

June 9, 2022

Jeffrey R. Gaudiosi, Esq.
Public Utilities Regulatory Authority
10 Franklin Square
New Britain, CT 06051

Re: Docket No. 17-12-03RE07 Non-Wires Alternatives: Comments on Proposed Non-Wires Alternatives Program Mechanics

Dear Executive Secretary Gaudiosi:

Acadia Center appreciates the opportunity to submit written comments in response to Public Utilities Regulatory Authority (PURA, or the Authority) Docket No. 17-12-03RE07 (“PURA Investigation into Distribution System Planning of the Electric Distribution Companies – Non-Wires Alternatives”).

Acadia Center strongly supports the use of non-wires alternatives (NWA) as a tool to lower customer and utility costs, lower emissions, and to help facilitate the deployment of clean energy resources. Non-wires alternatives have the potential to provide significant benefits to ratepayers and grid operators in Connecticut. By avoiding the need to pay for large infrastructure investments that may become unnecessary in the future, NWA can save ratepayers significant amounts of money. As Connecticut seeks to meet its climate and energy targets, it is critical to avoid wasting ratepayer funds on infrastructure that may become financially stranded in the future.

Acadia Center greatly appreciates the work that PURA and others have done to design a transparent and competitive NWA program for Connecticut. PURA’s Proposed Non-Wires Alternatives Program Mechanics should enable a robust, transparent, and competitive NWA process in Connecticut.

NWA Evaluation and Recommendation Process

As outlined in the Program Mechanics, the NWA Program Administrator (PA) will evaluate the Electric Distribution Companies’ (EDC) recommendations to PURA for each potential NWA solicitation. For the projects in which an EDC affiliate is proposing a competitive NWA bid, the PA will evaluate the bid itself and submit a recommendation to PURA.¹ A strong, independent NWA Program Administrator will be necessary to help avoid conflicts of interest in the EDCs’ recommendations to PURA.

Given the financial and regulatory incentives that inform EDCs’ investment decisions, it is foreseeable that an EDC could be biased towards recommending its own investment bid as the default solution to meet a grid need, potentially overlooking and omitting competitive NWA bids from third-party developers in its recommendations to PURA. It will be vital for the NWA Program Administrator to act as watchdog. Acadia Center agrees emphatically with PURA’s

¹ Attachment A – Non-Wires Alternatives Program Mechanics Document, page 8.

requirement that the “NWA Program Administrator must be fully independent of the EDCs and other stakeholders.”² Transparent and detailed review by the PA will be essential to level the playing for competitive NWA solutions.

Distribution System Investment Thresholds

The Authority requires every planned distribution investment over \$250,000 to be disclosed in the EDCs’ annual filings.³ Acadia Center agrees with this requirement.

The Program Mechanics detail three threshold categories for proposed NWA projects based on planned and budgeted investment costs: “presumptive” (over \$1 million), “potential” (above \$500k), and “unlikely” (below \$500k). If PURA could theoretically choose any of the distribution investments included in the EDC filings for a competitive NWA solicitation process, categorizing projects below \$500k as “unlikely” before a full assessment has occurred seems to suggest that projects below \$500k will rarely, if ever, be chosen for a competitive NWA solicitation process.

Acadia Center would appreciate more information from the Authority about how “potential” projects over \$500k will be evaluated and pursued and how that process may differ compared to “presumptive” projects over \$1 million. If the Authority pursues a \$1 million review threshold rather than a \$500k threshold for proposed projects to undergo the full NWA process, Acadia Center would encourage the Authority to revisit this question in the future after stakeholders have gained more experience and comfort with the NWA program. And if there is a \$1 million review threshold, NWA Program Administrator will continue to play a key role in making recommendations and reviewing the EDCs’ recommendations and should not lose its ability to ultimately recommend a project that is less than \$1 million for the full NWA process.

The Program Mechanics state that related projects should be considered together as a single NWA opportunity: “For example, a series of planned upgrades to the same substation spread over three years with budgets of \$90,000 in year one, \$150,000 in year two, and \$270,000 in year three should be presented as a single ‘potential NWA opportunity’ with a planned budget over three years of \$510,000.”⁴ Acadia Center agrees with this requirement. However, NWAs can be at a disadvantage when faced with prohibitively large grid needs requirements, which can keep potential NWA solutions out of consideration. It will be important to assess multiple related projects together but also to fairly consider each individual component of a project that may be appropriate for an NWA, even if a single NWA may not be the best solution for every aspect of the related projects.

Performance Incentives

The Program Mechanics propose several categories of incentives that PURA may offer to incentivize the EDCs to pursue NWA opportunities, including Shared Savings Incentives and RORs Adder or Deduction. Throughout this proceeding, the Authority has expressed a desire for the pursuit of NWA to become part of the normal course of business for Connecticut’s EDCs. As such, Acadia Center believes that positive incentives or rewards should only be used sparingly, if at all. The Authority has made clear that going forward it will be business-as-usual for the EDCs and

² Attachment A – Non-Wires Alternatives Program Mechanics Document, page 2.

³ Attachment A – Non-Wires Alternatives Program Mechanics Document, page 6.

⁴ Attachment A – Non-Wires Alternatives Program Mechanics Document, page 7.

the NWA Program Administrator to determine whether an NWA may be an appropriate solution for grid needs. Any positive incentives that reward EDCs for satisfying the Authority's requirements should be carefully considered.

NWA have the potential to reduce costs by satisfying grid needs with less expensive solutions. If there is a situation where a project was budgeted below \$1 million, was not chosen for the full NWA solicitation process, but ends up costing more than \$1 million, Acadia Center would recommend that the Authority consider what kinds of financial penalties may be appropriate to help avoid instances where inaccurate budget forecasts put potential NWA solutions at a disadvantage.

Acadia Center looks forward to further discussing issues related to performance incentives in PURA Docket 21-05-15.

Respectfully submitted,

Oliver Tully
Director, Utility Innovation and Reform
otully@acadiacenter.org
860-246-7121 ext. 202

Amy McLean
Senior Policy Advocate and Connecticut Director
amclean@acadiacenter.org
860.246.7121 ext. 204