

August 4, 2021

BY HAND DELIVERY AND ELECTRONIC MAIL

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

RE: Docket 5164 – Responses to PUC Set 1 Data Requests

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a National Grid (“Company”), I have enclosed nine copies of the Company’s responses to the First Set of data requests of the Public Utilities Commission (“Commission”) on the Company’s RE Growth Program Factor filing, for the period April 2021 through March 2022.

Consistent with the instructions issued by the Commission on March 16, 2020, and updated on October 2, 2020, this filing is being made electronically. Nine (9) hard copies will be submitted to the Commission within twenty-four (24) hours, with four (4) hard copies being three-hole punched.

Thank you for your attention to this matter. If you have any questions, please contact me at 781-907-2126.

Very truly yours,



Laura C. Bickel
RI Bar # 10055

Enclosures

cc: Docket No. 5164 Service List
Jon Hagopian, Esq., Division of Public Utilities and Carriers
John Bell, Division of Public Utilities and Carriers
Albert Vitali, Esq., Office of Energy Resources
Cynthia Wilson-Frias, Esq., Public Utilities Commission

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below. The paper copies of this filing are being mailed to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



Date: August 4, 2021

Laura C. Bickel

**Docket No. 5164 – Renewable Energy Growth Factor Filing (Program Year 2021
 Service List updated 7/16/2021**

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PUC 1-1

Request:

In Docket No. 5096, the Commission approved National Grid's 2021 Renewable Energy Standard (RES) Procurement Plan, which included a change to National Grid's methodology for determining the actual value of RECs generated by projects in the Long Term Contracting for Renewable Energy (LTC) and Renewable Energy Growth (REG) programs and used by National Grid for RES compliance. Regarding the new REC valuation methodology, please explain the following:

- a. Was the estimated market value of RECs included in the 2021 REG factor filing developed in a manner consistent with the new REC valuation methodology approved by the Commission in Docket No. 5096? Please describe.
- b. National Grid's 2021 RES Procurement Plan proposed that "revenue from the excess New REC sales be directly included in the reconciliation of... the RE Growth Program" as opposed to the "reconciliation for the New RECs used for New RES Requirements for LRS load" (page 19 of pre-filed testimony, 2021 RES Procurement Plan). Should National Grid sell excess New RECs generated by REG projects at any point during the 2021 REG Program Year (April 2021 – March 2022), when and how will that revenue be returned to customers through the REG factor?

Response:

- a. No, the estimated market value of RECs included in the 2021 REG Factor filing was not calculated in a manner consistent with the REC valuation methodology approved by the Commission in Docket No. 5096 because the REC valuation methodology is to be applied to actual RECs that have been created (or minted). Instead, the Company's estimated market value of future RECs (i.e., not yet minted) in the 2021 REG Factor filing is an average of 2021 and 2022 Rhode Island New REC prices from several environmental brokers as of June 22, 2021. This methodology of estimation is consistent with all prior RE Growth Program Cost Recovery filings since the inception of the program, and is different from the REC valuation methodology that was approved in the 2021 RES Procurement Plan, which determined the actual costs incurred by Last Resort Service ("LRS") customers for the use of the minted RECs from the LTC and RE Growth programs. Eventually, the REC valuation methodology will be used to determine a transfer price to value RECs, as they are minted. Any difference between the transfer

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price and the estimate used to forecast the LTC Recovery Factor and RE Growth Factor will flow through those reconciliation mechanisms.

- b. There is a lag between a quarter's generation and the minting of RECs. The 2021 RE Growth Program Year is from April 2021 through March 2022 (the second quarter of 2021 through the first quarter of 2022). The RECs will be minted on the following dates by quarter, and if the Company decides to sell excess RE Growth New RECs in the quarter, it intends to sell the excess New RECs in the quarter that they are minted.

Generation Quarter	REC Mint Date	Target Sales Quarter
Apr 2021 - Jun 2021	Oct 15, 2021	Oct 2021 - Dec 2021
Jul 2021 - Sep 2021	Jan 15, 2022	Jan 2022 - Mar 2022
Oct 2021 - Dec 2021	Apr 15, 2022	Apr 2022 - Jun 2022
Jan 2022 - Mar 2022	Jul 15, 2022	Jul 2022 - Sep 2022

REC sale revenue will be recorded when the payment is received from the counterparty and used to offset the RE Growth Program costs. This is a very similar timeline to the revenue paid by the LRS customers for the use of the minted RECs for the Renewable Energy Standard. The difference in timeline is that the revenue from the transfer price methodology for LRS customers is usually recorded in the month the RECs are minted (for example, October 2021 for the second quarter generation), and the sales revenue may be recorded later in the quarter (for example, December 2021 for the second quarter generation). As a result of the lag between a quarter's generation and the minting of RECs, RE Growth REC revenue (from sales or LRS customers) for generation from October 2021 through March 2022 will be recorded sometime in April 2022 through September 2022 and would offset the program costs in the following year's reconciliation.

