Name

Oliwia Krupinska

Who You Represent/Your Organization

Northeast Clean Energy Council

Email

okrupinska@necec.org

Public Comment

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Comments of NECEC - ConnectedSolutions Program Design, 2024-2026 System Reliability Procurement Three-Year Plan

Dear Mr. Oakley,

The Northeast Clean Energy Council ("NECEC") appreciates the opportunity to provide comments on the proposed updates to the ConnectedSolutions program within Rhode Island Energy's ("RI Energy") System Reliability Procurement ("SRP") Three-Year Plan. We believe that the collaboration between the Energy Efficiency and Resource Management Council (EERMC) and RI Energy can yield a plan that fosters the development of a successful and reliable grid.

NECEC leads the just, equitable, and rapid transition to a clean energy future and a diverse climate economy. NECEC is the only organization in the Northeast that covers all of the clean energy market segments, representing the business perspectives of investors and clean energy companies across every stage of development. NECEC members span the broad spectrum of the clean energy industry, including energy efficiency, clean transportation, wind, solar, energy storage, microgrids, fuel cells, and advanced and "smart" technologies.

NECEC is dedicated to growing the clean energy economy in Rhode Island and across the region, in pursuit of our mission to create a world-class and equitable clean energy hub in the Northeast. The Council's 250+ members include companies based in Rhode Island, doing business or hoping to make future investments in the state.

The Rhode Island Act on Climate committed the state to not only reaching net-zero emissions by 2050, but also established intermediate goals—including a 45% emissions reduction by 2030. With such short time frames, energy program administrators can have a powerful impact on getting the state closer to meeting these ambitious decarbonizing goals. NECEC supports the development of an SRP that prioritizes the development of an energy system that is responsive to ongoing electrification trends, increasing energy demand, and the need to decarbonize our economy as quickly as possible.

NECEC thanks RI Energy for leading the SRP development process and for the opportunity to provide feedback on the proposed changes to the ConnectedSolutions program design. ConnectedSolutions provides participating customers with financial incentives to decrease their energy demand during peak hours. As participation increases, this will yield increased benefits for the electric grid, mitigating the occurrence of system peaks.

Encouraging voluntary demand curtailment presents a straightforward approach to diminishing peak demand, consequently reducing the reliance on peaker plants—which are some of the most polluting energy sources on the grid. A reduced peak demand also bolsters the utility and state efforts to modernize the grid by allowing a more deliberate approach to grid enhancement.

NECEC respectfully submits the following suggestions for to maximize the program's impact:

Program changes should only affect new battery project entrants, not existing participants. Installing a storage system is an expensive investment, so it is likely that customers factor incentives into their decision-making process when deciding to invest in a battery installation. We suggest grandfathering any project that has submitted an interconnection application. By ensuring that the projects that are already underway are not negatively impacted, Rhode Island will support and encourage the growth of the battery market in the state.

The program should provide a 5-year rate lock. Again, due to the large costs involved in battery installation, it is important to provide stability and support to customers. A five-year rate lock for all battery connections, those already underway and those that will come in the future, will create a more attractive financial incentive and make this investment more attainable.

The design of a battery incentive cap should not hinder the development of larger battery installations. While a cap can prevent a single customer from using a disproportionate amount of the program budget, NECEC is concerned that the cap might act as a disincentive for building larger, more cost-effective projects. Installing battery storage is an expensive undertaking that greatly benefits from economies of scale, so a battery incentive should also encourage the development of battery systems that offer more storage capacity per dollar spent. This pertains especially to batteries near 5MW, which are not yet utility-scale but might miss out on the incentive if the cap is set to a single-household level.

An alternative approach to ensuring fair distribution of funds across batteries of various sizes would involve implementing a fund allocation system that devotes a certain percentage of its funds to smaller batteries, but pays incentives proportionately to the size of the storage. This program structure would maximize incentive value by fostering more economical development, while also ensuring a diverse array of storage systems.

NECEC encourages RI Energy to provide an analysis of potential program attrition that would result from lowering the incentive in Battery Energy Storage Dispatch. A Rhode Island-specific, evidence-based projection of participant losses that could result from a less favorable incentive structure would give a more accurate picture of the net benefit of said change. NECEC supports RI Energy's desire to increase enrollment, and believes this will be most accurately assured by providing both the expected gains and losses that result from a change in incentive.

Again, we thank the EERMC for considering our comments and RI Energy for stewarding this process, and look forward to continuing collaboration in designing and implementing programs that not only contribute to a more resilient electric grid, but also foster a clean and sustainable economy.

Sincerely,

Oliwia D. Krupinska
Policy and Regulatory Analyst
Northeast Clean Energy Council
okrupinska@necec.org