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2027-2029
System Reliability Procurement
Three-Year Plan

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Front Matter

2027-2029
System Reliability Procurement (SRP)
Three-Year Plan

For action by the Rhode Island Energy Efficiency Council on October 15, 2026

To be filed on/by November 20, 2026, with:

Rhode Island Public Utilities Commission in RIPUC Docket No. 26-XX-EE

Prepared by:
The Narragansett Electric Company d/b/a Rhode Island Energy

Executive Summary

Executive Summary

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 by employing diverse energy resources, distributed generation, or demand response. In this *2027-2029 SRP Three-Year Plan ("Plan")*, Rhode Island Energy summarizes its proposed implementation plan for system reliability procurement. This Executive Summary is intended to provide a high-level overview.

How does Rhode Island Energy identify opportunities for system reliability procurement?
Rhode Island Energy's system planners identify opportunities for system reliability procurement as they identify and screen system needs. The figure below describes the entire system reliability procurement process from identifying system needs to implementing system reliability procurement solutions. Section 2 describes this process in detail, and Sections 3 and 4 identify opportunities for system reliability procurement solutions in the queue.

[1] Per the Rhode Island Public Utilities Commission's Least-Cost Procurement Standards, 2026 version.

Figure ES-1. Overview of System Reliability Procurement Process



Identify system needs	Engineers use forecasts about energy demand and distributed energy resources alongside information like asset age to model the electric and gas systems. These models help engineers pinpoint system needs that should be resolved soon.
Screen for possible solutions	Engineers apply screening criteria to understand which types of solutions are potentially feasible. Possible solutions include infrastructure investment, utility-run programs, and system reliability procurement.
Scope best alternative URP solution	Engineers scope the best alternative utility reliability procurement (URP) solution for the system need or optimization. Possible solutions are utility owned and operated by definition.
Solicit proposals	If system reliability procurement is a potential feasible solution, then engineers will work with the procurement team to develop a competitive bid process for third-party vendors to propose their solutions.
Evaluate proposals	Representatives from throughout Rhode Island Energy will help evaluate proposals from third-party vendors using pre-defined evaluation criteria that assess technical and economic viability.
Request regulatory approval	If a proposal is successful, then Rhode Island Energy will formally submit the solution for regulatory approval through an "SRP Investment Proposal."
Implement solution	If the SRP Investment Proposal is approved, Rhode Island Energy will work with the third-party vendor to implement the solution in time to resolve the system need.

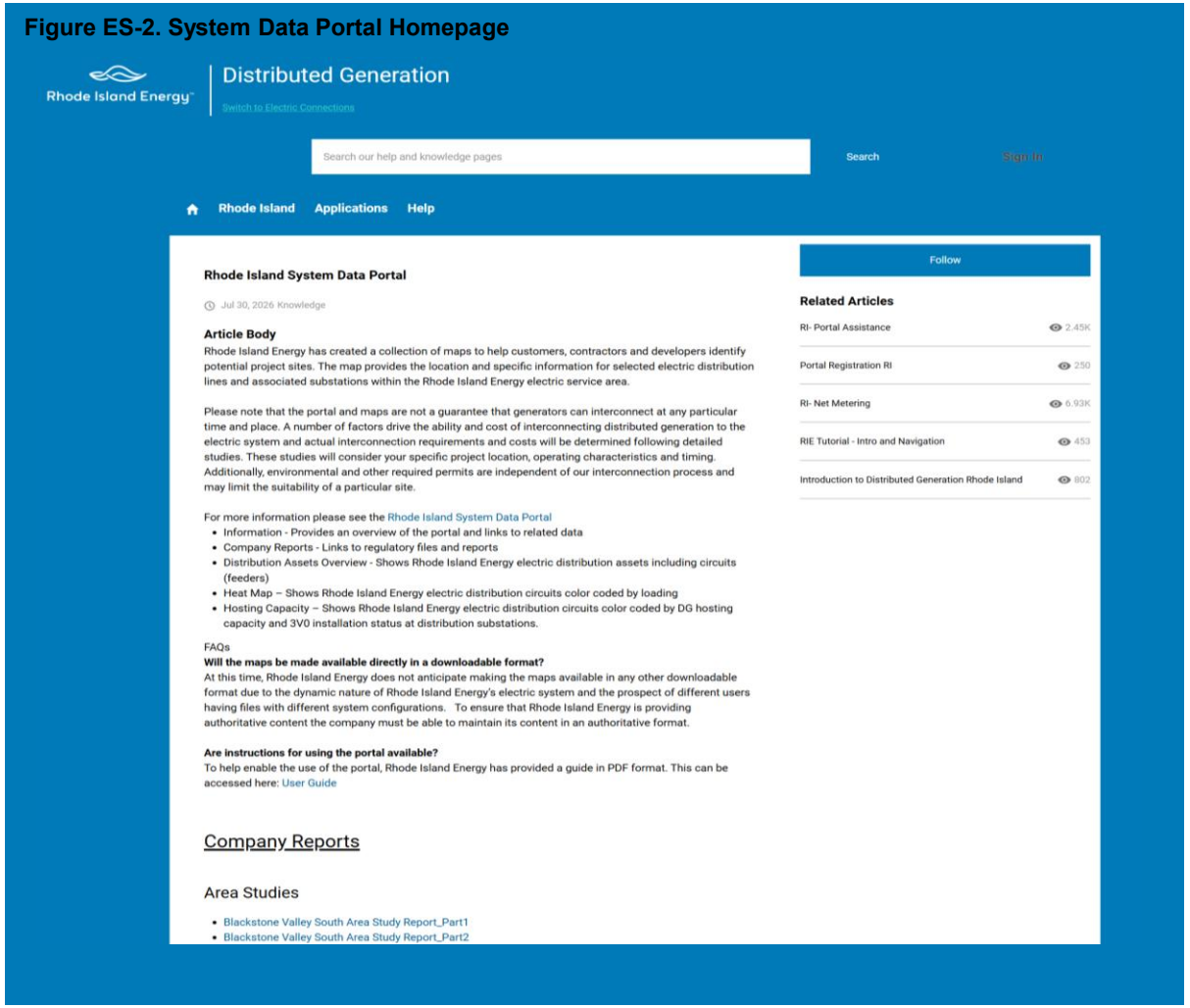
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How can third-party solution providers find opportunities to propose solutions?
Third-party solution providers can find opportunities for system reliability procurement via Rhode Island Energy's System Data Portal, available here: https://portalconnect.rienergy.com/RI/s/article/Rhode-Island-System-Data-Portal.

Specifically, third-party solution providers can access open solicitations for system reliability procurement solutions right from the landing page, under the Company Reports heading. Additionally, third-party solution providers can follow along with Rhode Island Energy's system planning by viewing the area studies; system reliability procurement plans; and infrastructure, safety, and reliability plans under this same heading. Section 5 includes additional discussion of planned updates and improvements to the System Data Portal. Appendix 4 contains a helpful user guide to assist users in getting the most out of the System Data Portal.

Figure ES-2. System Data Portal Homepage



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How can stakeholders engage?
In the spirit of transparency and continuous improvement, Rhode Island Energy welcomes stakeholder engagement through the following channels:

- ✓ Third-party solution providers can add their contact information to Rhode Island Energy's distribution lists for solicitations; these distribution lists may also be used for other communications to solicit feedback from third parties on system reliability procurement processes (email SRPInfo@rienergy.com to be added to distribution lists).

- ✓ Stakeholders representing customer, third party, or other interests can engage directly with Rhode Island Energy (email SRPInfo@rienergy.com to discuss the most productive way to engage).

