

**RESOLUTION OF THE ENERGY EFFICIENCY ADVISORY COUNCIL
REGARDING THE PROPOSED ENERGY STORAGE DAILY DISPATCH PAY-FOR-
PERFORMANCE OFFERINGS OF
CAPE LIGHT COMPACT JPE, EVERSOURCE, NATIONAL GRID, AND UNITIL**

Adopted _____

In its October 30, 2018 resolution supporting the statewide 2019-2021 three-year energy efficiency plans, the Energy Efficiency Advisory Council (“Council”) highlighted peak demand reduction as a key priority for the 2019-2021 term. As part of its peak demand reduction key priority, the Council supported the Program Administrators’ proposals to support behind-the-meter energy storage through targeted and daily dispatch pay-for-performance pathways.

On January 29, 2019, the Department of Public Utilities (“Department”) issued an Order generally approving the Program Administrators’ statewide demand reduction initiatives, with the exception of the daily dispatch pay-for-performance offerings. While the Department determined that daily dispatch of storage was untested and therefore could not be approved for full deployment, the Department found merit in exploring such an offering through demonstration projects. The Department permitted the electric Program Administrators to design and implement daily dispatch of storage demonstrations for the residential and commercial and industrial sectors. The Department noted that if the results of the demonstration projects, including Eversource’s then-ongoing demand reduction demonstration approved in D.P.U. 16-178, supported the deployment of cost-effective statewide daily dispatch offerings, then the Program Administrators may first seek the support of the Council and subsequently submit a compliance filing with the Department.

On February 19, 2019, each Program Administrator submitted a compliance filing to the Department stating that Eversource Electric and National Grid Electric would use a portion of the proposed daily dispatch program offering budget to design a demonstration offering to test the daily dispatch of storage, which could support a wide-scale offering later in the term. Eversource, National Grid, and Unitil noted that they planned to propose a wide-scale daily dispatch offering to the Department for implementation starting in 2020, and therefore retained the savings and budgets for daily dispatch in 2020 and 2021. The Cape Light Compact JPE noted that it also retained the savings and budgets for its active demand offerings for 2020 and 2021 because it planned to propose to implement its CVEO offering or another storage offering based on the results of the on-going daily dispatch demonstrations.

During the summer of 2019, Eversource and National Grid implemented their proposed demonstration offerings. All electric Program Administrators shared the results and lessons learned from these demonstrations, as well as the lessons learned from the Eversource and Unitil demonstrations approved in D.P.U. 16-178 and D.P.U. 16-184, respectively. The Program Administrators provided updates on implementation to the Council in quarterly reports and during the November 20, 2019 Council meeting. The Program Administrators presented the preliminary evaluated results to the Council on January 22, 2020 and have submitted the final evaluation reports to the Council. National Grid’s residential daily dispatch demonstration cost \$43,653 in incentives and achieved an evaluated average of 0.135 MWs in demand reduction. Eversource’s commercial and industrial pay-for-performance daily dispatch demonstration cost \$82,075 in

incentives¹ and achieved an evaluated average of 0.972 MWs in demand reduction (0.409 MWs from pay-for-performance and 0.563 MWs from D.P.U. 16-178 demonstrations).

Pursuant to the Department's directives in 2019-2021 Three-Year Plans Order, at 33, the electric Program Administrators now seek the Council's approval to implement wide-scale daily dispatch pay-for-performance offerings for the residential and commercial and industrial sectors.

The budgets for the proposed daily dispatch offerings are set forth in Attachment A. Eversource, National Grid, and Unitil propose the same budget, demand reduction, and benefits levels as proposed in the 2019-2021 Three-Year Plan for 2020 and 2021. The Cape Light Compact JPE originally proposed its CVEO and enhanced storage offerings instead of a daily dispatch offering for 2020 and 2021. Based on review of the demonstration results and lessons learned, input from stakeholders, and a proposed revised CVEO design, the Compact proposes to implement a daily dispatch offering consistent with the other program administrators, and has proposed a budget, demand reductions, and benefits for the daily dispatch pay-for-performance offering. See Attachment A.

Summary of Council Review and Analysis

As noted in the Council's October 30, 2018 resolution in support of the 2019-2021 Three-Year Plan, the Council strongly supports the development and implementation of active demand reduction offerings, including behind-the-meter storage during the 2019-2021 term.

The proposed daily dispatch pay-for-performance offerings are designed based on the activities that the Program Administrators and the Council have undertaken during the course of the 2016-2018 term and during 2019. Further, the proposed offerings are consistent with the Council's recommendation that active demand reduction offerings be designed to complement and coordinate with other state policies and incentive programs, including, but not limited to, SMART and Clean Peak Standard.

