

December 10, 2015

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
Revised**

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 January 2016 through June 2016 (Pricing Period). The Company is proposing a recovery factor of 0.231¢ per kilowatt-hour (kWh), applicable to all customers, effective for consumption on and after January 1, 2016. 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 \$0.01 per month, or 0.01%.²

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

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

² The Company is submitting this revised filing letter to correct the amount of the bill impact, which was incorrectly stated in the Company's original filing letter, dated November 12, 2015. Except for the corrected bill impact, this revised filing is otherwise the same as the original filing.

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.

Page 1 of Attachment 1 shows the calculation of the proposed LTC Recovery Factor. The estimated above-market costs of \$4,292,349 shown on Line 1 is divided by the forecasted kWhs for the Pricing Period, resulting in a recovery factor of 0.117¢ per kWh. The uncollectibles percentage of 1.25% is applied to the factor of 0.117¢ per kWh, resulting in an adjusted factor of 0.118¢. 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 0.231¢ 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 4 of Attachment 1. 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 on 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 147,451 megawatt-hours for all units. The estimated generation multiplied by the contract price per megawatt results in expected total payments of \$20,152,815.

The estimated market value of the energy, RECs, and capacity is shown on Page 3. 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, 2016 through June 30, 2016. 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 \$15,860,466, which, when subtracted from the total expected payments of \$20,152,815, results in an estimated above-market cost of \$4,292,349, as shown on Page 4.

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, 2016. Therefore, the Company will file its Summary of Retail Delivery Service Rates incorporating all rate changes effective January 1, 2016 once the PUC has ruled on these proposals.

Luly Massaro, Commission Clerk
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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 black ink, appearing to read "Jennifer Brooks Hutchinson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jennifer Brooks Hutchinson

Enclosures

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

**Long-Term Contracting for Renewable Energy Recovery
Factor Calculation
For the Period January 2016 through June 2016**

| | |
|---------------------------------------------------------------------------------------|------------------|
| (1) Above Market Cost for the period January 2016 through June 2016 | \$4,292,349 |
| (2) Forecasted kWh Deliveries - January 2016 through June 2016 | 3,653,714,748 |
| (3) Recovery Factor for Estimated Above Market Cost | \$0.00117 |
| (4) Adjustment for Uncollectibles | <u>1.25%</u> |
| (5) Proposed LTC Recovery Factor for the period January 1, 2016 through June 30, 2016 | \$0.00118 |
| (6) Currently Effective LTC Recovery Reconciliation Factor | <u>\$0.00113</u> |
| (7) Total Proposed LTC Recovery Factor | \$0.00231 |
| (8) Current LTC Recovery Factor | <u>\$0.00230</u> |
| (9) Increase in LTC Recovery Factor | \$0.00001 |

Line Descriptions:

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

Long-Term Contracting for Renewable Energy Recovery
Estimated Contract Cost
For the Period January 2016 through June 2016

Estimated Six-Month Contract Cost

| | <u>Unit</u> | <u>Unit Capacity (MW)</u> | <u>Commercial Operation Date</u> | <u>Unit 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 | \$132.24 | \$15,803,778 |
| (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 | \$96.57 | \$1,506,726 |
| (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) | Johnston Solar Asset No. 47357 | 1.700 | 08/03/15 | 14% | 1,042.4 | \$175.00 | \$182,427 |
| (25) | North Kingstown Solar 1720 Davisville Rd.- Asset No. 47487 | 0.500 | 10/20/15 | 14% | <u>306.6</u> | \$190.00 | <u>\$58,254</u> |
| (26) | Total | | | | 147,451 | | \$20,152,815 |

Column Descriptions:

- (a) commercially operable units
- (b) start date of commercial operation
- (c) estimated
- (d) column (a) x column (c) x (8,760 ÷ 2) hours
- (e) per PPA
- (f) column (d) x column (e)

**Long-Term Contracting for Renewable Energy Recovery
Estimated Market Value
For the Period January 2016 through June 2016**