- ✓ Anyone (third-party solution providers, stakeholder groups, customers, etc.) can follow along with and engage via the Rhode Island Energy Efficiency Council (EEC); visit the EEC's website to learn more about the EEC's oversight role in system reliability procurement and identify meetings to attend and ways to engage: https://eec.ri.gov.

- ✓ Anyone (third-party solution providers, stakeholder groups, customers, etc.) can follow along with and engage as appropriate in regulatory proceedings; visit the Rhode Island Public Utilities Commission's website to access dockets related to system reliability procurement: www.ripuc.ri.gov.

- ✓ Just have a general question or thought? Email us at SRPInfo@rienergy.com to discuss.

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How is SRP coordinated across other distribution system planning and investment activities?
Rhode Island Energy conducts a number of business activities in the pursuit of delivering safe, affordable, reliable, and sustainable energy to our customers. As such, teams throughout Rhode Island Energy coordinate to make sure all investments and customer programs are aligned to make the most effective impacts. The table below provides some detail about how Rhode Island Energy coordinates between system reliability procurement and other distribution system planning and investment activities.

Infrastructure, Safety, and Reliability Planning	All distribution system planning, whether it results in utility reliability procurement that proceeds through *Infrastructure, Safety, and Reliability Plans* or system reliability procurement, begins with identifying system needs using forecasts about energy demand and distributed energy resources alongside information like asset age to model the electric and gas systems. Coordination between utility reliability procurement and system reliability procurement is inherent to Rhode Island Energy's internal structure of identifying system needs and ensures no duplication of efforts.
Energy Efficiency	System reliability procurement and energy efficiency are both authorized through Rhode Island's Least-Cost Procurement Statute and further stipulated through regulatory standards. Rhode Island Energy's energy efficiency team will propose the viability of targeted energy efficiency in response to open solicitations for system reliability procurement, to be evaluated alongside proposals third-party solution providers. In particular, demand response programs (conducted as system reliability procurement) overlay performance incentives on purchase and financing incentives accessed through energy efficiency programs. Staff are fully coordinated on leveraging both incentive streams to maximize demand response program impacts.
Customer Communications	Rhode Island Energy's customer communications team is fully integrated into outreach and engagement for system reliability procurement during the 2027-2029 period. Outreach and engagement could include open solicitations for system reliability procurement, awareness of the System Data Portal, education and volunteer peak demand reduction for ConnectedSolutions, and other information related to system reliability procurement activities, as appropriate.
Grid Modernization and Advanced Metering	The Rhode Island Public Utilities Commission approved Rhode Island Energy's advanced metering (Docket No. 22-49-EL) and grid modernization investment strategy on September 27, 2023. The Company is finalizing its deployment of these projects, slated for completion in October 2026. The Company anticipates that the deployment of advanced metering will enhance visibility, communications, and controls, enhancing Rhode Island Energy's ability to forecast system needs and employ system reliability procurement solutions.
Last Resort Service Supply Procurement	Through a RI PUC approved procurement process, Rhode Island Energy procures energy supply on behalf of all customers who have chosen not to receive supply from an alternate supplier (i.e. retail or competitive supplier). Rhode Island Energy's procurement team is involved in informing decisions about the scale of peak reduction targeted through demand response activities within system reliability procurement.

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For more information…
The following *2027-2029 SRP Three-Year Plan* describes Rhode Island Energy's vision for system reliability procurement throughout 2027-2029. Interested stakeholders, third-party solution providers, and energy system enthusiasts are encouraged to read on to learn more about Rhode Island Energy's system reliability procurement processes, upcoming activities and programs, regulatory compliance, and additional technical and conceptual details.

Section 1. Introduction

Introduction

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 by employing diverse energy resources, distributed generation, or demand response. In this 2027-2029 SRP Three-Year Plan ("Plan"), Rhode Island Energy summarizes its proposed implementation plan for system reliability procurement.

The Rhode Island Public Utilities Commission provides principles for the design of each Three-Year Plan in their Least-Cost Procurement Standards, shown in Figure 1.

In designing this Plan, Rhode Island Energy translated the principles in Figure 1 to a set of four objectives and strategized how to build these objectives into the Plan. Figure 2, next page, connects principles A through C from Figure 1 to these objectives and actions. This figure was discussed with the SRP Technical Working Group on May 4, 2026[3].

Throughout this Plan, we include several figures and tables to aid in understanding and clarity. Figures with a blue background apply generally to the electric and gas systems. Figures with a yellow background provide definitions or other regulatory, statutory, or policy citations. Figures with a teal background are specific to the electric system. Figures with a purple background are specific to the gas system. The objective of this color coding is to assist readers in navigating this Plan.

Figure 1: General Plan Design and Principles

A. In order to meet Rhode Island's gas and electric energy system needs and policy goals in a manner consistent with R.I. Gen. Laws §39-1-27.7, Three-Year SRP Plans should include both a broad consideration of needs and goals and broad consideration of solutions to these needs and goals in order to encourage optimal investment by the distribution company.

B. The Three-Year SRP Plan should be integrated with the distribution company's distribution planning process and be designed, where possible, to complement the objectives of Rhode Island's energy policies and programs as described in Section 3.2.A.

C. The Three-Year SRP Plan should be designed so that potential non-utility solution providers can understand how and when the distribution company makes decisions to implement System Reliability Procurement in lieu of Utility Reliability Procurement.

Source: Least-Cost Procurement Standards, Section 4.3 (Docket No. 26-15-EE)

[2] Rhode Island Public Utilities Commission's Least-Cost Procurement Standards (Docket 26-15-EE).
[3] For more information about the SRP Technical Working Group, see Section 5. To date, the 2027-2029 SRP Three-Year Plan was discussed with the SRP TWG on May 4 and June 18, and with the Energy Efficiency Council on May 14 and June 18.

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Figure 2. RIE Priorities for the 2024-2026 SRP Three-Year Plan

A	B	C	Objectives	How
		√	**Readable**: Easy to navigate and understand by any reader, including third-party solution providers	• Restructuring sections and content to be more responsive to the LCP Standards Chapter 4 • Organizational discipline • Concise writing, figures
√	√		**Useful**: Demonstrate clear alignment and integration with other business functions and investment proposals	• Links to overarching business objectives • Cross references • Calling out contingencies if/when they exist
√		√	**Actionable**: Where we identify areas of innovation or improvement, provide clear and actionable workplans	• Work/research/discussions needed • Milestones • Interim and end deliverables • Eval process for internal EE/DR/etc efforts
√	√	√	**Compelling**: Clear proposals for PUC ruling with well-supported justification and reasoning	• Screening requirements and implementation plans for non-wires and non-pipes solutions • Annual reporting requirements • Performance metrics and incentive plan • Other proposals, as appropriate

Contents

This Plan is organized into sections aligned with required content as described in Chapter 4.4 of the Least-Cost Procurement Standards. Non-wires solutions and non-pipes solutions are each addressed throughout each of the sections of this Plan. The appendices to this Plan provide additional details to aid in understanding of the Report and to comply with legal and regulatory reporting requirements.

Section 1. Introduction
Section 2. System Reliability Procurement Process
Section 3. Electric System Needs and Optimization
Section 4. Gas System Needs and Optimization
Section 5. Market and Stakeholder Engagement
Section 6. Performance Incentive Plan
Section 7. Annual Reporting
Section 8. Consistency with LCP Standards
Section 9. Requests for Regulatory Rulings

Appendix 1. Slide Deck Format
Appendix 2. Notes on Terminology
Appendix 3. Legal and Regulatory Basis
Appendix 4. System Data Portal

Section 2. System Reliability Procurement Process

Overview

In this Section, Rhode Island Energy describes the system planning process, from identification of system needs, screening for system reliability procurement, and procuring, evaluating, and implementing solutions.

