

May 15, 2015

VIA HAND DELIVERY & ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RE: Docket 4535 - Long-Term Contracting for Renewable Energy Recovery Factor

Dear Ms. Massaro:

Pursuant to Rhode Island Public Utilities Commission (PUC) Rule 1.9 and National Grid's¹ Long-Term Contracting for Renewable Energy Recovery Provision (LTC Recovery Provision), RIPUC No. 2127, enclosed please find ten (10) copies of National Grid's Long-Term Contracting for Renewable Energy Recovery Factor (LTC Recovery Factor) filing proposing the LTC Recovery Factor for the period July 2015 through December 2015 (Pricing Period). The Company is proposing a recovery factor of 0.230¢ per kilowatt-hour (kWh), applicable to all customers, effective for consumption on and after July 1, 2015. The proposed LTC Recovery Factor is designed to recover the estimated above-market value of the Company's executed long-term contracts for the Pricing Period. The impact of the proposed LTC Recovery Factor on a typical residential customer using 500 kWhs per month is an increase of \$0.90 per month, or 0.9%.

Proposed LTC Recovery Factor

The Company's LTC Recovery Provision, RIPUC No. 2127, approved by the PUC in Docket No. 4338, allows for the recovery of payments made to projects under long-term contracts executed pursuant to R.I. Gen. Laws Chapter 39-26.1 and distributed generation (DG) standard contracts executed pursuant to R.I. Gen. Laws Chapter 39-26.2, less the proceeds obtained from the sale of energy, capacity, Renewable Energy Certificates (RECs) or other attributes. The LTC Recovery Factor proposed in this filing is designed to recover from customers the estimated above-market costs associated with the Company's power purchase agreements (PPAs) pursuant to R.I. Gen. Laws § 39-26.1-5(f), and with DG standard contracts (collectively Long Term Renewable Contracts) associated with units that have entered commercial operation.

¹ The Narragansett Electric Company d/b/a National Grid (National Grid or the Company).

Page 1 of Attachment 1 shows the calculation of the proposed LTC Recovery Factor. The estimated above-market costs of \$4,606,557 shown on Line 1 is divided by the forecasted kWhs for the Pricing Period, resulting in a recovery factor of 0.116¢ per kWh. The uncollectibles percentage of 1.25% is applied to the factor of 0.116¢ per kWh, resulting in an adjusted factor of 0.117¢. The currently effective LTC Recovery Reconciliation Factor of 0.113¢ per kWh, approved by the PUC in Docket No. 4554, is added to the proposed factor, resulting in a total LTC Recovery Factor of 0.230¢ per kWh, as shown on line 7.

Calculation of the Estimated Above-Market Cost

The estimated above-market cost that is expected to be realized during the Pricing Period is shown on Page 2 of Attachment 1, Section 3. The above-market cost is calculated as the total expected payments to be made under the contracts for the Pricing Period less the estimated market value associated with the sale of the energy, RECs, and capacity. The calculation of the total expected payments is shown in Section 1 of Page 2. The expected unit generation is estimated by applying the unit availability factor to the unit capacity, resulting in an expected six-month generation of 146,102 megawatt-hours for all units. The estimated generation multiplied by the contract price per megawatt results in expected total payments of \$19,496,757.

The estimated market value of the energy, RECs, and capacity is shown in Section 2 of Page 2. The market energy proxy is the estimated average spot market price during the Pricing Period and is the same value (excluding capacity and ancillary components) that is used in the calculation of the proposed Standard Offer Service rates for the Commercial Group for the period July 1, 2015 through December 31, 2015. The REC proxy value is based upon the Company's most recent market estimate. The capacity market value is the estimated capacity revenue to be received from ISO New England for the Pricing Period. The market value of the sale of the contract products for the Pricing Period is \$14,890,200, which, when subtracted from the total expected payments of \$19,496,757, results in an estimated above-market cost of \$4,606,557, as shown in Section 3.

