



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS
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Memorandum

DATE: May 26, 2022

TO: Luly Massaro
Clerk, Public Utilities Commission

FROM: Joel A. Munoz
Assistant to the Chief Accountant, Division of Public Utilities and Carriers

SUBJECT: Docket No. 4978 – National Grid’s Industrial Group Last Resort Service Rates for the Period July 1, 2022 through September 30, 2022.

BACKGROUND

On April 19, 2022, The Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) filed proposed Last Resort Service (“LRS”) rates for the Industrial Group for the period July 2022 through September 2022. The Company submitted a Request for Confidential Treatment covering the detailed bid results. The Company submitted the confidential materials to the Division of Public Utilities and Carriers (“Division”) for its review and analysis. The Division reviewed the filing and submits this memo to the Public Utilities Commission for consideration.

As with past Last Resort Filings, the Company submitted the following information:

- The calculation of the retail LRS rates for the Industrial Group for the applicable service period.
- The Summary of Rates tariff for LRS reflecting the proposed Industrial Group Rates for the period of July 2022 through September 2022.

- Typical bill analysis for the Industrial Group.
- A copy of the Request for Proposals (“RFP”) issued by the Company on March 11, 2022 to solicit LRS supply for the Residential Group for the period October 2022 through September 2023; for the Commercial Group for the period October 2022 through September 2023; and for the Industrial Group for the period July 2022 through September 2022.
- A redacted summary of the procurement process identifying the key actions taken by National Grid to procure LRS for its customers.

Unredacted versions of the Procurement Summary and Transaction Confirmations have been supplied under separate cover.

Last Resort Service Procurement Plan Summary

Industrial Group: 100% of the load for **July 2022 through September 2022**

Commercial Group: Procurement encompassing **October 2022 through September 2023**

With this most recent solicitation of 20% of the load requirement, a total of 70% of the load requirement for the Commercial Group for the **October 2022 through March 2023** time-period has now been procured (15% in January 2021, 20% in July 2021, 15% in January 2022, and 20% in April 2022). The Company will procure another 20% in the third quarter of 2022. That procurement will total 90% of the load requirement for the October through March 2023 time-period. The remaining 10% of procurement will be made in the spot market.

Also, with the most recent solicitation of 20% of the Commercial Group’s load requirements for the **April 2023 through September 2023** time-period, a total of 35% of the load requirement for the Commercial Group for the April 2023 through September 2023 time-period has now been procured (15% in January 2022, and 20% in April 2022). The remaining procurements will be purchased per the Company’s approved Last Resort Procurement Plan.

Residential Group: Procurement encompassing **October 2022 through September 2023**

With this most recent solicitation 20% of the load requirement **October 2022 through March 2023** time-period, a total of 70% of the load requirement for Residential Group for the October 2022 through March 2023 period has now been procured (15% in January 2021, 20% in July 2021, 15% in January 2022, and 20% in April 2022). The Company will procure another 20% in the third quarter of 2022. That procurement will total 90% for the October through March 2023 time-period. The remaining 10% of procurement will be made in the spot market.

Also, with this most recent solicitation of 20% of the Residential Group’s load requirements for the **April 2023 through September 2023** time-period, a total of 35% of the load requirement for the Commercial Group for the April 2023 through September 2023 time-period has now been procured (15% in January 2022, and 20% in April 2022). The remaining procurements will be purchased per the Company’s approved Last Resort Procurement Plan.

Current Filing

The current filing seeks approval for the LRS rate for the Industrial Group for the **July 2022 through September 2022** time-period.

Table 1: Demonstrates the proposed LRS retail rates for the Industrial Group:

Line No.	Description	July 2022	Aug 2022	Sept 2022
1	Rate per kWh	\$0.11877	\$0.11796	\$0.10494
2	Administrative Cost Factor	\$0.00268	\$0.00268	\$0.00268
3	Adjustment Factor	\$0.00375	\$0.00375	\$0.00375
4	Renewable Energy Standard Charge	\$0.00721	\$0.00721	\$0.00721
5	Total Retail Rate	\$0.13241	\$0.13160	\$0.11858

The adjustment factors shown in Lines 2-4 were previously approved by the PUC for effect on April 1, 2022 and are scheduled to remain in place through March 31, 2023. The base rate component shown in Line 1 includes cost of energy, estimated capacity costs, ancillary services and a line loss factor. The RFP issued on March 11, 2022 contained 2 load blocks for the Industrial Group with each block representing 50% load share. The Division reviewed the confidential information submitted in this docket and verified that the lowest bidder was selected for each load block for each of the 3 months during the proposed pricing period.

RECOMMENDATIONS

Based on the Division's review of National Grid's filing in this docket, we found that the proposed LRS rates were correctly calculated and that the power supply procurements undertaken by the Company in this reporting period comply with the PUC approved procurement plan. The Division recommends approval of the proposed LRS rates for the Industrial Group for the period July 1, 2022 through September 30, 2022.