

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: LONG-TERM CONTRACTING FOR :
RENEWABLE ENERGY RECOVERY FACTOR : DOCKET NO. 4535

REPORT AND ORDER

I. 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 (Long-Term Contract 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 Long-Term Contract 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 §

¹ R.I. Gen. Laws §§ 39-26.1-9.

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

39-26.1-5(f). 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 November 17, 2014, National Grid filed with the PUC its semi-annual Long-Term Contracting Recovery Factor for the period January 1, 2015 through June 30, 2015.⁵ In its filing, National Grid estimated that the six-month contract cost for seventeen renewable energy contracts, which include fifteen distributed generation contracts and two non-distributed generation contracts, would be \$19,246,904. While fourteen of the fifteen distributed generation contract prices are expected to be above market for that same period, resulting in a loss to National Grid, the non-distributed generation long-term contract prices and one large distributed generation wind project are expected to be below market, resulting in a gain for National Grid, for a net market value of \$21,354,832. The difference between the estimated contract costs and net market value is credit of \$2,107,928. When this credit is divided by National Grid's forecasted kWh deliveries for the upcoming six-month period, and adjusted for uncollectibles,

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 (November 17, 2014); [http://www.ripuc.org/eventsactions/docket/4535-NGrid-LTCRER_Factor\(11-17-14\).pdf](http://www.ripuc.org/eventsactions/docket/4535-NGrid-LTCRER_Factor(11-17-14).pdf).

the result is a proposed Long-Term Contract Recovery Factor of negative 0.056 cents per kWh. This is a decrease of 0.063 cents per kWh from the currently effective factor.⁶ The impact on a residential customer using 500 kWh per month is a decrease of 32 cents.⁷

On December 18, 2014, the Division filed with the PUC a memorandum summarizing the filing and recommending approval of the proposed credit factor for effect on January 1, 2015.⁸ At an open meeting held on December 23, 2014, the PUC reviewed the filing and approved the proposed Long-Term Contract Recovery Factor to apply to electricity consumed on and after January 1, 2015.

⁶ National Grid's Filing at Attachment 1 and 2.

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,

(21877) ORDERED:

The Narragansett Electric Company d/b/a National Grid's Long-Term Contract Recovery Factor of negative 0.024 cents per kWh is hereby approved. The new rate shall apply to electricity consumed on and after January 1, 2015.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JANUARY 1, 2015 PURSUANT TO AN OPEN MEETING DECISION ON DECEMBER 23, 2014. WRITTEN ORDER ISSUED APRIL 20, 2015.

PUBLIC UTILITIES COMMISSION



A handwritten signature in blue ink, reading "Margaret E. Curran".

Margaret E. Curran, Chairperson

Paul J. Roberti, Commissioner*

A handwritten signature in blue ink, reading "Herbert F. DeSimone, Jr.".

Herbert F. DeSimone, Jr., Commissioner

*Commissioner Roberti concurs but is unavailable for signature.

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.