

TO: RHODE ISLAND PUBLIC UTILITIES COMMISSION

FROM: Carrie Gilbert and Aliea Afnan Munger, DAYMARK ENERGY ADVISORS

DATE: June 21, 2021

SUBJECT: National Grid's 2021 Electric Revenue Decoupling Mechanism Reconciliation – Docket No. 5157

INTRODUCTION

On May 14, 2021 National Grid (“NGrid” or “Company”) filed its Annual Revenue Decoupling Mechanism (RDM) reconciliation for the 12-month period ending March 31, 2021. This filing is submitted pursuant to tariff RIPUC No. 2218 which the Public Utilities Commission (“PUC” or “Commission”) approved in Docket 4770.

The Rhode Island Division of Public Utilities and Carriers (the “Division”) has retained Daymark Energy Advisors to assist in its review of this filing to ensure the reconciliation is accurately calculated and in accordance with the relevant tariffs. In summary we find that NGrid calculated the reconciliation appropriately based on the underlying data the Company presented.

This memorandum presents the full results of our review.

REVENUE DECOUPLING MECHANISM RECONCILIATION

The Company’s RDM reconciliation compares the annual distribution revenue requirement as approved by the PUC. The actual amount is the difference between the actual billed distribution revenue and the target revenue. This positive or negative amount will be charged or credited, respectively, to customers through the RDM adjustment factor.

The following table summarizes the amounts included in the current filing and the calculation of the proposed adjustment factor.

Description	Amount
RDM Reconciliation	\$2,750,288
Net Unbilled LRS Billing Adjustments	\$198,406
Estimated Interest During Recovery Period	\$19,751
<i>Total Over-Recovery including Interest</i>	<i>\$2,968,445</i>
Forecasted kWh Deliveries (July 1, 2021 - June 30, 2022)	6,962,842,812
Proposed RDM Adjustment Factor	(\$0.00042)

Table 1. RDM reconciliation adjustment calculations proposed by the Company

This table shows the total RDM reconciliation for the period ending March 31, 2021 was an over-recovery of \$2,750,288. This over-recovery is developed with the difference between target revenues of \$297,508,382 and the billed distribution revenues of \$299,967,209 equaling an over-recovery of \$2,458,827, plus \$27,714 of interest and an adjustment of \$263,747 related to the 2019 RDM Year over-recovery. The Company properly used the target revenues of \$295,036,305 for the months of April 2020 through August 2020 and \$299,305,226 September 2020 through March 2021 for Rate Years 2 and 3 respectively.¹ Based on our review the Company properly calculated the target revenues.

The forecasted usage the Company used to calculate the proposed RDM Adjustment factor was the updated version of the Company's Fall 2020 kWh deliveries forecast.² This update utilized information that had become available since before the 2020 forecast was released, emphasizing COVID-19 impacts. The assumptions from this forecast include stronger economic growth in Q2 and Q3 of 2021.³ The end of 2021 into 2022 assumes herd immunity will be achieved for Rhode Island enabling to fully reopen its economy.⁴

Based on the total amount refunded to customers of \$2,968,445, the projected deliveries for the recovery period, the RDM factor calculates to be (\$0.00042)/kWh. The proposed factor is a decrease from the current factor of 0.00118/kWh. The impact to a residential Last Resort Service (LRS) customer consuming 500kWh per month will yield a decrease of \$0.84 or 0.8%.

The Company has provided a secondary illustrative RDM Adjustment Factor calculation to credit the shared earnings of \$5,062,000 to customers rather than credited to the Storm Contingency Fund ("Storm Fund"). Any customer shared earnings are credited to the Storm Fund⁵, which currently has a deficit balance of \$128,821,819.⁶ In this illustrative calculation, the Company estimates an immediate benefit of the customers' share of the excess earnings, increasing the credit to customers to (\$0.00115)/kWh would result in an additional \$0.37 per month decrease for a typical residential LRS customer. Due to the significant negative balance in the storm fund and the minor bill impact of returning the shared earnings to customers through the RDM, we recommend the shared earnings be credited to the Storm Fund in accordance with the Amended Settlement Agreement in Docket 4770.

We have reviewed the filing in detail and concluded that the Company correctly calculated the proposed RDM adjustment factor. Daymark Energy Advisors recommends the approval of the proposed RDM Adjustment factor of (\$0.00042)/kWh as filed.

¹ RIPUC Docket No. 4770 Revenue Decoupling Mechanism Provision, p. 3 of 3; Filed 5/30/2019, PUC approved 6/17/2019

² RIPUC Docket No. 5127 Company submitted as part of its Annual Retail Rate Filing as directed by the PUC

³ RIPUC Docket No. 5127 Testimony of Electric Load Forecasting Panel, p. 10, lines 19-21

⁴ RIPUC Docket No. 5127 Testimony of Electric Load Forecasting Panel, p. 11, lines 1-5

⁵ RIPUC Docket No. 4770 Amended Settlement Agreement

⁶ PUC Data Response 1-4a