We describe each step in detail. Although many steps are the same regardless of whether the system need or optimization is for the electric or gas system, there are some steps in which we handle electric system needs differently from gas system needs. We take care in pointing out these differences and explain why these differences are appropriate within our pre-filed testimony.

Figure 3 summarizes the system reliability procurement process as a sequence of high-level steps. These high-level steps are fully integrated into the overall electric and gas system planning processes. We walk through each of these steps in order in the following subsections, and discuss report-outs on the results of each step within Section 7: Annual Reporting.

Figure 3. Overview of System Reliability Procurement Process



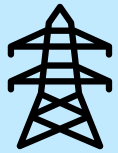
Identify system needs

Engineers use forecasts about energy demand and distributed energy resources alongside information like asset age to model the electric and gas systems. These models help engineers pinpoint system needs that should be resolved soon.



Screen for possible solutions

Engineers apply screening criteria to understand which types of solutions are potentially feasible. Possible solutions include infrastructure investment, utility-run programs, and system reliability procurement.



Scope best alternative URP solution

Engineers scope the best alternative utility reliability procurement (URP) solution for the system need or optimization. Possible solutions are utility owned and operated by definition.



Solicit proposals

If system reliability procurement is a potential feasible solution, then engineers will work with the procurement team to develop a competitive bid process for third-party vendors to propose their solutions.



Evaluate proposals

Representatives from throughout Rhode Island Energy will help evaluate proposals from third-party vendors using pre-defined evaluation criteria that assess technical and economic viability.



Request regulatory approval

If a proposal is successful, then Rhode Island Energy will formally submit the solution for regulatory approval through an “SRP Investment Proposal.”



Implement solution

If the SRP Investment Proposal is approved, Rhode Island Energy will work with the third-party vendor to implement the solution in time to resolve the system need.

Step 1. Identify System Needs and Optimization

The Rhode Island Energy team identifies system needs and opportunities to optimize system performance through routine distribution system planning studies, through annual distribution system planning processes, and through annual consideration of supply-related needs and opportunities.

Electric System
Engineers use electrical models to simulate conditions on the electric system, given inputs like forecasted load growth, forecasted penetration of distributed energy resources, and characteristics of electric assets, like age. These models help engineers pinpoint system issues and when they need to be addressed. Engineers do this type of planning every several years for geographical electrical areas (called area studies) and annually for targeted immediate system needs.

Engineers and supply procurement team members will also discuss potential supply constraints or needs on an annual basis. Rhode Island and the region typically experience peak supply demand on hot summer evenings, which can result in higher supply costs for customers. The team considers high supply costs as an opportunity for optimization of system performance.

Gas System
The process of identifying gas system needs and opportunities to optimize performance is very similar to that followed for electric system planning. Engineers use gas supply and distribution system models to perform a detailed analysis of facilities and system performance within identified geographic gas areas as well as for targeted immediate system needs. Gas engineers and the gas procurement team discuss potential supply constraints and needs as part of the system assessment. This process prioritizes the identification of capacity-constrained areas – i.e., locations on the gas system where forecasted peak demand exceeds the amount of pipeline capacity we can rely on to be available on the coldest winter days.

Figure 4. Definitions

Electric System Needs
Needs to serve both customer load and customer generation, including, but not limited to, system capacity (normal and emergency), voltage performance, reliability performance, protection coordination, fault current management, reactive power compensation, asset condition assessment, distributed generation constraints, operational considerations, and customer requests.

Gas System Needs
Needs to serve customers, including, but not limited to, system capacity (normal and emergency), pressure management, asset condition assessment, gas service that supports electric distributed generation, and operational considerations.

Optimization of System Performance
Improvement of the performance and efficiency of the gas or electric system that includes enhanced reliability, peak load reduction, improved utilization of both utility and non-utility assets, optimization of operations, and reduced system losses.

Source: Least-Cost Procurement Standards (2026 version)

Step 2. Screen for Possible Solutions

Once a system need or opportunity for system optimization is identified, the Rhode Island Energy team screens for the possibility that a system reliability procurement solution may be technically and economically viable.

Figure 5 defines the two categories of possible solutions to a system need or optimization: system reliability procurement solutions with utility reliability procurement solutions.

Figure 5. Definitions

Utility Reliability Procurement
Procurement to meet or mitigate a gas or electric distribution system need or optimization that is not System Reliability Procurement and thus represents a utility-only investment or expenditure.*

* For example, many such Utility Reliability Procurement investments and operations are proposed in annual Infrastructure, Safety, and Reliability Plans filed pursuant to R.I. Gen. Laws § 39-1-27.7.1(c)(2).

System Reliability Procurement
Procurement to meet or mitigate a gas or electric distribution system need or optimization from a party other than the gas or electric utility** that provides the need or optimization by employing diverse energy resources, distributed generation, or demand response.***

** A utility proposal to own and operate non-traditional investment or new operations and maintenance services, such as new voltage-regulation equipment, battery storage, or vegetation management, and any vendor services associated with such investment or service, shall not be considered System Reliability Procurement per this definition. Such investments and services are, however, still subject to the Guidance Document issued in Docket No. 4600A.

*** Including, but not limited to, the resources named in R.I. Gen. Laws § 39-1-27.7(a)(1)(i)-(iii).

Source: Least-Cost Procurement Standards (2026 version)

Step 2. Screen for Possible Solutions

Figure 6 compares and contrasts key terminology that describes various possible solutions to assist with understanding.

System reliability procurement encompasses solutions proposed by third-party vendors and solutions operated by Rhode Island Energy. However, utility reliability procurement is limited to solutions owned and operated by Rhode Island Energy.

System reliability procurement only encompasses non-wires and non-pipes solutions. Utility reliability procurement can encompass both wires/pipes solutions and non-wires/non-pipes solutions. Note that this step is technology agnostic; screening criteria for the possibility of a system reliability procurement solution to a system need or optimization are silent on technology alternatives.

Figure 6. Examples of Solutions and Relevant Terminology

	Wires/Pipes Solutions	**Non-Wires/ Non-Pipes Solutions**
Utility Reliability Procurement (URP)	Reconductoring Upsize transformers Pipe replacement	Utility-owned and operated battery storage CVR/VVO
System Reliability Procurement (SRP)	Not applicable	***Utility-run*** or ***third-party*** demand response or targeted energy efficiency ***Third-party*** owned and operated battery storage

Step 2. Screen for Possible Solutions – Electric System

Engineers screen system needs for the potential viability of a system reliability procurement solution. This screening is fully integrated into the planning process and is part of the normal course of business.

Screening criteria are described in Figure 7. These screening criteria are applied by the engineering team to all electric system needs and opportunities for optimizing system performance that arise during Step 1.

System needs that fail any of the screening criteria will be proposed as “wires solutions” through Rhode Island Energy’s annual Electric Infrastructure, Safety, and Reliability (“ISR”) Plan at the appropriate time.

System needs that pass the screening then advance through the following steps to solicit and evaluate the viability of system reliability procurement solutions.

Figure 7. Screening Criteria for Non-Wires Solutions through System Reliability Procurement



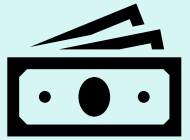
Not an asset condition issue

Electric assets that have reached the end of their lifetimes need to be replaced; a non-wires solution (whether system reliability or utility reliability procurement) cannot resolve an asset condition issue.



