



## STATE OF RHODE ISLAND

### DIVISION OF PUBLIC UTILITIES & CARRIERS

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**To: Luly Massaro, Commission Clerk  
Rhode Island Public Utilities Commission**

**From: Alfred Contente  
Division of Public Utilities & Carriers**

**Date: March 8, 2022**

**Re: Docket 4978 Narragansett Electric – Last Resort Rate Filing for Rates Effective  
April 1, 2022**

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On January 19, 2022, Narragansett Electric Company d/b/a National Grid (“National Grid” or the “Company”) filed with the Public Utilities Commission (“Commission”) proposed Last Resort Service (“LRS”) rates effective April 1, 2022, together with the results of the Company’s most recent LRS procurement. As with prior LRS Rate filings, the Division has prepared this memo in response to the Company’s filing.<sup>1</sup>

The Company submitted a Request for Confidential Treatment covering the detailed bid results. The Company submitted these confidential materials to the Division for review.

Included in the Company’s filing are:

- A calculation of the LRS retail rates for the Residential, Commercial, and Industrial Groups for each month of the service period.
- A typical bill analysis for LRS for the Residential, Commercial, and Industrial Customer Groups.
- A copy of the Request for Proposals (“RFPs”) issued by the Company to solicit LRS supply for the Residential Group for the period April 2022 through March 2024; for the

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<sup>1</sup> As of the date of this memo, the Company has filed proposed changes to the Last Resort Adjustment Factor, the Administrative Cost Factor and the Renewable Energy Standard Charge effective April 1, 2022 in other dockets. When approved, these factors will slightly change the billed Last Resort Rates effective April 1, 2022 noted in this memo.

Commercial Group for the period April 2022 through March 2024; and for the Industrial Group for the period April 2022 through June 2022.

- A redacted summary of the procurement process, and;
- Redacted versions of the executed confidential Amendment to the Master Power Agreement and Transaction Confirmations for April 2022 through March 2024 for the Residential and Commercial Group, and April 2022 through June 2022 for the Industrial Group.

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

### **Last Resort Service Procurement Plan Summary**

**Industrial Group:** 100% of the load for **April 2022 through June 2022.**

**Commercial Group:** Procurements encompassing **April 2022 through March 2024.**

With this most recent solicitation for 15% of the load requirements for the **April 2022 through September 2022** time-period, 90% of the load requirement for the Commercial Group for the April 2022 through September 2022 period has now been procured (15% in January 2021, 20% in April 2021, 20% in July 2021, 20% in October 2021 and 15% in January 2022). For the April 2022 through September 2022 time-period, the Company will purchase the remaining 10% of the load in the spot market as the approved plan specifies.

Also, 15% of the Commercial Group's load requirements for the **October 2022 through March 2023** period have been procured in the January 2022 solicitation. With this most recent solicitation, 50% of the load requirements have been purchased for the October 2022 through March 2023 period (15% in January 2021, 20% in July 2021 and 15% in January 2022). For the October 2022 through March 2023 period, the Company will procure another 20% in the second quarter of 2022 and 20% in the third quarter of 2022. Those procurements will total 90% for the October 2022 through March 2023 period and 10% will be made in the spot market.

Also, 15% of the Commercial Group's load requirements for the **April 2023 through September 2023** period and the **October 2023 through March 2024** period have been procured in the January 2022 solicitation. This is the Company's first of five (5) procurements for these periods. The remaining procurements will be purchased per the Company's approved Last Resort Procurement Plan.

**Residential Group:** Procurements encompassing **April 2022 through March 2024.**

With this most recent solicitation for 15% of the load requirements for the **April 2022 through September 2022** time-period, 90% of the load requirement for the Residential Group for the April 2022 through September 2022 period has now been procured (15% in January 2021, 20% in April 2021, 20% in July 2021, 20% in October 2021 and 15% in January 2022). For the April 2022 through September 2022 time-period, the Company will purchase the remaining 10% of the load in the spot market as the approved plan specifies.

