

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

**IN RE: REVIEW INTO THE ADEQUACY            :**  
**OF RENEWABLE ENERGY SUPPLIES            :**            **DOCKET NO. 4903**  
**PURSUANT TO R.I. GEN. LAWS § 39-26-6       :**

**REPORT AND ORDER**

**I.       Background**

On June 29, 2004, the General Assembly, with the Governor’s signature, enacted a Renewable Energy Standard (RES) for the State of Rhode Island. The legislation, codified as R.I. Gen. Laws §§ 39-26-1 to 10, sets forth the parameters of the standard which is designed to diversify energy sources, reduce carbon dioxide, and encourage the development of renewable energy resources. Under the RES legislation, beginning in compliance year 2007, Obligated Entities, defined as those persons or entities selling electrical energy to end-users in Rhode Island,<sup>1</sup> have been required obtain escalating percentages “of the electricity they sell at retail to Rhode Island end-use customers, adjusted for electric line losses, from eligible renewable energy resources.”<sup>2</sup> Obligated entities can fulfill their obligations through the purchase of renewable energy certificates (RECs) or through the payment of an Alternative Compliance Payment (ACP), the cost of which which escalates annually with inflation.

R.I. Gen. Laws § 39-26-6(d) requires the Public Utilities Commission (PUC or Commission) to:

[d]etermine, on or before January 1, 2019, and every fifth year thereafter, the adequacy of renewable-energy supplies to meet the increase in the percentage requirement of energy from renewable-energy resources to go into effect the following year. In the event that the commission determines an inadequacy of supplies for scheduled percentage increases, the commission shall delay all or a part of the implementation of the scheduled percentage

---

<sup>1</sup> Obligated Entities are all retail load-serving entities except for Pascoag Utility District and Block Island Power Company. Obligated Entities include non-regulated power producers who engage in competitive retail energy supply.

<sup>2</sup> R.I. Gen. Laws § 39-26-4(a).

increase, until such time that the commission determines that the supplies are adequate to achieve the purposes of this chapter.<sup>3</sup>

On November 21, 2018, the PUC initiated the instant docket and set a schedule for comments. On December 8, 2018, the PUC published in the Providence Journal a notice for comments.<sup>4</sup> The parties to the docket were The Narragansett Electric Company d/b/a National Grid (National Grid or Company), as the largest Obligated Entity in Rhode Island; the Office Energy Resources (OER); and the Division of Public Utilities and Carriers (Division). Conservation Law Foundation intervened but did not submit any position papers.

At an Open Meeting on December 20, 2018, after reviewing the comments of the parties and a PUC staff memorandum outlining data contained in publicly available files and regional sources, the PUC determined that there is likely to be adequate renewable-energy supply to meet the increase in the percentage requirement of energy from renewable-energy resources to go into effect in 2020.

## **II. Analysis**

In 2020, Obligated Entities are required to obtain at least 16% of the electricity they sell at retail to Rhode Island end-use customers from eligible renewable-energy resources. At least 14% must be from new renewable resources and up to 2% can be from existing renewable energy resources.<sup>5</sup> Obligated Entities may bank excess compliance for two subsequent compliance years, but the amount that may be banked is capped at 30% of the current year's obligation. National

---

<sup>3</sup> R.I. Gen. Laws § 39-26-6(d).

<sup>4</sup> The PUC received comments from OER and the Division. The PUC also received one written comment from a member of the public questioning the probability of achieving the 2020 target and suggesting that the RES obligation should be delayed entirely. The commenter requested the PUC provide public education of the cost of green energy initiatives to ratepayers and the need to permit the proposed gas-fired electric generating plant in Burrillville, Rhode Island. James Lynch Comments (Dec. 8, 2018). The application for the generating plant is currently pending before the Energy Facility Siting Board (EFSB). Chairperson Curran is also the chairperson of the EFSB and therefore, the PUC will not comment on the need for that generating plant in this Order.

<sup>5</sup> Existing resources are eligible resources that went into commercial operation before December 31, 1997.

Grid has forecasted that the total obligated load for Rhode Island in 2020 will be 7,438,091 megawatt-hours (MWh). This energy use in 2020 would cause a cumulative obligation across all Obligated Entities of 1,190,095 MWh with at least 1,041,333 MWh having to come from new renewable resources.<sup>6</sup>

Obligated Entities establish compliance with the annual Standard through the retirement of Rhode Island-eligible RECs or through Alternative Compliance Payments. The PUC is responsible for determining which resources in New England and the adjacent control areas can generate Rhode Island-eligible new and existing RECs in the NEPOOL GIS market through renewable energy resource application dockets. One eligible REC or ACP establishes one MWh of compliance. Thus, in 2020, Obligated Entities all will need to retire 1,041,333 RECs sourced from eligible new renewable resources. National Grid has calculated that it alone will need to retire 569,115 new RECs for compliance on behalf of the company's Standard Offer Service (SOS) energy customers.<sup>7</sup> The remaining Obligated Entities will need to retire 472,218 RECs or make ACPs.

National Grid has predicted that it will meet its SOS RES obligation and have additional supply to bank and/or sell to other Obligated Entities in Rhode Island through the retirement of RECs generated by facilities enrolled in National Grid's renewable energy contracting or tariff programs. Assuming that from 2018 through 2020 National Grid banks the maximum RECs projected (up to the 30% cap), it will have 224,813 RECs available to sell to other Obligated Entities. According to National Grid's analysis, assuming it banked all of its RECs and sold the

---

<sup>6</sup> National Grid filing at 3 (Dec. 6, 2018); [http://www.ripuc.org/eventsactions/docket/4903-NGrid-RESAdequacy%20\(12-6-18\).pdf](http://www.ripuc.org/eventsactions/docket/4903-NGrid-RESAdequacy%20(12-6-18).pdf).

