



PRESENTATION TO NEW ENGLAND CONSUMER LIAISON GROUP

MARCH 2019



State of Rhode Island
Division of Public
Utilities & Carriers



Clean

*Reduce carbon-intensity of
supply portfolio*



Affordable

*Consumer cost as a lens
for all policies, from
procurement to investment*

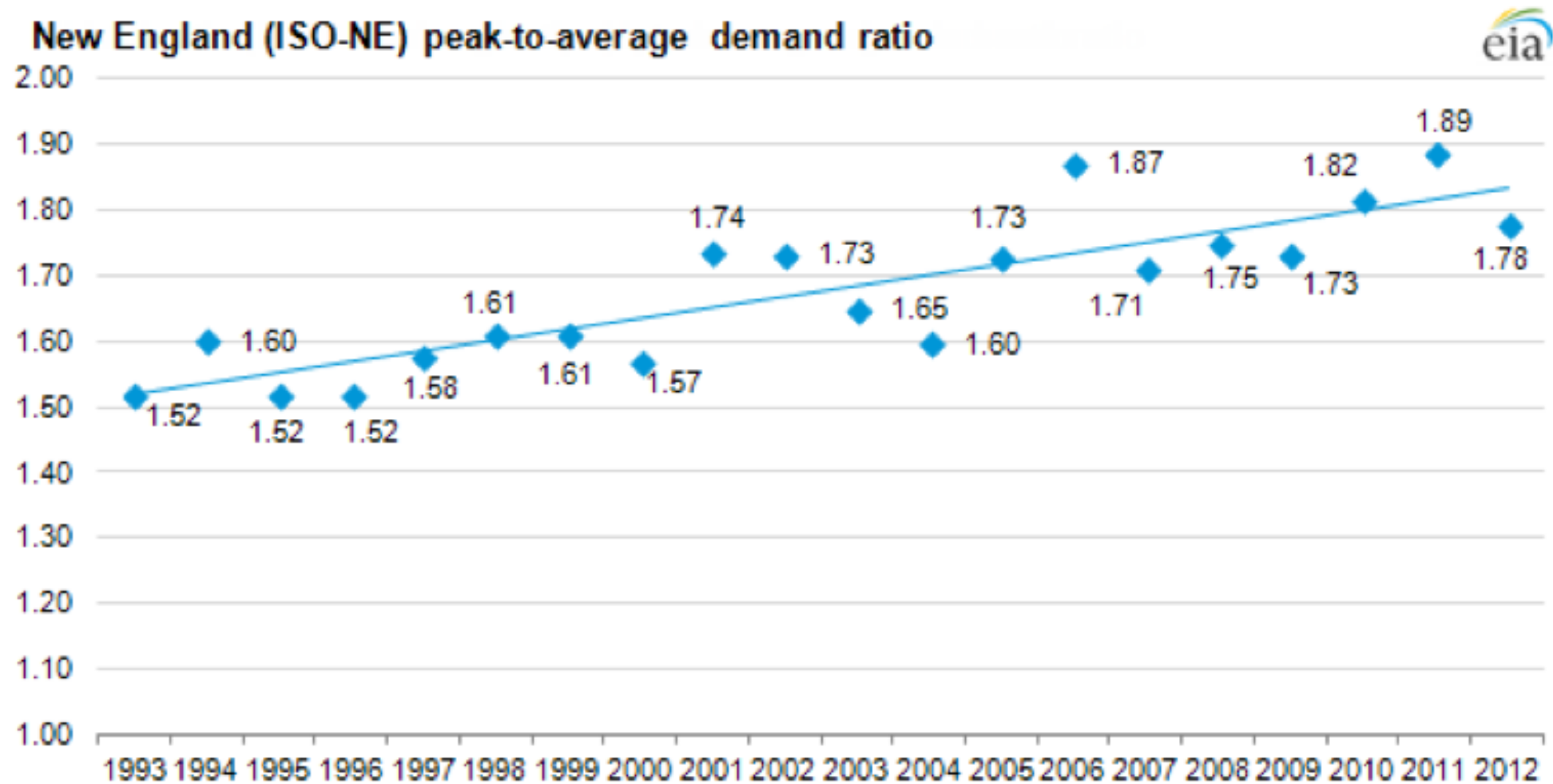


Reliable

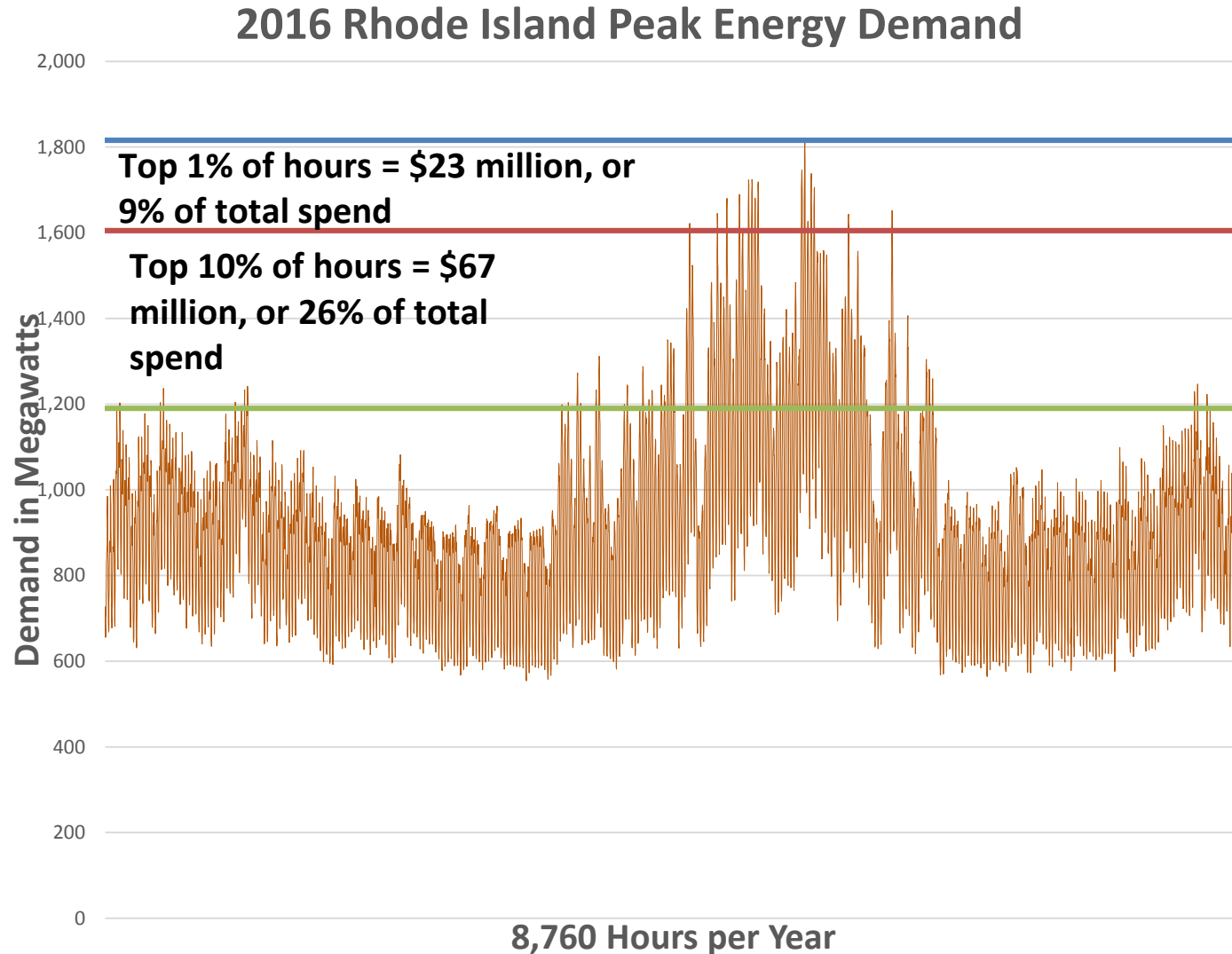
*Invest in a diverse resource
portfolio through
infrastructure, supply and
system redesign*

Principles for Policy and Programmatic Decision-Making

THE NEED FOR A NIMBLE GRID: COST



PEAK DEMAND IS COSTLY FOR RHODE ISLAND



POWER SECTOR TRANSFORMATION OBJECTIVES

Control the long-term costs of the electric system.



Today's electric grid is built for peak usage. That's like constructing a **6-lane highway for Thanksgiving traffic**. New technology provides us with more ways to right-size the system to Rhode Islanders' needs.