Also, 15% of the Residential Group's load requirements for the **October 2022 through March 2023** period have been procured in the January 2022 solicitation. With this most recent solicitation, 50% of the load requirements have been purchased for the October 2022 through March 2023 period (15% in January 2021, 20% in July 2021 and 15% in January 2022). For the October 2022 through March 2023 period, the Company will procure another 20% in the second quarter of 2022 and 20% in the third quarter of 2022. Those procurements will total 90% for the October 2022 through March 2023 period and 10% will be made in the spot market.

Also, 15% of the Residential Group's load requirements for the **April 2023 through September 2023** period and the **October 2023 through March 2024** period have been procured in the January 2022 solicitation. This is the Company's first of five (5) procurements for these periods. The remaining procurements will be purchased per the Company's approved Last Resort Procurement Plan.

### **Last Resort Service Proposed Rates**

#### Industrial Group Rates

The LRS rates proposed for the **Industrial Customer Group** for the April 2022 through June 2022 period, including the current per-kWh Last Resort Adjustment Factor of (\$0.00598), the Administrative Cost Factor of \$0.00201, and the Renewable Energy Standard Charge of \$0.00665 are:

- April 2022: \$0.08708/kWh
- May 2022: \$0.07249/kWh
- June 2022: \$0.07091/kWh

The three-month average of the proposed April 2022 through June 2022 Industrial Group LRS rate is \$0.07683, which results in a 63% decrease compared with the January 2022 through March 2022 average Industrial Last Resort rate of \$0.20788/kWh. In comparison, the same three-month period average rate is 28% higher than last year's April through June's average rate of \$0.05971.

#### Commercial Rates

The **fixed price option** LRS rate proposed for the **Commercial Customer Group** for the April 2022 through September 2022 period, including the current per-kWh Last Resort Adjustment Factor of \$0.00568, Administrative Cost Factor of \$0.00211, and the Renewable Energy Standard Charge of \$0.00665 is:

- April 2022 – September 2022: \$0.07895/kWh

The proposed rate represents a decrease of \$0.02279/kWh or 22% when compared with the current fixed price option charge of \$0.10174/kWh. Compared to the previous year's April 2021 through

September 2021 Commercial Group LRS fixed rate of \$0.07111/kWh, the proposed rate is 11% higher than the same six-month period in the previous year.

The **variable price option** proposed LRS rates for the **Commercial Customer Group** including the current per-kWh Last Resort Adjustment Factor of \$0.00568, Administrative Cost Factor of \$0.00211, and the Renewable Energy Standard Charge of \$0.00665 are as follows:

- April 2022 \$0.09216 / kWh
- May 2022 \$0.08668 / kWh
- June 2022 \$0.07335 / kWh
- July 2022 \$0.07639 / kWh
- August 2022 \$0.07537 / kWh
- September 2022 \$0.07217 / kWh

