal. For projects in which an EDC or an EDC affiliate proposes an NWS bid, the process monitor evaluates the bid itself and submits a recommendation to PURA.[4]

Within RI Energy's proposed SRP process, Acadia Center would appreciate more detail about which utility staff members will serve on the SRP proposal evaluation committee. Further, Acadia Center encourages RI Energy to acknowledge any real or perceived conflicts of interest inherent in the utility-run process and to cooperate with the engagement of an independent process monitor and evaluator in the SRP process.

Response

"…avoid conflicts of interest in the utility's recommendations to the PUC."

- We understand Acadia's interest in mitigating unfair preferential treatment for utility reliability procurement solutions over system reliability procurement solutions, and even further in mitigating conflicts of interest that could result in bias for utility-sources solutions over third-party solutions. An independent process monitor and evaluator is one

possible solution to mitigate this risk. We instead propose another solution: we propose to use the existing regulatory paradigm that grants regulatory oversight to the Public Utilities Commission with critical input from the Energy Efficiency and Resource Management Council.

- We mitigate risk of preferential treatment in two ways: establishing a fair process and reporting on outcomes. The system reliability procurement process we describe in Section 2 of the *2024-2026 SRP Three-Year Plan* provides visibility into each step, including the evaluation of proposals for system reliability procurement solutions, which are evaluated identically for utility-sourced and third-party proposals. By then reporting on the outcomes of each step of that process, including reporting on proposals that were not selected, Rhode Island Energy will be held accountable for implementing our proposed process fairly and without bias.
- We believe our recommended process results in the same outcome – a level playing field between potentially solutions to system needs and a system of accountability – as the suggestion to engage and independent process monitor, and does so with fewer costs to our customers. In other words, adding a process monitor would be duplicative to the existing process in Rhode Island.
- In application to your specific example about "disagreements over Rhode Island Energy's evaluation of whether a third-party proposal is 'environmentally responsible' or note compared to a traditional utility solution," Rhode Island Energy stands ready to discuss and collaborate with its regulators, the Energy Efficiency and Resource Management Council, and stakeholders to reach the best possible outcomes for our customers. Further discussion and memorialization of how to assess the Least-Cost Procurement Standards (which comprise the evaluation criteria) may be done within the Commission's periodic review of the Standards.
- Regarding application of Connecticut's program, please see our first response to Acadia-3.

Acadia-5
Comment

Avoid the Unintended Risks of Gaming

Acadia Center recommends that RI Energy take care to address potential risks of gaming within the SRP process. For example, while the SRP proposal refers to a $1 million threshold for consideration of non-wires alternatives, it may be tempting to, for example, split a single $1.2 million project into two $600k projects so that the NWA threshold is not triggered. Connecticut's Non-Wires Solutions program offers a method for overcoming this potential risk by requiring the electric distribution companies (EDCs) to include several categories of investments in their annual grid needs filings. These are: "likely" NWS solicitation opportunities that are projected to cost $1 million or more; "potential" opportunities between $500k-$1 million; and "unlikely" opportunities between $250k-$500k.[5] Acadia Center invites RI Energy to consider presenting SRP solicitation opportunities as similar categories of investments in its annual system needs reporting to the PUC. This voluntary step would offer an additional layer of data transparency and helpful remedy to the unintended risks of gaming.

Response

"…take care to address potential risks of gaming within the SRP process."

- Our team views this sort of gaming to be counterproductive and bad for our customers, who are our number one priority. We are open to considering system reliability procurement solutions for system needs with lower costs, but do not see the need to change this screening criterion at this time. Indeed, we issued a Request for Proposals for a non-wires solution to a system need with a best alternative utility reliability procurement cost of $700k ($570k in capital expenses). Furthermore, our planning process is subject to a robust system of regulatory oversight. We invite stakeholders to also review the system needs (and costs) we identify without our area studies and subsequently include in Infrastructure, Safety, and Reliability Plans; these are all available via our System Data Portal. Please challenge our work if there is concern about us artificially disaggregating utility reliability procurement solutions that would otherwise be ripe opportunities for system reliability procurement solutions 😊