Estimated Market Value

| | <u>Unit</u> | <u>Estimated MWh Purchased Under Contracts</u> (a) | <u>Market Energy Proxy</u> (b) | <u>Energy Market Value</u> (c) | <u>REC Proxy</u> (d) | <u>REC Market Value</u> (e) | <u>Capacity</u> (f) | <u>Total Market Value</u> (g) |
|------|------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------|-------------------------------------------|-----------------------------|----------------------------------------|------------------------|------------------------------------------|
| (1) | RI LFG Genco Asset No. 40054 | 119,508.3 | \$55.08 | \$6,582,971 | \$48.53 | \$5,799,738 | \$582,504 | \$12,965,213 |
| (2) | Wind Energy Dev. NK Green LLC Asset No. 42394 | 1,576.8 | \$55.08 | \$86,856 | \$48.53 | \$76,522 | | \$163,378 |
| (3) | Con Edison Development Plain Mtg House Asset No. 43512 | 1,226.4 | \$55.08 | \$67,555 | \$48.53 | \$59,517 | | \$127,072 |
| (4) | ACP Land LLC 28 Jacome Way Asset No. 43527 | 306.6 | \$55.08 | \$16,889 | \$48.53 | \$14,879 | | \$31,768 |
| (5) | Comtram Cable Asset No. 43586 | 306.0 | \$55.08 | \$16,855 | \$48.53 | \$14,850 | | \$31,704 |
| (6) | CCI New England 500 kW Asset No. 43607 | 305.4 | \$55.08 | \$16,821 | \$48.53 | \$14,820 | | \$31,641 |
| (7) | Conanicut Marine Services (CMS) Solar Asset No. 43685 | 78.5 | \$55.08 | \$4,324 | \$48.53 | \$3,809 | | \$8,133 |
| (8) | Black Bear Orono B Hydro Asset No. 38083 | 15,602.4 | \$55.08 | \$859,441 | \$48.53 | \$757,186 | | \$1,616,628 |
| (9) | West Davisville Solar Asset No. 43716 | 1,434.9 | \$55.08 | \$79,039 | \$48.53 | \$69,635 | | \$148,674 |
| (10) | Forbes Street Solar Asset No. 43762 | 2,275.0 | \$55.08 | \$125,314 | \$48.53 | \$110,404 | | \$235,718 |
| (11) | CCI New England 181 kW Asset No. 43921 | 111.0 | \$55.08 | \$6,114 | \$48.53 | \$5,386 | | \$11,500 |
| (12) | 100 Dupont Solar Asset No. 44003 | 919.8 | \$55.08 | \$50,666 | \$48.53 | \$44,638 | | \$95,304 |
| (13) | 225 Dupont Solar Asset No. 44004 | 184.0 | \$55.08 | \$10,133 | \$48.53 | \$8,928 | | \$19,061 |
| (14) | 35 Martin Solar Asset No. 44006 | 306.6 | \$55.08 | \$16,889 | \$48.53 | \$14,879 | | \$31,768 |
| (15) | 0 Martin Solar Asset No. 44005 | 306.6 | \$55.08 | \$16,889 | \$48.53 | \$14,879 | | \$31,768 |
| (16) | Gannon & Scott Solar Asset No. 44010 | 249.0 | \$55.08 | \$13,714 | \$48.53 | \$12,082 | | \$25,796 |
| (17) | All American Foods Solar Asset. No. 46721 | 203.0 | \$55.08 | \$11,180 | \$48.53 | \$9,850 | | \$21,030 |
| (18) | Brickle Group Solar Project Asset. No. 46911 | 664.7 | \$55.08 | \$36,615 | \$48.53 | \$32,258 | | \$68,873 |
| (19) | T.E.A.M. Inc. Solar Asset. No. 46913 | 111.6 | \$55.08 | \$6,147 | \$48.53 | \$5,416 | | \$11,564 |
| (20) | Newport Vineyards Solar Asset. No. 46917 | 32.5 | \$55.08 | \$1,790 | \$48.53 | \$1,577 | | \$3,367 |
| (21) | SER Solar 23 Appian Way Asset. No. 46926 | 31.9 | \$55.08 | \$1,756 | \$48.53 | \$1,547 | | \$3,304 |
| (22) | Nexamp 76 Stilson Rd. Asset. No. 47020 | 305.4 | \$55.08 | \$16,821 | \$48.53 | \$14,820 | | \$31,641 |
| (23) | Randall Steere Farm Asset. No. 46998 | 55.8 | \$55.08 | \$3,074 | \$48.53 | \$2,708 | | \$5,782 |
| (24) | Johnston Solar Asset No. 47357 | 1,042.4 | \$55.08 | \$57,422 | \$48.53 | \$50,590 | | \$108,011 |
| (25) | North Kingstown Solar 1720 Davisville Rd.- Asset No. 47487 | 306.6 | \$55.08 | <u>\$16,889</u> | \$48.53 | <u>\$14,879</u> | | <u>\$31,768</u> |
| (26) | Total | | | \$8,122,163 | | \$7,155,799 | \$582,504 | \$15,860,466 |

