



State of Rhode Island  
Division of Public  
Utilities & Carriers

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# Memorandum

**To: L. Massaro**  
**Commission Clerk**

**From: Alberico Mancini**  
**Division of Public Utilities & Carriers**

**Date: 11/14/2018**

**Re: Narragansett Electric – Standard Offer Rate Filing: Docket 4692**

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On October 16, 2018 Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) filed with the Commission new proposed Standard Offer rates for the Industrial Group effective January 1, 2019 and the results of its most recent Standard Offer procurement.<sup>1</sup> A Request for Confidential Treatment for detailed bid results was submitted to the Division for our review.

Included in the filing are:

- A calculation of the Standard Offer Service (“SOS”) retail rates for the Industrial Group for each month of the service period;
- A RIPUC Tariff No. 2096 Rate Summary, reflecting the proposed rates for the period January 2019 through March 2019.

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<sup>1</sup> Filings entitled: *Proposed Standard Offer Service Rates for the Industrial Group for the Months of January 2019 through March 2019*; and *Results of Competitive Procurement for the Months of April 2019 through September 2019 for the Residential Group, April 2019 through September 2019 for the Commercial Group, and January 2019 through March 2019 for the Industrial Group*, and *Request for Confidential Treatment*.

- A typical bill analysis for the SOS Industrial Customer Group.
- A copy of SOS Request for Proposals (“RFPs”) to solicit SOS supply issued on September 7, 2018 for the period January 2019 through March 2019 for the Industrial Group, April 2019 through September 2019 for the Commercial Group, and April 2019 through September 2019 for the Residential Group;
- A redacted summary of the procurement process, and;
- Redacted versions of the executed confidential Amendment to the Master Power Agreement and Transaction Confirmations for January 2019 through March 2019 for the Industrial Group, April 2019 through September 2019 for the Commercial Group, and April 2019 through September 2019 for the Residential Group.

Un-redacted versions of the Procurement Summary, an amendment to a Master Power Agreement, and Transaction Confirmations have been supplied under separate cover.

### **Standard Offer Service Procurement Plan Summary**

**Industrial Group:** 100% of the load for **January 2019 through March 2019.**

**Commercial Group:** Procurements encompassing **April 2019 through September 2019.**

With this most recent solicitation for another 20% of the load requirements for the **April 2019 through September 2019** period, 75% of the load requirements for the Commercial Group for the April 2019 through September 2019 period have now been procured (15% in 1/18, 20% in 4/18, 20% in 7/18, and 20% in 10/18). For the April 2019 through September 2019 period, the Company will procure another 15% in the first quarter of 2019. Those procurements will total 90% for the April 2019 through September 2019 period and 10% will be made in the spot market.

**Residential Group:** Procurements encompassing **April 2019 through September 2019.**

With this most recent solicitation for another 20% of the load requirements for the **April 2019 through September 2019** period, 75% of the load requirements for the Residential Group for the April 2019 through September 2019 period have now been procured (15% in 1/18, 20% in 4/18, 20% in 7/18, and 20% in 10/18). For the April 2019 through September 2019 period, the Company will procure another 15% in the first quarter of 2019. Those procurements will total 90% for the April 2019 through September 2019 period and 10% will be made in the spot market.

## **Standard Offer Service Proposed Rates and Trends**

### **Industrial Group Rates**

The SOS rates proposed for the **Industrial Customer Group** for the January 2019 through March 2019 period, including the current per-kWh Standard Offer Adjustment Factor of (\$0.00830), the Administrative Cost Factor of \$0.00177, and the Renewable Energy Charge of \$0.00004 are:

- January 2019: \$0.14919/kWh.
- February 2019: \$0.14430/kWh.
- March 2019: \$0.10246/kWh.

The three-month average of the proposed January 2019 through March 2019 Industrial Group SOS rate is \$0.13198, which results in a 49% increase compared with the current October 2018 through December 2018 average Industrial Standard Offer rate of \$0.08837/kWh. In comparison, the same three-month period average was \$0.09431 the previous year. Additionally, the Industrial SOS average rate was \$0.11099/kWh for the January through March period for the 5 years of 2014-2018.

Current standard offer customers can choose to buy their energy supply from a number of competitive electric suppliers. Open Access reports filed by National Grid indicate that approximately 90% of the Industrial load in Rhode Island is served by competitive suppliers, not National Grid. Customers served by competitive suppliers are unaffected by the proposed SOS rate filing, though all customers will likely be eventually impacted by regional wholesale market conditions.

### **Division Confirmation of Compliance**

The proposed rates are consistent with prior Commission pricing policy and precedent and are the result of the Company following the approved procurement plan and obtaining competitive responses to its RFPs.

The Division verified that the proposed Standard Offer rates contained in the filing for the Industrial Standard Offer are correctly calculated and comply with the PUC-approved standard offer procurement plan as directed in Order number 22774 issued in the Standard Offer Procurement Plan, Docket 4692, written order dated May 12, 2017. The Division recommends that the Commission approve National Grid's proposed rates as filed.