

# Memorandum

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PUBLIC UTILITIES COMMISSION

**To:** L. Massaro  
Commission Clerk

**From:** D. R. Stearns  
S. Scialabba  
Division of Public Utilities & Carriers

**Date:** 06/12/2013

**Re:** Narragansett Electric – Long Term Contracting for Renewable Energy  
Recovery Factor  
Docket 4412

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On May 15, 2013 Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) filed with the Commission its Long-Term Contracting for Renewable Energy Recovery (“LTCRER”) factor filing for the period July 1 through December 31, 2013 (“Pricing period”).

The LTCRER provision, R.I.P.U.C. No. 2127, was approved by the Commission in Docket 4338, and allows for the recovery of payments made to projects under long-term contracts and distributed generation (“DG”) standard contracts executed pursuant to R.I.G.L. 39-26-1 and R.I.G.L. 39-26-2, respectively.

The Company’s proposed factor is intended to recover estimated above-market costs associated with National Grid’s power purchase agreement (“PPA”) with Rhode Island LFG Genco, LLC as well as one DG standards contract associated with a 1.5 MW wind turbine unit in North Kingstown that became commercially operational in March, 2013.

Although the Company has executed PPAs for three other renewable energy projects, and several other DG projects, the filing does not include any expenses associated with these projects, since few of them are expected to become commercially operational during the pricing period.

In the calculation of the proposed factor, there is one exception to the method used to calculate the current LTCRER factor: the cost to be recovered by the proposed factor includes a credit of \$445,316 representing the estimated revenue expected to be billed through the current factor from January through June, 2013. The above market expense for RI Genco included in the factor currently in place was based on an expected in-service date of early 2013. The unit, however, is still in the testing phase. Although the annual LTCRER Reconciliation Provision, to be filed in February 2014, provides a mechanism by which the Company would refund such over recovery amounts to customers, the Company has included in the proposed factor calculation the estimated \$445,316 January through

June 2013 over collection. This would allow the customers the benefit of the refund amount during the pricing period rather than waiting until after the annual LTRER reconciliation filing in February 2014.

The Company anticipates that the RI Genco unit will be commercially operational during the pricing period. The calculation of the proposed factor includes the estimated associated above market cost.

The proposed factor, a credit of \$0.00003, is calculated by combining the estimated above market costs of \$288,615 to be incurred during the pricing period and the estimated over recovery during the current period of \$445,316 discussed above. The net amount, an over recovery of \$156,701, is divided by estimated sales during the pricing period of 3,986,357,518 kWh. An adjustment of 1.25% for uncollectibles is applied, but since the factor is truncated to five places, it has no effect. The result is a proposed credit factor of \$0.00003 per kWh. This is a decrease of \$0.00015 compared with the current factor of \$0.00012 per kWh. The effect on a typical 500 kWh monthly residential bill is a decrease of \$0.08, or 0.1%.

Having reviewed the LTRER factor filing, the Division believes the calculations are in accordance with the Commission's order in docket 4338, the docket by which the Commission approved the LTRER Provision.

The Division therefore recommends approval of the proposed LTRER credit factor of \$(0.00003) per kWh, effective July 1, 2013.

Cc: Thomas Ahern,  
Administrator, Division of Public Utilities and Carriers