POWER SECTOR TRANSFORMATION OBJECTIVES



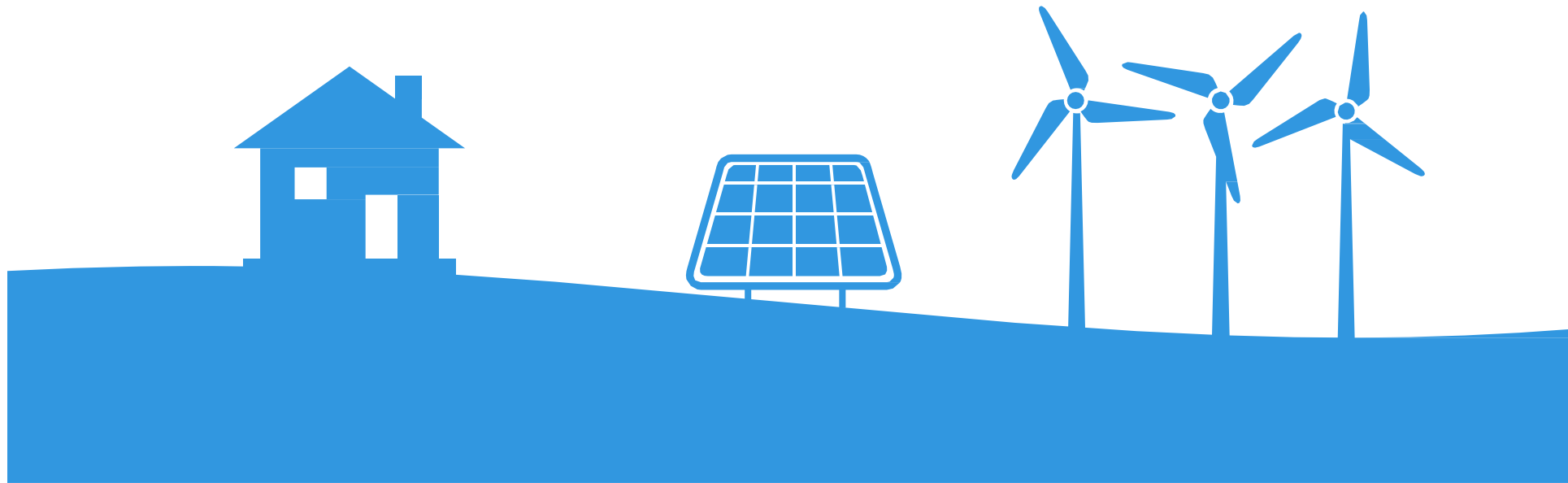
Give customers
more energy
choices.

Clean energy technologies are **more affordable now than ever**. Our utility rules should allow consumers to access and enjoy creative solutions to manage their energy production and use.

POWER SECTOR TRANSFORMATION OBJECTIVES

Build a flexible grid to
integrate more clean
energy.

The Governor's goal of **1,000 megawatts of clean energy by 2020** will bolster our growing local clean jobs economy and help us meet state climate goals.

