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NM PRC's Grid Modernization Webinar Series

May 5, 2022 Webinar #6

Non-Wires Alternatives Opportunities

Meeting Objectives

- Provide overview of types and applications for Non-Wires Alternatives (NWA)
- Gather stakeholder input on challenges and benefits of use of NWA and how they should be addressed in the Grid Modernization NOPR

In attendance:

- 40 individuals
- 22 distinct participating organizations represented

Meeting Agenda is available [here](#)

A presentation on Non-Wires Alternatives (NWA) Opportunities was presented by:

- Lauren Shwisberg, Manager, Carbon-Free Electricity Practice, RMI [here](#)

Stakeholder Facilitated Discussion (Grounding; Reflection; Interpretation; Decisional)

Considerations for Grid Mod Notice of Proposed Rulemaking (NOPR):

- Non-Wires Alternatives (NWA) are an integral part of grid modernization and of comprehensive distribution system planning (DSP). In order to effectively incorporate NWA into grid modernization, the process needs to:
 - Capture NWA-related benefits
 - Establish an effective way of comparing NWA to traditional distribution investments, including geographic-specific values
 - Create a sufficient level of transparency and oversight of the utility decision making process
 - Factor in unique characteristics of utility service territories and utility internal processes
 - Articulate NWA screening criteria, or at least require the utility to do so.
- One challenge of assessing the cost/benefit of NWA investments is how to factor in the value of avoided/deferred costs, related to distribution, transmission and other investments. Similarly, the cost/benefit analysis needs to incorporate secondary benefits (resiliency, reliability and the like).

Regarding PRC regulatory and utility planning processes (and also potentially addressed in the NOPR):

- One primary objective for directing utilities to incorporate NWA into grid modernization/planning processes should be to assure that least-cost investment



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decisions are being made, while also addressing public policy objectives (decarbonization; customer choice).

- Another regulatory policy issue needing to be addressed is the use of incentives versus mandates to promote NWA inclusion in utility decision making.
 - Which approach will yield better outcomes?
 - Is the revenue associated with new load (such as via transportation and other sector electrification) a sufficient incentive to make NWA investments that encourages this load growth?
 - Similarly, are the avoided cost benefits of using NWA a sufficient incentive?
 - Consider balancing incentives and requirements
 - Consider situational and geographic considerations (e.g., the inclusion of NWA as an option where specific system concerns are anticipated (growth rates; etc.).
- Including incentives also raises questions about assessing the cost-effectiveness of NWA costs (are they more like DSM costs or infrastructure costs?). This will also have a bearing on cost recovery.
- Consider benchmarking utility performance, both temporal and against industry-wide data. (For example: utility expenditures, by type, relative to retail sales.) This can provide context for reasonable levels of investment. RMI offers assistance with benchmarking via this web site: <https://utilitytransitionhub.rmi.org/>

Other process input

- Federal funding is available for transportation electrification. Presumably this is being pursued by the NM state government. How will potential funding be factored into grid modernization overall, and especially the use of NWA's (e.g., managed charging and other strategies) to best manage the resulting new load? Improved load forecasting will also be necessary (referencing back to the April 7 webinar).
- NWA's offer value in both urban and rural applications. Growth (current and projected) is more relevant than total system size as a reason to consider NWA's.
- Repowering of Hyde Memorial State Park is a prime example of a NWA in N.M.
- Design of screening criteria and procurement instruments to identify cost-effective NWA is an iterative process that will improve over time.
- How should equity be factored into NWA (and related grid modernization) decision making?
 - Do system-wide benefits that lower costs for all customers sufficiently address equity?
 - All end users are not equally situated in terms of being ready to incorporate or directly benefit from NWA's.
 - See the work of the OR PUC on community engagement and factoring equity into decision making. See, broadly, this ongoing docket on Distribution System Planning: <https://apps.puc.state.or.us/edockets/DocketNoLayout.asp?DocketID=21850>