

Memorandum

To: Luly Massaro

Commission Clerk

From: Alberico Mancini

Division of Public Utilities & Carriers

Date: 6/12/2015

Re: Narragansett Electric – Long Term Contracting for Renewable Energy Recovery Factor, Docket 4535

On May 15, 2015 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, 2015 (“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 calculation, intended to recover estimated renewable contract costs associated with National Grid’s power purchase agreements (“PPA”) less the proceeds from the sale of energy, capacity, Renewable Energy Certificates, or other attributes, results in a recovery factor of \$0.00117 per kWh. The currently effective LTCRER Reconciliation Factor is a charge of \$0.00113. Combining the proposed forward-looking LTCRER factor and the currently approved Reconciliation Factor results in a proposed combined recovery factor of \$0.00230. The proposed recovery factor is a rate increase of \$0.00173 compared with the current billed charge of \$0.00057. The effect on a typical 500 kWh monthly residential bill is an increase of \$0.90 per month.

The Company’s estimate of payments to operating Long-Term Renewable and DG units over the six month period is \$19,496,757. Estimated revenues from sale of REC’s, energy, and capacity is \$14,890,200, leaving a net above- market cost of \$4,606,557.

The Division reviewed the LTCRER factor filing and had asked LaCapra Associates to opine on the REC and energy market proxy values included in the filing. In LaCapra’s opinion the REC and energy market value estimates of \$50.12 and \$47.97 used in the calculation are reasonable. The Division believes the filing is in accordance with the Commission’s order in docket 4338, the docket in which the Commission approved the LTCRER Provision.

The Division therefore recommends approval of the proposed total LTCRER recovery factor of \$0.00230 per kWh, effective July 1, 2015.