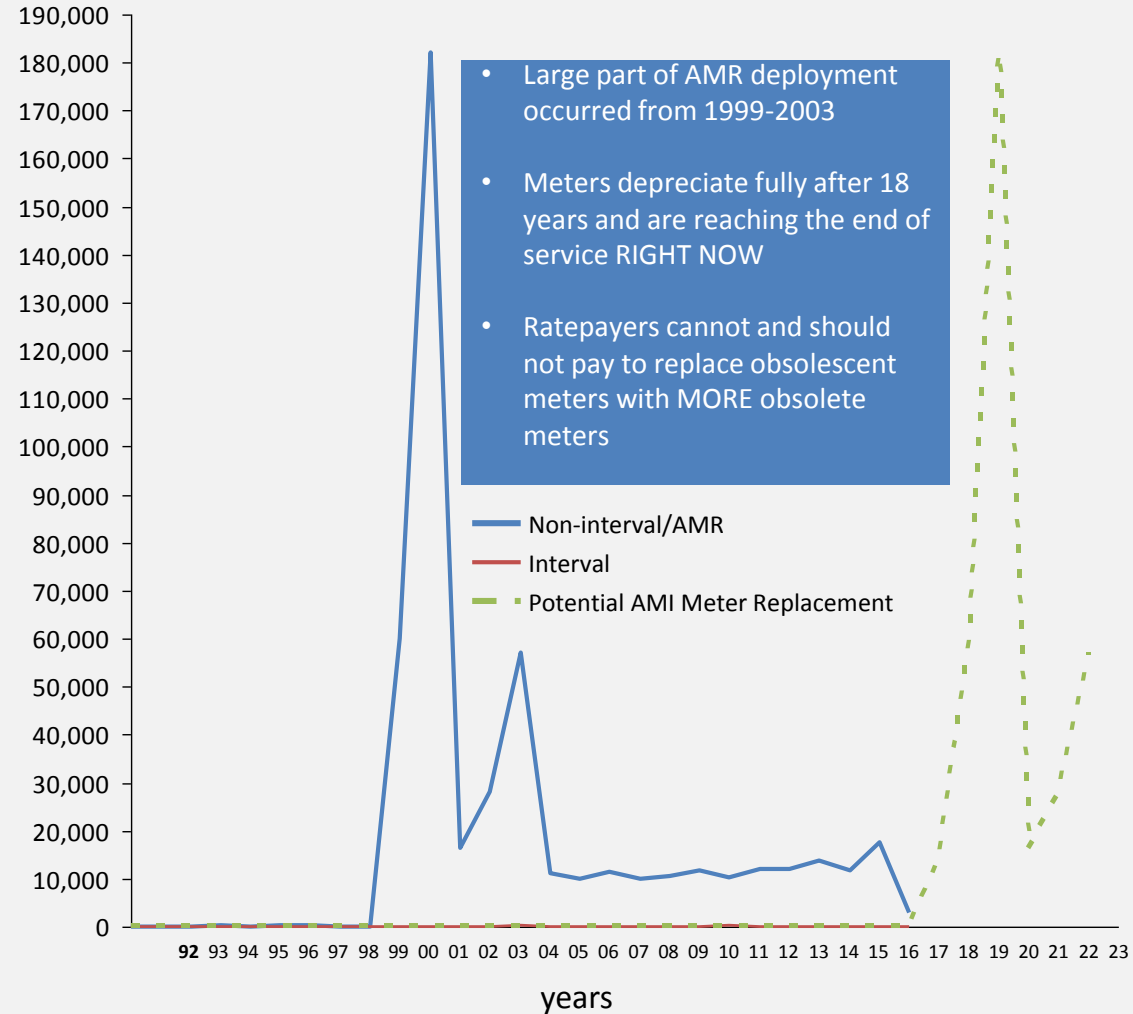


POWER SECTOR TRANSFORMATION PRIORITY:

1) Evaluate the Benefits from Advanced Meter Functionality

- The utility should develop an overall grid modernization plan to support two-way energy flow that includes:
 - Business case;
 - Comparison of technologies
 - Time varying rates;
 - Implementation schedule;
 - Set of functionalities
 - Additional analysis as specified in Docket 4770 Settlement

