



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS
89 Jefferson Boulevard
Warwick, Rhode Island 02888
(401) 941-4500
(401) 941-9207 - Fax

Memo

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

**From: Mike Brennan, Consultant to
Rhode Island Division of Public Utilities & Carriers**

Date: September 2, 2021

**Re: Docket No.: 5164 – The Narragansett Electric Company d/b/a National Grid 2021
Renewable Energy Growth Program Factor Filing**

On June 30, 2021, The Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) filed with the Public Utilities Commission (“Commission”) its annual Renewable Energy (“RE”) Growth Program Factor filing proposing RE Growth Factors and RE Growth Reconciliation Factors effective October 1, 2021. The filing was in accordance with R.I. Gen. Laws Section 39-26.6-25(b) and Commission approved tariff, R.I.P.U.C. No. 2219, Renewable Energy Growth Program Cost Recovery Provision (“RE Growth Provision”). This memo is prepared to document the Division of Public Utilities and Carriers (“Division”) review of the proposed RE Growth Factors, the proposed RE Growth Reconciliation Factors, the accuracy of the underlying calculations, and to opine on the Company’s compliance with state law and the Commission approved tariff.

National Grid’s RE Growth Provision was approved by the Commission in Docket No. 4954, cancelling the preceding tariff, R.I.P.U.C. No. 2208. The applicable state law, Title 39, Chapter 26.6 of the Rhode Island General Laws, pertains to the RE Growth Program. Costs recoverable from all distribution ratepayers include: actual performance-based incentive payments to RE developers, Office of Energy Resources and the Company’s consultants, National Grid’s 1.75% remuneration, the Company’s installation and capital costs associated with meter installations for small-scale solar projects, its billing system improvements necessary to facilitate performance-based incentive payments and administering net metering, and the Company’s costs to administer the program including administering its participation in ISO New England’s Forward Capacity Market (“FCM”).

On July 4, 2021, the Commission issued a data request to the Office of Energy Resources (“OER”), which OER responded to on July 26, 2021. On July 14, 2021, the Commission issued an initial set of data requests to the Company, which the Company responded to on August 4, 2021. On July 15, 2021, the Commission issued a second data request to the Company, which the Company responded to on August 19, 2021. On August 16, 2021, the Commission issued a third data request to the Company, which the company responded to on August 30, 2021. I have reviewed the filing made by National Grid as well as the responses to data requests issued by the Commission. Based on this review, the Division believes that the proposed RE Growth Program cost recovery factors are correctly calculated and are in accordance with the statute and the approved tariff. The Division recommends that the Commission approve National Grid’s proposed RE Growth Factors to go into effect on October 1, 2021.

Summary of Proposed Factors

The proposed combined monthly RE Growth Cost Recovery Factors for each rate class for the Period October 1, 2021 through September 30, 2022 are as follows:

Rate Class	A	B	C	D	E
Rate Class	RE Growth Cost Recovery Factor	RE Growth Reconciling Factor	RE Growth Combined Factor (A +B)	Increase in Combined Factor from Prior Year	% Increase in Combined Factor
A-16 / A-60	\$2.42	\$0.04	\$2.46	\$0.30	13.9%
C-06	\$3.72	\$0.06	\$3.78	\$0.43	12.8%
G-02	\$37.76	\$0.58	\$38.34	\$5.89	18.1%
B-32 / G-32	\$303.99	\$4.97	\$308.96	\$41.81	15.7%
S-05/ S-06 / S-10 / S-14	\$0.21	\$0.00	\$0.21	\$0.02	10.5%
X -01	\$553.77	\$13.31	\$567.08	\$73.42	14.9%

RE Growth Cost Recovery Factor

The proposed RE Growth Cost Recovery Factor is based on the cost elements summarized below. It should be noted that the final proposed factors below were revised from the initial June 30, 2021 filing based on the Company’s response to the Commission’s second data request in which the Company noted errors made in calculating costs for Interconnection Consultants. The correction for these errors reduced the estimated labor costs by \$43,184. Furthermore, the third data request (PUC 3-1) identified one additional minor discrepancy in forecasted FCM revenues that amounted to ~\$2,084 lower projected revenues than is shown below in item 3¹. The Company is not proposing further modifications to the RE Growth Factors based on this minor

¹ The FCM revenue estimate decreased by \$2,315. The customer share of these is 90%, which translates to \$2,084.

discrepancy, which is reasonable given the very small dollar amount, representing less than 0.01% of Total RE Growth Costs.

1) Estimated Performance Based Incentive Payments	\$34,423,779
2) Less Value of Market Products	(\$12,550,887)
3) Less Customer Share of FCM Proceeds	(\$40,017)
4) Estimated Net Cost (1-2-3)	\$21,832,875
5) Estimated Administrative Costs	\$1,204,317
6) Estimated Total RE Growth Costs	\$23,037,192

Per Schedule NG-2 (page 3) National Grid projects 12 months of output from RE Growth projects to be 170,430,049 kWhrs. The estimated net cost in line 4 above equates to ~\$0.128/kwhr. This is a decrease of about \$0.023/kwhr from the comparable calculation based on 2020 Program costs and expected output. The estimated total RE Growth costs in line 6 above equate to ~\$0.135. This is a decrease of about \$0.03/ kwhr from the comparable 2020 Program costs. Even though the costs per kwhr have declined as more projects have come on line at lower prices per kwhr and as the administrative costs are spread over more kWhrs, as the table above shows, the total costs of this program and the RE Growth factors are increasing. The estimate Total RE Growth Costs are allocated to rate classes in accordance with the RE Growth Provision.

I reviewed the supporting data provided by National Grid in their filing and supplemental data provided in response to the Commission data requests and find that the above calculations were accurately developed in accordance with the RE Growth Provision.

RE Growth Reconciling Factor

The proposed RE Growth Reconciling Factor is based on a review of actual RE growth program expenses from April 2020 through March 2021 and 16 months of revenue including eight months of actual revenues from October 2020 through May 2021 plus four months of estimated revenue for June 2021 through September 2021, along with a true up of revenue previously estimated for June 2020 through September 2021. The resulting under or over-recovery amounts are further adjusted for forfeited Performance Guarantee Deposits and interest during the reconciliation period. The final reconciliation amount is allocated to customers in the same manner described above for the RE Growth Factor. The summary of the Reconciling Factor calculation is shown below:

1) Total Net RE Growth Factor Revenue	\$20,421,255
2) Total RE Growth Expense	\$21,045,298
3) Forfeited Performance Guarantee Deposits	(\$146,750)
4) RE Growth Under-Recovery (2-1+3)	\$477,293
5) Interest During the Reconciling Period	\$1,712
6) Total Amount to be Recovered	\$479,005

I reviewed the supporting data provided by National Grid in their filing and supplemental data provided in response to the Commission data requests and find that the above calculations were accurately developed in accordance with the RE Growth Provision.