

November 17, 2014

**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 RIPUC Docket No. 4338, enclosed please find ten (10) copies of National Grid's<sup>1</sup> Long-Term Contracting for Renewable Energy Recovery Factor (LTC Recovery Factor) filing proposing the LTC Recovery Factor for the period January 2015 through June 2015 (Pricing Period). The Company is proposing a credit factor of (0.024)¢ per kilowatt-hour (kWh), applicable to all customers, effective for consumption on and after January 1, 2015. The proposed LTC Recovery Factor is designed to credit the estimated below-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 a decrease of \$0.32 per month, or 0.4%.

**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 credit to customers the estimated below-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.

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<sup>1</sup> 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 below-market costs of \$2,107,928 shown on Line 1 is divided by the forecasted kWhs for the Pricing Period, resulting in a credit factor of (0.056)¢ per kWh. The uncollectibles percentage of 1.25% is applied to the factor of (0.056)¢ per kWh; however, since the calculated charge is truncated to five decimal places, the application of the uncollectible percentage does not result in a change to the proposed LTC Recovery Factor. The currently effective LTC Recovery Reconciliation Factor of 0.032¢ per kWh, approved by the PUC in Docket No. 4485, is added to the proposed factor, resulting in a total LTC Recovery Factor of (0.024)¢ per kWh, as shown on line 7.

#### Calculation of the Estimated Below-Market Cost

The estimated below-market cost that is expected to be realized during the Pricing Period is shown on Page 2 of Attachment 1, Section 3. The below-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 144,900 megawatt-hours for all units. The estimated generation multiplied by the contract price per megawatt results in expected total payments of \$19,246,904.

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 January 1, 2015 through June 30, 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 by each PPA from ISO New England for the Pricing Period. The market value of the sale of the contract products for the Pricing Period is \$21,354,832, which, when subtracted from the total expected payments of \$19,246,904, results in an estimated below-market cost of \$2,107,928, 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 has proposed a new Energy Efficiency Program Charge in a separate filing. If approved by the PUC, both the Energy Efficiency Program Charge and LTC Recovery Factor proposed in this filing will be effective January 1, 2015. Therefore, the Company will file its Summary of Retail Delivery Service Rates incorporating all rate changes effective January 1, 2015 once the PUC has ruled on these proposals.

Luly Massaro, Commission Clerk  
Docket 4535 – LTC Recovery Factor  
November 17, 2014  
Page 3 of 3

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Jennifer Brooks Hutchinson", with a long horizontal flourish extending to the right.

Jennifer Brooks Hutchinson

Enclosures

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

### Certificate of Service

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

Copies of this filing were hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities Carriers.



**Joanne M. Scanlon**

November 17, 2014  
**Date**

### **Docket No. 4535 - National Grid – Filing to Amend Long-Term Contracting Recovery Factor effective 1/1/15**

#### **Service List updated 11/14/14**

<b>Name/Address</b>	<b>E-mail Distribution</b>	<b>Phone</b>
Jennifer Brooks Hutchinson, Esq. National Grid 280 Melrose St. Providence, RI 02907	<a href="mailto:Jennifer.hutchinson@nationalgrid.com">Jennifer.hutchinson@nationalgrid.com</a>	401-784-7288
	<a href="mailto:Celia.obrien@nationalgrid.com">Celia.obrien@nationalgrid.com</a>	
	<a href="mailto:Joanne.scanlon@nationalgrid.com">Joanne.scanlon@nationalgrid.com</a>	
	<a href="mailto:Corinne.Didomenico@nationalgrid.com">Corinne.Didomenico@nationalgrid.com</a>	
Jon Hagopian, Esq. Division of Public Utilities & Carriers 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:jhagopian@dpuc.ri.gov">jhagopian@dpuc.ri.gov</a>	401-222-2424
	<a href="mailto:Sscialabba@dpuc.ri.gov">Sscialabba@dpuc.ri.gov</a>	
Karen Lyons, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	<a href="mailto:klyons@riag.ri.gov">klyons@riag.ri.gov</a>	
	<a href="mailto:dmacrae@riag.ri.gov">dmacrae@riag.ri.gov</a>	
	<a href="mailto:jmunoz@riag.ri.gov">jmunoz@riag.ri.gov</a>	
Richard Hahn LaCapra Associates One Washington Mall, 9 <sup>th</sup> floor Boston, MA 02108	<a href="mailto:rhahn@lacapra.com">rhahn@lacapra.com</a>	
<b>File an original &amp; 9 copies w/:</b> Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:Luly.massaro@puc.ri.gov">Luly.massaro@puc.ri.gov</a>	401-780-2017
	<a href="mailto:Cynthia.WilsonFrias@puc.ri.gov">Cynthia.WilsonFrias@puc.ri.gov</a>	
	<a href="mailto:Alan.nault@puc.ri.gov">Alan.nault@puc.ri.gov</a>	
	<a href="mailto:Todd.bianco@puc.ri.gov">Todd.bianco@puc.ri.gov</a>	
Christopher Kearns, OER Nicholas Ucci, OER	<a href="mailto:Christopher.Kearns@energy.ri.gov">Christopher.Kearns@energy.ri.gov</a>	
	<a href="mailto:Nicholas.Ucci@energy.ri.gov">Nicholas.Ucci@energy.ri.gov</a>	

