

June 8, 2016

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 4587 - Long-Term Contracting for Renewable Energy Recovery Factor Responses to Division Data Requests – Set 1

Dear Ms. Massaro:

Enclosed are National Grid's¹ responses to the first set of data requests issued by the Rhode Island Division of Public Utilities and Carriers in the above-referenced docket.

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

Very truly yours,



Jennifer Brooks Hutchinson

Enclosures

cc: Docket 4587 Service List
Leo Wold, Esq.
Steve Scialabba

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

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.

The 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

June 8, 2016

Date

Docket No. 4587 - National Grid – Filing to Amend Long-Term Contracting Recovery Factor (Year 2016)

Service List updated 12/17/15

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Division 1-1

Request:

In Attachment 1, page 3 of 4, the Company provides an estimate of \$582,504 of capacity revenues for the RI LFG project. Please provide the assumptions, documents relied upon, and calculations in a live spreadsheet with all inputs and formulae intact that the Company used to produce that estimate, including but not limited to the capacity prices and the supply obligations for the July to December 2016 period.

Response:

Please see the accompanying working Excel file named "4587 - Division 1-1.xlsx" and identified as Attachment DIV 1-1 on CD-ROM.

The calculation of the expected capacity revenues from the RI LFG Genco unit included in the Long-Term Contracting for Renewable Energy (LTC) Recovery Factor is as follows:

	26	Capacity Supply Obligation (MW)
X	3.734	2015/2016 Elected Five-Year Capacity Clearing Price (\$/kW-Month)
X	6	Number of Months
X	1000	Convert kW to MW
<hr/>		
	582,504	Expected capacity revenue from ISO-NE

RI LFG Genco elected a five-year capacity commitment period and Capacity Clearing Price (indexed each year for inflation) when it first cleared in the Forward Capacity Auction as a New Resource. Historically, RI LFG Genco did not know the capacity commitment period price (starting June) because of the inflation escalator until after the first monthly settlement report was issued for the new capacity commitment period. Because the Company would file the LTC Recovery Factor in May for the July to December period, it would include the prior year's price as an estimate in its calculation. The Company followed the same process for the May 16, 2016 LTC Recovery Factor filing.

However, RI LFG Genco's five-year capacity commitment period ended May 2016 and the capacity price beginning June 2016 for RI LFG Genco should be the Rest of Pool Payment Rate. Using this rate, the expected capacity revenue is lower than originally filed.

Division 1-1, page 2

	26	Capacity Supply Obligation (MW)
X	2.744	2016/2017 Rest of Pool Payment Rate (\$/kW-Month)
X	6	Number of Months
X	1000	Convert kW to MW
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	428,064	Expected capacity revenue from ISO-NE

Updating the LTC Recovery Factor Estimated Market Value with the revised capacity revenue will increase the Total Proposed LTC Recovery Factor from \$0.00337 per kWh to \$0.00341 per kWh.

The LTC Recovery Factor calculation includes estimated values for RECs, energy, and capacity as well as estimated generation. Because the revised LTC Recovery Factor is not significantly different from the proposed factor, and because the calculation includes many estimates, the Company believes the originally proposed LTC Recovery Factor of \$0.00337 per kWh is appropriate for implementation effective July 1, 2016. Actual costs and revenue associated with all of the long term renewable contracts will be reconciled in full, and any differences between estimated above-market costs and actual above-market costs will be recovered in the annual reconciliation.

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4587
In Re: Long-Term Contracting for Renewable Energy Recovery Factor
Responses to Division's First Set of Data Requests
Issued on May 25, 2016

Division 1-2

Request:

Please provide the peak and off-peak NYMEX futures prices that the Company used to estimate energy market revenues in Attachment 1, page 3 of 4, in as much granularity (i.e., monthly) as available. Also provide the source for this data, and the date that the data was obtained.

Response:

<u>Energy Market Prices (\$/MWh)</u>	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>Oct-16</u>	<u>Nov-16</u>	<u>Dec-16</u>
Peak	\$ 51.30	\$ 45.63	\$ 35.35	\$ 35.25	\$ 43.80	\$ 57.25
Off Peak	\$ 29.88	\$ 26.38	\$ 23.45	\$ 24.75	\$ 33.00	\$ 44.00

Source: New York Mercantile Exchange, owned by the CME Group.

Product Descriptions: ISO New England Internal Hub Peak LMP Swap (U6) and ISO New England Internal Hub Off-Peak LMP Swap (H2)

Date: Settlement Prices as of May 4, 2016

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4587
In Re: Long-Term Contracting for Renewable Energy Recovery Factor
Responses to Division's First Set of Data Requests
Issued on May 25, 2016

Division 1-3

Request:

Please provide the assumptions, documents relied upon, and calculations in a live spreadsheet with all inputs and formulae intact that the Company used to produce the estimate of energy market revenues.

Response:

Please see Attachment DIV-1-3 on CD-ROM, which is a working Excel version of the calculations presented in the Company's filing, including the calculation of the estimate of market revenues.