Eligible system need or optimization

Eligible system needs and optimization include load relief, reliability, and supply cost mitigation. If the system need is load relief, the amount of load should not exceed 20% of total load in the area of the defined need.



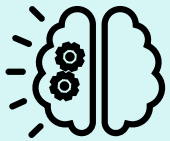
Sufficient Market Interest

The system need or optimization must be substantial enough to plausibly result in market interest. Rhode Island Energy uses a guideline of the wires solution costing at least $1 million as a proxy for whether a system need is likely to gain sufficient market interest.



Adequate time to implement

There must be at least 24 months before the start date of non-wires solution implementation to allow adequate time to go to market, evaluate proposals, gain necessary approvals, and construct or deploy the proposed non-wires solution.



Additionally, by the Company’s discretion, Rhode Island Energy may pursue a project that does not pass one or more of these screening criteria if there is reason to believe that a viable non-wires solution exists, assuming the benefits of doing so justify the costs.

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Step 2. Screen for Possible Solutions – Gas System

Gas system reliability procurement is a nascent program and process, requiring ongoing development so that full integration into the gas planning process and normal course of business can be achieved. As with the electric system, the objective is for gas engineers to screen system needs for the potential viability of a system reliability procurement solution. Given the emergent nature of the program, we anticipate the screening process and criteria may evolve, informed by experience and learnings. Any proposed changes will be submitted for regulatory approval per LCP Standards at the appropriate time.

Once embedded in the gas planning process, screening criteria will be applied by the engineering team to system needs and opportunities for optimizing system performance that arise during Step 1. Screening criteria for the gas system are described in Figure 8.

System needs that fail any of the screening criteria will be proposed as "pipes solutions" through Rhode Island Energy's annual Gas Infrastructure, Safety, and Reliability ("ISR") Plan at the appropriate time.

System needs that pass the screening then advance through the following steps to solicit and evaluate the viability of system reliability procurement solutions. Projects that meet the screening criteria will be prioritized in consideration of capacity-constrained areas on the gas system.

Figure 8. Screening Criteria for Non-Pipes Solutions through System Reliability Procurement



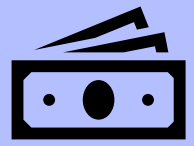
Not an asset replacement investment

Gas assets that pose immediate, local, and system-wide safety and/or reliability impacts must be replaced; a non-pipes solution (whether system reliability or utility reliability procurement) cannot resolve a critical safety or reliability issue.



Eligible system need or optimization

Eligible system needs and optimization include load reduction, load removal, and supply constraint mitigation.



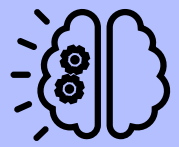
Sufficient Market Interest

The system need or optimization must be substantial enough to plausibly result in market interest. Rhode Island Energy uses a guideline of the pipes solution costing at least $0.5 million as a proxy for whether a system need is likely to gain sufficient market interest.



Adequate time to implement

There must be at least 24 months before the start date of non-pipes solution implementation to allow adequate time to go to market, evaluate proposals, gain necessary approvals, and construct or deploy the proposed non-pipes solution.



Additionally, by the Company's discretion, Rhode Island Energy may pursue a project that does not pass one or more of these screening criteria if there is reason to believe that a viable non-pipes solution exists, assuming the benefits of doing so justify the costs.

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Step 3. Scope the Best Alternative URP

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Least-Cost Procurement Standards require “System Reliability Procurement shall be lower than the cost of the best alternative Utility Reliability Procurement” (Section 1.3.A). Therefore, we first must understand what the best alternative utility reliability procurement solution is.

System engineers always develop their recommendation for the best utility reliability procurement solution. These solutions are described in area studies and annual Infrastructure, Safety, and Reliability (“ISR”) Plans.

For any system need or optimization that passes the screening criteria in Step 2 of the system reliability procurement process, the cost of the best alternative utility reliability procurement solution will be denoted as the cost against which to compare system reliability procurement proposals. When a potential opportunity passes screening criteria other than market interest, Rhode Island Energy will work closely with stakeholders to gain insight into market interest, prior to advancing to Step 4.

Step 4. Solicit Proposals

Rhode Island Energy will solicit proposals for all possible solutions identified, whether from a third-party vendor or an internal business functional team (i.e., utility-run non-wires/non-pipes solutions). The Company will work proactively with stakeholder groups (i.e. the SRP Technical Working Group) to ensure RFPs are communicated to a broad audience of potential solution providers.

Solicitation will occur via a competitive Request for Proposals ("RFP"). Internally, a procurement specialist will work with engineers and others to develop the RFP, which will fully detail the scope of the system need or opportunity for optimization. The RFP will include all technical specifications required to design a solution. Each RFP will have a period during which potential bidders can ask additional questions.

Rhode Island Energy may require a two-stage proposal process, where the first stage requires a letter of intent describing the proposed concept prior to the second stage proposal with complete technical and financial detail. The objective of this two-stage proposal process is to reduce workload and improve proposals by providing an opportunity for Rhode Island Energy to give feedback and express interest (non-interest) in technically viable (non-viable) proposals.

Results of solicitations – including information about third-party and internally-sourced proposals received – will be reported annually; see Section 7 for more information.

Proposals for Third-Party Solutions

Third-party solution providers may submit proposals for non-wires and non-pipes solutions. RFPs will be posted publicly and can be found by navigating to Rhode Island Energy's System Data Portal[4]. Rhode Island Energy will conduct outreach for each RFP to engage the market in the objective of obtaining a robust set of competitive proposals. Rhode Island Energy will include comprehensive instructions for how potential bidders can submit questions and proposals.

Proposals for Utility-Run Solutions

Program leads representing possibly viable utility-run solutions (i.e., energy efficiency, demand response, renewable energy programs, and energy storage) will be asked to develop proposals in response to the same RFP used to solicit proposals from third-party vendors, subject to the same deadlines, processes, and transparency standards.

4 See Section 5 for more information about Rhode Island Energy's System Data Portal.

Notice to Third-Party Bidders

To aid in transparent processes, the following will be included in each RFP:

"All proposals received by Rhode Island Energy ("RIE") in connection with this Request for Proposals ("RFP") are subject to public disclosure, specifically through filings made by RIE with the Rhode Island Public Utilities Commission ("PUC"). Filings with the PUC are subject to the Rhode Island Access to Public Records Act ("APRA"), R.I. Gen. Laws §38-2-1, et. seq. When making filings with the PUC, RIE will consider all proposals to be public unless RIE, in its discretion, finds that certain portions of information contained within the proposals are exempt from public disclosure pursuant to R.I. Gen. Laws §38- 2-2(4), in which case, RIE may seek confidential treatment from the PUC. Offerors are advised to clearly mark or label "confidential" any portions of information within their proposals that they believe are "[t]rade secrets and commercial or financial information obtained from a person, firm, or corporation which is of a privileged or confidential nature." When making a filing with the PUC, RIE will take into consideration any information marked by the offeror as confidential. However, broad disclaimers that label the entire proposal as confidential will not help RIE in its APRA analysis and may not be considered."

Step 5. Evaluate Proposals

With the objective of comparing possible solutions on a level playing field, all possible solutions – whether utility-run or third-party provided – are pursued and evaluated in parallel.

First, the procurement specialist will review all proposals to ensure their completeness. On a case-by-case basis, the procurement specialist may notify bidders of incomplete proposals and allow time for bidders to remedy their proposals. Bidders who do not or cannot submit complete proposals will be notified of their disqualification from the procurement process. The procurement specialist will share all complete proposals with members of the Rhode Island Energy evaluation committee, who will be determined prior to issuing the RFP.