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

(1) Below Market Cost for the period January 2015 through June 2015	(\$2,107,928)
(2) Forecasted kWh Deliveries - January 2015 through June 2015	3,732,723,608
(3) Recovery Factor for Estimated Below Market Cost	(\$0.00056)
(4) Adjustment for Uncollectibles	<u>1.25%</u>
(5) Proposed LTC Recovery Factor for the period January 1, 2015 through June 30, 2015	(\$0.00056)
(6) Currently Effective LTC Recovery Reconciliation Factor	<u>\$0.00032</u>
(7) Total LTC Recovery Factor	(\$0.00024)
(8) Current LTC Recovery Factor	<u>\$0.00039</u>
(9) Decrease in LTC Recovery Factor	(\$0.00063)

Line Descriptions:

- (1) per page 2, column (n), Line (54)
- (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. 4485, 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 January 2015 through June 2015**

**Section 1: Estimated Six-Month Contract Cost**

Unit	Unit Capacity (MW) (a)	Commercial Operation Date (b)	Unit Availability Factor (c)	Estimated Six-Month Output (MWh) (d)	Contract Price (\$ per MWh) (e)	Estimated Six-Month Contract Cost (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) Total				144,900		\$19,246,904

**Section 2: Estimated Market Value**

Unit	Estimated MWh Purchased Under Contracts (g)	Market Energy Proxy (h)	Energy Market Value (i)	REC Proxy (j)	REC Market Value (k)	Capacity (l)	Total Market Value (m)
(19) RI LFG Genco Asset No. 40054	119,508.3	\$98.27	\$11,744,058	\$45.25	\$5,407,751	\$558,792	\$17,710,601
(20) Wind Energy Dev. NK Green LLC Asset No. 42394	1,576.8	\$98.27	\$154,952	\$45.25	\$71,350		\$226,302
(21) Con Edison Development Plain Mtg House Asset No. 43512	1,226.4	\$98.27	\$120,518	\$45.25	\$55,495		\$176,013
(22) ACP Land LLC 28 Jacome Way Asset No. 43527	306.6	\$98.27	\$30,130	\$45.25	\$13,874		\$44,004
(23) Comtram Cable Asset No. 43586	306.0	\$98.27	\$30,069	\$45.25	\$13,846		\$43,915
(24) CCI New England 500 kW Asset No. 43607	305.4	\$98.27	\$30,009	\$45.25	\$13,818		\$43,827
(25) Conanicut Marine Services (CMS) Solar Asset No. 43685	78.5	\$98.27	\$7,713	\$45.25	\$3,552		\$11,265
(26) Black Bear Orono B Hydro Asset No. 38083	15,602.4	\$98.27	\$1,533,248	\$45.25	\$706,010		\$2,239,258
(27) West Davisville Solar Asset No. 43716	1,434.9	\$98.27	\$141,006	\$45.25	\$64,929		\$205,935
(28) Forbes Street Solar Asset No. 43762	2,275.0	\$98.27	\$223,561	\$45.25	\$102,942		\$326,503
(29) CCI New England 181 kW Asset No. 43921	111.0	\$98.27	\$10,907	\$45.25	\$5,022		\$15,929
(30) 100 Dupont Solar Asset No. 44003	919.8	\$98.27	\$90,389	\$45.25	\$41,621		\$132,010
(31) 225 Dupont Solar Asset No. 44004	184.0	\$98.27	\$18,078	\$45.25	\$8,324		\$26,402
(32) 35 Martin Solar Asset No. 44006	306.6	\$98.27	\$30,130	\$45.25	\$13,874		\$44,004
(33) 0 Martin Solar Asset No. 44005	306.6	\$98.27	\$30,130	\$45.25	\$13,874		\$44,004
(34) Gannon & Scott Solar Asset No. 44010	249.0	\$98.27	\$24,465	\$45.25	\$11,265		\$35,730
(35) All American Foods Solar Asset. No. 46721	203.0	\$98.27	\$19,946	\$45.25	\$9,184		\$29,130
(36) Total			\$14,239,309		\$6,556,731	\$558,792	\$21,354,832

**Section 3: Estimated Above (Below) Market Cost**

	Estimated Above (Below) Market Cost (n)
(37) RI LFG Genco Asset No. 40054	(\$2,292,656)
(38) Wind Energy Dev. NK Green LLC Asset No. 42394	(\$15,799)
(39) Con Edison Development Plain Mtg House Asset No. 43512	\$161,247
(40) ACP Land LLC 28 Jacome Way Asset No. 43527	\$52,882
(41) Comtram Cable Asset No. 43586	\$52,777
(42) CCI New England 500 kW Asset No. 43607	\$52,671
(43) Conanicut Marine Services (CMS) Solar Asset No. 43685	\$11,340
(44) Black Bear Orono B Hydro Asset No. 38083	(\$762,076)
(45) West Davisville Solar Asset No. 43716	\$134,119
(46) Forbes Street Solar Asset No. 43762	\$217,215
(47) CCI New England 181 kW Asset No. 43921	\$19,143
(48) 100 Dupont Solar Asset No. 44003	\$60,228
(49) 225 Dupont Solar Asset No. 44004	\$31,729
(50) 35 Martin Solar Asset No. 44006	\$52,882
(51) 0 Martin Solar Asset No. 44005	\$52,882
(52) Gannon & Scott Solar Asset No. 44010	\$34,974
(53) All American Foods Solar Asset. No. 46721	\$28,513
(54) Total Estimated Above (Below) Market Cost	(\$2,107,928)

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) - column (m)
(g) per column (d)	
(h) Standard Offer Service Spot Market Estimate for Commercial Group, excluding capacity and ancillary services components	