

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: 2016 RENEWABLE ENERGY GROWTH :  
PROGRAM FACTOR FILING AND RECONCILIATION : DOCKET NO. 4626

ORDER

On June 30, 2016, The Narragansett Electric Company d/b/a National Grid (National Grid or Company) filed with the Public Utilities Commission (PUC or Commission) proposed Renewable Energy Growth factors (program factors) and Renewable Energy Growth Reconciliation factors (reconciliation factors) for effect October 1, 2016. The proposed program factors are based on an estimate of costs for the 2016 program year, spanning April 1, 2016 through March 31, 2017. The proposed reconciliation factors are based on the actual costs for the first program ersatz year, spanning October 1, 2014 through March 31, 2016.<sup>1</sup>

In their written testimony, Adam Crary and Jeanne Lloyd explained that the program factors are the sum of (1) the estimated performance-based incentive payments to enrolled projects, reduced by (2) the value of the market products, plus (3) the estimated administrative expense plus (4) the cost of additional meters on participating projects, and (5) the estimated remuneration to National Grid. The total projected expense the Company is seeking to recover prospectively is \$2,478,628.<sup>2</sup> Approximately \$1.6 million of this total is for the net performance-based incentives after removing the estimated value of renewable energy certificates. Another \$800,000 is estimated for administrative expenses. The remaining \$35,000 is for meter investment and Company remuneration.<sup>3</sup> The reconciliation factor is designed to credit customers with a \$274,574

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<sup>1</sup> National Grid's witnesses explained that the Company began incurring program-related expenses in October of 2014 but the factor was not approved until July 1, 2015. Going forward, the reconciling period will be a twelve-month period spanning April to March to match the program year.

<sup>2</sup> Lloyd and Crary Test. at 9, Schedule NG-2. (Mr. Crary and Ms. Lloyd both work in the New England electric pricing department of National Grid USA Service Company).

<sup>3</sup> Schedule NG-2.

over-recovery for the period October 2014 through March 2016. The factor is calculated by comparing the billed revenue for the period to the expenses for the same period. Interest is then applied to the balance, in the case of an over-recovery, in favor of the customers.<sup>4</sup>

On September 20, 2016, the Division of Public Utilities and Carriers (Division) filed a memorandum with the PUC recommending approval of the tariff.<sup>5</sup> The Division explained that the recovery of costs through the program factors relates to 2,334.7 kW of aggregate capacity for small scale solar projects already enrolled and an additional forecasted 5,500 kW of aggregate capacity for small scale solar projects to be enrolled during the 2016 program year. The Division calculated that the net cost per kWh for the program year is \$0.50 per kWh, but opined that the cost per kWh should decline in the future “assuming program year output increases at a faster pace than the total of administrative cost, meter investment, and remuneration cost burden.”<sup>6</sup> Addressing the reconciliation factor, the Division found the calculations to be correct.<sup>7</sup> The Division calculated that the net combined Renewable Energy Growth Factor will be \$0.22 on a residential bill for the period October 1, 2016 through September 30, 2017.<sup>8</sup>

At an Open Meeting held on September 29, 2016, after review of the calculations in the filing and a memorandum filed by the Division, the PUC approved the filing, finding the calculations and proposed factors to be consistent with the approved tariffs.<sup>9</sup> However, the PUC expressed concern that because the Company uses different methods for calculating its financial remuneration, the Renewable Energy Growth Program tariff is inconsistent with the Long-Term Contracting for Renewable Energy Recovery Factor tariff. Therefore, the PUC will be reviewing

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<sup>4</sup> Lloyd and Crary Test. at 18-19, Schedule NG-3.

<sup>5</sup> Div. Mem. at 4-5.

<sup>6</sup> *Id.* at 2.

<sup>7</sup> *Id.* at 3-4.

<sup>8</sup> *Id.* at 4.

<sup>9</sup> The Renewable Energy Growth Program Tariff (RIPUC No. 2153) was approved by the PUC at an Open Meeting conducted on March 31, 2015 (Docket No. 4536-A)

both tariffs and the relevant legislation to ensure tariffs are consistent with legislative policy and each other.

Accordingly, it is hereby

(22608) ORDERED:

The Narragansett Electric Company d/b/a National Grid's Renewable Energy Growth Program factors and Renewable Energy Growth Reconciliation factors are hereby approved and shall apply to customer usage on and after October 1, 2016.

EFFECTIVE AT WARWICK, RHODE ISLAND ON OCTOBER 1, 2016, PURSUANT TO AN OPEN MEETING DECISION ON SEPTEMBER 29, 2016. WRITTEN ORDER ISSUED NOVEMBER 21, 2016.

PUBLIC UTILITIES COMMISSION



Margaret E. Curran, Chairperson



Herbert F. DeSimone, Jr., Commissioner



Marion S. Gold, Commissioner



**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 Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.