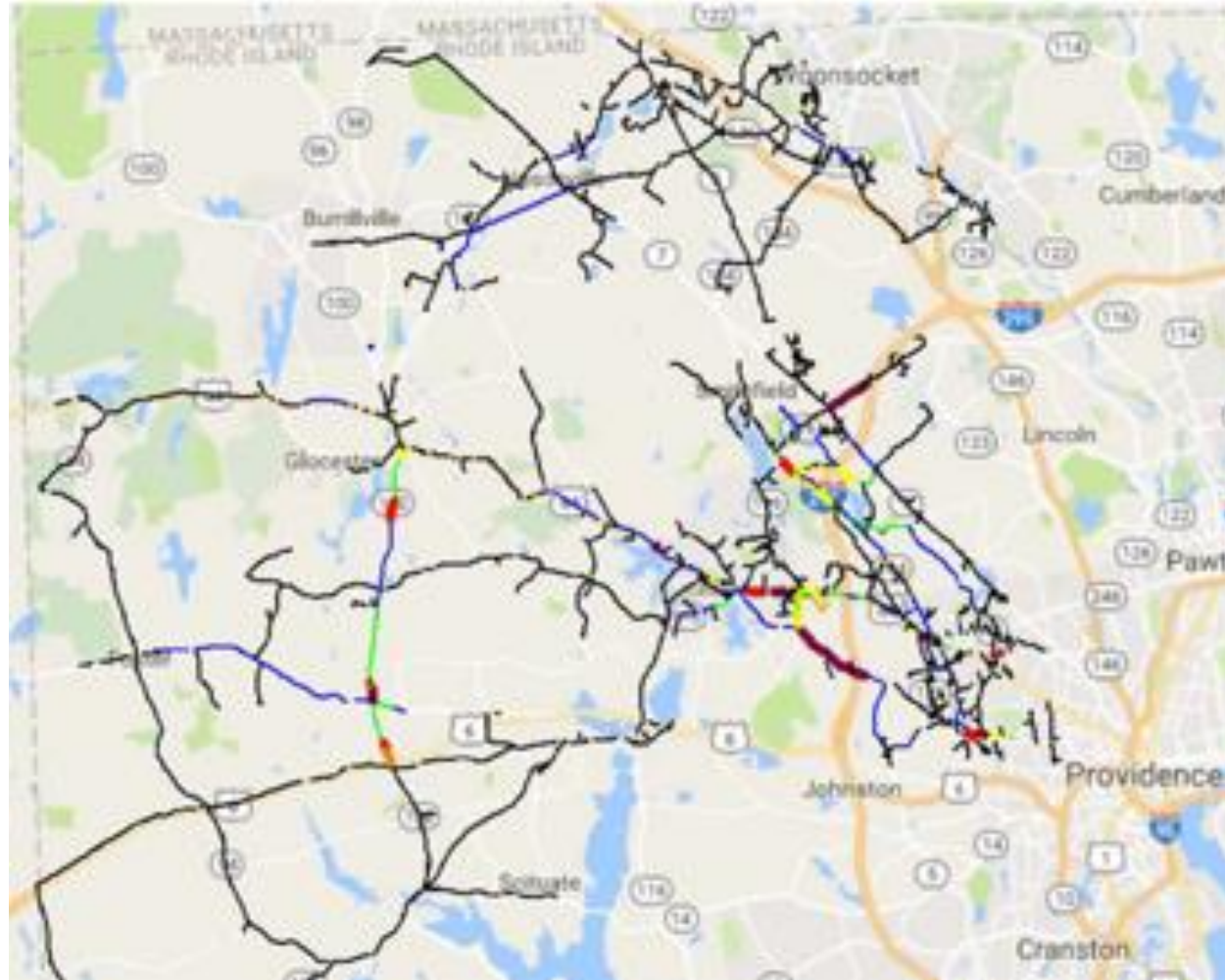
of meters



POWER SECTOR TRANSFORMATION PRIORITY:

2) Leverage Distribution System Information

Develop a strategy to incorporate the locational value of Rhode Island's growing distributed energy resources into grid management and planning.



POWER SECTOR TRANSFORMATION PRIORITY:

3) Optimize a Forecast Wave of Electric Transportation

- Rhode Island's 1 million vehicles, if charged simultaneously at peak, could require as much as 5,000 MW of capacity (at L2 charger levels). This is 2.5x current peak demand.
- On an energy basis, the roughly 8.1 billion annual vehicle miles travelled would require about 2.7 million megawatt hours of electricity, an addition of about 40 percent of current electricity load.
- This new electric capacity and load represent a major potential cost and also opportunity for the electric sector.
- Rhode Island has a pilot program underway – the first in New England - to examine the responsiveness of electric vehicle owners to time of use pricing.

POWER SECTOR TRANSFORMATION PRIORITY:

4) Align Incentives for the Utility, Market Participants and Customers

- 2005-2014: Performance Incentive Mechanisms included in various stand-alone energy legislation to encourage utility performance in specific areas
- 2017-2018 DPUC proposes broad suite of Performance Incentive Mechanisms to substitute for a portion of conventional ROE in National Grid rate case (Docket 4770)
- 2018 Settlement Agreement deploys a suite of “score-card metrics”
- 2019 PUC begins consideration of new principles to guide Performance Incentive Mechanism development

POWER SECTOR TRANSFORMATION: NEXT STEPS

- Summer 2019: Grid Modernization Plan from National Grid
- Summer 2019: Advanced Meter Functionality Business Case and Proposal from National Grid
- 2019: Continuing Evaluation of Performance Incentive Mechanisms
- Fall 2019: Review of Additional Non-Wires Alternatives Proposals for South County Area
- 2019 Continued Roll-out of National Grid Electric Transportation Program in coordination with state VW Fund Plan

THANK YOU

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