All proposals will be evaluated by all members of the evaluation committee using the same evaluation sequence, evaluation criteria, and weighting. Each member will score each proposal; all member scores will be averaged to obtain the final score. The proposal with the highest score will be tentatively selected; all other bidders will be notified of non-selection.

Evaluation criteria is defined and described in the Least-Cost Procurement Standards, Section 1.3.A:

> *"Least-Cost Procurement shall be cost-effective, reliable, prudent, and environmentally responsible. … System Reliability Procurement shall be lower than the cost of the best alternative Utility Reliability Procurement."*

Rhode Island Energy adopts these criteria in its evaluation rubric, shown in Figure 8, below. As a threshold step, any proposal that costs more than the best alternative utility reliability procurement solution identified in Step 3 will be removed from consideration. Rhode Island Energy will conduct its comparison of costs using the stipulations defined in Least-Cost Procurement Standards Section 1.3.H.[5]

Figure 8. System Reliability Procurement Evaluation Rubric

Criteria	Description	Weight
Cost	Total project cost is less than or equal to cost of best alternative Utility Reliability Procurement	Go/No-Go
Cost-Effective	Using the Docket 4600 Benefit-Cost Framework, to what extent do benefits outweigh costs?	25; No-Go if BCR- < 1.0
Reliable	To what extent can the proposal reliably resolve the system need?	25; No-Go if deemed not reliable
Prudent	To what extent would advancing the proposal be considered a prudent decision?	25; No-Go if deemed not prudent
Environ-mentally Respon-sible	To what extent is the proposal environmentally responsible?	25; No-Go if not environ-mentally responsible
	Total	**100**

Step 5. Evaluate Proposals

The evaluation committee will review all remaining proposals and score them based on the extent to which they are cost-effective, reliable, prudent, and environmentally responsible. Rhode Island Energy will conduct its evaluation consistent with the requirements provided by the Least-Cost Procurement Standards in Section 1.3, including adherence to the principles for cost tests and resource assessments in Standards Section 1.3.B.[6] Using the stipulations defined in Least-Cost Procurement Standards Sections 1.3.C, 1.3.D, 1.3.E, and 1.3.F, any proposal that is found to be not cost-effective, reliable, prudent, or environmentally responsible will be removed from consideration.[7]

Of all remaining proposals, Rhode Island Energy will tentatively select the proposal with the highest score for continuation in the system reliability procurement process. Outcomes of evaluations – including evaluations of third-party and internally-sourced proposals – will be reported annually; see Section 7 for more information.

Step 6. Request Regulatory Approval

If the evaluation in Step 5 results in a proposal that is less costly than the best alternative utility reliability procurement and is cost-effective, reliable, prudent, and environmentally responsible, then Rhode Island Energy will file for regulatory approval of the system reliability procurement solution.

Figure 10 provides examples of which regulatory avenues Rhode Island Energy may pursue for approval for various solutions, where the wires or pipes solution (yellow row) represents the best alternative utility reliability procurement solution and subsequent rows (gray) represent system reliability procurement. 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.

Figure 10. Examples of filings through which regulatory approval may be requested for an incomplete set of potential solutions to system needs or optimization

Solution Description	Regulatory Filing	Timing of Filing
Wires or Pipes Solution	Electric or Gas Infrastructure, Safety, and Reliability ("ISR") Plan	Annual filing each December
Third-Party Solution (Technology Agnostic)	SRP Investment Proposal	December, alongside ISR Plan
Utility-Administered Energy Efficiency	SRP Investment Proposal	December, alongside ISR Plan
Utility-Administered Demand Response	SRP Investment Proposal	December, alongside ISR Plan
Utility Owned and Operated Energy Storage	Electric ISR Plan	Annual filing each December
Renewable Energy Incentives	Renewable Energy Growth Program (zonal incentive)	Annual filing each November

Step 7. Implement Solution

Pending regulatory approval, Rhode Island Energy will proceed expeditiously with the system reliability procurement solution. Any third-party solution will require an executed contract between the third party and Rhode Island Energy.

Contracts for third-party system reliability procurement solutions may include terms and conditions covering performance expectations, penalties for non-performance, and data sharing and transparency. An example of such language is below for reference:

"[Vendor] acknowledges that the Rhode Island System Reliability Procurement Program ("Program") is funded by Rhode Island customers through the energy efficiency surcharge on their bills [or other rate mechanism]. [Vendor] agrees to cooperate with Rhode Island Energy ("RIE") and provide any documentation and/or data related to the Program in its possession to RIE for purposes of ensuring that RIE can (i) comply with any directives issued by the Rhode Island Public Utilities Commission ("PUC") or other authorized governmental agency and (ii) respond to any data requests made by the PUC or other governmental agency. [Vendor] also agrees that such documentation and/or data as well as this Agreement may be publicly filed by RIE in regulatory proceedings related to the Program. [Vendor] further agrees to comply with all requirements as reasonably deemed necessary by RIE to ensure that [Vendor] is qualified to serve as a vendor within the Program."

<u>Reporting and Continuous Improvement</u>
Rhode Island Energy is committed to robust procurement and evaluation of system reliability procurement solutions.

To promote transparency, Rhode Island Energy will report results of all procurements, including assessments of the viability of utility-administered solutions. Such reporting will be included within *System Reliability Procurement Annual Reports*. For more information, see Section 7 of this *2027-2029 SRP Three-Year Plan*.

In the spirit of continuous improvement, Rhode Island Energy always encourages and accepts feedback from third-party solution providers, including both bidders and non-bidders. To provide feedback, please email SRPInfo@rienergy.com.

Section 3. Electric System Needs and Optimization

Reducing Supply Costs through Electric Demand Response

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System Need or Optimization

Electricity supply costs are partially driven by the high cost of electricity during the few hours of the year when we use the most electricity. During these "peak periods," the most expensive generators are needed to supply enough electricity to meet demand, and their cost is factored into the supply rates customers incur.

Although Rhode Island Energy is an electricity delivery company (akin to FedEx or UPS for delivering packages), we are obliged to help customers who choose not to buy supply from a third-party supplier by buying electricity in bulk on the wholesale market. Rhode Island Energy cares about helping customers access the most affordable electricity and, as such, has identified an opportunity to reduce supply costs by incentivizing demand reductions during peak periods.

SRP Electric System Screening Criteria

This optimization meets all four electric system screening criteria and is, therefore, an opportunity for system reliability procurement:

1. The optimization is not related to an asset condition issue;
2. The optimization is eligible because the optimization requires load relief;
3. The opportunity for system reliability procurement is likely to garner sufficient market interest; and
4. There is adequate time to implement a system reliability procurement solution.

Best Alternative Utility Reliability Procurement Solution

Demand response proposed for this system need is specifically to reduce system-level peak demand. There is no best alternative utility reliability procurement solution at this time.[8,9]

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[8] In the spirit of continuous improvement, Rhode Island Energy always encourages and accepts feedback from third-party solution providers, including both bidders and non-bidders. To provide feedback, please email SRPInfo@rienergy.com.

[9] The current demand response program is not capable of managing loads in response to circuit peaks because the current demand response program does not have the necessary inputs, including localized data, to sufficiently manage the distribution system with the existing software/systems.

Rhode Island Energy's Grid Modernization Plan analysis identified a need to dispatch demand response resources with an understanding of both localized resource characteristics and system topology. The current system is incapable of doing this for two reasons. First, the current electric system does not have the requisite equipment (sensors, meters, etc.) to provide the data required to understand system topology. Second, the current demand response management system does not have the functionality to pair these two attributes (resource characteristics and system topology).