<sup>7</sup> *Id.*

excess to other Obligated Entities, those Obligated Entities would be left with 247,405 RECs to purchase from the NEPOOL GIS market.<sup>8</sup>

As of September 30, 2018, the PUC has approved or conditionally approved 3,254.03 MW of Renewable Energy Resources as Rhode-Island Eligible, approximately 2,826 MW of which is registered as a new renewable resource.<sup>9</sup> Based on information in National Grid's most recent Long-Term Contracting for Renewable Energy Recovery Factor filing<sup>10</sup> and Renewable Energy Growth Program factor filing,<sup>11</sup> around 185 MW of the total new renewable resource power would likely be used to satisfy National Grid's SOS RES obligation in 2020, leaving approximately 2641 MW of additional resources available to generate new RECs for sale to Obligated Entities. Assuming these resources have an average generating capacity factor of 14.9%,<sup>12</sup> they could provide approximately 3,447,000 new RECs at a market price to Obligated Entities. This 3,447,000 is more than ten times the 247,405 RECs that National Grid has anticipated Obligated Entities will need to seek from the market in 2020.

The 247,405 RECs necessary for complying with Rhode Island's RES are not the only demand on market RECs because states in New England and New York have similar renewable energy standards. If there were to be a regional shortage, it would be reasonable to assume that the states with highest Alternative Compliance Rates will see higher compliance through the

---

<sup>8</sup> *Id.* at 3-4.

<sup>9</sup> As of September 20, 2018, there are approximately 900 MW of additional new resource power pending PUC review. [http://www.ripuc.org/utilityinfo/RES-Application-Status\(9-30-18\).pdf](http://www.ripuc.org/utilityinfo/RES-Application-Status(9-30-18).pdf).

<sup>10</sup> Docket No. 4899, National Grid filing at 2 (Nov. 15, 2018); [http://www.ripuc.org/eventsactions/docket/4899-NGrid-LTCRecovery-Jan1-2019\(11-15-18\).pdf](http://www.ripuc.org/eventsactions/docket/4899-NGrid-LTCRecovery-Jan1-2019(11-15-18).pdf).

<sup>11</sup> Docket No. 4847, National Grid filing (Aug. 29, 2018); [http://www.ripuc.org/eventsactions/docket/4847-NGrid-REGrowth-RevSchedules\(8-29-18\).pdf](http://www.ripuc.org/eventsactions/docket/4847-NGrid-REGrowth-RevSchedules(8-29-18).pdf).

<sup>12</sup> This represents a conservative estimate because it is based on local solar capacity factors (ISO-NE Final 2018 PV Report at 35; <https://www.iso-ne.com/static-assets/documents/2018/04/final-2018-pv-forecast.pdf>), whereas many of the registered facilities typically have higher capacity factors than solar resources.

retirement of eligible RECs. Based on 2018 information, Rhode Island's Alternative Compliance Payment rate in 2020 is expected to be one of the highest rates in the region.<sup>13</sup>

National Grid's projection of a strong supply of RECs to meet demand in 2020 is consistent with current market trends and conditions. In National Grid's most recent RES Procurement Plan RFP Summary filing, National Grid included its GIS Certificate Statistics Report showing an upward trend in the number of available RECs since 2014 through quarter two of 2018. Further, the most recent REC proxy price used by National Grid in the Long-Term Contracting for Renewable Energy Recovery Factor for new RECs was \$7.56, far below the current Alternative Compliance Payment rate of \$68.96 and far below projections from just a few years earlier.<sup>14</sup>

Based on the information above; the expected expansion of renewable procurement programs in Rhode Island as well as in other New England States and New York; the growth of merchant and net metering renewable generators in these same regions; and the use of energy efficiency to manage the total obligated energy load, there is likely to be adequate renewable-energy supplies to meet the increase in the percentage requirement of energy from renewable-energy resources to go into effect in 2020.

Accordingly, it is hereby

(23381) ORDERED:

---

<sup>13</sup> Rhode Island Renewable Energy Standard Annual RES Compliance Report for Compliance Year 2016 at 19-22; <http://www.ripuc.org/utilityinfo/2016%20RES%20Annual%20Compliance%20Report%20-%20final.pdf>; Rhode Island Public Utilities Commission Renewable Energy Standard Alternative Compliance Payment Rate <http://www.ripuc.org/utilityinfo/RES-ACPRate.pdf>; Compliance Information for Retail Electric Suppliers in Massachusetts, <https://www.mass.gov/service-details/compliance-information-for-retail-electric-suppliers>; Renewable Portfolio Standard summaries compiled by DSIRE® <http://programs.dsireusa.org/system/program/detail/2523> (New Hampshire); <http://programs.dsireusa.org/system/program/detail/452> (Maine).

<sup>14</sup> Docket No. 4809, National Grid RES Procurement Plan RFP Summary (Dec. 17, 2018); Division of Public Utilities and Carriers' Memorandum at 1-2 (Dec. 18, 2018).

There is likely to be adequate renewable-energy supply to meet the increase in the percentage requirement of energy from renewable-energy resources to go into effect in 2020.

EFFECTIVE AT WARWICK, RHODE ISLAND, ON DECEMBER 20, 2018, PURSUANT TO AN OPEN MEETING DECISION. WRITTEN ORDER ISSUED JANUARY 4, 2019.

PUBLIC UTILITIES COMMISSION



*Margaret E. Curran*

Margaret E. Curran, Chairperson

*Marion S. Gold*

Marion S. Gold, Commissioner

*Abigail Anthony*

Abigail Anthony, 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 (7) 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.