

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: RI ENERGY EFFICIENCY AND RESOURCE
MANAGEMENT COUNCIL'S PROPOSED 2013
ELECTRIC AND NATURAL GAS ENERGY
EFFICIENCY SAVINGS TARGETS (2015-2017)

DOCKET NO. 4443

RESPONSE OF THE DIVISION OF PUBLIC UTILITIES AND CARRIERS
TO FIRST SET OF DATA REQUESTS
OF THE PUBLIC UTILITIES COMMISSION

(May 20, 2014)

Please reply by May 22, 2014

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- 1-1. Regarding your proposed revision to Section 1.2A(ii)(b), please describe in detail what you mean by the phrase "reasonably anticipated future?" Include in your response how are you proposing to monetize reasonably anticipated future greenhouse gas requirements at the state, regional or federal level.

Response:

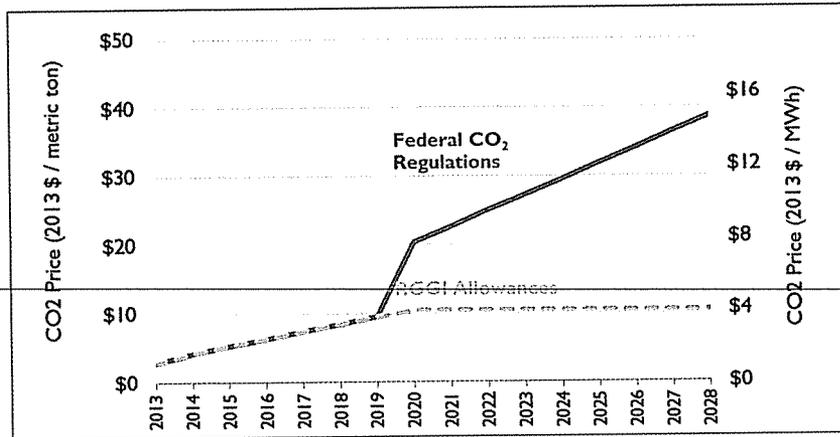
The term "reasonably anticipated future environmental greenhouse gas requirements" is meant to represent the best forecast available of what those requirements might be during the study period. This could include requirements that are not yet in place, and are not yet in effect, but are nonetheless anticipated to be in effect at a future date.

The 2013 New England Avoided Energy Supply Costs AESC report includes an estimate of anticipated future greenhouse gas requirements at the federal level. (Synapse Energy Economics, et. al., *Avoided Energy Supply Costs in New England: 2013 Report*, prepared for the Avoided Energy Supply component Study Group, July 12, 2013. See pages 4-2 through 4-12.)

Those estimates are based upon a separate report that presents a forecast of the carbon dioxide price from federal greenhouse gas requirements. (Synapse Energy Economics, *2012 Carbon dioxide Price Forecast*, October 2012.) That report estimates that federal requirements will begin in 2020, at a price of roughly \$20 per ton in 2013 dollars, and increase in the following years. The figure below presents the forecast, along with the forecast of RGGI allowance costs, in both \$/ton and \$/MWh.

The other five states in New England assume that the cost of compliance with GHG regulations will be equal to the RGGI allowance price through 2019, and then the federal CO₂ regulations price thereafter (i.e., the solid blue line). Rhode Island, on the other hand, assumes that the cost of compliance with GHG regulations will equal the RGGI allowance prices through 2028 (i.e., the dotted yellow line).

If the Commission were to adopt the proposed language regarding “reasonably anticipated future greenhouse gas requirements at the state, regional or federal level,” then it could choose to rely upon the forecast included in the 2013 AESC document of future federal CO₂ prices. The Commission could also choose to use a different forecast, if a different forecast was considered preferable.



Response prepared by Tim Woolf, Synapse Energy Economics, Inc.

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Dated: May 21, 2014

CERTIFICATE OF SERVICE

I hereby certify that on the 21st day of May, 2014, that I transmitted an electronic copy of the within Data Responses to the attached service list and to Luly Massaro, Commission Clerk via electronic mail and regular mail.



**Docket No. 4443 – RI Energy Efficiency and Resource Management Council
 (“EERMC”) – Energy Savings Target for Period 2015 - 2017
 Service List updated on 5/2/14**

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