



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Rhode Island Division of  
Public Utilities and Carriers  
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Warwick RI 02888  
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September 14, 2018

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

**Docket No. 4847– National Grid’s 2018 Renewable Energy (RE) Growth Program Factor**

Dear Luly,

Please find the State of Rhode Island Division of Public Utilities and Carriers, (the “Division”) Comments relating to National Grid’s filing with the Public Utilities Commission in the above captioned docket.

I appreciate your anticipated cooperation in this matter.

Very truly yours,

Jon G. Hagopian  
Deputy Chief Legal Counsel



State of Rhode Island  
Division of Public  
Utilities & Carriers

Accounting Section  
89 Jefferson Blvd.  
Warwick, R.I. 02888  
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Memorandum

To: Luly Massaro  
Commission Clerk

Date: September 14, 2018

From: Alberico Mancini  
Division of Public Utilities

Subject: Docket 4847 - National Grid's 2018 Renewable Energy (RE) Growth  
Program Factor Filing.

On June 29, 2018, National Grid (Company/NGrid) submitted its annual RE Growth Program Factor filing proposing Renewable Energy Growth Factors and RE Growth Reconciliation Factors effective October 1, 2018, in accordance with R.I. Gen. Laws § 39-26.6-25 and National Grid tariff RIPUC No. 2208, the Renewable Energy Growth Program Cost Recovery Provision. The Company submitted revised schedules on August 29, 2018 reflecting the PUC's approval of the settlement agreement in the Company's general rate case, RIPUC Docket 4770/4780.

National Grid's tariff RIPUC No. 2208 was approved in Docket 4774 by the Commission at the February 9, 2018 open meeting. The applicable state law, Title 39, Chapter 26.6 pertains to the RE Growth Program. Sections 4, 12, 13, 18, 25 of Chapter 26.6 all pertain to various components of cost recovery for National Grid, associated with the Company's involvement in the RE Growth Program. Costs recoverable from all distribution ratepayers include OER/NGrid consultants to utility personnel costs (fully loaded with overheads), NGrid's 1.75% adder in addition to performance-based incentive payments to RE developers, installation, and capital costs associated with meter installation for small-scale solar projects, and NGrid billing system improvements necessary "to facilitate payments of performance-based incentives and administering net metering". This memo was prepared to document the Division's review of the proposed RE Growth Factors and Reconciliation Factors and to opine on its compliance with the

statute and PUC approved tariff, and the accuracy of the underlying calculations and proposed RE Growth Factors.

The Company is proposing RE Growth Factors which are based upon an estimate of the incremental cost subject to recovery for the 2018 Program year (April 2018 through March 2019). This filing also includes the third annual RE Growth Program reconciliation of actual RE Growth revenue for the period April 2017 through May 2018, estimated revenue for the period June 2018 through September 2018, and actual costs to implement and administer the RE Growth Program during the 2017 Program Year (April 2017 through March 2018). The proposed RE Growth Factors and RE Growth Reconciliation Factors will be combined and presented as a single monthly charge on customer's bills to become effective October 1, 2018.

### **RE Growth Program Estimated Cost for the 2018 Program Year**

NGrid Schedule NG-2, summarizes the forecasted expense for the 2018 Program year as follows:

(1) Est. Performance-Based Incentive Payments	\$17,701,448
(2) Less: Value of Market Products (PRDCTS)	\$3,679,174
(3) Less: Customer Share of Forward Capacity Market (NFCMP)	<u>\$3,419</u>
(4) Net Cost	\$14,018,855
(5) Est. Administrative Expense	\$1,465,879
(6) Total est. RE Growth Program Expense	\$15,484,734

Additional detailed data was supplied by National Grid to show how these numbers were developed. I reviewed the supporting information and found that the above amounts were accurately developed in accordance with tariff RIPUC No. 2208.

The filing includes 24.93 MW of aggregate capacity for residential and Commercial solar projects and 6 MW of aggregate capacity for commercial wind projects for existing Program enrollees. The filing also forecasts an additional 45 MW of aggregate capacity for residential and commercial solar projects, 9 MW of aggregate capacity for commercial wind projects, and 450 kW for small-Scale Hydropower during the 2018 Program year. The RE Growth Program now forecasts a total of 85.38 MW of aggregate capacity which has an estimated 12-month output of 76,620,366 kWh.