Please note that the Company is not filing its Summary of Retail Delivery Rates, RIPUC No. 2095, at this time. The Company will be proposing a new Revenue Decoupling Mechanism (RDM) Adjustment Factor and Renewable Energy Growth Factors in separate filings. If approved by the PUC, the RDM Adjustment Factor, the Renewable Energy Growth Factors, and LTC Recovery Factor proposed in this filing will all be effective July 1, 2015. Therefore, the Company will file its Summary of Retail Delivery Service Rates incorporating all rate changes effective July 1, 2015 once the PUC has ruled on these proposals.

Luly Massaro, Commission Clerk
Docket No. 4535
May 15, 2015
Page 3 of 3

Thank you for your attention to this filing. Please feel free to contact me if you have any questions concerning this matter at 401-784-7288.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Jennifer Brooks Hutchinson".

Jennifer Brooks Hutchinson

Enclosures

cc: Docket 4535 Service List
Leo Wold, Esq.
Steve Scialabba

**Long-Term Contracting for Renewable Energy Recovery
Factor Calculation
For the Period July 2015 through December 2015**

(1) Above Market Cost for the period July 2015 through December 2015	\$4,606,557
(2) Forecasted kWh Deliveries - July 2015 through December 2015	3,961,778,283
(3) Recovery Factor for Estimated Above Market Cost	\$0.00116
(4) Adjustment for Uncollectibles	<u>1.25%</u>
(5) Proposed LTC Recovery Factor for the period July 1, 2015 through December 31, 2015	\$0.00117
(6) Currently Effective LTC Recovery Reconciliation Factor	<u>\$0.00113</u>
(7) Total Proposed LTC Recovery Factor	\$0.00230
(8) Current LTC Recovery Factor	<u>\$0.00057</u>
(9) Increase in LTC Recovery Factor	\$0.00173

Line Descriptions:

- (1) per page 2, column (n), Line (26)
- (2) per Company forecast
- (3) Line (1) ÷ Line (2), truncated after five decimal places
- (4) uncollectible percentage approved in RIPUC Docket No. 4323
- (5) Line (3) x [1 + Line (4)], truncated to five decimal places
- (6) per RIPUC Docket No. 4554, Schedule JAL-17, page 1, line (8)
- (7) Line (5) + Line (6)
- (8) per tariff
- (9) Line (7) - Line (8)

**Long-Term Contracting for Renewable Energy Recovery
Estimated Contract Cost and Market Value
For the Period July 2015 through December 2015**

