

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: NATIONAL GRID'S PROPOSED :
LONG-TERM CONTRACTING FOR : DOCKET NO. 4412
RENEWABLE ENERGY RECOVERY FACTOR :

REPORT AND ORDER

I. Brief History

In 2010, with certain amendments in 2012, the General Assembly passed, and the Governor signed, the Long Term Contracting Standards for Renewable Energy Statute.¹ On December 29, 2011, The Narragansett Electric Company d/b/a National Grid (National Grid or Company) filed a new tariff, the Long-Term Contracting for Renewable Energy Recovery Provision (LTC Recovery Factor). The tariff was approved by the Public Utilities Commission (PUC or Commission) on March 29, 2012, at an open meeting. The PUC found that, due to the unique language in R.I. Gen. Laws §§ 39-26.1-7(d) and 39-26.1-9(8) requiring National Grid to negotiate with specific developers and authorizing the full recovery by National Grid of certain costs in addition those incurred under the power purchase agreements, the new tariff was necessary. The PUC noted that “[o]ther negotiations under the Long Term Contracting Statute and other renewable contracting requirements are not specifically recoverable outside of the context of National Grid’s general administrative operating expenses allowed in general rate cases.”²

On July 2, 2012, National Grid filed with the PUC a Tariff Advice to Amend the LTC Recovery Factor (RIPUC No. 2081) to recover the above market cost of the long-term contracts and distributed generation standard contracts that National Grid has entered into pursuant to the relevant statutes and regulations respectively, as authorized by R.I. Gen. Laws § 39-26.1-5(f).

¹ R.I. Gen. Laws §§ 39-26.1-9.

² Order No. 20723 (issued May 3, 2012) at 5-6.

The tariff also included the recovery of the 2.75% contract remuneration authorized pursuant to R.I. Gen. Laws § 39-26.1-4 and certain administrative and other costs allowed by the Long Term Contracting Standard and subsection seven of the Distributed Generation Standard Contracts Act.³ On October 5, 2012, National Grid filed revised tariffs in order to incorporate certain modifications addressed in comments filed by the Division of Public Utilities and Carriers' (Division). The modified tariffs were approved by the PUC on October 25, 2012.⁴

II. Current Filing

On May 15, 2014, National Grid filed with the PUC its semi-annual LTC Recovery Factor for the period July 1, 2014 through December 31, 2014.⁵ In its updated filing, National Grid estimated that the six-month contract cost for sixteen renewable energy contracts, which include fourteen distributed generation contracts and two non-distributed generation contracts would be \$18,783,666. While the distributed generation contract prices are expected to be above market for that same period, resulting in a loss to National Grid, the other two long term contract prices are expected to be below market, resulting in a gain for National Grid, for a net market value of \$18,482,720. The difference between the estimated contract costs and net market value is \$300,946.⁶ When divided by National Grid's forecasted kWh deliveries for the upcoming six-month period, and adjusted for uncollectibles, this results in a proposed Long Term Contracting Recovery Factor of 0.007 cents per kWh. When this factor is added to the currently effective

³ Docket No. 4338 Filing Letter at 1-2 (May 2, 2012), citing § 39-26.2-9 for the proposition that standard contracts entered into under the DG Standard Contracts Act are treated for all purposes as long-term contracts entered into under the Long Term Contract Standard; <http://www.ripuc.org/eventsactions/docket/4338-NGrid-LTC-Tariff%207-2-12.pdf>.

⁴ Order No. 20905 (issued Dec. 20, 2012). See R.I.P.U.C. 2127, Long Term Contracting For Renewable Energy Recovery provision and R.I.P.U.C. 2125 Long Term Contracting For Renewable Energy Recovery Reconciliation provision; [http://www.ripuc.org/eventsactions/docket/4338-NGrid-Ord20905\(12-20-12\).pdf](http://www.ripuc.org/eventsactions/docket/4338-NGrid-Ord20905(12-20-12).pdf).

⁵ National Grid's Semi-Annual LCR Recovery Factor Filing (May 14, 2014); <http://www.ripuc.org/eventsactions/docket/4412-NGrid-LTCRER-Factor-July2014.pdf>.

⁶ National Grid's Data Response to PUC-2-1; [http://www.ripuc.org/eventsactions/docket/4412-NGrid-DR-PUC2\(6-3-14\).pdf](http://www.ripuc.org/eventsactions/docket/4412-NGrid-DR-PUC2(6-3-14).pdf).

Long Term Contracting Recovery Reconciliation Factor of 0.032 cents, the result is a proposed Total Long Term Contracting Factor of 0.039 cents. This is an increase of 0.028 cents over the currently effective Total Long Term Contracting Factor of 0.011 cents. The impact on a residential customer using 500 kWh per month is an increase of 15 cents.⁷ On June 16, 2014, the Division filed with the PUC a memorandum summarizing the filing and recommending approval of the revised factor for effect on July 1, 2014.⁸ At an open meeting held on June 30, 2014, the PUC reviewed the filing and approved the proposed LTC Recovery Factor to apply to electricity consumed on and after July 1, 2014.

⁷ National Grid's Filing at 1.

⁸ Memorandum of Stephen Scialabba (Jun. 16, 2014) at 1-2; http://www.ripuc.org/eventsactions/docket/4412-DPU-Memo_6-16-14.pdf.

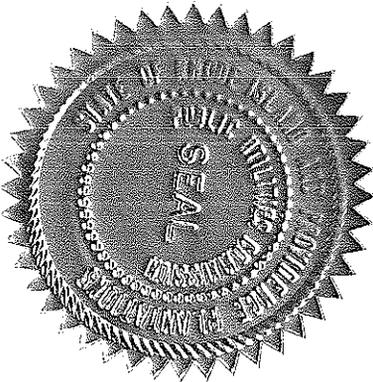
Accordingly, it is hereby,

(21558) ORDERED:

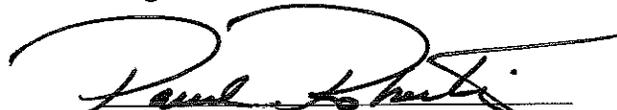
The Narragansett Electric Company d/b/a National Grid's LTC Recovery Factor of 0.039 cents per kWh is hereby approved. The new rate shall apply to electricity consumed on and after July 1, 2014.

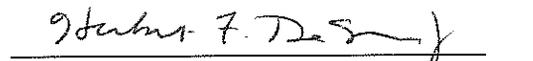
EFFECTIVE AT WARWICK, RHODE ISLAND ON JULY 1, 2014 PURSUANT TO AN OPEN MEETING DECISION ON JUNE 30, 2014. WRITTEN ORDER ISSUED AUGUST 12, 2014.

PUBLIC UTILITIES COMMISSION




Margaret E. Curran, Chairperson


Paul J. Roberti, Commissioner


Herbert F. DeSimone, Jr., Commissioner

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws § 39-5-1, any person aggrieved by a decision or order of the PUC may, within seven days from the date of the order, petition the Rhode Island Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.