

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

IN RE: THE NARRAGANSETT ELECTRIC COMPANY :
d/b/a NATIONAL GRID’S LONG-TERM CONTRACTING : **DOCKET NO. 4899**
FOR RENEWABLE ENERGY RECOVERY FACTOR :

REPORT AND ORDER

I. Introduction

On May 15, 2019, The Narragansett Electric Company d/b/a National Grid (National Grid or Company) filed with the Public Utilities Commission (PUC) its Long-Term Contracting for Renewable Energy Recovery Factor (LTC factor) for the period July 2019 through December 8992019.¹ The Company sought a recovery factor of 0.717¢ per kilowatt-hour applicable to all customers, effective for consumption on and after July 1, 2019.

On June 7, 2019, the Division of Public Utilities and Carriers (Division) filed a memorandum with the PUC summarizing the filing and recommending approval of the proposed LTC Factor for effect on July 1, 2019.² On June 12, 2019, the Company filed a Revised Attachment that updated and recalculated the Market Energy Proxy for all non-solar units and resulted in an increase in Energy Market Value of \$218,577 as well as a concomitant reduction in above-market costs. The effect of the recalculations was a reduction in the proposed LTC factor from 0.717¢ per kilowatt-hour to 0.711¢ per kilowatt-hour. On June 14, 2019, the Division filed a second memo, indicating its concurrence with the revised filing.³

¹ National Grid’s Long-Term Contracting for Renewable Energy Recovery Factor Filing (May 15, 2019) (Filing); [http://www.ripuc.org/eventsactions/docket/4899-NGrid-LTC%20Recovery-July%201,%202019%20\(PUC%205-15-19\).pdf](http://www.ripuc.org/eventsactions/docket/4899-NGrid-LTC%20Recovery-July%201,%202019%20(PUC%205-15-19).pdf).

² Division Memo (June 7, 2019); http://www.ripuc.org/eventsactions/docket/4899-DIV-Memo_6-7-19.pdf.

³ Division Memo (June 14, 2019);

At an Open Meeting on June 17, 2019, the PUC reviewed the filing and, accepting the Division's reasoning and recommendations, approved the proposed LTC Factor for electricity consumed on and after July 1, 2019.

II. The Long-Term Contracting for Renewable Energy Recovery Factor

The LTC Recovery Provision provides for the recovery of payments made to projects under long-term contracts executed pursuant to R.I. Gen. Laws Chapter 39-26.1 and to distributed generation standard contracts executed pursuant to R.I. Gen. Laws Chapter 39-26.2, minus the proceeds obtained from the sale of energy, capacity, Renewable Energy Certificates (RECs), and customer share of net forward capacity proceeds. 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 Distributed Generation standard contracts (collectively, Long Term Renewable Contracts) associated with units that have entered commercial operation.⁴ The LTC Recovery Provision also permits recovery of administrative expenses incurred as a result of the Company's participation in the Forward Capacity Market.

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.⁵ The market energy proxy is based on NYMEX electricity futures prices for the pricing period and renewable resource generation shapes (output in on-peak hours and off-peak hours). The REC proxy value is based on the Company's most recent market

⁴ Filing letter of Raquel J. Webster (May 15, 2019).

⁵ *Id.* at 2.

estimate. The capacity market value is the estimated capacity revenue to be received from ISO New England for the Pricing Period.⁶

III. National Grid's Filing

In its revised filing, National Grid estimated that the six-month contract cost for thirty-three renewable energy contracts, which included twenty-six distributed generation contracts and six non-distributed generation contracts, would be \$42,605,396.⁷ The market value for the energy, Renewable Energy Certificates (RECs), and capacity procured under the contracts is projected to be \$18,843,036 for the same period.⁸ The difference between the estimated contract costs minus the customer share of forward capacity market proceeds of \$72,531, plus related administrative costs of \$20,787 and the market value is expected to be \$23,710,615.⁹ Dividing the above-market value by National Grid's forecasted kilowatt hour (kWh) deliveries(3,698,241,264) for the upcoming six-month period, and adjusting for uncollectibles at 1.30% and the current reconciliation factor of 0.062¢, results in a proposed factor of 0.711 ¢per kWh. This is an increase of \$0.16 per month or 0.1%. cents per kWh from the currently effective factor.

The Company did not present any changes to its Summary of Retail Delivery Service Rates within the scope of this filing because the Company had separate filings pending for an Arrearage Management Adjustment Factor, a Low-Income Discount Recovery Factor, and a Revenue Decoupling Mechanism Recovery Factor. These factors, if approved, would also take effect on July 1, 2019. Therefore, to avoid any confusion that might arise from filing multiple versions of the Summary of Retail Delivery Service Rates, the Company will file a revised Summary of Retail

⁶ *Id.*

⁷ Revised Filing at Attach. 1, at 2.

⁸ None of the energy under the contracts is expected to cost less than the projected market value of the energy for the period. Revised Filing Attach. 1, at 4 (June 12, 2019).

⁹ *Id.* at Attach. 1, at 1. This amount includes the customers' share of net Forward Capacity Market (FCM) proceeds which total \$80,590. The customer's share of FCM proceeds is 90% or \$72,531. *Id.* at Attach. 1, at 6.

Delivery Service Rates that incorporates all the rate changes that are effective for July 1, 2019, after the Commission has ruled on all the individual proposals.

IV. Review and Decision

The Division opined that the Company's calculations were correct and that the filing and the revised filings were in accordance with the PUC's order in Docket No. 4676, which approved the Long Term Contracting for Renewable Energy Resources Provision. It, therefore, recommended that the factor be approved as filed and amended.

At an Open Meeting on June 17, 2019, the PUC reviewed the filing and, relying on the Division's reasoning and recommendations, approved the proposed LTC Factor for electricity consumed on and after July 1, 2019.

Accordingly, it is hereby

(23618) ORDERED:

The Narragansett Electric Company d/b/a National Grid's Long-Term Contracting for Renewable Energy Recovery Factor of 0.711¢ per kilowatt-hour for electricity consumed on and after July 1, 2019 is hereby approved.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JULY 1, 2019, PURSUANT TO AN OPEN MEETING DECISION ON JUNE 17, 2019. WRITTEN ORDER ISSUED JUNE 19, 2019.

PUBLIC UTILITIES COMMISSION



Margaret E. Curran
Margaret E. Curran, Chairperson

Marion S. Gold, Commissioner*

Abigail Anthony
Abigail Anthony, Commissioner

*Note: Commissioner Gold was unavailable to participate in this matter.

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.