Section 1: Estimated Six-Month Contract Cost

	<u>Unit</u>	<u>Unit Capacity (MW)</u>	<u>Commercial Operation Date</u>	<u>Unit Availability Factor</u>	<u>Estimated Six-Month Output (MWh)</u>	<u>Contract Price (\$ per MWh)</u>	<u>Estimated Six-Month Contract Cost</u>
		(a)	(b)	(c)	(d)	(e)	(f)
(1)	RI LFG Genco Asset No. 40054	32.100	05/28/13	85%	119,508.3	\$129.01	\$15,417,945
(2)	Wind Energy Dev. NK Green LLC Asset No. 42394	1.500	03/01/13	24%	1,576.8	\$133.50	\$210,503
(3)	Con Edison Development Plain Mtg House Asset No. 43512	2.000	07/19/13	14%	1,226.4	\$275.00	\$337,260
(4)	ACP Land LLC 28 Jacome Way Asset No. 43527	0.500	07/18/13	14%	306.6	\$316.00	\$96,886
(5)	Comtram Cable Asset No. 43586	0.499	09/30/13	14%	306.0	\$316.00	\$96,692
(6)	CCI New England 500 kW Asset No. 43607	0.498	10/25/13	14%	305.4	\$316.00	\$96,498
(7)	Conanicut Marine Services (CMS) Solar Asset No. 43685	0.128	10/21/13	14%	78.5	\$288.00	\$22,605
(8)	Black Bear Orono B Hydro Asset No. 38083	3.958	11/22/13	90%	15,602.4	\$94.68	\$1,477,182
(9)	West Davisville Solar Asset No. 43716	2.340	12/06/13	14%	1,434.9	\$236.99	\$340,054
(10)	Forbes Street Solar Asset No. 43762	3.710	12/20/13	14%	2,275.0	\$239.00	\$543,718
(11)	CCI New England 181 kW Asset No. 43921	0.181	02/27/14	14%	111.0	\$316.00	\$35,073
(12)	100 Dupont Solar Asset No. 44003	1.500	03/25/14	14%	919.8	\$209.00	\$192,238
(13)	225 Dupont Solar Asset No. 44004	0.300	03/25/14	14%	184.0	\$316.00	\$58,131
(14)	35 Martin Solar Asset No. 44006	0.500	03/27/14	14%	306.6	\$316.00	\$96,886
(15)	0 Martin Solar Asset No. 44005	0.500	03/27/14	14%	306.6	\$316.00	\$96,886
(16)	Gannon & Scott Solar Asset No. 44010	0.406	04/29/14	14%	249.0	\$284.00	\$70,704
(17)	All American Foods Solar Asset. No. 46721	0.331	10/24/14	14%	203.0	\$284.00	\$57,643
(18)	Brickle Group Solar Project Asset. No. 46911	1.084	12/04/14	14%	664.7	\$184.90	\$122,905
(19)	T.E.A.M. Inc. Solar Asset. No. 46913	0.182	12/11/14	14%	111.6	\$288.00	\$32,141
(20)	Newport Vineyards Solar Asset. No. 46917	0.053	12/15/14	14%	32.5	\$299.50	\$9,734
(21)	SER Solar 23 Appian Way Asset. No. 46926	0.052	12/17/14	14%	31.9	\$277.57	\$8,851
(22)	Nexamp 76 Stilson Rd. Asset. No. 47020	0.498	02/28/15	14%	305.4	\$194.88	\$59,511
(23)	Randall Steere Farm Asset. No. 46998	0.091	03/18/15	14%	55.8	\$299.49	\$16,712
(24)	Total				146,102		\$19,496,757

Section 2: Estimated Market Value

		Estimated MWh Purchased <u>Under Contracts</u>	Market Energy <u>Proxy</u>	Energy Market <u>Value</u>	REC <u>Proxy</u>	REC Market <u>Value</u>	<u>Capacity</u>	Total Market <u>Value</u>
		(g)	(h)	(i)	(j)	(k)	(l)	(m)
(25)	Total All Units	146,102	\$47.97	\$7,008,776	\$50.12	\$7,322,632	\$558,792	\$14,890,200

Section 3: Estimated Above (Below) Market Cost

	<u>Estimated Above (Below) Market Cost</u>
	(n)
(26)	Total Estimated Above (Below) Market Cost
	\$4,606,557

Column Descriptions:

- | | | | |
|-----|--|-----|--|
| (a) | commercially operable units | (i) | column (g) x column (h) |
| (b) | start date of commercial operation | (j) | REC price estimate based on most recent market information |
| (c) | estimated | (k) | column (g) x column (j) |
| (d) | column (a) x column (c) x (8,760 ÷ 2) hours | (l) | Expected capacity revenue from ISO-NE |
| (e) | per PPA | (m) | column (i) + column (k) + column (l) |
| (f) | column (d) x column (e) | (n) | column (f), Line (24) - column (m), Line (25) |
| (g) | sum of column (d) | | |
| (h) | Standard Offer Service Spot Market Estimate for Commercial Group, excluding capacity and ancillary services components | | |

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

Paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



Joanne M. Scanlon

May 15, 2015
Date

Docket No. 4535 - National Grid – Filing to Amend Long-Term Contracting Recovery Factor

Service List updated 5/13/15

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