The net per kWh cost (for produced energy) for the performance-based incentive payments for the RE 2018 Program after sale of PRDCTS and NFCMP is \$0.18/ kWh. (\$14,018,855 / 76,620,366 kWh). The net per kWh cost after credit for PRDCTS and NFCMP sales including

administrative expenses is \$0.20/kWh (\$15,484,734 / 76,620,366 kWh). The \$0.20/kWh cost represents a 29% decrease compared to the RE 2017 Program year's total net cost of \$0.28/kWh and a 60% decrease compared to the RE 2016 Program year's total net costs of \$0.50/kWh. Over the ensuing program years, the total net cost per kWh should continue to decline assuming program year output increases at a faster pace than the total administrative expenses.

The RE Growth factors are calculated by allocating the estimated expense from the program year to each rate class based on a rate base allocator developed from the cost of service study approved in Commission Docket 4770. The calculation also includes a 1.30% allowance for uncollectable amounts, which was approved in Commission Docket 4770. NGrid Schedule NG-2 provides the calculation of RE Growth Factors for each rate class. The proposed monthly RE Growth Factors for each rate class are as follows:

<b>Rate Class</b>	<b>Proposed Factor</b>
A-16/A-60	\$1.64
C-06	\$2.56
G-02	\$23.99
B-32/G-32	\$197.76
S-10/S-14	\$0.17
X-01	\$372.24

### **RE Growth 2017 Program Year Reconciliation**

Included in this filing is the Company's third reconciliation which reconciles RE Growth revenue and cost in accordance with the RE Growth Cost Recovery Provision. The Company is proposing to change the reconciliation from the period April through March (Program Year) to October through September to better align revenue billed through the RE Growth Factors and the costs they are intended to recover. As a transition period, the Company is presenting a reconciliation period that will cover April 2017 through September 2018. The Division is not opposed to this realignment as the under or over-recovery of costs would be reflected sooner through the RE Growth Reconciliation Factor beginning October 1, 2018.

The proposed reconciliation reflects a total over-recovery of \$398,416, which includes the proposed 18-month transition period of April 2017 through September 2018.

NGrid Schedule NG-3, summarizes actual expenses for the April 2017 through September 2018 as follows:

(1) Total RE Growth Factor Revenue	\$8,674,398
(2) Total RE Growth Expense	<u>\$8,300,087</u>
(3) Forfeited Performance Guarantee Deposits	<u>(\$21,000)</u>

(4) RE Growth Reconciliation – Over-Recovery	\$395,311
(5) Interest during the Reconciliation Period	<u>\$3,105</u>
(6) Total Amount to be Credited to Customers	(\$398,416)

Additional detailed data was supplied by National Grid to show how these numbers were developed. This data was reviewed by the Division.

The RE Growth Reconciliation Factors are calculated in the same manner as the proposed RE Growth Factors listed above, from the allocation to rate classes based on a rate base allocator. NGrid Schedule NG-3 provides the calculation of RE Growth Reconciliation Factors for each rate class. The proposed monthly RE Growth Reconciliation Factors for each rate class are as follows:

Rate Class	Proposed Factor
A-16/A-60	(\$0.04)
C-06	(\$0.06)
G-02	(\$0.59)
B-32/G-32	(\$4.98)
S-10/S-14	\$0.00
X-01	(\$8.62)

The Company has combined the proposed RE Growth Factors and RE Growth Reconciliation Factors which will be presented as a single monthly charge on customer's bills to become effective October 1, 2018. The proposed combined monthly RE Growth Cost Recovery Factors for each rate class for the Period October 1, 2018 through September 30, 2019 are as follows:

Rate Class	RE Growth Factor	RE Reconciliation Factor	Combined RE Growth Factor
A-16/A-60	\$1.64	(\$0.04)	<b>\$1.60</b>
C-06	\$2.56	(\$0.06)	<b>\$2.50</b>
G-02	\$23.99	(\$0.59)	<b>\$23.40</b>
B-32/G-32	\$197.76	(\$4.98)	<b>\$192.78</b>
S-10/S-14	\$0.17	\$0.00	<b>\$0.17</b>
X-01	\$372.24	(\$8.62)	<b>\$363.62</b>

The Division has reviewed National Grid's June 29, 2018 filing and believes that the proposed RE Growth Program cost recovery factors are correctly calculated and are in accordance with the statute and the approved tariff. The Division recommends that the Commission approve National Grid's proposed RE Growth Factors to go into effect October 1, 2018.