The proposed grid modernization investments include the requisite equipment to provide the data required to understand the system topology and associated limitations on a granular basis. This understanding will provide incremental benefits, such as having the ability to provide localized solutions to address system needs, which will increase the impact of the existing demand response programs. Rhode Island Energy recognizes circuit-focused peak load management may become an important functionality for achieving the State's climate and clean energy mandates safely, reliably, and affordably. Rhode Island Energy notes that its proposed grid modernization investments are expected to improve visibility into localized system conditions and customer usage patterns, creating opportunities to better understand where demand response resources may provide incremental value. As these capabilities mature, RIE may evaluate opportunities to support targeted customer outreach and enrollment strategies in areas where system needs and customer participation patterns indicate potential benefits. Any future consideration of localized ConnectedSolutions solutions would be subject to identification of suitable locations, demonstrated customer and system value, and further operational capabilities and program design. Furthermore, Rhode Island Energy's recently completed its advanced metering infrastructure. After the appropriate data handling and processing systems are installed and after a period of time to test and validate the data, this advanced metering infrastructure will (i) provide more granular and timely meter data; (ii) improve the Company's visibility into system and customer usage patterns; and (iii) allow for more accurate measurement and evaluation of performance. The granular data provided by these investments may help inform customer education efforts, targeted outreach strategies, and evaluation of ConnectedSolutions opportunities in areas where participation could provide meaningful system and customer value.

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Reducing Supply Costs through Electric Demand Response

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Solicit and Evaluate System Reliability Procurement Proposals

This system reliability procurement opportunity has been addressed since 2019 through the Company's demand response program, branded ConnectedSolutions[10]. As of September 2026, approximately 14,000 customers are participating in ConnectedSolutions through their connected thermostats, battery energy storage systems, electric vehicles, and production process curtailments. In aggregate, the participation of these customers has led to a meaningful reduction in peak load resulting in an estimated $100 million in costs avoided for our customers from inception through 2026. During the 2024-2026 program years, the participation of these customers and respective peak load reduction is forecasted to produce $26 million in costs avoided, for an estimated $2.7 million in net benefits. Given the proven success of the program and continued value provided to customers, the Company seeks to maintain ConnectedSolutions through 2029.

To administer ConnectedSolutions, Rhode Island Energy partners with a number of curtailment service providers, contracts with a residential demand response vendor, and collaborates with major distribution utilities throughout the region to coordinate demand response events.

Rhode Island Energy will continue to coordinate with and grow this ecosystem of third-parties, participants, and partner utilities to increase collective demand reduction and resulting benefits.

Request Regulatory Approval

Rhode Island Energy will request regulatory approval for ConnectedSolutions via a *System Reliability Procurement ("SRP") Investment Proposal* to be filed in Q4 of 2026 alongside, but separately from, the *Electric Infrastructure, Safety, and Reliability ("ISR") Plan*.[11] The *SRP Investment Proposal* will include program design specifications, budget, and anticipated participation and impacts.

Implement Solution

Pending regulatory approval, Rhode Island Energy will reopen ConnectedSolutions for the 2027-2029 peak demand seasons. Rhode Island Energy reports the resulting impacts in its ConnectedSolutions Year-End Report(s).[12]

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[10] ConnectedSolutions had previously been housed within filings related to energy efficiency (e.g., *2021-2023 Energy Efficiency Three-Year Plan, 2023 Energy Efficiency Annual Plan*). Beginning in 2024, Rhode Island Energy includes ConnectedSolutions within filings related to system reliability procurement instead.

[11] As is recommended by the Least-Cost Procurement Standards (2026 version) Section 5.5.A.

[12] Year-end reports for 2024 and 2025 are available on the Commission's docket webpage (https://ripuc.ri.gov/Docket-24-06-EE); the year-end report for 2026 will be added to this webpage when it is available following the 2026 peak season.

Section 4. Gas System Needs and Optimization

Gas Segment Decommissioning – Foundational Research

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System Need or Optimization

Certain portions of the gas distribution system require ongoing replacement and investment to maintain safe and reliable service due to the age and condition of the gas mains and services (Leak Prone Pipe Replacement program). In some locations, targeted electrification and associated gas segment decommissioning may provide an alternative means of meeting customer energy needs while avoiding future reinvestment in gas infrastructure. Gas segment decommissioning is one potential non-pipes solution that could also reduce methane emissions from leak-prone pipe by decommissioning rather than replacing certain segments of gas mains and services. Gas segment decommissioning is a pathway to targeted electrification, which can be achieved either through air-source heat pumps or ground-source thermal energy networks (more on the latter below), and other electric appliances and equipment.

While the technical concept of targeted electrification and gas segment decommissioning is reasonably well understood, significant work remains to determine whether such projects can be implemented in a manner that is acceptable to customers, supported by appropriate policy frameworks, and cost-effective for customers and the Company.

In order to consider gas segment decommissioning as a non-pipes solution, Rhode Island Energy requires additional foundational research, which is described in further detail in the “Implement Solution” subsection.

SRP Gas System Screening Criteria

Gas segment decommissioning may meet the screening criteria for system reliability procurement because:

- The opportunity is not solely an asset replacement investment;
- The opportunity may address system optimization through targeted load removal;
- There would likely be market interest from providers of electrification services and, potentially, thermal energy network solutions; and
- Sufficient time exists during the 2027 – 2029 planning period to develop and implement a system reliability procurement solution.

Best Alternative Utility Reliability Procurement Solution

The best alternative utility reliability procurement solution would generally consist of continued replacement and ongoing operation of gas infrastructure. The cost of any alternative utility reliability procurement solution would be evaluated on a project-specific basis prior to any request for regulatory approval of a gas segment decommissioning project.

Gas Segment Decommissioning – Foundational Research

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Solicit System Reliability Procurement Proposals

Additional foundational considerations beyond the existing SRP and segment decommissioning technical evaluation criteria are necessary to fully inform the development of a pilot framework, particularly in light of the Company's legal obligation to serve existing gas customers. These considerations include, but are not limited to:

- Understanding customer willingness to transition away from natural gas service and identifying the incentives, outreach, education, and support necessary to achieve broad participation;
- Evaluating affordability, bill impacts, equitable customer outcomes, and customer experience implications associated with alternative technologies;
- Developing a robust benefit-cost analysis framework to evaluate segment-specific opportunities;
- Assessing existing regulatory, legislative, and ratemaking structures and identifying any modifications necessary to enable customer transitions and Company cost recovery; and
- Engaging stakeholders, communities, policymakers, and regulators to better understand implementation challenges and potential solutions.

Request Regulatory Approval

Rhode Island Energy will request regulatory If Rhode Island Energy determines that a proposed gas segment decommissioning project is technically viable, cost-effective, reliable, prudent, environmentally responsible, and lower in cost than the best alternative utility reliability procurement solution, the Company may seek approval through a future SRP Investment Proposal at an appropriate time.

Implement Solution

The Company has identified two workstreams necessary to advance the research and planning necessary to propose a Gas Segment Decommissioning Pilot. The two workstreams are summarized below. The Company anticipates filing an SRP Investment Proposal with further details of this foundational research.

1. Benefit Cost Analysis Framework Tool:

The Company intends to develop a scope of work and request for proposal to onboard a third-party consultant who would be responsible for the development of a BCA framework/tool the Company could apply to different segments. This workstream is a critical next step in understanding the economics behind segment decommissioning and understanding how adjusting inputs can inform the viability of certain segments.