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PUC 1-2

Request:

Referencing page 4 of Schedule NG-2, National Grid forecasts Forward Capacity Market proceeds for the 2021 REG Program year to be \$44,463. Is that \$44,463 based on a forecast of base revenue and pay-for-performance revenue, or just base revenue?

Response:

The \$44,463 is based on a forecast of base capacity revenue only. The Company does not forecast Pay-for-Performance ("PFP") revenue because the prospect and extent of a PFP event is too unpredictable.

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PUC 1-3

Request:

Referencing column b (Net Proceeds from Market Products) on page 3 of Schedule NG-3:

- a. Where does the value of the “Customer Share of ISO-NE Forward Capacity Market Payments” contained in column b originate? What data/reporting is it derived from?
- b. Should the value of the “Customer Share of ISO-NE Forward Capacity Market Payments” contained in Schedule NG-3 match the value of the FCM proceeds reported by National Grid in the Annual FCM Performance Report filed in Docket No. 4676 (adjusted for National Grid’s share of the FCM proceeds)? Please explain.

Response:

- a. The table below breaks down the values used as inputs to the Net Proceeds from Market Products column b referenced above. This information is derived from the monthly payments from ISO New England to the Company.

Month	FCM Proceeds (Gross)	Cust. Share FCM Proceeds (90% of Gross)	Grid Share FCM Proceeds (10% of Gross)
Jun-20	(\$10,440.00)	(\$9,396.00)	(\$1,044.00)
Jul-20	(\$13,526.00)	(\$12,173.40)	(\$1,352.60)
Aug-20	(\$11,929.28)	(\$10,736.35)	(\$1,192.93)
Sep-20	(\$21,602.06)	(\$19,441.85)	(\$2,160.21)
Total	(\$57,497.34)	(\$51,747.61)	(\$5,749.73)

- b. The same values appear in the Annual FCM Performance Report filed on July 29, 2021 reported resource by resource, for all of the solar projects that are enrolled in the RE Growth program.

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PUC 1-4

Request:

Please provide a table containing the following information on the value of REG market products for the Program Years ending March 2019, 2020, and 2021:

- a. Actual market value of RECs
- b. Actual market value of energy
- c. Actual Forward Capacity Market proceeds

Response:

Please see the table below for the requested information.

	Program Year Ending	REC Proceeds	Energy Sales	FCM Proceeds	Total
		(a)	(b)	(c)	(d)
(1)	March 2019	(\$341,062)	(\$1,072,236)	(\$26,472)	(\$1,439,769)
(2)	March 2020	(\$2,450,171)	(\$1,943,094)	(\$23,191)	(\$4,416,457)
(3)	March 2021	(\$4,541,032)	(\$2,580,491)	(\$51,748)	(\$7,173,270)

(1) – As filed in R.I.P.U.C. Docket No. 4954, Schedule NG-3, Page 3, Column (b).

(2) – As filed in R.I.P.U.C. Docket No. 5039, Schedule NG-3, Page 3, Column (b).

(3) – As filed in R.I.P.U.C. Docket No. 5164, Schedule NG-3, Page 3, Column (b).

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PUC 1-5

Request:

Please update the response to RR-5 in Docket No. 5088 (Solar Marketplace spend) and reconcile any differences between the April 2020-March 2021 expense with Schedule NG-3, page 3, line 18 in this docket.

Response:

Please refer to the table below for Solar Marketplace marketing amounts budgeted and amounts actually incurred, as provided in previous cost recovery filings for the Renewable Energy Growth Program, including an update for Program Year 2020.

Program Year	Budgeted	Actual
2018 (Apr 2018 - March 2019)	\$145,000 ¹	\$3,801 ²
2019 (Apr 2019 – March 2020)	\$90,000 ³	\$60,594 ⁴
2020 (Apr 2020 – March 2021)	\$90,000 ⁵	\$69,566

There is a difference between the actual expense number of \$69,566 for Program Year 2020 in the table and the amount of \$65,705 reflected on line 18 of Schedule NG-3, page 2 because the Company received an invoice for \$3,861.08 from the vendor late and it was not paid during Program Year 2020 and thus not reflected in the Schedule NG-3.

¹ See R.I.P.U.C. Docket No. 4847, Schedule NG-2, Page 6 of 7, Line (4).
² See R.I.P.U.C. Docket No. 4954, Schedule NG-3, Page 3 of 5, Line (18).
³ See R.I.P.U.C. Docket No. 4954, Schedule NG-2, Page 6 of 6, Line (4).
⁴ See R.I.P.U.C. Docket No. 5039, Schedule NG-3, Page 3 of 5, Line (18).
⁵ See R.I.P.U.C. Docket No. 5039, Schedule NG-2, Page 6 of 6, Line (4).

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PUC 1-6

Request:

Please describe any new billing system modifications made to implement the 2020 REG program year. Please describe any new billing system modifications being made to implement the 2021 REG program year.

Response:

There were no billing system modifications made to implement the 2020 REG program year. There are no billing system modifications planned to implement the 2021 REG program year. National Grid will continue to defer automation of Community Remote Distributed Generation.

