



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS

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March 10, 2023

Ms. Luly Massaro, Commission Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, R.I. 02888

Re: Docket 22-43-EL 2023 Renewable Energy Standard Procurement Plan

Dear Ms. Massaro:

On behalf of the Division of Public Utilities & Carriers, please accept the attached memorandum, authored by Carrie Gilbert and Aliea Afnan Munger of Daymark Energy Advisors, which provides the Division's comments regarding the Renewable Energy Standard charge in the above referenced docket.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Margaret L. Hogan".

Margaret L. Hogan, Esq. (#5006)

Enclosure

cc: 22-43-EL Service List  
Linda D. George, Esq., Administrator  
John Spirito, Esq., Deputy Administrator  
Christy Heatherington, Esq., Chief Legal Counsel  
Paul Roberti, Esq., Chief Economic & Policy Analyst

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**To:** RHODE ISLAND DIVISION OF PUBLIC UTILITIES AND CARRIERS  
John Bell, Chief Accountant

**From:** Carrie Gilbert and Aliea Afnan  
DAYMARK ENERGY ADVISORS

**Date:** March 10, 2023

**Subject:** 2023 Renewable Energy Standard Charge and Reconciliation Filing  
Docket No. 22-43-EL

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## INTRODUCTION

On February 27, 2023, Rhode Island Energy (“RI Energy” or the “Company”) filed its proposed 2023 Renewable Energy Standard (“RES”) Charge and Reconciliation Filing with the Public Utilities Commission. In its filing, the Company seeks approval for a proposed 2023 RES Charge of \$0.00833 per kWh. The charge consists of two components. The first component is the estimated cost of complying with the RES for 2023, estimated by RI Energy to be \$0.00875 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 (\$0.00042 per kWh). The proposed 2023 RES Charge represents an increase on a 500 kWh/month Last Resort Service residential customer’s bill of 0.4% (an increase of \$0.58 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 2023 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 RI Energy calculated all the charges appropriately based on the underlying data the Company presented and the relevant tariff. Therefore, Daymark recommends approval.

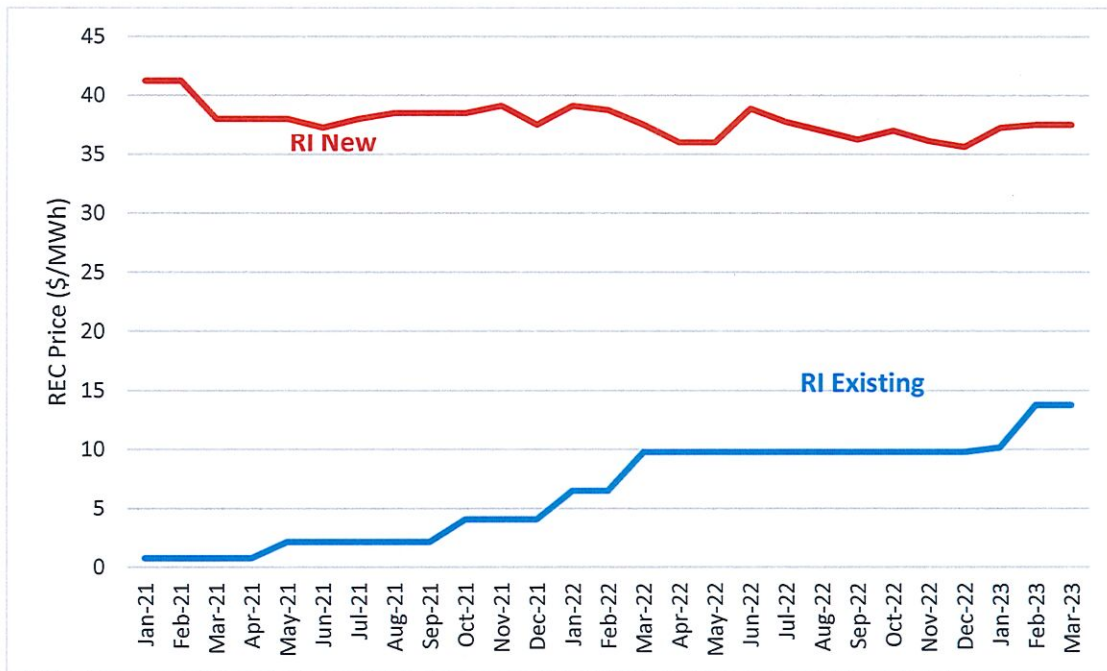
## RENEWABLE ENERGY STANDARD CHARGE AND RECONCILIATION

### COMPONENT #1: ESTIMATED COST FOR 2023 RES COMPLIANCE

The first component of the proposed 2023 RES Charge, calculated at \$0.00875 per kWh, is based upon estimated Renewable Energy Credit (“REC”) prices of \$37.43 for new RECs and \$13.47 for existing RECs. The estimated prices for both the new and existing RECs were based on broker quotes as of February 13, 2023. 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 prices for existing RECs is higher than actual prices for RECs procured during 2022 and represent a significant increase over historical prices for existing RECs. This increase

began during 2021 and has continued into 2023. This increased cost appears to be due to a reduction in hydropower generation in ISO-NE in 2021 and 2022 compared to recent years. The most recent Annual RES Compliance Report (for Compliance Year 2020) notes that all existing RECs used for compliance in 2020 were generated by hydropower facilities in Maine, New Hampshire, and Massachusetts. 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 RECs<sup>1</sup>**

The proposed charge is based upon the 2023 RES values that require new RECs to be 21% of supply obligation and existing RECs to be 2.0%. Using the above assumptions, Daymark concurs with the Company’s calculation of the \$0.00875 per kWh figure.

**COMPONENT #2: RECONCILIATION CHARGE FOR PREVIOUS RES COMPLIANCE**

The second component of the proposed 2023 RES Charge, the proposed reconciliation charge, was calculated at (\$0.00042) per kWh in order to adjust for the estimated over-recovery through the 2022 Compliance Year. The Company estimates an over-recovered amount of \$1,509,302 for the expense incurred for Compliance Year 2022. For Compliance Year 2021, the Company estimated an under-collection of \$144,770. This brings the total estimated over-recovery through Compliance year 2022 to \$1,364,532.

<sup>1</sup> Spectrometer: US Environmental Broker Quotes, based on 1<sup>st</sup> of the month prices.

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Based upon the above discussion, we find the proposed 2023 Renewable Energy Standard (RES) Charge of \$0.00833 per kWh to be reasonable and recommend that it be approved.