2. Planning and Development

The second workstream consists of the development of a pilot framework. The framework would lay out the next steps necessary to undertake a pilot, including the scope, cost, timeline, specific candidate segments of the system, and measures of success. As part of this workstream, the team would also focus on customer and stakeholder engagement, customer adoption strategies, incentive design, affordability considerations, and identification of any regulatory, legislative, or ratemaking changes necessary to support implementation. . The objective is to determine whether a pilot can be structured in a manner that achieves high levels of customer participation while maintaining affordability, reliability, and positive customer outcomes.

This effort is not intended to pre-determine whether segment decommissioning should occur in any specific location. Rather, the objective is to determine whether there are circumstances where segment decommissioning may represent a safe, reliable, affordable, and customer-supported alternative to continued infrastructure replacement. The ultimate viability of gas segment decommissioning is likely to depend less on technical feasibility and more on customer participation, affordability, incentive structures, and the regulatory and legislative frameworks necessary to support customer choice and successful implementation.

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Thermal Energy Networks

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Thermal Energy Networks

Thermal Energy Networks (TENs) create potential non-gas infrastructure opportunities, including gas segment decommissioning as well as for electric customers who do not currently have access to gas service. A TEN is a type of heating and cooling system where multiple buildings are connected through a shared network of water-filled pipes. These systems circulate water at relatively low or ambient temperatures, allowing buildings to exchange heat with various sources of and sinks for thermal energy, such as geothermal boreholes, wastewater systems, lakes and rivers, or energy-intensive buildings like industrial facilities or data centers. Conceptually, and where technological and economic feasibility align with customer willingness, TENs could replace segments of the gas system and rely on water-source heat pumps in individual buildings to move thermal energy for heating, cooling, and domestic hot water.

The Thermal Energy Network and Jobs Act ("TEN Act"), which went into effect June 24, 2026, enables Rhode Island Energy to study, own, construct, and operate TENs. The TEN Act lays out a staged approach requiring utilities to identify potential locations representing diverse geographies, customer classes and demographics, and thermal energy consumption for TEN projects and to examine their feasibility based on criteria including cost-effectiveness and greenhouse gas reduction potential. Rhode Island Energy must identify between 2 and 12 potential locations for study – including one within or directly benefitting an environmental justice area – by the end of June 2027 and commence at least two feasibility studies before the end of December 2027. If any of the studied projects are determined to be feasible, the TEN Act authorizes, though does not obligate, the Company to submit a pilot proposal to the Commission and seek cost recovery through the Demand Side Management program pursuant to § 39-2-1.2. All reasonable compliance costs associated with TEN planning, location selection, feasibility studies, and pilots are fully recoverable, offset by any non-ratepayer funding secured, under the TEN Act. Rhode Island Energy will address its obligations and options under the TEN Act in parallel – and potentially, to the extent it is determined to be appropriate, in coordination – with the SRP 2027-2029 Plan.
https://webserver.rilegislature.gov/BillText/BillText26/SenateText26/S3080.pdf

Section 5. Market and Stakeholder Engagement

Engagement for Solicitations

In service to the objective of evaluating all possible solutions on a level playing field, Rhode Island Energy is interested in ensuring all competitive proposals are presented. To mitigate risk of an otherwise viable solution not being proposed due to lack of awareness about an RFP, Rhode Island Energy will conduct outreach for its system reliability procurement RFPs in the following ways:

1. Rhode Island Energy will post all RFPs for system reliability procurement publicly on the System Data Portal website.

2. Rhode Island Energy will email its list of third-party vendors when the RFP is issued and a reminder prior to the due date.

3. Rhode Island Energy will notify the System Reliability Procurement Technical Working Group so that members may conduct outreach to their constituents and colleagues.

4. Rhode Island Energy will notify the Energy Efficiency Technical Working Group so that members may conduct outreach to their constituents and colleagues.

5. Rhode Island Energy will make announcements at meetings of the Energy Efficiency Council and the Distributed Generation Board.

Rhode Island Energy welcomes ideas from potential bidders for other avenues of outreach that would be beneficial.

System Data Portal

Rhode Island Energy maintains an interactive website where third parties can access information about the electric distribution system, called the "System Data Portal." The primary objective of the System Data Portal is to use information to nudge development of distributed energy resources to locations on the grid that provide relatively more operational value. An ancillary benefit is that developers can gain insight into potential development locations that may result in relatively low interconnection costs and/or relatively quick interconnection times. Appendix 4 contains more information about how to use the System Data Portal, including specific use cases for various stakeholders including distributed generation developers, electric vehicle charging infrastructure developers, and building developers.

Rhode Island Energy will make the following changes and improvements to the System Data Portal:

- Solicitations for System Reliability Procurement will be housed within the Company Reports section. By housing all relevant materials together (i.e., solicitations, area studies, and SRP Three-Year plans), we hope third-party solution providers and potential bidders can more easily access pertinent information for beneficial development of distributed energy resources and successful proposals for non-wires solutions.

- Equivalent materials for the gas distribution system and solicitations for non-pipes solutions will be added to the Company Reports section.

- Rhode Island Energy removed the fleets layer from the heat map but still has feeder level potential available load capacity pop-up data and will add a map showing more granular load hosting capacity. The original objective of this layer was to help third parties identify fleets that could potentially be electrified. However, there is no compelling evidence that the fleet layer is actively used and there are administrative challenges with updating the layer. Instead, we have feeder level potential available load capacity pop-up data and will add a full map tab showing more granular load hosting capacity for each feeder. This data will provide third parties information about which feeders may have the capacity to accommodate electric vehicle charging infrastructure with relatively low interconnection cost.

- Rhode Island Energy removed the tab "SLR," which showed projections of sea level rise using data sourced from the National Oceanic and Atmospheric Administration. To aid third parties in developing distributed energy resources in locations with lower climate risk, Rhode Island Energy added layers to each map tab that allow users to toggle on/off a map layer from Rhode Island's STORM TOOLS, a map that shows coastal flooding for 100-year coastal storms. Rhode Island's STORM TOOLS are used by the Coastal Resources Management Council. Rhode Island Energy recognizes the importance of climate resilience and climate adaptation for our energy resources and welcomes suggestions for other useful map overlays on an ongoing basis.

- Rhode Island Energy updates all key components of the System Data Portal, including Company Reports, Distribution System Data Map, Heat Map, and Hosting Capacity Map by the end of the first quarter of each year, and on an ongoing basis.

System Reliability Procurement Technical Working Group

The SRP Technical Working Group (TWG) is an external stakeholder group convened and administered by Rhode Island Energy for the sole purpose of advising Rhode Island Energy on matters related to System Reliability Procurement, as defined by Least-Cost Procurement Statute under RIGL 39-1-27.7.

The SRP TWG is not a statutory or regulatory requirement, nor is the group public. Members of the SRP TWG include the Rhode Island Division of Public Utilities and Carriers, Rhode Island Office of Energy Resources, Energy Efficiency and Resource Management Council, and others. Rhode Island Energy will continue to convene the SRP TWG throughout 2027 – 2029. Topics of discussion for this time period may include but are not limited to process improvements for system reliability procurement solicitations and evaluations, review of SRP Investment Proposals and SRP Annual Reports, improvements for the System Data Portal, and other topics to be identified. For more information about the SRP TWG, please email Nathan Kocon at NKocon@rienergy.com.



Section 6. Performance Incentive Plan

Performance Incentive Plan

Rhode Island Energy proposes performance incentive structures for (i) demand response and (ii) implementation of a system reliability procurement solution. Both incentives are structured as shared savings, where the demand response performance incentive shares avoided supply costs and system reliability procurement shares avoided distribution costs.

Through system reliability procurement, Rhode Island Energy is creating value. The Company proposes to share this value between customers and shareholders, thereby accomplishing the Company's dual mission of delivering safe, affordable, reliable, sustainable energy to customers and long-term value to shareholders.