The Council and its Consultants have examined the data, evaluations, and information presented by the electric Program Administrators in support of the wide-scale daily dispatch pay-for-performance offerings, and the Council concludes and reaffirms that the proposed daily dispatch strategy will encourage the deployment of behind-the-meter storage and other technologies, benefits customers by securing daily peak demand reductions, and will achieve cost-effective peak demand reductions.

The Council notes that ramp up of behind-the-meter storage has been slower than originally anticipated due, perhaps in part, to the uncertainty regarding the status of the daily dispatch offering and the inability of the Program Administrators to provide the five-year incentive commitment discussed on pages 34-35 of the Department's Order. Currently, the Program Administrators are unable to offer the five-year incentive commitments since daily dispatch is a

¹ Eversource's daily dispatch demonstrations included projects approved in D.P.U. 16-178 and pay-for-performance daily dispatch demonstrations approved in the 2019-2021 Three-Year Plans Order, D.P.U. 18-119. The incentives were only paid to projects participating under the pay-for-performance demonstration approved in D.P.U. 18-119.

limited, budget-capped demonstration offering. New technologies capable of daily dispatch may require significant upfront investments by participants, and the Council agrees with the Program Administrators that the five-year commitment for incentives is appropriate to spur the development of these types of projects that may provide significant peak demand reduction. Customers and developers have also indicated that energy storage project development and implementation would increase with the availability of the five-year incentive commitments.

Council Review and Support

Having reviewed the proposed daily dispatch offerings described above and in the 2019-2021 Three-Year Plan, and based on its analysis summarized above the Council resolves to support the proposed wide-scale daily dispatch pay-for-performance offerings.

In recognition of the significant time it takes to develop storage systems and the long commitment to conversion period identified in the evaluation of the demonstrations, the Council urges the Department to timely review and approve the Program Administrators' compliance filing in order for the Program Administrators to fully implement these offerings, including the five-year incentive commitment, during the 2019-2021 term. The Council also recommends that the Program Administrators undertake reasonable efforts to timely implement such offerings, upon approval by the Department, in order to realize the maximum level of demand reductions during this term. Further, the Council supports Eversource's and National Grid's proposals to each continue offering, during the Department's review of the compliance filings, the daily dispatch demonstration offering for residential and commercial and industrial sectors up to their respective 2020 daily dispatch budgets filed on February 19, 2019.²

Each Program Administrator will continue to periodically report to the Council on the implementation and results of the daily dispatch pay-for-performance offerings, including actual costs, enrollments, and demand reductions, with comparisons to approved plan levels.

The Council hereby directs that this Resolution be transmitted in full by the Department of Energy Resources to the Department.

² Unitil will also continue to offer its residential storage demonstration consistent with D.P.U. 16-184.

Attachment A

**Summary of Daily Dispatch Incentive Costs, Demand Reductions, and Benefits Projections
from Planned Benefit-Cost Models**

	Residential Daily Dispatch Offer Incentive Costs, Demand Reductions, and Benefits Projections					
	2020			2021		
	Incentive Costs	Planned KW Reductions	Planned Benefits	Incentive Costs	Planned KW Reductions	Planned Benefits
Eversource	\$41,250	150	\$178,241	\$68,750	250	\$297,351
National Grid	\$396,880	1,763	\$1,923,750	\$606,936	2,696	\$2,944,976
Unitil	\$1,125	5	\$6,066	\$1,125	5	\$6,072
Cape Light Compact	\$35,475	120	\$142,593	\$59,125	200	\$237,881

	C&I Daily Dispatch Offer Incentive Costs, Demand Reductions, and Benefits Projections					
	2020			2021		
	Incentive Costs	Planned KW Reductions	Planned Benefits	Incentive Costs	Planned KW Reductions	Planned Benefits
Eversource	\$1,250,000	5,000	\$5,941,363	\$2,500,000	10,000	\$11,894,038
National Grid	\$1,125,000	5,000	\$5,455,988	\$1,575,000	7,000	\$7,646,301
Unitil	\$20,000	100	\$121,323	\$20,000	100	\$121,437
Cape Light Compact	\$350,000	1,400	\$1,663,582	\$350,000	1,400	\$1,665,165

*Please note that each Program Administrator budgets for all active demand reduction offerings together, as shown in the Energy Efficiency Data Tables, Table IV.C.1. The above table reflects the anticipated incentive amounts for daily dispatch, which are included in the overall active demand reduction budget.