




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:** December 8, 2021

**Re:** National Grid's Long-Term Contracting for Renewable Energy Recovery  
Docket No.: 5201

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On November 15, 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 January 1 through June 30, 2022 ("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 proposed factor of \$0.00167 per kilowatt-hour ("kWh"), effective for consumption on or after January 1, 2022. 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 \$0.00290 per kWh. The effect on a typical 500 kWh monthly residential bill is a decrease of \$2.04 per month, or 1.6%, from \$125.64 to \$123.60.

The Company's estimate of payments to operating Renewable and DG units over the six-month period is \$44,834,905. Estimated revenues from sale of REC's, energy, and capacity are \$39,048,231 leaving a net above-market cost of \$5,786,674. The Company also estimates that it will receive \$28,856 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 \$25,969. The total estimated costs to be recovered including \$16,017 in Company and contractor administrative costs is \$5,776,722.

The proposed factor results in a decrease from the previous LTCRER factor. The attached Table (JAM-1) on the following page compares the proposed January through June 2022 estimated revenues, sales and calculated LTCRER factors with the current and prior LTCRER factors. The Company's estimated generator output has decreased by 24,333 MWhs from the previous filing decreased by 15,680 MWhs from the same pricing period last year. The current estimated revenue from the sale of energy, RECs, and capacity increased by \$11,245,792 from the previous filing and increased by \$11,038,383, when compared to the same pricing period last year, as illustrated in JAM-1. This is a result of the higher than usual Market Energy Proxy in this filing when compared to previous filings. The Company provided support for their calculation of the Market Energy and REC Proxies in response to Division Data Request 2-1. The Division reviewed the Company's calculation and found them accurate. The Division notes that the market prices used in the calculations were obtained on November 5, 2021, which was 10 days prior to the filing in this docket. The Division believes that use of market data close to the filing date, such as was done so in this case, provides a reasonable determination of current market conditions and therefore the Division accepts the Market Energy and REC Proxies as reasonable.

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 factor of \$0.00290 kWh, effective January 1, 2022.

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

	(Jul '20)	(Jan '21)	(Jul '21)	(Jan '22)
Estimated Generator Output - MWH	324,371	329,067	337,720	313,387
Estimated Contract Costs	\$47,358,677	\$48,970,718	\$47,975,121	\$44,834,905
Estimated Market Value				
Energy	\$9,719,281	\$12,651,062	\$12,611,634	\$25,900,191
REC's	\$9,690,589	\$13,933,930	\$13,994,270	\$11,947,886
Capacity	\$1,258,440	\$ 1,424,856	\$ 1,196,535	\$ 1,200,154
Subtotal	\$20,668,310	\$28,009,848	\$27,802,439	\$39,048,231
Estimated Admin. Cost	\$ 9,796	\$ 9,799	\$ 15,545	\$ 16,071
Estimated Customer Share – Net FCM	\$ 33,765	\$ 33,765	\$ 104,687	\$ 25,969
Net Amount to be Recovered	\$26,666,398	\$20,934,890	\$20,083,540	\$ 5,776,722
Forecasted KWH Sales	3,679,413,312	3,147,647,287	3,649,185,999	3,493,030,851
Adjustment for Uncollectibles	1.30%	1.30%	1.30%	1.30%
LTCRER Factor	\$0.00733	\$0.00673	\$0.00557	\$0.00167
Current Reconciliation Factor	\$0.00198	\$0.00198	\$0.00123	\$0.00123
Total LTC Recovery Factor	\$0.00931	\$0.00871	\$0.00680	\$0.00290