<u>Demand Response Performance Incentive</u>
Rhode Island Energy earns a dollar per megawatt peak reduction performance incentive for its demand response achievements[16]. The level of incremental incentive is tied to quantitative net benefits, as described below. The objective is to share quantifiable cash savings with customers.

Quantitative net benefits:
- Benefits: Electric Energy Savings
- Benefits: Electric Energy DRIPE
- Benefits: Electric Capacity Cost Savings
- Benefits: Electric Capacity DRIPE
- Benefits: Energy Price Arbitrage Savings
- Benefits: Regional Network Service Charge Savings
- Benefits: Local Transmission and Distribution Infrastructure Cost Savings
- Less: Program Costs

The performance measure is spending efficiency, where annual spending efficiency is defined as actual net benefits divided by actual program costs. The definition of eligible costs is annual actual program costs minus regulatory allocation. Payout rates for the performance incentive are based on spending efficiency, as shown in Table 1[17].

Table 1: Company proposal spending efficiency performance incentive payout

Spending Efficiency Category	3 Year Spending Efficiency Measure	Applicable Payout Rate
A	0.60 ≤ Spending Efficiency	18% with cap at $3.2m
B	0.41 ≤ Spending Efficiency < 0.60	10%
C	0.205 ≤ Spending Efficiency < 0.41	5%
D	Spending Efficiency ≤ 0.205	0%

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[16] This performance incentive structure was ordered by the Commission in Docket 24-06-EE
[17] Note that values reflect those ordered in Docket 24-06-EE; updated values will be proposed in the Company's forthcoming SRP Investment Proposal for ConnectedSolutions 2027-2029.

Performance Incentive Plan

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Other System Reliability Procurement Investments

When Rhode Island Energy files an SRP Investment Proposal, the proposal will contain details of the best alternative utility reliability procurement solution, including annual financials, for full regulatory scrutiny. The same details will be provided for the proposed system reliability solution. Rhode Island Energy will request regulatory approval of the performance incentive, implying regulatory review and approval of the specific financials of the best alternative utility reliability procurement solution and the proposed system reliability procurement solution. The performance incentive will be calculated and included within each annual system reliability procurement report, using actual data of the prior year's expenses on the approved system reliability procurement solution relative to the best alternative utility reliability procurement solution. This performance incentive will be recovered via the same cost recovery mechanism used to fund the proposed system reliability procurement solution.

Section 7. Annual Reporting

Annual Reporting

Rhode Island Energy will submit an SRP Annual Report to the Rhode Island Public Utilities Commission by June 1 of each year covering activities completed within the prior calendar year (e.g., the 2027 SRP Annual Report will cover activities conducted January 1 through December 31, 2027, and will be submitted by June 1, 2028). 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);
    - Calculation of performance incentives, as applicable, resulting from successful implementation of system reliability procurement (Step 7)
- A summary of any major changes to the System Data Portal (beyond routine updating of data);
- A summary of engagement with the SRP Technical Working Group; and
- A description of any proposed changes to process, funding, performance incentive, annual reporting, or any other system reliability procurement activity with a justification for the proposed change and any request regulatory ruling related to the proposed change.

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Section 8. Consistency with LCP Standards

Consistency with LCP Standards

In this section, Rhode Island Energy discusses how the 2027-2029 SRP Three-Year Plan –specifically the proposed system reliability procurement process – is consistent with the requirements of Least-Cost Procurement Standards Section 1.3. Key excerpts are copied below for easy and direct reference.

Rhode Island Energy will include detailed discussion and documentation (where appropriate) specific to each System Reliability Procurement Investment Proposal to evince its adherence to Least-Cost Procurement Standards Section 1.3.

Least-Cost Procurement Standards Section 1.3.A

"Least-Cost Procurement shall be cost-effective, reliable, prudent, and environmentally responsible. … System Reliability Procurement shall be lower than the cost of the best alternative Utility Reliability Procurement."

The evaluation step of the system reliability procurement process described in Section 2 Step 5 of this Plan is consistent with Standards Section 1.3.A because the evaluation criteria are structured such that any proposed system reliability procurement solution that is not cost-effective, reliable, prudent, environmentally responsible, and lower than the cost of the best alternative utility reliability procurement solution is removed from further consideration. The proposed system reliability procurement process and evaluation criteria guarantee consistency with Standards Section 1.3.A.

Least-Cost Procurement Standards Section 1.3.B

"When preparing any cost test or resource assessment, including the RI Test, the following principles will be applied: i. Supply-side and demand-side alternative energy resources shall be compared in a consistent and comprehensive manner. ii. Cost tests shall be created using the RI Framework and account for applicable policy goals, as articulated in legislation, PUC orders, regulations, … assessed. iv. Cost tests shall be symmetrical, for example, by including both costs and benefits for each relevant type of impact. v. Analyses of the impacts of investments shall be forward-looking, capturing the difference between costs and benefits that would occur over the life of the investments with those that would occur absent the investments. Sunk costs and benefits are not relevant to a cost-effectiveness analysis. vi. Cost tests shall be completely transparent and should fully document and reveal all relevant inputs, assumptions, methodologies, and results."

The system reliability procurement process described within Section 2 of this Plan includes a step for evaluating system reliability procurement proposals. Within this step, Rhode Island Energy describes its adherence to the principles put forth in Standards Section 1.3.B. In this manner, the Plan is consistent with this requirement of the Standards.

Consistency with LCP Standards

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Least-Cost Procurement Standards Sections 1.3.C-F
These sections stipulate criteria that shall or may be used in the assessment of the extent to which system reliability procurement solutions are cost-effective, reliable, prudent, and environmentally responsible.

The stipulations for determining cost-effectiveness are built into the system reliability procurement process in evaluation of system reliability procurement project proposals. Rhode Island Energy describes its adherence to the Least-Cost Procurement Standards in Section 2 Step 5.

Least-Cost Procurement Standards Section 1.3.H
"Lower than the cost of the best alternative Utility Reliability Procurement i. The distribution company shall compare the cost of System Reliability Procurement measures, programs, and/or portfolios to the cost of the best alternative Utility Reliability Procurement option using all applicable costs enumerated in the RI Framework. The distribution company shall provide specific costs included in the Cost of System Reliability Procurement. ii. At a minimum, the comparison shall include the applicable cost categories in a Total Resources Cost Test. iii. The distribution company shall describe which costs in the RI Framework were included in the cost of System Reliability Procurement and which costs are included in the alternative Utility Reliability Procurement. For any categories that are not included in either, the distribution company shall describe why these categories are not included."

Rhode Island Energy explicitly commits to adhere to Least-Cost Procurement Section 1.3.H in its assessment of the cost of the system reliability procurement solution relative to the best alternative utility reliability procurement solution[19].

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[19] Least-Cost Procurement Section 1.3.H is the relevant section for System Reliability Procurement; Section 1.3.G is relevant for Energy Efficiency and, as such, is not included for discussion herein.

Section 9. Request for Ruling

Request for Ruling

In accordance with Least-Cost Procurement Standards (2026) Chapter 4.5 (Docket No. 26-15-EE), Rhode Island Energy respectfully requests that the Commission:

A. approve screening requirements and implementation plans described in Sections 2-5;

B. approve annual reporting requirements described in Section 7; and

C. approve the performance incentive plan described in Section 6.

Appendices

Appendices (not included herein)

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Appendix 1. Slide Deck Format of *2027-2029 SRP Three-Year Plan*

Appendix 2. Notes on Terminology

Appendix 3. Legal and Regulatory Basis

Appendix 4. System Data Portal User Guide