



STATE OF RHODE ISLAND  
OFFICE OF THE ATTORNEY GENERAL

150 South Main Street • Providence, RI 02903  
(401) 274-4400 • www.riag.ri.gov

*Peter F. Neronha*  
*Attorney General*

June 9, 2023

*Via Electronic Mail*

Luly Massaro,  
Commission Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Blvd.  
Warwick, RI 02888

**RE: Docket No. 22-45-EL**  
**The Narragansett Electric Co. d/b/a Rhode Island Energy's Long-Term Contracting for Renewable Energy Recovery Factor Filing**

Dear Ms. Massaro:

On behalf of the Division of Public Utilities and Carriers, please accept for filing the attached memorandum from Joel Munoz, Rate Analyst, that provides the agency's comments regarding the above reference docket.

Thank you for your attention to this submission.

Very truly yours,

*/s/ Gregory S. Schultz*

Gregory S. Schultz  
Special Assistant Attorney General  
On behalf of the Division of Public Utilities and Carriers

Enclosure

cc: 22-45-EL Service List  
Linda George, Esq., Division Administrator  
John Spirito, Esq., Division Deputy Administrator  
Christy Hetherington, Esq., Division Chief Legal Counsel  
Paul Roberti, Esq., Division Chief Economic and Policy Analyst



## STATE OF RHODE ISLAND

### DIVISION OF PUBLIC UTILITIES & CARRIERS

Accounting Section  
89 Jefferson Boulevard  
Warwick, Rhode Island 02888  
(401) 941-4500  
(401) 941-9248 - Fax

## Memorandum

**DATE:** June 9, 2023

**TO:** Luly Massaro  
Clerk, Public Utilities Commission

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

**SUBJECT:** R.I.P.U.C. Docket No. 22-45-EL - The Narragansett Electric Co. d/b/a Rhode Island Energy's Long-Term Contracting for Renewable Energy Recovery Factor Filing

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On May 15, 2023, Narragansett Electric Company d/b/a Rhode Island Energy ("RIE" or the "Company") filed with the Public Utilities Commission ("Commission") its Long-Term Contracting for Renewable Energy Recovery ("LTCRER") Factor filing for the period July 2023 through December 2023 ("Pricing Period"). The LTCRER tariff, 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 RIE's long-term Power Purchase Agreements for Renewable Energy less the proceeds from the sale of energy, capacity, Renewable Energy Certificates ("RECs") and customer share of net forward capacity value, results in a proposed recovery factor that is a charge of \$0.00430 per kilowatt-hour ("kWh").

The currently effective LTCRER Reconciliation Factor is a charge of \$0.00230 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 charge of \$0.00660 per kWh, applicable to all customers, effective for usage on or after July 1, 2023. The effect on a typical 500 kWh monthly residential bill is an increase of \$2.99 per month, or 2.3%, from \$130.78 to \$133.77.

The Company's estimate of payments to operating Renewable and Distributed Generation units over the six-month period is \$49,007,554. Estimated revenues from sale of REC's, energy, and capacity are \$32,664,674 leaving a net above-market cost of \$16,342,880. The Company also estimates that it will receive \$44,998 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 \$40,499. The total estimated charge to customers, including adding \$15,509 in Company and contractor administrative costs, is \$16,342,880.

The attached Table (JAM-1) on the following page compares the proposed July through December 2023 estimated revenues, sales and calculated LTCRER factors with the current and prior LTCRER factors. Most notably, the estimated Market Value of energy had decreased by 49% from the previous filing and decreased by almost 55% from the same pricing period last year, as illustrated in JAM-1. This is reflective of the current market and the lower price of energy.

The Division reviewed the LTCRER factor filing and did not find any unusual activity or errors in calculations. 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 recommend approval of the proposed total LTCRER recovery factor that is a charge of \$0.00660 kWh, effective on or after July 1, 2023.

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

	(Jan '22)	(Jul '22)	(Jan '23)	(Jul '23)
Estimated Generator Output - MWH	313,387	318,729	303,878	<b>321,654</b>
Estimated Contract Costs	\$44,834,905	\$48,692,487	\$47,184,318	<b>\$49,007,554</b>
Estimated Market Value				
Energy	\$25,900,191	\$36,268,397	\$40,455,406	<b>\$19,880,931</b>
REC's	\$11,947,886	\$11,992,164	\$11,082,427	<b>\$12,287,164</b>
Capacity	\$ 1,200,154	\$ 698,729	\$ 663,224	<b>\$ 496,580</b>
Subtotal	<u>\$39,048,231</u>	<u>\$48,959,289</u>	<u>\$52,201,057</u>	<u><b>\$32,664,674</b></u>
Estimated Admin. Cost	\$ 16,071	\$ 16,205	\$ 15,766	<b>\$ 15,509</b>
Estimated Customer Share – Net FCM	\$ 25,969	\$ 78,145	\$ 13,501	<b>\$ 40,499</b>
Net Amount Under or (Over) Collected	<u>\$ 5,776,722</u>	<u>\$ (328,743)</u>	<u>\$(5,014,474)</u>	<u><b>\$16,342,880</b></u>
Forecasted KWH Sales	3,493,030,851	3,846,277,953	3,495,942,909	3,830,677,937
Adjustment for Uncollectibles	1.30%	1.30%	1.30%	1.30%
LTCRER Factor	\$0.00167	\$(0.00008)	\$(0.00144)	\$0.00430
Current Reconciliation Factor	\$0.00123	\$(0.00123)	\$(0.00123)	\$0.00230
Total LTC Recovery Factor	\$0.00290	\$(0.00131)	\$(0.00267)	\$0.00660