Column Descriptions:

- (a) per Page 2, column (d)
- (b) Standard Offer Service Spot Market Estimate for Commercial Group, excluding capacity and ancillary services components
- (c) column (a) x column (b)
- (d) REC price estimate based on most recent market information
- (e) column (a) x column (d)
- (f) Expected capacity revenue from ISO-NE
- (g) column (c) + column (e) + column (f)

**Long-Term Contracting for Renewable Energy Recovery
Estimated Above (Below) Market Cost
For the Period January 2016 through June 2016**

Estimated Above (Below) Market Cost

| <u>Unit</u> | | <u>Estimated Six-Month Contract Cost</u> (a) | <u>Total Market Value</u> (b) | <u>Estimated Above (Below) Market Cost</u> (c) |
|-------------|------------------------------------------------------------|---------------------------------------------------------|------------------------------------------|-------------------------------------------------------|
| (1) | RI LFG Genco Asset No. 40054 | \$15,803,778 | \$12,965,213 | \$2,838,564 |
| (2) | Wind Energy Dev. NK Green LLC Asset No. 42394 | \$210,503 | \$163,378 | \$47,125 |
| (3) | Con Edison Development Plain Mtg House Asset No. 43512 | \$337,260 | \$127,072 | \$210,188 |
| (4) | ACP Land LLC 28 Jacome Way Asset No. 43527 | \$96,886 | \$31,768 | \$65,118 |
| (5) | Comtram Cable Asset No. 43586 | \$96,692 | \$31,704 | \$64,987 |
| (6) | CCI New England 500 kW Asset No. 43607 | \$96,498 | \$31,641 | \$64,857 |
| (7) | Conanicut Marine Services (CMS) Solar Asset No. 43685 | \$22,605 | \$8,133 | \$14,472 |
| (8) | Black Bear Orono B Hydro Asset No. 38083 | \$1,506,726 | \$1,616,628 | (\$109,902) |
| (9) | West Davisville Solar Asset No. 43716 | \$340,054 | \$148,674 | \$191,380 |
| (10) | Forbes Street Solar Asset No. 43762 | \$543,718 | \$235,718 | \$308,000 |
| (11) | CCI New England 181 kW Asset No. 43921 | \$35,073 | \$11,500 | \$23,573 |
| (12) | 100 Dupont Solar Asset No. 44003 | \$192,238 | \$95,304 | \$96,934 |
| (13) | 225 Dupont Solar Asset No. 44004 | \$58,131 | \$19,061 | \$39,071 |
| (14) | 35 Martin Solar Asset No. 44006 | \$96,886 | \$31,768 | \$65,118 |
| (15) | 0 Martin Solar Asset No. 44005 | \$96,886 | \$31,768 | \$65,118 |
| (16) | Gannon & Scott Solar Asset No. 44010 | \$70,704 | \$25,796 | \$44,909 |
| (17) | All American Foods Solar Asset. No. 46721 | \$57,643 | \$21,030 | \$36,613 |
| (18) | Brickle Group Solar Project Asset. No. 46911 | \$122,905 | \$68,873 | \$54,032 |
| (19) | T.E.A.M. Inc. Solar Asset. No. 46913 | \$32,141 | \$11,564 | \$20,578 |
| (20) | Newport Vineyards Solar Asset. No. 46917 | \$9,734 | \$3,367 | \$6,366 |
| (21) | SER Solar 23 Appian Way Asset. No. 46926 | \$8,851 | \$3,304 | \$5,547 |
| (22) | Nexamp 76 Stilson Rd. Asset. No. 47020 | \$59,511 | \$31,641 | \$27,870 |
| (23) | Randall Steere Farm Asset. No. 46998 | \$16,712 | \$5,782 | \$10,930 |
| (24) | Johnston Solar Asset No. 47357 | \$182,427 | \$108,011 | \$74,416 |
| (25) | North Kingstown Solar 1720 Davisville Rd.- Asset No. 47487 | <u>\$58,254</u> | <u>\$31,768</u> | <u>\$26,486</u> |
| (26) | Total | \$20,152,815 | \$15,860,466 | \$4,292,349 |

Column Descriptions:

- (a) page 2 column (f)
- (b) page 3 column (g)
- (c) column (a) - column (b)