

Massaro, Luly (PUC)

From: Gregory Schultz <gSchultz@riag.ri.gov>
Sent: Wednesday, March 16, 2022 4:07 PM
To: Andrew.marcaccio@nationalgrid.com; CELIA.OBRIEN@nationalgrid.com;
Jennifer.hutchinson@nationalgrid.com; brooke.skulley@nationalgrid.com;
Stephen.McCauley@nationalgrid.com; Joanne.scanlon@nationalgrid.com;
James.Ruebenacker@nationalgrid.com; Kris.Hornberger@nationalgrid.com;
James.calandra@nationalgrid.com; Hagopian, Jon (DPUC); Bell, John (DPUC); Hetherington, Christy (DPUC); Mancini, Al (DPUC); Tiffany Parenteau; Ellen Golde; Hogan, Margaret (DPUC);
twoolf@synapse-energy.com; jkallay@synapse-energy.com; Clane@synapse-energy.com; Massaro, Luly (PUC); Harrington, John (PUC); WilsonFrias, Cynthia (PUC); Bianco, Todd (PUC); Rodvien, Emma (PUC); Nault, Alan (PUC); Vitali, Albert (DOA); Russolino, Nancy (DOA); Ucci, Nicholas (DOA); Kearns, Christopher (DOA); rjreybitz@pplweb.com; skbreininger@pplweb.com
Subject: [EXTERNAL] : Docket 5190 - National Grid's 2022 Renewable Energy Standard Charge and Reconciliation Filing
Attachments: 5190 - NGrid's RES Reconciliation - Division Position Memo (3-16-22).pdf

Good afternoon:

On behalf of the Division of Public Utilities and Carriers (Division), please accept the attached filing as electronic service to the Docket 5190 Service List. The attachment is a memorandum regarding the review of National Grid's 2022 Renewable Energy Standard Charge and Reconciliation Filing from Carrie Gilbert and Aliea Afnan Munger of Daymark Energy Advisors, which has been retained by the Division to assist in its review of this filing. Hard copies to the Commission will follow shortly.

Please let me know if you have questions or comments.

Greg

**Gregory S. Schultz | Environmental and Energy-Regulatory Unit,
Civil Division**

Special Assistant Attorney General
The State of Rhode Island | Office of the Attorney General
150 South Main Street | Providence, RI - 02903
Office: (401) 274 4400 | Ext: 2400
Cell: (401) 480-0812
gSchultz@riag.ri.gov | www.riag.ri.gov | 3m.com |



To: RHODE ISLAND PUBLIC UTILITIES COMMISSION

From: Carrie Gilbert and Aliea Afnan
DAYMARK ENERGY ADVISORS

Date: March 16, 2022

Subject: 2022 Renewable Energy Standard Charge and Reconciliation Filing
Docket No. 5190

INTRODUCTION

On February 23, 2022, National Grid (“NGrid” or the “Company”) filed its proposed 2022 Renewable Energy Standard (“RES”) Charge and Reconciliation Filing with the Public Utilities Commission. In its filing, the Company seeks approval for a proposed 2022 RES Charge of \$0.00721 per kWh. The charge consists of two components. The first component is the estimated cost of complying with the RES for 2022, estimated by NGrid to be \$0.00728 per kWh. The second component is the adjustment charge to reconcile previous estimates of the cost of complying with prior years’ RES with actual costs, which was calculated at (\$0.00007 per kWh). The proposed 2022 RES Charge represents an increase on a 500 kWh/month Last Resort Service residential customer’s bill of 0.2% (an increase of \$0.29 per month).

The Rhode Island Division of Public Utilities and Carriers retained Daymark Energy Advisors (“Daymark”) to review the filing along with all the attachments to ensure that the two components that make up the 2022 RES Charge were accurately calculated and are in accordance with the relevant tariffs. This memorandum presents the full results of our review. In summary, Daymark finds that NGrid calculated all the charges appropriately based on the underlying data the Company presented and the relevant tariff. Therefore, Daymark recommends approval.

RENEWABLE ENERGY STANDARD CHARGE AND RECONCILIATION

COMPONENT #1: ESTIMATED COST FOR 2022 RES COMPLIANCE

The first component of the proposed 2022 RES Charge, calculated at \$0.00728 per kWh, is based upon estimated Renewable Energy Credit (“REC”) costs of \$38.33 for new RECs and \$9.75 for existing RECs. The estimated per REC cost for both the new and existing RECs were based on broker quotes as of February 14, 2022. The estimated costs for both new and existing RECs are consistent with Daymark’s outlook of the current REC market.

