



## STATE OF RHODE ISLAND

### DIVISION OF PUBLIC UTILITIES & CARRIERS

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## Memo

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

**From: Joel Munoz, Assistant to the Chief Accountant  
Rhode Island Division of Public Utilities & Carriers**

**Date: June 22, 2021**

**Re: National Grid's Long-Term Contracting for Renewable Energy Recovery  
Docket No.: 5085**

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On May 14, 2021 Narragansett Electric Company d/b/a National Grid ("National Grid" or "Company") filed with the Commission its Long-Term Contracting for Renewable Energy Recovery ("LTCRER") Factor filing for the period July 1 through December 31, 2021 ("Pricing Period").

The LTCRER provision, R.I.P.U.C. No. 2174, was approved by the Commission in Docket No. 4676, and allows for the recovery of payments made to projects under long-term contracts and distributed generation ("DG") standard contracts executed pursuant to R.I.G.L. 39-26.2.

The Company's calculation, intended to recover estimated renewable contract costs associated with National Grid's power purchase agreements ("PPA") less the proceeds from the sale of energy, capacity, Renewable Energy Certificates ("RECs") and customer share of net forward capacity, results in a recovery factor of \$0.00557 per kilowatt-hour ("kWh"), effective for consumption on or after July 1, 2021. The currently effective LTCRER Reconciliation Factor is a charge of \$0.00123 per kWh. Combining the proposed forward-looking LTCRER factor and the currently approved Reconciliation Factor results in a proposed combined recovery factor of \$0.00680 per kWh. The proposed recovery factor is a rate decrease of \$0.00089 per kWh compared with the current billed charge of \$0.00769 per kWh. The effect on a typical 500 kWh monthly residential bill is a decrease of \$0.46 per month or 0.4%.

The Company's estimate of payments to operating Renewable and DG units over the six-month period is \$47,975,121. Estimated revenues from sale of REC's, energy, and capacity is \$27,802,439 leaving a net above-market cost of \$20,172,682. The Company also estimates that it

will receive \$116,315 in capacity revenue from customer-owned DG facilities bidding into the Forward Capacity Market as part of the Company's approved program. The customer's share of the net forward capacity is 90% or \$104,687. The total estimated costs to be recovered including \$15,545 in Company and contractor administrative costs is \$20,083,540.

The proposed factor results in a small decrease from the previous LTCRER factor. The attached Table (JAM-1) on the following page compares the proposed July through December 2021 estimated revenues, sales and calculated LTCRER factors with the current and prior LTCRER factors. The Company's estimated generator output has increased by 8,653 MWhs from the previous filing. Please note that the current generator output period represents an increase of 13,349 MWhs from the same pricing period last year. The current estimated revenue from the sale of energy, RECs, and capacity slightly decreases by \$207,409 from the previous filing. However, the current estimated revenue represents an increase of \$7,134,129, when compared to the same pricing period last year, as illustrated in JAM-1.

The Division has reviewed the LTCRER factor filing and concluded that the Company's LTCRER calculations are correct. The Division believes the filing is in accordance with the Commission's order in Docket No. 4676, the docket in which the Commission approved the LTCRER Provision, and therefore recommends approval of the proposed total LTCRER recovery factor of \$0.00557 kWh, effective July 1, 2021.

Recent History of the Long-Term Contracting for Renewable Energy Recovery Factor

	(Jan '20)	(Jul '20)	(Jan '21)	(Jul '21)
Estimated Generator Output - MWH	300,925	324,371	329,067	337,720
Estimated Contract Costs	\$44,524,915	\$47,358,677	\$48,970,718	\$47,975,121
Estimated Market Value				
Energy	\$13,630,902	\$9,719,281	\$12,651,062	\$12,611,634
REC's	\$12,849,516	\$9,690,589	\$13,933,930	\$13,994,270
Capacity	\$ 1,715,426	\$1,258,440	\$ 1,424,856	\$ 1,196,535
Subtotal	\$28,195,844	\$20,668,310	\$28,009,848	\$27,802,439
Estimated Admin. Cost	\$ 9,424	\$ 9,796	\$ 9,799	\$ 15,545
Estimated Customer Share – Net FCM	\$ 16,608	\$ 33,765	\$ 33,765	\$ 104,687
Net Amount to be Recovered	\$16,621,887	\$26,666,398	\$20,934,890	\$20,083,540
Forecasted KWH Sales	3,433,885,995	3,679,413,312	3,147,647,287	3,649,185,999
Adjustment for Uncollectibles	1.30%	1.30%	1.30%	1.30%
LTCRER Factor	\$0.00481	\$0.00733	\$0.00673	\$0.00557
Current Reconciliation Factor	\$0.00711	\$0.00198	\$0.00198	\$0.00123
Total LTC Recovery Factor	\$0.00543	\$0.00931	\$0.00871	\$0.00680