



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: June 13, 2022

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

On May 13, 2022, Narragansett Electric Company d/b/a National Grid ("National Grid" or "Company") filed with the Public Utilities Commission ("Commission") its Long-Term Contracting for Renewable Energy Recovery ("LTCRER") Factor filing for the period July 2022 through December 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 recovery factor that is a credit of \$0.008 per kilowatt-hour ("kWh").

The currently effective LTCRER Reconciliation Factor is a credit 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 that is a credit of \$0.131 per kWh, applicable to all customers, effective for usage on or after July 1, 2022

The effect on a typical 500 kWh monthly residential bill is a decrease of \$0.90 per month, or 0.8%, from \$111.60 to \$110.70.

The Company's estimate of payments to operating Renewable and Distributed Generation units over the six-month period is \$48,692,487. Estimated revenues from sale of REC's, energy, and capacity are \$48,959,289 leaving a net below-market cost of \$266,803. The Company also estimates that it will receive \$86,830 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 \$78,145. The total estimated credit due to customers, including subtracting \$16,205 in Company and contractor administrative costs, is \$328,743.

The attached Table (JAM-1) on the following page compares the proposed July through December 2022 estimated revenues, sales and calculated LTCRER factors with the current and prior LTCRER factors. Most notably, the estimated Market Value of energy increased almost 30% from the previous filing and increased by nearly 65% from the same pricing period last year, as illustrated in JAM-1. This is a reflective of the current market and the high price of energy.

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 recovery factor that is a credit of \$0.00131 kWh, effective July 1, 2022.

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

	(Jan '21)	(Jul '21)	(Jan '22)	(Jul '22)
Estimated Generator Output - MWH	329,067	337,720	313,387	318,729
Estimated Contract Costs	\$48,970,718	\$47,975,121	\$44,834,905	\$48,692,487
Estimated Market Value				
Energy	\$12,651,062	\$12,611,634	\$25,900,191	\$36,268,397
REC's	\$13,933,930	\$13,994,270	\$11,947,886	\$11,992,164
Capacity	\$ 1,424,856	\$ 1,196,535	\$ 1,200,154	\$ 698,729
Subtotal	\$28,009,848	\$27,802,439	\$39,048,231	\$48,959,289
Estimated Admin. Cost	\$ 9,799	\$ 15,545	\$ 16,071	\$ 16,205
Estimated Customer Share – Net FCM	\$ 33,765	\$ 104,687	\$ 25,969	\$ 78,145
Net Amount Under or (Over) Collected	\$20,934,890	\$20,083,540	\$ 5,776,722	\$ (328,743)
Forecasted KWH Sales	3,147,647,287	3,649,185,999	3,493,030,851	3,846,227,953
Adjustment for Uncollectibles	1.30%	1.30%	1.30%	1.30%
LTCRER Factor	\$0.00673	\$0.00557	\$0.00167	(\$0.00008)
Current Reconciliation Factor	\$0.00198	\$0.00123	\$0.00123	(\$0.00123)
Total LTC Recovery Factor	\$0.00871	\$0.00680	\$0.00290	(\$0.00131)