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PUC 1-7

Request:

The Commission's Order in Docket No. 5039 (2020 REGrowth Program Factor), states the following:

National Grid has not yet sought cost recovery for billing system modifications to automate the community remote distributed generation (CRDG) path of RE Growth. The administrative costs for CRDG are currently for manual billing. Mr. Kirley testified that in the January to March 2021 timeframe, the Company would be discussing whether to make those investments, with a decision being made in April 2021. He agreed it would be appropriate to review the status of that planning as part of the 2022 [sic] RE Growth Program review. Thus, in its 2022 [sic] RE Growth Tariff filing, National Grid should provide information on whether it plans to invest in those billing system upgrades with the justification for automating the system.

In the Company's testimony, the witnesses stated, "While the PUC directed the Company in Docket No. 5039, Order No. 23936, at 7-9, to "provide information" on this topic as part of either its 2021 or 2022 RE Growth Program Year filing, the Company has not yet decided whether to invest in such billing system upgrades. As stated by the Company's witness in Docket No. 5039, the Company anticipates discussing whether to make those investments "in the January 2021 to March 2021 timeframe, with a decision being made in April 2021." Order No. 23936, at. Accordingly, the Company expects to submit more information on this topic to the PUC in its June 2021 RE Growth cost recovery filing.

In this filing on page 14 of the testimony of Mr. Gallagher and Ms. Hammer, they state, "The Company will provide information in its upcoming 2020 [sic] Program Year filing regarding whether it has determined it will automate the billing for the Community Remote Distributed Generation provision or continue to bill these customers manually."

- a. Please provide the criteria upon which the Company will base its decision.
- b. What is the projected cost for the billing system modifications needed to automate the CRDG crediting?
- c. How many CRDG projects are currently in operation?

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- d. How many CRDG projects does the Company expect to be in operation by the end of the 2021 REG program year?
- e. How many customer accounts are currently receiving credits through CRDG?
- f. What is the monthly cost of crediting the customers identified in part c. manually? Please show how the monthly cost was derived.
- g. What is the projected number of customer accounts that will be receiving credits through CRDG by the end of the 2021 REG program year?

Response:

- a. Each such decision requires a "business case." The Company's criteria for whether or not to automate CRDG include: current customer volume; projected future customer volume; cost to manually bill customers; cost to implement automated billing solution; projected project length; impact to customer experience; availability of code modules; and adherence to the Company's technology road map.
- b. The project forecasted capital cost is \$1.48 million is as follows:
 - External Vendor costs:
 - (1) IBM \$0.54M
 - (2) Other Contractors \$0.78M
 - (3) Subtotal \$1.32M
 - Internal costs:
 - (4) Labor and Overheads \$0.06M
 - (5) AFUDC \$0.08M
 - (6) Other \$0.02M
 - (7) Subtotal \$0.16M
 - Total Capital Costs \$1.48M
- c. There are currently 3 operating CRDG facilities.

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- d. The Company expects 4 additional CRDG projects to become operational during the 2021 REG program year, for a total of 7 operating CRDG facilities.
- e. There are currently 135 "satellite" customers receiving CRDG credit allocations.
- f. The cost of the time to manually calculate and issue a bill to a "host customer" is \$50. The cost to issue a "satellite" bill is \$0.29. Time factors were multiplied by an employee's salary to derive these per unit costs. Thus, the current total cost per month of manually billing CRDG facilities is \$189.15. The calculation is $\$50 * 3 \text{ Hosts} = \150
 $\$0.29 * 135 \text{ satellites} = \39.15 .
- g. The 4 projects projected to begin operation in program year 2021 have a total generation capability of 3.687 megawatts ("MW"). The current national average of homes powered by 1 MW of generation is 164. The Company estimates that the number of customers associated with these 4 CRDG projects coming online during program year 2021 will be approximately 605. Thus, the Company estimates that the total number of customers to receive CRDG credits by the end of program year 2021 will be 740.

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PUC 1-8

Request:

Record response 2 (OER) in Docket No. 5088 reads as follows:

RR-2 (OER) – Was the approved amount for 2020 Quality Assurance work transferred from National Grid to OER in 2020?

Response: The Office of Energy Resources submitted an invoice payment of \$146,400 to National Grid for the 2020 Quality Assurance Study and Report. The funds for the study were transmitted to OER. As of February 1, 2021, OER has paid \$7,627.00 to the consultant, Natural Power.

- a. Please show where this transfer is reflected in the reconciliation of expenses for the period ending March 31, 2021.

Response:

- a. In preparing this response, the Company determined that it had not made a payment to the Office of Energy Resources (“OER”) for an invoice of \$146,400 for the 2020 Quality Assurance Study and Report. The Company reached out to the OER regarding this invoice and OER indicated that the response to RR-2 in Docket No. 5088 was not accurate as it had not yet sent the invoice to National Grid but intended to do so soon. The Company will reflect the payment of the invoice as an expense in next year’s cost recovery filing.