



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Rhode Island Division of
Public Utilities and Carriers
89 Jefferson Blvd.
Warwick RI 02888
(401) 941-4500

December 13, 2019

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

**IN RE: Long Term Contracting Factor for Period January 2020 through June 2020
Docket 4992**

Dear Luly,

Please find the State of Rhode Island Division of Public Utilities and Carriers, (the “Division”) comments in the above captioned matter for filing with the State of Rhode Island Public Utilities Commission.

I appreciate your anticipated cooperation in this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jon G. Hagopian".
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

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

From: Joel A. Munoz, Rate Analyst
Rhode Island Division of Public Utilities & Carriers

Date: December 13, 2019

Subject: Docket No.: 4992 – Long-Term Contracting for Renewable Energy Recovery Factor for Period January 2020 through June 2020:

Proposed LTC Recovery Factor Filing

On November 15, 2019, Narragansett Electric Company d/b/a National Grid (National Grid) filed its Long-Term Contracting for Renewable Energy Recovery Factor (LTC Recovery Factor) for the period of January 2020 through June 2020 (Pricing Period) with the Public Utilities Commission (Commission). National Grid is requesting that the Commission approve the proposed LTC Recovery Factor of 0.543¢ per kilowatt-hour (kWh), applicable to all customers, and to take effect on and after January 1, 2020.

National Grid submitted this filing pursuant to its Long-Term Contracting for Renewable Energy Provision, RIPUC No. 2174 and R.I. Gen. Laws § 39-26.1, Long-Term Contracting Standard for Renewable Energy. R.I. Gen. Laws § 39-26.1 encourages National Grid to enter into long-term contracts with developers of renewable energy resources with the goal of stabilizing long-term energy prices, enhancing environmental quality, creating jobs, and facilitating the financing of renewable energy generation in the state. Specifically, National Grid files its LTC Recovery Factor pursuant to § 39-26.1-5(f). National Grid seeks recovery of financial remuneration and incentives specified in § 39-26.1-4 and for administrative costs incurred as a result of National Grid's participation in the Forward Capacity Market as allowed by Commission Order #23289 in Docket 4676.

Calculation of the Proposed LTC Recovery Factor

National Grid estimates that the six-month contract cost for thirty-four renewable energy contracts would be \$44,524,915.¹ The market value for the energy, Renewable Energy

¹ Orbit Energy Asset No. 50057 achieving Commercial Operation on August 31, 2017 but has not produced any generation in 2019. Therefore, National Grid has not included an estimate of generation for Orbit Energy for the Pricing Period.

Certificates (RECs), and capacity produced under the contracts is projected to be \$28,195,844.² These two calculations are made up of various factors, which the Division deems reasonable, and based on estimations, which as part of a reconciliation filing will undergo a true up in the future. The difference between the estimated contract costs and market value is expected to be a net above-market cost of \$16,329,071. Dividing the above-market value by National Grid's forecasted kWh deliveries for the Pricing Period, and adjusted for uncollectibles and the current reconciliation factor, results in proposed total factor of 0.543 cents per kWh.

The modest increase in estimated generator output and estimated contractor costs are offset by the increase in the estimated market value, including increases in energy, capacity and RECs. This results in a decrease in the proposed LTC Recovery Factor of 0.168 cents per kWh from the current effective factor. The bill impact on the residential customer using 500 kWh per month would be a decrease of 0.88 cents per month, or 0.7%.

Recommendation

After review of National Grid's LTC Recovery Factor Filing, the Division accepts as reasonable the explanations and calculations provided by National Grid to support the particulars of its proposed LTC Recovery Factor. Accordingly, the Division recommends that the Commission approve National Grid's LTC Recovery Factor Filing for Period January 2020 through June 2020 as filed.

² Please note that only the energy from one of the projects, Copenhagen Wind Farm, is expected to cost less than the projected market value of the energy for the Pricing Period.