It is worth noting that the current cost for existing RECs represents a significant increase over the existing REC cost in the 2021 RES filing of \$1.45. This increased cost appears to be due to a reduction in hydropower generation in ISO-NE in 2021 compared to recent years. The most recent Annual RES Compliance Report

(for Compliance Year 2019) notes that all existing RECs used for compliance in 2019 were generated by hydropower facilities in Maine, New Hampshire, and Massachusetts.¹ The New REC Cost has been very stable over the past year. Figure 1 displays RI REC prices over the past 2 years.

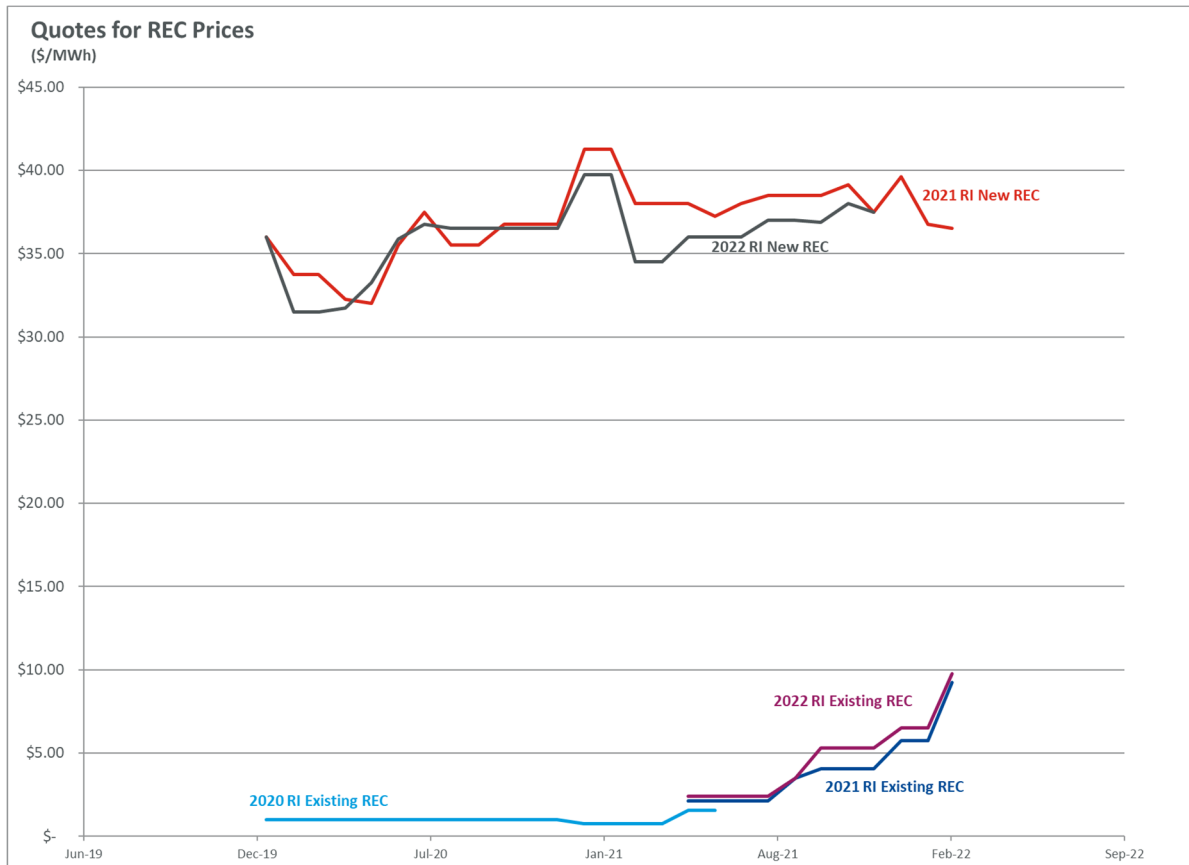


Figure 1: Broker Quotes for RI New and Existing RECs²

The proposed charge is based upon the 2022 RES values that require new RECs to be 17% of supply obligation and existing RECs to be 2.0%. Using the above assumptions, Daymark concurs with the Company’s calculation of the \$0.00728 per kWh figure.

COMPONENT #2: RECONCILIATION CHARGE FOR PREVIOUS RES COMPLIANCE

The second component of the proposed 2022 RES Charge, the proposed reconciliation charge, was calculated at (\$0.00007) per kWh in order to adjust for the estimated over-recovery through the 2021 Compliance Year. The Company estimates an over-recovered amount of \$823,756 for the expense incurred

¹ https://rhodeislandres.com/wp-content/uploads/2021/12/2019_RES_Annual_Compliance_Report-final.pdf, page ES-4

² Spectrometer: US Environmental Broker Quotes, based on 1st of the month prices.

for Compliance Year 2021. For Compliance Year 2020, the Company estimated an under-collection of \$514,162. This brings the total estimated over-recovery through Compliance year 2021 to \$309,593.

Based upon the above discussion, we find the proposed 2022 RES Charge of \$0.00721 per kWh to be reasonable and recommend that it be approved.