#### Residential Rates

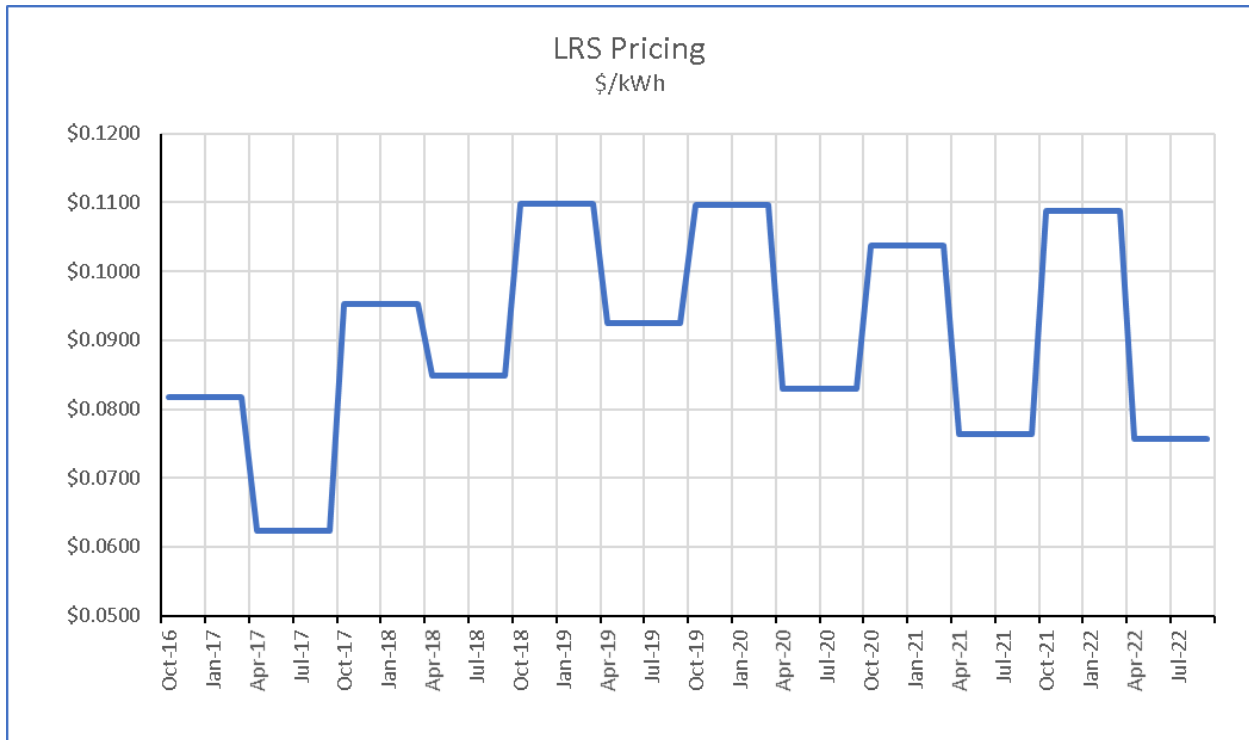
The LRS rate proposed for the **Residential Customer Group** for the April 2022 through September 2022 period including the current per-kWh Last Resort Adjustment Factor of (\$0.00512), the Administrative Cost Factor of \$0.00238, and the Renewable Energy Standard Charge of \$0.00665 is:

- April 2022 – September 2022: \$0.07565/kWh

The proposed rate represents a decrease of \$0.03317/kWh or 30%, compared with the current LRS rate of \$0.10882/kWh. Compared to the previous year's April 2021 through September 2021 LRS average rate of \$0.07628/kWh, the proposed rate is 3% lower than the same six-month period in the previous year.

While winter rates have been consistent over the past few years, rates over the summer season have trended downward. The graph, G-1 on the following page, shows this trend comparing the winter season versus the summer season over the past several years.

G-1



**Last Resort Service Rate Bill Impact**

National Grid has included a detailed typical bill analysis for all classes as part of their LRS rate filing (attachment 2). A summary of the A-16 residential rate class is shown in Table 1 below:

**Table 1 – Residential A-16 Rate Class**

Monthly kWh	Current Bill	Proposed Bill	Total Decrease	% Decrease
300	\$78.01	\$67.65	\$10.36	13%
500	\$123.59	\$106.32	\$17.27	14%
1200	\$283.11	\$241.66	\$41.45	15%

As presented in Table 1, a typical A-16 residential customer using 500 kWh per month would see a \$17.27 reduction or an approximate 14% overall decrease in their monthly bill.

The proposed rates are the result of the Company following the approved procurement plan and obtaining competitive responses to its RFPs.

### **Division Confirmation of Compliance**

After review, the Division is of the opinion that the proposed Last Resort rates contained in the Company's January 19, 2022 filing for Residential, Commercial, and Industrial customers are correctly calculated and comply with the PUC-approved Last Resort Procurement Plan as approved in Docket 4978 at the July 23, 2020 open meeting. The Division recommends approval of the proposed rates as filed.

The Division also is of the opinion that the power supply procurements undertaken by National Grid in the Docket reporting period comply with the Last Resort Procurement Plan approved by the Commission.